DART GROUP PLC

Annual Report & Accounts 2019

Dart Group 2019 Annual Report

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

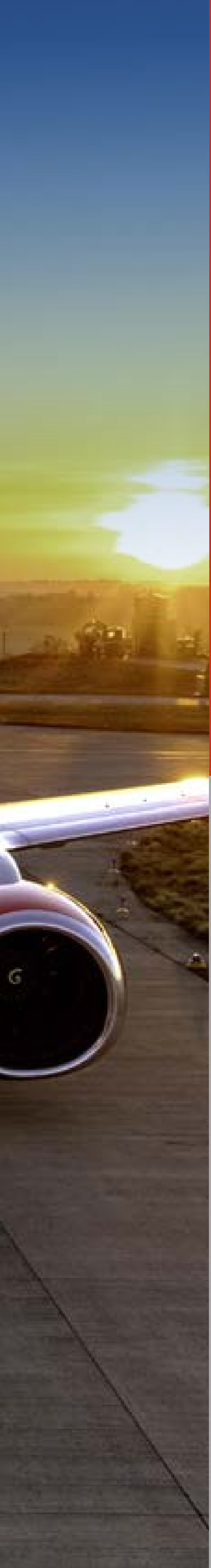
Leisure Travel

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

Distribution & Logistics

The distribution throughout the UK, by **Fowler Welch**, of fresh produce, and temperature-controlled and ambient products on behalf of retailers, processors, growers and importers.

One of our brand new Next Generation 737-800 aircraft from Boeing



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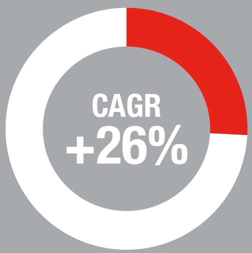
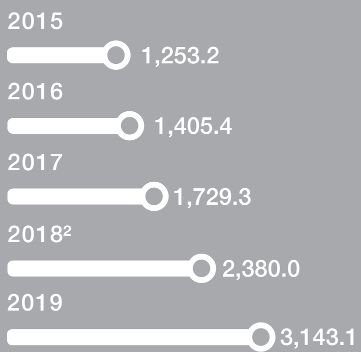
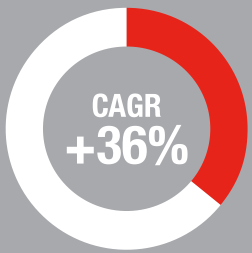
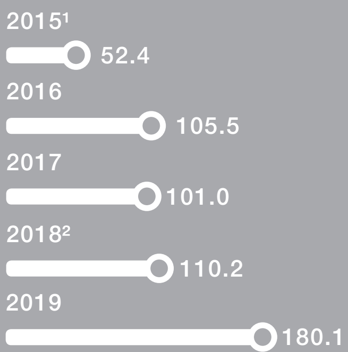


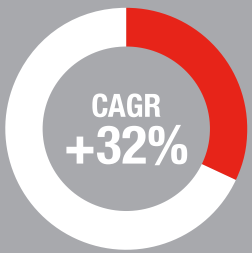
Revenue (£m)



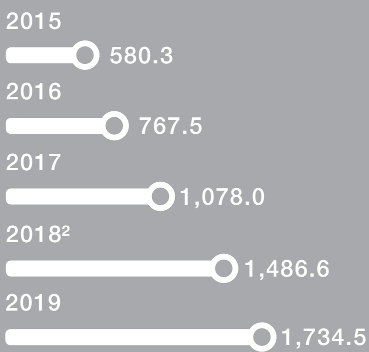


Profit before FX Revaluation and Taxation (£m)





Advance Sales at Year End (£m)



1. 2015 Profit before FX Revaluation and Taxation is stated on an underlying basis excluding a separately disclosed exceptional provision of £17.0m, in relation to possible passenger compensation claims for historic flight delays.
2. 2018 figures have been restated to reflect the adoption of IFRS 15. Further information can be found in Note 31.

Operational Highlights

Next Generation 737-800 aircraft

Our 100th Aircraft

In January 2019, we marked a major milestone when we took delivery of the last of 34 brand new Next Generation 737-800 aircraft from Boeing – taking the number of aircraft in our fleet to 100.

Our new fleet provides greater comfort for customers, in line with our award-winning VIP customer experience, including the 737 Boeing 'Sky Interior' and an enhanced cabin design that offers more openness and extra leg room.

These aircraft have enabled us to continue our growth and development strategy, meaning we can fly more package holiday and flight-only customers to sun, city and ski destinations in the Mediterranean, the Canary Islands and to European Leisure Cities.

More than 2,000 Villas now on sale

Expanded Hotel and Villa Portfolio

Jet2holidays now directly contracts more than 4,000 hotels in popular package holiday destinations. Our collection of 2-5 star hotels continually expands as more and more holidaymakers enjoy our ***'package holidays you can trust'™***.

Our hugely popular ***Jet2Villas*** package offering, incorporating a ***Jet2.com*** **flight + car + villa**, now offers a choice of over 2,000 leading villas, to suit all tastes and budgets. Since launching ***Jet2Villas*** in June 2017, the freedom of a villa holiday coupled with all the benefits of an ATOL protected package holiday with car hire included, has proved an immensely attractive offer for customers!

Our Cabin Crew onboard

We take people on holiday!

ATOL data published by the UK Civil Aviation Authority in October 2018 showed that, once again, ***Jet2holidays*** is the standout package holiday company for growth.

In the 12 months to 30 September 2019, ***Jet2holidays*** is licensed to carry 3.81 million passengers, an increase of almost 900,000 passengers over the previous 12 months, consolidating ***Jet2holidays***' position as the UK's second largest package holiday company.

The licence underpins our growth ambitions and comes on the back of another successful year, with more holidaymakers than ever before enjoying our great value ***'package holidays you can trust'™***.

Flight Deck briefing

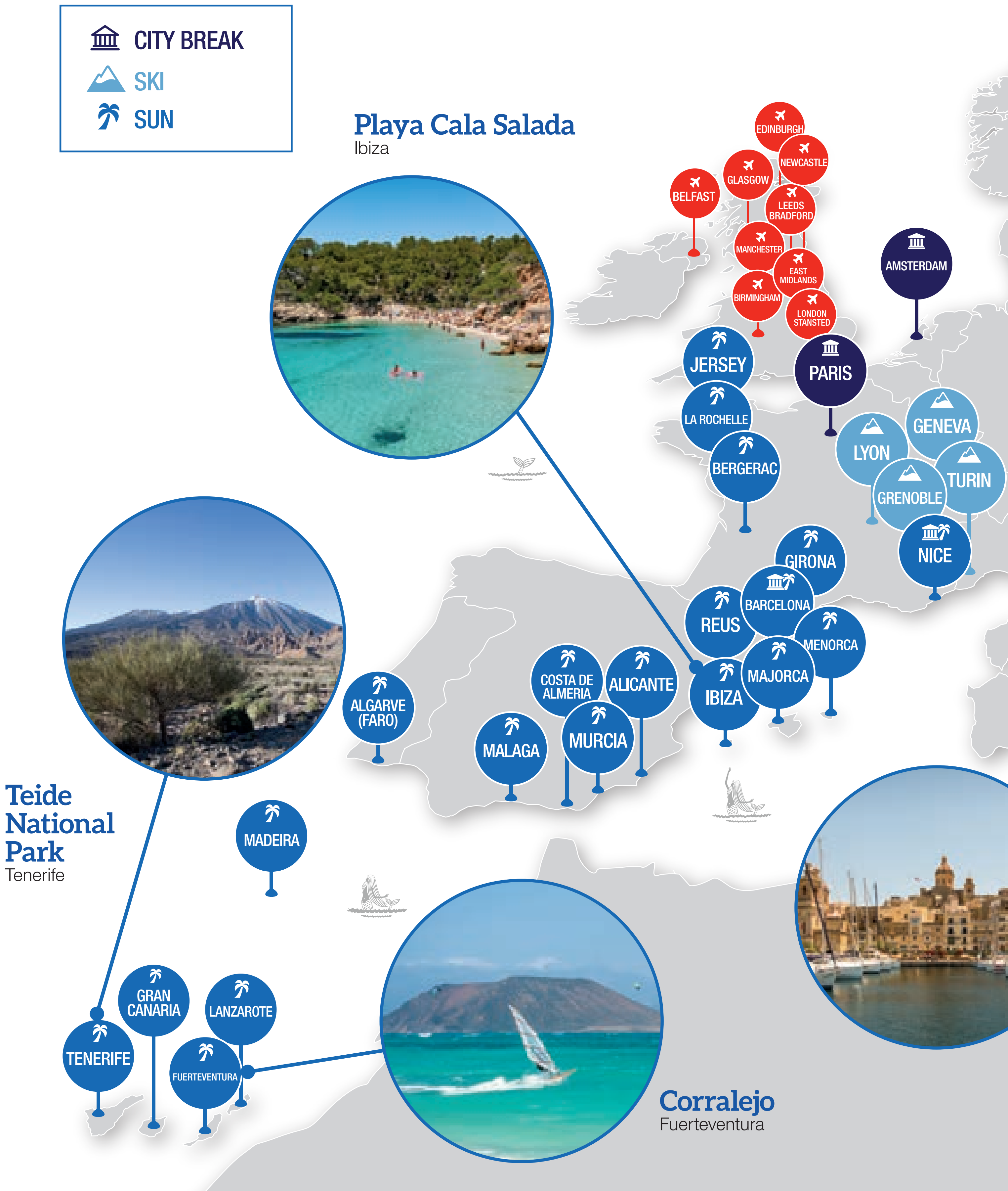
Alicante Operations Centre

In October 2018, we celebrated the official opening of our new Operations Centre at Alicante Airport.

Our new Centre supports our rapidly expanding operations in Spain and across Europe, with colleagues from HR, Recruitment, IT, Health & Safety and **Resort Flight Check-In®** based there.

Located on the site of a once fully operational departure gate, these new facilities leave colleagues and visitors in no doubt that this fascinating space used to be at the heart of a busy airport terminal.

Our Destinations




Old Town
Nessebar, Bourgas Area
Pinija Beach
Zadar
Ephesus Amphitheatre
Izmir Area
BERLIN
PRAGUE
KRAKOW
VIENNA
SALZBURG
VERONA
BUDAPEST
NEW FOR S20 ZADAR
VENICE
PULA
NEW FOR S19 BOURGAS
MONTENEGRO
SPLIT
PISA
DUBROVNIK
NEW FOR S20 PREVEZA
ROME
HALKIDIKI
BODRUM
NEW FOR S19 IZMIR
NAPLES
CORFU
KEFALONIA
KOS
DALAMAN
ANTALYA
LARNACA
ZANTE
RHODES
NEW FOR S19 CHANIA
HERAKLION
PAPHOS
MALTA
Chania Town
Chania
Grand Harbour Marina
Malta
Parga
Parga Harbour

Alicante Almeria

Barcelona Bergerac B

Bourgas Chania Cor

Dubrovnik Faro Flor

Geneva Girona Gran C

Izmir Jersey Kefalonia

Lanzarote Larnaca Lyon

Malta Menorca Murcia

Paphos Parga Paris Pisa

Rome Salzburg Spl

Turin Venice Verona

Amsterdam Antalya

Berlin Bodrum Budapest

rfu Heraklion Dalaman

ence Fuerteventura

Canaria Grenoble Ibiza

Kos Krakow La Rochelle

n Madeira Majorca Malaga

a Naples New York Nice

Prague Pula Reus Rhodes

lit Tenerife Thessaloniki

Vienna Zadar Zante

Our Awards

Jet2.com and *Jet2holidays* Recommended Provider

Recommended Provider Which? Airlines January 2019

'...taking the bar for package holidays and raising it through the roof'

Recommended Provider Which? Package Holiday Providers July 2019

'Best Short Haul Operator'
'Best Trade Friendly Brand'
at the Travel Weekly Globe Awards

The Sun

'Best Short Haul Operator'
at The Sun Travel Awards

Gold Trusted Service Award

at the Feefo Trusted Service Awards

2018 Gold Trusted Service feefo

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

'Logistics supplier of the Year 2018'

The Grocer Gold Awards

The Grocer Gold Awards 2018 WINNER Logistics Supplier of the Year

Fowler Welch Listening... Responding... Delivering

"We are committed to our core principles of being family friendly, offering value for money, and providing great customer service."

- 'Best Airline – UK' : 2019, 2018, 2017
- 'Best Low Cost Airline – Europe' : 2019, 2018, 2017
- 'Best Economy Class – Europe' : 2019, 2018
- 'Top 10 Airlines of the World' : 2019, 2018
- 'Best Airline – Europe' : 2019

at the TripAdvisor Travellers' Choice Awards

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. Check out the best of the rest at **dartgroup.co.uk/our_awards**

Strategic Report

WE TAKE PEOPLE ON HOLIDAY!

Our Chairman's Statement

I am pleased to report on the Group's continuing positive trading performance for the year ended 31 March 2019.

Profit before taxation which includes a £2.6m loss for foreign exchange revaluations (2018: £20.0m gain) increased by 36% to £177.5m (2018: £130.2m). Before accounting for these revaluation losses, **profit before FX revaluations and taxation** increased by 63% to £180.1m (2018: £110.2m). **Basic earnings per share** increased by 36% to 97.98p (2018: 72.16p).

In consideration of these results, the Board is recommending an increased final dividend of 7.4p per share (2018: 6.0p), which will bring the total proposed dividend to 10.2p per share for the year (2018: 7.5p), an increase of 36%. This final dividend is subject to shareholders' approval at the Company's Annual General Meeting on 5 September 2019 and will be payable on 25 October 2019 to shareholders on the register at the close of business on 20 September 2019.

Our performance reflects the growing success of our Leisure Travel products – holiday flights with our award-winning airline ***Jet2.com*** and package holidays with our acclaimed ATOL (*) licensed tour operator ***Jet2holidays*** – which has led to continuing strong customer demand for both.

During the year, ***Jet2.com*** flew a total of 12.82m flight-only and package holiday passengers (one-way passenger sectors) (2018: 10.38m), with our flight-only product enjoyed by 6.49m passengers, a growth of 21%. Demand for our ***Real Package Holidays™*** continued to grow, as ***Jet2holidays*** took 3.17m customers on package holidays (2018: 2.50m), an increase of 27%.

We are an integrated leisure travel provider and this Summer we will have 100 aircraft in our fleet and are fully in control of our seat supply. Together with our customer volumes, this allows us to optimise load factors which are consistently above 90% and to serve many destinations daily and others several times a week during the Spring, Summer and Autumn months, offering a great choice of variable duration holidays at affordable prices, and to deliver the flexibility that today's holidaymakers require.

Our Distribution & Logistics business, **Fowler Welch**'s ethos of 'Listening, Responding and Delivering' to customers' needs again proved successful, as it continued to attract new business from both existing and new customers. Additional distribution contracts have also commenced early in the current financial year.

We are proud and pleased that the financial year ended 31 March 2019 saw the start of the Group's Discretionary Colleague Profit Share Scheme, to reward those colleagues who do not already participate in performance-related bonus or commission schemes and who have been continuously employed for at least 12 months. The first payments totalling £9.5m (including employer's NI, £10.8m) were made at the end of July 2019 – we are thrilled to be sharing our success with our fantastic colleagues!

We wouldn't be where we are without the talent and dedication of our 11,000+ colleagues and one of my greatest pleasures as Executive Chairman is working with and getting to know so many enthusiastic and dedicated people throughout our business. Their commitment to delight the customer is hugely appreciated and is what drives our continued success. Therefore, I'd like to thank everyone for another year of determined effort which has delivered such great progress and financial results.

Leisure Travel

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.

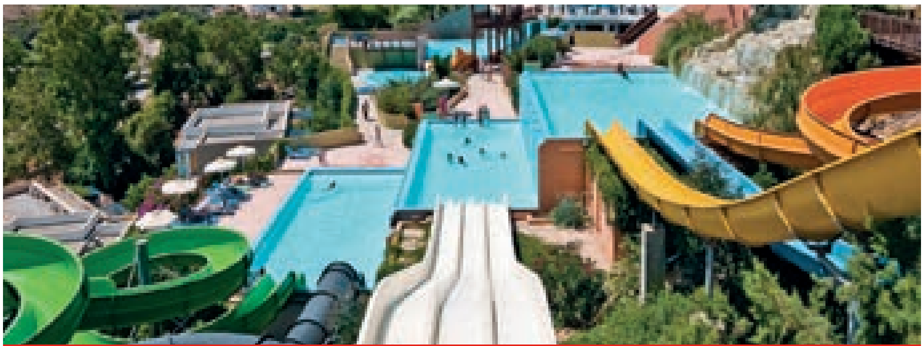
We know that taking a holiday is one of the most important family experiences of the year. We therefore do our very best to ensure that each of our customers ***"has a lovely holiday"*** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly,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

Putting the customer first is what has driven ***Jet2***'s success and the delivery of great service is at the core of ***Jet2.com*** and ***Jet2holidays*** brand values. We recognise that, whether taking a holiday flight with ***Jet2.com***, or end-to-end ***Real Package Holidays™*** with ***Jet2holidays***, the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings. The combined power of our proposition, product, people and purpose 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!

We continually review and refresh our product offerings, whilst carefully expanding our resorts presence – our hotel portfolio now numbers over 4,000 for Summer 2019 (Summer 2018: over 3,400 hotels). We often place 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. 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. Over 40% of our package holidays were sold on an all-inclusive basis offering a 'Defined Price' for the whole holiday experience, including flights, transfers, meals, drinks for the adults and ice lollies for the kids! This is a particularly resilient, great value offering for families managing to a tight budget and is particularly attractive in these times of economic uncertainty.

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"*.

Our Chairman's Statement
continued


Fodele Beach Waterpark, Crete

Innovation helps to make sure we are truly reflecting diversity in our product range and allows us to meet our customers' developing expectations:

- Our market leading **Resort Flight Check-In®** service, which allows ***Jet2holidays***' customers to check-in their bags at their hotel and to enjoy their final day, bag and hassle free before going to the airport for their flight home, has proved to be an attractive and valued service engendering great customer feedback. As a result, we have expanded the service to over 280 hotels for Summer 2019 (Summer 2018: over 250 hotels) in 44 key holiday resorts.
- ***Jet2Villas***, our ATOL protected ***Jet2.com*** flight + car + villa package which launched in June 2017, has also proven very popular and now offers an increased range of over 2,000 self-catering villas, many with a private pool, in more than 35 European beach destinations, all secured with just a £60 per person deposit!
- ***Jet2CityBreaks***, which offers a packaged flight + hotel in attractive European Leisure Cities continues to grow profitably at an encouraging rate; and
- Our **Indulgent Escapes** brand of hand-picked 5-star hotels for those who perhaps want more luxury and refinement, goes from strength to strength.

And, to ensure that each of our customers has a pleasant holiday experience, in Summer 2019 we will employ nearly 700 in-resort customer helpers, backed up by 24-hour 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.

Real Package Holidays™ are not easily replicated by non-specialists and take considerable organisation and attention to detail. To ensure this is as comprehensive as possible, ***Jet2holidays*** employs over 1,000 colleagues developing product, contracting and administering hotels, managing the finances and providing operational support.

In Summer 2018, ***Jet2.com*** flew 90 aircraft (Summer 2017: 75) from our nine UK bases. 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. In addition, we were once again the Top UK Airline for punctuality of flights running on time over the previous 12 months, as measured by the world's leading travel intelligence company, OAG.

We have continued to develop our customer-focused flying programme into Summer 2019 when the aircraft fleet increases to 100, with a commensurate increase in pilots, engineers and cabin crew. To ensure we have well trained colleagues to support our continued growth, our Flight Simulator and Training Centre in Bradford has recently taken delivery of a fifth flight simulator.

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 have launched our "Lifestyle 2020" programme, which is being implemented through 2019 and 2020. The substantial financial investment that this programme requires highlights our commitment to be a career airline of choice for all.

Our long-term ambition remains the same – To be the Leading UK Leisure Travel Business. ***Jet2holidays*** has consolidated its position as the UK's second largest ATOL licensed package holidays operator, however there is always more we can do as we learn, evolve and grow. Our business model is unchanged – we continue to focus on delivering wonderful holiday experiences with priceless memories, ensuring that the customer remains at the centre of everything we do. Whilst our flight-only product remains very important, we believe our package holiday business continues to have increasing potential. We are fully focused on expanding this offering with its inherent higher margin and are encouraged that sales continue to grow, outstripping the market, as our reputation for providing ***'package holidays you can trust'™*** strengthens. This gives us every confidence that we continue to have a bright future in the Leisure Travel marketplace.

(*) 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.

ISS packing lines, Teynham

Distribution & Logistics

Fowler Welch is one of the UK's leading providers of food supply-chain distribution & logistics, serving retailers, processors, growers and importers. A full range of value-added services is provided, including chilled & ambient storage, case-level picking, the packing of fruits and our award-winning national distribution network.

The business operates from nine prime UK distribution sites, with major temperature-controlled operations in the key produce growing and importing areas of Spalding in Lincolnshire; Teynham and Paddock Wood in Kent; and Hilsea near Portsmouth.

Further regional distribution sites are located at Nuneaton near Coventry; Washington, Tyne and Wear; and at Newton Abbott, Devon. Ambient (non-temperature-controlled) consolidation and distribution services are located at Heywood near Bury, Greater Manchester; and Desborough, Northamptonshire.

In addition, **Integrated Service Solutions (ISS)**, **Fowler Welch**'s joint venture fruit ripening and packing business at Teynham, completed its fifth year of successful trading and once again contributed very positively towards overall Group profitability. ISS packs in excess of 50 different fruit types which are imported by its customers from over 65 countries. The company's strong service delivery has resulted in it winning additional fruits and salads volume over the last year and together with the management team's focus on automation and technology, operating and financial performance continues to improve year-on-year.

The **Fowler Welch** team constantly strive to add value for our customers. The receipt of the Temperature Controlled Storage & Distribution Partnership Award 2018, reflects our ability to tailor supply chain solutions to a specific need, whilst the provision of innovative solutions to many customers was recognised at the Footprint Awards 2019, where **Fowler Welch** was awarded the Environmentally Efficient Logistics Award.

By continually developing its revenue pipeline and delivering value adding, innovative supply chain services, supported by a strong operational reputation, we believe the outlook for **Fowler Welch** continues to be very positive.

Outlook

Both our **Leisure Travel** and **Distribution & Logistics** businesses have made satisfactory starts to the new financial year.

Though overall demand for our leisure travel products has continued to strengthen since the start of the new financial year, it is clear from our forward booking trends that generally, less confident consumers are booking later than last year and therefore pricing for both our flight-only and package holiday products has to be continually enticing. Nevertheless, with still some way to go in the booking cycle, the Board remains optimistic that current market expectations for Group profit before foreign exchange revaluations and taxation for the year ending 31 March 2020 will be met.

Looking further ahead, the Travel Industry in general is facing cost pressures in relation to fuel, carbon and other operating charges which, together with the necessary continued investment in our own products and operations, including that required to attract and retain colleagues, are headwinds that the business faces. However, in the long term we are confident of the resilience of both our Leisure Travel and Distribution & Logistics businesses.

The Group particularly dedicates significant resources to deliver ***Real Package Holidays™*** and we believe we have the strategy to grow our flight-only and package holiday businesses, with the products, the people and the proposition to go from strength to strength. With our Customer focused approach, we are confident that 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.

Philip Meeson
Executive Chairman
29 July 2019

Business & Financial Review

The Group's financial performance for the year ended 31 March 2019 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

Summary Income Statement	2019 £m	Restated(3) 2018 £m	Change
Revenue	**3,143.1**	2,380.0	32%
Net operating expenses	**(2,939.7)**	(2,253.8)	(30%)
Operating profit	**203.4**	126.2	61%
Net financing expense (excluding net FX revaluation)	**(25.6)**	(16.3)	(57%)
Profit on disposal of property, plant and equipment	**2.3**	0.3	
Profit before FX revaluation and taxation(1)	**180.1**	110.2	63%
Net FX revaluation (losses) / gains	**(2.6)**	20.0	
Profit before taxation	**177.5**	130.2	36%
Net financing expense / (income)	**28.2**	(3.7)	
Depreciation	**131.5**	111.6	(18%)
EBITDA(2)	**337.2**	238.1	42%

Operating profit margin	**6.5%**	5.3%	1.2 ppts
Profit before FX revaluation and taxation margin	**5.7%**	4.6%	1.1 ppts
Profit before taxation margin	**5.6%**	5.5%	0.1 ppts
EBITDA margin	**10.7%**	10.0%	0.7 ppts

(1) Profit before FX revaluation and taxation is included as an alternative performance measure in order to aid users' understanding of the ongoing performance of the Group. Further information can be found in Note 5.
(2) 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. Further information can be found in Note 5.
(3) Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Summer 2018 proved to be a particularly strong season for our Leisure Travel business, as demand for both our flight-only offering from ***Jet2.com*** and our higher margin package holiday product from ***Jet2holidays*** proved buoyant throughout. However, the favourable trading conditions gave way to a more uncertain consumer environment in the second half of the year, which led to increased levels of price discounting to achieve the planned growth in customer volumes. Overall, Leisure Travel revenue increased by 34% to £2,964.4m (2018: £2,211.4m), and together with a 6% increase in Distribution & Logistics revenue to £178.7m (2018: £168.6m), Group revenue increased by 32% to £3,143.1m (2018: £2,380.0m).

Our Pilot, Cabin Crew and Engineering Training Centre

Operating losses for the second half of the year increased, as we continued to invest in additional aircraft and marketing, together with the increasing cost of retaining and attracting colleagues in readiness for our expanding Summer 2019 flying programme. Notwithstanding these increased losses, overall Group operating profit for the year increased by 61% to £203.4m (2018: £126.2m).

Net financing expense of £25.6m (2018: £16.3m) is stated after the receipt of bank interest of £10.7m (2018: £4.8m) and after interest payable on loans and finance leases of £36.3m (2018: £21.1m), predominantly in relation to borrowings drawn to fund the acquisition of the Group's new Boeing 737-800NG aircraft deliveries. In addition, net FX revaluation losses of £2.6m (2018: £20.0m net gain) were incurred, arising from the revaluation of foreign currency denominated monetary balances.

As a result, the Group achieved a statutory profit before taxation for the year of £177.5m (2018: £130.2m). Group EBITDA increased by 42% to £337.2m (2018: £238.1m). The Group's effective tax rate of 18% (2018: 18%) was marginally lower than the 19% headline rate of corporation tax due to the recognition of deferred tax at 17%. Basic earnings per share increased by 36% to 97.98p (2018: 72.16p).

Summary of Cash Flows	2019 £m	Restated 2018 £m	Change
EBITDA	**337.2**	238.1	42%
Other Income Statement adjustments	**(1.9)**	0.1	
Movements in working capital	**135.0**	189.0	(29%)
Interest and taxes	**(29.4)**	(12.3)	(139%)
Net cash generated from operating activities	**440.9**	414.9	6%
Purchase of property, plant and equipment	**(302.3)**	(411.1)	26%
Movement on borrowings	**131.6**	329.4	(60%)
Other items	**(4.5)**	(13.6)	67%
Net increase in cash and money market deposits [a]	**265.7**	319.6	(17%)

(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.

The Group generated increased net cash flow from operating activities of £440.9m (2018: £414.9m), driven by the Leisure Travel business trading performance. Total capital expenditure incurred of £302.3m (2018: £411.1m) included the purchase of both new and used Boeing 737-800NG aircraft, continued investment in the long-term maintenance of our existing aircraft fleet and the purchase of a fifth flight simulator for our training centre in Bradford. Investment in technology and various infrastructure projects across the Group were also undertaken, which included extending the footprint at Holiday House, our commercial centre in central Leeds, to fully occupy this seven-floor building, and a replacement roof for **Fowler Welch**'s Heywood depot.

New loans totalling £228.3m (2018: £458.2m) were drawn down, as the Group secured both commercial debt and on balance sheet finance lease funding for the purchase of its new Boeing aircraft deliveries, offset by £96.7m (2018: £128.8m) of aircraft loan repayments. Overall, this resulted in a net cash inflow of £265.7m (2018: £319.6m) and an improved year-end gross cash position, including money market deposits, of £1,274.3m (2018: £1,008.6m). Net cash, stated after borrowings of £983.1m (2018: £806.6m), was £291.2m (2018: £202.0m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £905.9m (2018: £777.9m), had no cash restricted by its merchant acquirers and had no cash placed with counterparties in the form of margin calls to cover out-of-the-money hedge instruments (2018: £nil). The Group continues to comfortably exceed the UK Civil Aviation Authority's 'liquidity threshold test'.

Summary Balance Sheet	2019 £m	Restated 2018 £m	Change
Non-current assets [b]	**1,292.5**	1,089.8	19%
Net current assets [c]	**58.1**	58.4	(1%)
Cash and money market deposits	**1,274.3**	1,008.6	26%
Deferred revenue	**(939.9)**	(807.3)	(16%)
Borrowings	**(983.1)**	(806.6)	(22%)
Deferred taxation	**(84.1)**	(68.2)	(23%)
Derivative financial instruments	**(22.4)**	39.1	(157%)
Total shareholders' equity	**595.4**	513.8	16%

(b) Stated excluding derivative financial instruments.

(c) Stated excluding cash and cash equivalents, money market deposits, deferred revenue, borrowings and derivative financial instruments.

Business & Financial Review

Leisure Travel

Total shareholders' equity increased by £81.6m (2018: £93.9m) which primarily comprised profit after taxation of £145.6m (2018: £107.1m) and an adverse (2018: adverse) movement in the cash flow hedging reserve. This movement was primarily a result of in-the-money jet fuel forward contracts held at the end of the previous financial year which matured during the year.

Segmental Performance – Leisure Travel

The growing awareness and appreciation of our leisure travel products resulted in an overall 24% increase in passenger sectors flown to 12.82m (2018: 10.38m). Passengers choosing our important flight-only product increased by 21% to 6.49m (2018: 5.37m), whilst customers choosing our higher margin package holiday product increased by 27% to 3.17m (2018: 2.50m). Package holiday customers now represent 49% of overall flown customers (2018: 48%). Our two newest operating bases at Birmingham and London Stansted are proving popular in just their second year of operation, with many passengers having chosen ***Real Package Holidays™*** with ***Jet2holidays***.

Average flight-only ticket yield per passenger sector at £81.79 (2018: £73.01) was 12% higher compared to the challenging market experienced in the prior year, with average load factors increasing to 92.8% (2018: 92.2%) against a 23% increase in seat capacity.

The increasing mix of Package Holiday customers is pleasing, as the longer duration, end-to-end holiday experience allows greater value to be added through product innovation and service at each point in the customer's journey. This proposition lends itself to brand loyalty and retention and a better quality of recurring revenue and profitability, compared to the more impulsive, price-sensitive, shorter duration, flight-only product.

The percentage of overall package holiday customers taking shorter duration package holidays increased by 2 percentage points during the year, whilst the percentage taking all-inclusive holidays and higher value 4 and 5-star packages has remained broadly consistent. The cost of acquiring hotel rooms increased primarily because of the stronger Euro and as a result the overall average price of a package holiday increased to £669 (2018: £633).

Non-ticket retail revenue per passenger grew by 7% to £24.07 (2018: £22.52). 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.

Overall, revenue in our Leisure Travel business grew by 34% to £2,964.4m (2018: £2,211.4m) at an operating profit margin of 6.7% (2018: 5.5%), resulting in operating profit growth of 63% to £199.1m (2018: £121.8m).

We recognise that investing for the long-term success of the business is essential to stay ahead. For many families, booking a holiday is the most important purchase of the year and we know that in an increasingly crowded market, it is vital that customers are constantly made aware of our brand and product proposition, to

Happy to Help every step of the way

Have a Lovely Holiday!

Strategic Report

consider us when making a booking. We therefore commit significant marketing investment to ensure our brand building share of voice is imaginative and strong, whether that be through traditional media such as TV, radio, newspapers or outdoor advertising, or via social media channels, video on demand or influencers.

The delivery of a friction-free experience at every stage of the customer booking journey is of paramount importance, whichever booking channel is chosen. Over 60% of our package holidays are sold online via ***Jet2holidays.com***, whilst 91% of our flight-only seats are booked directly on the ***Jet2.com*** website. We know that our websites and mobile applications must work for everyone, as customers' online browsing and purchasing habits perpetually evolve – our shop window is whatever screen a customer is looking at and we want everyone to be able to find and book our holiday flights and package holidays quickly and easily. Investment in, and development of, digital strategy is therefore integral to the Leisure Travel business and we commit considerable monies 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, we continue to build on the strong foundation of our existing Customer Relationship Management programme and to invest in our data science and analytics capability to improve our recommendations algorithms. Over time this will deliver even more personalised communications and content to customers to strengthen our already strong relationships with them.

We also recognise that personal interaction is important for many customers when making such an important purchase. Our customer contact centres in Leeds, Manchester and Palma, Majorca, employ over 350 sales and customer service advisers to ensure customers' individual needs are catered for. Currently 15% (or approximately 480,000) of our package holiday customers book through this channel. In addition, approximately a quarter of our package holiday sales are booked through independent travel agents, who are considered very valuable and important distribution partners for our business.

Brand awareness continues to improve as a result of our broad marketing strategy and attention to customer service, with increasing repeat bookings from customers satisfied by the overall product experience. With our sparkling net promoter scores and ***Jet2.com*** and ***Jet2holidays*** having recently been awarded Which? Recommended Provider status, it's a clear endorsement of the VIP experience we offer, and why we believe the Leisure Travel business remains well-placed to deliver successfully going forward.

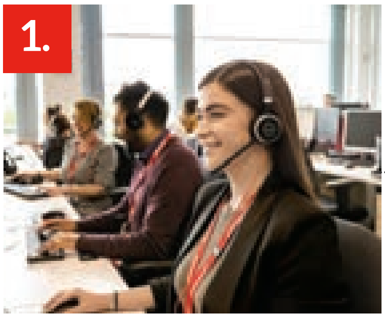
Business & Financial Review

Leisure Travel continued

Leisure Travel Financials	2019 £m	Restated 2018 £m	Change
Revenue	**2,964.4**	2,211.4	34%
Net operating expenses	**(2,765.3)**	(2,089.6)	(32%)
Operating profit	**199.1**	121.8	63%
Net financing expense (excluding net FX revaluation)	**(25.6)**	(16.3)	(57%)
Profit on disposal of property, plant and equipment	**2.3**	0.3	
Profit before FX revaluation and taxation	**175.8**	105.8	66%
Net FX revaluation (losses) / gains	**(2.6)**	20.0	
Profit before taxation	**173.2**	125.8	38%
Net financing expense / (income)	**28.2**	(3.7)	
Depreciation	**128.7**	108.9	(18%)
EBITDA	**330.1**	231.0	43%

Operating profit margin	**6.7%**	5.5%	1.2 ppts
Profit before FX revaluation and taxation margin	**5.9%**	4.8%	1.1 ppts
Profit before taxation margin	**5.8%**	5.7%	0.1 ppts
EBITDA margin	**11.1%**	10.4%	0.7 ppts

'Package Holidays You Can Trust'™

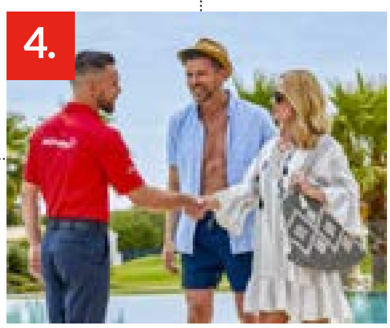


Happy to help!
Our UK-based team of travel experts specialise in tailoring holidays to customers' needs.

Outbound
Travellers receive a helpful and friendly service from our 'red' team, from check-in to arrival at their hotel.

Onboard
Our cabin crew and pilots ensure that the holiday starts and finishes with a relaxed and pleasant flight.

Have a lovely holiday!



In resort
Our dedicated team of Customer Helpers support customers throughout their stay with 24/7 availability and local expertise.

Inbound
Resort Flight Check-In®, convenient transfers and great flight times ensure our customers arrive home with smiles on their faces.

Let's do it all again!
A memorable holiday experience, plus our low deposit of £60pp and great range of destinations, tempts customers to rebook.

Business & Financial Review

Distribution & Logistics

Segmental Performance – Distribution & Logistics

Revenue at **Fowler Welch** increased by 6% to £178.7m (2018: £168.6m) as two significant contracts commenced mid-way through the financial year, supplemented by organic growth. Operationally, the business performed well, though varying chilled volume profiles at certain depots led to some operational inefficiency as customer service levels were maintained. As a result, profit before taxation fell slightly by £0.1m to £4.3m (2018: £4.4m).

Our Spalding depot located in the major growing and key food producing region of Lincolnshire, is one of the largest chilled food consolidation warehouses in the UK and is the largest chilled site in the **Fowler Welch** network. Following investment in the previous financial year to create a more efficient and modern environment, revenue in the year to 31 March 2019 grew by 2.4% as new long-term customer contracts were secured. This operation now distributes over 60,000 pallets each week. The benefit of the new contracts will be greater in the current financial year due to the full-year volume effect and the non-recurrence of start-up costs.

Revenue growth of 2.7% from our Kent distribution facilities at Teynham and Paddock Wood was driven by incremental volume from existing customers. These distribution facilities sit in the heart of that county's fruit growing areas and their proximity to both the port of Dover and the Channel Tunnel make them ideally positioned to provide packing and distribution services for businesses producing locally and for fruit and produce imported from across the English Channel.

The performance of **Integrated Service Solutions (ISS)**, **Fowler Welch**'s joint venture operation at Teynham, which ripens, grades and packs a variety of stone fruit, berries and exotic fruits, was particularly pleasing. The business delivered a significant year-on-year revenue increase underpinned by a growth in berry categories which led to improved profitability. Further product packing opportunities place **ISS** in a strong position for the future.

The Hilsea depot, which is located near to Portsmouth International Port, achieved a revenue increase of 10% as it benefited from growth across several suppliers, demonstrating the importance of this region in providing salads, herbs and vegetables to UK retailers and underlining the strength of the range of warehousing, consolidation and distribution services offered.

The regional distribution centres at Washington in Tyne and Wear and Newton Abbot, near Exeter in Devon, continued to provide high quality direct store delivery services to over 100 supermarkets and both sites achieved improved profit performance year on year.

A strong revenue pipeline at our operation at Nuneaton saw several new customers added towards the end of the financial year, with others implemented at the start of the current financial year.

Our 500,000 square foot ambient (non-temperature controlled) shared user distribution facility at Heywood near Bury, Greater Manchester, made good progress in the year. Investment in the site has delivered an improvement to operational service, with a subsequent improvement to financial performance towards the end of the year. This positive momentum is expected to continue into the current financial year.

With its strong and committed team, and the expertise and flexibility to operate effectively in both the temperature-controlled (chilled and produce) and ambient arenas, we remain confident in the future growth prospects for **Fowler Welch**.

Distribution & Logistics Financials	**2019 £m**	2018 £m	Change
Revenue	**178.7**	168.6	6%
Net operating expenses	**(174.4)**	(164.2)	(6%)
Operating profit	**4.3**	4.4	(2%)
Net financing expense	**–**	–	
Profit before taxation	**4.3**	4.4	(2%)
Depreciation	**2.8**	2.7	(4%)
EBITDA	**7.1**	7.1	–
Operating profit margin	**2.4%**	2.6%	(0.2 ppts)
Profit before taxation margin	**2.4%**	2.6%	(0.2 ppts)
EBITDA margin	**4.0%**	4.2%	(0.2 ppts)

Gary Brown
Group Chief Financial Officer
29 July 2019

Our multi award winning philosophy of Listening... Responding... Delivering demonstrates how our core values remain at the heart of everything we do.

Key Performance Indicators

Leisure Travel Key Performance Indicators	2019	Restated 2018	Change
Number of routes operated during the year	**329**	306	8%
Leisure Travel sector seats available (capacity)	**13.81m**	11.27m	23%
Leisure Travel passenger sectors flown	**12.82m**	10.38m	24%
Leisure Travel load factor	**92.8%**	92.2%	0.6ppts
Flight-only passenger sectors flown	**6.49m**	5.37m	21%
Package holiday customers	**3.17m**	2.50m	27%
Average flight-only ticket yield per passenger sector (excl. taxes)	**£81.79**	£73.01	12%
Average package holiday price	**£669**	£633	6%
Non-ticket revenue per passenger sector*	**£24.07**	£22.52	7%
Average hedged price of fuel (per tonne)	**$604**	$516	17%
Fuel requirement hedged – next 12 months	**90%**	90%	–
Advance sales made as at 31 March	**£1,734.5m**	£1,486.6m	17%

* Presentation of the Non-ticket revenue per passenger sector KPI has been adjusted for the impact of IFRS 15 and also to remove certain non-ticket revenue items previously included within the Average package holiday price KPI.

Handling our Aircraft

Distribution & Logistics Key Performance Indicators	2019	2018	Change
Warehouse space as at 31 March (square feet)	**897,000**	897,000	–
Number of tractor units in operation	**530**	515	3%
Number of trailer units in operation	**764**	742	3%
Miles per gallon	**9.7**	9.7	–
Annual fleet mileage	**49.9m**	49.4m	1%

See Glossary of Terms on page 106 for further details.

Fowler Welch trucks setting out for product collections

Risk Management

The Board's strategy is to grow the Group's businesses through a combination of organic expansion and, if appropriate, carefully planned acquisitions in the markets within which they currently operate. This section describes the Board's approach to risk and the principal risks and uncertainties which may affect the Group's business operations, its reputation, financial results and strategic objectives. 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 in particular.

Approach to Risk

The Board is responsible for maintaining the Group's Risk Management and Internal Control Systems and for monitoring risk and mitigation of risk in line with the Group's objectives. 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, updating, assessing and managing those risks most significant to the long-term value of the organisation;
- regular management and statutory board meetings within the Distribution & Logistics business at which risk management is discussed;
- 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;
- treasury policies, overseen by the Board, that manage the Group's cash and deposits and foreign exchange, fuel, carbon and interest rate commitments; and
- 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.

Principal Risks and Uncertainties

Risk Description	Mitigation
Safety and security The safety and security of our customers and our colleagues is a key priority. Failure to prevent or deal effectively with a major safety incident, including a security related threat, could adversely affect the Group's reputation and operational and financial performance.	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. The Board meets quarterly, monitors trends and identifies any areas of safety risk that require closer attention. The assessment of health and safety risks in the hotels we feature, as well as the other holiday components we package, is part of our normal package holiday business 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 assessment tools. Compliance with ***Jet2holidays***' risk and safety standards is measured in a number of ways, including physical audits, plus 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.

Risk Management
continued

Risk Description	Mitigation
Competition The Group could be impacted by competitor activity in each business area. The Leisure Travel business operates in competition with tour operators, online travel agents and low-cost airlines and changes to market capacity and pricing can have an adverse financial impact.	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 also continue to 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 continue to 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. Investment in, and development of, digital strategy is therefore integral to the Leisure Travel business and we commit considerable monies 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. We continue to differentiate our Leisure Travel business through innovative product development, such as ***Jet2Villas***, and the provision and expansion of added value services, such as **Resort Flight Check-In®**. In the Distribution & Logistics business, the loss of a substantial customer is the largest financial risk facing the business. This is mitigated by **Fowler Welch** growing its revenue pipeline and developing existing and new business opportunities, together with the achievement of high service levels, careful cost control and added value, innovative supply services, in the chilled, produce and ambient (non-temperature controlled) market sectors.
IT system dependency and information security The Group is reliant on a number of key IT systems and processes, their scalability and ongoing development. 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.	The primary IT risks to the Group are a loss of systems, unauthorised access to facilities, or a security breach, which could lead to disruption that has an operational, reputational and/or financial impact. To mitigate these risks and to ensure any potential loss of functionality is minimised, the Group regularly tests failover of key systems between geographically dispersed data centres and has a 24/7 onsite IT Operations team. The Group uses world-leading web application protection and denial of service protection 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. In the twelve months since the introduction of the General Data Protection Regulation, the Group has reviewed and where necessary improved data security measures on over one hundred internal systems and established a standardised vetting process and contract clauses for new suppliers that process data or interact with the Group's IT systems. Following the 'Magecart' breaches elsewhere in the industry, the Group has worked with a trusted security partner to develop and implement real-time data breach monitoring and runs several thousand synthetic customer e-commerce journeys every month, minimising exposure to this particular threat. Airlines are required by card schemes to be PCI DSS compliant. The Group maintains this compliance across both its Airline and Package Holidays businesses. 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.
Input cost volatility 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's strategy is to manage foreign exchange rate and fuel price risk via forward currency contracts and aviation fuel swaps with approved counterparties. The Distribution & Logistics business is not directly affected by such fuel price rises, since contracts allow for price increases to be passed on to its customers. Further information on hedging, the Group's key mitigation to input cost volatility risk, and details of the Group's hedge policy, are contained within Note 24 to the consolidated financial statements.

Risk Description	Mitigation
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 strategy is to manage interest cost risk via interest rate swaps with approved counterparties. Further information on hedging, the Group's key mitigation to interest cost volatility risk, and details of the Group's hedge policy, are contained within Note 24 to the consolidated financial statements.
Economic conditions Whilst we believe that UK consumers regard their summer holiday as a very important element of the annual household budget, ultimately, economic conditions may have an impact on the level of demand for the Group's leisure travel services.	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'™***. The delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings. The combined power of our proposition, product, people and purpose 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. We serve many destinations daily and others several times a week during the Spring, Summer and Autumn months, offering a great choice of variable duration holidays at affordable prices, delivering the flexibility that today's holidaymakers require.
Government policy and regulatory intervention The leisure travel industry is heavily regulated. There is a continuing risk that the imposition of taxes and charges, which are levied by regulatory decision rather than by commercial negotiation at levels in excess of economic cost, may result in reduced passenger demand or adversely impact our cost base.	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 will also 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.
Environmental The Leisure Travel business is at potential risk of disruption from the force of nature, such as extreme weather conditions and volcanic activity, and through other external factors, such as: acts of terrorism; epidemics; pandemics; and strike action.	The business mitigates these risks by regularly updating a carefully planned response to be implemented by a team of experts, should there be significant disruption to our leisure travel activities. In addition, our commercial centre in Leeds 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 liquid funds to enable the business to continue to operate through a period of sustained disruption.
Recruitment and retention of talent The current and future success of the business is reliant on the recruitment and retention of the right people with the right capabilities. Inability to recruit and retain key personnel may impact adversely on the Group's ability to deliver its strategic objectives.	The Group prepares and executes role-specific seasonal recruitment campaigns to recruit and train the resources required to deliver our operational plan. 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 also operates apprenticeship schemes to train pilots and engineers at ***Jet2.com*** and drivers at **Fowler Welch**. Over 200 pilots have qualified through our apprentice scheme since its inception.

Risk Management

continued

Risk Description	Mitigation
Brexit Brexit risk reflects the potential impact of the UK's decision to leave the EU on the Group's operations and financial position.	Brexit continues to be the subject of negotiation between the UK Government and the EU and therefore the full implications for the Group remain unclear. The following points are deemed to be of continuing importance for the Group: • On 11 April 2019 the Prime Minister agreed with the EU27 leaders an extension to the Article 50 period ending on 31 October 2019. During this extension, the EU has been clear that the UK will continue to hold full membership rights and the UK has committed to fulfilling its obligations as a Member State. If, at any point between now and 31 October 2019, the Withdrawal Agreement is ratified by both sides, the UK will leave the EU with a deal on the first day of the following month. In the meantime, we continue to make contingency arrangements for the scenario where the UK leaves the EU without a deal. • Legislation has been passed by the EU which provides UK airlines (including ***Jet2.com***) with the facility to fly in and out of Europe for a period until 29 March 2020 (the 3rd and 4th freedom flying rights) in a no-deal Brexit scenario. This date was set in order to provide a 12-month transitional period from the original exit date of 29 March 2019, pending the conclusion of a comprehensive aviation services agreement between the UK and the EU. On 12 June 2019, the European Commission released a communication on their no deal preparations entitled, "State of play of preparations of contingency measures for the withdrawal of the United Kingdom from the European Union". In this document they stated that the Commission will "continue to monitor political developments and assess if any extension of the adopted measures will be needed". Both the UK and EU have consistently demonstrated a commitment to maintaining aviation connectivity even in a "no deal" scenario and the Department for Transport has informed us that they will be continuing to discuss options with their EU counterparts in respect of the period after 29 March 2020. The Directors have therefore reached the reasonable conclusion that in the event that a comprehensive aviation services agreement has not been concluded between the EU and the UK by 29 March 2020, this transitional period will be extended to ensure that there is no interruption in connectivity. • Our application to the European Union Aviation Safety Agency (EASA) for "third country operator" status, which will be required to operate ***Jet2.com*** in Europe, has been approved and will be issued upon the UK leaving the EU. We have also made individual applications at a member state level to each of the countries to which we operate. • The most recent EU notice on travel 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), even in the event of a no-deal scenario, on the condition of reciprocity from the UK for EU travellers. • The precise impact of Brexit on our colleagues remains uncertain as it will depend on whether the UK leaves the EU in a deal or no-deal scenario. The UK has clearly set out the rules that will apply to EU27 nationals currently living and working in the UK and who wish to do so post-Brexit, although the terms may be refined when the precise exit arrangements are confirmed. The EU27 have also confirmed the deal and no-deal arrangements with varying levels of detail for each member state although, again, these may be subject to change as the political negotiations continue. 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 Department for Exiting the European Union, the UK Civil Aviation Authority – our regulator, relevant tax authorities and trade associations.
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.	• The Group's strategy for managing liquidity and capital risk is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, whilst securing the continuity and flexibility of funding through the use of committed 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. • A regular assessment is made of the Group's banking facility covenant compliance and the UK Civil Aviation Authority's 'liquidity threshold test'. • The Group maintains prudent levels of liquid funds to enable the business to continue to operate through fluctuations in economic conditions or through a period of sustained disruption.

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 2022.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities and sensitised forecasts of future trading through to 31 March 2022, including performance against financial covenants, the implications, including those considered remote, of Brexit and the assessment of principal areas of risk and uncertainty.

Having considered the points above, 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 2019.

The Directors' responsibility for preparing the financial statements is explained on pages 51 and 52 and the reporting responsibilities of the Auditor are set out in their report on page 59.

Viability 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 2022, and also considered an extended planning horizon to aid the management of its longer-term aircraft fleet objectives.

Within these forecasts, sensitivity scenarios were modelled for the impact on passenger volumes of an economic downturn and also the impact of an extended no-fly period caused by an unexpected event. 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 taken account of the Group's current cash position, its stable financial condition and consistent operating performance, the availability of banking facilities, the implications, including those considered remote, of Brexit and the principal risks and uncertainties it faces 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 2022.

Gary Brown
Group Chief Financial Officer
29 July 2019

Corporate Social Responsibility

This Corporate Social Responsibility Report reflects the importance the Group places on developing long-lasting relationships with its customers and 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 below 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. 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. Putting the customer first is what has driven ***Jet2***'s success and the delivery of great service is at the core of ***Jet2.com*** and ***Jet2holidays*** brand values.

Fowler Welch focuses on adding value through Listening, Responding and Delivering for its customers, utilising a strong and experienced management team and a skilled workforce that prides itself on high standards of customer service, price competitiveness and an ability to provide flexible and innovative solutions. All of these are critical qualities in a sector where both supplier and retailer supply chains are perpetually evolving to meet consumers' ever-changing shopping habits.

Relationship with suppliers

Our business is supported by more than 4,000 non-hotel suppliers who partner with us and we therefore seek open, constructive and effective relationships with them to help sustain the successful delivery of the Group's Leisure Travel and Distribution & Logistics services. In response, a supplier management framework has been developed and an annual supplier conference is held to brief on many aspects of the Leisure Travel business and the support expected from the supplier community in helping our business achieve its aims.

Since ***Jet2holidays***' inception, we have also carefully developed relationships with over 4,000 hotels, often placing substantial deposits to secure a dependable and competitive room offering in the most attractive hotels.

We recognise that paying suppliers on time and in full is vital for their financial well being. The 'Duty to report on payment practices and performance' legislation under section 3 of the Small Business, Enterprise and Employment Act 2015 came into effect for the Group in the financial year ended 31 March 2019. The Group has uploaded the relevant supplier KPIs onto the HMRC government portal and the average time taken to pay supplier invoices during the year was 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. 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 takes its responsibility to the environment seriously, with fuel emissions being an important issue for both businesses. It is in the business's own and its customers' interest to ensure we operate in the most efficient and environmentally friendly way, minimising noise and emissions, and also minimising the carbon impact per unit of product delivered.

During the year ended 31 March 2019, ***Jet2.com***, like all airlines operating within, or into and out of EU airports, continued its reporting under the regulatory mandate of the European Union Emissions Trading Scheme (EU ETS). ***Jet2.com*** supports the introduction of CORSIA (the Carbon Offsetting and Reduction Scheme for International Aviation) and its goal of zero CO_2 emission gains from the global aviation sector beyond 2020.

As part of a continuous drive to operate more efficiently, ***Jet2.com*** continues to reduce its fuel consumption and carbon emissions per flown mile by means of its "efficient flying" programme. This programme looks at all aspects of the airline's operation which can influence or directly impact the efficiency of its flying activities, including Single Engine Taxi Operations, careful fuel requirement planning, performance-based navigation approaches and reduced contingency fuel. In addition, the airline continues to invest in the growth of the Boeing 737-800NG fleet, 96% of which is now fitted with fuel saving winglets.

As a supplier to the food sector, **Fowler Welch** is focused on being socially responsible and supporting its customers' targets under the Food and Drink Federation's "Ambition 2025 – Shaping Sustainable Supply Chains", which, amongst other things, focuses on resource efficiency and a reduction in the industry's carbon emissions. **Fowler Welch**'s commitment and progress was recognised by receipt of the Environmentally Efficient Logistics Award at the 2019 *Footprint Awards*.

For **Fowler Welch**, diesel consumption continues to be the major contributor to its carbon footprint. Accordingly, the business has focused on fleet renewal and telemetry technology and has invested in management resource to direct training and development toward those drivers that have the greatest need. Working in partnership with key customers, **Fowler Welch** has reshaped its offering to reduce its carbon footprint through reducing food miles driven.

In its warehouses, **Fowler Welch** continues to invest in LED lighting and refrigeration unit efficiency. This is part of a strategy of continuous investment in energy-saving technologies and methodologies. As well as direct energy reduction benefits, the business also utilises the latest generation refrigerants, ensuring low Global Warming Potential.

Health, safety and quality

The responsibility for the health and safety of all colleagues and customers, whilst in our care, is a key priority for the Group and is described in more detail on page 23. In addition, **Fowler Welch** is proud to make known its network-wide British Retail Consortium ("BRC") accreditation, which continues to be the safety and quality standard for product manufacturing and handling in the UK and beyond.

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

Our People

Dart Group plc is a leading UK Leisure Travel provider and Distribution & Logistics operator. An important component of its development and growth has been the successful recruitment and retention of capable colleagues.

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 ***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. These values are intrinsic to the success of the Leisure Travel business and the engagement of its colleagues and customers.

The Group recognises the need to provide regular development for colleagues and managers. To ensure that committed and skilled talent continue to support the business, the focus within the Learning and Development function is to continually support the advancement and progression of our colleague population.

The business operates a Leadership Framework that is designed to guide colleagues in terms of the personal qualities and practical experiences they require to excel in their current role, whilst also giving them a clear view of the attributes required to progress to the next level.

To support colleagues in developing their skills and competencies, a blended learning approach has been adopted by the Leisure Travel business which includes face-to-face training, digital learning, knowledge share, the provision of 'How To' guides, and opportunities to contribute to business projects. In addition, a Management Development Programme ("MDP") is delivered to all people managers across the business, which links to the ***Take Me There*** values and the business's Leadership Framework.

Given the variety of interesting roles available at ***Jet2.com*** and ***Jet2holidays***, Learning and Development have established a Future Talent strategy, working alongside the Recruitment Team and individual business areas to review opportunities that may be available for graduates and apprentices.

To ensure our pilots receive the best possible training and ongoing professional support, ***Jet2.com*** runs its own UK Civil Aviation Authority ("CAA") and European Aviation Safety Agency ("EASA") approved training facility, currently housing five flight simulators, to take pilots on a journey of excellence throughout all aspects of their training. Our Training Team, which includes more than 190 of our pilots, continues to develop and deliver in-house training courses to support the growth of our skilled pilot workforce. Our in-house type rating courses are designed to qualify candidates – whether experienced long-haul Captains or young talented pilots from our Pilot Apprentice Scheme – to operate all types of ***Jet2.com*** aircraft. Following such a course, all ***Jet2.com*** pilots are rigorously assessed every six months and provided with support and development training to allow them to progress through the Company's Through-Life Career Development Schemes – developing them all the way from Second Officer to experienced Senior Trainer.

Cabin crew training links to our '*Take Me There*' values to ensure that we create great memories for our customers and that they have a lovely and safe holiday.

Our team of 75 Cabin Crew Performance Trainers have had their busiest year ever. We have welcomed and trained over 650 new cabin crew across the network along with recurrent training for over 1,650 existing colleagues.

Prior to flying, our cabin crew colleagues must successfully complete our intensive four-week training course that meets EASA requirements. Training encompasses safety, first aid, security, service and sales and links to our ***Take Me There*** values to ensure that we create great memories for our customers and that they have a lovely and safe holiday.

All ***Jet2.com*** engineers receive engineering induction training, which includes ***Take Me There*** training. A team of 6 Technical Trainers deliver recurrent continuation training and where business needs demand, specialist training to over 860 EASA Part 145 and Part M engineering colleagues. This is supplemented with technical update training across all line and maintenance base facilities every year.

The ***Jet2.com*** Engineering Training Team are UK CAA Part 147 approved, enabling the team to deliver aircraft type rating training to engineering colleagues for all three of the fleet types currently operated.

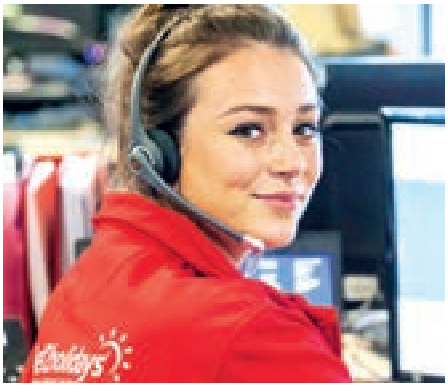
The team are also an Approved Apprenticeship Learning Provider and hold City and Guilds approval, enabling them to deliver an in-house 4-year Engineering Apprenticeship scheme for 20+ students.

Jet2.com Ground Operations colleagues in the UK and overseas receive intensive induction programmes tailored to their roles. This combines technical training focusing on safety, security and compliance, in addition to developing a culture of outstanding customer service through interactive learning activities. Significant development has taken place over the last year to achieve a standardised approach to training content across the network. All existing colleagues continue to receive annual recurrent training to refresh key skills and prepare for the year ahead.

The overseas training team consists of qualified trainers covering Spain, Portugal, Cyprus, Croatia, Greece and Turkey, supporting our ***Jet2holidays*** colleagues in delivering award-winning customer service.

The Customer Contact Training Team support our colleagues in both Sales and Pre-Travel Services by providing ongoing learning and development through a range of solutions from digital learning, face-to-face classroom sessions, webinars and a new digital knowledge base, catering for both office-based and homeworker colleagues.

Representatives are actively encouraged to speak up and challenge; as a result, their views and ideas have already contributed to organisational change.



Fowler Welch continued its Driver Apprentice Scheme during the year, welcoming 17 new colleagues onto the programme which, due to its success, will be extended in 2019/20 to include Warehouse and Supply Chain Operator roles as well as more LGV Drivers.

Ongoing development within **Fowler Welch** takes different forms depending on job role. Drivers receive Certificate of Professional Competence accredited training and specific driving behaviour skills training based on telematics information from the business's risk management system. Warehouse colleagues benefit from up-skilling via 'toolbox talks' and 'safe systems of work' instruction relating to manual handling equipment and operational processes. Systems and process training for office colleagues is generally carried out in real-time and on-the-job to suit **Fowler Welch**'s fast-paced, 24/7 environment.

Plans for the year ahead include a significant investment in classroom-based business and personal skills workshops, as well as a formal first line management development programme for newly appointed managers and supervisors.

2018/19 also saw the development and launch of 'On the Journey' within **Fowler Welch** which is an on-boarding programme delivered to all new starters to welcome them to the business and help them understand the Company values.

Our People
continued

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. The scheme recognises individuals and teams who have provided excellent customer service and those who have gone the extra mile for either internal or external customers. Nomination volumes continue to grow, with colleagues nominating individuals and teams from across all business areas for their excellent customer service approach.

Fowler Welch also has a colleague recognition programme. In the year, the recognition scheme was enhanced to drive increased participation and engagement. The scheme provides monthly and quarterly awards for behaviour and successes that deserve special acknowledgement.

We are proud and pleased that the financial year ended 31 March 2019 saw the start of the **Dart Group Discretionary Colleague Profit Share Scheme**, to reward those colleagues who do not already participate in performance-related bonus or commission schemes and who have been continuously employed for at least 12 months. The first payments totalling £9.5m (including employer's NI £10.8m) were made at the end of July 2019 – we are thrilled to be sharing our success with our fantastic colleagues!

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. Representatives are actively encouraged to speak up and challenge; as a result, their views and ideas have already helped to contribute to organisational change. Senior Managers and Directors, including our Executive Chairman and Chief Executive Officer, regularly attend meetings.

Fowler Welch has a well-established framework of colleague representative forums. These forums are a vehicle for two-way communication, the resolution of workplace issues and the progression of suggestions for improvements to working practices. These are supplemented by regular communication with colleagues via business briefings and management conferences.

The **Fowler Welch** business conducts an annual colleague survey as part of its ongoing plan to increase colleague engagement and facilitate its approach to be an employer of choice. Output from the survey has been translated into action plans for head office central functions and each distribution site. Progress against the action plans is fed back to colleagues on an ongoing basis.

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.

Putting the customer first is what has driven *Jet2*'s success and the delivery of great service is at the core of the *Jet2.com* and *Jet2holidays* brand values.

Case Study – Party Plane

When our 100th aircraft joined our fleet back in January 2019, we knew that only the best celebration would do. So, what better way to mark such a momentous occasion than by giving someone the chance to win it as their own private jet to whisk 99 of their friends and family off for the ultimate weekend away at the stunning Melia Calvia Beach Hotel in Majorca? And so our Party Plane campaign was born.

Headed up by our Social Media team, the aim of the campaign was to showcase our award-winning flights and holiday experience in style, grow our ever-expanding social media and celebrity following and take our brand out into local communities.

A high-impact launch

The campaign launched with a bang with BBC Radio 2 presenter and much-loved TV personality Rylan Clark-Neal, our celebrity host for the trip.

In order to win this once-in-a-lifetime prize, entrants were directed to a dedicated campaign website where they were able to name their plane and theme their trip, from the dress code, down to their party food and playlist.

To generate even more excitement and interactive brand engagement, we toured our nine UK airport regions with a high-impact roadshow. Special 'Party Ready'

rooms appeared in city centres for one day only, giving the public the chance to enjoy a spot of pampering whilst completing their competition entry on the spot.

The public also got to mingle with a host of celebrity guests including Strictly Come Dancing professional, AJ Pritchard, 80s singing icon, Limahl, football legends Lee Sharpe and Peter Reid, plus an array of stars from Coronation Street, Emmerdale and Hollyoaks.

The campaign was supported by a full communications plan to drive as much excitement as possible, including media relations, radio, a dedicated email campaign and targeted advertising.

Entertaining entries and our final shortlist

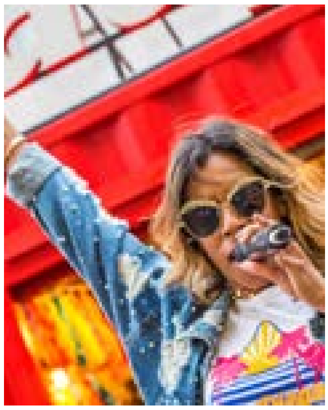
We were blown away by the effort that went into the incredible 21,185 entries we received! Our celebrity host, Rylan, had the very difficult task of whittling these down to just nine finalists, one from each of our UK airport regions. Our final shortlist was:

- Lorraine Stevenson from Belfast
- Kirsty Mackay from Birmingham
- Samuel Kelly from East Midlands
- Fiona Veerman from Edinburgh
- Gillian Paterson from Glasgow
- Holly Schofield from Leeds Bradford
- Tracy Price from London Stansted
- Kirsty Connor from Manchester
- Leanne Risk from Newcastle

The final nine then had to battle it out for the public vote to decide who would be crowned the overall winner!

"We were made to feel like royalty throughout and all the Jet2 team were so welcoming and so much fun to be around. There were so many wonderful surprises and I'm still pinching myself that we all partied the night away with Rylan and Rudimental...it was epic!."

Lucy, Just Plane Lucky



Just Plane Lucky!

After a nail-biting week, with over 10,000 people voting, we finally crowned our Party Plane winner, Kirsty Connor. Her 'Just Plane Lucky' entry included a video with a whole new take on our famous *Hold My Hand* soundtrack, lots of lucky pants and even a Rylan-themed cake!

We also awarded our eight remaining finalists a special runners-up gift as a thank you for all their efforts, each receiving ten return ***Jet2.com*** flights so that they could plan a mini group trip of their own.

The Party Plane weekend

On 26 April 2019, Kirsty and her 99 guests, The Sun newspaper and, of course, Rylan, departed from Manchester Airport on our 100th aircraft. From the moment they checked in at the airport to the moment the group touched back down in Manchester, the ultimate weekend was planned down to a T.

Highlights of the trip included specially branded ***Jet2holidays*** lucky pants, a fun quiz night, plus a treasure hunt to take in the sights of Calvia and the chance of winning one of three ***Jet2holidays***.

However, Saturday night was the moment everyone had been waiting for. After a themed buffet, planned by the winners themselves, it was time for the party of all parties – with lucky fancy dress of course! Our winners were led to the main party room by Rylan, where they were joined by the famous magician, Troy. What's more, the winners were overwhelmed when surprise guests, Rudimental, took to the stage for a private hour-long set. It was definitely a night to remember!

Results

The campaign was successful in building brand engagement, awareness and positive sentiment. Overall, we achieved 172 million combined impressions and gained nearly 20,000 new social followers/email prospects. In addition, we delivered 118 pieces of media coverage including substantial features in heavyweight celebrity titles including The Sun, OK!, Daily Star and Closer.

Most importantly, we created memories that will last a lifetime for Kirsty and her Just Plane Lucky party group.

Quotes from gift book

- "It was a trip of a lifetime and one that will always be close to my heart." **Amelia, Just Plane Lucky**
- "We were made to feel like royalty throughout and all the ***Jet2*** team were so welcoming and so much fun to be around. There were so many wonderful surprises and I'm still pinching myself that we all partied the night away with Rylan and Rudimental…it was epic!" **Lucy, Just Plane Lucky**
- "Thank you for an amazing weekend which we'll treasure forever!" **Sheila and John, Just Plane Lucky**
- "You all went out of your way to make our experience even more amazing and we can't thank you enough for such a special weekend!" **Karen and Ronnie, Just Plane Lucky**
- "I truly am grateful for all your hard work in making this the most incredible trip." **Sophie and Denise, Just Plane Lucky**
- "***Jet2*** have a new ambassador! The incredible effort that was put into making this competition holiday such a memorable event was totally above and beyond all expectations. Incredible staff, amazing customer service and fantastic experience from start to finish." **Alison, Just Plane Lucky**
- "The enthusiasm for the company from all staff was incredible and I am definitely planning to have plenty of ***Jet2holidays*** in the future" **Laura, Just Plane Lucky**

Our Governance

WE TAKE PEOPLE ON HOLIDAY!

Corporate Governance Statement

Dart Group plc (the "Group") has chosen to apply the UK Corporate Governance Code 2016, issued by the Financial Reporting Council (the "Code"). A copy of the Code can be found at:

https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx

An explanation of how the Group has complied with the Code is set out below and also in the Remuneration Committee Report on pages 47 to 50 and the Audit Committee Report on pages 43 to 45.

Leadership

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

- reviewing and approving the Group's overall strategy and direction;
- determining, maintaining and overseeing 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 agreements and non-recurring projects.

Board Committees

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.

Division of Responsibilities between Executive Chairman and Chief Executive Officers

The roles of the Executive Chairman and Chief Executive Officers 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. Executive responsibility for the day-to-day running of **Fowler Welch** sits with its Chief Executive Officer, Nicholas Hay. In these circumstances the Executive Chairman does not fulfil the combined role of Chairman and Chief Executive of the Group.

As the founder of the Group, the Executive Chairman has served on the Board for more than nine years from the date of his election and owns 37.46%[1] of the issued share capital of the Group.

[1] As at 28 June 2019

The 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.

Non-Executive Directors

The Non-Executive Directors bring a suitable balance of skills, experience and knowledge of the Company, 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. The Group has two Non-Executive Directors with whom the Executive Chairman meets regularly without the other Executive Directors present.

The Group has appropriate insurance in place in respect of legal action against its directors.

Effectiveness

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;
- 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; and
- Richard Green, a Non-Executive Director.

Richard Green was appointed to the Board on 6 September 2018. Prior to his appointment, Richard worked as a consultant for ***Jet2.com*** Limited and ***Jet2holidays*** Limited and so is not considered independent under the Code. Although the Group does not have two independent Non-Executive Directors in line with the Code, Richard Green brings significant commercial experience from both airline and tour operating sectors and is considered a highly valuable addition to the Board.

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 are 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 is vital to the success of the Group.

The biographies of the Directors appear on page 42 of this Annual Report.

Appointments and re-election to the Board

New Director appointments are a matter for the Board as a whole rather than a Nomination Committee and the Executive Chairman considers succession planning on an ongoing basis in consultation with the Board.

Directors are submitted for re-election at regular intervals, subject to satisfactory performance in accordance with 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.

Board and Committee Meetings

The Board meets at least four times a year in order to, amongst other things, review trading performance, ensure adequate funding is in place and to set and monitor strategy.
To enable the Board to discharge their duties, the Executive Chairman, working with the Group Chief Financial Officer and Company Secretary, sets the formal agenda for the Board meetings and committee papers containing appropriate and timely information are distributed several days before the meetings take place. 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	5	2	–
Gary Brown	5	–	2*
Stephen Heapy	5	–	2
Mark Laurence	5	2	2
Richard Green	3	–	1

* by invitation

Commitment

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. Prior to undertaking an additional external role or appointment, the Directors are asked to confirm 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.

Development

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.

Information and Support

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

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.

Accountability

Financial and Business reporting

A statement of the Directors' responsibilities in respect of the Annual Report and financial statements is set out on pages 51 and 52 of this Annual Report. A statement on going concern is given within Note 2 to the consolidated financial statements on page 67.

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 have carried out a detailed assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, that can be found on pages 23 to 27 of the Annual Report.

Corporate Governance Statement

continued

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 27 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*.

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. In particular, there are clear procedures for:

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

The Group has an independent Internal Audit department, which provides independent assurance by performing full and regular monitoring of the Group's procedures, promotes robustness of controls, highlights departures from procedures and suggests relevant KPIs for future monitoring. Other areas of risk assessment and monitoring which may normally be carried out by an Internal Audit department are, in the main, covered by the Board either as a whole or within the various meetings highlighted.

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.

Audit Committee and Auditors

The Board has established an Audit Committee which comprises one independent Non-Executive Director, one Non-Executive Director and one Executive Director. This composition is not in line with the Code, however 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 Audit Committee is chaired by Mark Laurence, an independent Non-Executive Director, and meets not less than twice per year. The Executive Directors, the Group 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;
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;
4. Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies; and
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.

The Audit Committee Chairman engages with both the external and internal auditors, without the Executive Directors or members of the finance team present. During the year, our Audit Partner of 4 years, Adrian Stone, retired after 34 years at KPMG and we welcomed Nick Plumb as our new Audit Partner.

Whilst KPMG LLP ("KPMG")have been our auditor since the year ended 31 March 2005, the 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 £0.2m. 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 43 to 45.

The Independent Auditor's Report can be found on pages 53 to 59.

Remuneration

The Level and Components of Remuneration

The Board has established a Remuneration Committee comprising one Non-Executive Director and the Executive Chairman. During the year, the Group's Remuneration Committee was chaired by Mark Laurence.

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.

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 47 to 50.

Relations with shareholders

Dialogue with Shareholders

The Business & Financial Review on pages 14 to 20 includes a detailed review of the Group's business and future developments. In addition, the Executive Chairman ensures 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 Group Chief Financial Officer and the Chief Executive Officer of the Group's Leisure Travel business. 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.

Constructive Use of Meetings

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Executive Chairman aims to ensure that the Chairman of the Audit and Remuneration Committees is present to answer questions, and there is also a lengthy question and answer session following the conclusion of the formal business of the meeting.

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 will be published on the Group's website following the meeting.

The Dart Group plc website (www.dartgroup.co.uk) has a specific section for investors, which is regularly updated with news and information, including the Annual Report and Accounts 2019 and the Notice of Annual General Meeting.

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
29 July 2019

Board of Directors

Philip Meeson is Executive Chairman of Dart Group plc and each of its Leisure Travel and Distribution & Logistics businesses.

In April 1983, his 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 and logistics operator.

Having decided that the Company needed wider access to funding in order to accelerate its growth, Channel Express Group plc was floated on the USM in 1988. In 1991, it changed its name to Dart Group plc and moved to a full listing on the London Stock Exchange before moving to AIM in 2005. For information on the history of Dart Group plc please visit the following page of the Group's website:
www.dartgroup.co.uk/Dart-Group-history.

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

Stephen Heapy, Executive Director, joined the Board in June 2013. He has been with Dart Group plc since 2009 and is the Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***. He has extensive experience in the travel industry, having held roles with My Travel plc, Thomas Cook and Libra Holidays. Stephen is a fellow of the Institute for Travel and Tourism, a Chartered Company Secretary and is a member of the Institute for Turnaround.

Non-Executive Directors

Mark Laurence joined the Board in May 2009 as a Non-Executive Director and was recognised at the 2014 Grant Thornton Quoted Company Awards as Non-Executive Director of the Year. Mark began his career as a transport sector investment analyst with stockbrokers Kitcat and Aitken, before moving to WI Carr and then Smith New Court plc. 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.

Richard Green joined Dart Group plc on 6 September 2018 as a Non-Executive Director. He 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.

Audit Committee Report

I am pleased to present the Audit Committee's report for the year ended 31 March 2019.

Committee composition & meetings

In addition to myself the Audit Committee comprises;

- Stephen Heapy, the Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***
- Richard Green, Dart Group Non-Executive Director

Richard Green was appointed to the Committee on 6 September 2018 and members' biographies can be found on page 42 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 Auditor were also invited and in attendance.

External Audit

As Chairman of the Audit Committee, I engage with the external auditors, KPMG, without the Executive Directors or members of the finance team present, discussing amongst other things the scope of work to be carried out and other auditing developments. I had one such meeting in the financial year.

During the year, our Audit Partner of 4 years, Adrian Stone, retired after 34 years at KPMG and we welcomed Nick Plumb as our new Audit Partner.

Whilst KPMG have been our auditor since the year ended 31 March 2005, the 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 £0.2m. 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 Company also receives advice as needed from PwC LLP (PwC) and Deloitte on taxation issues and Herbert Smith Freehills LLP on legal issues relating to corporate matters.

Committee key responsibilities

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 Group's financial statements;
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;
4. Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies; and
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.

Committee key areas of focus

- Reviewing and approving the Annual Report and Accounts to 31 March 2018 and half-year results to 30 September 2018 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.
- The Committee also approved a significant external review of end-to-end completeness and accuracy of data flows, from the source e-commerce systems to the accounting systems, to ensure that processes, controls, data governance and resilience had kept pace with the business's growth.
- Reviewing and considering reports from the work conducted by the Internal Audit function.
- Reviewing the businesses' payment practices reporting to ensure it meets latest legislation.
- Reviewing and approving the Group's key processes, tax and treasury strategies.
- Considering and reviewing the Business Risk Register.
- 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 9 and IFRS 15 and also the implementation programme for the adoption of IFRS 16, including the proposed disclosures in relation to these matters in 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 9, IFRS 15 and IFRS 16.
- Overseeing the appointment of and relationship with the external Auditor, including an assessment of their independence including a review of the provision of non-audit services.

Audit Committee Report
continued

Significant audit issues

A brief summary of the significant issues identified are discussed below, the only new area of focus being the impact of Brexit.

Revenue recognition

Following the previous year's audit, KPMG extended their audit procedures to include transactional level revenue to cash receipt matching for both the Leisure Travel and Distribution & Logistics businesses. In addition to the transactional level revenue to cash receipt matching, KPMG also extracted customer booking data for the year and re-performed the calculation of revenue and deferred revenue for the Leisure Travel business based on flight departure dates, using data and analytics audit techniques.

The Committee considered the revenue recognition policies and the reconciliation procedures already performed by the businesses, the output of the aforementioned external review covering end-to-end completeness and accuracy of data flows, alongside KPMG's audit conclusions and is satisfied that revenue has been appropriately recognised in the accounts.

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 Department for Exiting the European Union, the UK Civil Aviation Authority, 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.

Provisions and liabilities for leisure travel compensation claims

The Committee reviewed the work performed by the finance team in calculating provisions and liabilities in relation 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. They also reviewed KPMG's conclusions, including their assessment of the design, implementation and operating effectiveness of the processes and controls in place to record the claims, and their challenge to management's assumptions and judgement. In conclusion, the Committee noted that management had exercised sensible, prudent judgement in this area.

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 2019 having also been verified to external sources. In addition, the Committee considered the adequacy of disclosures to comply with the new requirements of IFRS 9 – *Financial Instruments* within the notes to the Consolidated Financial Statements. 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

Annually, KPMG present their audit plan to the Committee which identifies what they consider to be the key audit risks and the planned scope of work. Having considered the planning work carried out and the results of the 2018/19 audit, the Committee was satisfied that the approach adopted was robust and appropriate and that their independence and objectivity could be relied upon.

It was encouraging to note that the overall IT control environment has continued to strengthen. Recommendations from the prior year's audit to improve and refine access controls have been successfully addressed, with access to programs, and data controls becoming more consistent across the different applications. Pleasingly, the minor deficiencies identified were found to have limited potential impact on the financial statements and as a result KPMG were again able to place reliance on our systems to support their audit work.

In conclusion, the Audit Committee reported to the Board that the Committee considers the Annual Report for the year ended 31 March 2019 to be fair, balanced and understandable and provides the information necessary for shareholders to assess our strategy, business model and performance.

Going concern and medium-term viability

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 2022, together with sensitivity analyses which stress test key assumptions.

Within these forecasts and in order to gain assurance over the medium-term viability of the Group, the impact on passenger volumes of an economic downturn and also the impact of an extended no-fly period caused by an unexpected event were modelled. Although future assessments of the Group's prospects are subject to uncertainty that increases with time, in both scenarios, the modelling demonstrated sufficient financial headroom to be able to continue to trade.

Following a review of these tests, the Committee has 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 year ended 31 March 2019.

In addition, 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 2022.

Internal audit and risk management

The Group's Internal Audit function continues to be 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 function reports into the Committee and, administratively, to the Group Chief Financial Officer. The Committee engages directly with the Internal Audit team, who also had separate meetings with KPMG.

Internal Audit continues to develop the Group's risk register and works with senior management and the Board to ensure that there is appropriate alignment and understanding of key risks and risk appetite.

It was particularly pleasing to note that in reviewing year-on-year internal audit grades, where improvements had been historically sought that, in most cases, these improvements were enduring.

Future developments

The coming year sees further accounting change with the adoption of the new accounting standard IFRS 16 – *Leases* which follows the implementation of IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers* in the year ended 31 March 2019. Further details on how these standards have impacted our reporting to date and will impact our future reporting can be found in Note 4 to the Consolidated Financial Statements on pages 73 to 74 of this Annual Report.

Lastly, I would like to thank the Group's finance department on behalf of all shareholders for their ongoing professionalism and dedication which is so crucial in such a high volume, fast moving business and makes the task of this committee that much easier. However, we never declare victory and will continue to seek further improvement in the coming year.

Mark Laurence
Non-Executive Director, Chairman of the Audit Committee
29 July 2019

Remuneration Committee Report

Remuneration Committee

During the year ended 31 March 2019, 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 UK Corporate Governance Code 2016, 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.

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 2019, the maximum pension benefit provided was equivalent to 14% of salary.	Not applicable
Benefits To provide customary benefits.	The principal benefits include one or more of the following non-cash benefits: the provision of a company car, fuel allowance, and the provision of private healthcare. The Committee has discretion to determine whether other benefits should be provided. The cost to the Company of providing these benefits may vary year-on-year, and the Company monitors this cost.	Not applicable

Remuneration 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 2019, 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

Service contracts

Philip Meeson's service contract, dated 20 May 2003, contains a rolling notice period of six months. Gary Brown and Stephen Heapy's service contracts, dated 29 April 2013 and 17 June 2013 respectively, contain a 12-month rolling notice period for notice given by the Company and a six-month rolling notice period for notice given by the individual. Philip Meeson, Stephen Heapy and Mark Laurence will retire from the Board at the Annual General Meeting on 5 September 2019 and, being eligible, will offer themselves for re-election. Having been appointed on 6 September 2018, Richard Green will also offer himself for re-election at the Annual General Meeting.

Mark Laurence and Richard Green each have 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 £000	SEIP deferred award (Note 3) £000	**Total 2019 £000**	Total 2018 £000
Executive Directors:							
Philip Meeson	476	11	–	–	–	**487**	472
Stephen Heapy	530	27	64	371	159	**1,151**	1,039
Gary Brown	504	1	70	350	150	**1,075**	964
Non-Executive Directors:							
Mark Laurence	61	–	–	–	–	**61**	55
Richard Green	28	–	–	–	–	**28**	–
Total	**1,599**	**39**	**134**	**721**	**309**	**2,802**	**2,530**

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 £21k, which relates to the sacrifice of salary into the Group's pension scheme.
3. The Deferred Awards relate to the financial performance for the period ended 31 March 2019. These Deferred Awards were granted after the reporting date, on 18 July 2019, as set out in SEIP Deferred Awards granted since 31 March 2019 below.
4. The aggregate emoluments disclosed above do not include any amounts for the fair value of options / Deferred Awards to acquire ordinary shares in the Company granted to, or held by, the Directors.

Remuneration Committee Report

continued

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 2019 No.
Stephen Heapy	SEIP Deferred Award	£0.0125	74,311	20,421	(32,047)[3]	–	**62,685**[1]
Gary Brown	SEIP Deferred Award	£0.0125	69,275	19,156	(29,735)[3]	–	**58,696**[2]

1. Vesting as follows: 16,654 on 24 July 2019, and 25,610 on 20 July 2020 and 20,421 on 18 July 2021
2. Vesting as follows: 15,516 on 24 July 2019, 24,024 on 20 July 2020 and 19,156 on 18 July 2021
3. Deferred awards exercised on 26 July 2018, on which date closing mid-market price of a share was £9.13

The share based payment charge to the Consolidated Income Statement in respect of the above share options and Deferred Awards, was £229,000 (2018: £192,100). 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 2019 was £7.94 per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were £10.17 and £7.40, respectively.

SEIP Deferred Awards granted since 31 March 2019

Since the reporting date, on 18 July 2019, the following Deferred Awards were granted under the SEIP in relation to the year ended 31 March 2019, the value of which is included in the table of Directors' emoluments above.

Director	Award	Award price	Shares granted since year end No.	Normal vesting date
Stephen Heapy	SEIP Deferred Award	1.25p	18,262	17 July 2022
Gary Brown	SEIP Deferred Award	1.25p	17,216	17 July 2022

All of the above Deferred Awards were granted on 18 July 2019, on which date the average closing mid-market price of a share for the preceding 12 month period was £8.71.

Director shareholdings

The Directors who held office at 31 March 2019 had the following interests in the ordinary shares of the Company at that date:

Director	31 March 2019	31 March 2018
Philip Meeson	**55,740,000**	56,240,000
Stephen Heapy	**202,718**	185,621
Gary Brown	**35,226**	19,362
Mark Laurence	**200,000**	200,000

No 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
29 July 2019

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 10 to 32;
- Risk Management: pages 23 to 27;
- Corporate Governance Statement approved by the Board: pages 38 to 41;
- details of current Directors and Directors who served through the year: page 42; and
- Directors' remuneration: pages 47 to 50.

Results and dividends

The results for the year are set out in the Consolidated Income Statement and show a profit after taxation of £145.6m (2018: £107.1m). An interim dividend of 2.8p per share was paid on 4 February 2019 (2018: 1.5p).

In consideration of the results for the year, the Directors recommend the payment of a final dividend for the year ended 31 March 2019 of 7.4p per share (2018: 6.0p), making a total of 10.2p per share for the year (2018: 7.5p). The final dividend, which is subject to shareholder approval at the Company's Annual General Meeting on 5 September 2019, will be payable on 25 October 2019 to shareholders on the register at the close of business on 27 September 2019.

Post-balance sheet events

There have been no material events after the balance sheet date of 31 March 2019 through to the date of this Annual Report.

Issued share capital

Issued share capital was increased by 167,905 (2018: 341,907) 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
04-Sep-08	13,162	Approved
10-Sep-09	25,800	Approved
23-Dec-10	5,250	Approved
04-Aug-11	3,750	Approved
01-Aug-12	22,139	Approved
27-Jul-15	97,804	SEIP
Total	167,905	

Details of the increases in issued share capital are given in Note 25 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 28 June 2019:

Silver Point Capital	9.08%
Gobi Investment Partners	3.94%
Aberdeen Standard Investments (Standard Life)	3.45%

Annual General Meeting

The Annual General Meeting will be held on 5 September 2019 at 9.30am at Buchanan Communications, 107 Cheapside, London, EC2V 6DN. The Notice of Annual General Meeting contains an explanation of special business to be considered at the meeting and a copy of this is available on the Company website at **www.dartgroup.co.uk/agm.**

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.

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.

Directors' Report
continued

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

Philip Meeson
Executive Chairman
29 July 2019

Gary Brown
Group Chief Financial Officer
29 July 2019

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 2019 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 2019 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 the 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:	£9.0m (2018: £6.0m)	
Group financial statements as a whole	5.1% of Group profit before taxation (2018: 4.6% of reported Group profit before taxation)	
Coverage	100% (2018: 100%) of Group profit before taxation	
Key audit matters		**vs 2018**
New	The impact of uncertainties due to the UK exiting the European Union on our audit	▲
Recurring risks:	Revenue recognition	◀▶
	Provisions for leisure travel compensation claims	◀▶
	Aircraft maintenance provisions	◀▶
	Derivative instruments	◀▶
	Aircraft depreciation (Group and parent Company)	◀▶

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 page 26 (risks and uncertainties).	**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. 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 at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, 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 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 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.
Revenue recognition (Leisure travel) (£2,964.4m; 2018: £2,211.4m) Refer to page 44 (Audit Committee Report), page 68 (accounting policy) and pages 75 to 77 (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.

	The risk	Our response
Liability and Provision for leisure travel compensation claims (£26.8m; 2018: £24.0m) Refer to page 44 (Audit Committee Report), page 72 (accounting estimates and judgements) and page 83 (financial disclosures).	**Subjective estimate:** The Group's leisure travel compensation liability comprises of its obligation towards possible customer claims in respect of flight delays and cancellations under regulation EC 261/2004 and provision for other customer compensation claims that cannot be recovered from hotels. Liabilities for flight delays are subject to significant estimations on the rate of claims. Provisions for possible customer compensation claims that cannot be reclaimed from hotels involve significant estimation as there are uncertainties over the volume of claims from customers, the value of the claims and the ultimate value that the Group can reclaim from hoteliers. The effect of these matters is that, as part of our risk assessment, we determined that the liability and provision for leisure travel compensation claims have 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: • **Control design and operation:** We evaluated the design and implementation of the processes and controls over the recording of claims, the setting and monitoring of provision rates and cash payments, by observing the controls being carried out. • **Expectation vs outcome:** We developed an expectation of the current year balance based on our view of the relationships between claims received and average claim cost, including consideration of historical data by comparison of provision rates to actual claim rates incurred. • **Sensitivity analysis:** We performed sensitivity analysis over the key assumptions such as the claim rate, the claim value and the provision rate. • **Assessing transparency:** We assessed whether the Group's disclosures detailing leisure travel provisions adequately disclose the judgement involved in estimating the potential liabilities of the Group.
Aircraft maintenance provisions (£19.2m; 2018: £17.4m) Refer to page 44 (Audit Committee Report), page 71 (accounting policy), page 72 (accounting estimates and judgements) and page 83 (financial disclosures).	**Subjective estimate:** Liabilities for maintenance costs are provided for in respect of aircraft leased under operating leases. Calculation of the maintenance provision incorporates assumptions including: the current condition of the aircraft and lifespan of the life limited parts, the timing and expected cost of the maintenance event and the anticipated expenditure required to ensure aircraft are returned to the lessor in accordance with contractual requirements. 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: • **Control design and operation:** We evaluated the design and implementation of the processes and controls in place for monitoring aircraft utilisation and setting of provision rates, and carried out tests of the operating effectiveness of the processes and 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.

Independent Auditor's Report

to the members of Dart Group plc continued

	The risk	Our response
Derivative instruments (Assets £54.1m; 2018: £88.0m (including £4.1m non-current)) (Liabilities £76.5m; 2018: £48.9m (including £21.5m non-current)) Refer to page 44 (Audit Committee Report), page 70 (accounting policy) and pages 84 to 89 (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: • **Control design and operation:** We observed the performance of the Group's monthly counterparty reconciliations to test the operating effectiveness of the processes and controls. • **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.
Aircraft depreciation Group and parent Company risk area **Group:** (£117.1m; 2018: £99.3m) **Parent Company:** (£34.1m; 2018: £31.9m) Refer to page 44 (Audit Committee Report), page 69 (accounting policy), page 72 (accounting estimates and judgements) and pages 81 and 101 (financial disclosures).	**Subjective estimate:** The Group operates aircraft that are owned or held under finance lease arrangements by the parent Company and other Group companies. 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.

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 £9.0m (2018: £6.0m), determined with reference to a benchmark of Group profit before taxation (of which it represents 5.1% (2018: 4.6%)).

Materiality for the parent Company financial statements as a whole was set at £6.8m (2018: £4.0m), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2018: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

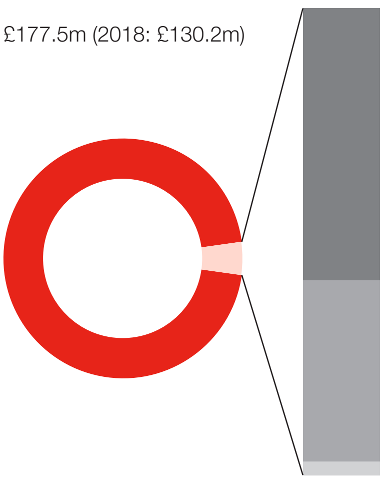
Of the Group's 12 (2018: 11) reporting components, we subjected 9 (2018: 8) to full scope audits for Group purposes and 3 (2018: 3) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for 100% of Group revenues. The work on all of the components, including the audit of the parent Company, was performed by the Group team.

Group profit before taxation
(2018: reported Group Profit before taxation)

£177.5m (2018: £130.2m)

Group Materiality
£9.0m (2018: £6.0m)



£9.0m
Whole financial statements materiality (2018: £6.0m)

£6.8m
Range of materiality for 9 components (£6.8m-£0.3m) (2018: £4.0m to £0.02m)

£0.5m
Misstatements reported to the Audit Committee (2018: £0.3m)

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 or the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The impact on passenger volumes of a broad economic downturn;
- The impact of an extended no-fly period caused by an unexpected event.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, 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 and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer confidence, which could result in a rapid reduction of available financial resources.

Based on this work, 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, and we did not identify going concern as a key audit matter.

Independent Auditor's Report

to the members of Dart Group plc continued

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 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 27) that they have carried out an assessment of the 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 judgements 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 pages 51 to 52, 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

29 July 2019

Our Financials

Consolidated Income Statement

for the year ended 31 March 2019

	Note	Results for the year ended 31 March 2019 £m	Results for the year ended 31 March 2018 £m Restated
Revenue	6	**3,143.1**	2,380.0
Net operating expenses	7	**(2,939.7)**	(2,253.8)
Operating profit	6,8	**203.4**	126.2
Finance income		**10.7**	4.8
Finance expenses		**(36.3)**	(21.1)
Net FX revaluation (losses) / gains		**(2.6)**	20.0
Net financing (expense) / income	9	**(28.2)**	3.7
Profit on disposal of property, plant and equipment		**2.3**	0.3
Profit before taxation		**177.5**	130.2
Taxation	11	**(31.9)**	(23.1)
Profit for the year		**145.6**	107.1
all attributable to equity shareholders of the parent			
Earnings per share			
– basic	13	**97.98p**	72.16p
– diluted	13	**97.68p**	71.83p

Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Note	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m Restated
Profit for the year		**145.6**	107.1
Other comprehensive (expense) / income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Fair value (losses) / gains	24	**(37.9)**	50.6
Add back gains transferred to income statement	24	**(23.6)**	(58.7)
Related taxation credit	11	**11.4**	1.5
Revaluation of foreign operations (losses) / gains		**(1.3)**	0.7
		(51.4)	(5.9)
Total comprehensive income for the period		**94.2**	101.2
all attributable to equity shareholders of the parent			

Our Financials

Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Consolidated Statement of Financial Position

at 31 March 2019

	Note	2019 £m	2018 £m Restated	2017 £m Restated
Non-current assets				
Goodwill	14	**6.8**	6.8	6.8
Property, plant and equipment	16	**1,285.7**	1,083.0	806.5
Derivative financial instruments	24	**4.1**	23.7	9.3
		1,296.6	1,113.5	822.6
Current assets				
Inventories	17	**1.6**	1.8	1.2
Trade and other receivables	18	**319.8**	258.2	206.4
Derivative financial instruments	24	**50.0**	64.3	74.7
Money market deposits	19	**50.0**	220.2	200.3
Cash and cash equivalents	19	**1,224.3**	788.4	488.7
		1,645.7	1,332.9	971.3
Total assets		**2,942.3**	2,446.4	1,793.9
Current liabilities				
Trade and other payables	20	**217.0**	159.9	129.7
Deferred revenue	21	**937.1**	806.0	596.6
Borrowings	22	**74.4**	88.6	129.6
Provisions and liabilities	23	**46.3**	41.7	38.8
Derivative financial instruments	24	**55.0**	40.7	15.9
		1,329.8	1,136.9	910.6
Non-current liabilities				
Deferred revenue	21	**2.8**	1.3	0.6
Borrowings	22	**908.7**	718.0	390.9
Derivative financial instruments	24	**21.5**	8.2	20.9
Deferred taxation	11	**84.1**	68.2	51.0
		1,017.1	795.7	463.4
Total liabilities		**2,346.9**	1,932.6	1,374.0
Net assets		**595.4**	513.8	419.9
Shareholders' equity				
Share capital	25	**1.9**	1.9	1.8
Share premium	25	**12.8**	12.7	12.5
Cash flow hedging reserve	25	**(18.5)**	31.6	38.2
Other reserves	25	**(0.6)**	0.7	–
Retained earnings	25	**599.8**	466.9	367.4
Total shareholders' equity		**595.4**	513.8	419.9

The accounts on pages 62 to 104 were approved by the Board of Directors at a meeting held on 29 July 2019 and were signed on its behalf by:

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

Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

	Note	2019 £m	2018 £m Restated
Profit on ordinary activities before taxation		**177.5**	130.2
Finance income	9	**(10.7)**	(4.8)
Finance expenses	9	**36.3**	21.1
Net FX revaluation losses / (gains)	9	**2.6**	(20.0)
Depreciation	16	**131.5**	111.6
Profit on disposal of property, plant and equipment		**(2.3)**	(0.3)
Equity settled share based payments	25	**0.4**	0.4
Operating cash flows before movements in working capital		**335.3**	238.2
Decrease / (increase) in inventories		**0.2**	(0.6)
Increase in trade and other receivables		**(61.6)**	(52.6)
Increase in trade and other payables		**60.3**	27.8
Increase in deferred revenue		**132.6**	209.9
Increase in provisions and liabilities		**3.5**	4.5
Cash generated from operations		**470.3**	427.2
Interest received		**10.7**	4.8
Interest paid		**(32.3)**	(17.2)
Income taxes (paid) / received		**(7.8)**	0.1
Net cash generated from operating activities		**440.9**	414.9
Cash flows used in investing activities			
Purchase of property, plant and equipment	16	**(302.3)**	(411.1)
Proceeds from sale of property, plant and equipment		**3.5**	0.3
Net decrease / (increase) in money market deposits		**170.2**	(19.9)
Net cash used in investing activities		**(128.6)**	(430.7)
Cash from financing activities			
Repayment of borrowings		**(96.7)**	(128.8)
New loans advanced		**228.3**	458.2
Proceeds on issue of shares		**0.1**	0.3
Equity dividends paid	12	**(13.1)**	(8.0)
Net cash from financing activities		**118.6**	321.7
Net increase in cash in the year		**430.9**	305.9
Cash and cash equivalents at beginning of year	27	**788.4**	488.7
Effect of foreign exchange rate changes	27	**5.0**	(6.2)
Cash and cash equivalents at end of year	27	**1,224.3**	788.4

Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Other reserves £m	Retained earnings £m	**Total shareholders' equity £m**
Balance at 31 March 2017						
– as originally reported	1.8	12.5	38.2	–	378.9	**431.4**
Effect of transition to IFRS 15	–	–	–	–	(11.5)	**(11.5)**
Balance at 31 March 2017						
– as restated	1.8	12.5	38.2	–	367.4	**419.9**
Total comprehensive income	–	–	(6.6)	0.7	107.1	**101.2**
Issue of share capital	0.1	0.2	–	–	–	**0.3**
Dividends paid in the year	–	–	–	–	(8.0)	**(8.0)**
Share based payments	–	–	–	–	0.4	**0.4**
Balance at 31 March 2018						
– as restated	1.9	12.7	31.6	0.7	466.9	**513.8**
Total comprehensive income	–	–	(50.1)	(1.3)	145.6	**94.2**
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	**1.9**	**12.8**	**(18.5)**	**(0.6)**	**599.8**	**595.4**

Figures shown for the year ended 31 March 2018 have been restated as detailed in Note 31.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2019 were authorised by the Board of Directors on 29 July 2019 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 96 to 104.

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 that 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 2022.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities, and sensitised forecasts of future trading through to 31 March 2022, including performance against financial covenants, the implications, including those considered remote, of Brexit and the assessment of the principal areas of risk and uncertainty.

Having considered the points above, 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 2019.

Basis of consolidation

Subsidiaries

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

Joint Arrangements

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

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

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

2. Accounting policies (continued)

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.

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.

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.

Net financing (expense) / income

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.

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.

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 previously written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not taken into account in calculating profit or loss on disposal of a business. Goodwill is allocated to a cash-generating unit for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, or groups of assets. Impairment of goodwill is not reversed.

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 24-30 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.

Financial instruments

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

Following the implementation of IFRS 9 *Financial Instruments*, 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 at 31 March 2019 are, by concession, deferred via the Consolidated Statement of Other Comprehensive Income ('OCI') since the movements relate to the effective portion of the cashflow 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

2. Accounting policies (continued)

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.

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.

Credit risk

IFRS 9 introduces a requirement to recognise expected credit losses on financial assets. 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 new credit loss model: trade receivables and cash and cash equivalents. Derivative assets are not subject to the new 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. However, 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 under IFRS 9.

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.

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, 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.

Operating leases

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the time period when economic benefits from the leased assets are consumed.

Finance leases

Finance leases are recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Such finance charges are included in the Consolidated Income Statement within net financing (expense) / income.

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 Directors did not consider there to be any critical judgements as defined in IAS 1 *Presentation of Financial Statements*. However, there was a significant judgement in respect of classifying operating and finance leases as explained below:

Classification of operating and finance leases

The classification of leases as either operating or finance leases is determined by the extent to which the risks and rewards incidental to ownership of a leased asset lie with the Group or the lessor.

Management consider several factors in their judgement of classification, such as whether the lease term is for a major part of the economic life of the asset and whether, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Where these criteria are met, the lease will be classified as a finance lease, with all other leases being classified as operating leases.

Further details of the Group's leases at 31 March 2019 can be found in Notes 16 and 26.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

3. Accounting estimates and judgements (continued)

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 significant 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 2019 of £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 2019 of £3.6m.

Further details on the net book value of the Group's property, plant and equipment at 31 March 2019 can be found in Note 16.

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. The combined carrying value of the Group's aircraft, engines and other components was £1,186.5m (2018: £995.6m). There was no indication of impairment during the year and therefore no impairment losses were recorded.

Further details on the net book value of the Group's aircraft, engines and other components at 31 March 2019 can be found in Note 16.

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 2019 of £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 2019 of £2.6m.

Further details of the provisions and liabilities held by the Group at 31 March 2019 can be found in Note 23.

4. New IFRS and amendments to IAS and interpretations

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standard Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 01 January 2018.

International Financial Reporting Standards	Applying to accounting periods beginning after
IFRS 15 *Revenue from Contracts with Customers*	**January 2018**

The Group has adopted IFRS 15 in its financial statements for the year ended 31 March 2019 and has applied the fully retrospective transition method, with the comparative year and opening net assets (as at 1 April 2017) restated. This new standard supersedes all existing revenue requirements in IFRS. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 discusses whether a contract contains more than one distinct good or service. In light of this guidance, the Group considered whether its package holidays offering contained more than one promised service, and concluded that a package holiday constituted delivery of one distinct performance obligation including flights, accommodation, transfers and other holiday-related services.

Under IFRS 15, revenues are recognised when a performance obligation is satisfied, which happens when control of the goods or services underlying the particular performance obligation is transferred to the customer. The impact of this for the Leisure Travel business is to defer the recognition of certain non-ticket revenue streams to the date of departure rather than the date of booking. The revenue associated with package holidays is now apportioned over the duration of the holiday, where it was previously recognised on departure. The performance obligations for the Distribution & Logistics business have been considered, and there are no changes in the timing of revenue recognition as a result of implementing IFRS 15.

In addition, a proportion of flight delay compensation payments made to customers, previously recorded wholly within net operating expenses, are now offset against revenue up to the full value of the ticket price. This presentational change has reduced revenue where the performance obligation has not been fully satisfied, but has a net nil impact on the overall profit for the period.

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

IFRS 9 *Financial Instruments*	**January 2018**

The Group has adopted IFRS 9 in its financial statements for the year ended 31 March 2019. This new standard replaces current guidance provided by IAS 39 *Financial Instruments: Recognition and Measurement* on classification and measurement of financial assets and liabilities. In addition, IFRS 9 includes new requirements for general hedge accounting and impairment of financial assets.

Overall, there is no impact on the Group's net assets or profit for the period on transition to IFRS 9.

The adoption of IFRS 9 resulted in changes to accounting policies, particularly affecting classification and impairment of financial instruments, although no adjustments were required to amounts recognised in the financial statements for previous periods and hence no restatement was necessary. The accounting policies applied from 1 April 2018 are set out in Note 2.

Under IFRS 9, all recognised financial assets within scope are required to be subsequently measured at amortised cost or fair value. The classification of each financial asset is determined by whether the business model of the Group is to hold assets to collect contractual cash flows or to benefit from changes in the fair value of assets.

The impairment model under IFRS 9 recognises expected credit losses, as opposed to only incurred credit losses under IAS 39. The Group has applied the practical expedient afforded by IFRS 9 in calculating credit losses and therefore has not recorded any changes to its current impairment calculations.

Finally, under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. This new guidance is aligned with the Group's current hedging policy and therefore does not result in any material changes.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

4. New IFRS and amendments to IAS and interpretations (continued)

The IASB has issued the following standards and interpretations, with an effective date after the date of these financial statements. The Group continues to evaluate the potential impact of their adoption as described below.

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

The Group will adopt IFRS 16 in its financial statements for the year ending 31 March 2020. IFRS 16 replaces IAS 17 *Leases* and removes the requirement for lessees to report on finance and operating leases separately.

Under IFRS 16, the Group will distinguish between leases and service contracts based on whether there is an identified asset controlled by the Group. Control exists if the customer has the right to obtain substantially all of the economic benefit from the use of the asset and the right to direct the use of that asset. Where control exists, the Group will be required to recognise a right-of-use asset and also a lease liability, rather than accounting for operating lease payments through the Income Statement.

Upon application of the new standard, the Group expect to capitalise all aircraft and properties currently accounted for as operating leases. As a result, the Group will incur depreciation charges on these assets and interest charges on the associated lease liabilities, in place of the operating lease charges currently incurred. The lease term applied will correspond 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 will utilise the exemption afforded by this standard not to recognise right-of-use assets and associated lease liabilities for either short-term leases or low-value assets.

The Group intends to apply the fully retrospective transition method available under IFRS 16, with the comparative year and opening net assets (as at 1 April 2018) restated. This will result in a reduction in opening net assets at 1 April 2018 of approximately £8m-£12m. The Group expects to capitalise right-of-use assets of approximately £125m-£135m, with associated lease liabilities of approximately £140m-£150m. The impact on profit before FX revaluation and taxation for the year ended 31 March 2019 is not anticipated to be material.

The Group will incur foreign exchange gains / losses for its US dollar and euro denominated leases as a result of the implementation of IFRS 16. Lease liabilities will be considered as monetary items and retranslated at the period end exchange rate, whereas right-of-use assets are considered non-monetary items and therefore will remain at their translated values on inception. The foreign exchange impact for the year ended 31 March 2019, is expected to be a loss of £4m-£7m, predominantly as a result of the US Dollar strengthening from $1.402 at 31 March 2018 to $1.303 at 31 March 2019.

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 FX revaluation and taxation

Profit before 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.

This is reconciled to the IFRS measure of profit before taxation as part of the Consolidated Summary Income Statement within the Business and Finance Review.

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.

This is reconciled to the IFRS measure of profit before taxation as part of the Consolidated Summary Income Statement within the Business and Finance 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.

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

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 2019.

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 (2018: £nil).

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

6. Segmental reporting (continued)

Year ended 31 March 2019	Leisure Travel £m	Distribution & Logistics £m	Group eliminations £m	Total £m
Revenue	2,964.4	178.7	–	**3,143.1**
Operating profit	199.1	4.3	–	**203.4**
Finance income	10.7	–	–	**10.7**
Finance expenses	(36.3)	–	–	**(36.3)**
Net FX revaluation losses	(2.6)	–	–	**(2.6)**
Net financing expense	(28.2)	–	–	**(28.2)**
Profit on disposal of property, plant and equipment	2.3	–	–	**2.3**
Profit before taxation	173.2	4.3	–	**177.5**
Taxation	(31.1)	(0.8)	–	**(31.9)**
Profit after taxation	142.1	3.5	–	**145.6**
Assets and liabilities				
Segment assets	2,854.9	87.4	–	**2,942.3**
Segment liabilities	(2,322.7)	(24.2)	–	**(2,346.9)**
Net assets	532.2	63.2	–	**595.4**
Other segment information				
Property, plant and equipment additions	299.4	2.9	–	**302.3**
Depreciation, amortisation and impairment	(128.7)	(2.8)	–	**(131.5)**
Share based payments	(0.3)	(0.1)	–	**(0.4)**

Year ended 31 March 2018	Leisure Travel £m Restated	Distribution & Logistics £m	Group eliminations £m	Total £m Restated
Revenue	2,211.4	168.6	–	**2,380.0**
Operating profit	121.8	4.4	–	**126.2**
Finance income	4.8	–	–	**4.8**
Finance expenses	(21.1)	–	–	**(21.1)**
Net FX revaluation gains	20.0	–	–	**20.0**
Net financing income	3.7	–	–	**3.7**
Profit on disposal of property, plant and equipment	0.3	–	–	**0.3**
Profit before taxation	125.8	4.4	–	**130.2**
Taxation	(22.4)	(0.7)	–	**(23.1)**
Profit after taxation	103.4	3.7	–	**107.1**
Assets and liabilities				
Segment assets	2,364.8	86.5	(4.9)	**2,446.4**
Segment liabilities	(1,910.6)	(26.9)	4.9	**(1,932.6)**
Net assets	454.2	59.6	–	**513.8**
Other segment information				
Property, plant and equipment additions	405.2	5.9	–	**411.1**
Depreciation, amortisation and impairment	(108.9)	(2.7)	–	**(111.6)**
Share based payments	(0.3)	(0.1)	–	**(0.4)**

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:

	2019 £m	2018 £m Restated
Flight-only ticket revenue	**530.8**	392.1
Non-ticket revenue	**308.6**	233.8
Package holidays	**2,118.4**	1,585.5
Other Leisure Travel	**6.6**	–
Distribution & Logistics	**178.7**	168.6
Total revenue	**3,143.1**	2,380.0

7. Net operating expenses

	2019 £m	2018 £m Restated
Direct operating costs:		
Accommodation costs	**1,102.9**	831.9
Fuel	**305.8**	222.3
Landing, navigation and third-party handling	**279.4**	219.4
Maintenance costs	**109.8**	77.7
Aircraft and vehicle rentals	**75.9**	63.1
Agent commission	**59.8**	48.1
In-flight cost of sales	**46.5**	35.4
Subcontractor charges	**42.4**	40.3
Other direct operating costs	**116.7**	85.5
Staff costs incl. agency staff	**439.9**	336.8
Depreciation of property, plant and equipment	**131.5**	111.6
Other operating charges	**232.4**	183.9
Other operating income	**(3.3)**	(2.2)
Total net operating expenses	**2,939.7**	2,253.8

8. Operating profit

		2019 £m	2018 £m
Operating profit is stated after charging:			
Operating lease rentals:	– Land and buildings	**6.8**	5.2
	– Plant and machinery: short-term leases	**37.6**	27.8
	– Plant and machinery: long-term leases	**35.9**	36.3

Auditor's remuneration	2019 £m	2018 £m
Audit of these financial statements	**0.2**	0.2
Amounts receivable by the Auditor and its associates in respect of:		
– Other services	**0.1**	0.1

Our Financials

Notes to the Consolidated Financial Statements

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9. Net financing (expense) / income

	2019 £m	2018 £m
Finance income	**10.7**	4.8
Interest payable on aircraft and other loans	**(16.3)**	(13.0)
Interest payable on obligations under finance leases	**(20.0)**	(8.1)
Net foreign exchange revaluation (losses) / gains	**(2.6)**	20.0
Net financing (expense) / income	**(28.2)**	3.7

10. Employees

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

	2019 Number	2018 Number
Operations	**8,727**	7,097
Administration	**1,492**	1,314
	10,219	8,411

	2019 £m	2018 £m
Wages and salaries	**356.7**	273.9
Share options – value of employee services	**0.4**	0.4
Social security costs	**39.6**	30.0
Other pension costs	**15.7**	11.1
	412.4	315.4

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

	2019 £m	2018 £m
Short-term employee benefits	**8.2**	7.3
Post-employment benefits	**0.6**	0.6
Share options – value of employee services	**0.4**	0.4
Total employee benefit costs of key management personnel	**9.2**	8.3

In addition to the following, details of Executive Directors' remuneration, along with information concerning share options and retirement benefits, are set out in the on Remuneration Committee Report on pages 47 to 50.

	2019	2018
Highest paid Director	**£1.2m**	£1.0m
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 61,782 shares were exercised on 26 July 2018, on which date closing mid-market price of a share was £9.13, resulting in total gains of £0.6m.

11. Taxation

	2019 £m	2018 £m Restated
Current taxation:		
UK corporation tax based upon the profits for the year:		
– current year	**6.1**	3.4
– prior year	**(0.1)**	0.3
Current tax charge for the year	**6.0**	3.7
Deferred taxation:		
Origination and reversal of timing differences		
– current year	**25.5**	19.0
– prior year	**0.4**	0.4
Deferred tax charge for the year	**25.9**	19.4
Total taxation in Consolidated Income Statement in the year	**31.9**	23.1
Items that may be reclassified subsequently to profit or loss:		
Taxation relating to components of other comprehensive income	**(11.4)**	(1.5)
Total taxation recognised in Consolidated Income Statement and Other Comprehensive Income in the year	**20.5**	21.6

The taxation assessed for the current year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £m	2018 £m Restated
Profit before taxation	**177.5**	130.2
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**33.7**	24.7
Effects of:		
Expenses not deductible	**0.5**	(0.1)
Difference between current and deferred tax rates	**(2.6)**	(2.2)
Adjustments to tax charge in previous periods	**0.3**	0.7
Total (see above)	**31.9**	23.1

Deferred tax in the year has been provided at 17% (2018: 17%) as a consequence of legislation enacted in prior years, which will reduce the rate of UK corporation tax to 17% from 1 April 2020.

	2019 £m	2018 £m Restated
The movement in the deferred taxation liability is as follows:		
Opening at 1 April – as originally reported	**68.2**	53.5
Effect of transition to IFRS 15	**–**	(2.5)
Opening at 1 April – as restated	**68.2**	51.0
Charged to income statement	**25.9**	19.4
Credit taken directly to equity	**(11.4)**	(1.5)
Foreign exchange rate movements	**1.4**	(0.7)
Closing at 31 March	**84.1**	68.2

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11. Taxation (continued)

Deferred tax liabilities	Accelerated capital allowances £m	Financial instruments £m	Other £m	Total £m
At 31 March 2017 – as originally reported	44.5	9.0	–	**53.5**
Effect of transition to IFRS 15	–	–	(2.5)	**(2.5)**
At 31 March 2017 – as restated	44.5	9.0	(2.5)	**51.0**
Charge / (credit) to income statement	20.2	–	(0.8)	**19.4**
Credit to equity	–	(1.5)	–	**(1.5)**
Translation difference	(0.7)	–	–	**(0.7)**
At 31 March 2018 – as restated	64.0	7.5	(3.3)	**68.2**
Charge to income statement	22.6	–	3.3	**25.9**
Credit to equity	–	(11.4)	–	**(11.4)**
Translation differences	1.4	–	–	**1.4**
At 31 March 2019	88.0	(3.9)	–	**84.1**

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

	2019 £m	2018 £m
2018/19 interim dividend of 2.8 pence per share paid 4 February 2019 (2017/18: 1.5 pence)	**4.2**	2.2
2017/18 final dividend of 6.0 pence per share paid 26 October 2018 (2016/17: 3.897 pence)	**8.9**	5.8
Total	**13.1**	8.0

13. Earnings per share

	2019			2018			
	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	**145.6**	**148,698,533**	**97.98**	107.1	148,415,077	72.16	74.59
Effect of dilutive instruments							
Share options and deferred awards	**–**	**455,530**	**(0.30)**	–	682,262	(0.33)	(0.34)
Diluted EPS	**145.6**	**149,154,063**	**97.68**	107.1	149,097,339	71.83	74.25

14. Goodwill

	£m
Net book value as at 31 March 2017, 31 March 2018 and 31 March 2019	**6.8**

15. 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:

	2019 £m	2018 £m
Carrying amount of interest in joint venture	1.4	0.9
Profit from continuing operations	0.5	0.1
Total comprehensive income	0.5	0.1

16. Property, plant and equipment

	Land and buildings £m	Aircraft, engines and other components £m	Plant, vehicles and equipment £m	Total £m
Cost				
At 31 March 2017	**62.3**	**1,044.1**	**84.8**	**1,191.2**
Additions	4.2	391.0	15.9	**411.1**
Disposals	–	(20.3)	(0.1)	**(20.4)**
Foreign exchange rate movements	–	(23.5)	–	**(23.5)**
At 31 March 2018	**66.5**	**1,391.3**	**100.6**	**1,558.4**
Additions	5.5	274.9	21.9	**302.3**
Disposals	–	(96.1)	(4.3)	**(100.4)**
Foreign exchange rate movements	–	34.9	–	**34.9**
At 31 March 2019	**72.0**	**1,605.0**	**118.2**	**1,795.2**
Depreciation				
At 31 March 2017	**(14.4)**	**(317.2)**	**(53.1)**	**(384.7)**
Charge for the year	(2.3)	(99.3)	(10.0)	**(111.6)**
Disposals	–	20.3	0.1	**20.4**
Foreign exchange rate movements	–	0.5	–	**0.5**
At 31 March 2018	**(16.7)**	**(395.7)**	**(63.0)**	**(475.4)**
Charge for the year	(2.6)	(117.1)	(11.8)	**(131.5)**
Disposals	–	96.1	3.1	**99.2**
Foreign exchange rate movements	–	(1.8)	–	**(1.8)**
At 31 March 2019	**(19.3)**	**(418.5)**	**(71.7)**	**(509.5)**
Net book value				
At 31 March 2019	**52.7**	**1,186.5**	**46.5**	**1,285.7**
At 31 March 2018	49.8	995.6	37.6	**1,083.0**

Aircraft, engines and other components cost includes £nil (2018: £46.0m) relating to pre-delivery payments. During the year, interest charges of £0.7m (2018: £2.7m) were capitalised in relation to borrowings in respect of new aircraft arrivals. Depreciation is not charged on these assets until the Group takes delivery of the corresponding aircraft. Aircraft, engines and other components includes aircraft held under finance leases with a net book value of £450.0m (2018: £394.2m).

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17. Inventories

	2019 £m	2018 £m
Consumables	**1.6**	1.8

18. Trade and other receivables

	2019 £m	2018 £m Restated
Current:		
Trade receivables	**78.7**	71.9
Deposits and prepayments	**221.5**	174.6
Other receivables	**19.6**	11.7
	319.8	258.2

Deposits and prepayments include balances totalling £25.4m (2018: £30.6m) recoverable after more than one year.

Ageing analysis of trade receivables

	31 March 2019 £m			31 March 2018 £m Restated		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	**74.3**	**–**	**74.3**	68.1	–	68.1
Up to one month past due	**2.6**	**–**	**2.6**	2.6	–	2.6
Over one month past due	**1.9**	**(0.1)**	**1.8**	1.3	(0.1)	1.2
	78.8	**(0.1)**	**78.7**	72.0	(0.1)	71.9

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

	2019 £m	2018 £m
Free cash	**1,223.8**	708.1
Money market deposits	**50.0**	220.2
Total free cash	**1,273.8**	928.3
Bonds and guarantees	**0.5**	5.0
Merchant acquirer cash	**–**	75.3
Total restricted cash	**0.5**	80.3
Total cash and cash equivalents (including money market deposits)	**1,274.3**	1,008.6

20. Trade and other payables

	2019 £m	2018 £m Restated
Current:		
Trade payables	**64.2**	51.8
Other taxation and social security	**16.3**	13.3
Corporation tax payable	**0.4**	2.5
Other creditors and accruals	**136.1**	92.3
	217.0	159.9

21. Deferred revenue

	Receivables £m	Deferred Revenue £m	Cash from customers £m
Balance at 31 March 2018 – as originally reported	708.6	(1,455.7)	**(747.1)**
Effect of IFRS 15 (Note 31)	–	(30.8)	**(30.8)**
Effect of accrued revenue reclassification (Note 31)	(679.2)	679.2	**–**
Balance at 31 March 2018 – as restated	**29.4**	**(807.3)**	**(777.9)**
Revenue recognised that was included in deferred revenue at the beginning of the year	–	806.0	**806.0**
Increase in receivables	4.6	(4.6)	**–**
Increase in cash received, excluding amounts recognised as revenue in the period	–	(934.0)	**(934.0)**
Balance at 31 March 2019	**34.0**	**(939.9)**	**(905.9)**

Receivables (as restated) 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 18.

The Group's aggregate sales value allocated to the performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2019 was £1,734.5m (2018: £1,486.6m) of which £1,721.9m (2018: £1,474.0m) is expected to be recognised as revenue within one year. The remaining balance will be recognised as revenue between one and two years.

22. Borrowings

Borrowings are repayable as follows:

	Aircraft loans		Obligations under finance leases		Total	
	2019 £m	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Within one year	**32.0**	59.7	**42.4**	28.9	**74.4**	88.6
Between one and two years	**32.9**	24.2	**44.2**	30.8	**77.1**	55.0
Between two and five years	**104.8**	77.9	**142.7**	99.7	**247.5**	177.6
Over five years	**202.3**	185.5	**381.8**	299.9	**584.1**	485.4
Total	**372.0**	347.3	**611.1**	459.3	**983.1**	806.6

23. Provisions and liabilities

	Maintenance		Customer compensation claims		Other		Total	
	2019 £m	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Opening at 1 April	**17.4**	15.8	**24.0**	22.7	**0.3**	0.3	**41.7**	38.8
Provision in the year	**22.3**	16.8	**15.9**	11.1	**0.1**	0.2	**38.3**	28.1
Utilised	**(20.5)**	(15.2)	**(12.3)**	(7.1)	**(0.1)**	(0.2)	**(32.9)**	(22.5)
Released unused	**–**	–	**(0.8)**	(2.7)	**–**	–	**(0.8)**	(2.7)
Closing at 31 March	**19.2**	17.4	**26.8**	24.0	**0.3**	0.3	**46.3**	41.7

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.

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

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24. 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 Leisure Travel business 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 of the Leisure Travel business 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 ('carbon credits') 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.

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 2019, had hedged a substantial proportion of its forecast cash flows in relation to floating rate borrowings for 2019/20 and subsequent years. All hedging has been carried out in line with the Group's hedging policy.

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

24. Financial instruments (continued)

(a) Carrying amount and fair values of financial instruments

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

	31 March 2019			31 March 2018
	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	**1,224.3**	**–**	**1,224.3**	788.4
Money market deposits	**50.0**	**–**	**50.0**	220.2
Trade receivables	**78.7**	**–**	**78.7**	71.9
Derivative financial instruments	**–**	**54.1**	**54.1**	88.0
Total financial assets	**1,353.0**	**54.1**	**1,407.1**	1,168.5
Financial liabilities				
Trade payables	**64.2**	**–**	**64.2**	51.8
Aircraft loans	**372.0**	**–**	**372.0**	347.3
Obligations under finance leases	**611.1**	**–**	**611.1**	459.3
Derivative financial instruments	**–**	**76.5**	**76.5**	48.9
Total financial liabilities	**1,047.3**	**76.5**	**1,123.8**	907.3

The following notes relate to the table above:

- assets categorised as fair value through profit and loss at 31 March 2019 are, by concession, deferred through other comprehensive income as the movements relate to the effective portion of the cashflow hedge;
- fair values at 31 March 2019 are stated net of credit loss allowances. No credit losses were recognised in the years ended 31 March 2019 or 31 March 2018;
- 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, aircraft loans and obligations under finance leases, carrying value, at amortised cost, approximates to fair value;
- the fair value of derivative financial instruments has been measured by reference to the fair value of the instruments, as provided by external counterparties; and
- the adoption of IFRS 9 did not change the carrying value of any of the Group's financial assets or liabilities. The only changes were to the classification of certain financial assets.

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 ('forward points') 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 appropriate balance sheet rates;
- the fair values of carbon forward contracts are calculated by discounting the contracted forward values and translating at 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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24. 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 2019			31 March 2018		
	Asset fair value £m	Liability fair value £m	Cash flow hedging reserve £m	Asset fair value £m	Liability fair value £m	Cash flow hedging reserve £m
US dollar forward contracts	**18.0**	**(3.7)**	**(14.3)**	0.8	(32.3)	31.5
Euro forward contracts	**0.5**	**(56.7)**	**56.2**	7.1	(16.1)	9.0
Aviation fuel swaps	**29.7**	**(9.8)**	**(19.9)**	71.4	–	(71.4)
Carbon forward contracts	**5.4**	**–**	**(5.4)**	6.6	–	(6.6)
Interest rate swaps	**0.5**	**(6.3)**	**5.8**	2.1	(0.5)	(1.6)
Total	**54.1**	**(76.5)**	**22.4**	88.0	(48.9)	(39.1)

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

	31 March 2019	
Hedging instruments and location in Statement of Financial Position	Notional amount £m	Carrying amount £m
Currency forward contracts		
Non-current assets	**151.2**	**1.6**
Current assets	**421.9**	**16.9**
Current liabilities	**1,466.2**	**(47.0)**
Non-current liabilities	**482.1**	**(13.4)**
	2,521.4	**(41.9)**
Aviation fuel swaps		
Non-current assets	**43.9**	**1.7**
Current assets	**194.3**	**28.0**
Current liabilities	**89.0**	**(6.9)**
Non-current liabilities	**51.0**	**(2.9)**
	378.2	**19.9**
Carbon forward contracts		
Non-current assets	**5.8**	**0.7**
Current assets	**11.3**	**4.7**
Current liabilities	**–**	**–**
Non-current liabilities	**–**	**–**
	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	**346.5**	**(5.2)**
	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.

24. Financial instruments (continued)

(b) Movements in fair value of financial instruments:

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

	Cash flow hedges Assets £m	Cash flow hedges Liabilities £m
At 31 March 2017	84.0	(36.8)
Other comprehensive income	4.0	(12.1)
At 31 March 2018	88.0	(48.9)
Other comprehensive income	(33.9)	(27.6)
At 31 March 2019	**54.1**	**(76.5)**

The impact of cash flow hedges on reserves is as follows:

	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 2017	**(28.8)**	**(10.9)**	**0.7**	**0.8**	**(38.2)**
Gains / (losses) taken into reserves	33.0	(74.9)	(6.7)	(2.0)	(50.6)
Transfer to profit and loss for the period	43.2	16.9	(0.7)	(0.7)	58.7
Deferred tax movement	(14.4)	11.0	1.4	0.5	(1.5)
Balance at 31 March 2018	**33.0**	**(57.9)**	**(5.3)**	**(1.4)**	**(31.6)**
Gains / (losses) taken into reserves	34.5	0.7	(4.7)	7.4	37.9
Transfer to profit and loss for the period	(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**

No movements on cash flow hedges were caused by hedge ineffectiveness.

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 cashflow hedging reserve into the profit and loss account.

(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 2019 Total £m**	31 March 2018 Total Restated £m
Financial assets					
Derivative financial instruments	50.0	4.0	0.1	**54.1**	88.0
Liquid assets and receivables	1,353.0	–	–	**1,353.0**	1,080.5
Total financial assets	1,403.0	4.0	0.1	**1,407.1**	1,168.5
Financial liabilities					
Derivative financial instruments	55.0	16.4	5.1	**76.5**	48.9
Trade payables	64.2	–	–	**64.2**	51.8
Aircraft loans	32.0	32.9	307.1	**372.0**	347.3
Obligations under finance leases	42.4	44.2	524.5	**611.1**	459.3
Total financial liabilities	193.6	93.5	836.7	**1,123.8**	907.3

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24. Financial instruments (continued)

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			
At 31 March 2019	Less than one year £m	Between one and two years £m	More than two years £m	**Total £m**
US dollar forward contracts	**561.0**	**189.8**	**–**	**750.8**
Euro forward contracts	**1,327.1**	**443.5**	**–**	**1,770.6**
Aviation fuel swaps	**283.3**	**94.9**	**–**	**378.2**
Carbon forward contracts	**11.3**	**5.8**	**–**	**17.1**
Interest rate swaps	**-**	**–**	**391.9**	**391.9**
	2,182.7	**734.0**	**391.9**	**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 2019 were as follows:

	Amounts utilised		**Committed facilities available**	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Revolving credit facilities [i]	**–**	–	**83.3**	89.3
Aircraft loans [ii]	**372.0**	347.3	**372.0**	347.3
Obligations under finance leases	**611.1**	459.3	**611.1**	459.3
	983.1	806.6	**1,066.4**	895.9

i. In the year ended 31 March 2018, the Group secured a £100.0m committed revolving credit facility plus a £40.0m uncommitted accordion revolving credit facility, both with a termination date of 1 December 2022. Of the £100.0m committed revolving credit facility, £16.7m had been utilised as at 31 March 2019, this utilisation being entirely in relation to letters of credit. Letter of credit facilities in relation to a number of the Group's card processing counterparties, with respect to Leisure Travel advance sales at the reporting date, was US$11.9m (2018: US$45.0m), of which US$nil was drawn down.

ii. Aircraft loans and finance leases provide funding for certain new aircraft additions and pre-delivery payments.

(e) Interest rate risk

Financial assets – money market deposits & cash and cash equivalents:

	31 March 2019			31 March 2018		
	Floating rate financial assets £m	**Financial assets on which no interest is receivable £m**	**Total £m**	Floating rate financial assets £m	Financial assets on which no interest is receivable £m	Total £m
Sterling	**1,054.1**	**48.4**	**1,102.5**	868.6	27.4	896.0
US dollar	**178.4**	**(1.8)**	**176.6**	97.4	1.7	99.1
Euro	**–**	**(5.9)**	**(5.9)**	0.1	12.8	12.9
Other	**0.1**	**1.0**	**1.1**	0.3	0.3	0.6
	1,232.6	**41.7**	**1,274.3**	966.4	42.2	1,008.6

The floating rate financial assets comprise cash on deposit at various market rates according to currency and term. Money market deposits comprise deposits with a maturity of more than three months from placement. 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.

24. Financial instruments (continued)

Financial liabilities – borrowings:

	31 March 2019			31 March 2018		
	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Total £m**	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling	**–**	**404.4**	**404.4**	–	244.9	244.9
US dollar	**121.1**	**457.6**	**578.7**	132.0	429.7	561.7
	121.1	**862.0**	**983.1**	132.0	674.6	806.6

(f) Currency exposure

Financial instruments that are not denominated in the functional currency of the operating unit involved expose the Group to a currency risk. The 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 2018	(40.7)	(38.4)	0.1	(79.0)
31 March 2019	**(52.7)**	**(68.6)**	**0.8**	**(120.5)**

(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 2019		31 March 2018	
	Income statement	**Other comprehensive income**	Income statement	Other comprehensive income
10% increase in aviation fuel prices	**–**	**39.9**	–	33.6
10% weakening in GBP vs USD	**(5.9)**	**85.1**	(3.0)	56.4
10% weakening in GBP vs EUR	**(7.6)**	**190.7**	(2.8)	148.1
1ppt increase in interest rate	**(1.6)**	**0.4**	(1.4)	0.1
10% decrease in aviation fuel prices	**–**	**(39.9)**	–	(33.6)
10% strengthening in GBP vs USD	**4.8**	**(69.6)**	3.7	(46.1)
10% strengthening in GBP vs EUR	**6.2**	**(156.1)**	3.5	(121.1)
1ppt decrease in interest rate	**1.6**	**–**	1.4	(0.1)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

25. Called up share capital and reserves

(a) Share capital

	Number of shares	2019 £m	2018 £m
Allotted, called up and fully paid:			
As at 1 April	148,593,514	**1.9**	1.8
Share options / Deferred Awards exercised	167,905	**–**	0.1
As at 31 March	148,761,419	**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 2019. The total expense recognised for the period arising from share based payments was £0.4m (2018: £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 2019 shares	31 March 2018 shares	Timing of exercise and expiry
SEIP	Various	1.25 p	**214,340**	253,959	63k, 94k and 58k exercisable from 24 Jul 2019, 20 Jul 2020 and 18 Jul 2021 respectively.
Total Unapproved			**214,340**	253,959	
Approved 2005	04 Sep 08	24.75 p	**–**	84,162	
Approved 2005	10 Sep 09	52.50 p	**131,600**	184,900	All exercisable, expiring 10 Sep 19
Approved 2005	16 Dec 09	46.75 p	**7,500**	7,500	All exercisable, expiring 16 Dec 19
Approved 2005	05 Aug 10	67.00 p	**7,500**	11,250	All exercisable, expiring 05 Aug 20
Approved 2005	23 Dec 10	94.50 p	**27,550**	40,300	All exercisable, expiring 23 Dec 20
Approved 2005	04 Aug 11	85.00 p	**33,750**	47,500	All exercisable, expiring 04 Aug 21
Approved 2005	22 Dec 11	63.88 p	**7,500**	18,750	All exercisable, expiring 22 Dec 21
Approved 2005	01 Aug 12	76.38 p	**46,120**	69,509	All exercisable from 01 Aug 18, expiring 01 Aug 22
Total Approved			**261,520**	463,871	
Total			**475,860**	717,830	

Since the reporting date, Deferred Awards were granted under the SEIP. The total number of shares awarded totalled 66,693 and included certain Director awards as detailed in the Remuneration Committee Report. These awards vest on 17 July 2022.

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.

25. Called up share capital and reserves (continued)

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. The number and weighted average exercise prices of share options are as follows:

	2019		2018	
	Number of options / Deferred Awards	Weighted average exercise price Pence	Number of options / Deferred Awards	Weighted average exercise price Pence
Outstanding at 1 April	**717,830**	**38.40**	989,822	48.53
Granted	**58,185**	**1.25**	93,570	1.25
Exercised	**(167,905)**	**25.66**	(341,907)	54.76
Lapsed	**(132,250)**	**44.05**	(23,655)	78.73
Outstanding at 31 March	**475,860**	**36.77**	717,830	38.40
Exercisable at 31 March	**261,520**	**65.89**	394,362	55.63
Estimated weighted average share price at date of exercise		**921.26**		636.56

Options / awards outstanding at 31 March 2019 are in respect of all options / awards issued since 10 September 2009 (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 4.5 years (2018: 4.3 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.

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

26. Commitments

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

	Land and buildings		Aircraft and engines		Plant and machinery	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Less than one year	**5.1**	5.2	**29.1**	20.2	**8.8**	11.2
Between two and five years	**18.3**	19.4	**59.9**	37.8	**13.9**	16.7
Over five years	**20.9**	25.4	**3.2**	1.8	**0.5**	1.7
	44.3	50.0	**92.2**	59.8	**23.2**	29.6

27. Notes to cash flow statement

Changes in net cash	At 31 March 2018 £m	Cash flow £m	Exchange differences £m	Accrued interest £m	At 31 March 2019 £m
Cash at bank and in hand	788.4	430.9	5.0	–	**1,224.3**
Borrowings due within one year	(88.6)	20.3	(2.8)	(3.3)	**(74.4)**
Borrowings due after one year	(718.0)	(151.9)	(38.8)	–	**(908.7)**
Net cash / (debt)	(18.2)	299.3	(36.6)	(3.3)	**241.2**
Money market deposits	220.2	(170.2)	–	–	**50.0**
Net cash and money market deposits	202.0	129.1	(36.6)	(3.3)	**291.2**

Our Financials

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 £15.7m (2018: £11.1m). There were no outstanding or prepaid contributions at either the current or previous year end.

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 47 to 50.

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 2018

	Year ended 31 March 2018 £m As restated	Year ended 31 March 2018 £m IFRS 15 Adjustments	Year ended 31 March 2018 £m As originally reported
Revenue	**2,380.0**	(11.8)	2,391.8
Net operating expenses	**(2,253.8)**	7.4	(2,261.2)
Operating profit	**126.2**	(4.4)	130.6
Finance income	**4.8**	–	4.8
Finance expense	**(21.1)**	–	(21.1)
Net FX revaluation gains	**20.0**	–	20.0
Net financing income	**3.7**	–	3.7
Profit on disposal of property, plant and equipment	**0.3**	–	0.3
Profit before taxation	**130.2**	(4.4)	134.6
Taxation	**(23.1)**	0.8	(23.9)
Profit for the period	**107.1**	(3.6)	110.7
Total comprehensive income for the period	**101.2**	(3.6)	104.8

The impact of IFRS 15 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.

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 Accrued revenue restatement[1] £m	Year ended 31 March 2018 IFRS 15 Adjustments £m	Year ended 31 March 2018 As originally reported £m
Non-current assets				
Goodwill	**6.8**	–	–	6.8
Property, plant and equipment	**1,083.0**	–	–	1,083.0
Derivative financial instruments	**23.7**	–	–	23.7
	1,113.5	–	–	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	**2,446.4**	(679.2)	–	3,125.6
Current liabilities				
Trade and other payables	**159.9**	–	(12.4)	172.3
Deferred revenue	**806.0**	(675.4)	30.8	1,450.6
Borrowings	**88.6**	–	–	88.6
Provisions and liabilities	**41.7**	–	–	41.7
Derivative financial instruments	**40.7**	–	–	40.7
	1,136.9	(675.4)	18.4	1,793.9
Non-current liabilities				
Deferred revenue	**1.3**	(3.8)	–	5.1
Borrowings	**718.0**	–	–	718.0
Derivative financial instruments	**8.2**	–	–	8.2
Deferred taxation	**68.2**	–	(3.3)	71.5
	795.7	(3.8)	(3.3)	802.8
Total liabilities	**1,932.6**	(679.2)	15.1	2,596.7
Net assets	**513.8**	–	(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	**466.9**	–	(15.1)	482.0
Total shareholders' equity	**513.8**	–	(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 practices.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

31. Restatement of prior year financial statements (continued)

Consolidated Statement of Financial Position

at 31 March 2017

	Year ended 31 March 2017 As restated £m	Year ended 31 March 2017 Accrued revenue restatement £m	Year ended 31 March 2017 IFRS 15 Adjustments £m	Year ended 31 March 2017 As originally reported £m
Non-current assets				
Goodwill	**6.8**	–	–	6.8
Property, plant and equipment	**806.5**	–	–	806.5
Derivative financial instruments	**9.3**	–	–	9.3
	822.6	–	–	822.6
Current assets				
Inventories	**1.2**	–	–	1.2
Trade and other receivables	**206.4**	(501.4)	–	707.8
Derivative financial instruments	**74.7**	–	–	74.7
Money market deposits	**200.3**	–	–	200.3
Cash and cash equivalents	**488.7**	–	–	488.7
	971.3	(501.4)	–	1,472.7
Total assets	**1,793.9**	(501.4)	–	2,295.3
Current liabilities				
Trade and other payables	**129.7**	–	(6.6)	136.3
Deferred revenue	**596.6**	(500.3)	20.6	1,076.3
Borrowings	**129.6**	–	–	129.6
Provisions and liabilities	**38.8**	–	–	38.8
Derivative financial instruments	**15.9**	–	–	15.9
	910.6	(500.3)	14.0	1,396.9
Non-current liabilities				
Deferred revenue	**0.6**	(1.1)	–	1.7
Borrowings	**390.9**	–	–	390.9
Derivative financial instruments	**20.9**	–	–	20.9
Deferred taxation	**51.0**	–	(2.5)	53.5
	463.4	(1.1)	(2.5)	467.0
Total liabilities	**1,374.0**	(501.4)	11.5	1,863.9
Net assets	**419.9**	–	(11.5)	431.4
Shareholders' equity				
Share capital	**1.8**	–	–	1.8
Share premium	**12.5**	–	–	12.5
Cash flow hedging reserve	**38.2**	–	–	38.2
Retained earnings	**367.4**	–	(11.5)	378.9
Total shareholders' equity	**419.9**	–	(11.5)	431.4

Parent Company Financial Statements

Parent Company Balance Sheet

at 31 March 2019

	Note	2019 £m	2018 £m
Fixed assets			
Property, plant and equipment	5	**764.2**	605.1
Investments	6	**19.8**	19.6
		784.0	624.7
Current assets			
Debtors – of which falling due > 1 year: £nil (2018: £4.3m)	7	**14.9**	18.4
Money market deposits		**–**	50.0
Cash and cash equivalents		**547.1**	175.5
		562.0	243.9
Current liabilities			
Creditors: amounts falling due within one year	8	**(837.8)**	(513.2)
Net current liabilities		**(275.8)**	(269.3)
Total assets less current liabilities		**508.2**	355.4
Loans falling due after more than one year		**(228.0)**	(174.3)
Finance lease obligations		**(177.6)**	(66.2)
Derivative financial instruments		**(2.5)**	–
Deferred taxation	9	**(44.5)**	(34.2)
Net assets		**55.6**	80.7
Shareholders' equity			
Share capital		**1.9**	1.9
Share premium		**12.8**	12.7
Cash flow hedging reserve		**(2.7)**	–
Profit and loss account		**43.6**	66.1
Total shareholders' equity		**55.6**	80.7

The accounts on pages 96 to 104 were approved by the Board of Directors at a meeting held on 29 July 2019 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 2019

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Profit and loss account £m	**Total shareholders' equity £m**
Balance at 31 March 2017	1.8	12.5	(0.8)	45.7	**59.2**
Total comprehensive income	–	–	0.8	28.0	**28.8**
Share based payments	–	–	–	0.4	**0.4**
Issue of share capital	0.1	0.2	–	–	**0.3**
Dividends paid to shareholders	–	–	–	(8.0)	**(8.0)**
Balance at 31 March 2018	1.9	12.7	–	66.1	**80.7**
Total comprehensive expense	–	–	(2.7)	(9.8)	**(12.5)**
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	**1.9**	**12.8**	**(2.7)**	**43.6**	55.6

Notes to the Parent Company Financial Statements

for the year ended 31 March 2019

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; 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 2022.

For the purpose of assessing the appropriateness of the preparation of the Company's accounts on a going concern basis, the Directors have considered the Group's current cash position, the availability of banking facilities and sensitised forecasts of future trading through to 31 March 2022, including performance against financial covenants, the implications, including those considered remote, of Brexit and an assessment of the principal areas of risk and uncertainty.

Having considered the points above, 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 2019.

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 in terms of historical cost in a foreign currency are held at the exchange rate at the date of the transaction.

2. Significant accounting policies (continued)

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 24-30 years from original build date depending on the type of aircraft. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining extended life.

Aircraft maintenance costs

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

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

The deposit is refundable to ***Jet2.com*** immediately after each maintenance event has been completed by ***Jet2.com***. Consequently, these deposits are classified as "amounts due to Group undertakings" within Creditors: amounts falling due within one year. This arrangement does not constitute a financing transaction and no interest is charged on the deposit balance.

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.

Operating leases

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the time period when economic benefits from the leased assets are consumed.

Finance leases

Finance leases are recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in interest payable.

Cash and cash equivalents

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

Notes to the Parent Company Financial Statements

for the year ended 31 March 2019

2. Significant accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed, as required by IAS 12.

Employee benefits – pension costs

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

New IFRS and amendments to IAS and interpretations

In the current year, the International Accounting Standard Board ("IASB") issued a number of amendments to IFRSs which were mandatorily effective for an accounting period that begins on or after 01 January 2018. These included IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, as explained in Note 4 to the Consolidated Financial Statements.

There is no impact on the Company's net assets or loss for the period on transition to IFRS 9 and IFRS 15.

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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates, made by the Directors in the application of the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification of operating and finance leases

The classification of leases as either operating or finance leases is determined by the extent to which the risks and rewards incidental to ownership of a leased asset lie with the Group or the lessor.

Management consider several factors in their judgement of classification, such as whether the lease term is for a major part of the economic life of the asset and whether, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Where these criteria are met, the lease will be classified as a finance lease, with all other leases being classified as operating leases.

Further details of the Company's leases at 31 March 2019 can be found in Note 5.

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 significant 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 2019 of £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 2019 of £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 5.

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. The combined carrying value of the Company's aircraft, engines and other components was £759.9m (2018: £601.7m). There was no indication of impairment during the year and therefore no impairment losses were recorded. Further details on the net book value of the Company's aircraft, engines and other components at 31 March 2019 can be found in Note 5.

4. Profit for the year

The Company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has elected to not publish its own profit and loss account for the year. Of the Group's profit on ordinary activities after taxation for the year, a loss of £9.8m (2018: profit £28.0m) is dealt with in the accounts of the Company.

5. Property, plant and equipment

	Land & buildings £m	Aircraft, engines and other components £m	Plant, vehicles & equipment £m	**Total fixed assets £m**
Cost				
At 31 March 2018	3.3	773.6	9.6	**786.5**
Additions	–	202.7	2.2	**204.9**
Disposals	–	(48.4)	–	**(48.4)**
At 31 March 2019	3.3	927.9	11.8	**943.0**
Depreciation				
At 31 March 2018	(1.2)	(171.9)	(8.3)	**(181.4)**
Charge for the year	(0.1)	(34.1)	(1.2)	**(35.4)**
Disposals	–	38.0	–	**38.0**
At 31 March 2019	(1.3)	(168.0)	(9.5)	**(178.8)**
Net book value				
At 31 March 2019	2.0	759.9	2.3	**764.2**
At 31 March 2018	2.1	601.7	1.3	**605.1**

Aircraft, engines and other components cost includes £nil (2018: £46.0m) relating to pre-delivery payments. During the year, interest charges of £0.7m (2018: £2.7m) were capitalised in relation to borrowing in respect of new aircraft arrivals; of these capitalised interest charges £nil (2018: £1.5m) related to aircraft subsequently transferred to Group undertakings. Depreciation is not charged on these assets until the Group takes delivery of the corresponding aircraft.

Aircraft, engines and other components includes aircraft held under finance leases with a net book value of £95.2m (2018: £47.3m).

6. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 31 March 2018	**19.6**
Share options	**0.2**
At 31 March 2019	**19.8**

Notes to the Parent Company Financial Statements

for the year ended 31 March 2019

6. Investments (continued)

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 and 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 undertakings:		
Coolchain Limited*	Dormant company	United Kingdom
FW Distribution Limited*	Dormant company	United Kingdom
Fowler Welch BV**	Dormant company	Netherlands
Jet2 Limited*	Dormant company	United Kingdom

* Indicates investments held directly by Dart Group plc as at 31 March 2019.

** Fowler Welch BV was struck off on 17 January 2019.

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 except for Coolchain Limited, which has both ordinary and preference shares in issue.

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

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 107:

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

Fowler Welch BV
West Marsh Road
Spalding
Lincolnshire
PE11 2BB
UK

On 26 March 2019 applications for strike-off were submitted for Coolchain Limited and FW Distribution Limited. Following the year end, final gazettes have been issued and these companies have been successfully dissolved.

On 19 January 2019, Jet2 Support Services (Malta) Ltd was incorporated and domiciled in Malta.

On 30 January 2019, Fowler Welch (Containers) Limited changed its name to Fowler Welch (Felixstowe) Limited.

7. Debtors

	2019 £m	2018 £m
Other debtors and prepayments	**7.6**	6.9
Corporation tax recoverable	**7.3**	6.6
Amounts owed by Group undertakings – £nil due >1 year (2018: £4.3m)	**–**	4.9
	14.9	18.4

8. Creditors: amounts falling due within one year

	2019 £m	2018 £m
Bank overdraft	**0.2**	50.4
Trade creditors	**0.3**	0.8
Amounts owed to Group undertakings	**793.6**	399.4
Other creditors and accruals	**7.8**	6.7
Loans	**22.2**	51.0
Finance lease obligations	**12.9**	4.9
Derivative financial instruments	**0.8**	–
	837.8	513.2

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £184.3m (2018: £160.0m).

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

9. Deferred taxation

	2019 £m	2018 £m
Deferred taxation arising from:		
Opening balance	**34.2**	28.5
Charge to income	**10.9**	15.9
Movement on transfer of fixed assets	**–**	(10.4)
Credit to equity	**(0.6)**	0.2
Deferred tax liability at end of year	**44.5**	34.2
Deferred taxation breakdown:		
Accelerated Capital Allowances	**44.5**	34.2

There are no unrecognised deferred taxation balances at 31 March 2019 (2018: £nil).

Notes to the Parent Company Financial Statements

for the year ended 31 March 2019

10. Directors and employees

	2019 £m	2018 £m
Wages and salaries	**2.4**	2.1
Social security costs	**0.5**	0.4
Other pension costs	**0.1**	0.1
Share based payments	**0.3**	0.2
	3.3	2.8

On average, the Company had five employees during the year ended 31 March 2019 (2018: 4). Details of Directors' emoluments are set out in the on Remuneration Committee Report on pages 47 to 50.

	2019	2018
Details of Directors' remuneration:		
Highest paid Director	**£1.2m**	£1.0m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options / deferred awards	**2**	2

11. Share based payments

Details of share based payment schemes operated by the Group are disclosed in Note 25 to the consolidated financial statements. Amounts charged in the Company accounts for the year were £0.3m (2018: £0.2m).

12. 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.

13. Related party transactions

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

14. Other information

Disclosure notes relating to Auditor's remuneration, called up share capital and reserves are included within the Consolidated Financial Statements of the Group in Notes 8 and 25 respectively.

Supplementary Information

Glossary of Terms

Ambient	Non-temperature-controlled distribution.
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.
Capacity	See Sector Seats Available below.
CAGR	Compound annual growth rate.
CODM	Chief operating decision maker.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Load Factor	The percentage relationship of Passenger Sectors Flown to Sector Seats Available.
Miles per Gallon	Average number of miles driven for every gallon of fuel consumed.
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 International 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	5 September 2019
Proposed final dividend payment	25 October 2019
Results for the six months to 30 September 2019	21 November 2019
Results for the twelve months to 31 March 2020	July 2020

DART GROUP PLC

DART GROUP PLC

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Fowler Welch

Listening... Responding... Delivering

Straight from the farm

Fowler Welch's strategically located depots support key growing areas in Lincolnshire, Kent and the South Coast

Pick and distribute

Our temperature controlled distribution centres store, pick and distribute a variety of products, from meat to cheese and vegetarian alternatives

Salad Saviours

Our distribution centres consolidate numerous salad products, including a huge amount of home grown and imported tomatoes

Getting your 5 a day

Our joint venture, ISS, based at our Teynham distribution centre, offers a host of ripening and packing services for a variety of fruits

Champions of variety

The array of products stored and distributed from our ambient facility in Heywood range from long-life sauces to extremely short-shelf-life bread and bakery products

Direct delivery

In addition to national distribution to retailer and wholesaler distribution centres, our sites in Washington and Newton Abbot take care of that last journey with dedicated deliveries direct to store