DART GROUP PLC

Annual Report & Accounts 2020

Dart Group 2020 Annual Report

Dart Group plc is a Leisure Travel group specialising in:

- the provision of ATOL licensed package holidays by its acclaimed tour operator, ***Jet2holidays***, to leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities, and
- the provision of scheduled holiday flights by its award-winning airline, ***Jet2.com***.

Strategic Report

Our Governance

Our Financials

Supplementary Information

Financial Highlights

CAGR +26%

Revenue (£m)

Year	Revenue (£m)
2016	1,405.4
2017	1,729.3
2018	2,380.0
2019[1]	2,964.4
2020	3,584.7

CAGR +26%

Profit before FX revaluation and taxation (£m)

Year	Profit before FX revaluation and taxation (£m)
2016	105.5
2017	101.0
2018	110.2
2019[1]	175.6
2020[2]	264.2

CAGR +25%

Leisure Travel passenger sectors flown (m)

Year	Leisure Travel passenger sectors flown (m)
2016	6.07
2017	7.10
2018	10.38
2019	12.82
2020	14.62

1. 2019 figures have been restated to reflect the adoption of IFRS 16 and to exclude the discontinued Distribution & Logistics segment. Further information can be found in Notes 31 and 32 respectively.
2. Profit before FX Revaluation and Taxation excludes the impact of hedge ineffectiveness, which has been recorded as an exceptional charge.

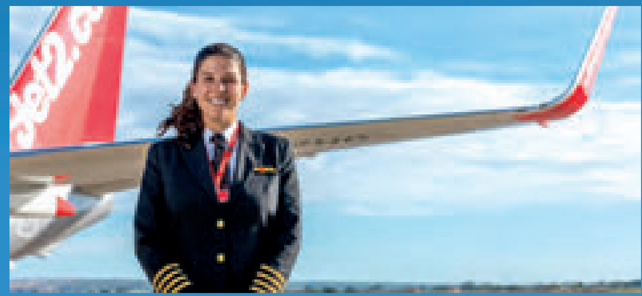
WHICH? RECOMMENDED PROVIDER

Jet2holidays was recognised as a Which? Recommended Provider for "taking the bar for package holidays and raising it through the roof".

Here's how we do it...

We're really proud to say that both ***Jet2.com*** and ***Jet2holidays*** have been named Which? Recommended Providers once again in 2020 – that's four years in a row for ***Jet2.com*** and two years in a row for ***Jet2holidays***! Based on the experiences of thousands of Which? members, these prestigious accolades are proof of our passion for delivering value for money and VIP "Customer First" service every step of the way. And that sets us apart from our competitors.

Jet2holidays was recognised as a Which? Recommended Provider for ***"taking the bar for package holidays and raising it through the roof".***



Jet2.com

- Great flight times
- 10kg hand luggage
- 22kg baggage
- 9 UK bases
- More than 80 beach, city and ski destinations

Jet2holidays

- Low £60pp deposit
- Part Payment Plan
- Any Duration Holidays
- Thousands of 2-5 star hotels
- ATOL-protected
- Single parent discount
- Thousands of Free Child Places
- Solo traveller discount
- Customer Helpers in-resort
- 24-hour customer helpline

Don't just take our word for it...

Our customers are our priority. And we know happy customers travel with us time and time again, as well as spread the word to others – which is why we work so hard to retain them.

A key part of keeping our customers happy and loyal is understanding and measuring how they rate us, using a Net Promoter Score (NPS). The golden numbers that we aim for are 9 and 10 – these customers are promoters and loved their experience with us.

We work out our NPS by taking the number of detractors and subtracting it from the number of promoters. Pleasingly, our Net Promoter Scores for the rolling 12 month period to 31 March 2020 were consistently above +70 for both ***Jet2holidays*** and ***Jet2.com*** and our rebooking rates above 50% for the same period – and we know that leading companies have a score of 60 or more! But we strive to improve this, as the higher the NPS, the more likely customers are to rebook. That's where customer experience comes into play – our colleagues work hard on the ground, in the air, in resort and in support offices to ensure customers "have a lovely holiday"!

NPS = %PROMOTERS – %DETRACTORS

Operational Highlights

Stay for as many nights as you like

Jet2Suite

Celebrating 10 years of our 'any duration holidays'

In October 2019, we celebrated a decade of 'any duration holidays'!

Since breaking away from the long-established conventional 7 or 14-night package holiday, our 'any duration holidays' have paved the way for our customers to enjoy the freedom of tailoring their stay according to the time they have available. Forget 7 or 14 nights – we wanted to remind our customers that they could stay for as many nights as they liked, whether that's 4, 11, 23 or something else – the true flexibility that today's holidaymakers require!

The *Jet2Suite* at Leeds Beckett University

Over at Leeds Beckett University's School of Events, Tourism and Hospitality Management, we opened the ***Jet2Suite***, a brand new facility to provide students with the right tools to learn about our industry.

The ribbon was cut by our HR Director, who was joined by a host of guest speakers and delegates. With more than 90 of our ***Jet2.com*** and ***Jet2holidays*** colleagues having graduated from Leeds Beckett University, this partnership will be a great opportunity to upskill students and showcase our broad array of attractive job roles.

Delivery of our great service

Welcoming our new colleagues

Expanded range of onboard meals

In line with the growing need to meet the varied dietary requirements of our customers, as well as enticing those who perhaps want to enjoy a bit more of the "high life", we expanded our onboard menu.

Customers flying with us can now also browse our range of gluten-free and vegan choices, among our tasty selection of 'Flavours from Around the World', when they add meals to their booking. There's the option of an all-day breakfast or roast chicken dinner for those with a gluten intolerance, while vegans can pick from an all-day breakfast too or a Moroccan vegetable tagine. Additionally, we have listened to our customer feedback and stocked a range of premium drinks and mixers to wide customer acclaim! A happy and pleasant start to the overall holiday experience!

Launch of Jet2 Travel Technologies

Jet2 Travel Technologies ('Jet2TT') was set up in early 2019 as an extension of our existing Leeds and Sheffield IT development and testing teams, with the aim of increasing our capacity to progress our many industry-leading IT innovations and business-critical development projects.

In September 2019, we officially opened our state-of-the-art Jet2TT facility in Pune, India. A number of our UK Directors helped to commemorate the occasion by travelling to Pune, where they were able to spend time with all our new colleagues and the local media talking about the success story of ***Jet2.com*** and ***Jet2holidays*** so far, as well as the vision for the exciting future of Jet2TT.

The last few months has seen a steady build up of the team, with a focus on sharing our ***Jet2.com*** core values and working practices to enable our colleagues across all sites to ***Work As One Team***.

Our Destinations

Alicante Almeria Amsterdam Antalya Barcelona Bergerac Berlin Bodrum Bourgas Budapest Chania Cologne Copenhagen Corfu Dalaman Dubrovnik Faro (Algarve) Fuerteventura Geneva Girona Gran Canaria Grenoble Heraklion (Crete) Ibiza Innsbruck Izmir Jersey Kalamata Kefalonia Kos Krakow La Rochelle Lanzarote Larnaca (Cyprus) Lesvos Lisbon Lyon Madeira Majorca Malaga Malta Menorca Murcia Mykonos Naples New York Nice Nuremberg Paphos (Cyprus) Paris Pisa Prague Preveza Pula Reus Reykjavik (Iceland) Rhodes Rome Salzburg Santorini Skiathos Split Strasbourg Tenerife Thessaloniki (Halkidiki) Tivat Turin Venice Verona Vienna Zadar Zante

Our Awards

Which? Recommended Provider – Holiday Companies July 2020

Jet2holidays and *Jet2.com*
Recommended Provider

"taking the bar for package holidays and raising it through the roof"

Which? Recommended Provider – Airlines January 2020

Jet2holidays
'Best Trade-Friendly Brand'
'Best Short-Haul Operator'
Jet2.com
'Best Short-Haul Airline'
at the Travel Weekly Globe Awards

Trusted Service Award 2020 feefo

Jet2.com
Trusted Service Award

Platinum Trusted Service Award 2020 feefo

Jet2holidays
Platinum Trusted Service Award
at the Feefo Trusted Service Awards

'Short-Haul Airline of the Year'
at the Telegraph Travel Awards

Jet2holidays and *Jet2.com* are the UK's second-largest tour operator and third-largest airline.

'Best Package Tour Operator'
'Best Internet Booking System'
at the Northern Ireland Travel Awards

- 5th Position – Top 10 Airlines of the World
- Best Airline – UK 2020, 2019, 2018, 2017
- Best Airline – Europe 2020, 2019
- Best Economy Class – Europe 2020, 2019, 2018
- Best Low Cost Airline – Europe 2020, 2019, 2018, 2017

2020 Travellers' Choice Tripadvisor Best of the Best

at the TripAdvisor Travellers' Choice Awards

"We are committed to our core principles: to be family friendly; to offer value for money; and to give great customer service."

These are just the latest additions to our ever-growing awards cabinet. We continue to impress customers and industry insiders alike with our VIP service, and have been voted 'Best Short Haul Airline' seven times in the last nine years at the prestigious Globe Travel Awards. Check out the best of the rest at **dartgroup.co.uk/our_awards**.

Strategic Report

WE TAKE PEOPLE ON HOLIDAY!

Our Chairman's Statement

Although the Leisure Travel industry is facing unprecedented challenges due to the Covid-19 pandemic, I am pleased to report on the record performance for the financial year ended 31 March 2020 of our UK Leisure Travel business – encompassing ***Jet2holidays***, our acclaimed ATOL (*) licensed package holidays operator and ***Jet2.com***, our award-winning airline – which provides a strong foundation to underpin the business's success going forward.

Despite the fact that ***Jet2.com*** had to suspend its flying programme in mid-March 2020 due to the travel restrictions imposed by governments across Europe as a result of the spread of Covid-19, the Leisure Travel business still achieved overall single sector flown passenger growth of 14% to 14.62m (2019: 12.82m), which contributed to an increase in revenue of 21% to £3,584.7m (2019: £2,964.4m) and a **Profit before hedge ineffectiveness, FX revaluation and taxation from continuing operations** of £264.2m (2019: £175.6m), an increase of 50%.

Exceptional item – The impact of Covid-19 means that both the flying and holiday programmes expected to be operated in the first half of the financial year ending 31 March 2021, are significantly lower than that on which the hedging programme for jet fuel and foreign currency was originally based. As a consequence, the Group has recorded a net exceptional charge of £108.4m relating to ineffectiveness on a proportion of its hedging instruments in the financial year ended 31 March 2020 results.

After accounting for this net exceptional charge, statutory **Profit before taxation from continuing operations** declined by 11% to £147.7m (2019: £166.5m).

After the exceptional charge, basic earnings per share from continuing operations reduced by 18% to 74.97p (2019: 91.86p). As announced on 24 April 2020 and in consideration of the ongoing impact of Covid-19, the Board does not recommend the payment of a final dividend (2019: 7.4p per share), meaning a total dividend for the year of 3.0p per share (2019: 10.2p), a decrease of 71%.

Strategy

"***We take people on holiday!***"

Jet2holidays is now the UK's largest tour operator to many Mediterranean and Canary Islands leisure destinations and ***Jet2.com*** is the UK's 3rd largest airline by number of passengers flown. Our "Customer First" strategy has remained consistent and is what has driven ***Jet2***'s continuing success. The delivery of great service is at the core of ***Jet2holidays*** and ***Jet2.com*** brand values as we recognise that, whether taking end-to-end ***Real Package Holidays™*** with ***Jet2holidays***, or a holiday flight with ***Jet2.com***, the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings.

The combined power of our proposition, product and people is what will fuel our ongoing success, as we constantly seek to improve our customers' holiday choice, experience and enjoyment, giving us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth!

Our long-term ambition therefore remains – **To be the Leading UK Leisure Travel Business**.

2020 Key Performance Highlights

- The aircraft fleet expanded to 100 for summer 2019 (summer 2018: 90), with 3 new destinations added: Chania in Crete; Izmir in Turkey; and Bourgas in Bulgaria, supplemented by increased frequency of flying to many popular Mediterranean, Canary Island and European Leisure City destinations.
- In October 2019, the business acquired a portfolio of primarily peak summer airport slots at Manchester, Birmingham and London Stansted airports, to further improve our customers' experience through more attractive flight departure timings. Continuing to develop our network, we also acquired additional slots to the Greek Islands, allowing the introduction of new services to Kalamata, Santorini and Mykonos, plus increased flight frequency to some of our most sought-after Greek destinations.
- Our balance sheet and liquidity position strengthened to a year end total cash balance of £1,387.5m, an increase of 9% (2019: £1,274.3m), and an 'own cash' position (excluding customer deposits) of £520.4m, an increase of 41% (2019: £368.4m).

The combined power of our proposition, product and people is what will fuel our ongoing success, as we constantly seek to improve our customers' holiday choice, experience and enjoyment, giving us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth!

Post Year End Highlights

- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and has put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. This facility, which matures 12 months following draw down, will be used to provide standby liquidity, should that be required, and is currently unutilised.
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, representing 20 per cent. of the then existing ordinary share capital of Dart Group plc, raising gross proceeds of £171.7m. The Placing was significantly over subscribed and the shares were placed at no discount to the prevailing market share price.
- The sale of our Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m was also completed on 31 May 2020.

Jet2holidays is now the UK's largest tour operator to many Mediterranean and Canary Islands leisure destinations and _Jet2.com_ is the UK's 3rd largest airline

Our Chairman's Statement continued

Have a lovely holiday!

Customers

We know that taking a holiday is one of the most important family experiences of the year and we relish the trust our customers place in us to give them a fantastic holiday experience. Despite the current challenges of Covid-19, going forward we remain committed to doing our very best to ensure that each of our customers ***"has a lovely holiday"*** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving a truly VIP customer service.

Colleagues

The health and wellbeing of our colleagues is, of course, of paramount importance, and during this difficult period even more so. We are incredibly proud of how quickly and positively they have responded to the new ways of remote working as a result of the lockdown imposed by the UK Government. I would like to take this opportunity to thank all our colleagues for their hard work, dedication and commitment. It was therefore with great regret that we have recently had to propose a number of redundancies amongst colleagues to match our re-sized flying programmes for this summer and winter 20/21 and for flying in the financial year ending 31 March 2022.

Board Changes

The Board recognises that it is responsible for the long-term success of the Group and is accountable to shareholders for its proper management. The Board's composition is regularly reviewed to ensure that it maintains the appropriate balance of skill set, background and experience, to enable it to oversee the execution of the Group's strategy by management.

As a result, and following a rigorous search process, we were delighted to welcome Robin Terrell to the Board on 14 April 2020 as an independent non-executive director. Robin brings extensive experience in leading online and retail businesses and has very relevant financial knowledge given his qualification as a chartered accountant and his position as Chairman of the Audit Committee of William Hill plc.

Our Cabin Crew onboard

Culture and Stakeholders

The Board and senior management team remain focused on generating shareholder value by making decisions that ensure the foundations of the business remain strong in an ever-changing marketplace and continue to drive sustainable long-term profitable growth. We recognise the importance of strong relationships with our many stakeholders in helping to realise our growth plans. Additionally, we continue to place particular emphasis on our corporate culture to help achieve our goals, as epitomised by our brand values, known internally as ***'Take Me There'*** to: ***Be Present; Create Memories; Take Responsibility;*** and ***Work As One Team***. The active fulfilment of these values has been essential to our accomplishments to date and will remain integral to our future success.

Looking Ahead

We still face challenges as a result of the Covid-19 pandemic and therefore maintaining a healthy cash position remains our top priority. We have taken significant actions to improve our available liquidity in the last three months and will continue to do so, to ensure that we are best placed to respond swiftly as UK Government travel restrictions are relaxed and customer confidence recovers. We remain confident that once normality returns, our Customers will be determined to enjoy the wonderful experience of a well-deserved ***Jet2*** holiday and that ***Jet2.com*** and ***Jet2holidays*** will continue to have a thriving future, taking millions of UK holidaymakers annually, to the Mediterranean, the Canary Islands and to European Leisure Cities.

Operational Performance

Our performance for the financial year reflects the growing success of our Leisure Travel products – package holidays with our tour operator, ***Jet2holidays***, and holiday flights with our scheduled airline, ***Jet2.com*** – which has led to continuing strong customer demand for both.

During the year, ***Jet2.com*** flew a total of 14.62m (2019: 12.82m) flight-only and package holiday single sector passengers, a growth of 14%. Demand for our ***Real Package Holidays™*** continued to grow, as ***Jet2holidays*** took 3.77m (2019: 3.17m) customers on package holidays, an increase of 19%, with our flight-only product enjoyed by 7.06m (2019: 6.49m) single sector passengers, a growth of 9%.

Taking a holiday is one of the most important and rewarding family events of the year and the end-to-end ***Real Package Holidays™*** experience allows us to add greater value at each point in our customers' journey. We believe that sustained investment in our "Customer First" proposition will ensure we continue to deliver consistently

Dedicated Customer Helpers

Strategic Report

Our Chairman's Statement continued

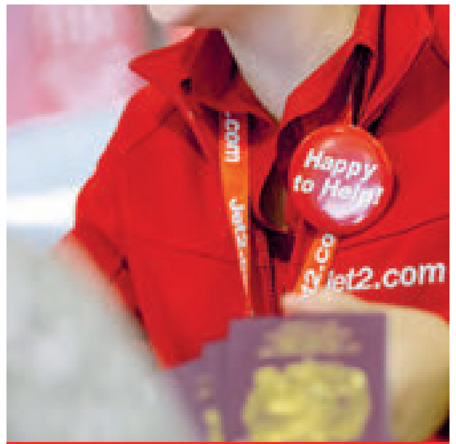
attractive holiday experiences, giving us a wonderful opportunity to delight our customers from start to finish, time and time again.

We have also learnt, that even when times are tough and disposable incomes tight, one of the very last discretionary items to be sacrificed is the family holiday. Therefore, we have an operating model, product portfolio and hotel supply chain that are able to provide a variety of holiday experiences, plus a wide choice of holiday durations, accommodation and board basis, all vital ingredients to cater for our customers' differing budget requirements.

As a vertically integrated leisure travel provider, we are fully in control of our airline seat supply. Together with our overall customer volumes, this allows us to optimise load factors which are consistently above 90% whilst serving many destinations daily, and others several times a week, offering a great choice of truly variable duration holidays at affordable prices, delivering the flexibility that today's holidaymakers require.

A differentiated product offering and continued innovation helps to make sure we are truly reflecting diversity in our product range, allowing us to meet our customers' evolving expectations:

- Our core **Beach product** offering is continually reviewed and refreshed, always ensuring that we satisfy our customers' desire for choice and quality, whilst carefully expanding our resorts presence. Encompassing a wide range of great value 2 to 5-star accommodation, catering for the young, not so young and families alike, many have adjacent waterparks and other great attractions included in the package, adding enjoyment and interest to the overall holiday experience.
- ***Jet2Villas™*** our ATOL protected ***Jet2.com*** **flight + 22kg baggage + car + villa package** launched in June 2017, enjoys all the package perks of ***Jet2holidays***, but with the freedom of a villa holiday. With a choice of over 2,400 properties ranging from individual self-catering villas with private pool, to hotel resort villas that make the best of both worlds, this product has proven more popular as each season passes.



Happy to Help!

- Our **Indulgent Escapes™** brand encompasses an exclusive collection of five-star hotels for those who want additional luxury and refinement, each property having been hand-picked for its unique appeal to different tastes and interests. This luxury holiday product, which is richly distinctive, has unsurpassed standards of service, décor and attention to detail, and continues to resonate with customers, both existing and new.
- ***Jet2CityBreaks®***, which offers an ATOL protected ***Jet2.com*** **flight + hotel package** to over 35 stunning European Leisure Cities, continues to grow profitably at an encouraging rate.
- In November 2019, we launched a brand-new product, **Vibe by *Jet2holidays®***, specifically crafted for the growing millennial market, an audience which is often more about mindset than age or demographic. Whilst the new proposition focuses on younger customers and millennials, it has been tailored to meet the demands of a broad audience, including first-time holidaymakers, 'bucket listers', and the over-25s experience-driven market. To meet demand, **Vibe by *Jet2holidays®*** has grouped an extensive collection of hotels across almost 50 resorts into four groups or 'Vibes':
  - **Iconic Vibe**: A collection of standout, cutting-edge, stylish and internationally-renowned hotels, with some of the hottest A-list DJs playing each year;
  - **Party Vibe**: Great value hotels in the heart of the best party resorts, perfect for those looking for less of the frills but more of the thrills;

We believe that sustained investment in our "Customer First" proposition will ensure we continue to deliver consistently attractive holiday experiences, giving us a wonderful opportunity to delight our customers from start to finish, time and time again.

  - **Pure Vibe**: Staying in is the new going out with **Pure Vibe**, as this selection of hotels allows customers to enjoy pool parties, live performances and daytime DJs at their hotel; and
  - **Chilled Vibe:** For luxury lovers, these hotels offer sophistication and exclusive extras and are perfect for poolside lounging, ideal for capturing and posting on Instagram.

We have great hopes for this new product and believe that many of its customers today will become the ***Jet2holidays*** families of the future!

Our hotel portfolio for summer 2019 extended to over 4,000 (summer 2018: over 3,400 hotels) with 40% of our package holidays sold on an all-inclusive basis. This is a particularly resilient, great value offering for families managing to a tight budget, offering a 'Defined Price' for the whole holiday experience, including flights, transfers, meals, drinks for the adults and ice lollies for the kids – especially attractive in these times of economic uncertainty.

End-to-end ***Real Package Holidays™*** are not easily replicated by non-specialists and take considerable organisation and attention to detail. In summer 2019, we employed nearly 700 in-resort customer helpers, backed up by 24-hour UK customer helplines, to give practical assistance in all eventualities. Together with convenient airport-to-hotel transfer services, everything is organised to make our customers' holidays easy and carefree. Additionally, behind the scenes, ***Jet2holidays*** employs over 1,200 colleagues developing product, marketing

our brand, contracting & administering hotels, managing the finances, IT infrastructure and websites, and providing operational support – each and every one contributing an invaluable part to the process of ensuring that our customers have a fantastic holiday experience.

In July 2019, ***Jet2holidays*** was recognised as a *Which? Recommended Provider* for *"taking the bar for package holidays and raising it through the roof"*. Completed by thousands of *Which?* members, the survey is compiled based on several qualitative factors including, accommodation; customer service; description versus reality; the holiday representative; the organisation of the holiday; and value for money. In addition, ***Jet2.com*** was also recognised as a *Which? Recommended Provider* for the fourth consecutive year. We are very proud that our efforts to provide wonderful holiday experiences have been acknowledged in this way!

Of course, direct feedback from our loyal customers remains the most effective means of ensuring we continue to challenge ourselves to improve our overall holiday offering – there is always more we can do as we learn, evolve and grow. Pleasingly, our Net Promoter Scores for the rolling 12 month period to 31 March 2020 were consistently above +70 for both ***Jet2holidays*** and ***Jet2.com*** and our rebooking rates above 50% for the same period, a clear endorsement of the VIP experience we offer!

In summer 2019, ***Jet2.com*** flew 100 aircraft (summer 2018: 90 aircraft) from our nine UK bases. ***Jet2.com*** continues to lead the way in On-Time Performance ("OTP"), with monthly data published by OAG (the world's leading travel intelligence company) showing that we were the most punctual UK airline in 2019, as well as being placed in the Top 20 airlines in the world for OTP. In addition, we were very proud to be recognised in the Top 10 Airlines of the World and as both Best Airline – UK and Best Airline – Europe, at the TripAdvisor Travellers' Choice Awards 2019.

(*) ATOL, which is managed by the UK Civil Aviation Authority ('CAA'), is a statutory licensing scheme which also provides financial protection to consumers of licensable air travel. As a licensing scheme it ensures that only businesses regarded as financially robust and fit can sell licensable travel, and as a financial protection scheme, it ensures that if an ATOL holder fails, affected consumers are able to complete their holiday and be repatriated or, if they cannot get away, receive a full refund.

Outlook

The beginning of the new financial year has brought significant challenges for the entire Leisure Travel industry. The decisions and actions we have taken since have been guided by our commitment to maintain our responsible balance sheet management and carefully protect our cash balance, to enable the business to exit the Covid-19 period in a stable commercial position and to be able to capitalise on the upturn opportunity when it arrives.

Group performance for the financial year ending 31 March 2021 is largely dependent on the level of flying permitted for the remainder of the summer 2020 period, as well as performance in the second half of the 2021 financial year, periods for which we currently still have limited visibility.

Despite the uncertainty, our current monthly load factors for winter 20/21 are satisfactory and summer 2021 bookings, which are showing a materially increased package holiday mix, are encouraging.

Our business model remains unchanged – we will continue to dedicate significant resources to provide ***Real Package Holidays™*** and deliver wonderful holiday experiences with priceless memories, ensuring that the customer remains at the centre of everything we do. We believe that we have the right customer-focused strategy to grow both our package holiday and flight-only products. Whilst flight-only remains very important, our higher margin package holiday business has tremendous further potential as our reputation for providing ***'package holidays you can trust'™*** strengthens. This gives us every confidence that with our focused approach, our Customers will continue to be keen to travel with us from our Rainy Island to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities and ***Jet2*** will emerge from this crisis an even stronger company.

Philip Meeson
Executive Chairman

17 July 2020

Business & Financial Review

The Group's financial performance for the year ended 31 March 2020 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

Summary Income Statement	2020 £m	2019 £m Restated†	Change
Revenue	**3,584.7**	2,964.4	*21%*
Net operating expenses	**(3,291.7)**	(2,759.9)	*(19%)*
Operating profit (excluding hedge ineffectiveness)	**293.0**	204.5	*43%*
Net financing expense (excluding net FX revaluation losses)	**(29.5)**	(31.2)	*5%*
Profit on disposal of property, plant and equipment	**0.7**	2.3	*(70%)*
Profit before hedge ineffectiveness, FX revaluation and taxation	**264.2**	175.6	*50%*
Hedge ineffectiveness	**(108.4)**	–	*(100%)*
Net FX revaluation losses	**(8.1)**	(9.1)	*11%*
Profit before taxation from continuing operations	**147.7**	166.5	*(11%)*
Profit before taxation from discontinued operations	**5.5**	4.1	*34%*
Profit before taxation	**153.2**	170.6	*(10%)*
Net financing expense (including net FX revaluation losses)	**37.6**	40.3	*7%*
Depreciation	**204.5**	160.2	*(28%)*
Hedge ineffectiveness	**108.4**	–	*(100%)*
EBITDA from continuing operations*	**498.2**	367.0	*36%*

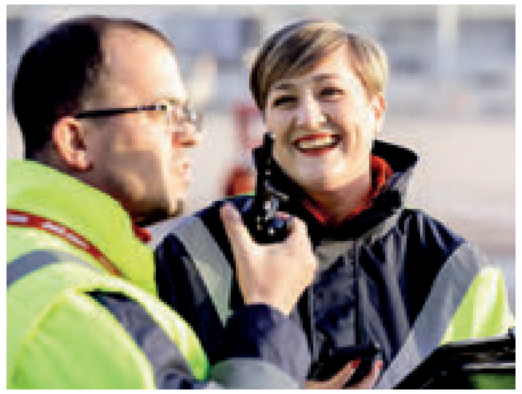
Operating profit margin (excluding hedge ineffectiveness)	**8.2%**	6.9%	*1.3 ppts*
Profit before hedge ineffectiveness, FX revaluation and taxation margin	**7.4%**	5.9%	*1.5 ppts*
Profit before taxation margin from continuing operations	**4.1%**	5.6%	*(1.5 ppts)*
EBITDA margin from continuing operations	**13.9%**	12.4%	*1.5 ppts*

* EBITDA is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group and growth in profitability of the operations. Further information can be found in Note 5.

† Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 31.

Our VIP "Customer First" service

Simulators in our Training Centre



Customer Demand & Revenue

Despite Leisure Travel customer booking trends for the summer 2019 season being later than in previous years, the growing awareness and appreciation of our leisure travel products meant that overall demand for both our higher margin package holiday product from ***Jet2holidays*** and our flight-only offering from ***Jet2.com*** remained resilient.

Jet2.com flew a total of 14.62m (2019: 12.82m) single sector passengers to and from sun, city and ski destinations, an increase of 14% and only slightly behind the seat capacity increase of 15%. As a result, average load factors were a healthy 92.2% as compared to the prior year of 92.8%. Customers choosing our end-to-end package holiday product increased by 19% to 3.77m (2019: 3.17m), while single sector passengers choosing our important flight-only product increased by 9% to 7.06m (2019: 6.49m). Encouragingly, package holiday customers represented 52% of overall flown passengers (2019: 49%).

Early summer 2019 experienced increased levels of promotional pricing to drive customer demand, succeeded by progressively stronger bookings in later summer and into the second half of the year, in part aided by a reduction in overall market seat capacity on short and medium haul beach routes.

Seizing this opportunity, ***Jet2.com*** expanded its route network by carefully replacing part of the market capacity reduction with incremental profitable flying, with customer demand remaining buoyant and associated ticket pricing strengthening. Consequently, average flight-only ticket yield per passenger sector at £85.59 (2019: £81.79) was 5% higher than the prior year.

The mix of customers taking shorter duration package holidays increased by 1ppt versus the prior year, with those choosing all-inclusive holidays increasing by 3ppts, as families opted for our great value 'Defined Price' offering. In addition, the mix of higher value 4 & 5-star packages improved by 2ppts. Together with increased airline ticket pricing and inflationary hotel room rate increases, the overall average price of a ***Jet2holidays*** package holiday increased to £687 (2019: £669).

Non-ticket retail revenue per passenger sector increased by 3% to £24.91 (2019: £24.07) primarily due to a strong in-flight retail sales performance for both existing and new products. This revenue stream, which is primarily discretionary in nature, continues to be optimised through our customer contact programme as we focus on continually developing our customer services.

As a result, overall Group revenue grew by 21% to £3,584.7m (2019: £2,964.4m), ahead of the growth in passenger numbers.

Net Operating Expenses

The Travel Industry in general faces many cost pressures in relation to fuel, carbon and other operating charges, together with the necessary continued investment in our own products and operations, including that required to attract and retain colleagues. As a result, total operating expenses (excluding the hedge ineffectiveness exceptional expense) increased by 19% to £3,291.7m (2019: £2,759.9m), ahead of both the passenger and activity increase.

The principal areas of cost increase ahead of activity were:

- Fuel and Carbon – a result of increased jet fuel and carbon costs per tonne;
- Agent commission – strategic investment with our travel agent partners resulted in the mix of trade bookings as a proportion of total bookings growing by 4ppts to over 28%, with an increase in associated commission levels paid;
- Colleague costs – we are keen to create the right environment for all our colleagues to thrive and are committed to delivering a balanced lifestyle. To achieve this, for our aircraft crews we launched our "Lifestyle 2020" programme, which was implemented in 2019 and continued into 2020. The substantial financial investment that this programme requires underlines our commitment to be a career airline of choice for all; and
- Depreciation – a result of incremental depreciation on right-of-use assets plus ongoing investment and renewal of the aircraft fleet.

Operating Profit

The increasing mix of higher margin package holiday customers is pleasing, as we continued to focus on improving cross-selling conversion from flight-only to package holidays on our website and through our broader marketing messaging. Additionally, the ***Real Package Holidays™*** proposition lends itself to brand loyalty and retention, resulting in a better quality of recurring revenue and profitability in comparison to the more impulsive, price-sensitive, flight-only product.

Though operating profit in the first half of the financial year grew modestly by 3%, strong customer demand and pricing, plus incremental profitable flying and carefully controlled cost investment in readiness for the proposed expansion of the summer 2020 flying programme, meant operating losses (excluding hedge ineffectiveness) for the second half of the year decreased by 53% to £68.5m (2019: £146.9m).

As a result, overall Group operating profit (excluding hedge ineffectiveness) for the year increased by 43% to £293.0m (2019: £204.5m).

Net Financing Expense

Net financing expense of £37.6m (2019: £40.3m) is stated after finance income of £14.5m (2019: £10.7m), the year-on-year increase due to higher average cash balances and favourable interest rates, and interest payable of £44.0m (2019: £41.9m), related to structured aircraft finance and IFRS 16 lease interest expense. In addition, net FX revaluation losses of £8.1m (2019: £9.1m loss) were incurred, arising from the year end revaluation of foreign currency denominated monetary balances.

Discontinued Operations

At the year end date, the business was in active discussions to sell its Distribution & Logistics business, **Fowler Welch**, and having satisfied the conditions under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, this business which achieved a profit before taxation of £5.5m (2019: £4.1m), is classed as a discontinued operation.

Business & Financial Review continued

Pre-Exceptional Statutory Profit for the Year

As a result, the Group achieved a statutory pre-exceptional profit before taxation from continuing operations of £256.1m (2019: £166.5m), an increase of 54%.

Exceptional Item

The Group operates under a clear set of treasury policies approved by the Board. The aim of our well-established hedging policy has been to reduce short-term volatility in earnings by hedging up to a maximum of 90 per cent. of projected jet fuel, euro and US dollar requirements for the next twelve months. The impact and timing of Covid-19 means that both the flying and holiday programmes expected to be operated in the first half of the financial year ending 31 March 2021 are significantly lower than that on which the hedging programme for jet fuel and foreign currency was originally based and therefore the Group has recorded a net exceptional charge of £108.4m relating to hedge ineffectiveness.

Taxation

The Group recorded a tax expense of £36.1m compared to £29.9m in 2019. The Group's effective tax rate of 24% (2019: 18%) was higher than the 19% headline rate of corporation tax, as legislation substantively enacted on 17 March 2020 means the UK tax rate, which was previously advised as 17%, will remain at 19% from 1 April 2020 onwards. As a result, Deferred tax has been provided at 19% (2019: 17%).

Statutory Net Profit for the year and Earnings Per Share

Having accounted for the exceptional item, the Group achieved a statutory profit after taxation from continuing operations of £111.6m (2019: £136.6m). Basic earnings per share decreased by 18% to 74.97p (2019: 91.86p).

Other Comprehensive Income and Expense

The Group had Other comprehensive expense of £44.9m (2019: £51.4m), the change compared to the prior year driven primarily by movements in the fair value of open hedge instruments, as reflected in the balance of the cash flow hedging reserve in equity. The hedging reserve excludes those open jet fuel and foreign currency hedges that were classified as ineffective at 31 March 2020 and were therefore recognised as an exceptional item in the Consolidated Income Statement.

Parque Santiago III & IV, Tenerife

Cash Flows and Financial Position

The following table sets out condensed cash flow data and the Group's cash and cash equivalents for 2020 and 2019:

Summary of Cash Flows	2020 £m	2019 £m Restated	Change
EBITDA from continuing operations	**498.2**	367.0	*36%*
EBITDA from discontinued operations	**20.9**	18.3	*14%*
Other Income Statement adjustments	**(0.4)**	(1.9)	*79%*
Movements in working capital	**(21.5)**	136.3	*(116%)*
Interest and taxes	**(54.1)**	(36.7)	*(47%)*
Net cash generated from operating activities	**443.1**	483.0	*(8%)*
Purchase of intangibles	**(26.8)**	–	*(100%)*
Purchase of property, plant and equipment	**(211.3)**	(302.3)	*30%*
Movement on borrowings	**27.0**	94.1	*(71%)*
Movement on lease liabilities	**(99.7)**	(4.6)	*(2067%)*
Other items	**(6.4)**	(4.5)	*(42%)*
Net increase in cash and money market deposits [a]	**125.9**	265.7	*(53%)*

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.

Cash Flow Generated From Operating Activities

The Group generated net cash from operating activities of £443.1m (2019: £483.0m), driven by the pre-exceptional trading performance of the Leisure Travel business which resulted in EBITDA improving by 36% to £498.2m. In contrast with 2019, when growing forward bookings increased cash flows by £132.6m, in 2020 this was a cash outflow of £194.7m as bookings declined sharply due to the Covid-19 pandemic, with flying operations suspended from mid-March 2020 and all flights and holidays departing prior to 1 May 2020 cancelled. This outflow was partially offset by an increase in payables of £152.7m for flights and holidays cancelled shortly before the year end which had either not yet been refunded, or credit notes not yet redeemed until post 31 March 2020. As a result, the previously positive contribution to operating cashflow from movements in working capital in 2019 of £136.3m, reversed to an outflow of £21.5m, a year-on-year reduction of £157.8m.

Net Cash Used In Investing Activities

The business invested £26.8m in the acquisition of a portfolio of primarily peak summer airport slots, at Manchester, Birmingham and London Stansted airports, plus certain Greek Island slots to further improve our customers' experience through more attractive flight departure timings and continue to develop the network. In addition, total capital expenditure of £211.3m (2019: £302.3m) included additional aircraft, continued investment in the long-term maintenance of our existing aircraft fleet, replacement of ground operations equipment at our UK and overseas bases, plus technology and infrastructure projects across the Group.

Net Cash From Financing Activities

In late March 2020, due to the Covid-19 pandemic, the Group prudently drew down £65.0m (2019: £nil) of its revolving credit facility. The Group also made capital repayments of £38.0m (2019: £65.1m) on aircraft loans and repaid £99.7m (2019: £73.7m) of its aircraft, vehicles and property leases.

Overall, this resulted in a net cash inflow from total operations of £125.9m (2019: £265.7m) and an improved year end gross cash position, including money market deposits, of £1,387.5m (2019: £1,274.3m). Net cash, stated after borrowings and lease liabilities increased by 259% to £229.1m (2019: £63.9m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £867.1m (2019: £905.9m), and had increased its 'own cash' balance excluding customer deposits by 41% to £520.4m (2019: £368.4m). There were no cash restrictions from merchant acquirers and £39.8m (2019: £nil) was placed with counterparties in the form of margin calls to cover out-of-the-money hedge instruments. In addition, the Group continued to comfortably exceed the UK Civil Aviation Authority's 'liquidity threshold test'.

Statement of Financial Position	2020 £m	2019 £m Restated	Change
Non-current assets [a]	**1,492.7**	1,506.7	*(1%)*
Net current (liabilities) / assets [b]	**(138.7)**	50.2	*(376%)*
Cash and money market deposits	**1,387.5**	1,274.3	*9%*
Deferred revenue	**(745.2)**	(939.9)	*21%*
Borrowings	**(485.7)**	(452.0)	*(7%)*
Lease liabilities	**(672.7)**	(758.4)	*11%*
Deferred taxation	**(78.7)**	(80.6)	*2%*
Derivative financial instruments	**(191.5)**	(22.4)	*(755%)*
Net assets held for sale	**66.4**	–	*100%*
Total shareholders' equity	**634.1**	577.9	*10%*

a. Stated excluding derivative financial instruments.

b. Stated excluding cash and cash equivalents, money market deposits, deferred revenue, borrowings, lease liabilities and derivative financial instruments.

Total shareholders' equity increased by £56.2m (2019: £75.9m) primarily comprising profit after taxation of £116.0m (2019: £139.9m), dividends paid of £15.5m (2019: £13.1m) and an adverse movement of £48.8m (2019: adverse £50.1m) in the cash flow hedging and cost of hedging reserves, largely a result of out-of-the-money jet fuel forward contracts held at the end of the financial year.

Business & Financial Review continued

Net Assets Held For Sale

At the year end date, having satisfied the conditions under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the net assets of the Distribution & Logistics operation were classed as Assets and Liabilities held for sale on the Statement of Financial Position and totalled £66.4m.

Adoption of IFRS 16 – *Leases*

The Group adopted IFRS 16 from 1 April 2019 applying the full retrospective method of transition and has restated the 2019 financial statements in this Annual Report and Accounts. The full detail and impacts of this change are explained in Notes 4 and 31 to the financial statements respectively.

Events Subsequent to 31 March 2020

At 31 March 2020, the Group had a strong and responsibly managed balance sheet with a total cash balance of £1,387.5m and an 'own cash' balance excluding customer deposits of £520.4m. However, as a result of the Covid-19 pandemic and its unprecedented impact, our cash balance and the careful preservation of it, has now become our top priority.

A considered but swift response saw cost mitigation measures put in place including: approximately 80% of our UK colleagues being put on temporary leave of absence ('furloughed') in order to make full use of the grants available under the UK Government's Coronavirus Job Retention Scheme ("JRS") with similar schemes also in place for many of our overseas colleagues; the cancellation of all twelve summer-only third-party leased aircraft; deferral of non-critical capital expenditure; the freezing of recruitment and discretionary spending and the termination of arrangements with contractors. In addition, we have also had positive discussions with many of our suppliers to reduce our monthly outgoings.

Despite the JRS, our monthly salary bill remains a substantial proportion of our overall costs and therefore, with huge reluctance and after much thought, we asked all colleagues (including Directors) to take a pay cut for the nine-month period from 1 April 2020 until 31 December 2020.

We take people on holiday!

Additionally, performance related bonuses earned for the financial year ended 31 March 2020 plus the Discretionary Colleague Profit Share Scheme, will not be paid.

We further strengthened our cash position in May 2020, by completing an over-subscribed share Placing of 20% of the then issued share capital of the Company for gross proceeds of £171.7m and also completing the sale of our Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m. In addition, we secured eligibility for up to £300.0m of funding from the Bank of England under the UK Government's Covid Corporate Financing Facility (CCFF). This facility, which matures 12 months following draw down, will be used to provide standby liquidity, should that be required, and is currently unutilised.

More recently, we have had to reassess and reduce our flying programmes for the remainder of 2020 and for 2021, the overall effect being the need to sadly propose a number of colleague redundancies across our business.

Despite these difficult decisions, we will continue to take every step necessary to preserve cash and enhance liquidity to ensure both ***Jet2.com*** and ***Jet2holidays*** are equipped to deal with this most challenging of trading environments and also best positioned for a return to operations in a stable financial position, to the benefit of all stakeholders.

Gary Brown
Group Chief Financial Officer

17 July 2020

The Leisure Travel business will continue to focus on its core principles: to be family friendly; to offer value for money; and to give great customer service

Key Performance Indicators

Leisure Travel Key Performance Indicators	2020	2019	Change
Number of routes operated during the year	**355**	329	*8%*
Leisure Travel sector seats available (capacity)	**15.85m**	13.81m	*15%*
Leisure Travel passenger sectors flown	**14.62m**	12.82m	*14%*
Leisure Travel load factor	**92.2%**	92.8%	*(0.6 ppts)*
Flight-only passenger sectors flown	**7.06m**	6.49m	*9%*
Package holiday customers	**3.77m**	3.17m	*19%*
Flight-only ticket yield per passenger sector (excl. taxes)	**£85.59**	£81.79	*5%*
Average package holiday price	**£687**	£669	*3%*
Non-ticket revenue per passenger sector	**£24.91**	£24.07	*3%*
Average hedged price of fuel (per tonne)	**$629**	$604	*4%*
Advance sales made as at 31 March	**£1,679.2m**	£1,734.5m	*(3%)*

See Glossary of Terms on page 124 for further details.

Risk Management

The successful management of existing and emerging risks is critical to the Group achieving its strategic objectives and ensuring long-term sustainable profit growth. The Board is ultimately responsible for determining the nature and extent of the principal risks and uncertainties it is willing to accept in order to achieve those strategic objectives, and this section describes its approach to them. The list is not intended to be exhaustive and is likely to evolve over time due to the dynamic nature of the leisure travel industry. Given recent high-profile cases of data breach, the Group has now included Data Breach as its own separate risk category. The Group has also highlighted Epidemic / Global Pandemic as a separate risk category in light of Covid-19.

Approach to Risk

The key features of the Group's systems of internal control are:

- an organisational structure with clear segregation of duties, control and authority;
- a Risk Management forum (comprising the Leisure Travel Operational Directors), the objectives of which are: to ensure that an effective risk management process is operating throughout the Leisure Travel organisation; and to be actively involved in identifying new emerging risks, as well as updating, assessing and managing those existing risks most significant to the long-term value of the organisation;
- clearly defined financial reporting, business planning and forecasting processes and systems;
- an Internal Audit function providing independent assurance on key processes and controls;
- an IT Security and Compliance function that monitors and addresses relevant threats to the operation of our key IT systems and infrastructure;
- a clear set of treasury policies, overseen by the Board, that manage the Group's cash and deposits and foreign exchange, jet fuel, carbon and interest rate commitments;
- a robust Safety Management System, supported by a "Just" reporting culture to ensure appropriate rigour regarding safe operation of our Leisure Travel activities, including legal and regulatory compliance and health and safety; and
- a Business Continuity plan enabling the use of remote working and alternate premises if required.

Principal Risks and Uncertainties

Risk Description	Potential Consequences	Mitigating Actions
Health, Safety and Security		
• The health, safety and security of our customers, our colleagues and our partners is a key priority. • Failure to prevent or deal effectively with a major safety incident, including a security related threat.	• Injury/loss of life • Reduction in future revenue • Operational disruption • Significant cost increase • Loss of customer trust • Damage to brand reputation	• 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 action groups and steering committees. • Compliant and effective Safety Management System oversight is provided by the appropriate use of occurrence report investigations, flight data management, safety risk management, health and safety and aviation security inspections, together with compliance & assurance audits across our operations. • All airline safety and security matters are managed by our Safety, Compliance and Security Group, which reports directly to the Accountable Manager (the Managing Director of ***Jet2.com*** Limited) and the Safety Review Board. • Aviation Security is subject to significant UK and International regulations. ***Jet2.com*** have an experienced, dedicated Aviation Security team who hold Government Security Clearance. The Aviation Security team ensure compliance with all applicable regulations and have established a security specific risk register to monitor and control all current and emerging threats.

Strategic Report

Risk Management continued

Risk Description	Potential Consequences	Mitigating Actions
Health, Safety and Security (continued)		
		• The Safety Review Board meets quarterly, monitors trends and identifies any areas of safety risk that require closer attention, including those that arise from significant business events. • The assessment of health and safety risks in the hotels and accommodation that we feature, as well as the other holiday components we package, is part of our normal package holiday business routine, and is reflected in our processes and procedures. • ***Jet2holidays***' Risk and Safety teams have developed a risk management framework that enables a consistent approach to the assessment, monitoring and control of risk throughout the customer journey, with supplier accommodation, transport and excursions evaluated using a range of assessment tools, to analyse and mitigate that risk. • Compliance with ***Jet2holidays***' risk and safety standards is measured in a number of ways, including physical audits, inspections and reviews of documentation and certification. The emphasis for accountability is placed on the supplier and ***Jet2holidays*** uses risk assessment models to identify suppliers who need additional support from the ***Jet2holidays*** teams to comply with our risk and safety standards. • Our control systems include a team of subject matter experts, inter-departmental focus groups and the ***Jet2holidays*** Risk and Safety Committee, chaired by the Chief Executive Officer. The Committee meets monthly and reports on emerging risks, and appropriate strategies to mitigate or control those risks. • Our risk strategy includes crisis and incident management, and we have made significant investment in facilities, technology and training to ensure we are prepared and capable of responding. Our aim is to mitigate, prepare, respond and recover and this forms the basis of our emergency response plan. We have designed and built a fully functioning emergency response centre where we can implement a formal command structure to manage a range of events from a terrorist act to natural catastrophes. • Our business transfers risk to the insurance market using a number of partnership brokers and insurance providers. We have completed a business risk analysis and procured appropriate insurance to mitigate that risk. Our insurance covers all aspects of our business including Employers Liability Insurance, Tour Operators Insurance, Terrorism cover, Cyber Insurance and Aviation Insurance. This approach ensures that we can protect the business and effectively manage claims.

Risk Description	Potential Consequences	Mitigating Actions
Competition		
• The Leisure Travel business operates in competition with tour operators, online travel agents and low-cost airlines. In addition, new entrants to the market could increase the competition.	• Reduction in profitability • Reduction of market share • Impact on the availability of quality hotel room stocks • Significant cost increase in marketing or IT to retain market share	• 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. • We focus on customer driven scheduling of flights on routes to popular leisure destinations in order to maximise load factor, average flight-only ticket yield (excluding taxes), non-ticket revenue and average package holiday price, whilst ensuring that our great value proposition remains attractive to customers. • We work alongside and invest in relationships with selected hoteliers, often placing substantial deposits to secure dependable and competitive room offerings in the most attractive properties, always ensuring that we are satisfying our customers' desire for choice and quality. • The development of digital strategy is integral to the Leisure Travel business as its capability helps to build customer loyalty, drive revenue growth and deliver greater customer satisfaction. • We continue to differentiate our Leisure Travel business through innovative product development, such as ***Jet2Villas™*** and ***Jet2CityBreaks®***, the provision of added value services such as **Indulgent Escapes™**, plus the recent launch of **Vibe by *Jet2holidays®***, specifically crafted for the growing millennial market.
IT development and strategy (including failure of critical technology)		
• The Group focuses on enhancing the customer experience by providing engaging, user friendly websites and social media interaction, to support its customer focused proposition. • The Group is reliant on a number of key IT systems and processes including, but not limited to operational, commercial and financial, and their scalability and ongoing development is critical. • The loss of access to these systems, or the ***Jet2.com*** and ***Jet2holidays*** websites may result in significant disruption to operations and could adversely impact the Group's reputation and financial performance.	• Reduction in future revenue • Operational disruption • Significant increase in costs • Adverse media coverage • Regulatory fines/ sanctions	• Investment in digital strategy is integral to the Leisure Travel business and considerable monies are committed each year 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. Additionally, investment in big data, cloud architecture and data science to drive speed, productivity and better quality intelligence on customer behaviour will ensure that the business remains nimble, leading edge and efficient in its customer acquisition strategy. • The Board demonstrates continued commitment to IT investment underpinning the confidentiality, integrity and availability of Group systems and data, and to improving and enhancing its cyber security defences, matching the developing threats in this area. • Each month the Group tests failover of key systems between geographically dispersed data centres and has a 24/7 IT Operations and Incident Response team. In addition, the Group regularly performs incident response exercises with scenarios covering system loss, data loss, site loss and hostile attack. • The Group has an increasing number of home and remote working colleagues and has developed a standard set of technical controls, including virtual private network and monitoring tools, which are required to be in place to enable remote connection to its systems. These were immediately implemented for colleagues who are normally 100% office-based in the run up to the Covid-19 lockdown and a smooth and cyber-secure transition to homeworking was made. • The Group has implemented a rigorous procurement process that includes IT related risk assessments for Board sign off prior to entering into new engagements. • The Group have a rigorous change management process for development releases and other IT changes requiring sign off after testing from relevant business areas and IT teams.

Risk Management continued

Risk Description	Potential Consequences	Mitigating Actions
Data Breach		
• A data breach involves unauthorised access to Group, customer or colleague data. Protecting that data and its confidentiality is a key priority for the Group.	• Reduction in future revenue • Operational disruption • Significant increase in costs • Adverse media coverage • Regulatory fines/ sanctions • Third party liability/ class actions • Loss of consumer or colleague trust	• The Group uses world-leading web application protection, denial of service protection and real time data breach monitoring services. • The Group carries out regular, comprehensive, internal and external vulnerability scanning and penetration testing using GCHQ-NCSC accredited third parties. It also continues to strengthen its cyber threat mitigation through a process of repeated testing, hardening, hardware refresh and education. • Cyber threats and mitigations are reviewed monthly at the Group's Cyber Security steering board, which includes main Board members. • The Group are preparing further cyber improvements as details emerge relating to EU Aviation Cyber Security legislation planned for 2021 and the UK CAA Cyber Assurance Framework that will follow shortly after. • The rigorous approach the Group takes towards PCI compliance and adherence to the General Data Protection Regulation (GDPR), along with the controls and requirements we place upon the supply chain, stand us in good stead for these new areas of compliance which are both subject to independent external audit. • In managing the alignment to these new regulations, a Cyber Security Action Group has been established under the chairmanship of the Managing Director of ***Jet2.com*** Limited. • An ongoing programme of training (both online and face-to-face) and awareness raising on GDPR has been implemented throughout the Group to ensure compliance and raise awareness of potential threats. • In the last twelve months, there has been a general increase in the use of ransomware by cyber criminals and more recently attempts by organised crime groups to exploit the Covid-19 pandemic. The Group's Cyber team monitor such events closely across the sector and the industry to ensure the Group's defences remain current. The Group shares situational information with the National Cyber Security Centre and welcomes that sharing partnership. • The Group remains confident that it has controls, systems and processes in place that will continually evolve and are current and appropriate to the external and internal security threats that it faces.

Risk Description	Potential Consequences	Mitigating Actions
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 may have an impact on the level of demand for the Group's leisure travel services. • The broader macro-economic climate may also impact the viability of hotel partners, some of whom the Group places deposits with to secure accommodation.	• Reduction in customer demand • Reduction in future revenue • Ability to recover advance hotel deposits	• The Group will continue to provide scheduled holiday flights by its airline, ***Jet2.com***, and ATOL licensed package holidays by its tour operator, ***Jet2holidays***, to leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities. • The Leisure Travel business has built a strong brand and reputation for providing ***'package holidays you can trust'™*** and the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings. • The combined power of our proposition, product and people is what will fuel our ongoing success, as we constantly seek to improve our customers' holiday choice, experience and enjoyment, giving us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth. • The business has an operating model, product portfolio and supply chain that are able to provide a diversity of holiday experiences, a wide choice of hotels and board basis, plus flexible holiday durations, all vital ingredients to cater for our customers' differing budget requirements. • The business serves many destinations daily and others several times a week, offering a great choice of variable duration holidays at affordable prices, delivering the flexibility that today's holidaymakers require, particularly important when economic conditions are challenging. • Regular promotion of the benefits of travelling with an end-to-end ATOL protected package holiday tour operator serves to increase customer confidence and peace of mind. • Recoverability of hotel deposits and prepayments is supported by close monitoring of sales performance and structuring arrangements to minimise risk of exposure. In addition, financial due diligence is performed and updated where required (on a risk basis) to enable hotel deals to be re-assessed and de-risked where required to protect our deposits.
Liquidity and capital risk		
• Liquidity and capital risk is the risk that the Group will have insufficient funds to meet its financial obligations as they fall due.	• Insufficient cash to meet financial obligations as they fall due	• The Group has a well-established Board approved Liquidity Policy to guide its management of liquidity and capital risk. The policy is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, whilst securing the continuity and flexibility of funding through the use of committed banking facilities and specialist aircraft finance. • Reporting of all Treasury activity, including compliance with the Liquidity Policy, is produced monthly for the Board. • Short-term cash flow risk, in relation to margin calls in respect of fuel, foreign currency and interest rate hedge positions, is minimised through diversification of counterparties together with appropriate credit support thresholds. • Regular assessment is made of the Group's banking facility covenant compliance and the UK Civil Aviation Authority's 'liquidity threshold test'. • The Group has a well-established and detailed financial planning process, enabling the rapid modelling of and reporting against multiple scenarios, enabling the Group to forecast its ongoing liquidity requirements. • The Group maintains prudent levels of liquid funds and, if required, will raise additional debt or equity funding to enable the business to continue to operate through fluctuations in economic conditions or through a prolonged period of sustained disruption.

Risk Management continued

Risk Description	Potential Consequences	Mitigating Actions
Input cost volatility, including interest and carbon costs		
• The Leisure Travel business incurs significant operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates. • The cost of fuel is also a material element of the cost base of the Leisure Travel business and the effective management of aviation fuel price volatility remains important. • The Group uses specialist aircraft finance. Some of this borrowing is subject to floating rate interest charges, which generates interest cost volatility. • Changes to carbon trading schemes including the existence and/or cost of them.	• Significant increase in costs and subsequent reduction in profitability • Closure of existing carbon trading scheme • Loss of free carbon allocations • Inability to hedge carbon consistently	• The Group has a well-established Board approved Hedging Policy to manage foreign exchange rate, interest cost and fuel price risk, using appropriate derivative financial instruments such as forward currency contracts, interest rate swaps and aviation fuel swaps, with approved counterparties. • Reporting of all Treasury activity, including compliance with the Hedging Policy, is produced monthly for the Board. • An active control process is in place between flight planning, revenue planning, finance and treasury functions to ensure over-hedging does not occur. • Regular tracking of the foreign exchange and fuel markets is undertaken, using up-to-date market intelligence. • The Group has an appropriate hedging strategy, managing the risk exposure to carbon trading schemes to the extent possible. • The Group works closely with hedge counterparties specialising in the carbon emissions markets, gaining valuable insight into potential future scheme changes and market developments, and how the associated risks can best be managed. • Further information on hedging, the Group's key mitigation to input cost and interest cost volatility risk, and details of the Group's hedge policy, are contained within Note 25 to the consolidated financial statements.
Government policy and regulatory intervention		
• There is a continuing risk of the imposition of taxes and charges, levied by regulatory decision rather than by commercial negotiation, at levels in excess of economic cost. • New regulation and/or legislation imposed that may impede operations.	• Adverse effect on passenger demand • Significant increase in costs of existing aviation taxes • Policies to constrain capacity growth • Noise curfews	• The Group will maintain its focus on: delivering a great value package holiday product; the careful management of its route network; and improving on-time performance. • The Group engages public affairs advisers in both London and Brussels and will continue to engage with policy setters and regulators to encourage legislation that is fit for purpose and to ensure full awareness of the implications of proposed future changes. • The Group manages capacity carefully taking full consideration of airport and airspace capacity issues, including night flight restrictions, and actively participates in the coordination and formulation of policies via Airport Coordination Committees.

Risk Description	Potential Consequences	Mitigating Actions
Legal / regulatory non-compliance		
• The leisure travel industry is heavily regulated, and the Group is required to comply with a complex regime of legislation and regulation in a variety of areas. • There is a continual need to remain well informed of any legislative and regulatory provisions or changes in the countries in which the Group operates and adapt as required.	• Loss of operating licence • Operational disruption • Reduction in future revenue • Adverse media coverage • Regulatory fines/ sanctions • Loss of consumer trust	• The Group has an in-house team of lawyers who advise on a range of legal issues and assist the Group to prepare for new regulatory developments. The team also delivers training on key areas throughout the year. • Additional external legal support and/or training is sought where required in specialist areas or non-UK jurisdictions. The Group's external lawyers are also instructed to provide updates on legal and regulatory developments which are likely to have an impact on the Group. • The Group works with trade associations for both the airline and travel industry to gather further insight into policy development and assist the Group in influencing future legislation and regulation to minimise potential impact.
Operational disruption		
• 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 and strike action.	• Adverse customer experience • Operational disruption • Aircraft damage • Increase to operational costs	• 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. • In addition, our commercial office in Leeds City Centre and our operations centre at Leeds Bradford Airport give us the ability to run our business from more than one site, which supports business continuity planning. • The business has a dedicated emergency response facility from which our response to serious operational incidents can be managed and performs regular emergency management exercises. We have automated systems to support the activation of our emergency response team, enabling us to respond promptly to incidents, deploy appropriate solutions and thereby mitigate the impact on our customers and limit any potential interruption to our business. • The Group also maintains prudent levels of total and own cash liquid funds (excluding customer cash) to enable the business to continue to operate through a period of sustained disruption.

Risk Management continued

Risk Description	Potential Consequences	Mitigating Actions
Epidemic/global pandemic		
• As demonstrated with the onset of Covid-19, the Leisure Travel business is at risk from the impact of an epidemic or pandemic. This includes our inability to operate flights and holidays already booked.	• Adverse customer experience • Inability for the business to continue to operate • Insufficient cash to meet financial obligations as they fall due	• Immediate operational concerns, such as quarantining specific hotels and co-ordinating the repatriation of our customers are supported by our Operational Control Centre and emergency response processes, which are regularly tested and developed to enable appropriate, rapid decisions to be made. • Our Business Continuity processes are designed to ensure that the focus on customer service remains at the forefront of response decisions, with customer facing teams prioritised for appropriate home working equipment and IT system development support. • Where required, non-operational teams have the ability to work remotely and utilise technology to remain connected and effective and our business continuity response includes the availability of alternative office facilities should they be required. • With respect to any associated regulatory or Government responses, we ensure that senior Directors are actively involved with appropriate authorities. This enables us to appropriately plan, respond and prepare for returning to operations, applying all relevant safety measures that may be required. • The Group also maintains prudent levels of total and own cash liquid funds (excluding customer cash) to enable the business to continue to operate through a period of sustained disruption.
Brexit		
• Brexit risk reflects the potential impact of the UK's exit from the EU on the Group's operations and financial position once the current transitional periods ends.	• Economic uncertainty • Additional administration effort and management time • Reduction in profitability due to higher costs • Restrictions on the capacity to expand	• The UK left the EU on 31 January 2020 and there is now a transition period until the end of 2020 while the UK and EU negotiate new arrangements. EU rules and privileges in relation to trade, travel and business for the UK and EU continue to apply fully during the transition period as if the UK were an EU member state, with new rules taking effect by agreement on 1 January 2021. As all elements of that future agreement are still under negotiation, the trading, commercial and safety/security relationship between the UK and the EU from 1 January 2021 are not yet known, with the result that the full implications for the Group of Brexit remain unclear. • For aviation, the UK published its approach to the Future Relationship with the EU in February 2020, under which the UK is seeking two agreements with the EU. First, a Comprehensive Air Transport Agreement (CATA) including provisions on market access for air services, close cooperation on aviation security, and collaboration on air traffic management. Second, a Bilateral Aviation Safety Agreement (BASA), facilitating mutual recognition of aircraft and aviation safety standards, maintaining high safety outcomes and enabling continued regulatory cooperation between the UK Civil Aviation Authority and the European Aviation Safety Agency (EASA) once the UK ceases to be a member of that organisation from 1 January 2021. • The Government has announced that it is committed to agreeing these future arrangements for aviation by the end of 2020, but the exact nature of the provisions in the CATA and BASA are a matter for ongoing negotiation with the EU and their outcome remains uncertain.

Risk Description	Potential Consequences	Mitigating Actions
Brexit (continued)		
		• Draft legal texts of the Agreement on the New Partnership have now been published by the UK and the EU, and it is generally clear that the EU envisages a partnership that, as a minimum, will include on a reciprocal basis, the maintaining of 3rd and 4th traffic rights freedoms of the type which are required for ***Jet2.com*** to operate between the UK and EU member states. While uncertainty remains over the detail of restrictions which will be applicable to the ownership and control of UK and EU airlines after 1 January 2021, this seems unlikely to be relevant to UK domiciled airlines majority owned and effectively controlled by UK nationals such as ***Jet2.com***. • Our application to EASA for "third country operator" (TCO) status, which will be required to operate ***Jet2.com*** in EASA member states (which includes the whole of the EU), has been approved. Individual applications at a member state level to each of the countries to which we operate have also been made, though it is unclear whether further applications will be required and/or further administrative requirements will be imposed by the new arrangements under negotiation. • The EU has confirmed the intention to include the UK within the list of visa-exempt countries for short stays (fewer than 90 days in any 180 day period), on the condition of reciprocity from the UK for EU travellers. • The precise impact of Brexit on our colleagues remains uncertain. We are closely monitoring the situation in each of the countries in which we operate and are advising colleagues of steps that they can take now to protect their rights. Members of our Human Resources and Recruitment teams have also received Brexit training from our specialist legal counsel. • The Directors continue to closely monitor negotiations between the UK Government and the European Commission, reviewing the latest political developments, attending relevant briefing meetings and workshops and engaging in discussions with the Department for Transport, the UK Civil Aviation Authority – our regulator – and relevant tax authorities and trade associations.
Recruitment and retention of talent		
• The current and future success of the Leisure Travel business is reliant on the successful recruitment, development and retention of the right colleagues with suitable capabilities.	• Inability to deliver key strategic initiatives • Increased costs of recruitment and training • Key knowledge deficit/dilution	• The Group executes role-specific seasonal recruitment campaigns to recruit and train the resources required to deliver our operational plans. • The Group operates a defined leadership framework, which enables the business to identify those colleagues who have the potential to develop into leadership roles and supports the succession planning process. • The Group has established an Early Years and Future Talent programme incorporating apprenticeship schemes and graduate development programmes. In addition, over 230 pilots have been engaged through our pilot apprentice scheme since its inception.

Risk Management continued

Going concern statement

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty as detailed on pages 25 to 33, paying particular attention to the impact of Covid-19.

The forecasts also incorporate the following actions taken since 31 March 2020 which have improved overall liquidity:

- Full use of the grants available under the UK Government's Coronavirus Job Retention Scheme;
- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. The forecast scenarios assume that the CCFF will be drawn down in the final quarter of 2020;
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, raising gross proceeds of £171.7m; and
- On 31 May 2020, the Group completed the sale of its Distribution & Logistics business, **Fowler Welch** for a gross cash consideration of £98.0m.

Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. In addition to forecasting the fixed cost base of the Group, the scenario also considered the impact of movements in euro and US dollar exchange rates and the price of jet fuel. The Directors concluded that given the combination of a closing cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Group would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

The Directors' responsibility for preparing the financial statements is explained on page 64 and the reporting responsibilities of the Auditor are set out in their report on page 71.

Viability statement

The Directors have prepared financial forecasts for the Group, covering multiple scenarios as detailed in the Going Concern statement, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023, and also considered an extended planning horizon to aid the management of its longer-term aircraft fleet objectives.

Following on from the "no fly" period, all scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels. Despite the Group's strong competitive position, due to the uncertainties around future demand, the forecasts cautiously assume that the productive aircraft fleet operating in the years ending 31 March 2022 and 31 March 2023 will be smaller than was flown in the year ended 31 March 2020. In addition, and should customer demand be weaker than forecast, due to the mix of aircraft, the fleet could be downsized further so eliminating the fixed costs associated with those aircraft.

Stress-testing of the Group's forecasts is also undertaken on an ongoing basis to consider the potential impact of a combination of principal risks materialising together. However, future assessments of the Group's prospects are subject to uncertainty that increases with time and cannot be guaranteed or predicted.

The Directors have also taken account of the Group's current cash position, its strong competitive position and consistent historic operating performance, its operating cash flows, the availability of banking facilities, the principal risks and uncertainties it faces, paying particular attention to the impact of Covid-19 and, as outlined, its ability to mitigate and manage those risks. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2023.

Gary Brown
Group Chief Financial Officer

17 July 2020

Corporate Responsibility

This Corporate Responsibility Report reflects the importance the Group places on developing long-lasting relationships with its customers, and enduring, effective partnerships with its suppliers, whilst acknowledging and acting upon its responsibility to the communities within which it operates and to the wider environment. The way in which the Group pursues its objective of being a good employer is set out in the section entitled "Our People".

Relationship with Customers

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

We know that taking a holiday is one of the most important family experiences of the year and we relish the trust our customers place in us to give them a fantastic holiday experience. Despite the current challenges of Covid-19, going forward we remain committed to doing our very best to ensure that each of our customers ***"has a lovely holiday"*** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving a truly VIP customer service.

In the early stages of the Covid-19 crisis, for those customers who were on holiday when travel restrictions came into force, our team of Customer Helpers assisted in every way they could, leading to positive feedback from satisfied customers who felt they were well-looked after and well-informed throughout. In addition, and despite the severe disruption and travel restrictions, we operated more than 60 repatriation flights to bring our many thousands of customers safely home.

During the 3 months since the Covid-19 lockdown came into force, we have operated a fully functioning customer contact centre of over 600 remote workers to ensure our valued customers receive assistance in either rebooking a future holiday or obtaining a refund. As a result, ***Jet2.com*** and ***Jet2holidays*** were ranked as the best travel companies for providing refunds on the back of the pandemic, according to a travel refund cancellation survey of more than 77,000 people by MoneySavingExpert.com (MSE).

Relationship with Suppliers

Our Leisure Travel business is supported by more than 3,800 non-hotel suppliers who work with us and we seek open, constructive and effective relationships with them to help sustain the successful delivery of the Group's Leisure Travel services. In December 2019, our annual supplier conference was held at which the Chief Executive Officer, the Group Chief Financial Officer and a number of ***Jet2.com*** directors set out their vision for the future and described how building partnerships with suppliers is key to achieving mutual objectives and ultimately delighting our customers. This full day conference provided an opportunity for suppliers to ask questions directly to the directors, and for the Group to learn more about what our suppliers require to build a successful partnership.

The Group has continued to invest in carefully developed relationships with over 4,000 ***Jet2holidays***' hotel partners, often placing substantial deposits to secure a dependable and competitive room offering in the most attractive hotels. Our Chief Executive Officer spends significant time overseas developing these relationships, hearing first-hand from key partners about their expectations and how the customer experience may be improved through the development of their hotels. It is also an opportunity to reiterate the importance of effective risk management by the hoteliers, maintaining the highest standards of safety and hygiene at all times so that ***Jet2holidays*** can continue to offer ***'package holidays you can trust'™***.

Jet2.com was included in the top 15 of the world's most fuel-efficient airlines. Additionally, *Jet2.com's* CO_2 emissions per passenger kilometre of 67g puts it amongst the most efficient airlines in Europe.

We also recognise that paying both our hotel partners and non-hotel suppliers on time and in full is vital for their financial well-being. Under the 'Duty to report on payment practices and performance' legislation, the Group has uploaded the relevant supplier key performance indicators onto the HMRC government portal with the average time taken to pay supplier invoices during the year being 25.3 days (2019: 27.1 days).

Modern Slavery Act

The Modern Slavery Act requires the Company to publish an annual slavery and human trafficking statement. The latest statement can be found on the Dart Group plc website at **https://www.dartgroup.co.uk/modern-slavery-act/**. Neither the Company nor any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains.

The Environment

The Group is keen to align its business strategy with broader sustainability issues. This means that we not only work within the business, but also take responsibility to effectively engage with our partners, associations, supply chains and customers to achieve tangible and long-lasting benefits to the environment and communities within which we operate.

The Group takes its environmental obligations seriously, with CO_2 emissions from fuel having the biggest impact. Although both travel and tourism contribute to climate change, they are and will increasingly be, adversely impacted by it. Extreme weather events, such as the recent sandstorms in the Canary Islands, can result in delays, disruption and diversions to our flights, whilst the increased risk of extreme weather events such as storms, floods and wildfires resulting from climate change, can have a significant impact on coastal tourism.

Tackling climate change is therefore a priority for the business. We endeavour to operate in the most efficient and environmentally friendly way possible, minimising emissions and the carbon impact per unit of product delivered (intensity). In addition, efficient operation also helps to minimise our impact on noise and air quality.

The Group monitors its greenhouse gas emissions and uses CO_2 emissions per £ million of turnover as a measure of its environmental intensity. In the year ended 31 March 2020, total energy use from electricity, gas and fuel was 9.42 TWh [1], equating to 2.5 kWh per £ turnover. The associated carbon emissions from this energy use were 2.3 million tonnes [1], equating to 622 tonnes per £ million turnover.

Energy consumption and emissions primarily arose from our aircraft operations and ground handling activities, along with our Distribution & Logistics business, business travel, offices, hangars and engineering facilities.

In the most recently published Atmosfair index, ***Jet2.com*** was included in the top 15 of the world's most fuel-efficient airlines. Additionally, ***Jet2.com***'s CO_2 emissions per passenger kilometre of 67g puts it amongst the most efficient airlines in Europe.

Jet2.com supports the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and its goal of zero CO_2 emission growth from international aviation beyond 2020. We are developing a compliance strategy for CORSIA which ensures we purchase carbon offsets which have additional benefits beyond avoiding carbon emissions, such as increasing biodiversity, reducing inequality and improving health & wellbeing.

Jet2.com also has a continuous drive to operate more efficiently, through its "efficient flying" programme. The impact of this programme in the year resulted in a marginal increase in efficiency as CO_2 emissions per passenger kilometre reduced from 67.03g to 66.95g, this despite considerable disruption to the flying programme towards the end of the financial year. The programme focuses on all aspects of the airline's operation which can influence or directly impact the efficiency of its flying activities including: single engine taxi operations; careful fuel requirement planning; performance-based navigation approaches; reduced contingency fuel; reduced thrust take offs and continuous descents; and using electric ramp vehicles and fixed electrical ground power and pre-conditioned air where available. These actions, combined

Corporate Responsibility continued

with ongoing weight saving initiatives from lightweight seats, lighter catering carts, the removal of paper manuals and the introduction of carbon brakes have saved over 30,000t CO_2 this year. In addition, the Group's previous investment in 34 Boeing 737-800NG aircraft saved over 91,000t CO_2 this year in a like-for-like comparison against our existing fleet, and 93% of the total fleet is fitted with fuel saving winglets which also saved an additional 90,000t CO_2. Combined, these measures have saved over 211,000t CO_2 this year, equivalent to taking 116,000 cars off the road.

It is not only the environmental impact of our aircraft fleet that we look to reduce. Our ground handling operations, which deliver services to nearly 50% of our flights, have had material investment in new equipment with 42% of our entire ground service equipment now electric. With over 70% of our aircraft tractors meeting the Euro 5 / 6 standard, all ramp cars and minibuses meeting the Euro 6 standard, and telemetry being installed on board our ground service equipment to monitor fuel use, our equipment is highly efficient and minimises not only CO_2 emissions, but also noise and pollutants that give rise to air quality issues, thereby minimising the environmental impact on our local communities.

In addition to carbon emissions, we have also focused on other environmental impacts within our operations. Our Inflight Retail team have made good progress in reducing single use plastics, replacing products with more sustainable alternatives such as wooden cutlery and cardboard meal boxes. Where non-plastic alternatives are unavailable at present, we are turning to products made from a higher proportion of recycled plastics such as rPET water bottles. As part of our commitment to the circular economy, we began our in-flight recycling programme in November 2019. We estimate this programme will help us to recycle up to 50% of waste on-board as well as enabling us to recycle material which previously would have gone to landfill, such as rPET plastic products, closing the loop by ensuring these materials are able to be used again.

Handling our aircraft

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 pages 25 and 26.

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**.

Our colleagues regularly visit schools and colleges across the country, and through these visits we hope to attract and develop young talent, while raising awareness of the broad array of career opportunities available at ***Jet2.com*** and ***Jet2holidays***.

In addition, the Group has also launched the ***Jet2Suite*** in partnership with Leeds Beckett University, which will see students who are studying degrees in International Tourism Management and Hospitality Business Management receive interactive training and seminars in the classrooms.

1. The environmental impact metrics quoted above cover UK operations only with an 'operational control' approach used to define the Greenhouse Gas emissions boundary. This approach captures all emissions required by SECR for Non-Quoted Large Companies. All information was collected and reported in line with the UK Government's Environmental Reporting Guidelines, 2019 and using the latest conversion factors from: UK Government GHG Conversion-Factors-2019-Condensed-set-for-most-users V1.2, BEIS, 2019. There are no material omissions from the mandatory reporting scope.

We know that taking a holiday is one of the most important family experiences of the year and we relish the trust our customers place in us to give them a fantastic holiday

Our People

The Leisure Travel business is reliant on the successful recruitment, development and retention of the right colleagues with suitable capabilities, as it is their consistent enthusiasm to delight the customer which has driven, and will continue to drive, our success in the future.

Recruitment

During the year, we successfully recruited over 6,800 roles for which we had more than 117,000 applicants. Of these, we assessed nearly 13,000 using both selection days for our seasonal recruitment campaigns and also individual one to one interviews.

We recognise the benefits associated with utilising the latest technologies to enhance the attraction and selection process for candidates. Virtual roadshows, videos, imagery, presentations and live chat have all been successful in helping us reach a wider pool of candidates and have enabled the Group to streamline its recruitment processes, saving time and cost, without sacrificing our key principle to recruit colleagues of the highest calibre.

Learning and Development

Putting the customer first is what has driven the Group's success – the delivery of great service is at the core of the ***Jet2.com*** and ***Jet2holidays*** brand values, which are known internally as ***'Take Me There'***. All new colleagues attend a one-day induction to the business, which introduces these values: ***Be Present; Create Memories; Take Responsibility;*** and ***Work As One Team***, with our Operational colleagues also receiving an annual refresher of our values. The active fulfilment of these values has been essential to our accomplishments to date and will remain integral to our future success.

The Learning and Development team provide development and support for all colleagues and managers to ensure we engage and develop them effectively and ultimately retain talent within the business. To support colleagues' career development, our Leadership Framework is designed to give guidance on the personal qualities and practical experiences required to excel in their current role, whilst also giving them a clear view of the attributes required to progress to the next level.

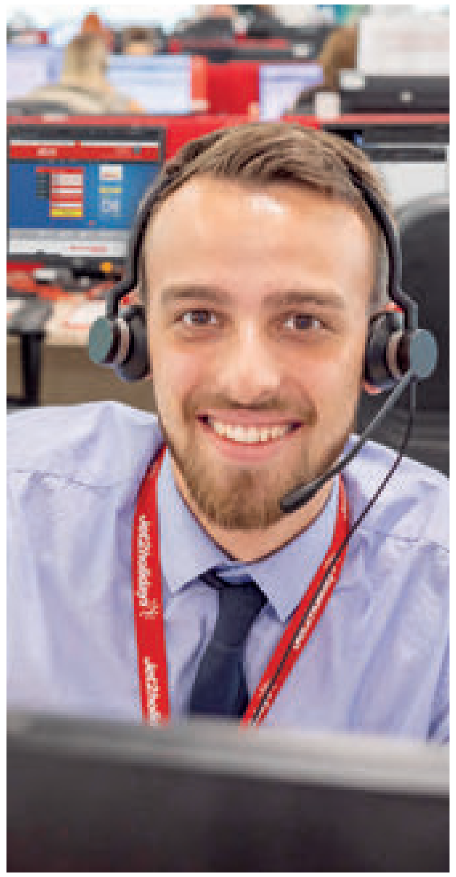
> **As a merit-based airline that believes in recognising and developing talent, our Through-Life Career Development Scheme supports the aspirations of our talented pilots as soon as they are ready for progression.**

The Learning and Development team deliver through a blended learning approach which includes face-to-face training, training through Microsoft Teams, digital learning, knowledge share, the provision of 'How To' guides, and opportunities to contribute to business projects. The team also deliver a Management Development Programme to all people managers across the business, alongside colleague development, coaching and mentoring.

Given the variety of interesting roles available at ***Jet2.com*** and ***Jet2holidays***, we have established an 'Early Careers and Future Talent' programme to ensure we remain future focused and continue to attract people with the right skills to the business. This programme offers a number of routes to entry, including work experience, summer placements, apprenticeships, industry placements and graduate programmes.

We place a significant amount of focus on the training and wellbeing of our colleagues. In the past 12 months we have expanded our pilot training portfolio, to cover both the introduction of the Airbus A321 to the ***Jet2.com*** fleet and also in the important area of mental health support and education. ***Jet2.com*** has now trained line managers for both pilots and cabin crew in mental health first aid, as well as providing annual training in wellbeing and mental health education alongside our normal operational training requirements to all Pilots.

In addition, this year ***Jet2.com*** and ***Jet2holidays*** held a mental health awareness day for the first time where colleagues had the opportunity to meet with qualified mental health first aiders to learn how they can support themselves and also be more aware of the challenges others may be facing around them.

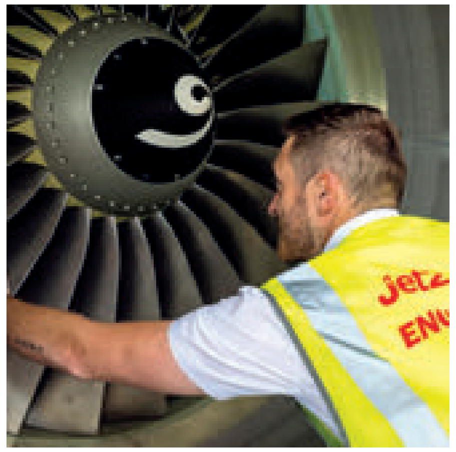


Our People continued

Jet2.com runs its own UK Civil Aviation Authority ("CAA") and European Aviation Safety Agency ("EASA") approved training facility, currently housing five full flight simulators together with a more basic systems-only simulator to support our bespoke in-house training. Our training centre is exclusively dedicated to training our colleagues and we have more than 200 experienced pilots who hold additional training qualifications, supporting the growth of our skilled pilot workforce across all our aircraft types. Our in-house type rating courses are designed to qualify candidates – whether experienced long-haul captains or talented junior pilots from our Pilot Apprentice Scheme – to operate all types of ***Jet2.com*** aircraft.

Jet2.com remains focussed on being the career airline of choice for pilots. As a merit-based airline that believes in recognising and developing talent, our Through-Life Career Development Scheme supports the aspirations of our talented pilots as soon as they are ready for progression whilst we continue to grow.

Prior to flying, all cabin crew colleagues must successfully complete our intensive four-week training course that meets EASA requirements and encompasses safety, first aid, security, service and sales and also links to our ***'Take Me There'*** values. Our skilled Cabin Crew Performance Trainers deliver the training to both new and existing cabin crew and pilot teams, to ensure they are able to provide a professional, caring and relaxed experience to customers onboard. During the year, we introduced a new training management system called 'MINT', helping us to better plan and manage both the training and legal certification



processes, and also added further training venues, including a Jet2Academy training suite near to Manchester Airport.

All ***Jet2.com*** engineers receive engineering induction training, which also includes their ***'Take Me There'*** training. A team of 5 Technical Trainers deliver recurrent, continuation and aircraft type rated training under our EASA Part 147 approval to meet business demands and regulatory requirements, this specialist training is delivered to 800 EASA Part 145 and Part M engineering colleagues. This is supplemented with technical update training across all line and base maintenance facilities every year. The ***Jet2.com*** Engineering Training team hold UK CAA Part 147 Type and EASA Basic approvals, enabling them to deliver aircraft type rating training to engineering colleagues for all three aircraft fleet types currently operated. The team are also approved to deliver theory, practical and examinations for A/B1 and B2 Aircraft Maintenance License modules, to both our engineering apprentices and engineering colleagues to assist in their personal development. The team are an Approved Apprenticeship Learning Provider and hold City and Guilds approval, enabling them to deliver an in-house 4-year Engineering Apprenticeship scheme for our 19 students.

We have over 2,500 Ground Operations colleagues in the UK and overseas who represent the face of the Group, as they are often the first people our customers meet as they arrive at the airport ready to check in for their holiday, and therefore can make a positive lasting impression. Customer service is paramount, as is safety, particularly when the teams are handling expensive aircraft assets. For this reason, we continue to invest heavily in the training and ongoing development of our colleagues in order to ensure they operate to the highest safety standards and also offer the fantastic levels of customer service for which we are so renowned.

The overseas training team cover Spain, Portugal, Cyprus, Croatia, Greece, Italy, Malta, Bulgaria and Turkey and all ***Jet2.com*** and ***Jet2holidays*** colleagues in these countries receive appropriate training and support to be able to deliver our award-winning customer service. Additionally, the Customer Contact Training team support both office-based and homeworking colleagues across Sales, Pre-Travel Services, Customer Operations and Customer Services.

Recognition

The Group's Leisure Travel business has an in-house recognition and reward scheme called ***'A Great Deal Friendlier'*** which underpins the Leisure Travel business's ***'Take Me There'*** values. Nomination volumes continue to grow, with individual colleagues and teams from across the business being nominated for providing excellent customer service, or for going the extra mile for their internal or external customers.

Communication

The Group recognises the importance of promoting and maintaining good communication with colleagues. Our 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.

As the business grows, it is increasingly important that colleagues communicate well and that everyone works as one team. Senior management must have an appreciation of 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. An Information and Consultation Agreement and Protocol, consisting of five separate agreements, covers every UK-based Leisure Travel colleague. The agreements set out how ***Jet2.com*** and ***Jet2holidays*** inform and consult with colleagues as well as how each group works in practice, including how representatives are elected. Colleague representatives are actively encouraged to speak up and challenge; as a result, their views and ideas have already helped to contribute to organisational change.

Meetings take place on a quarterly basis with Senior Managers and Directors, and our Executive Chairman and Chief Executive Officer regularly attend. The details of such meetings are used to produce communications for circulation to the relevant colleague population. The five groups are:

- Let's Jet2 It! – covering central and non-operational colleagues;
- Pilots Liaison and Operations Group (PLOG) – covering our pilot colleagues;
- Engineering Maintenance Communication Group (EMCG) – covering our engineering colleagues;
- Operations Communications Group (OCG) – covering our operations and ground operations colleagues; and
- Cabin Crew Voice – covering our cabin crew colleagues.

Through these groups, we have delivered meaningful changes – during the year we improved our maternity, paternity and adoption benefits and have also introduced a new scheme for buying and selling annual leave. We want to ensure that we create an environment where our colleagues are happy to work and which best promotes their personal wellbeing.

Through business-wide Communication groups, we have delivered meaningful changes – during the year we improved our maternity, paternity and adoption benefits and have also introduced a new scheme for buying and selling annual leave.

Equality and Diversity

The Group is committed to promoting diversity and ensuring equality of opportunity for all within the workplace, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy and maternity, race, religion or belief, gender or sexual orientation.

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.

Section 172 Statement

Our ever-growing awards

Section 172(1)(a) to (f) of the Companies Act 2006 ("s.172") requires a director of a company to act in the way which he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in so doing, to have regard (amongst other matters) to the following factors:

a. the likely consequences of any decision in the long term;
b. the interests of the company's employees;
c. the need to foster the company's business relationships with customers, suppliers and others;
d. the impact of the company's operations on the community and the environment;
e. the desirability of the company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly as between members of the company.

The Directors consider, both individually and collectively, that they have taken these factors into account when exercising their duty to promote the success of the Group during the year.

The Board, led by the Executive Chairman, ensures that its processes consider key stakeholders and that there is sufficient time, information and understanding to properly take into account their interests when making decisions and considering their long term implications. Appropriate stakeholder engagement is achieved through various means: direct interaction by Board members; receiving reports from management who engage with stakeholders; and addressing specific stakeholder interests in papers which are presented to the Board.

Supported by the Company Secretary, the Executive Chairman monitors the adequacy of the training received by all new and existing Directors on their duties, including those under s.172. The Board recognises that stakeholder groups will not remain static and can be affected by changes in strategy, legislation or business requirements and therefore these are regularly reviewed, along with the engagement mechanisms, to ensure they remain appropriate.

Detail on how the Board has had regard to the matters set out in s.172 and has engaged with key stakeholders during the year is set out below.

The consequences of decisions in the long term

The leisure travel industry is dynamic and fast-moving and the Board needs to remain agile in order to respond to opportunities or emerging issues as they present themselves. The Directors fulfil their duties through a governance framework that delegates day-to-day decision-making to management of the Group, which reflects the highly regulated environment in which the Group operates. Nevertheless, the Board is mindful that many decisions will have a long-term impact, and that a number of its contractual commitments will remain with the Group for many years to come. With the Group having been founded by the Executive Chairman in 1983, the Board is able to draw on his wealth of experience and awareness of the impact of decisions in the longer term, to assist in high quality and consistent outcomes.

The interests of the Group's colleagues

Further detail on how the Board engages with colleagues to create an environment where they are happy to work and which best supports their wellbeing, is set out in the Colleague Engagement section of the Corporate Governance statement and also in the Our People section which can be found on pages 40 to 43 of this Annual Report.

The interests of customers

We know that taking a holiday is one of the most important family experiences of the year. We therefore do our very best to ensure that each of our customers ***"has a lovely holiday"*** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving great customer service. Further information on our customer service proposition can be found on page 36 of this Annual Report.

The interests of shareholders

Further detail on how the Board engages with shareholders can be found in the Corporate Governance statement on pages 50 and 51 of this Annual Report.

Package Holidays You Can Trust™

The interests of suppliers

Further detail on how the Board engages with suppliers can be found in the Corporate Responsibility section on page 36 of this Annual Report.

The impact on the community and the environment

Further detail on how the Board engages with the community and considers the impact of the Group's operations on the environment can be found in the Corporate Responsibility section on pages 36 to 38 of this Annual Report.

High standards of business conduct

The Board recognises the importance of corporate governance, and a description of how the Group has complied with the UK Corporate Governance Code 2018 can be found on pages 50 to 54 of this Annual Report.

The Board believes that modern slavery and human trafficking are significant global issues presenting a challenge for businesses worldwide and has committed to continually reviewing its practices to combat slavery and human trafficking. The Board has a zero-tolerance approach to modern slavery and is committed to ensuring that its group companies act ethically and with integrity in their business dealings. Further details on the Group's Modern Slavery Statement can be found in the Corporate Responsibility section on page 36 of this Annual Report.

The Group manages its tax affairs responsibly and seeks to build constructive relationships with all tax authorities. During the year, the Board re-reviewed and approved the Group's Tax Policy and the Group Chief Financial Officer provides regular updates to the Board on tax matters generally. The Group continues to have a low risk tax status with HMRC.

The Board expects all of its colleagues to observe the high standards contained within the Group's policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, IT security, fraud and whistleblowing, each of which is reinforced through appropriate training.

Acting fairly between members of the Group

The Group has only one class of share in issue and so shareholders benefit from the same rights as set out in the Group's Articles of Association. The Board recognises its legal and regulatory duties and does not take decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder with an unfair advantage. Detail of the engagement with shareholders is included in the Corporate Governance statement which can be found on pages 50 and 51 of this Annual Report.

Philip Meeson
Executive Chairman

17 July 2020

Case Study – VIBE Launch

What's your VIBE?

VIBE
BY Jet2holidays

Vibe by *Jet2holidays*® Has Arrived!

In November 2019 we gave a huge welcome to our new proposition for the millennial market, Vibe by *Jet2holidays*®.

What's your **VIBE?**

Through focus groups and market research, we identified a significant market opportunity for a brand new audience for ***Jet2holidays*®**. This audience is grouped around a mindset, rather than a specific age or demographic group: from first-time holiday makers, through people looking for clubbing and party holidays, through experience driven over 25s, to bucket list Generation X. We call them Millennial Mindsets. We spotted that the Millennial Mindset audience were not being offered a proposition that really meets their needs; most of the offerings on the market were outdated and focused solely around "bar-street" holidays. While this remains an important part of the market, we spotted a major opportunity for us to take a greater share by having a broader, clearly targeted product portfolio – offering everything from much-loved bargain party packages to luxurious five-star escapes.

ICONIC VIBE

PURE VIBE

PARTY VIBE

CHILLED VIBE

Vibe by *Jet2holidays*® has been created to maximise the appeal to this Millennial Mindset audience, with a strong visual identity, a clear and distinct attitude and tone of voice, and a unique portfolio of video and digital content.

Vibe by *Jet2holidays*® offers an extensive collection of over 170 hotels across over 40 resorts, divided into four concepts or 'Vibes'; each tailored to the different Millennial Mindset audiences. Each **Vibe** has its own detailed product specification, atmosphere and experience which the hotel will deliver:

- **Iconic Vibe:** A collection of standout, cutting-edge, stylish and internationally-renowned hotels, with some of the hottest A-list DJs playing each year;
- **Party Vibe:** Great value hotels in the heart of the best party resorts, perfect for those looking for less of the frills but more of the thrills;
- **Pure Vibe:** Staying in is the new going out with **Pure Vibe**, as this selection of hotels allows customers to enjoy pool parties, live performances and daytime DJs at their hotel;
- **Chilled Vibe:** For luxury lovers, these hotels offer sophistication and exclusive extras and are perfect for poolside lounging, ideal for capturing and posting on Instagram.

The Launch

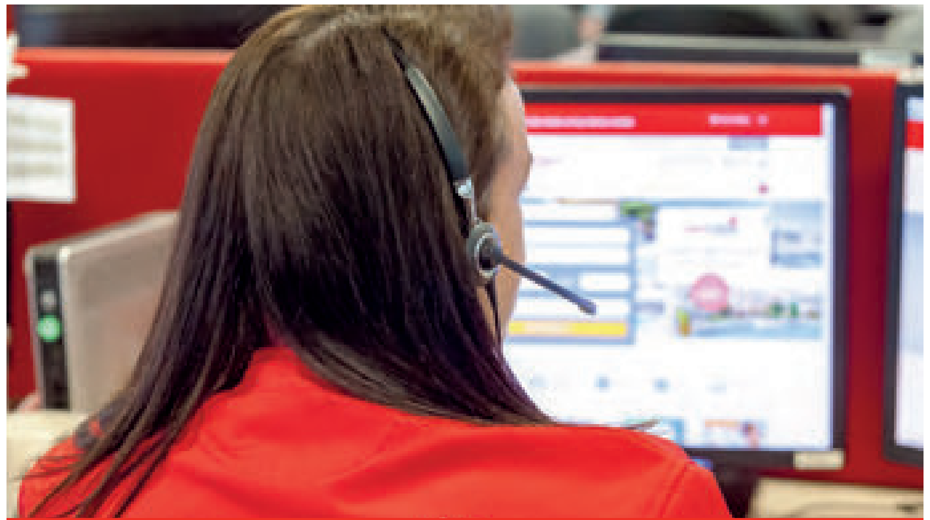
To make a big splash in the market, we developed a fully integrated marketing launch plan to get the message out across the key marketing channels. This included a sparkling, new "mobile-first" website, complete with inspirational content in a distinct and fresh tone of voice, and the first **Vibe by *Jet2holidays*®** brochure for the travel trade, which saw us create one of our brightest, editorial-style publications ever.

The audience for **Vibe by *Jet2holidays*®** lives online and especially on smartphones – so our primary marketing platforms are digital, with a "mobile-first" focus. We make sure our marketing appears on the channels that this audience spends the most time on – Instagram, Snapchat and YouTube. We have also built a significant database of over 200,000 Millennial Mindset prospects through our brand-partnership with the ITV2 show **Love Island**. We use sophisticated audience profiling and data science to target the Millennial Mindset audience with the right message, at the right time, through the right marketing channel – driving overall effectiveness and efficiency.

We have great hopes for this new unique proposition and believe that many of our **Vibe by *Jet2holidays*®** customers today will become the loyal ***Jet2holidays*** families of the future!

Case Study – Call Centre Covid-19 Response

***Jet2.com* and *Jet2holidays* were ranked as the best travel companies for providing refunds on the back of the pandemic, according to a travel refund cancellation survey of more than 77,000 people by MoneySavingExpert.com**



Our Leeds Contact Centre

Jet2.com and _Jet2holidays_ win praise for pandemic response.

Like thousands of businesses up and down the country, in early 2020, we faced the most challenging period in the Group's history as the Covid-19 outbreak rapidly evolved into a global issue, causing EU borders to close and lockdowns to be imposed, eventually bringing the world to a grinding halt.

A "Customer First" approach

Sadly for our customers, many thousands of holidays and flights had to be cancelled, bringing huge disappointment to all. Nevertheless, our colleagues stepped up to this overwhelming challenge at a deeply unsettling time for everybody and delivered, as always, a first-class customer experience.

From the very beginning our colleagues have lived and breathed our ***Take Me There*** values, ***Working As One Team***. When the contact centre and our social media channels were initially inundated with calls and messages from concerned customers, everyone from across the Group pitched in to help day and night, from Directors to engineers to data scientists, heads of department to junior executives.

This major team effort went far beyond fielding thousands of customer queries. The Contact Centre, Marketing, Revenue, Legal and Customer Operations teams worked together to deliver crucial communications and create a consistent experience for our customers. **As well as safely repatriating thousands of holidaymakers from overseas**, we also won the hearts and minds of those still to travel by swiftly creating an effective process to deal with the unprecedented level of rebookings, flight changes and cancellations.

Standing out from the crowd

Award-winning customer service is an integral part our package holidays and leisure travel flights proposition, and this situation was no different, as our efforts in response to Covid-19 received high praise from the people we care about most – Our Customers.

Jet2.com and ***Jet2holidays*** were ranked as the best travel companies for providing refunds on the back of the pandemic, according to a travel refund cancellation survey of more than 77,000 people by MoneySavingExpert.com (MSE).

The survey asked customers whose bookings had been cancelled whether they have received a full refund or not from the company they had booked with. It found that 87% of both ***Jet2.com*** and ***Jet2holidays*** customers had, the highest percentage of all travel companies polled.

In addition to that, ***Jet2.com*** and ***Jet2holidays*** received a positive score in regard to the refund experience for customers. The survey asked people how they felt about their 'refund experience', by asking them to rate it as 'great', 'OK' or 'poor', and whether they actually received one. Each company was ranked by taking the percentage of those who had a 'great' experience with the company and subtracting the percentage who had a 'poor' experience to give an overall 'net experience score'.

The results of the survey show that ***Jet2holidays*** had a score of +79%, ranking at number three in the list, while ***Jet2.com*** ranked at number four with a score of +77% – a tremendous endorsement of our "Customer First" approach!

Under travel industry rules, anyone whose flight is cancelled is entitled to a full refund and in a recent review from Money Mail, ***Jet2.com*** and ***Jet2holidays*** emerged as the leaders within the industry when it comes to refunding customers for cancelled flights and holidays. One reader described our Company as 'a beacon of light' having requested a refund for a cancelled trip with the money back in his bank account within six days — two weeks before his planned departure date! Another reader who also received a swift refund for her cancelled flight to Cyprus, said: '***Jet2*** has been brilliant and deserves huge recognition for going above and beyond.'

Finally, The Times reported that one customer had commented that, '…airlines like ***Jet2*** really deserve recognition for their integrity and honest, straightforward approach', whilst another who received his £479.19 back for a cancelled trip to Venice said, 'All of this has been a good experience for us in the middle of a dreadful time'.

We are very proud that our efforts to provide customer-focused solutions have been acknowledged in this way, all part of the end-to-end ***'package holidays you can trust'™*** experience!

Our Governance

Corporate Governance Statement

Dart Group plc (the "Group") has chosen to apply the UK Corporate Governance Code 2018, issued by the Financial Reporting Council (the "Code"). A copy of the Code can be found at:

https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf

An explanation of how the Group has complied with the Code is set out below and also in the Audit Committee Report on pages 56 to 58 and the Remuneration Committee Report on pages 59 to 62.

Board leadership and company purpose

The Role of the Board

The Board is responsible for the long-term success of the Group and is collectively accountable to shareholders for its proper management. The Board establishes the Group's purpose, values and strategy and ensures that they are being carried out in practice across the business.

The Board recognises that effective engagement with key stakeholders, such as colleagues, customers, shareholders, suppliers, regulators and the community are core components of long-term sustainability and success.

The Board has a formal schedule of matters specifically reserved to it for decision, including:

- reviewing and approving the Group's overall objectives, strategy and direction;
- determining, maintaining and overseeing a framework of prudent and effective controls, audit processes and risk management policies, to ensure the Group operates effectively and sustainably in the long-term;
- approval of the financial statements, as well as revenue and capital budgets and plans; and
- approval of material decisions, agreements and non-recurring projects.

Day-to-day management responsibility rests with the Leisure Travel Operational Directors.

Culture

The Board assesses and monitors the Group's culture through regular interaction with management and other colleagues to ensure that its policies, practices and behaviours are aligned with the Group's purpose, values and strategy.

The delivery of great service is at the core of the ***Jet2.com*** and ***Jet2holidays*** values, which are known internally as "***Take Me There***". All ***Jet2.com*** and ***Jet2holidays*** colleagues take part in a one-day induction to the business, which introduces these values: Be Present; Create Memories; Take Responsibility; and Work As One Team. Regular prompts are visible throughout the business to ensure that these values, which are intrinsic to the success of the Leisure Travel business and the engagement of its colleagues and customers, remain front of mind when dealing with customers, colleagues and other partners.

Resources and Effective Controls

The Board is supported by the Audit and Remuneration Committees, each of which has access, at the cost of the Group, to the resources, information and advice that it deems necessary to enable the committee to discharge its duties. Although not in compliance with the Code, due to the size and composition of the Board there is no separate Nomination Committee.

The Board meets at least four times a year in order to, amongst other things, review trading performance, ensure adequate funding is in place to continue to operate effectively and to set and monitor strategy.

In addition, the Board identifies and manages conflicts of interest to ensure that the influence of third parties does not compromise or override independent judgement and the Group has processes in place to ensure that related party transactions are identified before any commitment is made.

If the Directors have concerns about the operation of the Board or management of the Group that cannot be resolved, their concerns would be recorded in the board minutes.

To enable the Board to discharge its duties, the Executive Chairman, working with the Group Chief Financial Officer and the Company Secretary, sets the formal agenda for the Board meetings. Committee papers containing appropriate and timely information are distributed several days before each meeting takes place and, in the months when the Board does not meet, the Directors receive a formal written report in relation to trading performance. Additional meetings are called if and when required.

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

	Board meetings	Remuneration Committee meetings	Audit Committee meetings
Philip Meeson	4	2	–
Gary Brown	5	–	2*
Stephen Heapy	5	–	2†
Mark Laurence	3	2	2
Richard Green	5	–	2

* by invitation

† Stephen Heapy will be resigning from the Audit Committee following the completion of the audit for the year ended 31 March 2020 and will attend future meetings by invitation only.

Shareholder Engagement

The Business & Financial Review on pages 18 to 24 includes a detailed review of the Group's business and future developments. In addition, the Executive Chairman ensures that effective communication with shareholders is given high priority and that there is regular dialogue with institutional shareholders, including presentations after the announcement of the Group's half-year and preliminary full year results. These meetings are attended by both the Chief Executive Officer of the Group's Leisure Travel business and the Group Chief Financial Officer. In addition, both the Executive and Non-Executive Directors have the opportunity to meet with other shareholders at the Annual General Meeting and on further occasions during the year as required.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Executive Chairman ensures that the Chairman of the Audit and Remuneration Committees is present to answer questions. There is also a lengthy question and answer session following the conclusion of the formal business of the meeting hosted by the Executive Chairman which provides a valuable opportunity to hear from members of the Board about developments within the Group, and to receive their views on issues which are of most interest to the shareholders present.

Details of resolutions to be proposed at the Annual General Meeting are included in the Notice of Annual General Meeting and related papers, which are sent to shareholders in advance of the meeting in accordance with the Group's Articles of Association. All votes received for general meetings are properly recorded and counted and details of proxy appointments and voting instructions are provided at the meeting. Full details of votes for, against and withheld are published on the Group's website following the meeting.

If a resolution receives 20 per cent or more of votes cast against, the Board will consult with shareholders to understand the reason behind the result and publish the findings, including any corrective action taken.

The Group's website (**www.dartgroup.co.uk**) has a specific section for investors, which is regularly updated with relevant news and information, including the Annual Report and Accounts and the Notice of Annual General Meeting, as well as providing information on the Group's history and trading subsidiaries, with links to their respective websites.

Colleague Engagement

The Board recognises that it is important to engage with colleagues to ensure that the Group is fostering an environment that they are happy to work in, supports their personal wellbeing and enables them to understand the rationale for key decisions. The Group does not currently use the workforce engagement methods prescribed by the Code, but instead operates an Information and Consultation Agreement and Protocol, consisting of five separate agreements as detailed on page 43 which cover every UK-based Leisure Travel colleague and set out how ***Jet2.com*** and ***Jet2holidays*** will inform and consult with them.

As a result, over 40 colleague representatives take part in working groups once every three months with Senior Managers and Directors, with the Executive Chairman and the Chief Executive Officer also in regular attendance. The working groups help to improve two-way communication between colleagues and management, enabling colleagues to share thoughts and contribute to organisational change. In addition, they also provide a platform for management to inform and consult with the employee representatives when changes are being made which may affect a large number of employees, such as changes to policies and procedures, facilities and accommodation and uniform (where applicable).

Additionally, the Group keeps colleagues regularly informed on matters relating to their employment through a variety of weekly and monthly information bulletins and newsletters covering a broad range of topics. These are supplemented by annual presentations at each business location by the Senior Management Team, which include an opportunity for colleagues to raise questions direct with the Chief Executive Officer, Group Chief Financial Officer and other directors of the Leisure Travel business.

A mailbox entitled 'Ask Steve' allows colleagues at any level of the organisation to write directly to the Chief Executive Officer of the Leisure Travel business regarding any matter or concern they may have, providing a direct method of communication with a key member of the Board and enabling issues raised to be added to the board agenda for discussion as required.

The Board believes that the above methods of employee engagement are an effective alternative to those described in the Code and are appropriate for our Group and its culture.

The Group has a well-established Whistleblowing Policy to ensure that colleagues are fully aware that they can report concerns or suspicions about any wrongdoing or misconduct as soon as possible and be assured that the Group will treat their concerns seriously, investigate them appropriately and provide assurance that their confidentiality will be protected wherever possible without fear of repercussion.

Division of responsibilities

The Executive Chairman

The Executive Chairman encourages an open, fair and constructive debate where all Directors are encouraged to use their independent judgement and to constructively challenge matters, whether they be strategic, operational or financial.

The Executive Chairman, with the support of the Company Secretary, is responsible for the Director induction process and ensuring that the Directors receive appropriate training as necessary.

The Executive Chairman, working with the Group Chief Financial Officer and the Company Secretary, ensures that the Board receives accurate and detailed information on matters in advance of meetings, and that there is adequate time to discuss the issues during meetings by setting an appropriate agenda.

Division of Responsibilities between Executive Chairman and Chief Executive Officer

The roles of the Executive Chairman and the Chief Executive Officer of the Leisure Travel business are clearly defined and separate.

In line with the Code, executive responsibility for the day-to-day running of the Group's Leisure Travel business (comprising the operating subsidiaries ***Jet2.com*** and ***Jet2holidays***) sits with its Chief Executive Officer, Stephen Heapy.

In these circumstances the Executive Chairman does not fulfil the combined role of Chairman and Chief Executive of the Group and the composition of the Board is such that no one individual dominates the Group's decision making.

Corporate Governance Statement continued

Board Composition

The Board comprises:

- Philip Meeson, who performs the role of Executive Chairman of the Group and has responsibility for the leadership of the Board and for its effectiveness in directing the Group;
- Gary Brown, the Group Chief Financial Officer;
- Stephen Heapy, Chief Executive Officer of ***Jet2.com*** Limited and ***Jet2holidays*** Limited;
- Mark Laurence, an independent Non-Executive Director;
- Richard Green, a Non-Executive Director; and
- Robin Terrell, an independent Non-Executive Director (appointed on 14 April 2020).

Following a rigorous search process using external independent search consultants, Robin Terrell was appointed to the Board on 14 April 2020 as an independent non-executive director and is a member of the Audit and Remuneration Committees. Robin brings extensive experience in leading online and retail businesses and has very relevant financial knowledge given his qualification as a chartered accountant and his position as Chairman of the Audit Committee of William Hill plc.

Richard Green was appointed to the Board on 6 September 2018 as a non-executive director and is a member of the Audit Committee. Prior to his appointment, Richard worked as a consultant for ***Jet2.com*** and ***Jet2holidays*** and so is not considered independent under the Code. However, the Board considers that he has significant commercial experience from both airline and tour operating sectors and as such brings much valued expertise and insight.

Mark Laurence has now served for more than nine years from the date of his first election to the Board. Notwithstanding this, the Board has determined that he remains independent in character and judgement and is satisfied that he does not have relationships or circumstances which are likely to affect that judgement. He continues to provide valuable challenge as a non-executive director and brings a breadth of financial experience to the Board.

Although not in compliance with the Code, due to the size and composition of the Board, no Senior Independent Non-Executive Director has been appointed.

Overall, the Board is satisfied that both its Executive and Non-Executive Directors have an effective and appropriate balance of skills, experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

The biographies of the Directors appear on page 55 of this Annual Report.

Non-Executive Directors

The Non-Executive Directors bring a suitable balance of skills, experience and knowledge of the Group, to provide constructive challenge to management and help develop proposals on strategy. In addition, their independence of character and integrity prevents any individual or small group from dominating the decision making of the Board as a whole. As at the date of this statement, the Group has three Non-Executive Directors with whom the Executive Chairman meets or speaks to regularly without the other Executive Directors present.

All Non-Executive Directors are required to devote sufficient time to their role as a member of the Board in order to discharge their responsibilities effectively and this is kept under continuous review. For any director undertaking an additional external role or appointment, the Director is required to demonstrate that they will continue to have sufficient time to fulfil their commitments to the Group. Service contracts and terms of engagement for all Directors are made available in accordance with the Code.

Information and Support

All Directors have access to the advice and services of the Company Secretary, Ian Day, who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

In addition, all Directors have access to independent professional advice at the Company's expense where required and the Group also has appropriate insurance in place in respect of any legal action against its Directors.

Composition, succession and evaluation

New Appointments

New Director appointments are a matter for the Board as a whole rather than a Nomination Committee which, although not in accordance with the Code, has not been established due to the size and composition of the Board. External independent search consultancies are used for Board and other senior management appointments within the Group.

The Executive Chairman considers succession planning on an ongoing basis in consultation with the Board, working in particular with the Chief Executive Officer of the Leisure Travel business.

As the founder of the Group, the Executive Chairman has served on the Board for more than nine years from the date of election and owns 26.89%[1] of the issued share capital of the Group. Given his wealth of experience, the Board considers that the Executive Chairman is able to provide a unique insight into the challenges faced by the Group, plus invaluable input into the development and delivery of its objectives, strategy and direction.

The Board is committed to promoting diversity and ensuring equality of opportunity for all within the Group, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy and maternity, race, religion or belief, gender or sexual orientation and its policy on new appointments is based on merit.

1. As at 30 June 2020

Re-election to the Board

Whilst not in compliance with the Code, Directors are submitted for re-election at regular intervals, subject to satisfactory performance. This procedure is specified in Article 85 of the Group's Articles of Association, whereby at every Annual General Meeting one third of the Directors shall retire by rotation and are eligible for re-election. Newly appointed Directors are subject to re-election at the first Annual General Meeting after their appointment.

Evaluation

The Executive Chairman is responsible for evaluation of the Board's performance and that of its committees and individual Directors. This evaluation is made on an ongoing basis using feedback from the Group as a whole, supplemented by regular discussions with the Directors in question.

Audit, risk and internal control

Financial and Business reporting

A statement of the Directors' responsibilities in respect of the Annual Report and financial statements is set out on page 64 of this Annual Report. A statement on going concern is given within Note 2 to the consolidated financial statements on page 79.

Audit Committee and Auditors

The Board has established an Audit Committee which during the year comprised of one independent Non-Executive Director, one Non-Executive Director and one Executive Director. The appointment of Robin Terrell to the Audit Committee in April 2020 satisfies the independence requirements of the Code going forward. In line with the Code, Stephen Heapy will be resigning from the Audit Committee following the completion of the audit for the year ended 31 March 2020 and will attend future meetings by invitation only.

The Audit Committee is chaired by Mark Laurence, an independent Non-Executive Director, and meets no less than twice per year, reporting back to the Board on key issues discussed at each meeting. The Board is satisfied that the Chairman of the Audit Committee has recent and relevant financial experience having held executive roles in the financial services industry, and that the Committee continues to be effective in fulfilling the primary functions described below.

The Executive Directors, the Company Secretary, the Group Financial Controller as well as the external and internal auditors are invited to attend meetings. The Committee's primary function is to assist the Board in:

1. Fulfilling its responsibilities to protect the interests of shareholders by ensuring the integrity and clarity of the financial statements and of any formal announcements relating to the Group's financial performance;
2. Carefully considering key judgements and estimates applied in the preparation of the consolidated financial statements;
3. Overseeing the scope of internal audit work for the year and reviewing the effectiveness of the Internal Audit function;
4. Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies;
5. Considering the appointment of the external auditor, their scope of work and their remuneration, including reviewing their independence and objectivity, and agreeing the extent of non-audit work undertaken;
6. Reviewing the findings of the audit with the external auditors, including the effectiveness of the audit process and a discussion of any major accounting or judgemental issues which arose during the audit; and
7. Providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

The Audit Committee Chairman also engages with both the external and internal auditors, without the Executive Directors or members of the Finance team present.

Whilst KPMG LLP ("KPMG") have been the Group's auditor since the year ended 31 March 2005, the Audit Committee and the Board continue to believe this is in the best interests of shareholders as KPMG have developed an extensive knowledge of the Group.

The fee paid to KPMG for the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries pursuant to legislation was £0.3m. A breakdown of fees paid to KPMG during the financial year is set out in Note 8. Resolutions to reappoint KPMG as auditor and to authorise the Directors to agree their remuneration will be put to shareholders at the AGM.

A detailed Audit Committee Report is set out on pages 56 to 58.

The Independent Auditor's Report can be found on pages 65 to 71.

Risk Management and 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 of Directors has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, liquidity or solvency, which can be found on pages 25 to 35 of the Annual Report.

The Directors have chosen a 3-year time period for the Group's viability assessment, since any longer term is subject to uncertainty and cannot be guaranteed or predicted. The Viability Statement can be found on page 35 of the Strategic Report.

The risk management process and the system of internal control necessary to manage risks are assessed and monitored by the Audit Committee.

The Board maintains processes for identifying, evaluating and managing the risks faced by the Group which take account of the recommendations set out in the *Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.*

Corporate Governance Statement continued

To ensure compliance with laws and regulations, and to 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, within which 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 provides independent assurance by, performing full and regular monitoring of the Group's procedures; promoting robustness of controls; highlighting departures from procedures; and suggesting relevant key performance indicators 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.

Group Risk Management is the responsibility of the Group's Operational Directors, who meet regularly with Internal Audit to review and monitor the Group Risk Register and to discuss existing and emerging risk. The Directors report their findings to the Audit Committee.

Remuneration

The Level and Components of Remuneration

The Board has established a Remuneration Committee which during the year comprised of one independent Non-Executive Director and the Executive Chairman. The Group's Remuneration Committee was chaired by Mark Laurence. The appointment of Robin Terrell to the Remuneration Committee in April 2020 satisfies the independence requirements of the Code going forward.

Although not in line with the Code, the Executive Chairman is a member of this Committee due to him being the founder of the Group, plus the insight that he brings into the engagement and reward of the top talent within the business. The Executive Chairman does not receive a bonus or share award and abstains from any discussion about his own remuneration at these meetings, so the Board does not consider that his membership compromises the effectiveness of the Committee's work.

The Committee makes recommendations to the Board on an overall remuneration package for the Executive Directors and other senior managers and takes external advice on the value of the total employment packages, and the extent of performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies.

Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the role and do not include share options or other performance-related elements.

Procedure

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Committee determines the contractual terms, remuneration and other benefits for the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments.

Further details are set out in the Remuneration Committee Report on pages 59 to 62.

Remuneration Outcomes

Remuneration outcomes are aligned with strategic priorities and the long-term success of the Group. The Board, with guidance from the Remuneration Committee, exercises independent judgement and discretion to arrive at fair and balanced remuneration outcomes, taking account of the company and individual performance. When setting senior executive pay, the Board considers both external pay relativity and wider workforce remuneration and conditions.

Board approval of the statement of corporate governance

This Corporate Governance Statement is approved by the Board and signed on its behalf by:

Philip Meeson
Executive Chairman

17 July 2020

Board of Directors

Executive Directors

Philip Meeson
Executive Chairman of Dart Group plc

Appointed: Became a Director on the purchase of Channel Express Group in April 1983.

Experience: In April 1983, Philip's private company purchased the Channel Express Group which, at that time, distributed flowers grown in the Channel Islands 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 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/

Committees: Remuneration

Gary Brown
Executive Director and Group Chief Financial Officer

Appointed: Joined Dart Group plc in April 2013 and was appointed to the Board as an Executive Director in June 2013.

Experience: 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 fellow of the Institute of Chartered Accountants of England and Wales.

Committees: None

Stephen Heapy
Executive Director and Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***

Appointed: Joined Dart Group plc in 2009 as Managing Director of ***Jet2holidays*** and Chief Commercial Officer for ***Jet2.com*** and is now the Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***. Stephen was appointed to the Board as an Executive Director in June 2013.

Experience: Stephen 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.

Committees: Audit. Stephen will be resigning from the Audit Committee following the completion of the audit for the year ended 31 March 2020 and will attend future meetings by invitation only.

Non-Executive Directors

Mark Laurence
Independent Non-Executive Director

Appointed: Joined the Board of Dart Group plc in May 2009 as a Non-Executive Director.

Experience: Mark began his career as a transport sector investment analyst with stockbrokers Kitcat and Aitken, before moving to 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. Latterly at Merrill Lynch he was a member of the highly ranked UK Equity Strategy team. 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 helping to found Fundsmith in 2010. Mark was recognised at the 2014 Grant Thornton Quoted Company Awards as Non-Executive Director of the Year.

Committees: Audit (Chair); Remuneration (Chair)

Richard Green
Non-Executive Director

Appointed: Joined the Board of Dart Group plc in September 2018 as a Non-Executive Director, having provided consultancy services and advice to the Directors of ***Jet2.com*** and ***Jet2holidays*** on commercial strategy projects since 2010.

Experience: Richard has extensive commercial experience in the travel industry gained from working in both the Airline and Tour Operating sectors. During his career Richard has held a number of significant positions, initially working in senior management roles within First Choice Holidays and Thomas Cook, and then as Managing Director/CEO of Direct Holidays plc, My Travel Group and Globespan plc. Richard is also a Director of Brooklyn Travel Holdings Limited and a number of its subsidiary undertakings.

Committees: Audit

Robin Terrell
Independent Non-Executive Director

Appointed: Joined the Board of Dart Group plc on 14 April 2020 as an independent Non-Executive Director.

Experience: Robin has extensive experience in leading online and retail businesses including Amazon, John Lewis Direct, House of Fraser and Tesco. During his career Robin has held a number of Non-Executive roles and is currently Non-Executive Chair of Wetsuit Outlet, Non-Executive Director and Chair of the Audit Committee at William Hill plc, and Non-Executive Director at New Look and Åhléns AB. Robin qualified as a Chartered Accountant with Coopers & Lybrand.

Committees: Subsequent to year end, Robin has been appointed to both the Audit and Remuneration Committees with effect from the date of his appointment.

Audit Committee Report

I am pleased to present the Audit Committee's report for the year ended 31 March 2020.

Committee composition & meetings

In addition to myself the Audit Committee comprises;

- Richard Green, Dart Group plc Non-Executive Director
- Stephen Heapy, the Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***
- Robin Terrell, Dart Group plc Independent Non-Executive Director (appointed 14 April 2020)

Robin was appointed to the Committee following his appointment to the Board on 14 April and brings considerable experience and value to our discussions. I am delighted that he will succeed me as Chairman of this Committee for the 2020/21 financial year. His appointment will also allow Stephen Heapy to resign from the Audit Committee following the completion of the audit for the year ended 31 March 2020 and he will continue to attend future meetings by invitation only. I would like to thank Stephen for all his contributions to our deliberations over the years. Further details of the Committee members can be found on page 55 of these accounts.

The Committee met formally twice in the year. Although not members of the Audit Committee, the Group Chief Financial Officer, the Group Legal Director and Company Secretary, the Group Financial Controller, the Head of Internal Audit and representatives of KPMG LLP ("KPMG"), our external auditor, were also invited and were in attendance. Attendance at Committee meetings during the year can be found on page 50.

Committee key responsibilities

The Committee's primary function is to assist the Board in the following areas:

- Fulfilling its responsibilities to protect the interests of shareholders by ensuring the integrity and clarity of the financial statements and of any formal announcements relating to the Group's financial performance;
- Carefully considering key judgements and estimates applied in the preparation of the consolidated financial statements;
- Overseeing the scope of internal audit work for the year and reviewing the effectiveness of the Internal Audit function;
- Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies;
- Considering the appointment of the external auditor, their scope of work and their remuneration, including reviewing their independence and objectivity, and agreeing the extent of non-audit work undertaken;
- Reviewing the findings of the audit with the external auditors, including the effectiveness of the audit process and a discussion of any major accounting or judgemental issues which arose during the audit; and
- Providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

Committee key areas of focus

- Reviewing and approving the Annual Report and Accounts to 31 March 2019 and half-year results to 30 September 2019 including a review of the going concern basis on which the Annual Report is prepared.
- Considering reports from the external auditor and identifying any accounting or judgemental issues requiring attention.
- Reviewing and considering reports from the work conducted by the Internal Audit function.
- Reviewing the businesses' payment practices reporting to ensure they meet latest legislation.
- Reviewing and approving the Group's key processes, tax and treasury strategies.
- Considering and reviewing the principal risks affecting the Group.
- Considering and reviewing the overall IT environment and controls.
- During the financial year, the Committee received reports from management in relation to the adoption of IFRS 16 – *Leases*, including the proposed disclosures in relation to these matters in the half-year results to 30 September 2019 and this Annual Report.
- Following discussions with management and the external auditor, the Committee approved the disclosures of the accounting policies which include details of the impacts of adopting IFRS 16 – *Leases*.
- Overseeing the appointment of and relationship with the external auditor, including an assessment of their independence and a review of the provision of non-audit services.

External audit

KPMG was first appointed by Dart Group plc on 24 March 2005 to audit the financial statements for the period ended 31 March 2005 and subsequent financial periods. A tender in respect of the external audit has not been sought since, though there are no contractual obligations restricting the Group's choice of external auditor.

The auditor appointment is subject to ongoing monitoring and the Committee reviewed the effectiveness of KPMG as part of the 2019 year end process. The Committee considered several factors when determining the effectiveness of the external auditor, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement with the Audit Committee, both formal and informal, and how issues were reported, followed up and resolved; the independence of KPMG and whether an appropriate level of challenge and scepticism existed in their work; and the findings of the FRC's Audit Quality Inspection on KPMG issued in July 2019.

The Committee also sought the views of key members of the finance team and senior management on the audit process and the quality and experience of the new audit partner, who was appointed in 2018. Their feedback confirmed that KPMG had performed well during 2019 and had provided an appropriate level of challenge to management.

Based on the review and feedback received, the Committee was of the view that it was not appropriate to make changes to the external auditor for the year ended 31 March 2020.

The Committee is also satisfied with the performance of the external auditor and with the policies and procedures in place to maintain their objectivity and independence. KPMG possesses the skills and experience required to fulfil its duties effectively and efficiently and the audit for the year ended 31 March 2020 was effective. The Committee has therefore recommended to the Board the reappointment of KPMG at the forthcoming AGM.

The Committee has determined that an audit tender process will be conducted to commence no later than September 2022, to allow time for a thorough process to be carried out and, if required, a smooth handover of audit responsibilities. The Committee will continue to keep the exact timings of the audit tender under review given the current Covid-19 pandemic.

The fee paid to KPMG for the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries pursuant to legislation was £0.3m. Non-audit services were provided where the Group considered that KPMG were best placed to perform the work. Non-audit fees for the year were £0.1m, covering advice relating to the Tour Operators' Margin Scheme ("TOMS"), other indirect tax advice and tax advice in advance of the sale of the Distribution & Logistics business, **Fowler Welch**. A breakdown of fees paid to KPMG during the financial year is set out in Note 8. Resolutions to reappoint KPMG as auditor and to authorise the Directors to agree their remuneration will be put to shareholders at the Annual General Meeting.

The Group also receives advice as needed from PwC LLP and Deloitte LLP on taxation issues and Herbert Smith Freehills LLP on legal issues relating to corporate matters.

Significant issues considered by the Committee

A brief summary of the significant issues identified are discussed below, the only new area of focus being the implementation of IFRS 16 – *Leases*.

The Committee formally reviewed and discussed each of the significant issues in relation to the full-year results, detailed below, with the new areas of focus being going concern and the implementation of IFRS 16 – *Leases*.

The impact of uncertainties due to the UK exiting the European Union

The Committee discussed the actions taken by the Board to remain informed and reactive to the latest developments in the plans for the UK to exit the European Union which included continuing to closely monitor negotiations between the UK Government and the European Commission, reviewing the latest political developments, attending relevant briefing meetings and workshops and engaging in discussions with the Department for Transport, the UK Civil Aviation Authority – our Regulator – and relevant tax authorities and trade associations. Having considered the above, the Committee is satisfied that the Board are taking all reasonable and necessary steps to adequately prepare the Group for any repercussions of Brexit.

Going Concern

The Committee reviewed the going concern basis on which the Annual Report is prepared, the Directors having prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and projected cash flows through to 31 March 2023.

The forecasts cover three "no fly" scenarios of increasing durations being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields which are significantly below historic levels.

In addition, the Committee reviewed a more extreme scenario of "no fly" through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report.

The forecasts incorporated management actions taken since 31 March 2020 which have further improved overall liquidity, being: full use of the grants available under the UK Government's Coronavirus Job Retention Scheme; securing eligibility for £300.0 million of funding under the Bank of England's Covid Corporate Financing Facility (CCFF); completing a successful share Placing raising gross proceeds of £171.7m; plus the sale of the Distribution & Logistics business for gross cash consideration of £98.0m.

Following a review of these forecasts, and noting both the healthy closing cash balance of £1,387.5m at 31 March 2020, the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Committee concluded that there is a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements and that it is appropriate for the Group to continue to adopt the going concern basis in preparing the financial statements for the financial year ended 31 March 2020.

Revenue recognition

In line with the previous year's audit, KPMG extracted customer booking data for the year and re-performed the calculation of revenue and deferred revenue based on flight departure dates, using data and analytics audit techniques. KPMG then performed transactional level revenue to cash receipt matching along with additional sampling of any unmatched items.

The Committee considered the revenue recognition policies and the monthly reconciliation procedures already performed by the business, alongside KPMG's audit conclusions and is satisfied that revenue has been appropriately recognised in the accounts.

IFRS 16 – *Leases*

The Group has adopted IFRS 16 – *Leases* for the year ended 31 March 2020 using the fully retrospective method. The Committee has received regular updates throughout the implementation process and has reviewed the accounting treatment and the impact on transition on the financial statements. No issues were noted by the Committee.

Audit Committee Report continued

Aircraft maintenance provisions
The Committee reviewed the accounting treatment in relation to aircraft maintenance provisions, including the underlying assumptions. The Committee noted the subjective element of provision calculations in estimating the full extent and cost of work required for maintenance events and concluded that appropriate accounting treatments have been applied.

Derivative instruments
The Committee considered the Group's treasury policy for managing foreign currency, fuel price, carbon and interest rate risks, the value of the hedges in place at 31 March 2020 having also been verified to external sources. In addition, the Committee considered the estimates used to calculate the net exceptional charge for hedge ineffectiveness in the year ended 31 March 2020. No issues were noted by the Committee.

Aircraft depreciation
The Committee reviewed the accounting treatment in relation to aircraft depreciation and noted that this had been applied consistently and appropriately.

Conclusions
In conclusion, the Audit Committee reported to the Board that the Committee considers the Annual Report for the year ended 31 March 2020 to be fair, balanced and understandable and provides the information necessary for shareholders to assess our strategy, business model and financial position and performance.

Viability statement
The Committee reviewed the scenarios prepared for the Going Concern and Viability review, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023. The Committee noted that the forecasts cautiously assume that the productive aircraft fleet operating in the years ending 31 March 2022 and 31 March 2023 will be smaller than that flown in the year ended 31 March 2020, with the ability to further downsize the fleet if required, to eliminate the fixed costs associated with those aircraft.

Following a review of these forecasts alongside the principal risks and uncertainties that the Group faces and its ability to mitigate and manage those risks, the Committee have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2023.

The Viability Statement can be found on page 35.

Internal audit & risk management
The Group's Internal Audit team remains a key function within the business and provides independent and objective assurance over the design and operating effectiveness of the system of internal control, through a risk-based approach. The team has unrestricted access to all Group documentation, premises, functions and employees to enable it to perform its work, although this has been somewhat curtailed in the current crisis. The Head of Internal Audit reports into the Committee and, administratively, to the Group Chief Financial Officer. The Committee engages directly with the Internal Audit team, who also had two separate meetings with KPMG.

Internal Audit continues to develop the Group's risk register and has now added Global Pandemic to the extensive list of those that senior management and the Board are aware of and seek to track and mitigate.

Internal Audit also have a key role in the oversight of our Business Continuity capabilities which in the current year included the Group's response to the Covid-19 pandemic and ensuring that key functions were able to continue to operate effectively.

Future developments
The Committee has always been thankful to the Group's finance department for their professionalism and dedication but never more so than during these challenging times and I would like to sincerely thank them on behalf of all shareholders. It has been a pleasure to chair this Committee thanks to the high standards of the department and I hand over the reins to Robin in the knowledge that whatever test may lie ahead the Group's finance function possesses the talent and determination to rise to the challenge.

Mark Laurence
Non-Executive Director, Chairman of the Audit Committee

17 July 2020

Remuneration Committee Report

Remuneration Committee
During the year ended 31 March 2020, the Group's Remuneration Committee (the "Committee") was chaired by Mark Laurence with Philip Meeson, Executive Chairman, the other member of the Committee.

Although not in line with the Code, the Executive Chairman is a member of this Committee due to him being the founder of the Group and the insight that this brings into the engagement and reward of the top talent within the business. The Executive Chairman does not receive any bonus or share award and abstains from any discussion about his own remuneration at these meetings, so the Board does not consider that his membership compromises the effectiveness of the Committee's work.

The Committee makes recommendations to the Board on an overall remuneration package for the Executive Directors and other senior managers and takes external advice on the value of the total employment packages, and the extent of performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies.

The Remuneration Committee is committed to ensuring that the remuneration packages are effective in aligning the interests of the Executive Directors and senior management with those of the Company's shareholders and that they provide appropriate incentivisation to continue to deliver long term sustainable profitability. In addition, the Remuneration Committee also considers that the Policy should not only be easy to understand, but also straightforward and simple to implement and administer.

The Committee met formally twice in the year to discuss amongst other things, recommendations for payments under the SEIP Scheme for executive's performance in the financial year ending 31 March 2019 and also to discuss Executive Directors' basic salary levels.

Executive Director Remuneration Policy
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 2020, 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 Group of providing these benefits may vary year-on-year, and the Group monitors this cost.	Not applicable

Remuneration Committee Report continued

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 relevant operating segment's objectives and goals, including a deferral element to provide longer term alignment to shareholders. Philip Meeson, the Executive Chairman, does not participate in the SEIP.	**SEIP cash award** In order to encourage 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 100% 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 2020, the profit metric relates to 60% of the maximum opportunity, and the customer and individual metrics 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 higher of: the average share price over the 12 month period to the fifth dealing day following (and including) the date of announcement of results for the relevant financial year; and a scheme minimum share price. Deferred Awards take the form of a right to receive shares, at a price payable equal to the 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. Good leaver reasons include the Executive Director's death, injury, disability, redundancy, retirement or in connection with a business or company disposal. In these cases, 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.	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.

Non-Executive Director Remuneration

Non-Executive Director fees are determined by the Executive Chairman and the Group Chief Financial Officer, having taken advice where necessary on appropriate fee levels. The Non-Executive Directors are not involved in any discussions or decisions about their own remuneration and do not participate in any bonus or share based incentive plans.

Service contracts and terms governing loss of office

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 Gary Brown will retire from the Board at the Annual General Meeting on 3 September 2020 and, being eligible, will offer themselves for re-election. Having been appointed on 14 April 2020, Robin Terrell will also offer himself for election at the Annual General Meeting.

Each of the non-executive Directors 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.

Directors' emoluments during the year

	Basic salary and fees £000	Benefits (Note 1) £000	Pension (Note 2) £000	SEIP Cash Award (Note 3) £000	SEIP Deferred Award (Note 3) £000	**Total 2020 £000**	Total 2019 £000
Executive Directors:							
Philip Meeson	450	12	–	–	–	**462**	487
Stephen Heapy	727	22	86	–	–	**835**	1,151
Gary Brown	561	1	77	–	–	**639**	1,075
Non-Executive Directors:							
Mark Laurence	50	–	–	–	–	**50**	61
Richard Green (Note 4)	52	–	–	–	–	**52**	28
Total	**1,840**	**35**	**163**	**–**	**–**	**2,038**	**2,802**

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. Included within Stephen Heapy's "Basic salary and fees" is £29k, which relates to the sacrifice of salary into the Group's pension scheme.
3. There have been no cash or Deferred Awards in relation to the financial performance for the period ended 31 March 2020.
4. In addition to the remuneration above, Richard Green received £83,000 (2019: £53,000) in respect of consultancy services for the Group.

Interest in options and Deferred Awards

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

Director	Share scheme / Award Plan	Exercise / award price	At 31 March 2018 No.	Granted during the year No.	Exercised during the year No.	Lapsed in the year No.	**At 31 March 2020 No.**
Stephen Heapy	SEIP Deferred Award	1.25p	62,685	18,262	(16,654)[3]	–	**64,293**[1]
Gary Brown	SEIP Deferred Award	1.25p	58,696	17,216	(15,516)[3]	–	**60,396**[2]

1. Vesting as follows: 25,610 on 20 July 2020, 20,421 on 18 July 2021 and 18,262 on 17 July 2022.
2. Vesting as follows: 24,024 on 20 July 2020, 19,156 on 18 July 2021 and 17,216 on 17 July 2022.
3. Deferred awards exercised on 29 July 2019, on which date closing mid-market price of a share was £7.78.

The share based payment charge to the Consolidated Income Statement in respect of the above share options and Deferred Awards, was £281,000 (2019: £229,000). This charge was in respect of share options and Deferred Awards granted but not yet vested at the year end.

The closing mid-market price of the Company's shares on 31 March 2020 was £5.51 per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were £19.43 and £3.06, respectively.

Remuneration Committee Report continued

Effect of Covid-19 on Executive Directors' Remuneration and Board Fees

Basic Salary

The Directors of the Company have considered the implications of the Covid-19 crisis for executive compensation and Board fees. As a result, it was agreed that for the period from 1 April 2020 to 31 December 2020, the Executive Chairman would not take a basic salary and that both the Chief Executive Officer and Chief Financial Officer would forgo annual inflationary basic salary increases and also take a 20% basic salary reduction. In addition, for the same period, the Chairman of the Audit and Remuneration Committees, Mark Laurence, will not take a fee, whilst the other Non-Executive Directors, Richard Green and Robin Terrell, will take a 30% fee reduction.

SEIP Cash and Deferred Share Awards

For the financial year ended 31 March 2020, all profit, customer and individual metrics under the SEIP Scheme were fully achieved and therefore the Executive Directors were eligible for the maximum SEIP award of 100% of basic salary, split as a cash award of 70% and a Deferred Share Award of 30%. However, despite the strong performance and as a direct result of the impact of Covid-19, it has been agreed by the Board that no cash award will be paid, and no Deferred Share Awards granted.

Given there are still challenges to overcome due to the unprecedented current circumstances, it is the intention of the Board to keep the SEIP Scheme under review for the current financial year.

Colleague Remuneration

Due to Covid-19 and the necessary suspension of our flying programme, we were forced to place approximately 80% of our UK colleagues on temporary leave of absence ('furloughed') in order to make full use of the grants available under the UK Government's Coronavirus Job Retention Scheme ("JRS") with similar schemes also in place for many of our overseas colleagues.

However, despite the JRS, our monthly salary bill remains a substantial proportion of our overall costs and therefore, with huge reluctance and after much thought, we asked all colleagues to take a pay cut for the nine-month period from 1 April 2020 until 31 December 2020. Additionally, performance related bonuses earned for the financial year ended 31 March 2020 plus the Discretionary Colleague Profit Share Scheme, will not be paid.

We thank all our colleagues for their understanding of these difficult decisions and for their continuing hard work, dedication and commitment during this time.

Director shareholdings

The Directors who held office at 31 March 2020 had the following interests in the ordinary shares of the Company at that date:

Director	31 March 2020	31 March 2019
Philip Meeson	**48,040,000**	55,740,000
Stephen Heapy	**231,462**	202,718
Gary Brown	**63,372**	35,226
Mark Laurence	**200,000**	200,000

On 4 December 2019, Philip Meeson transferred 6,000,000 ordinary shares in the Company for nil consideration to the trustees of The Philip Meeson 2019 Settlement, a UK resident settlement, of which Philip Meeson is a trustee but not a beneficiary. No other directors have a non-beneficial interest in the shares of the Company. 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.

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.

The Remuneration Committee Report is approved by the Board and signed on its behalf by

Mark Laurence
Non-Executive Director, Chairman of the Remuneration Committee

17 July 2020

Directors' Report

This Directors' Report includes the information required to be included under the Companies Act or, where provided elsewhere, an appropriate cross-reference is given as follows:

- Strategic Report: pages 12 to 45;
- Risk Management: pages 25 to 35;
- Corporate Governance Statement approved by the Board: pages 50 to 54;
- details of current Directors and Directors who served through the year: page 55; and
- Directors' remuneration: pages 59 to 62.

Results and dividends

The results for the year are set out in the Consolidated Income Statement and show a profit after taxation of £116.0m (2019: £139.9m). An interim dividend of 3.0p per share was paid on 3 February 2020 (2019: 2.8p).

In consideration of the ongoing impact of Covid-19, the Board does not recommend the payment of a final dividend (2019: 7.4p per share), meaning a total dividend for the year of 3.0p per share (2019: 10.2p), a decrease of 71%.

Post-balance sheet events

Following the year end, the Board took several actions to secure additional financing in response to the impact on the business of the Covid-19 pandemic. Further details of these actions are disclosed within the Business & Financial Review on page 22.

Issued share capital

Issued share capital was increased by 148,055 (2019: 167,905) 1.25 pence ordinary shares following the exercise of their rights by holders of share options / Deferred Awards granted on the following dates:

Grant Date	No. of options / awards exercised	Scheme
10-Sep-09	**30,600**	Approved
5-Aug-10	**5,000**	Approved
23-Dec-10	**7,500**	Approved
04-Aug-11	**3,750**	Approved
22-Dec-11	**7,500**	Approved
01-Aug-12	**31,120**	Approved
25-Jul-16	**62,585**	SEIP
Total	**148,055**	

Details of the increases in issued share capital are given in Note 26 to the consolidated financial statements.

Material holdings

Apart from the interest of Philip Meeson in the share 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 2020:

Silver Point Capital	5.20%
Odey Asset Management	4.10%
Canaccord Genuity Wealth Management	3.49%
Mr Philip H Meeson 2019 Settlement	3.36%
Goldman Sachs International	3.12%

Annual General Meeting

The Annual General Meeting will be held at 9:30 am on 3 September 2020 at Buchanan Communications, 107 Cheapside, London, EC2V 6DN. Given the current circumstances in relation to Covid-19, notwithstanding any revisions to Government guidance at the time of the AGM, the Board has made the decision that the AGM will be held as a closed meeting in accordance with the provisions of the Corporate Insolvency and Governance Act 2020. This means that the meeting will be convened with the minimum quorum of shareholders (facilitated by the Group) to conduct the formal business of the AGM. As such, for the safety and security of all involved, shareholders and their proxies are unable to attend the AGM in person this year. In light of this, shareholders are strongly advised to appoint the Chairman of the meeting as their proxy to ensure that their vote is counted. The Notice of AGM is available at **www.dartgroup.co.uk/agm** and contains full details of the resolutions to be proposed and the Directors consider that these are in the best interests of the Group and shareholders as a whole.

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.

Directors' Report continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' 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. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report is approved by the Board and signed on its behalf by

Philip Meeson
Executive Chairman

17 July 2020

Gary Brown
Group Chief Financial Officer

17 July 2020

Independent Auditor's Report

to the members of Dart Group plc

1. Our opinion is unmodified

We have audited the financial statements of Dart Group plc ("the Company") for the year ended 31 March 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, Company balance sheet, Company statement of changes in equity and the related notes, including the accounting policies in Note 2.

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£12.0m (2019: £9.0m)
Group financial statements as a whole	4.7% (2019: 5.4%) of Group profit before hedge ineffectiveness and taxation (2019: of Group profit before taxation)
Coverage	96% (2019: 100%) of Group profit before taxation
Key audit matters	**vs 2019**
Recurring risks:	The impact of uncertainties due to the UK exiting the European Union on our audit
	Revenue recognition
	Aircraft maintenance provisions
	Derivative instruments
	Aircraft depreciation (Group and parent Company)
Event driven	**New:** Going Concern
	New: IFRS 16 – *Leases*

Independent Auditor's Report

to the members of Dart Group plc continued

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to pages 32 and 33 (principal risks) and page 57 (Audit Committee Report).	**Unprecedented levels of uncertainty:** All audits assess and challenge the reasonableness of estimates, in particular as described in aircraft maintenance provisions, aircraft depreciation and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge:** We considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • **Sensitivity analysis:** When addressing going concern, aircraft maintenance provisions, aircraft depreciation and other areas that depend on forecasts, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on going concern, aircraft maintenance provisions and aircraft depreciation we considered all of the Brexit related disclosures together, including those in the Strategic report, comparing the overall picture against our understanding of the risks. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Going Concern Refer to page 34 (principal risks), page 35 (viability statement), page 57 (Audit Committee Report) and page 79 (accounting policy).	**Disclosure Quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and Company's available financial resources over this period were: • The impact of the COVID-19 pandemic grounding the Group's aircraft fleet for an extended period of time; and • The achievability of mitigating actions by the Directors should this or any other factors materialise. There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: • **Funding assessment:** Assessed the committed level of funding available to the Group. Obtained documentation on the post year end equity issue performed by the Group and agreed the funds from this equity issue had been received by the Group. Obtained documentation of the post year end disposal of the Distribution & Logistics operating segment and agreed funds from this disposal had been received. Obtained documentation on the eligibility for CCFF funding made available to the Group post year end. • **Historical comparisons:** Considered the Group's historical forecasting accuracy by assessing actual performance against budget and understanding the changes in circumstances leading to the material reduction in forecast revenue; • **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively; • **Key dependency assessment:** Identified the key assumptions in the Group's forecasts around the achievement of forecast costs. • **Evaluating Directors' intent:** We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise; • **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosure by comparing this to the key assumptions, key sensitivities and mitigating actions considered by the Directors.
Revenue recognition (£3,584.7m; 2019: £2,964.4m) Refer to page 57 (Audit Committee Report), page 80 (accounting policy) and pages 88 to 90 (financial disclosures).	**Processing error:** Due to the high volume of sales, many comprising multiple components (such as flight, accommodation, car hire, advanced seat assignment and insurance), and the differing timing of when cash is received, there is a risk that the booking systems and the reporting system do not appropriately process the information to recognise the respective revenue in the correct accounting period.	Our procedures included: • **Control design and operation:** We evaluated the design and implementation of IT processes and controls related to the booking and general ledger systems from which the data in our procedure was extracted. • **Independent re-performance:** We tested the Group's revenue recorded in the year by extracting customer booking data from the booking systems and performing an independent calculation of revenue and deferred revenue using either the booking dates or flight departure dates as the recognition basis as determined by IFRS 15. • **Test of detail:** We used a data analysis technique to trace bookings made to the associated receipt of cash on a transactional level, to test the data used in our independent reperformance of revenue test. • **Test of detail:** Tested a sample of cancellations to ensure revenue had not been recognised where the performance obligation had not been met.

Independent Auditor's Report

to the members of Dart Group plc continued

	The risk	Our response
IFRS 16 – *Leases* (Right-of-use asset (ROU) £534.1m; 2019: £609.7m) (Lease liabilities £672.7m; 2019 £758.4m) Refer to page 57 (Audit Committee Report), pages 84 and 116 (accounting policy) and pages 95, 97, 118 and 120 (financial disclosures).	**Accounting application:** The Group adopted IFRS 16 – *Leases* from 1 April 2019 using the fully retrospective method. As this is the first year of adoption, inherently there is a risk of error on transition. IFRS 16 requires that operating lease liabilities and ROU assets be recognised on the statement of financial position for the first time. The calculation of ROU assets and lease liabilities require assumptions to be made. These assumptions include, but are not limited to, duration of the lease term and discount rate.	Our procedures included: • **Accounting analysis:** We assessed the Group's accounting policy in light of the adoption of IFRS 16 in the year to assess if the transition adjustments were made appropriately. • **Benchmarking assumptions:** We compared the discount rates calculated and used by the Group to external and internal data such as Bank of England base rate and loan documentation. We compared the assumptions used for expected lease duration to the historic lease renewal rates in the Group. • **Test of details:** Tested a sample of leases to assess if the key terms had been recorded appropriately. • **Assessing transparency:** We assessed whether the Group's disclosures detailing the transition adjustments on adoption of IFRS 16 are adequately disclosed.
Aircraft maintenance provisions (£43.8m; 2019: £27.1m) Refer to page 58 (Audit Committee Report), page 84 (accounting policy), page 86 (accounting estimates and judgements) and page 97 (financial disclosures).	**Subjective estimate:** Liabilities for maintenance costs are provided for in respect of leased aircraft. Calculation of the maintenance provision incorporates assumptions including: the current condition of the aircraft, lifespan of the life limited parts and the timing and expected cost of the maintenance event. Due to the uncertainties inherent in these assumptions, this is an area that gives rise to risk in our audit. The effect of these matters is that, as part of our risk assessment, we determined that the aircraft maintenance provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: • **Controls design and operation:** We evaluated the design and implementation of the controls in place for monitoring aircraft utilisation and setting of provision rates and carried out tests of the operating effectiveness of controls. • **Expectation vs outcome:** We developed an expectation of the current year balance based on our view of the relationships between expected cost, expected timing of the maintenance event and aircraft utilisation, including a consideration of historical data by comparison of provision rates to actual cost of maintenance events incurred and their timing. • **Benchmarking assumptions:** We compared the aircraft utilisation data within the model to underlying flight records, reviewed contracts to understand lease return conditions and benchmarked the assumptions over the anticipated cost to industry standards. • **Assessing transparency:** We assessed whether the Group's disclosures detailing the assumptions and sources of estimation uncertainty is adequately disclosed.

	The risk	Our response
Derivative instruments (Assets £79.0m; 2019: £54.1m (including £25.1m non-current)) (Liabilities £270.5m; 2019: £76.5m (including £54.0m non-current)) Refer to page 58 (Audit Committee Report), page 83 (accounting policy), page 85 (accounting estimates and judgements) and pages 99 to 102 (financial disclosures).	**Processing error:** The Group has a strategy to manage foreign exchange rate, interest rate and fuel price risk through forward currency contracts, interest rate and aviation fuel swaps. We focused on this area as there are a high number of contracts and swap arrangements which increases the risk that not all relevant information is captured and recorded accurately on a timely basis.	Our procedures included: • **Controls design and operation:** We observed the performance of a sample of the Group's monthly counterparty reconciliations to test the operating effectiveness of the control. • **Our treasury expertise:** KPMG treasury specialists assisted us to inspect the contract and swap documentation and ensure that the nature of the forward contract or swap was understood. Our specialists assisted us in independently valuing the derivatives using discounted cash flow techniques and observable market data, principally interest rates, and we compared this valuation to the Group's valuation. • **Test of details:** We examined the existence of forward currency and aviation fuel swaps by checking to confirmations from independent counterparties as at the reporting date.
Aircraft depreciation Group and parent Company risk area **Group:** (£119.2m; 2019: £98.3m) **parent Company:** (£39.3m; 2019: £32.1m) Refer to page 58 (Audit Committee Report), pages 82 and 115 (accounting policy), pages 85 and 117 (accounting estimates and judgements and pages 95 and 118 (financial disclosures).	**Subjective estimate:** For the purposes of estimating depreciation an aircraft is first separated into several major components, such as the airframe, undercarriage and the engines. Depreciation rates are estimated and vary according to the aircraft component type and incorporate assumptions over the utilisation of the aircraft and the lifespan of life limited parts. The effect of these matters is that, as part of our risk assessment, we determined that aircraft depreciation is subject to a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 3) disclose the sensitivity estimated by the Group.	Our procedures included: • **Historical comparisons:** We challenged the appropriateness of the allocation of cost to major components by comparison to historic component overhaul costs for new aircraft additions in the year. • **Benchmarking assumptions:** For a sample of aircraft, we assessed the reasonableness of useful life by comparing the lifespan of parts to manufacturer's specification and technical guidance. We also assessed the reasonableness of residual values to market evidence. • **Assessing transparency:** We assessed whether the Group's disclosures detailing the assumptions and sources of estimation uncertainty concerning useful lives and residual values is adequately disclosed.

We continue to perform procedures over provisions for leisure travel compensation claims. However, following the reduction in value of the provisions this year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Independent Auditor's Report

to the members of Dart Group plc continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £12.0m (2019: £9.0m), determined with reference to a benchmark of Group profit before hedge ineffectiveness and taxation (of which it represents 4.7% (2019: 5.4% of Group profit before taxation)).

Materiality for the parent Company financial statements as a whole was set at £7.0m (2019: £6.8m), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2019: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.6m, in addition to other identified misstatements that warranted reporting on qualitative grounds

Of the Group's 13 (2019: 12) reporting components, we subjected 5 (2019: 9) to full scope audits for Group purposes.

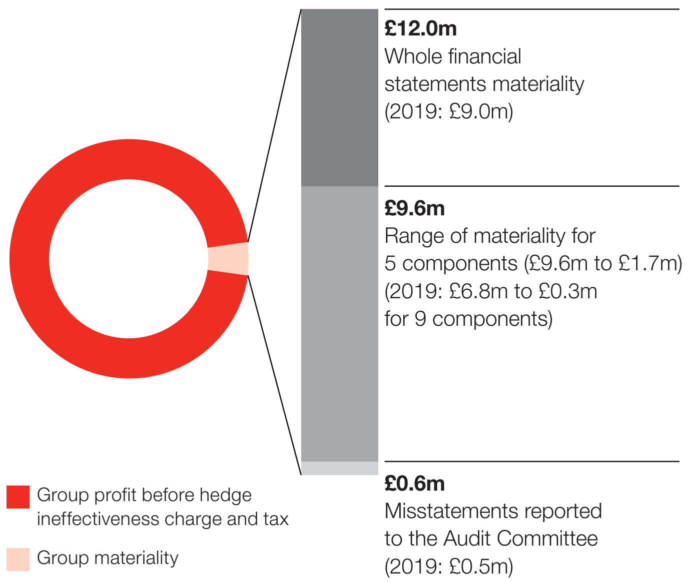
The components within the scope of our work accounted for 100% (2019: 100%) of Group revenues, 96% (2019: 100%) of Group profit before tax and 96% (2019: 100%) of Group assets.

For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all of the components, including the audit of the parent Company, was performed by the Group team.

Group profit before hedge ineffectiveness and taxation
£256.1m (2019: £166.5m)

Group Materiality
£12.0m (2019: £9.0m)



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement (page 35) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 64, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

17 July 2020

Our Financials

Consolidated Income Statement
for the year ended 31 March 2020

	Note	Results for the year ended 31 March 2020 Pre-exceptional £m	Exceptional item – Hedge ineffectiveness £m	Results for the year ended 31 March 2020 £m	Results for the year ended 31 March 2019 £m Restated†
Revenue	6	3,584.7	–	**3,584.7**	2,964.4
Net operating expenses	7	(3,291.7)	(108.4)	**(3,400.1)**	(2,759.9)
Operating profit	6,8	293.0	(108.4)	**184.6**	204.5
Finance income		14.5	–	**14.5**	10.7
Finance expense		(44.0)	–	**(44.0)**	(41.9)
Net FX revaluation losses		(8.1)	–	**(8.1)**	(9.1)
Net financing expense	9	(37.6)	–	**(37.6)**	(40.3)
Profit on disposal of property, plant and equipment		0.7	–	**0.7**	2.3
Profit before taxation		256.1	(108.4)	**147.7**	166.5
Taxation	11	(56.7)	20.6	**(36.1)**	(29.9)
Profit for the year – from continuing operations		199.4	(87.8)	**111.6**	136.6
Profit for the year – from discontinued operations*		4.4	–	**4.4**	3.3
Profit for the year *all attributable to equity shareholders of the Parent*		203.8	(87.8)	**116.0**	139.9
Earnings per share from continuing operations					
– basic	13			**74.97p**	91.86p
– diluted	13			**74.84p**	91.58p
Earnings per share from total operations					
– basic	13			**77.93p**	94.08p
– diluted	13			**77.79p**	93.80p

* The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 32.

† Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 31.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m Restated†
Profit for the year		**116.0**	139.9
Other comprehensive (expense) / income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Fair value losses	25	**(68.6)**	(37.9)
Add back losses / (gains) transferred to income statement	25	**5.0**	(23.6)
Cost of hedging reserve – changes in fair value	25	**2.9**	–
Related taxation credit	11	**11.9**	11.4
Revaluation of foreign operations		**3.9**	(1.3)
		(44.9)	(51.4)
Total comprehensive income for the year *all attributable to equity shareholders of the Parent*		**71.1**	88.5
Total comprehensive income for the year arises from:			
Continuing operations		**66.7**	85.2
Discontinued operations*		**4.4**	3.3
Total comprehensive income		**71.1**	88.5

* The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 32.

† Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 31.

Consolidated Statement of Financial Position

at 31 March 2020

	Note	2020 £m	2019 £m Restated†	2018 £m Restated†
Non-current assets				
Intangible assets	14	**26.8**	–	–
Goodwill	15	**–**	6.8	6.8
Property, plant and equipment	17	**1,465.9**	1,499.9	1,242.8
Derivative financial instruments	25	**25.1**	4.1	23.7
		1,517.8	1,510.8	1,273.3
Current assets				
Inventories	18	**1.3**	1.6	1.8
Trade and other receivables	19	**294.1**	319.8	258.2
Derivative financial instruments	25	**53.9**	50.0	64.3
Money market deposits	20	**–**	50.0	220.2
Cash and cash equivalents	20	**1,387.5**	1,224.3	788.4
Assets held for sale*	33	**128.2**	–	–
		1,865.0	1,645.7	1,332.9
Total assets		**3,382.8**	3,156.5	2,606.2
Current liabilities				
Trade and other payables	21	**366.4**	217.0	159.9
Deferred revenue	22	**736.0**	937.1	806.0
Borrowings	23	**104.4**	37.7	59.7
Lease liabilities	23	**76.2**	114.5	81.0
Provisions and liabilities	24	**67.7**	54.2	45.9
Derivative financial instruments	25	**216.5**	55.0	40.7
Liabilities held for sale*	33	**61.8**	–	–
		1,629.0	1,415.5	1,193.2
Non-current liabilities				
Deferred revenue	22	**9.2**	2.8	1.3
Borrowings	23	**381.3**	414.3	287.6
Lease liabilities	23	**596.5**	643.9	548.0
Derivative financial instruments	25	**54.0**	21.5	8.2
Deferred taxation	11	**78.7**	80.6	65.9
		1,119.7	1,163.1	911.0
Total liabilities		**2,748.7**	2,578.6	2,104.2
Net assets		**634.1**	577.9	502.0
Shareholders' equity				
Share capital	26	**1.9**	1.9	1.9
Share premium	26	**12.9**	12.8	12.7
Cash flow hedging reserve	26	**(69.6)**	(18.5)	31.6
Cost of hedging reserve	26	**2.3**	–	–
Other reserves	26	**3.3**	(0.6)	0.7
Retained earnings	26	**683.3**	582.3	455.1
Total shareholders' equity		**634.1**	577.9	502.0

The accounts on pages 74 to 122 were approved by the Board of Directors at a meeting held on 17 July 2020 and were signed on its behalf by:

Gary Brown
Group Chief Financial Officer

Dart Group plc
Registered no. 01295221

* The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 32.

† Figures shown for the years ended 31 March 2019 and 31 March 2018 have been restated as detailed in Note 31.

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 £m	2019 £m Restated†
Profit on ordinary activities before taxation from continuing operations		**147.7**	166.5
Profit on ordinary activities before taxation from discontinued operations*		**5.5**	4.1
Finance income	6,9	**(14.5)**	(10.7)
Finance expense	6,9	**45.2**	43.5
Net FX revaluation losses	6,9	**8.1**	9.1
Hedge ineffectiveness		**108.4**	–
Depreciation	17	**218.7**	172.8
Profit on disposal of property, plant and equipment		**(0.9)**	(2.3)
Equity settled share based payments	26	**0.5**	0.4
Operating cash flows before movements in working capital		**518.7**	383.4
(Increase) / decrease in inventories		**(0.3)**	0.2
Increase in trade and other receivables		**(7.9)**	(61.6)
Increase in trade and other payables		**172.8**	60.3
(Decrease) / increase in deferred revenue		**(194.7)**	132.6
Increase in provisions and liabilities		**8.6**	4.8
Cash generated from operations		**497.2**	519.7
Interest received		**14.5**	10.7
Interest paid – of which £23.5m (2019: £23.9m) relates to leases		**(40.5)**	(39.6)
Income taxes paid		**(28.1)**	(7.8)
Net cash generated from operating activities		**443.1**	483.0
Cash flows used in investing activities			
Purchase of intangible assets	14	**(26.8)**	–
Purchase of property, plant and equipment		**(211.3)**	(302.3)
Proceeds from sale of property, plant and equipment		**2.5**	3.5
Net decrease in money market deposits		**50.0**	170.2
Net cash used in investing activities		**(185.6)**	(128.6)
Cash from financing activities			
Repayment of borrowings		**(38.0)**	(65.1)
New loans advanced		**65.0**	159.2
Payment of lease liabilities		**(99.7)**	(73.7)
New lease liabilities		**–**	69.1
Proceeds on issue of shares		**0.1**	0.1
Equity dividends paid	12	**(15.5)**	(13.1)
Net cash from financing activities	27	**(88.1)**	76.5
Net increase in cash in the year		**169.4**	430.9
Cash and cash equivalents at beginning of year	27	**1,224.3**	788.4
Effect of foreign exchange rate changes	27	**6.5**	5.0
Cash and cash equivalents at end of year		**1,400.2**	1,224.3
Cash and cash equivalents at end of year – from continuing operations	27	**1,387.5**	1,216.9
Cash and cash equivalents at end of year – from discontinued operations*		**12.7**	7.4

* The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 32.

† Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 31.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 31 March 2018 – as originally reported	1.9	12.7	31.6	–	0.7	482.0	**528.9**
Effect of transition to IFRS 15	–	–	–	–	–	(15.1)	**(15.1)**
Effect of transition to IFRS 16	–	–	–	–	–	(11.8)	**(11.8)**
Balance at 31 March 2018 – as restated*	1.9	12.7	31.6	–	0.7	455.1	**502.0**
Total comprehensive income	–	–	(50.1)	–	(1.3)	139.9	**88.5**
Issue of share capital	–	0.1	–	–	–	–	**0.1**
Dividends paid in the year	–	–	–	–	–	(13.1)	**(13.1)**
Share based payments	–	–	–	–	–	0.4	**0.4**
Balance at 31 March 2019 – as restated*	1.9	12.8	(18.5)	–	(0.6)	582.3	**577.9**
Total comprehensive income	–	–	(51.1)	2.3	3.9	116.0	**71.1**
Issue of share capital	–	0.1	–	–	–	–	**0.1**
Dividends paid in the year	–	–	–	–	–	(15.5)	**(15.5)**
Share based payments	–	–	–	–	–	0.5	**0.5**
Balance at 31 March 2020	1.9	12.9	(69.6)	2.3	3.3	683.3	**634.1**

* Figures shown for the years ended 31 March 2019 and 31 March 2018 have been restated as detailed in Note 31.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2020 were authorised by the Board of Directors on 17 July 2020 and the Consolidated Statement of Financial Position 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

Basis of preparation

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") and with those parts of the Companies Act 2006 applicable to companies reporting under 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 112 to 122.

The financial statements of the Group and the Parent Company 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.

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

Going concern

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty as detailed on pages 25 to 35, paying particular attention to the impact of Covid-19.

The forecasts also incorporate the following actions taken since 31 March 2020 which have improved overall liquidity:

- Full use of the grants available under the UK Government's Coronavirus Job Retention Scheme;
- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. The forecast scenarios assume that the CCFF will be drawn down in the final quarter of 2020;
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, raising gross proceeds of £171.7m; and
- On 31 May 2020 the Group completed the sale of its Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m.

Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. In addition to forecasting the fixed cost base of the Group, the scenario also considered the impact of movements in euro and US dollar exchange rates and the price of jet fuel. The Directors concluded that given the combination of a closing cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Group would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

2. Accounting policies (continued)

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.

Assets and liabilities held for sale

A group of assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use, they are available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, these assets and liabilities are measured at the lower of previous carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss.

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, this policy is effective from the start of the current year and no reclassifications have been made in prior years.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Income Statement is restated as if the operation had been discontinued from the start of the comparative year.

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.

The Group's investments in joint ventures are accounted for using the equity method. Under this method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

Revenue

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

Revenue from 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. A proportion of flight delay compensation payments are offset against revenue up to the full value of the ticket price. Non-ticket revenues such as hold baggage charges, extra legroom charges and in-flight retail sales are also recognised once the associated flight has departed, or holiday started. Revenue from package holidays is apportioned over the duration of the holiday.

Commission earned from car hire bookings is recognised on departure, reflecting the point when services are performed. Commission earned from travel insurance is recognised at the time of booking, as the Group acts solely as an agent of the insurance company.

Cancellation income, in respect of non-refundable amounts paid on bookings cancelled by the customer prior to the date of departure, is recognised at the time of cancellation.

Cash amounts received from customers for whom revenue has not yet been recognised are recorded in the Statement of Financial Position as deferred revenue within current liabilities, or within non-current liabilities if the Group's services are expected to be performed more than 12 months from the reporting date.

Cash amounts received from customers for holidays not yet departed but already cancelled by the Group at the period end (in this case, those departing before 1 May 2020), where either a refund credit note has been issued or funds are yet to be returned to the customer, are recorded in the Statement of Financial Position as other creditors within current liabilities.

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.

2. Accounting policies (continued)

Net financing expense

Finance expense

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. Finance leases are described below, and all other finance expenses are recognised in the Consolidated Income Statement in the period in which they are incurred.

Finance income

Interest income is recognised in the Consolidated Income Statement in the period in which it is earned.

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 in the period in which they arise. Non-monetary assets and liabilities that are measured at 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. Exchange differences arising, if any, are recognised in Other comprehensive income and accumulated in other reserves.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation 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 taxation 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 taxation payable in respect of previous years.

Deferred taxation 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 taxation 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 taxation 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.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the ongoing financial performance of the Group. These items are material non-recurring income or expenses, which are shown separately due to the significance of either their nature or their amount.

Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the profit attributable to the equity owners of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit attributable to the equity owners of the Parent Company by the weighted average number of ordinary shares in issue during the year, adjusted for the effects of potentially dilutive instruments.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

As airport slots are held in perpetuity, they have an indefinite useful life provided minimum utilisation requirements are observed and are therefore not amortised. Their useful life is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. These intangible assets are also assessed for impairment at each year end.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

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. It 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 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.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. 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 on these additions until the Group takes delivery of the corresponding 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 above).

An element of the cost of acquired aircraft is attributed to its major components and then 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 22-30 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 Consolidated 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.

Right-of-use assets recognised on transition to IFRS 16 – *Leases* are covered within the lease liabilities accounting policy.

Financial instruments
Financial instruments are recognised initially at fair value, which is normally the transaction price.

The Group classifies its financial assets as measured at amortised cost or fair value through profit and loss. Assets categorised as fair value through profit and loss are, by concession, deferred via the Consolidated Statement of Other Comprehensive Income ('OCI') since the movements relate to the effective portion of the cash flow hedge.

The classification of each financial asset is determined by whether the business model of the Group is to hold the asset to collect contractual cash flows or to benefit from changes in the fair value of the asset.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. Liabilities attaching to hedging derivatives may be classified as fair value through Other comprehensive income.

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

Trade payables, and contract payables, are recognised at fair value and subsequently measured at amortised cost based on the applicable interest rate.

Interest bearing loans and borrowings
All loans and borrowings are initially recorded at fair value less any directly-attributable transaction costs. The loans and borrowings are, where applicable, subsequently measured at amortised cost.

2. Accounting policies (continued)

Derivative financial instruments and hedging
The Group uses foreign currency forward contracts and interest rate and aviation fuel swaps to hedge its exposure to foreign exchange rates, interest 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 and are measured at fair value through Other comprehensive income.

Where a derivative financial instrument is designated as a hedge of 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 and in Other comprehensive income. Any ineffective portion is recognised within the Consolidated Income Statement.

For the effective portion of hedging instruments, amounts reported in Other comprehensive income are reclassified to the Consolidated Income Statement in the same period in which the hedged transaction affects profit and loss.

Changes in the value of foreign currency forward contracts arising as a result of foreign currency basis spread are held separately when designating the swap as a hedging instrument. These do not form part of the designated hedging instrument and are instead recognised through Other comprehensive income, held in a separate cost of hedging reserve, and are subsequently amortised over the life of the associated forward contracts.

Credit risk
Expected credit losses are recognised as a loss allowance, effectively an impairment of the value of the asset. The carrying values presented in the financial statements are net of loss allowances.

The Group has two types of financial asset that are subject to the credit loss model: trade receivables and cash and cash equivalents. Derivative assets are not subject to the credit loss model, although credit risk is considered when assessing whether those assets are impaired.

The Group makes an assessment to determine whether financial assets are impaired. Credit-impaired receivables would include overdue receivables six months or more past the due date, or receivables where the counterparty's solvency indicates that the Group has no reasonable expectation of recovery. In the latter case, the receivables are written off; in the former case, the expected cash flows are discounted and the difference between the discounted expected cash flows and the face value of the receivable is recognised as a loss allowance, in the form of a provision against doubtful debts.

The Group calculates expected credit losses for its trade receivables using the simplified approach permitted by IFRS 9, applicable where the transaction contains no significant financing element. Under the simplified approach, expected lifetime credit losses are recognised in the period.

The Group's policy is to place funds with deposit takers with a long-term credit-rating no lower than A-/A3 and a short-term credit rating no lower than A-2, F2, P2. In the event of the credit ratings for the deposit taker being inconsistent between agencies, the lowest credit rating is taken in making this assessment. Where a rating outlook is negative, the rating is deemed to be one notch lower. As a result, expected credit losses on cash and money market deposits are considered low. Where a deposit taker is considered to be at risk of default, the expected future cash flows are discounted and the difference from the expected cash inflows recognised as a loss allowance.

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.

Money market deposits
Money market deposits comprise deposits with a maturity of more than three months at the point of placement and are accounted for within the amortised cost category of financial assets.

Cash and cash equivalents
Cash and cash equivalents include short-term deposits maturing within three months of placement and restricted cash, if any, paid over to various counterparties as collateral against relevant exposures. For the purposes of the Consolidated Statement of Cash Flows, 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

2. Accounting policies (continued)

Aircraft maintenance provisions

Owned aircraft

The accounting for maintenance expenditure on owned aircraft is as set out under property, plant and equipment above.

Leased aircraft

Provision is made for the estimated future costs of maintenance events over and above those which can be recovered from the lessor as a consequence of 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.

Leased assets

Prior to transition to IFRS 16 – *Leases*, rental charges on operating leases were charged to the Consolidated Income Statement on a straight-line basis over the life of the lease. Finance leases were recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between the finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Such finance charges were included in the Consolidated Income Statement within net financing expense.

Following the transition to IFRS 16, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to restore the asset to the condition required by its lessor at the end of its lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or alternatively, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. In-substance fixed payments are inclusive of any contractual maintenance obligations which are not dependent on use of the asset. Maintenance payments which vary based on usage of the underlying asset are not included within the measurement of the initial lease liability; these are instead recognised in the Consolidated Income Statement in line with their usage.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

As permitted, the Group has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets have been included in property, plant and equipment and lease liabilities have been included within their own category in the Statement of Financial Position. Further information on the restatement of the figures shown for the years ended 31 March 2019 and 31 March 2018 can be found in Note 31.

2. Accounting policies (continued)

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 net operating expenses over the period in which the options vest. At each reporting date, before full vesting, the cumulative expense is calculated based on the extent to which the vesting period has expired and the business'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 Consolidated Income Statement.

Defined contribution plans

All Group pensions are provided from the proceeds of money purchase schemes. The charge to the Consolidated 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 changed and in future periods if applicable.

Critical judgements in applying accounting policies

The following is considered by the Directors to be the key source of judgement at the end of the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Hedge ineffectiveness

Dart Group operates under a clear set of treasury policies approved by the Board. The aim of our well-established hedging policy has been to reduce short-term volatility in earnings by managing foreign exchange rate and aviation fuel price risk, using appropriate derivative financial instruments such as forward currency contracts and aviation fuel swaps, with approved counterparties. The impact and timing of Covid-19 meant both the flying and holiday programmes expected to be operated in the first half of the financial year ending 31 March 2021 are significantly lower than that on which the hedging programme for aviation fuel and foreign currency was originally based and therefore, for the year ended 31 March 2020 the Group deemed a significant proportion of its derivative financial instruments to be ineffective for hedge accounting purposes, based on management's expectation at year end of a base case scenario of no flying until 1 September 2020.

This led to a charge of £108.4m for hedge ineffectiveness impacting the Statement of Comprehensive Income in the year. If the Group had forecast to recommence its flying programme on 1 August 2020, this would have resulted in an increase in the profit before taxation for the year ended 31 March 2020 of £18.0m.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Residual values and depreciation of property, plant and equipment

Estimations have been made in respect of the useful economic lives and residual values of aircraft included in property, plant and equipment, which determine the amount of depreciation charged in the Consolidated Income Statement. These estimated residual values are reviewed annually at the balance sheet date and compared to prevailing market residual values of equivalent aged assets. If the estimated residual values of the Group's aircraft were all increased by $0.5m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2020 of £4.1m (2019: £4.0m). If the estimated useful economic lives of the Group's aircraft were all reduced by one year, this would have resulted in an increase in the depreciation charge for the year ended 31 March 2020 of £5.4m (2019: £3.6m).

Further details on the net book value of the Group's property, plant and equipment at 31 March 2020 can be found in Note 17.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

3. Accounting estimates and judgements (continued)

Impairment of aircraft, engines and other components
Where there is a risk that aircraft carrying values are impaired, a full impairment review is undertaken. An impairment review requires the estimation of the value in use of the smallest cash-generating unit, which in this case is individual aircraft fleet types, along with the application of a suitable discount rate to calculate present value. Each fleet type is separated into its major components, being the airframe, undercarriage and engines. If sustained changes in the expected future flying programme were to result in a material reduction in the cash flows to be generated from these aircraft, this could result in impairment.

The combined carrying value of the Group's aircraft, engines and other components (including right-of-use aircraft assets) was £1,361.2m (2019: £1,333.9m). Following the suspension of the flying programme in March 2020 due to the Covid-19 pandemic, an impairment review of the Group's aircraft was carried out and no impairment losses were recorded.

Further details on the net book value of the Group's aircraft, engines and other components at 31 March 2020 can be found in Note 17.

Recoverability of hotel supplier advances
In order to secure a dependable and competitive room offering in the most attractive hotels, the Group often places substantial deposits with its hotel partners. The recoverability of these balances is dependent on the ongoing viability of these hotel partners and is assessed by the Group at each period end. A risk assessment is made based on a review of each significant hotel partner's financial stability with varying % provisions applied to different risk levels. If the Group was to increase its % provision applied by 5ppts across all identified risk categories not already fully provided, this would have resulted in a decrease in the hotel supplier advances shown in Deposits and prepayments in Note 19 of £2.0m.

Provisions and liabilities
A charge is made in the Consolidated Income Statement, based on hours or cycles flown or on a calendar basis, to provide for the cost of the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes. Estimates are required in relation to the likely utilisation of the leased aircraft and the expected cost of maintenance events at the time they are expected to occur. The interaction of the Group's estimations of aircraft utilisation together with the cost of maintenance events could lead to a significant fluctuation in the provision. If the Group's estimated cost of a maintenance event alone were to increase by 5% for each event respectively, this would have resulted in an increase in the provision at 31 March 2020 of £1.6m (2019: £0.9m).

Accounting for provisions and liabilities for customer compensation claims requires estimates to be made in relation to historical flight delays under Regulation (EC) No 261/2004 and possible customer compensation claims that cannot be reclaimed from hotels. The bases of all estimates are reviewed no less frequently than annually, or when information becomes available that is capable of causing a material change to an estimate. If the estimated claim rate on customer compensation claims were to increase by 5%, this would have resulted in an increase in the provision at 31 March 2020 of £2.8m (2019: £2.6m).

Further details of the provisions and liabilities held by the Group at 31 March 2020 can be found in Note 24.

4. New IFRS and amendments to IAS and interpretations
In the current year, the Group has applied one amendment to IFRSs issued by the International Accounting Standards Board ("IASB") that was mandatorily effective for an accounting period that begins on or after 01 January 2019.

International Financial Reporting Standards	Applying to accounting periods beginning after
IFRS 16 – *Leases*	**January 2019**

The Group has adopted IFRS 16 for the year ended 31 March 2020. IFRS 16 replaces IAS 17 – *Leases* and removes the requirement for lessees to report on finance and operating leases separately. The Group has applied the fully retrospective transition method available under IFRS 16, with the comparative year and opening net assets (as at 1 April 2018) restated.

Under IFRS 16, the Group distinguishes between leases and service contracts based on whether there is an identified asset controlled by the Group. Control exists if the lessee has the right to obtain substantially all of the economic benefit from the use of the asset (the cash flows generated by that asset) and the right to direct the use of that asset as if it were their own. Where control exists, the Group is required to recognise a right-of-use asset and an opposing discounted lease liability, rather than accounting for operating lease payments through the Consolidated Income Statement.

The Group has capitalised all aircraft and properties previously accounted for as operating leases under IAS 17. Operating lease expenses are replaced by depreciation charges on the right-of-use assets recognised, and interest expenses as the discount on the lease liability unwinds. As permitted, the Group has elected not to apply the requirements of IFRS 16 for either short-term leases (contracts with a duration of 12 months or less) or leases of low-value assets (defined by the Group as below £5,000). Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Under IFRS 16, the Group has recognised all contractual maintenance obligations which are not dependent on the use of the asset in the value of the right-of-use asset at inception, and these costs are depreciated over the lease term. Contractual obligations associated with the maintenance condition on redelivery of aircraft are recognised as right-of-use assets with the associated liability held in provisions.

The lease term corresponds to the duration of the contracts signed, except in cases where the Group is reasonably certain that it will exercise contractual extension options.

The Group incurred foreign exchange gains / losses on its US dollar and euro denominated leases as a result of the implementation of IFRS 16 as lease liabilities and provisions have been treated as monetary items and retranslated at the period end exchange rate, whereas right-of-use assets are treated as non-monetary items and therefore remain at their translated values on inception.

The impact on the Group financial statements for the year ended 31 March 2019 and for the year ended 31 March 2018 is shown in detail in Note 31.

The IASB has issued the following standards and interpretations, with an effective date after the date of these financial statements.

International Financial Reporting Standards	Applying to accounting periods beginning after
New standards	
IFRS 17 – *Insurance Contracts**	January 2021
Amendments to existing standards	
Amendments to IFRS 3 *Business Combinations* – Definition of a Business	January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform	January 2020
Amendments to IAS 1 and IAS 8 – Definition of Material	January 2020
The Conceptual Framework for Financial Reporting	January 2020
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	January 2022

* The IASB has voted to agree a two-year deferral of the effective date to 1 January 2023.

The application of these standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

5. Alternative performance measures

The Group's alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

Profit before hedge ineffectiveness, FX revaluation and taxation

Profit before hedge ineffectiveness, FX revaluation and taxation is included as an alternative performance measure in order to aid users' understanding of the underlying operating performance of the Group excluding the impact of foreign exchange volatility and hedge ineffectiveness.

EBITDA

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is included as an alternative performance measure in order to aid users' understanding of the underlying operating performance of the Group and growth in profitability of the operations.

Both measures are reconciled to the IFRS measure of profit before taxation as part of the Consolidated Summary Income Statement within the Business & Financial Review.

6. Segmental reporting

Business segments

IFRS 8 – *Operating Segments* requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM").

The 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 the provision of scheduled holiday flights by its airline, ***Jet2.com***, and ATOL licensed package holidays by its tour operator, ***Jet2holidays***, to leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities. Resource allocation decisions are based on the entire route network and the deployment of its entire aircraft fleet. All ***Jet2holidays*** customers fly on ***Jet2.com*** flights, and therefore these segments are inextricably linked.

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 being to maximise the segment results rather than the results of individual distribution centres within the network.

Given the different performance targets, customer bases and operating markets of each, it is not appropriate to aggregate these operating segments for reporting purposes and, therefore, both are disclosed as reportable segments for the year ended 31 March 2020.

The Board assesses the performance of each segment based on operating profit, and profit before and after taxation. Revenue from reportable segments is measured on a basis consistent with the Consolidated 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. Segment revenue reported below represents revenue generated from external customers. There was no intersegment revenue in the current year (2019: £nil). Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

6. Segmental reporting (continued)

Year ended 31 March 2020	Leisure Travel £m	Distribution & Logistics* £m	Group eliminations £m	**Total £m**
Revenue	3,584.7	166.8	–	**3,751.5**
Operating profit (excluding hedge ineffectiveness)	293.0	6.5	–	**299.5**
Hedge ineffectiveness	(108.4)	–	–	**(108.4)**
Operating profit	184.6	6.5	–	**191.1**
Finance income	14.5	–	–	**14.5**
Finance expense	(44.0)	(1.2)	–	**(45.2)**
Net FX revaluation losses	(8.1)	–	–	**(8.1)**
Net financing expense	(37.6)	(1.2)	–	**(38.8)**
Profit on disposal of property, plant and equipment	0.7	0.2	–	**0.9**
Profit before taxation	147.7	5.5	–	**153.2**
Taxation	(36.1)	(1.1)	–	**(37.2)**
Profit after taxation	111.6	4.4	–	**116.0**
Assets and liabilities				
Segment assets	3,254.6	128.2	–	**3,382.8**
Segment liabilities	(2,686.9)	(61.8)	–	**(2,748.7)**
Net assets	567.7	66.4	–	**634.1**
Other segment information				
Intangible additions	26.8	–	–	**26.8**
Property, plant and equipment additions	263.8	27.4	–	**291.2**
Of which right-of-use asset additions	55.9	25.0		**80.9**
Depreciation, amortisation and impairment	(204.5)	(14.2)	–	**(218.7)**
Share based payments	(0.5)	–	–	**(0.5)**

* The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 32.

Year ended 31 March 2019	Leisure Travel £m Restated	Distribution & Logistics £m Restated	Group eliminations £m	**Total £m Restated**
Revenue	2,964.4	178.7	–	**3,143.1**
Operating profit	204.5	5.7	–	**210.2**
Finance income	10.7	–	–	**10.7**
Finance expense	(41.9)	(1.6)	–	**(43.5)**
Net FX revaluation losses	(9.1)	–	–	**(9.1)**
Net financing expense	(40.3)	(1.6)	–	**(41.9)**
Profit on disposal of property, plant and equipment	2.3	–	–	**2.3**
Profit before taxation	166.5	4.1	–	**170.6**
Taxation	(29.9)	(0.8)	–	**(30.7)**
Profit after taxation	136.6	3.3	–	**139.9**
Assets and liabilities				
Segment assets	3,035.8	120.7	–	**3,156.5**
Segment liabilities	(2,518.2)	(60.4)	–	**(2,578.6)**
Net assets	517.6	60.3	–	**577.9**
Other segment information				
Property, plant and equipment additions	389.1	9.2	–	**398.3**
Of which right-of-use asset additions	140.6	6.3	–	**146.9**
Depreciation, amortisation and impairment	(160.2)	(12.6)	–	**(172.8)**
Share based payments	(0.3)	(0.1)	–	**(0.4)**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

6. Segmental reporting (continued)

The Group is assessed operationally and financially under the two operating segments described above. These revenues can be further disaggregated by their nature for the purposes of IFRS 15 as follows:

	2020 £m	2019 £m
Flight-only ticket revenue	604.1	530.8
Non-ticket revenue	364.3	308.6
Package holidays	2,591.6	2,118.4
Other Leisure Travel	24.7	6.6
Distribution & Logistics	166.8	178.7
Total revenue	**3,751.5**	3,143.1

7. Net operating expenses

	2020 £m	2019 £m Restated
Direct operating costs:		
Accommodation costs	1,340.0	1,102.9
Fuel	359.1	279.0
Landing, navigation and third-party handling	329.5	279.4
Maintenance costs	100.2	105.0
Aircraft and vehicle rentals	31.8	31.0
Agent commission	81.4	59.8
In-flight cost of sales	57.4	46.5
Other direct operating costs	132.8	110.3
Staff costs including agency staff	444.7	370.3
Depreciation of property, plant and equipment	204.5	160.2
Other operating charges	210.3	215.5
Total net operating expenses (excluding hedge ineffectiveness)	**3,291.7**	2,759.9
Hedge ineffectiveness	108.4	–
Total net operating expenses	**3,400.1**	2,759.9

8. Operating profit

	2020 £m	2019 £m
Operating profit is stated after charging:		
Operating lease rentals for aircraft on short-term leases	32.2	27.6
Variable lease payments charged to Consolidated Income Statement as incurred	10.0	8.9

Auditor's remuneration	2020 £m	2019 £m
Audit of these financial statements	0.3	0.2
Amounts receivable by the Auditor and its associates in respect of:		
Other services	0.1	0.1

9. Net financing expense

	2020 £m	2019 £m Restated
Finance income	14.5	10.7
Interest payable on aircraft and other loans	(17.6)	(16.3)
Interest payable on lease liabilities	(26.4)	(25.6)
Net foreign exchange revaluation losses	(8.1)	(9.1)
Net financing expense	**(37.6)**	(40.3)

10. Employees

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

	2020 Number	2019 Number Restated
Operations	9,043	7,671
Administrations	1,314	1,069
	10,357	8,740

	2020 £m	2019 £m Restated
Wages and salaries	372.6	308.6
Share options – value of employee services	0.5	0.4
Social security costs	41.9	35.0
Other pension costs	19.4	14.3
	434.4	358.3

Remuneration of the Directors of the Group and its subsidiaries, 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 other than those disclosed in Note 30.

	2020 £m	2019 £m Restated
Short-term employee benefits	5.1	6.8
Post-employment benefits	0.5	0.4
Share options – value of employee services	0.5	0.4
Total employee benefit costs of key management personnel	**6.1**	7.6

For each of the Directors of Dart Group plc, the emoluments and compensation, including any cash and non-cash benefits received and the value of any contributions paid to a pension scheme, are summarised within the *Directors' emoluments during the year* section on page 61.

Details of the share options and Deferred Awards for each Director, including information on all outstanding options and awards, are shown within the *Interest in options and Deferred Awards* section and the associated footnotes on page 62.

	2020	2019
Highest paid Director	£0.8m	£1.2m
Number of Directors for whom retirement benefits accrue	2	2
Number of Directors who exercised share options / Deferred Awards [1]	2	2

1. These deferred awards totalling 32,170 shares were exercised on 29 July 2019, on which date the closing mid-market price of a share was £7.78, resulting in total gains of £0.2m.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

11. Taxation

	2020 £m	2019 £m Restated
Current taxation:		
UK corporation tax based upon the profits for the year:		
– current year	26.7	5.2
– prior year	0.1	–
Current tax charge for the year	26.8	5.2
Deferred taxation:		
Origination and reversal of timing differences		
– current year	0.9	24.3
– prior year	–	0.4
Rate changes	8.4	–
Deferred tax charge for the year	9.3	24.7
Total taxation in Consolidated Income Statement in the year	36.1	29.9
Items that may be reclassified subsequently to profit or loss:		
Taxation relating to components of Other comprehensive income	(11.9)	(11.4)
Total taxation recognised in Consolidated Income Statement and Other Comprehensive Income in the year	24.2	18.5

The taxation assessed for the current year is higher (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £m	2019 £m Restated
Profit before taxation	147.7	166.5
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	28.1	31.6
Effects of:		
Expenses not deductible	(0.5)	0.5
Effect of rate change on deferred tax liabilities	8.4	–
Difference between current and deferred tax rates	–	(2.6)
Adjustments to tax charge in previous years	0.1	0.4
Total (see above)	36.1	29.9

Under legislation substantively enacted on 17 March 2020, the UK tax rate, previously advised as 17%, will remain at 19% from 1 April 2020 onwards. As a result, Deferred tax in the year has been provided at 19% (2019: 17%).

	2020 £m	2019 £m Restated
The movement in the deferred taxation liability is as follows:		
Opening at 1 April – as originally reported	80.6	68.2
Effect of transition to IFRS 16	–	(2.3)
Opening at 1 April – as restated	80.6	65.9
Charged to Income Statement	9.5	24.7
Credit taken directly to equity	(11.9)	(11.4)
Translation differences	1.6	1.4
Transfer to liabilities held for sale	(1.1)	–
Closing at 31 March	78.7	80.6

Amounts charged to the Income Statement within the above table are inclusive of £0.2m charge relating to discontinued operations, which are disclosed within the profit from discontinued operations on the Statement of Comprehensive Income.

11. Taxation (continued)

Deferred tax liabilities	Accelerated capital allowances £m	Financial instruments £m	Other £m	Total £m
At 31 March 2018 – as originally reported	64.0	7.5	(3.3)	68.2
Effect of transition to IFRS 16	–	–	(2.3)	(2.3)
At 31 March 2018 – as restated	64.0	7.5	(5.6)	65.9
Charge to Income Statement	22.6	–	2.1	24.7
Credit to equity	–	(11.4)	–	(11.4)
Translation differences	1.4	–	–	1.4
At 31 March 2019 – as restated	88.0	(3.9)	(3.5)	80.6
Charge / (credit) to Income Statement	28.6	(20.6)	1.5	9.5
Credit to equity	–	(11.9)	–	(11.9)
Translation differences	1.6	–	–	1.6
Transfer to liabilities held for sale	(1.2)	–	0.1	(1.1)
At 31 March 2020	117.0	(36.4)	(1.9)	78.7

Deferred taxation in relation to financial instruments in the tables above includes the impact of the Group's forward foreign currency contracts, aviation fuel swaps, interest rate swaps, EU Allowance contracts and forward Certified Emissions Reduction contracts.

12. Dividends

	2020 £m	2019 £m
2019/20 interim dividend of 3.0 pence per share paid 3 February 2020 (2018/19: 2.8 pence)	4.5	4.2
2018/19 final dividend of 7.4 pence per share paid 25 October 2019 (2017/18: 6.0 pence)	11.0	8.9
Total	15.5	13.1

13. Earnings per share

Earnings per share from continuing operations

	2020			2019			
	Earnings £m	Weighted average number of shares	EPS pence	Earnings £m Restated	Weighted average number of shares	EPS pence Restated	EPS pence As originally reported
Basic EPS							
Profit attributable to ordinary shareholders	111.6	148,859,836	74.97	136.6	148,698,533	91.86	95.63
Effect of dilutive instruments							
Share options and deferred awards	–	267,887	(0.13)	–	455,530	(0.28)	(0.30)
Diluted EPS	111.6	149,127,723	74.84	136.6	149,154,063	91.58	95.33

Earnings per share from total operations

	2020			2019			
	Earnings £m	Weighted average number of shares	EPS pence	Earnings £m Restated	Weighted average number of shares	EPS pence Restated	EPS pence As originally reported
Basic EPS							
Profit attributable to ordinary shareholders	116.0	148,859,836	77.93	139.9	148,698,533	94.08	97.98
Effect of dilutive instruments							
Share options and deferred awards	–	267,887	(0.14)	–	455,530	(0.28)	(0.30)
Diluted EPS	116.0	149,127,723	77.79	139.9	149,154,063	93.80	97.68

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

14. Intangible assets

Airport Slots	£m
Cost	
At 1 April 2019	–
Additions	26.8
At 31 March 2020	**26.8**
Impairment	
At 1 April 2019	–
Charge for the year	–
At 31 March 2020	**–**
Net book value	
At 31 March 2020	**26.8**
At 31 March 2019	–

Intangible assets related to the airport slots acquired during the year ended 31 March 2020.

15. Goodwill

	£m
Net book value	
At 31 March 2018 and 31 March 2019	**6.8**
Transfer to assets held for sale	(6.8)
As at 31 March 2020	**–**

16. Joint Venture

Integrated Service Solutions Limited (ISS) is a joint venture in which the Group has joint control and a 50% ownership interest. **ISS** is structured as a separate vehicle and the Group has a residual interest in its net assets.

ISS (registered number: 08332191) has the following registered address:

Integrated Service Solutions Limited
London Road
Teynham
Sittingbourne
Kent
ME9 9PR

The summarised financial information for the Group's immaterial interest in **ISS** was:

	2020 £m	2019 £m
Carrying amount of interest in joint venture	2.3	1.4
Profit from discontinued operations	0.9	0.5
Total comprehensive income from discontinued operations	0.9	0.5

This joint venture is now classified within Assets held for sale as at 31 March 2020.

17. Property, plant and equipment

	Land and buildings £m	Aircraft, engines and other components £m Restated	Plant, vehicles and equipment £m	Right-of-use assets £m Restated	Total £m Restated
Cost					
At 1 April 2018	66.5	1,040.1	100.6	619.7	1,826.9
Additions	5.5	224.0	21.9	146.9	398.3
Disposals	–	(96.1)	(4.3)	(12.5)	(112.9)
Foreign exchange rate movements	–	11.7	–	23.2	34.9
At 31 March 2019	**72.0**	**1,179.7**	**118.2**	**777.3**	**2,147.2**
Additions	0.9	191.4	18.0	80.9	291.2
Disposals	–	(46.0)	(2.3)	(97.8)	(146.1)
Foreign exchange rate movements	–	7.4	–	15.1	22.5
Transfer to assets held for sale	(43.8)	–	(18.7)	(59.5)	(122.0)
At 31 March 2020	**29.1**	**1,332.5**	**115.2**	**716.0**	**2,192.8**
Depreciation					
At 1 April 2018	(16.7)	(385.4)	(63.0)	(119.0)	(584.1)
Charge for the year	(2.6)	(98.3)	(11.8)	(60.1)	(172.8)
Disposals	–	96.1	3.1	12.2	111.4
Foreign exchange rate movements	–	(1.1)	–	(0.7)	(1.8)
At 31 March 2019	**(19.3)**	**(388.7)**	**(71.7)**	**(167.6)**	**(647.3)**
Charge for the year	(3.1)	(119.2)	(14.3)	(82.1)	(218.7)
Disposals	–	45.1	1.6	46.7	93.4
Foreign exchange rate movements	–	(0.4)	–	(1.5)	(1.9)
Transfer to assets held for sale	11.2	–	13.8	22.6	47.6
At 31 March 2020	**(11.2)**	**(463.2)**	**(70.6)**	**(181.9)**	**(726.9)**
Net book value					
At 31 March 2020	**17.9**	**869.3**	**44.6**	**534.1**	**1,465.9**
At 31 March 2019	52.7	791.0	46.5	609.7	1,499.9

During the year, interest charges of £nil (2019: £0.7m) were capitalised in relation to borrowings in respect of new aircraft arrivals.

Net book value of right-of-use assets of £534.1m (2019: £609.7m) includes Land and buildings £42.0m (2019: £43.8m), Aircraft, engines and other components £491.9m (2019: £542.9m) and Plant, vehicles and equipment £0.2m (2019: £23.0m).

Right-of-use assets include aircraft previously held within Aircraft, engines and other components under IAS17 – *Leases* with a net book value of £386.8m (2019: £395.5m).

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

18. Inventories

	2020 £m	2019 £m
Consumables	1.3	1.6

19. Trade and other receivables

	2020 £m	2019 £m
Current:		
Trade receivables	41.2	78.7
Deposits and prepayments	229.3	221.5
Other receivables	23.6	19.6
	294.1	319.8

Deposits and prepayments include balances totalling £33.9m (2019: £25.4m) recoverable after more than one year.

Ageing analysis of trade receivables

	31 March 2020 £m			31 March 2019 £m		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	36.8	(0.1)	36.7	74.3	–	74.3
Up to one month past due	2.3	–	2.3	2.6	–	2.6
Over one month past due	2.4	(0.2)	2.2	1.9	(0.1)	1.8
	41.5	(0.3)	41.2	78.8	(0.1)	78.7

Expected credit losses in relation to the Other receivables balance of £23.6m (2019: £19.6m) are immaterial to the Group.

20. Cash and cash equivalents (including money market deposits)

	2020 £m	2019 £m
Free cash	1,347.4	1,223.8
Money market deposits	–	50.0
Total free cash	1,347.4	1,273.8
Bonds and guarantees	0.1	0.5
Margin calls paid over	39.8	–
Other restricted cash	0.2	–
Total restricted cash	40.1	0.5
Total cash and cash equivalents (including money market deposits)	1,387.5	1,274.3

21. Trade and other payables

	2020 £m	2019 £m
Current:		
Trade payables	94.7	64.2
Other taxation and social security	17.5	16.3
Corporation tax payable	0.3	0.4
Other creditors and accruals	253.9	136.1
	366.4	217.0

22. Deferred revenue

	2020				2019
	Receivables £m	Deferred revenue £m	Payables £m	Cash from customers £m	Cash from customers £m
Balance at 1 April	34.0	(939.9)	–	(905.9)	(777.9)
Revenue recognised that was included in deferred revenue at the beginning of the year	–	937.1	–	937.1	806.0
Decrease in receivables	(3.2)	3.2	–	–	–
Increase in payables	–	152.7	(152.7)	–	–
Increase in cash received, excluding amounts recognised as revenue in the year	–	(898.3)	–	(898.3)	(934.0)
Balance at 31 March	30.8	(745.2)	(152.7)	(867.1)	(905.9)

Receivables relates to invoicing of amounts due from travel agents in respect of package holiday deposits and balance payments and is included within Trade receivables in Note 19.

Payables relates to refund credit notes issued and cash refunds not yet paid out for flights and holidays cancelled prior to year end and is included within Other creditors and accruals in Note 21.

The Group's aggregate sales value allocated to the performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2020 was £1,679.2m (2019: £1,734.5m) of which £1,626.5m (2019: £1,721.9m) is expected to be recognised as revenue within one year. The remaining balance will be recognised as revenue between one and two years.

23. Borrowings and Lease liabilities

Borrowings and Lease liabilities are repayable as follows:

	Revolving credit facilities		Aircraft loans		Lease liabilities		Total	
	2020 £m	2019 £m	2020 £m	2019 £m Restated	2020 £m	2019 £m Restated	2020 £m	2019 £m Restated
Within one year	65.0	–	39.4	37.7	76.2	114.5	180.6	152.2
Between one and two years	–	–	40.6	38.7	69.3	73.0	109.9	111.7
Between two and five years	–	–	129.6	123.9	181.1	207.7	310.7	331.6
Over five years	–	–	211.1	251.7	346.1	363.2	557.2	614.9
Total	65.0	–	420.7	452.0	672.7	758.4	1,158.4	1,210.4

24. Provisions and liabilities

	Maintenance		Customer compensation claims		Other		Total	
	2020 £m	2019 £m Restated	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m Restated
Opening at 1 April	27.1	20.7	26.8	24.0	0.3	0.3	54.2	45.0
Provision in the year	38.3	26.9	11.1	15.9	0.8	0.1	50.2	42.9
Utilised	(20.8)	(20.5)	(8.0)	(12.3)	(0.5)	(0.1)	(29.3)	(32.9)
Released unused	(0.8)	–	(6.0)	(0.8)	–	–	(6.8)	(0.8)
Transfer to liabilities held for sale	–	–	–	–	(0.6)	–	(0.6)	–
Closing at 31 March	43.8	27.1	23.9	26.8	–	0.3	67.7	54.2

Maintenance provisions relate entirely to 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.

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24. Provisions and liabilities (continued)

Customer compensation claim provisions and liabilities relate to the Group's obligation to possible passenger claims for historical flight delays under Regulation (EC) No 261/2004 and possible customer compensation claims that cannot be reclaimed from hotels. The main assumptions underlying the possible passenger claims for flight delays and possible customer compensation claims are the number of valid claims received and which may be received, the amount at which those claims may be settled and, additionally for customer compensation claims, the proportion which may be reclaimed from hotels. The majority of cash outflows connected with these provisions and liabilities are expected to occur within three years of the balance sheet date.

Other provisions related to the Group's obligation to return leased tractor and trailer units to lessors in accordance with its contractual requirements. These Other provisions are now classified within Liabilities held for sale as at 31 March 2020.

25. Financial instruments

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

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 and sets credit limits for each counterparty accordingly. The Group regularly monitors such limits, incorporating this information into credit risk controls, and does not currently hold any collateral.

Since the Group does not place funds with any deposit taker with a long-term credit rating lower than A-/A3, and a short-term credit rating lower than A-2, F2, P2, expected credit losses for cash and cash equivalents are considered immaterial and hence no impairments were identified. The Group considers that expected credit losses on derivative assets arising from the default of counterparties are not material.

As any expected credit losses are reflected in the value of financial assets, the maximum exposure to credit risk is limited to the net carrying value of each asset as summarised in section (a) below.

Liquidity risk

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.

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. In addition, a regular assessment is made of the Group's banking facility covenant compliance and the UK Civil Aviation Authority's 'liquidity threshold test'.

Foreign currency risk

The Group incurs considerable operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates.

Transactional currency exposures arise as a result of expenditure on hotel accommodation, aviation fuel, aircraft maintenance, air traffic control and airport charges.

The Group's policy is to forward cover up to 90% of foreign currency requirements by the start of the financial year. The remainder of the Group's requirement is hedged within the financial year. The Group enters into forward foreign currency exchange contracts up to 30 months in advance of the hedged transaction.

Aviation fuel price risk

The cost of fuel is a material element of the cost base and the effective management of aviation fuel price volatility remains important.

The Group's policy is to forward cover up to 90% of fuel requirements with aviation fuel swaps by the start of the financial year. The remainder of the Group's requirement is hedged within the financial year. The Group enters into aviation fuel swaps up to 30 months in advance of the hedged transaction.

Carbon price risk

The Group is exposed to carbon price risk through its obligation to purchase carbon emissions allowances to offset emissions in each calendar year. The Group hedges carbon emissions allowances in line with its approved policy.

The Group purchases carbon emissions allowances under fixed price forward contracts with different maturity dates from a range of domestic and international sources.

25. Financial instruments (continued)

Interest rate risk

As part of its strategy for achieving continuity and flexibility of funding, the Group uses specialist aircraft finance. Some of this borrowing is subject to floating rate interest charges, which generates interest cost volatility. The Group's policy is to mitigate, to an acceptable level, this possible cost volatility.

The Group uses interest rate swaps to cover a proportion of floating rate borrowings and as at 31 March 2020 had hedged a substantial proportion of its forecast cash flows in relation to floating rate borrowings for 2020/21 and subsequent years. All hedging has been carried out in line with the Group's hedging policy.

Under IFRS 9, the forward currency, fuel, carbon and interest derivatives are eligible for cash flow hedge accounting. Movements in fair value are summarised in section (b) below.

(a) Carrying amount and fair values of financial instruments

The carrying amounts and fair value of the Group's financial assets and liabilities at the year end was as follows:

	31 March 2020			31 March 2019
	Measured at amortised cost £m	**Derivative hedging instruments measured at fair value through profit and loss £m**	**Total carrying amount £m**	Total carrying amount £m Restated
Financial assets				
Cash and cash equivalents	**1,387.5**	**–**	**1,387.5**	1,224.3
Money market deposits	**–**	**–**	**–**	50.0
Trade receivables	**41.2**	**–**	**41.2**	78.7
Derivative financial instruments	**–**	**79.0**	**79.0**	54.1
Total financial assets	**1,428.7**	**79.0**	**1,507.7**	1,407.1
Financial liabilities				
Trade payables	**94.7**	**–**	**94.7**	64.2
Revolving credit facilities	**65.0**	**–**	**65.0**	–
Aircraft loans	**420.7**	**–**	**420.7**	452.0
Lease liabilities	**672.7**	**–**	**672.7**	758.4
Derivative financial instruments	**–**	**270.5**	**270.5**	76.5
Total financial liabilities	**1,253.1**	**270.5**	**1,523.6**	1,351.1

- assets categorised as fair value through profit and loss at 31 March 2020 are, by concession, deferred through Other comprehensive income as the movements relate to the effective portion of the cash flow hedge;
- due to the short maturity of money market deposits and cash and cash equivalents, amortised cost is considered to be a close approximation to fair value;
- for trade receivables, trade payables, revolving credit facilities, aircraft loans and lease liabilities, carrying value at amortised cost approximates to fair value; and
- the fair value of derivative financial instruments has been measured by reference to the fair value of the instruments, as provided by external counterparties.

IFRS 13 – *Fair Value Measurement* requires the classification of fair value measurements using a hierarchy that reflects the nature of the inputs used in making the assessments. The fair values of the Group's derivative financial instruments are derived using available market information, other than quoted prices in active markets for identical assets and liabilities. The inputs into the fair value calculations include quotations by brokers and price index data and are classified as level 2 within the fair value hierarchy.

The valuation methodologies used are as follows:

- the fair values of forward foreign exchange contracts are calculated by discounting the contracted forward values and translating at the appropriate balance sheet rates;
- the fair values of aviation fuel swaps are calculated by discounting expected future cash flows and translating at the appropriate balance sheet rates;
- the fair values of carbon forward contracts are calculated by discounting the contracted forward values and translating at the appropriate balance sheet rates; and
- the fair values of interest rate swaps are calculated by discounting expected future principal and interest cash flows.

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25. Financial instruments (continued)

The Group uses derivative financial instruments to manage its exposure to currency exchange rates, aviation fuel prices, carbon prices and interest rates, consistent with its risk management policies and objectives. These derivatives are analysed as follows:

31 March 2020	Asset fair value £m	Liability fair value £m	Hedge ineffectiveness £m	Cost of hedging reserve £m	Cash flow hedging reserve £m
US dollar forward contracts	42.7	(0.5)	(19.5)	0.9	(23.6)
Euro forward contracts	36.3	(17.2)	(2.4)	(3.8)	(12.9)
Aviation fuel swaps	–	(227.8)	129.3	–	98.5
Carbon forward contracts	–	(1.3)	1.0	–	0.3
Interest rate swaps	–	(23.7)	–	–	23.7
Total	**79.0**	**(270.5)**	**108.4**	**(2.9)**	**86.0**

31 March 2019	Asset fair value £m	Liability fair value £m	Hedge ineffectiveness £m	Cost of hedging reserve £m	Cash flow hedging reserve £m
US dollar forward contracts	18.0	(3.7)	–	–	(14.3)
Euro forward contracts	0.5	(56.7)	–	–	56.2
Aviation fuel swaps	29.7	(9.8)	–	–	(19.9)
Carbon forward contracts	5.4	–	–	–	(5.4)
Interest rate swaps	0.5	(6.3)	–	–	5.8
Total	**54.1**	**(76.5)**	**–**	**–**	**22.4**

The impact of cash flow hedging instruments, by category of risk hedged, on the Statement of Financial Position is as follows:

Hedging instruments and location in Statement of Financial Position	31 March 2020 Notional amount £m	31 March 2020 Carrying amount £m	31 March 2019 Notional amount £m	31 March 2019 Carrying amount £m
Currency forward contracts				
Non-current assets	677.4	25.1	151.2	1.6
Current assets	1,407.9	53.9	421.9	16.9
Current liabilities	771.0	(17.2)	1,466.2	(47.0)
Non-current liabilities	47.2	(0.5)	482.1	(13.4)
	2,903.5	**61.3**	2,521.4	(41.9)
Aviation fuel swaps				
Non-current assets	–	–	43.9	1.7
Current assets	–	–	194.3	28.0
Current liabilities	376.1	(198.0)	89.0	(6.9)
Non-current liabilities	94.5	(29.8)	51.0	(2.9)
	470.6	**(227.8)**	378.2	19.9
Carbon forward contracts				
Non-current assets	–	–	5.8	0.7
Current assets	–	–	11.3	4.7
Current liabilities	9.3	(1.3)	–	–
Non-current liabilities	–	–	–	–
	9.3	**(1.3)**	17.1	5.4
Interest rate swaps				
Non-current assets	–	–	45.4	0.1
Current assets	–	–	–	0.4
Current liabilities	–	–	–	(1.1)
Non-current liabilities	309.6	(23.7)	346.5	(5.2)
	309.6	**(23.7)**	391.9	(5.8)

For presentation purposes, the notional values of the interest rate swaps have been assigned to non-current assets and non-current liabilities since all of the Group's interest rate swaps have ultimate maturity dates beyond 31 March 2020.

25. Financial instruments (continued)

(b) Net movements in fair value of financial instruments

Net movements in fair value of financial instruments	Fair value of hedging instrument: Assets £m	Fair value of hedging instrument: Liabilities £m
At 31 March 2018	**88.0**	**(48.9)**
Other comprehensive income	(33.9)	(27.6)
At 31 March 2019	**54.1**	**(76.5)**
Other comprehensive income	(7.3)	(53.4)
Credited / (charged) to income statement	32.2	(140.6)
At 31 March 2020	**79.0**	**(270.5)**

The impact of hedge instrument on cash flow hedging reserve	Foreign currency risk £m	Aviation fuel price risk £m	Carbon price risk £m	Interest rate risk £m	Total cash flow hedging reserve £m
Balance at 31 March 2018	**33.0**	**(57.9)**	**(5.3)**	**(1.4)**	**(31.6)**
Losses / (gains) taken into reserves	34.5	0.7	(4.7)	7.4	37.9
Transfer to profit and loss for the year	(33.1)	50.9	5.8	–	23.6
Deferred tax movement	–	(9.8)	(0.3)	(1.3)	(11.4)
Balance at 31 March 2019	**34.4**	**(16.1)**	**(4.5)**	**4.7**	**18.5**
(Gains) / losses taken into reserves	(48.3)	97.2	1.1	18.6	68.6
Transfer to profit and loss for the year	(30.3)	21.2	4.7	(0.6)	(5.0)
Deferred tax movement	14.6	(22.5)	(1.1)	(3.5)	(12.5)
Balance at 31 March 2020	**(29.6)**	**79.8**	**0.2**	**19.2**	**69.6**

Gains and losses on revaluation of derivatives designated as cash flow hedges, shown in the table above, have an equal and opposite impact on Other comprehensive income. There were no reclassification adjustments other than the transfer of gains and losses from the cash flow hedging reserve into the profit and loss account.

The impact of hedge instrument on cost of hedging reserve	Foreign currency risk £m	Aviation fuel price risk £m	Carbon price risk £m	Interest rate risk £m	Total cost of hedging reserve £m
Balance at 31 March 2018 and 31 March 2019	–	–	–	–	–
Gains taken into reserves	(2.9)	–	–	–	(2.9)
Deferred tax movement	0.6	–	–	–	0.6
Balance at 31 March 2020	**(2.3)**	**–**	**–**	**–**	**(2.3)**

Our Financials

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25. Financial instruments (continued)

(c) Maturity profile of financial assets and liabilities
The maturity profile of the Group's financial assets and liabilities at the end of the year was as follows:

Period of maturity	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2020 Total £m	31 March 2019 Total £m Restated
Financial assets					
Derivative financial instruments	53.9	25.1	–	**79.0**	54.1
Liquid assets and receivables	1,428.7	–	–	**1,428.7**	1,353.0
Total financial assets	1,482.6	25.1	–	**1,507.7**	1,407.1
Financial liabilities					
Derivative financial instruments	216.5	54.0	–	**270.5**	76.5
Trade payables	94.7	–	–	**94.7**	64.2
Revolving credit facilities	65.0	–	–	**65.0**	–
Aircraft loans	39.4	40.6	340.7	**420.7**	452.0
Lease liabilities	76.2	69.3	527.2	**672.7**	758.4
Total financial liabilities	491.8	163.9	867.9	**1,523.6**	1,351.1

The expected contractual maturity of derivative financial instruments that are marked to market based on the undiscounted cash flows is set out below. Where the amount payable or receivable is not fixed, the amount has been determined by reference to market data, including forward commodity prices and foreign exchange rates, illustrated by forward yield curves at the reporting date.

Period of maturity	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2020 Total £m	31 March 2019 Total £m
At 31 March 2020					
US dollar forward contracts	670.7	220.1	–	**890.8**	750.8
Euro forward contracts	1,508.2	504.5	–	**2,012.7**	1,770.6
Aviation fuel swaps	376.1	94.5	–	**470.6**	378.2
Carbon forward contracts	9.3	–	–	**9.3**	17.1
Interest rate swaps	–	–	309.6	**309.6**	391.9
	2,564.3	819.1	309.6	**3,693.0**	3,308.6

(d) Borrowing facilities
The Group has various borrowing facilities and financing arrangements available to it. The total committed borrowing facilities available at 31 March were as follows:

	Amounts utilised		Committed facilities available	
	2020 £m	2019 £m Restated	2020 £m	2019 £m Restated
Revolving credit facilities [i]	**65.0**	–	**78.5**	83.3
Aircraft loans	**420.7**	452.0	**420.7**	452.0
Lease liabilities	**672.7**	758.4	**672.7**	758.4
	1,158.4	1,210.4	**1,171.9**	1,293.7

i. The Group signed a Senior Facilities Agreement on 1 December 2017 for a five-year term. The agreement provides a £100m revolving credit facility plus a £40.0m uncommitted accordion revolving credit facility. As at 31 March 2020, £21.5m (2019: £16.7m) has been utilised in relation to letters of credit and £65.0m (2019: £nil) has been drawn down as cash borrowings.

25. Financial instruments (continued)

(e) Interest rate risk
Financial assets – cash and cash equivalents (including money market deposits):

	31 March 2020			31 March 2019		
	Interest bearing financial assets £m	Financial assets on which no interest is receivable £m	Total £m	Interest bearing financial assets £m	Financial assets on which no interest is receivable £m	Total £m
Sterling	**1,198.6**	**1.3**	**1,199.9**	1,054.1	48.4	1,102.5
US dollar	**136.7**	**–**	**136.7**	178.4	(1.8)	176.6
Euro	**48.8**	**0.1**	**48.9**	–	(5.9)	(5.9)
Other	**2.0**	**–**	**2.0**	0.1	1.0	1.1
	1,386.1	**1.4**	**1,387.5**	1,232.6	41.7	1,274.3

The interest bearing financial assets comprise cash on deposit at various market rates according to currency and term. The Group operates a multi-currency cash-pooling arrangement. For the financial assets and liabilities subject to this arrangement, the legal agreement between the Group and the counterparty allows for their net settlement. These balances are therefore presented on a net basis above and within the Statement of Financial Position.

Financial liabilities – borrowings and lease liabilities:

	31 March 2020			31 March 2019		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m Restated	Total £m Restated
Sterling	**65.0**	**411.4**	**476.4**	–	545.7	545.7
US dollar	**116.3**	**562.7**	**679.0**	121.1	540.8	661.9
Euro	**–**	**3.0**	**3.0**	–	2.8	2.8
	181.3	**977.1**	**1,158.4**	121.1	1,089.3	1,210.4

(f) Currency exposure
Financial instruments that are not denominated in the functional currency of the operating unit involved expose the Group to currency risk. 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 Consolidated Income Statement in the following year, were as follows:

	US dollar £m	Euro £m	Other £m	Total £m
31 March 2019	(52.7)	(68.6)	0.8	**(120.5)**
31 March 2020	**(59.6)**	**(32.2)**	**2.0**	**(89.8)**

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25. Financial instruments (continued)

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

	31 March 2020		31 March 2019	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
10% increase in aviation fuel prices	**9.7**	**14.3**	–	39.9
10% weakening in GBP vs USD	**(6.6)**	**103.7**	(5.9)	85.1
10% weakening in GBP vs EUR	**(3.6)**	**225.6**	(7.6)	190.7
1ppt increase in interest rate	**(1.6)**	**0.2**	(1.6)	0.4
10% decrease in aviation fuel prices	**(9.7)**	**(14.3)**	–	(39.9)
10% strengthening in GBP vs USD	**5.4**	**(84.8)**	4.8	(69.6)
10% strengthening in GBP vs EUR	**2.9**	**(184.6)**	6.2	(156.1)
1ppt decrease in interest rate	**1.6**	**(0.1)**	1.6	–

26. Called up share capital and reserves

(a) Share capital

	Number of shares	2020 £m	2019 £m
Allotted, called up and fully paid:			
As at 1 April	148,761,419	**1.9**	1.9
Share options / Deferred Awards exercised	148,055	**–**	–
As at 31 March	148,909,474	**1.9**	1.9

(b) Employee share schemes
Dart Group plc has one legacy share option scheme in operation and a Senior Executive Incentive Plan ("SEIP"). 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 fully vested at 31 March 2020. The total expense recognised for the period arising from share-based payments was £0.5m (2019: £0.4m).

Summary of options / Deferred Awards outstanding
The terms and conditions of grants are as follows, with all settled by physical delivery of shares:

Scheme	Grant date	Option / award price	31 March 2020 shares	31 March 2019 shares	Timing of exercise and expiry
SEIP	Various	1.25 p	**218,448**	214,340	94k, 58k and 67k exercisable from 20 July 2020, 18 July 2021 and 17 July 2022 respectively.
Total Unapproved			**218,448**	214,340	
Approved 2005	10 Sep 09	52.50 p	**–**	131,600	
Approved 2005	16 Dec 09	46.75 p	**–**	7,500	
Approved 2005	05 Aug 10	67.00 p	**7,500**	7,500	All exercisable, expiring 05 Aug 20
Approved 2005	23 Dec 10	94.50 p	**11,250**	27,550	All exercisable, expiring 23 Dec 20
Approved 2005	04 Aug 11	85.00 p	**30,000**	33,750	All exercisable, expiring 04 Aug 21
Approved 2005	22 Dec 11	63.88 p	**–**	7,500	
Approved 2005	01 Aug 12	76.38 p	**5,000**	46,120	All exercisable, expiring 01 Aug 22
Total Approved			**53,750**	261,520	
Total			**272,198**	475,860	

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.

26. Called up share capital and reserves (continued)

(b) Employee share schemes (continued)
Share options are granted under a service condition. Such conditions are not considered in the grant date fair value measurement of the services received. The number and weighted average exercise prices of share options are as follows:

	2020		2019	
	Number of options / Deferred Awards	Weighted average exercise price Pence	Number of options / Deferred Awards	Weighted average exercise price Pence
Outstanding at 1 April	**475,860**	**36.77**	717,830	38.40
Granted	**66,693**	**1.25**	58,185	1.25
Exercised	**(148,055)**	**39.87**	(167,905)	25.66
Lapsed	**(122,300)**	**56.53**	(132,250)	44.05
Outstanding at 31 March	**272,198**	**17.53**	475,860	36.77
Exercisable at 31 March	**53,750**	**83.67**	261,520	65.89
Estimated weighted average share price at date of exercise		**819.97**		921.26

Options / awards outstanding at 31 March 2020 are in respect of all options / awards issued since 5 August 2010 (see Note 2 – employee benefits). The options / awards outstanding at the year end have an exercise price in the range of 1.25p to 94.50p and a weighted average contractual life of 6.8 years (2019: 4.5 years).

(c) Reserves
The share premium reserve represents amounts received in excess of the nominal value of the shares on issue of new shares.

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.

The cost of hedging reserve represents changes in the value of foreign currency forward contracts arising as a result of foreign currency basis spread, which are held separately when designating the swap as a hedging instrument. These do not form part of the designated hedging instrument, and are instead recognised through Other comprehensive income, held in a separate cost of hedging reserve, and are subsequently amortised over the life of the associated forward contracts.

Other reserves represent foreign exchange translation differences arising on revaluation of non-sterling functional currency subsidiaries of the Group.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

27. Notes to Consolidated Statement of Cash Flows

Changes in cash and financing liabilities	Net cash / (debt)				Other		Total
	Cash and cash equivalents £m	Money market deposits £m	Borrowings £m Restated	Lease liabilities £m Restated	Share Capital / Premium £m	Retained earnings £m Restated	£m Restated
At 1 April 2019 – as originally reported	1,224.3	50.0	(983.1)	–	(14.7)	(599.8)	**(323.3)**
Effect of transition to IFRS 16	–	–	531.1	(758.4)	–	17.5	**(209.8)**
At 1 April 2019 – as restated	**1,224.3**	**50.0**	**(452.0)**	**(758.4)**	**(14.7)**	**(582.3)**	**(533.1)**
Repayment of borrowings	–	–	38.0	–	–	–	**38.0**
New loans advanced	–	–	(65.0)	–	–	–	**(65.0)**
Payment of lease liabilities	–	–	–	99.7	–	–	**99.7**
Proceeds on issue of shares	–	–	–	–	(0.1)	–	**(0.1)**
Dividends paid	–	–	–	–	–	15.5	**15.5**
Total changes from financing cash flows	**–**	**–**	**(27.0)**	**99.7**	**(0.1)**	**15.5**	**88.1**
Other cash flows	169.4	(50.0)	–	–	–	–	**119.4**
Exchange differences	6.5	–	(6.7)	(24.7)	–	–	**(24.9)**
Reclassification for discontinued operations	(12.7)	–	–	38.2	–	–	**25.5**
Lease movements	–	–	–	(27.5)	–	–	**(27.5)**
Other equity related changes	–	–	–	–	–	(116.5)	**(116.5)**
At 31 March 2020	**1,387.5**	**–**	**(485.7)**	**(672.7)**	**(14.8)**	**(683.3)**	**(469.0)**

Lease movements include new leases and lease term amendments.

28. 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.

29. Pension scheme

The Group operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Group into the scheme and amounted to £19.4m (2019: £14.3m).

30. Related party transactions

Compensation of key management personnel

The compensation of key management personnel, comprising the Executive and Non-Executive Directors of Dart Group plc and its subsidiaries, is summarised in Note 10 to the consolidated financial statements. The remuneration of the Directors of Dart Group plc is set out in detail in the Remuneration Committee Report on pages 59 to 62.

The following two entities, subsidiaries of Brooklyn Travel Holdings Limited, had related party transactions with the Group during the financial year ended 31 March 2020.

	Relationship	Revenue / (expense) in the year		Amounts outstanding at year end	
		2020 £m	2019 £m	**2020 £m**	2019 £m
Congress Team International (UK) Limited	Common directorship	**1.5**	0.4	**–**	–
Stewart Travel Limited*	Common directorship	**(2.0)**	(0.6)	**–**	–

* Expenses in respect of Stewart Travel Limited relate to commissions paid for holidays sold by the agent on the Group's behalf.

31. Restatement of prior year financial statements

The following tables summarise the restatement of previously reported consolidated financial statements.

Consolidated Income Statement for the year ended 31 March 2019	**Year ended 31 March 2019 As restated £m**	Year ended 31 March 2019 Discontinued Activities £m	Year ended 31 March 2019 IFRS 16 Adjustments £m	Year ended 31 March 2019 As originally reported £m
Revenue	**2,964.4**	(178.7)	–	3,143.1
Net operating expenses	**(2,759.9)**	173.0	6.8	(2,939.7)
Operating profit	**204.5**	(5.7)	6.8	203.4
Finance income	**10.7**	–	–	10.7
Finance expense	**(41.9)**	1.6	(7.2)	(36.3)
Net FX revaluation losses	**(9.1)**	–	(6.5)	(2.6)
Net financing expense	**(40.3)**	1.6	(13.7)	(28.2)
Profit on disposal of property, plant and equipment	**2.3**	–	–	2.3
Profit before taxation	**166.5**	(4.1)	(6.9)	177.5
Taxation	**(29.9)**	0.8	1.2	(31.9)
Profit for the year – from continuing operations	**136.6**	(3.3)	(5.7)	145.6
Profit for the year – from discontinued operations	**3.3**	3.3	–	–
Profit for the year *all attributable to equity shareholders of the Parent*	**139.9**	–	(5.7)	145.6
Total comprehensive income for the year	**88.5**	–	(5.7)	94.2
Depreciation included in net operating expenses	**(160.2)**	12.6	(41.3)	(131.5)

The impact of IFRS 16 on the years ended 31 March 2019 and 31 March 2018 is:

- to capitalise right-of-use assets in respect of aircraft and properties previously accounted for as operating leases under IAS 17;
- to replace operating lease expenses, within net operating expenses, with depreciation charges on the right-of-use assets recognised, and interest expenses, within finance expense, as the discount on the lease liability unwinds; and
- to reclassify pre-existing IAS17 finance leases of £531.1m (2018: £459.3m) from Borrowings into Lease liabilities in the Statement of Financial Position.

The impact of IFRS 15 on the year ended 31 March 2018 is:

- to defer the recognition of certain non-ticket revenue streams to the date of departure rather than the date of booking, resulting in a reduction in revenue and an increase in deferred revenue;
- to apportion the revenue associated with package holidays over the duration of the holiday, where it was previously recognised on departure, resulting in a reduction in revenue and an increase in deferred revenue. The costs of a package holiday are also apportioned over the duration of the holiday, resulting in a reduction in net operating expenses and a decrease in accruals; and
- to offset a proportion of flight delay compensation payments made to customers, previously recorded wholly within net operating expenses, against revenue up to the full value of the ticket price, resulting in a reduction in revenue and a reduction in net operating expenses.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

31. Restatement of prior year financial statements (continued)

Consolidated Statement of Financial Position
at 31 March 2019

	Year ended 31 March 2019 As restated £m	Year ended 31 March 2019 IFRS 16 Adjustments £m	Year ended 31 March 2019 As originally reported £m
Non-current assets			
Goodwill	**6.8**	–	6.8
Property, plant and equipment	**1,499.9**	214.2	1,285.7
Derivative financial instruments	**4.1**	–	4.1
	1,510.8	214.2	1,296.6
Current assets			
Inventories	**1.6**	–	1.6
Trade and other receivables	**319.8**	–	319.8
Derivative financial instruments	**50.0**	–	50.0
Money market deposits	**50.0**	–	50.0
Cash and cash equivalents	**1,224.3**	–	1,224.3
	1,645.7	–	1,645.7
Total assets	**3,156.5**	214.2	2,942.3
Current liabilities			
Trade and other payables	**217.0**	–	217.0
Deferred revenue	**937.1**	–	937.1
Borrowings	**37.7**	(36.7)	74.4
Lease liabilities	**114.5**	114.5	–
Provisions and liabilities	**54.2**	7.9	46.3
Derivative financial instruments	**55.0**	–	55.0
	1,415.5	85.7	1,329.8
Non-current liabilities			
Deferred revenue	**2.8**	–	2.8
Borrowings	**414.3**	(494.4)	908.7
Lease liabilities	**643.9**	643.9	–
Derivative financial instruments	**21.5**	–	21.5
Deferred taxation	**80.6**	(3.5)	84.1
	1,163.1	146.0	1,017.1
Total liabilities	**2,578.6**	231.7	2,346.9
Net assets	**577.9**	(17.5)	595.4
Shareholders' equity			
Share capital	**1.9**	–	1.9
Share premium	**12.8**	–	12.8
Cash flow hedging reserve	**(18.5)**	–	(18.5)
Other reserves	**(0.6)**	–	(0.6)
Retained earnings	**582.3**	(17.5)	599.8
Total shareholders' equity	**577.9**	(17.5)	595.4

31. Restatement of prior year financial statements (continued)

Consolidated Statement of Financial Position
at 31 March 2018

	Year ended 31 March 2018 As restated £m	Year ended 31 March 2018 IFRS 16 Adjustments £m	Year ended 31 March 2018 IFRS 15 Adjustments £m	Year ended 31 March 2018 Accrued Revenue Restatement[1] £m	Year ended 31 March 2018 As originally reported £m
Non-current assets					
Goodwill	**6.8**	–	–	–	6.8
Property, plant and equipment	**1,242.8**	159.8	–	–	1,083.0
Derivative financial instruments	**23.7**	–	–	–	23.7
	1,273.3	159.8	–	–	1,113.5
Current assets					
Inventories	**1.8**	–	–	–	1.8
Trade and other receivables	**258.2**	–	–	(679.2)	937.4
Derivative financial instruments	**64.3**	–	–	–	64.3
Money market deposits	**220.2**	–	–	–	220.2
Cash and cash equivalents	**788.4**	–	–	–	788.4
	1,332.9	–	–	(679.2)	2,012.1
Total assets	**2,606.2**	159.8	–	(679.2)	3,125.6
Current liabilities					
Trade and other payables	**159.9**	–	(12.4)	–	172.3
Deferred revenue	**806.0**	–	30.8	(675.4)	1,450.6
Borrowings	**59.7**	(28.9)	–	–	88.6
Lease liabilities	**81.0**	81.0	–	–	–
Provisions and liabilities	**45.9**	4.2	–	–	41.7
Derivative financial instruments	**40.7**	–	–	–	40.7
	1,193.2	56.3	18.4	(675.4)	1,793.9
Non-current liabilities					
Deferred revenue	**1.3**	–	–	(3.8)	5.1
Borrowings	**287.6**	(430.4)	–	–	718.0
Lease liabilities	**548.0**	548.0	–	–	–
Derivative financial instruments	**8.2**	–	–	–	8.2
Deferred taxation	**65.9**	(2.3)	(3.3)	–	71.5
	911.0	115.3	(3.3)	(3.8)	802.8
Total liabilities	**2,104.2**	171.6	15.1	(679.2)	2,596.7
Net assets	**502.0**	(11.8)	(15.1)	–	528.9
Shareholders' equity					
Share capital	**1.9**	–	–	–	1.9
Share premium	**12.7**	–	–	–	12.7
Cash flow hedging reserve	**31.6**	–	–	–	31.6
Other reserves	**0.7**	–	–	–	0.7
Retained earnings	**455.1**	(11.8)	(15.1)	–	482.0
Total shareholders' equity	**502.0**	(11.8)	(15.1)	–	528.9

1. In previous years, balance payments not yet due or invoiced for package holidays were recognised on booking within trade receivables, with a corresponding balance in deferred revenue. As these payments are not yet due, an adjustment has been made to remove the receivable for balance payments not yet due or invoiced and the associated entry in deferred revenue. This amended presentation is in line with standard industry practice.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

32. Discontinued Operations

At the year end date, the business was actively progressing the sale of its Distribution & Logistics business, **Fowler Welch**, and having satisfied the conditions under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, this business segment is classed as a discontinued operation.

The Distribution & Logistics segment was not previously classified as held-for-sale or as a discontinued operation.

Results from discontinued operations

The profit after taxation for the period from the discontinued operation was £4.4m (2019: £3.3m). The operating performance of the Distribution & Logistics segment is detailed within Note 6.

This results in a discontinued earnings per share as calculated below:

	2020			2019			
	Earnings £m	**Weighted average number of shares**	**EPS pence**	Earnings £m Restated	Weighted average number of shares	EPS pence Restated	EPS pence As originally reported
Basic EPS							
Profit attributable to ordinary shareholders	**4.4**	**148,859,836**	**2.96**	3.3	148,698,533	2.22	2.35
Effect of dilutive instruments							
Share options and deferred awards	**–**	**267,887**	**(0.01)**	–	455,530	(0.01)	–
Diluted EPS	**4.4**	**149,127,723**	**2.95**	3.3	149,154,063	2.21	2.35

Cash flows from / (used in) discontinued operations

	2020 £m	2019 £m
Net cash generated from operating activities	**18.4**	18.2
Net cash used in investing activities	**(1.4)**	(1.6)
Net cash used in financing activities	**(11.7)**	(14.3)
Net increase in cash in the period	**5.3**	2.3
Cash and cash equivalents at beginning of period	**7.4**	5.1
Cash and cash equivalents at end of period	**12.7**	7.4

33. Assets and liabilities held for sale

On 31 May 2020, the Group sold its entire Distribution & Logistics operating segment.

At 31 March 2020, the disposal assets (and directly associated liabilities) for the Distribution & Logistics segment, stated at book value, were as follows:

	2020 £m
Goodwill	**6.8**
Property, plant and equipment	**74.4**
Inventories	**0.6**
Trade and other receivables	**33.7**
Cash and cash equivalents	**12.7**
Transfer to Assets held for sale	**128.2**
Trade and other payables	**21.9**
Lease liabilities	**38.2**
Provisions and liabilities	**0.6**
Deferred taxation liabilities	**1.1**
Transfer to Liabilities held for sale	**61.8**

Parent Company Financial Statements

Parent Company Balance Sheet
at 31 March 2020

	Note	2020 £m	2019 £m Restated
Fixed assets			
Property, plant and equipment	6	**851.2**	794.1
Investments	7	**19.9**	19.8
		871.1	813.9
Current assets			
Debtors	8	**36.9**	14.9
Cash and cash equivalents		**390.6**	547.1
		427.5	562.0
Current liabilities			
Creditors: amounts falling due within one year	9	**(783.3)**	(839.8)
Net current liabilities		**(355.8)**	(277.8)
Total assets less current liabilities		**515.3**	536.1
Loans falling due after more than one year	10	**(251.3)**	(278.1)
Lease liabilities	10	**(147.7)**	(156.5)
Derivative financial instruments		**(6.2)**	(2.5)
Deferred taxation	11	**(59.3)**	(44.3)
Net assets		**50.8**	54.7
Shareholders' equity			
Share capital		**1.9**	1.9
Share premium		**12.8**	12.8
Cash flow hedging reserve		**(5.0)**	(2.7)
Profit and loss account		**41.1**	42.7
Total shareholders' equity		**50.8**	54.7

The accounts on pages 112 to 122 were approved by the Board of Directors at a meeting held on 17 July 2020 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 2020

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Profit and loss account £m	Total shareholders' equity £m
Balance at 31 March 2018 – as originally reported	1.9	12.7	–	66.1	**80.7**
Effect of transition to IFRS 16	–	–	–	(0.5)	**(0.5)**
Balance at 31 March 2018 – as restated	1.9	12.7	–	65.6	**80.2**
Total comprehensive income	–	–	(2.7)	(10.2)	**(12.9)**
Share based payments	–	–	–	0.4	**0.4**
Issue of share capital	–	0.1	–	–	**0.1**
Dividends paid to shareholders	–	–	–	(13.1)	**(13.1)**
Balance at 31 March 2019 – as restated	1.9	12.8	(2.7)	42.7	**54.7**
Total comprehensive expense	–	–	(2.3)	13.4	**11.1**
Share based payments	–	–	–	0.5	**0.5**
Issue of share capital	–	–	–	–	**–**
Dividends paid to shareholders	–	–	–	(15.5)	**(15.5)**
Balance at 31 March 2020	1.9	12.8	(5.0)	41.1	**50.8**

Notes to the Parent Company Financial Statements
for the year ended 31 March 2020

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 and has adopted FRS 101 *Reduced Disclosure Framework* accordingly.

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 property, plant and equipment;
- transactions with other Group companies;
- capital management;
- the effects of new but not yet effective IFRS;
- a statement of financial position as at the beginning of the preceding period when applying an accounting policy retrospectively or making a retrospective restatement; and
- compensation of key management personnel.

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

- IFRS 2 – *Share-based Payment* in respect of Group settled share based payments; and
- 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.

2. Significant accounting policies

Going concern

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 Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

For the purpose of assessing the appropriateness of the preparation of the Company's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared for the Group. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty as detailed on pages 25 to 35, paying particular attention to the impact of Covid-19.

The forecasts also incorporate the following actions taken since 31 March 2020 which have improved overall liquidity:

- Full use of the grants available under the UK Government's Coronavirus Job Retention Scheme;
- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. The forecast scenarios assume that the CCFF will be drawn down in the final quarter of 2020;
- On 21 May 2020, the Group completed a Placing of 29.78 million shares at a price of 576.5 pence per share, raising gross proceeds of £171.7m; and
- On 31 May 2020 the Group completed the sale of its Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m.

2. Significant accounting policies (continued)

Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. In addition to forecasting the fixed cost base of the Group, the scenario also considered the impact of movements in euro and US dollar exchange rates and the price of jet fuel. The Directors concluded that given the combination of a closing cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Group would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

Revenue

Revenue arises from the leasing of aircraft to ***Jet2.com*** Limited, the Company's subsidiary undertaking, and is recognised on a straight-line basis over the lease term within which the performance obligations are fulfilled.

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 Income Statement in the period in which they arise. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are held at the exchange rate at the date of the transaction.

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. 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 on these additions until the Company takes delivery of the corresponding 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 above).

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 22–30 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 are leased to ***Jet2.com*** Limited, a wholly owned subsidiary undertaking. Engines and other components are not depreciated by the Company, as these components are expected to be returned in at least the original condition in which they were initially leased to ***Jet2.com***.

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.

Right-of-use assets recognised on transition to IFRS 16 – *Leases* are covered within the lease liabilities accounting policy below.

Notes to the Parent Company Financial Statements
for the year ended 31 March 2020

2. Significant accounting policies (continued)

Aircraft maintenance costs
Jet2.com 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.

The Company receives a monthly maintenance rental from ***Jet2.com*** based on a usage calculation that is set at a level which is estimated to cover the cost of future maintenance events when they occur.

Once incurred, the costs of each maintenance event are reimbursed to ***Jet2.com*** up to the value of maintenance rental payments previously paid over to the Company. Maintenance rental payments received are included within Amounts owed to Group undertakings within the Balance Sheet.

Interest bearing loans and borrowings
All loans and borrowings are initially recorded at fair value less any directly-attributable transaction costs. The loans and borrowings are, where applicable, subsequently measured at amortised cost.

Leased assets
Prior to transition to IFRS 16 – *Leases*, rental charges on operating leases were charged to the Income Statement on a straight-line basis over the life of the lease. Finance leases were recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between the finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Such finance charges were included in the Income Statement within net financing (expense) / income.

Following the transition to IFRS 16, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

As permitted, the Company has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets have been included in property, plant and equipment and lease liabilities have been included within their own category in the Balance Sheet.

2. Significant accounting policies (continued)

Lessor accounting
When the Company acts as a sub-lessor, it determines at sub-lease inception whether each lease is a finance lease or an operating lease.

To classify each sub-lease, the Company makes an overall assessment of whether the sub-lease transfers substantially all of the risks and rewards incidental to ownership of the right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the sub-lease is for the major part of the economic life of the right-of-use asset.

Cash and cash equivalents
Cash and cash equivalents include short-term deposits maturing within three months of placement and restricted cash, if any, paid over to various counterparties as collateral against relevant exposures.

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 – *Income Taxes*.

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.

3. Accounting estimates and judgements
In the application of the Company's accounting policies, which are described in Note 2 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. 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 changed and in future periods if applicable.

Key sources of estimation uncertainty
The following are the key sources of estimation uncertainty at the end of the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Residual values and depreciation of property, plant and equipment
Estimations have been made in respect of the useful economic lives and residual values of aircraft included in property, plant and equipment, which determine the amount of depreciation charged in the profit and loss account. These estimated residual values are reviewed annually at the balance sheet date and compared to prevailing market residual values of equivalent aged assets. If the estimated residual value of the Company's aircraft were all increased by $0.5m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2020 of £3.7m (2019: £3.7m). If the estimated useful economic lives of the Company's aircraft were all reduced by one year, this would have resulted in an increase in the depreciation charge for the year ended 31 March 2020 of £4.5m (2019: £3.0m).

Further details on the net book value of the Company's property, plant and equipment at 31 March 2019 can be found in Note 6.

Impairment of aircraft, engines and other components
Where there is a risk that aircraft carrying values are impaired, a full impairment review is undertaken. An impairment review requires the estimation of the value in use of the smallest cash-generating unit, which in this case is individual aircraft fleet types, along with the application of a suitable discount to calculate present value. If sustained changes in the expected future flying programme were to result in a material reduction in the cash flows to be generated from these aircraft, this could result in impairment.

The combined carrying value of the Company's aircraft, engines and other components (including right-of-use aircraft assets) was £820.1m (2019: £759.9m). Following the suspension of the flying programme in March 2020 due to the Covid-19 pandemic, an impairment review of the Company's aircraft was carried out and no impairment losses were recorded.

Further details on the net book value of the Company's aircraft, engines and other components at 31 March 2020 can be found in Note 6.

Notes to the Parent Company Financial Statements
for the year ended 31 March 2020

4. New IFRS and amendments to IAS and interpretations

In the current year, the Company has applied one amendment to IFRSs issued by the International Accounting Standards Board ("IASB") that was mandatorily effective for an accounting period that begins on or after 1 January 2019.

International Financial Reporting Standards	Applying to accounting periods beginning after
IFRS 16 – *Leases*	**January 2019**

The Company has adopted IFRS 16 for the year ended 31 March 2020. IFRS 16 replaces IAS 17 – *Leases* and removes the requirement for lessees to report on finance and operating leases separately. The Company has applied the fully retrospective transition method available under IFRS 16, with the comparative year and opening net assets (as at 1 April 2018) restated.

Under IFRS 16, the Company distinguishes between leases and service contracts based on whether there is an identified asset controlled by the Company. Control exists if the lessee has the right to obtain substantially all of the economic benefit from the use of the asset (the cash flows generated by that asset) and the right to direct the use of that asset as if it were their own. Where control exists, the Company is required to recognise a right-of-use asset and an opposing discounted lease liability, rather than accounting for operating lease payments through the Income Statement.

The Company has capitalised properties previously accounted for as operating leases under IAS 17. Operating lease expenses are replaced by depreciation charges on the right-of-use assets recognised, and interest expenses as the discount on the lease liability unwinds. As permitted, the Company has elected not to apply the requirements of IFRS 16 for either short-term leases (contracts with a duration of 12 months or less) or leases of low-value assets (defined by the Company as below £5,000). Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The lease term corresponds to the duration of the contracts signed, except in cases where the Company is reasonably certain that it will exercise contractual extension options.

The impact on the Company financial statements for the year ended 31 March 2019 is shown in detail in Note 17. The Company has not presented its restated balance sheet for the year ended 31 March 2018 in line with the exemptions afforded by FRS 101, detailed in Note 1.

5. 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 Group's profit on ordinary activities after taxation for the year, a profit of £13.4m (2019: loss £10.2m) is dealt with in the accounts of the Company.

6. Property, plant and equipment

	Land and buildings £m	Aircraft, engines and other components £m Restated	Plant, vehicles and equipment £m	Right-of-use assets £m Restated	**Total fixed assets £m Restated**
Cost					
At 31 March 2019	3.3	827.0	11.8	137.0	**979.1**
Additions	–	109.7	1.0	0.1	**110.8**
Disposals	–	(26.3)	–	(0.3)	**(26.6)**
At 31 March 2020	3.3	910.4	12.8	136.8	**1,063.3**
Depreciation					
At 31 March 2019	(1.3)	(164.0)	(9.5)	(10.2)	**(185.0)**
Charge for the year	(0.4)	(39.3)	(1.3)	(5.9)	**(46.9)**
Disposals	–	19.5	–	0.3	**19.8**
At 31 March 2020	(1.7)	(183.8)	(10.8)	(15.8)	**(212.1)**
Net book value					
At 31 March 2020	**1.6**	**726.6**	**2.0**	**121.0**	**851.2**
At 31 March 2019	2.0	663.0	2.3	126.8	**794.1**

Net book value of right-of-use assets of £121.0m (2019: £126.8m) includes Land and buildings £27.3m (2019: £29.6m), Aircraft, engines and other components £93.5m (2019: £96.9m) and Plant, vehicles and equipment £0.2m (2019: £0.3m).

Right-of-use assets include aircraft previously held within Aircraft, engines and other components under IAS17 – *Leases* with a net book value of £93.5m (2019: £96.9m).

7. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 31 March 2019	**19.8**
Share options	**0.1**
At 31 March 2020	**19.9**

The subsidiary undertakings of the Company are:

Subsidiary undertaking	Principal activity	Country of incorporation or registration
Principal subsidiary undertakings:		
Dart Leasing & Finance Limited*	Aircraft leasing and financing services	United Kingdom
Dart Leasing and Finance (MSN 63154/63156) Limited	Aircraft leasing and financing services	United Kingdom
Fowler Welch Limited*	Distribution & logistics services	United Kingdom
Jet2.com Limited*	Leisure travel airline services	United Kingdom
Jet2holidays Limited	Leisure travel package holiday services	United Kingdom
Jet2 Transport Services Limited	Leisure travel transport services	United Kingdom
Jet2 Support Services (Spain) Limited*	Leisure travel support services	United Kingdom
Jet2 Support Services (Cyprus) Limited	Leisure travel support services	Cyprus
Jet2 Support Services (Malta) Limited	Leisure travel support services	Malta
Other subsidiary undertakings:		
Fowler Welch (Felixstowe) Limited	Leasing services	United Kingdom
Vardy Limited*	Aviation services	Republic of Ireland
Dormant subsidiary undertaking:		
Jet2 Limited*	Dormant company	United Kingdom

* Indicates investments held directly by Dart Group plc as at 31 March 2020.

The Group owns 100% of the issued share capital and voting rights of all the companies above.

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

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

With the exception of the following entities, all of the above subsidiaries share the same registered address as Dart Group plc, which is provided on page 125:

Jet2 Support Services (Cyprus) Limited
21 Vasili Michailidi
3026 Limassol
Cyprus

Jet2 Support Services (Malta) Limited
85 St. John Street
Valletta
VLT 1165
Malta

Vardy Limited
1 Grant's Row
Lower Mount Street
Dublin 2
D02 HX96
Ireland

On 31 May 2020, the Company sold **Fowler Welch** Limited and Fowler Welch (Felixstowe) Limited.

Notes to the Parent Company Financial Statements
for the year ended 31 March 2020

8. Debtors

	2020 £m	2019 £m
Other debtors and prepayments	**7.5**	7.6
Corporation tax recoverable	**2.8**	7.3
Amounts owed by Group undertakings	**26.6**	–
	36.9	14.9

9. Creditors: amounts falling due within one year

	2020 £m	2019 £m Restated
Bank overdraft	**7.4**	0.2
Trade creditors	**1.6**	0.3
Amounts owed to Group undertakings	**661.5**	793.6
Other creditors and accruals	**5.5**	7.8
Loans	**91.8**	26.1
VAT payable	**4.2**	–
Lease liabilities	**11.3**	11.0
Derivative financial instruments	**–**	0.8
	783.3	839.8

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

Included in amounts owed to Group undertakings are £227.0m (2019: £184.3m) of amounts received from ***Jet2.com*** in respect of potential future maintenance events.

10. Loans and Lease liabilities

Loans and Lease liabilities are repayable as follows:

	Revolving credit facilities		Aircraft loans		Lease liabilities		Total	
	2020 £m	2019 £m	2020 £m	2019 £m Restated	2020 £m	2019 £m Restated	2020 £m	2019 £m Restated
Within one year	**65.0**	–	**26.8**	26.1	**11.3**	11.0	**103.1**	37.1
Between one and two years	**–**	–	**27.4**	26.8	**11.7**	11.3	**39.1**	38.1
Between two and five years	**–**	–	**86.6**	84.4	**36.7**	33.9	**123.3**	118.3
Over five years	**–**	–	**137.3**	166.9	**99.3**	111.3	**236.6**	278.2
	65.0	–	**278.1**	304.2	**159.0**	167.5	**502.1**	471.7

11. Deferred taxation

	2020 £m	2019 £m Restated
Deferred taxation arising from:		
Opening balance – as reported	**44.3**	34.2
Effect of transition to IFRS 16	**–**	(0.1)
Opening balance – as restated	**44.3**	34.1
Charge to income	**15.5**	10.8
Credit to equity	**(0.5)**	(0.6)
Deferred tax liability at end of year	**59.3**	44.3
Deferred taxation breakdown:		
Accelerated Capital Allowances	**60.7**	45.1
Derivative financial instruments	**(1.2)**	(0.6)
Other	**(0.2)**	(0.2)
	59.3	44.3

There are no unrecognised deferred taxation balances at 31 March 2020 (2019: £nil).

12. Directors and employees

	2020 £m	2019 £m
Wages and salaries	**1.8**	2.4
Social security costs	**0.3**	0.5
Other pension costs	**0.2**	0.1
Share based payments	**0.5**	0.3
	2.8	3.3

On average, the Company had five employees during the year ended 31 March 2020 (2019: five). Details of Directors' emoluments are set out in the Remuneration Committee Report on pages 59 to 62.

	2020	2019
Details of Directors' remuneration:		
Highest paid Director	**£0.8m**	£1.2m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options / deferred awards	**2**	2

13. Share-based payments

Details of share-based payment schemes operated by the Group are disclosed in Note 26 to the consolidated financial statements. Amounts charged in the Company accounts for the year were £0.5m (2019: £0.3m).

14. Contingent liabilities

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

15. 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.

16. Other information

Disclosure notes relating to Auditor's remuneration, called up share capital and reserves are included within the Consolidated Financial Statements of the Group in Notes 8 and 26 respectively.

Notes to the Parent Company Financial Statements
for the year ended 31 March 2020

17. Restatement of prior year financial statements

The following table summarises the restatement of previously reported Parent Company Balance Sheet.

	2019 £m Restated	2019 £m IFRS 16 Adjustments	2019 £m As originally reported
Fixed assets			
Property, plant and equipment	**794.1**	29.9	764.2
Investments	**19.8**	–	19.8
	813.9	29.9	784.0
Current assets			
Debtors	**14.9**	–	14.9
Cash and cash equivalents	**547.1**	–	547.1
	562.0	–	562.0
Current liabilities			
Creditors: amounts falling due within one year	**(839.8)**	(2.0)	(837.8)
Net current liabilities	**(277.8)**	(2.0)	(275.8)
Total assets less current liabilities	**536.1**	27.9	508.2
Loans falling due after more than one year	**(278.1)**	(50.1)	(228.0)
Lease liabilities	**(156.5)**	21.1	(177.6)
Derivative financial instruments	**(2.5)**	–	(2.5)
Deferred taxation	**(44.3)**	0.2	(44.5)
Net assets	**54.7**	(0.9)	55.6
Shareholders' equity			
Share capital	**1.9**	–	1.9
Share premium	**12.8**	–	12.8
Cash flow hedging reserve	**(2.7)**	–	(2.7)
Profit and loss account	**42.7**	(0.9)	43.6
Total shareholders' equity	**54.7**	(0.9)	55.6

The detailed impact of IFRS 16 restatement on the Company is in line with the impact described in Note 31 to the Consolidated Financial Statements.

Supplementary Information

Glossary of Terms

ATOL	Air Travel Organiser's Licence.
Average Flight-only Net Ticket Yield	Flight-only ticket revenue, excluding taxes, divided by the number of flight-only Passenger Sectors Flown.
Average Package Holiday Price	Total Package Holiday Price paid by the customer excluding discretionary non-ticket revenue, divided by the number of Package Holiday Customers departing in that period.
CAGR	Compound annual growth rate.
Capacity	See Sector Seats Available below.
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.
Non-ticket Revenue	All discretionary non-ticket revenue, including hold baggage charges, 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 Sector (or single leg flight journey), including no-shows.
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	01295221	
Secretary and Registered Office	**Ian Day** Low Fare Finder House Leeds Bradford Airport Leeds LS19 7TU	
Auditor	**KPMG LLP** 1 Sovereign Square Sovereign Street Leeds LS1 4DA	
Registrars	**Link Asset Services** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers	**Barclays Bank plc** Barclays House 5 St Ann's Street Newcastle upon Tyne NE1 3DX	**HSBC Bank plc** 4th Floor City Point 29 King Street Leeds LS1 2HL
	Lloyds Bank plc 10 Gresham Street London EC2V 7AE	
Stockbrokers	**Arden Partners plc** 125 Old Broad Street London EC2N 1AR	**Canaccord Genuity Limited** 9th Floor 88 Wood Street London EC2V 7QR
Nominated adviser	**Cenkos Securities plc** 6.7.8 Tokenhouse Yard London EC2R 7AS	
Solicitors	**Herbert Smith Freehills LLP** Exchange House Primrose Street London EC2A 2EG	**Bird & Bird LLP** 12 New Fetter Lane London EC4A 1JP
	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ	

Financial Calendar

Annual General Meeting	3 September 2020
Results for the six months to 30 September 2020	November 2020
Results for the twelve months to 31 March 2021	July 2021

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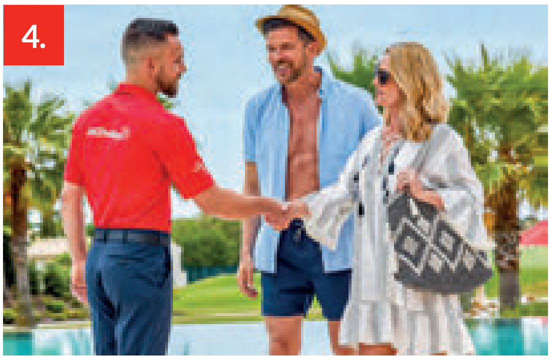

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