Annual Report 2014

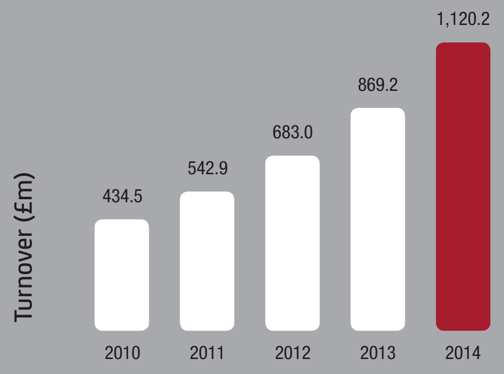
DART GROUP PLC

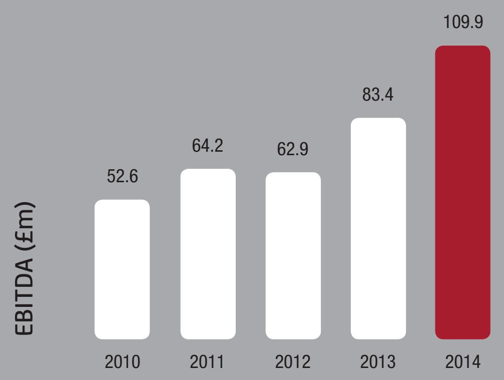
About us

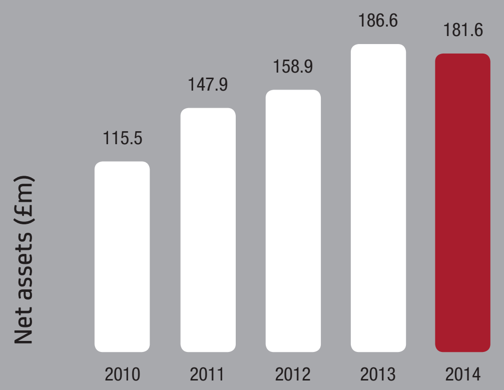
Dart Group PLC ("the Group") is a Leisure Airline, Package Holidays and Distribution & Logistics group specialising in:

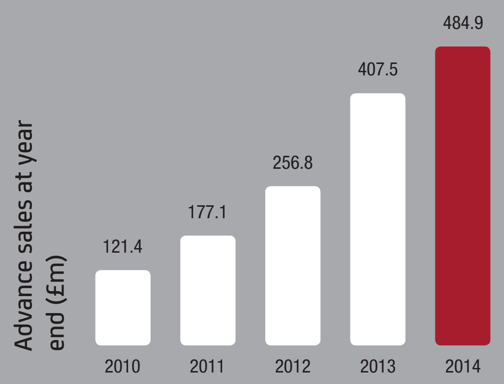
- the operation of scheduled leisure flights by ***Jet2.com*** to the Mediterranean, the Canary Islands and to European Leisure Cities;
- the provision of ATOL protected package holidays by its tour operator ***Jet2holidays***; and
- the distribution, by **Fowler Welch**, of fresh produce, and temperature-controlled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

Highlights









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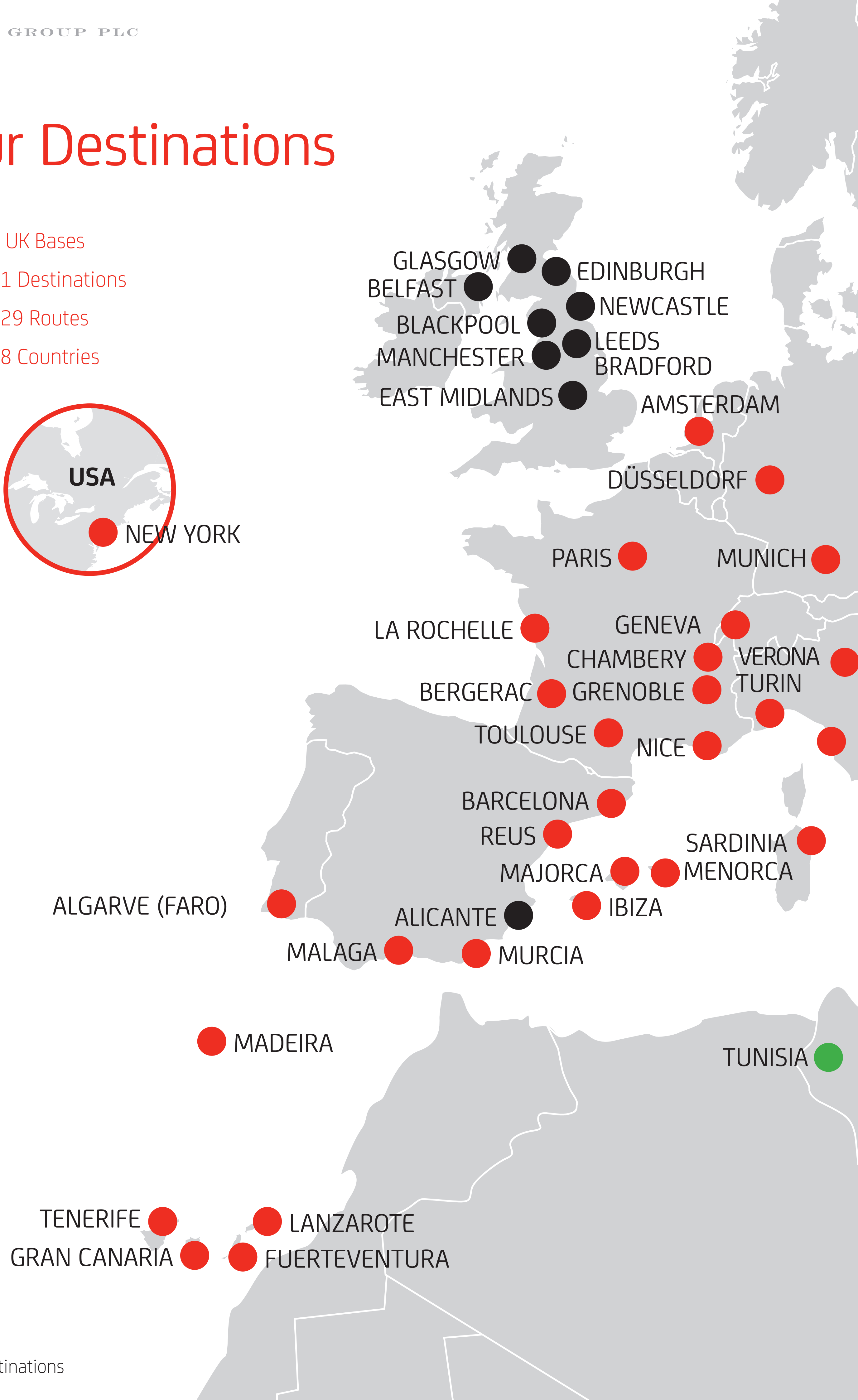
Our Destinations

- 8 UK Bases
- 51 Destinations
- 229 Routes
- 18 Countries




BASES
DESTINATIONS
JET2HOLIDAYS ONLY
NEW FOR 2015
KRAKOW
PRAGUE
VIENNA
BUDAPEST
SALZBURG
SLOVENIA
VENICE
PULA
SPLIT
PISA
DUBROVNIK
MONTENEGRO
ROME
CORFU
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KOS
RHODES
DALAMAN
ANTALYA
LARNACA
PAPHOS
CRETE
MALTA

Chairman's Statement

It gives me great pleasure to report that the Group delivered a strong trading performance in the year ended 31 March 2014. Operating profit increased by 30% to £49.2m (2013: £37.9m) and pre-tax profit by 4% to £42.1m (2013: £40.5m). Growth in earnings per share was 14% to 24.68p (2013: 21.73p).

We have a progressive dividend policy and in consideration of the Group's improved trading performance and liquidity, the Board is recommending a final dividend of 2.14p per share (2013: 1.33p) bringing the total proposed dividend to 2.74p per share for the year to 31 March 2014 (2013: 1.87p), an increase of 47%. The final dividend, which is subject to shareholder approval at the Company's Annual General Meeting on 4 September 2014, will be payable on 17 October 2014 to shareholders on the register at the close of business on 12 September 2014.

The performance in the year reflects the continuing success of the Group's Leisure Travel businesses.

Jet2holidays, the Group's package holiday business, almost doubled the number of customers enjoying its great value holidays to 830,019 (2013: 417,390). This growth is a reflection of the successful development of the ***Jet2holidays*** product, which offers packages encompassing flights, transfers and accommodation ranging from budget self-catering, to five-star luxury hotels. As a result, ***Jet2holidays***' operating profit increased by 122% to £14.4m (2013: £6.5m) as turnover increased 103% to £496.2m (2013: £244.8m).

Turnover in ***Jet2.com***, the Group's Leisure Airline, increased by 16% to £643.1m (2013: £556.2m) as demand for seats, supported by ***Jet2holidays***, resulted in another year of improved load factors and increased net ticket yields. Though operating profit increased by 17% to £31.2m (2013: £26.7m), profit before tax reduced to £23.9m (2013: £29.3m) due to adjustments associated with the revaluation of US dollar cash balances and certain ineffective hedges. The US dollar balance surplus represents the decision taken earlier this year to deliver summer 2014 airline capacity growth by leasing, rather than the original intention of buying, Boeing 737-800 aircraft. Certain hedges were deemed to be ineffective for the purposes of cash flow hedge accounting due to a disparity between the monthly phasing of those transactions and the underlying 2014/15 US dollar and euro requirement being hedged.

Our important and long-established Distribution & Logistics business, **Fowler Welch**, achieved a profit before tax of £3.3m (2013: £4.4m). This result was attained despite an inconsistent first half to the year when the business was adversely affected by an unexpectedly varied profile of seasonal volumes required by its supermarket customers during late July, August and September, requiring extra resource to uphold service levels.

Net cash flow from operating activities amounted to £130.8m (2013: £150.3m). The Group continues to invest to ensure that it maintains

Our Flight Simulator Centre

its growth trajectory. Capital expenditure during the year was £83.5m (2013: £79.7m), and principally related to long-term maintenance spend on aircraft and engines, the acquisition of two Boeing 737-300 aircraft for summer 2013 capacity growth, and investment in our new flight crew training centre, incorporating three flight simulators.

As at 31 March 2014, the Group's cash balances, including money market deposits, had grown by £42.8m (2013: £68.9m) to £263.7m (2013: £220.9m), which included £286m (2013: £253m) of advance payments from customers in respect of their future flights and holidays.

£140.7m (2013: £145.8m) of the Group's cash and money market deposits is restricted by its merchant acquirers, as collateral against a proportion of forward bookings paid for by credit or debit card, until the respective customers have travelled.

Leisure Travel – Leisure Airline & Package Holidays

Good progress has been made in our Leisure Travel businesses over the year. We added 32 new routes connecting our Northern UK bases with our holiday destinations, primarily popular Mediterranean and Canary Island resorts and great Leisure Cities.

Of our 2.8 million departing customers, over 830,000 purchased a ***Jet2holidays*** package, making us the third largest CAA licensed, ATOL bonded holiday company in the UK. The all-inclusive package holiday represents great and dependable value, and is a long-established and popular product, with special attraction for customers on a tight budget in these difficult economic times.

Our low deposit, 22kg baggage allowance and family friendly flight times all contribute to the attraction of our package holidays product. And we ensure that we deliver a holiday that our customers can both look forward to and remember with pleasure - the flights with ***Jet2.com***, carefully organised coach transfers, attractive hotels with good facilities, and friendly representatives in resort.

During the summer of 2013, ***Jet2.com*** operated 53 aircraft from its eight Northern UK bases and achieved an improved load factor of 91%. The fleet has grown to 55 for summer 2014 with the addition of 5 leased Boeing 737-800s and a reduction in the number of short-term chartered aircraft. We will continue to increase our fleet conservatively and in line with the healthy demand for our products.

Whilst price is certainly a crucial factor in the choice of a package holiday or holiday flight, the all round product is what is anticipated and remembered. We believe our focus on our product is second to none and that we have a great future in this attractive business.

To support our growth and the infrastructure needed to deliver our package holidays we entered into a lease, in March 2013, for 72,000 square feet of high grade office space, near the centre of Leeds, to house our commercial and administrative teams together with our large call centre. Our operational teams remain at Leeds Bradford International Airport – close to the action and to the customer.

In September 2013 we purchased premises in nearby Bradford to develop a flight simulator centre for pilot and cabin crew training. Hitherto, we have used third party providers for the simulator training which pilots have to undertake prior to flying an aircraft type and biannually thereafter. This has been a £9.2 million investment which will ensure high professional standards for our nearly 600 pilots. Pilot training commenced at the centre in May 2014. At the same time, we have expanded our pilot and engineering apprentice schemes – taking 30 apprentices yearly – a great investment in the future of ***Jet2.com***.

In January 2014 we were pleased to renew our agreement with Royal Mail for the operation of six night mail flights, every weekday, from our operational bases. We utilise our Boeing 737-300 QC ("Quick Change") aircraft which are converted from passenger to freighter configuration in less than 40 minutes. They then fly UK domestic freight services to enable Royal Mail to achieve their next day delivery targets.

There has been considerable interest in an appeal hearing before the Court of Appeal relating to a claim for compensation, made by Mr Ronald Huzar, under EU Regulation 261 in respect of a ***Jet2.com*** flight which was delayed due to a technical defect. In line with guidance

Chairman's Statement

Our Spalding, Lincs. Distribution Centre

published by the UK Civil Aviation Authority and other European National Enforcement Bodies, ***Jet2.com*** maintained that the technical defect was an "extraordinary circumstance" which relieved it of the obligation to pay compensation. In a judgment given on 11 June 2014, the Court of Appeal held that the technical defect was not an extraordinary circumstance and that compensation is payable. ***Jet2.com*** is not leaving the matter there and is seeking ultimate resolution by appealing to the Supreme Court, which may involve, instead or in addition, reference to the Court of Justice of the European Union.

Mr Huzar and his family were delayed on return from their holiday near Malaga in Spain, in October 2011. A replacement aircraft was positioned to Malaga to ensure our customers returned home as soon as possible. During the delay, ***Jet2.com*** fully met its duty of care obligations, providing food and hotel accommodation to all customers on the effected flight.

Distribution & Logistics

Our distribution business **Fowler Welch** is a leading provider of supply chain logistics, particularly temperature controlled, to retailers and their suppliers, growers, importers and manufacturers.

The Company operates from nine UK distribution sites, with major operations in the key produce growing and importing areas of Spalding in Lincolnshire, Teynham in Kent and Hilsea near Portsmouth. **Fowler Welch** also operates a 500,000 square foot ambient (non-temperature controlled) consolidation and distribution centre near Bury, Greater Manchester.

The Company's mission is to ensure that by close co-operation with its supermarket customers and their suppliers, the retailer's shelves are continually supplied with fast moving produce and prepared foods, whatever the levels of variability in demand. These levels often vary considerably on a daily basis and may be influenced by many factors, including sporting and social events, such as the World Cup, public holidays and weather suitable for BBQs !

There is a wealth of experience and expertise within **Fowler Welch** that ensures the mission is achieved and this has been recognised by its customers, including recently, when it was awarded "*Carrier of The Year*" by Asda for the third year in succession.

During the past year there has been significant growth in the Company's sales pipeline with revenues progressively coming on-stream during the current financial year.

While existing business is being vigorously developed we are particularly pleased to announce that **Fowler Welch** has recently entered into a Memorandum of Understanding for a joint venture to

Our ***Jet2.com*** cabin

store, ripen and pack stone-fruit, and exotic and organic fruits, at its Teynham facility. Our partner in this venture is a leading supplier of fruit, from the UK and around the world, to the multiple retailers.

Following processing and packing, the fruit will be delivered to **Fowler Welch**'s customers through its distribution network.

The overall effect is to widen the scope of our business in Kent. In anticipation of the growth potential at Teynham, which is close to the port of Dover and the Channel Tunnel freight terminal, and therefore situated not only in Kent, "The Garden of England", but on a main artery for imported fruits and produce to the UK, **Fowler Welch** has obtained planning permission for the substantial development and expansion of the site, which is anticipated to take place in the coming year.

We are pleased that the many business initiatives laid in place by the vigorous management of the Distribution Division are now coming to fruition. Given these developments we believe there is a bright, interesting and profitable future ahead.

Outlook

(as stated in our preliminary announcement dated 26 June 2014)

Taking people on holiday, whether through the sale of a flight or a full holiday package, and the distribution of produce and prepared foods sold by supermarkets, are much-needed, high-potential businesses. Our scale, experience and competitiveness in each sector gives us optimism in our outlook for the long-term growth of the Group.

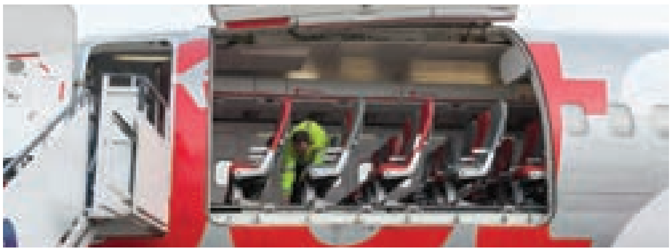
In relation to the current financial year, we are finding demand for leisure travel, this summer, to the markets we serve, less buoyant than we would have hoped for and market pricing weak. This may be due to the weather, the World Cup, or because the financial recovery hasn't yet taken hold in our home territory, the North of the UK.

Unfortunately, therefore, in view of the current visibility we have of our remaining summer 2014 forward bookings, we now expect the current year operating profit outturn to be lower than previous market expectations.

Philip Meeson
Chairman
22 July 2014

Business & Financial Review: Group Financial Performance

Passenger seats off; Royal Mail containers on.
Our Boeing 737 Quick Change



The Group currently comprises three operating businesses, Leisure Airline, Package Holidays and Distribution & Logistics. The Leisure Airline and Package Holidays operations are working progressively closer together to provide a range of Leisure Travel services to our Northern UK customer base.

Group financial performance 2013/14

The Group's financial performance for the year to 31 March 2014 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU, which were effective at 31 March 2014.

Summary income statement	2014 £m	2013 £m	Change
Turnover	1,120.2	869.2	29%
Net operating expenses	(1,071.0)	(831.3)	29%
Operating profit	**49.2**	37.9	30%
Net financing income	–	0.6	–
Revaluation of derivative hedges	(3.3)	2.0	(265%)
Revaluation of foreign currency balances	(3.8)	–	–
Group profit before tax	**42.1**	40.5	4%
Net financing income & Revaluations	7.1	(2.6)	373%
Depreciation	60.7	45.5	33%
EBITDA	**109.9**	83.4	32%
Operating profit margin	4.4%	4.4%	- ppt
Group profit before tax margin	3.8%	4.7%	(0.9)ppt
EBITDA margin	9.8%	9.6%	0.2ppt

The Group's turnover increased 29% from the prior year to £1,120.2m (2013: £869.2m), driven by higher Package Holidays volumes and increased yields in both our Leisure Airline and Package Holidays businesses.

Continued focus on revenue, operational efficiencies and careful investment resulted in operating profit growth of 30% to £49.2m (2013: £37.9m). The year on year improvement is analysed by segment below:

Segmental operating profit movement	£m
2013 operating profit	**37.9**
Leisure Airline	+4.5
Package Holidays	+7.9
Distribution & Logistics	(1.1)
2014 operating profit	**49.2**

Net financing costs of £7.1m comprised £3.3m in relation to mark to market adjustments taken on certain ineffective derivative hedges and £3.8m relating to the revaluation of US dollar currency balances held at year end. The surplus US dollar balances represent the decision taken earlier this year to deliver summer 2014 airline capacity growth by leasing, rather than the original intention of buying, Boeing 737-800 aircraft. Certain hedges were deemed to be ineffective for the purposes of cash flow hedge accounting due to a disparity between the monthly phasing of those transactions and the underlying 2014/15 US dollar and euro requirement being hedged. The Group's statutory profit before tax increased by 4% to £42.1m (2013: £40.5m).

EBITDA increased by 32% to £109.9m (2013: £83.4m), which was slightly higher than operating profit growth.

The Group's effective tax rate of 15% (2013: 23%) was lower than the headline rate of corporation tax of 23% as a consequence of legislation enacted in the year. This legislation reduces the UK corporation tax rate to 20% from 1 April 2015, resulting in a reduction of the Group's deferred tax liability.

Basic earnings per share increased by 13.6% to 24.68p (2013: 21.73p), as profit after taxation increased 15% from £31.2m to £35.9m.

After taking into consideration the liquidity in the business at the end of the financial year, the Board is recommending a final dividend of 2.14p per share (2013: 1.33p). On 22 November 2013 the Board declared an interim dividend of 0.60p per share (2013: 0.54p), equating to a full year dividend of 2.74p per share (2013: 1.87p).

Summary cash flow	2014 £m	2013 £m	Change
EBITDA	109.9	83.4	32%
Other P&L adjustments	0.4	0.4	–
Movements in working capital	26.6	71.5	(63%)
Interest & taxes	(6.1)	(5.0)	(22%)
Net cash generated from operating activities	130.8	150.3	(13%)
Investing activities[a]	(83.5)	(79.7)	(5%)
Other items	(4.5)	(1.7)	(165%)
Increase in net cash/money market deposits	42.8	68.9	(38%)

Net cash generated from operating activities was £130.8m (2013: £150.3m). Capital expenditure increased from £79.7m to £83.5m, principally the result of increased expenditure on the long term maintenance of aircraft. The airline also purchased two Boeing 737-300s for summer 2013 and invested in its own flight crew training centre, including three flight simulators. The Group's capital expenditure as a % of EBITDA reduced to 76% (2013: 96%).

The Group generated net cash inflows[b] of £42.8m in the year (2013: £68.9m), resulting in a year end cash position, including money market deposits, of £263.7m (2013: £220.9m). Total cash received from ***Jet2holidays*** and ***Jet2.com*** customers in advance of their trips, amounted to £286m (2013: £253m) at that time.

The year end cash position included £140.7m (2013: £145.8m) considered restricted by the Group's merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card. These balances become unrestricted once our respective customers have travelled.

The Group is required by the UK Civil Aviation Authority to maintain certain levels of "available liquidity", which is defined as free cash plus available undrawn facilities.

The Group refinanced its bank facilities in early July 2013 with funding lines incorporating a £50.0m revolving credit facility committed until the end of August 2017 and a £10.0m bank loan facility maturing at the end of August 2017. Further details are provided in note 22(d).

Summary balance sheet	2014 £m	2013 £m	Change
Non-current assets	298.8	276.9	8%
Net current assets[c]	145.2	150.7	(4%)
Deferred revenue	(484.9)	(407.5)	(19%)
Other liabilities	(41.2)	(54.4)	24%
Cash and money market deposits	263.7	220.9	19%
Shareholders' equity	181.6	186.6	(3%)

Net assets reduced by £5.0m due to profit after tax of £35.9m (2013: £31.2m) being negated by adverse movements in the cash flow hedging reserve, as a result of mark to market movements on US dollar and jet fuel forward contracts.

Note (a): Increase in money market deposits of £22.5m (2013: £47m reduction) is presented as cash.
Note (b): Cash flows are reported including the movement of money market deposits (cash deposits with maturity of more than three months from point of acquisition) to give readers an understanding of total cash generation. The Consolidated Cash Flow Statement reports net cash flow excluding these movements.
Note (c): Stated excluding cash and cash equivalents, money market deposits and deferred revenue.

Business & Financial Review: Leisure Airline

Jet2.com

Leisure Travel – Leisure Airline

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

Total Leisure Airline turnover, including sales of seats to ***Jet2holidays***, increased by 16% to £643.1m (2013: £556.2m). A 14% capacity increase, targeted at high volume Mediterranean and Canary Island leisure destination routes, resulted in a 16% increase in flown passenger sectors to 5.61 million (2013: 4.84 million). Careful capacity management and a growing mix of "Far Sun" flying yielded a 5% increase in net ticket price per passenger to £78.39 (2013: £74.66) and an improved load factor of 91% (2013: 90%). This load factor improvement was in part underpinned by the sale of seats to ***Jet2holidays*** which represented 30% (2013: 17%) of the airline's total seat sales in the year.

Retail revenue (non-ticket revenue) grew to £32.14 per passenger (2013: £30.96), a result of continued focus on pre-departure (primarily hold bags and advanced seat assignment), in-flight (pre-ordered meals, drinks, snacks and perfumes) and ancillary product (car hire and travel insurance) sales. Retail revenue performance continues to be optimised through our customer contact programme and dynamic pricing, ensuring that customers are offered the best products and value for their particular needs.

Although operating expenses grew by 16%, this increase was predominantly activity-related. Operating profit increased by 17% to £31.2m (2013: £26.7m).

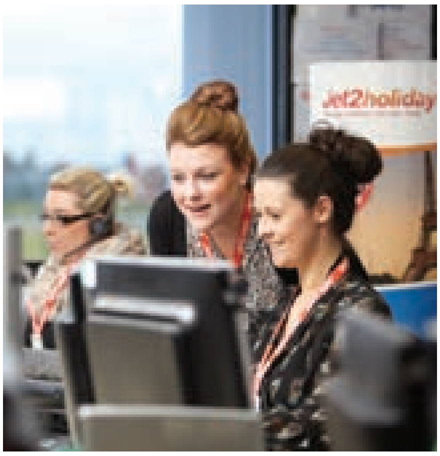
During the year, ***Jet2.com*** expanded its route network, operating a total of 205 routes (2013: 173). ***Jet2.com*** has further increased seat capacity by 13% for summer 2014. The airline will fly 229 routes to 51 destinations in 2014/15.

The delivery of great customer service is at the heart of ***Jet2.com*** brand values. To ensure that every employee understands this ethos, a company-wide employee engagement programme called 'Take Me There' is delivered, ensuring every colleague in the business has received training on the importance of delivering customer service excellence at every point in our customers' journey.

Leisure Airline	2014 £m	2013 £m	Change
Turnover	643.1	556.2	16%
Operating expenses	(611.9)	(529.5)	(16%)
Operating profit	**31.2**	26.7	17%
Net financing (costs)/income	(0.2)	0.6	(133%)
Revaluation of derivative hedges	(3.3)	2.0	(265%)
Revaluation of foreign currency balances	(3.8)	–	–
Profit before tax	**23.9**	29.3	(18%)
Net financing costs/(income) and Revaluations	7.3	(2.6)	381%
Depreciation	58.4	43.1	35%
Leisure Airline EBITDA	**89.6**	69.8	28%
Operating profit margin	4.9%	4.8%	0.1ppt
Profit before tax margin	3.7%	5.3%	(1.6ppts)
EBITDA margin	13.9%	12.5%	1.4ppts

KPIs	2014	2013	Change
Owned aircraft at 31 March	44	42	5%
Aircraft on operating leases at 31 March	6	4	50%
Number of routes	205	173	18%
Seats available (capacity)	6.16m	5.38m	14%
Flown passenger sectors	5.61m	4.84m	16%
Load factor	91.0%	90.0%	1ppt
Net ticket yield per passenger (excl. taxes)	£78.39	£74.66	5%
Retail revenue per passenger	£32.14	£30.96	4%
Average hedged price of fuel (US$ per tonne)	$961	$979	2%
Percentage of estimated annual fuel requirement hedged for the next financial year	99%	99%	–
Advance sales made at year end date	£172.8m	£176.0m	(2%)

Business & Financial Review: Package Holidays



Jet2holidays

Leisure Travel – Package Holidays

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

The business has once again doubled its customer numbers and, as a result, turnover increased 103% to £496.2m (2013: £244.8m) as 830,019 customers enjoyed a great value package holiday in the year (2013: 417,390).

The focus on high volume, leisure destinations and in particular "Far Sun" destinations such as those in the Canary Islands and the Eastern Mediterranean, has improved gross margin per holiday. This improvement is also in part a reflection of the continued development of the ***Jet2holidays*** product which offers packages encompassing flights, transfers and accommodation, ranging from budget self-catering, to five-star luxury hotels, with all-inclusive and three and four-star packages being particularly popular.

The increasing scale of the business has enabled operating profits to increase by 122% to £14.4m (2013: £6.5m).

Approximately 50% of ***Jet2holidays*** are sold over the Internet, 20% from the business's UK-based call centre, and the balance via high street and online travel agents. Sales through the travel agents remain an important channel and ***Jet2holidays*** can be booked through all major travel agent chains, key multiples, homeworker companies and independents in the North of the UK, each being proactively supported and nurtured.

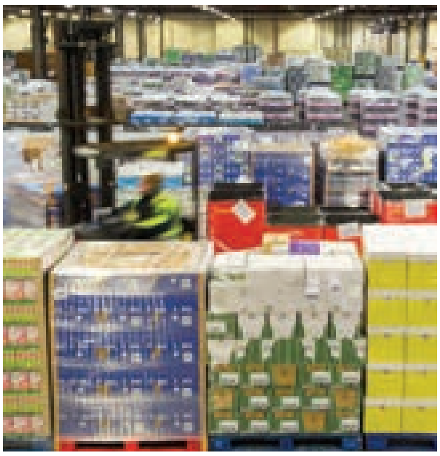
The award-winning ***Jet2holidays.com*** website and our new and developing ***Jet2holidays*** mobile applications are continuously tailored to improve the quality of both the customer and the travel agents' booking experience. Website visits are considerably higher than the previous year and conversion rates remain strong. During the year we also moved our ***Jet2.com*** call centre back into the UK from South Africa, consolidating it into our ***Jet2holidays*** call centre in our new offices in Leeds, enabling a consistent customer experience between the ***Jet2.com*** and ***Jet2holidays*** brands.

Looking forward to the year ending 31 March 2015, the business will continue to build brand and product awareness in its core markets, underpinned by strong and creative marketing and its focus on excellent customer service. Investment in TV advertising, intelligent use of social media and other online channels of communication, in addition to cross-selling between ***Jet2holidays*** and ***Jet2.com***, will attract new customers and, importantly, encourage valuable repeat business.

Package Holidays	2014 £m	2013 £m	Change
Turnover	496.2	244.8	103%
Operating expenses	(481.8)	(238.3)	(102%)
Operating profit	14.4	6.5	122%
Net financing income	0.5	0.3	67%
Profit before tax	14.9	6.8	119%
Net financing income	(0.5)	(0.3)	(67%)
Depreciation	0.2	0.3	(33%)
Package Holidays EBITDA	14.6	6.8	115%
Operating profit margin	2.9%	2.7%	0.2ppt
Profit before tax margin	3.0%	2.8%	0.2ppt
EBITDA margin	2.9%	2.8%	0.1ppt

KPIs	2014	2013	Change
Customers	830,019	417,390	99%
Advance sales made at year end date	£312.1m	£231.5m	35%

Business & Financial Review: Distribution & Logistics



Distribution & Logistics

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

Revenues reduced in the year by 1.3% to £153.2m (2013: £155.2m) primarily as a result of the decision to close our European operating base in Holland plus a small regional support hub. The business was also adversely affected by an unexpectedly varied profile of seasonal volumes required by its supermarket customers during late July, August and September, which required extra resource to uphold service levels. These factors, together with investment made in people and infrastructure to support future growth, meant that operating profits reduced 23% to £3.6m (2013: £4.7m) which included a £0.4m charge for closure costs.

Fowler Welch is bringing its vast experience of short distribution lead times gained from its chill and produce operations to the ambient (non temperature controlled) sector, with revenues up by over 4% year-on-year at Heywood, its ambient shared user storage and distribution site near Bury, Greater Manchester. New revenues have been secured from a growing customer base and further contracts secured for implementation in the 2014/15 financial year. This operation is now fully established, a fact underlined by the operational team being awarded "Primary Carrier of the Year" by Asda for the third consecutive year.

Spalding, our key distribution centre in the major growing region of Lincolnshire, grew revenues by 2.5% year-on-year. Further growth in the current financial year will stem from new substantial contracted volumes, including a recently secured long term commitment from Tulip, a Danish-owned food producer employing around 8,000 people in the UK. This contract provides a specialist distribution service for hanging meat, supplying processing plants across the UK.

Our recently expanded and refurbished Hilsea depot, which is well located near to Portsmouth International Port, has seen customers take advantage of its full range of warehousing, consolidation and distribution services. Further consolidation and distribution opportunities are being targeted for the year ahead.

Mid-way through the year, new business was introduced at the Company's Desborough operation in Northamptonshire, balancing flows and increasing two-way vehicle utilisation. Further opportunities to increase the efficiency of the **Fowler Welch** distribution network are being identified as we gain enhanced operational visibility through Enterprise, our new distribution, planning and transport operating system.

Fowler Welch's Kent operations, at its Teynham and Paddock Wood distribution centres, sit in the heart of that county's fruit growing areas and also provide distribution services for fruit and produce imported from across the English Channel. **Fowler Welch** has recently entered into a Memorandum of Understanding for a joint venture to store, ripen and pack stone-fruit, and exotic and organic fruits at Teynham. These services will be performed using the latest technology and market-leading grading, sorting and packing equipment to ensure the highest standards are achieved for the joint venture's customers. The packed product will then be delivered to customers through the Company's distribution system.

In view of the planned expansion of activities at Teynham, planning permission has been obtained to extend the distribution centre. This investment will be progressed in line with actual growth of the volumes at the site.

Though the marketplace remains extremely competitive and price-focused, the outlook for **Fowler Welch** is encouraging. A well positioned national network of sites, focus on its core activities of added value services, a new joint venture and **Fowler Welch**'s growing reputation in the ambient arena will continue to support the development of a strong revenue pipeline.

Distribution & Logistics	2014 £m	2013 £m	Change
Turnover	153.2	155.2	(1%)
Operating expenses	(149.6)	(150.5)	1%
Operating profit	3.6	4.7	(23%)
Net financing costs	(0.3)	(0.3)	–
Profit before tax	3.3	4.4	(25%)
Net financing costs	0.3	0.3	–
Depreciation	2.1	2.1	–
Distribution & Logistics EBITDA	5.7	6.8	(16%)
Operating profit margin	2.3%	3.0%	(0.7ppt)
Profit before tax margin	2.2%	2.8%	(0.6ppt)
EBITDA margin	3.7%	4.4%	(0.7ppt)

KPIs	2014	2013	Change
Warehouse space (square feet)	847,000	847,000	–
Number of tractor units in operation	450	450	–
Number of trailer units in operation	640	640	–
Miles per gallon	8.9	8.7	2%
Fleet mileage per annum	42.6m	43.4m	(2%)

Principal Risks and Uncertainties

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

Safety and security

The safety and security of our customers and our colleagues is our key priority. Failure to prevent or deal effectively with a major safety incident, including a security related threat, could adversely affect the Group's reputation, and operational and financial performance.

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

Occurrence report investigations; flight data management; risk management; health & safety and aviation security inspections; together with quality assurance audits across our operations are all appropriately used to provide compliant and effective Safety Management System oversight.

All safety and security matters are managed by our Safety, Compliance and Assurance group which reports directly to the Accountable Manager and the Safety Management Board. The Board, which meets quarterly, monitors trends and identifies any areas of risk that require closer attention.

Competition

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

As a result, the Leisure Travel business will continue to focus on customer driven scheduling on popular routes to high volume leisure destinations in order to maximise load factor, yield and retail revenue whilst ensuring that our great value proposition remains attractive to our customers.

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

In the distribution business, the loss of a substantial customer is the largest financial risk facing the company. This risk is mitigated by **Fowler Welch**'s focus on developing a strong pipeline of future opportunities, together with the achievement of high service levels and cost control, in both the chilled and ambient market sectors.

Exposure to fluctuations in fuel prices and exchange rates

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

The Group's strategy is to manage fuel price risk, via forward contracts, with the aim of limiting exposure to sudden increases in oil prices, whilst ensuring the business remains competitive. The Distribution & Logistics business is not directly affected by such price rises, since contracts allow for increases to be passed on to its customers.

The Group, particularly the Leisure Travel business, incurs considerable operational costs which are euro and US dollar denominated and is therefore exposed to sudden movements in exchange rates. To protect against such fluctuations, the Group uses forward currency contracts with approved counterparties.

Further information on fuel and currency hedging, which are our key mitigation to these risks, is contained within the treasury management section on page 17 and in note 22 to the consolidated financial statements.

Economic conditions

Ultimately, economic conditions are likely to have an impact on the level of consumer demand for the Group's Leisure Travel services. Whilst we believe that UK consumers regard their summer holiday as a very important element of the household budget, it is clear that there has been a reduction in discretionary travel in recent years due to continuing economic uncertainty. To mitigate this risk the Group will continue to focus on serving its customers' demand for package holidays in, and flights to, high volume leisure destinations in the Mediterranean, the Canary Islands and great Leisure Cities across Europe.

Environmental risks

As evidenced in recent years, the Leisure Airline 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 epidemics, pandemics, acts of terrorism or strike action.

The business mitigates this risk by regularly updating a carefully planned response to be implemented by a team of experts, should there be significant disruption to our flying activity. The Group maintains prudent levels of liquid funds to enable the business to continue to operate through a period of sustained disruption to the flying programme.

In addition, the investment in our new commercial office means that we have the ability to run our business from two separate sites, which supports our established Business Continuity Plan.

Government policy and regulatory intervention

It is stated UK and EU policy to apply additional taxes to the aviation industry, and it is foreseeable that the tax burden will continue on the road haulage sector also. The EU Emissions Trading Scheme commenced in 2012, as did further increases in Airline Passenger Duty. In addition, the airline industry is heavily regulated, with expected increased regulatory intervention, notably regarding passenger compensation in relation to flight delays and cancellations which are not attributable to extraordinary circumstances.

There has been considerable interest in an appeal hearing before the Court of Appeal relating to a claim for compensation, made by Mr Ronald Huzar, under EU Regulation 261 in respect of a ***Jet2.com*** flight which was delayed due to a technical defect. In line with guidance published by the UK Civil Aviation Authority and other European National Enforcement Bodies, ***Jet2.com*** maintained that the technical defect was an "extraordinary circumstance" which relieved it of the obligation to pay compensation. In a judgement given on 11 June 2014, the Court of Appeal held that the technical defect was not an extraordinary circumstance and that compensation is payable. ***Jet2.com*** is not leaving the matter there and is seeking ultimate resolution by appealing to the Supreme Court, which may involve, instead or in addition, reference to the Court of Justice of the European Union.

There is a continuing risk that the imposition of taxes and charges, which are levied by regulatory decision rather than by commercial negotiation at levels in excess of economic cost, may result in reduced passenger demand or adversely impact our cost base. In this regard, the Group will maintain its focus on careful management of the route network and on-time performance and continue to engage with policy setters and regulators to encourage legislation that is fit for purpose.

IT system dependency and information security

The Group is dependent on a number of key IT systems, their scalability and ongoing development, and the Internet to operate its business. In addition, the Leisure Travel business receives revenues through online debit and credit card transactions. A loss of systems and access to facilities or a security breach could lead to disruption and have an operational, reputational and financial impact. To mitigate these risks, the Group operates and regularly tests a robust disaster recovery plan regarding its IT infrastructure, which would be activated should a loss of functionality occur. The Group also regularly reviews and updates its IT security processes and policies in line with best practice and business requirements and has in place systems, controls and processes to protect its network from external and internal security threats.

Changes from prior year

In previous years, the Group has disclosed political risks as a significant risk. While discussion and consideration is appropriately held to ensure that political instability is considered when designing and delivering our flying programme, we do not believe that political uncertainty qualifies as a significant risk in the current year, in the context of our destination profile.

Treasury management

Liquidity risk

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

Fuel, currency and carbon hedging

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

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

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

Aviation fuel price risk

The Group's policy is to forward cover future fuel requirements up to 100% and up to three years in advance. The magnitude of the aviation fuel swaps held is given in note 22 to the consolidated financial statements. As at 31 March 2014, the Group had hedged substantially all of its forecast fuel requirements for the 2014/15 year and a proportion of its requirements for the subsequent year, in line with the Board's policy.

Foreign currency risk

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

Transactional currency exposures primarily arise as a result of purchases denominated in foreign currency undertaken in the ordinary course of business, in particular related to expenditure on aviation fuel, aircraft maintenance, air traffic control, airport charges and hotel accommodation. The Group's policy is to cover up to 100% of all material transactional risks for a period of up to 24 months, using forward foreign exchange contracts. As at 31 March 2014, the Group had hedged substantially all of its forecast foreign exchange requirements for the 2014/15 year. The magnitude of the foreign currency exchange risk is given in note 22 to the consolidated financial statements.

The Group also hedges its carbon exposure given the commencement in 2012 of the EU Emissions Trading Scheme. It has acquired its entire requirement for the year ending 31 December 2014 and a substantial majority of the following year's requirement.

Capital risk management

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

Gary Brown
Group Chief Financial Officer
22 July 2014

Directors' Report

The Directors present their Annual Report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 31 March 2014. The corporate governance statement set out on pages 24 to 25 forms part of this report.

Business review

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements of the business review can be found in the following sections of the Annual Report, which are incorporated into this report by cross-reference:

- Business and Financial Review: pages 8 to 17;
- Current Directors' details and Directors who served through the year: page 18;
- Directors' remuneration: pages 21 to 23; and
- Details of financial instruments and exposure to relevant risks: note 22 to the consolidated financial statements.

Results and dividends

The results for the year are set out in the consolidated income statement and show a profit, after taxation, of £35.9m (2013: £31.2m).

An interim dividend of 0.60p per share was paid on 1 February 2014 (2013: 0.54p).

The Directors recommend the payment of a final dividend for the year ended 31 March 2014 of 2.14p per share (2013: 1.33p), given the Group's trading performance in the year and liquidity, making a total of 2.74p per share for the year (2013: 1.87p). The final dividend, which is subject to shareholder approval at the Company's Annual General Meeting on 4 September 2014, will be payable on 17 October 2014 to shareholders on the register at the close of business on 12 September 2014.

Board of Directors

Philip Meeson: Group Chairman and Chief Executive
Gary Brown: Group Chief Financial Officer
Stephen Heapy: Executive Director
Mark Laurence: Independent Non-Executive Director
Ian Day: Group Company Secretary (appointed 29 April 2014)
Paul Forster: Group Company Secretary (resigned 29 April 2014)

Executive Directors

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

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

Having decided that the Company needed wider access to funding in order to accelerate its growth, Channel Express Group PLC was floated on the USM in 1988. In 1991, it changed its name to Dart Group PLC and moved to a full listing on the London Stock Exchange before moving to AIM in 2005. 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 in April 2013 and was appointed to the Board as an Executive Director in June 2013. Gary has significant experience in the retail and consumer goods sectors, having held a number of senior finance positions at J Sainsbury PLC, Matalan PLC, and Instore PLC, where he was Group Finance Director. Prior to joining Dart Group, Gary was Global Chief Financial Officer of Umbro PLC and subsequently, following the sale of the Umbro business to Nike Inc., Umbro International Limited. Gary is a Member of the Institute of Chartered Accountants of England and Wales.

Stephen Heapy, Executive Director, joined the Board in June 2013. He has been with Dart Group 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 Director

Mark Laurence joined the Company on 28 May 2009 as a non-executive Director and was recognised at the 2014 Grant Thornton Quoted Company Awards as Non-Executive Director of the Year. Mark began his career as a transport sector investment analyst at Kitcat and Aitken in 1988 before moving to WI Carr and then Smith New Court, which became Merrill Lynch upon takeover in 1995, and where the team was ranked No.1 in the 1995 Extel Financial Survey of UK Investment Analysts. In 1995 he joined the highly ranked UK Equity Strategy Team. In 1997 he joined Collins Stewart as a special situations analyst before helping establish Collins Stewart Inc. in New York and the group's move into UK private client broking with the acquisition of NatWest Private Clients from RBS in 2001. Since 2001 Mark has pursued a career in fund management, most recently as a founding partner of Fundsmith. Mark is also a member of the endowment investment committee of King's College University and a governor of Bryanston School in Dorset.

Directors' interests

(a) The Directors who held office at 31 March 2014 had the following interests in the ordinary shares of the Company:

	Ordinary shares 31 March 2014	Ordinary shares 31 March 2013
Philip Meeson	56,240,000	56,240,000
Mark Laurence	175,000	175,000
Stephen Heapy	65,136	65,136

(b) No Directors have a non-beneficial interest in the shares of the Company. Interests in options to acquire ordinary shares are given in the report on Directors' remuneration on pages 21 to 23. Directors' interests have not changed since 31 March 2014;

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

Material holdings

Apart from the interest of Philip Meeson in the capital of the Company, the Directors are aware that the following entity was interested, directly or indirectly, in 3% or more of the issued share capital of the Company as at 30 June 2014:

Schroder Investment Management (Institutional Group)	19.6%

Issued share capital

The issued share capital was increased by 1,061,113 (2013: 2,097,581) 1.25 pence ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

Date	Number of options exercised	Scheme
05-Dec-03	7,000	Approved
19-Nov-04	40,000	Approved
23-Nov-05	106,000	Approved
03-Aug-07	95,000	Approved
18-Dec-07	12,500	Approved
04-Sep-08	121,250	Approved
10-Sep-09	174,367	Approved
16-Dec-09	50,000	Approved
05-Aug-10	57,388	Approved
23-Dec-10	48,373	Approved
21-Nov-05	200,000	Unapproved
04-Sep-08	27,033	Unapproved
05-Aug-10	122,202	Unapproved
Total	**1,061,113**	

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

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 4 September 2014, Resolutions 7 and 8 will be special business. Ordinary Resolution 6 covers the Directors' authority to allot ordinary shares pursuant to section 551 of the Companies Act 2006 up to an aggregate nominal amount of £177,189, such authority to expire on 1 March 2016 or, if earlier, on the close of the 2015 Annual General Meeting. Special Resolution 7 covers the Directors' authority to allot, on a non pre-emptive basis, equity securities for cash up to a maximum aggregate nominal amount equal to 5% of the issued share capital of the Company at the date the Resolution is passed. Special Resolution 8 deals with authority for the Company to buy back its own shares up to a maximum of an aggregate nominal amount equal to 10% of the issued share capital of the Company at the date the Resolution is passed.

Corporate social responsibility

The environment

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

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

During 2014 ***Jet2.com***, like all airlines operating within, or into and out of EU airports, continued its reporting under the regulatory mandate of the European Emissions Trading Scheme (EU ETS). The airline supports the aims of this scheme, which include a reduction of greenhouse gas emissions of 20% by 2020 compared to 1990 levels.

As part of a continuous drive to operate more efficiently, ***Jet2.com*** continues to reduce its fuel consumption 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, further winglet investment and the operation of efficient descent profiles for the growing B737-800 fleet. The combined effects of all the elements of this scheme are estimated to have saved the airline over 12,260 (2013: 10,135) tonnes of greenhouse gas emissions in the year.

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

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

For **Fowler Welch**, diesel consumption continues to be the major contributor to its carbon footprint and the business has made good progress in this area with miles per gallon improving by a further 2% year-on-year. This benefit follows investment in telemetry across the fleet and in management resource to focus training and development on those drivers that have the greatest need.

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

In the warehouses, we invest in lighting and refrigeration unit efficiency. This is part of a strategy of continuous investment in state-of-the-art energy-saving technologies and methodologies that have seen **Fowler Welch** achieve its Climate Change Levy targets every year since their inception.

Directors' Report

Culture

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

Employee involvement

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

Jet2.com and ***Jet2holidays*** have an in-house recognition and reward scheme named 'A Great Deal Friendlier'. The scheme recognises teams and individuals who have provided excellent service and gone the extra mile for both internal and external customers. This year, we have received the highest number of nominations yet for the scheme, including nominations from our customers for the excellent service they have received. This is embedded in the business and underpins our customer focus principles.

The Leisure Travel businesses recognise that as they grow it is increasingly important that colleagues communicate well and that everyone works together as one team. Senior management must understand the views and thoughts of colleagues and it is crucial that colleagues understand the reasons for key decisions and, when appropriate, are consulted about planned change. Consequently, building on the success of the existing Flight Deck and Cabin Crew consultative bodies, an Information and Consultation Agreement and Protocol covering every UK employee in ***Jet2.com*** and ***Jet2holidays*** has been established. The five agreements that make up the Information and Consultation Agreement and Protocol were approved by all the negotiating Representatives and sets out how the Company will inform and consult colleagues as well as how the Groups will work (including how Representatives are elected). All Groups are now fully established and meet regularly.

Fowler Welch has a well-established framework of colleague representative forums. These forums are a vehicle for two-way communication, the resolution of workplace issues and the progression of suggestions for improvements to working practices. This is supplemented by regular communication with colleagues via regular business briefings and management conferences. A colleague recognition scheme ('STAR') has also been introduced recently, with both monthly and quarterly awards for behaviour and successes that deserve special acknowledgement.

Health, safety and quality

The responsibility for the health and safety of all colleagues and customers, whilst in our care, is a key matter for the Group and is described in more detail on page 16 above. Additional resources are continually added to the business to meet the needs of this important area.

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

Equality and diversity

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

Our communities

Across the Group, we endeavour to support our local communities in a variety of ways. In addition to providing prizes for local fundraising activities, we act as sponsors of local sports teams, and support our colleagues in community work. The Company has a chosen charity, which is Hope for Children.

Going concern

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities, the Group's net current liability position - principally a result of continued investment in our aircraft fleet - and forecasts of future trading through to 31 March 2017, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company and the Group will be able to operate within the considered levels of available facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2014.

Disclosure of information to Auditor

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

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

Auditor

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

By order of the Board

Gary Brown
Group Chief Financial Officer
22 July 2014

Report on Directors' Remuneration

Remuneration Committee and Advisers

During the year ended 31 March 2014 the Group's Remuneration Committee (the "Committee") was chaired by Mark Laurence. The Committee makes recommendations to the Board, within agreed terms of reference, on an overall remuneration package for executive Directors.

When required, Herbert Smith Freehills LLP provides regulatory advice on executive incentive arrangements and the operation of share plans. Philip Meeson, Group Chairman and Chief Executive, provides advice in relation to the remuneration of other executive and non-executive Directors.

Remuneration policy

The Company's policy on Directors' remuneration for 2013/14 and subsequent financial years is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives, and thereby enhancing shareholder value. The potential package consists of basic salary, benefits, share schemes, share options and performance related bonuses. In constructing the remuneration packages, the Committee aims to achieve a balance between fixed and variable remuneration. Consideration is given to pay and employment policies elsewhere in the Group, especially when determining annual salary increases.

Executive remuneration package

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

Basic salary and benefits

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

Share options

Share options under the Unapproved Share Option Plan 2005 (the "Unapproved Plan") are awarded periodically (subject to eligibility and available headroom) by the Committee to Directors and senior managers. Profit targets are deemed the most appropriate measure to reflect the performance of senior management.

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

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

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

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

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

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

HMRC approved schemes

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

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

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

Report on Directors' Remuneration

Dart Group PLC Unapproved Share Option Plan 2005

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

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

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

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

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

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

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

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

4. **Exercise of options**
   4.1 Unless the Board decides otherwise, options will be exercisable as follows:

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

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

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

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

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

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

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

Fees

Fees for non-executive Directors are determined by the executive Directors, having taken advice on appropriate levels. Non-executive Directors are not involved in any discussions or decisions about their own remuneration.

Performance related bonuses

Following a review of the existing bonus arrangements, awards will be made under a new Senior Executive Incentive Plan in 2014 for financial year 2013/14 performance and thereafter.

For the financial year ended 31 March 2014, the Group Chief Financial Officer and Executive Director will receive a bonus of 80% of salary. Part of the bonus amount will be paid in cash, and part will be awarded in the form of a deferred award over shares.

Receipt of the cash element is subject to the participants remaining in employment, and not giving or receiving notice, until the payment date, and receipt of the shares under the deferred award is subject to the participants remaining in employment, and not giving or receiving notice, until the vesting date of the deferred award in 2017 (subject to certain permitted leaver provisions).

Pensions

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

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.

Mark Laurence, the existing non-executive Director, does not have a formal fixed term contract or notice period but must retire by rotation. Mark Laurence retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

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[1] £000	Senior Executive Incentive (Cash Award) Plan £000	Senior Executive Incentive (Deferred Award) Plan[2] £000	Pension[3] £000	**Total 2014 £000**	Total 2013[4] £000
Executive Directors:							
Philip Meeson	410	14	–	–	25	**449**	436
Gary Brown	277	1	136	100	38	**552**	–
Stephen Heapy	312	15	158	116	41	**642**	386
Non-executive Directors:							
Mark Laurence	41	–	–	–	–	**41**	30
Total	1,040	30	294	216	104	**1,684**	852

(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) Deferred share awards relating to the financial performance period ended 31 March 2014 valued as at 31 March 2014.
(3) Stephen Heapy received £4k in exchange for sacrificing salary into the Group's pension scheme. Gary Brown received a total of £21k in lieu of employer pension contributions due to his pension limits being reached.
(4) The 2013 comparative has been adjusted to include employer pension contributions of £25k in relation to Philip Meeson.

Interests in options

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

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

Director	Share scheme	Exercise price	At 31 March 2013 No.	Exercised during the year No.	Lapsed in the year No.	**At 31 March 2014 No.**
Stephen Heapy	Approved	46.75p	50,000	(25,000)	–	**25,000**
Stephen Heapy	Approved	67.00p	9,888	(4,944)	–	**4,944**
Stephen Heapy	Unapproved	67.00p	40,112	(20,056)	–	**20,056**
Stephen Heapy	Unapproved	85.00p	60,000	–	–	**60,000**

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £5,846 (2013: £8,570). The aggregate emoluments disclosed above do not include any amounts for the fair value of options to acquire ordinary shares in the Company granted to, or held by, the Directors.

The mid-market price of the Company's shares on 31 March 2014 was 278.50 pence per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were 290.25 pence and 138.00 pence respectively.

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

On behalf of the Board

Mark Laurence
Director, Chairman of the Remuneration Committee
22 July 2014

Corporate Governance Statement

The Group is committed to the principles of corporate governance contained in the UK Corporate Governance Code, issued by the Financial Reporting Council in September 2012 (the "Code"); a copy of the Code can be obtained at www.frc.org.uk/corporate/ukcgcode.

As the Group is listed on AIM, it is not required to comply with the Code but throughout the year ended 31 March 2014, the Board considers that it, and the Group, has been in compliance with its main principles and supporting principles. An explanation of how the Group has complied with these principles is set out below and in the Directors' Remuneration Report and Audit Committee Report. The extent to which the Group does not comply with the more detailed provisions of the Code is also set out below.

The Board

The Board currently comprises Philip Meeson, who owns 38.6% of the issued share capital of Dart Group PLC and performs the role of Group Chairman and Chief Executive, Gary Brown, the Group Chief Financial Officer, Stephen Heapy, Executive Director, and one independent non-executive Director, Mark Laurence.

The biographies of the Directors appear on page 18 of this Annual Report. The Directors demonstrate a range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The Board is collectively responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the Annual Report and financial statements is set out on page 26 and a statement on going concern is given within the notes to the consolidated financial statements on page 33.

Executive responsibility for the day-to-day running of the Group's operating subsidiaries ***Jet2.com*** Limited and ***Jet2holidays*** Limited sits with their Chief Executive Officer, Stephen Heapy and for **Fowler Welch**, with its Managing Director, Nick Hay. In addition, the Board has a formal schedule of matters specifically reserved to it for decision. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary ensures that the Directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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

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

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

Board committees

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

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

* By invitation.

Remuneration Committee

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

Audit Committee

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

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

In 2013/14, the Audit Committee discharged its responsibilities by:

- reviewing the Group's 2013/14 Annual Report and 2013/14 interim results statement prior to Board approval and reviewing the external Auditor's reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the appropriateness of the Group's control framework;
- reviewing and approving the 2014 audit fee and reviewing non-audit fees payable to the Group's external Auditor in 2014; and
- reviewing the external Auditor's plan for the audit of the Group's 2014 accounts, including key risks on the accounts, confirmations of Auditor independence, and approving the terms of engagement for the audit.

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

Internal control

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

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

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

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

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

Relations with shareholders

Communications with shareholders are given high priority. The Business and Financial Review on pages 8 to 15 includes a detailed review of the Group's business and future developments. There is regular dialogue with institutional shareholders, including presentations after the announcement of the Group's interim and preliminary full year results.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the Audit and Remuneration Committee Chairman is available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 4 September 2014 can be found in the notice of the meeting.

Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

Directors' responsibilities

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

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

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

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

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

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

The Directors have decided to prepare voluntarily a Corporate Governance Statement.

By order of the Board

Philip Meeson
Group Chief Executive
22 July 2014

Gary Brown
Group Chief Financial Officer
22 July 2014

Independent Auditor's Report

to the members of Dart Group PLC

We have audited the financial statements of Dart Group PLC for the year ended 31 March 2014 set out on pages 28 to 63. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Mick Davies (Senior Statutory Auditor)

for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants, Leeds
22 July 2014

Consolidated Income Statement

for the year ended 31 March 2014

	Note	Results for the year ended 31 March 2014 £m	Results for the year ended 31 March 2013 £m
Turnover	5	**1,120.2**	869.2
Net operating expenses	6	**(1,071.0)**	(831.3)
Operating profit	5, 7	**49.2**	37.9
Finance income		**1.4**	1.6
Finance costs		**(1.4)**	(1.0)
Revaluation of derivative hedges		**(3.3)**	2.0
Revaluation of foreign currency balances		**(3.8)**	–
Net financing costs	8	**(7.1)**	2.6
Profit before taxation		**42.1**	40.5
Taxation	10	**(6.2)**	(9.3)
Profit for the year (all attributable to equity shareholders of the parent)		**35.9**	31.2
Earnings per share			
– basic	12	**24.68p**	21.73p
– diluted	12	**24.28p**	21.44p

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2014

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Profit for the year	**35.9**	31.2
Effective portion of fair value movements in cash flow hedges	**(33.8)**	(3.3)
Net change in fair value of effective cash flow hedges transferred to profit	**(16.9)**	–
Taxation on components of other comprehensive income	**11.5**	0.6
Other comprehensive income and expense for the period, net of taxation	**(39.2)**	(2.7)
Total comprehensive income for the period all attributable to owners of the parent	**(3.3)**	28.5

Consolidated Balance Sheet

at 31 March 2014

	Note	2014 £m	2013 £m
Non-current assets			
Goodwill	13	**6.8**	6.8
Property, plant and equipment	14	**291.6**	269.1
Derivative financial instruments	22	**0.4**	1.0
		298.8	276.9
Current assets			
Inventories	15	**3.1**	1.3
Trade and other receivables	17	**285.9**	226.2
Derivative financial instruments	22	**1.4**	22.2
Money market deposits	16	**52.5**	30.0
Cash and cash equivalents	16	**211.2**	190.9
		554.1	470.6
Total assets		**852.9**	747.5
Current liabilities			
Trade and other payables	18	**107.0**	92.0
Deferred revenue		**484.5**	407.1
Borrowings	20	**0.8**	0.8
Provisions	21	**2.4**	2.1
Derivative financial instruments	22	**35.0**	4.2
		629.7	506.2
Non-current liabilities			
Other non-current liabilities	19	**10.7**	11.4
Borrowings	20	**9.0**	7.7
Derivative financial instruments	22	**2.2**	0.3
Deferred tax liabilities	10	**19.7**	35.3
		41.6	54.7
Total liabilities		**671.3**	560.9
Net assets		**181.6**	186.6
Shareholders' equity			
Share capital	23	**1.8**	1.8
Share premium		**11.4**	10.7
Cash flow hedging reserve	23	**(26.8)**	12.4
Retained earnings		**195.2**	161.7
Total shareholders' equity		**181.6**	186.6

The accounts on pages 28 to 63 were approved by the Board of Directors at a meeting held on 22 July 2014 and were signed on its behalf by:

Gary Brown
Director

Dart Group PLC
Registered no. 01295221

Consolidated Cash Flow Statement

for the year ended 31 March 2014

	Note	2014 £m	2013 £m
Cash flows from operating activities			
Profit on ordinary activities before taxation		**42.1**	40.5
Adjustments for:			
Finance income	8	**(1.4)**	(1.6)
Finance costs	8	**1.4**	1.0
Revaluation of derivative hedges	8	**3.3**	(2.0)
Revaluation of foreign currency balances	8	**3.8**	–
Depreciation	14	**60.7**	45.5
Equity settled share based payments	23	**0.4**	0.4
Operating cash flows before movements in working capital		**110.3**	83.8
(Increase)/decrease in inventories		**(1.8)**	0.1
Increase in trade and other receivables		**(59.7)**	(108.5)
Increase in trade and other payables		**10.3**	29.2
Increase in deferred revenue		**77.5**	150.3
Increase in provisions		**0.3**	0.4
Cash generated from operations		**136.9**	155.3
Interest received		**1.4**	1.4
Interest paid		**(1.4)**	(1.1)
Income taxes paid		**(6.1)**	(5.3)
Net cash from operating activities		**130.8**	150.3
Cash flows used in investing activities			
Purchase of property, plant and equipment	14	**(83.5)**	(79.7)
Proceeds from sale of property, plant and equipment		**0.2**	–
Net (increase)/decrease in money market deposits	16	**(22.5)**	47.0
Net cash used in investing activities		**(105.8)**	(32.7)
Cash flows used in financing activities			
Repayment of borrowings		**(8.7)**	(0.8)
New loans advanced		**10.0**	–
Proceeds on issue of shares		**0.7**	0.9
Equity dividends paid	11	**(2.8)**	(2.1)
Net cash used in financing activities		**(0.8)**	(2.0)
Effect of foreign exchange rate changes		**(3.9)**	0.3
Net increase in cash in the year	26	**20.3**	115.9
Cash and cash equivalents at beginning of year	26	**190.9**	75.0
Cash and cash equivalents at end of year	26	**211.2**	190.9

Consolidated Statement of Changes in Equity

for the year ended 31 March 2014

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	Total reserves £m
Balance at 1 April 2012	1.8	9.8	15.1	132.2	158.9
Total comprehensive income for the year	–	–	(2.7)	31.2	28.5
Issue of share capital	–	0.9	–	–	0.9
Dividends paid in the year	–	–	–	(2.1)	(2.1)
Share based payments	–	–	–	0.4	0.4
Balance at 31 March 2013	**1.8**	**10.7**	**12.4**	**161.7**	**186.6**
Total comprehensive income for the year	–	–	(39.2)	35.9	(3.3)
Issue of share capital	–	0.7	–	–	0.7
Dividends paid in the year	–	–	–	(2.8)	(2.8)
Share based payments	–	–	–	0.4	0.4
Balance at 31 March 2014	**1.8**	**11.4**	**(26.8)**	**195.2**	**181.6**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2014 were authorised by the Board of Directors on 22 July 2014 and the balance sheet was signed on the Board's behalf by Gary Brown, Group Chief Financial Officer. Dart Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

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

2. Accounting policies

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

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 57 to 63.

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

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

Basis of preparation

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

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

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows through to 31 March 2017.

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities, the Group's net current liability position – principally a result of continued investment in our aircraft fleet – and forecasts of future trading through to 31 March 2017, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company and the Group will be able to operate within the considered levels of available facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2014.

Basis of consolidation

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

2. Accounting policies – continued

Revenue

Turnover (which excludes Value Added Tax and Air Passenger Duty) arises from passenger aircraft operations, holidays, retail activities, charter and cargo aircraft operations and warehousing and distribution activities conducted by the Group.

Revenue from ticket sales for scheduled passenger flights and total revenue from package holidays is recognised at the date of departure. Charter aircraft income is recognised in the period in which the service is provided. Retail revenues from in–flight sales, hold baggage charges, advanced seat assignment fees, check–in fees and extra leg room charges are also recognised once the associated flight has departed, or holiday started. Separately identified incremental credit card charges and call centre booking fees are recognised at the date of booking and booking change fees are recognised when the change is made, in line with the costs incurred which such charges are designed to cover. Commission earned from car hire bookings is recognised on departure and from travel insurance on booking, reflecting the point when services are performed.

Amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet as deferred revenue or within other non–current assets if recognition is expected to take place more than twelve months from the reporting date.

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

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

Foreign currencies

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

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

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

Investments

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

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Interest attributable to the purchase of aircraft and other assets and progress payments on account is capitalised and added to the cost of the asset concerned. Interest is capitalised at rates equal to the rates paid on the financial instruments used to finance the purchase of aircraft.

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

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

2. Accounting policies – continued

An element of the cost of acquired aircraft is attributed, on acquisition, to its major components and to the prepaid maintenance of its engines and airframes, and is amortised over the period until the next maintenance event. Subsequent costs incurred which lend enhancement to future periods, such as long term scheduled maintenance and major overhaul of aircraft and engines, are capitalised and amortised over the expected period of benefit. The underlying value of each aircraft is depreciated to its expected residual value over its remaining useful life, which is assumed to end 25–30 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 and the underlying value of the aircraft is depreciated to this later date. All other maintenance costs are expensed to the income statement as incurred.

Residual values, where applicable, are reviewed annually at the balance sheet date and compared to prevailing market rates of equivalently aged assets and 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.

Impairment of assets excluding goodwill

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

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

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

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

Goodwill

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

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

Inventories

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

Aircraft spares, held for long term use, are classified as tangible fixed assets.

Aircraft maintenance provisions

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

Amounts payable under this contract are held in the balance sheet until an individual engine overhaul is undertaken. Subsequently, a notional cost of overhaul is capitalised and then depreciated in line with usage.

Leased aircraft

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

2. Accounting policies – continued

Owned aircraft

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

Cash and cash equivalents

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

Money market deposits

These comprise deposits with maturity of more than three months at the point of acquisition.

Classification of financial instruments issued by the Group

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

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non–derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Financial instruments

Trade and other receivables

Trade and other receivables are recognised at fair value.

Trade and other payables

Trade and other payables are recognised at fair value.

Interest bearing loans and borrowings

All loans and borrowings are recorded at the fair value of their net proceeds.

Derivative financial instruments and hedging

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

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

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

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

2. Accounting policies – continued

Leases

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

Taxation

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

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

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

Employee benefits

Defined contribution plans

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

Share based payments

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

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

3. Accounting estimates and judgements

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

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

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

Goodwill

Goodwill is tested annually and is attributable to one cash–generating unit: **Fowler Welch**, whose principal activity is the distribution of fresh produce, and temperature–controlled and ambient products. Impairment reviews take account of the recoverable amount of cash–generating units, which is based on a value in use calculation utilising the unit's annual budget for the forthcoming year and forecasts for the following four years. Thereafter, a growth rate of 2% (2013: 2%) has been assumed. Projected cash flows have been discounted utilising a discount rate of 10% (2013: 10%). The key assumptions used in the impairment review relate to sales growth, the retention of existing business, and operating margins.

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

The carrying amount of goodwill with an indefinite life at the balance sheet date was £6.8m (2013: £6.8m).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

3. Accounting estimates and judgements – continued

Impairment of assets excluding goodwill

Aircraft carrying values were tested for impairment on transition to IFRS. Thereafter, where there is a risk that carrying values are impaired, a full impairment review is undertaken. The smallest cash–generating unit to which this can be applied is aircraft fleet type. The carrying amounts of aircraft were £236.7m (2013: £223.2m). There was no indication of impairment during the year and therefore no impairment losses were recorded.

Residual value of tangible fixed assets

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

Customer loyalty programme

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

4. New IFRS and amendments to IAS and interpretations

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

International Financial Reporting Standards	Applies to periods beginning after
IFRS 9 Financial Instruments	January 2015

5. Segmental reporting

Business segments

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

The Group's operating segments have been identified based on the internal reporting information provided to the CODM in order for the CODM to formulate allocation of resources to segments and assess their performance. From such information, Leisure Airline and Package Holidays (working progressively closer together as one Leisure Travel business) and the Distribution & Logistics business have been determined to represent operating segments.

The Leisure Airline and Package Holidays businesses are based on serving our customers' demand for package holidays in, and flights to, high volume leisure destinations in the Mediterranean, the Canary Islands and great Leisure Cities across Europe. Resource allocation decisions are based on our entire route network and, in the case of Leisure Airline, the deployment of the 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 individual distribution centres within the network.

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

5. Segmental reporting – continued

Following the identification of the operating segments, the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets, customer bases and operating markets of each of the operating segments, it is not currently appropriate to aggregate the operating segments for reporting purposes and therefore all three of the identified operating segments are disclosed as reportable segments for the year ended 31 March 2014:

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

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

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 ten percent of the Group's revenue.

	Distribution & Logistics £m	Leisure Airline £m	Package Holidays £m	Group eliminations £m	**Total £m**
Year ended 31 March 2014					
Turnover	153.2	643.1	496.2	–	**1,292.5**
Inter–segment turnover	–	–	–	(172.3)	**(172.3)**
Turnover	153.2	643.1	496.2	(172.3)	**1,120.2**
EBITDA	5.7	89.6	14.6	–	**109.9**
Operating profit	3.6	31.2	14.4	–	**49.2**
Finance income	–	0.9	0.5	–	**1.4**
Finance costs	(0.3)	(1.1)	–	–	**(1.4)**
Revaluation of derivative hedges	–	(3.3)	–	–	**(3.3)**
Revaluation of foreign currency balances	–	(3.8)	–	–	**(3.8)**
Profit before taxation	3.3	23.9	14.9	–	**42.1**
Taxation	(0.6)	(2.3)	(3.3)	–	**(6.2)**
Profit after taxation	2.7	21.6	11.6	–	**35.9**
Assets and liabilities					
Segment assets	71.0	502.7	736.6	(457.4)	**852.9**
Segment liabilities	(32.7)	(381.3)	(714.7)	457.4	**(671.3)**
Net assets	38.3	121.4	21.9	–	**181.6**
Other segment information					
Property, plant and equipment additions	1.0	82.3	0.2	–	**83.5**
Depreciation, amortisation and impairment	(2.1)	(58.4)	(0.2)	–	**(60.7)**
Share based payments	(0.1)	(0.2)	(0.1)	–	**(0.4)**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

5. Segmental reporting – continued

	Distribution & Logistics £m	Leisure Airline £m	Package Holidays £m	Group eliminations £m	Total £m
Year ended 31 March 2013					
Turnover	155.2	556.2	244.8	–	956.2
Inter–segment turnover	–	–	–	(87.0)	(87.0)
Turnover	155.2	556.2	244.8	(87.0)	869.2
EBITDA	6.8	69.8	6.8	–	83.4
Operating profit	4.7	26.7	6.5	–	37.9
Finance income	–	1.3	0.3	–	1.6
Finance costs	(0.3)	(0.7)	–	–	(1.0)
Revaluation of derivative hedges	–	2.0	–	–	2.0
Profit before taxation	4.4	29.3	6.8	–	40.5
Taxation	(1.4)	(6.2)	(1.7)	–	(9.3)
Profit after taxation	3.0	23.1	5.1	–	31.2
Assets and liabilities					
Segment assets	72.9	535.5	527.4	(388.3)	747.5
Segment liabilities	(37.6)	(394.3)	(517.3)	388.3	(560.9)
Net assets	35.3	141.2	10.1	–	186.6
Other segment information					
Property, plant and equipment additions	0.9	78.7	0.1	–	79.7
Depreciation, amortisation and impairment	(2.1)	(43.1)	(0.3)	–	(45.5)
Share based payments	(0.1)	(0.2)	(0.1)	–	(0.4)

6. Net operating expenses

	2014 £m	2013 £m
Direct operating costs		
Fuel	222.7	189.1
Landing, navigation & third party handling	119.3	114.4
Aircraft and vehicle rentals	37.9	28.8
Maintenance costs	46.8	39.7
Subcontractor charges	40.4	40.9
Accommodation costs	227.3	108.8
Agent commission	19.0	10.6
In–flight cost of sales	16.9	15.8
Other direct operating costs	39.8	28.7
Staff costs	168.0	144.0
Depreciation of property, plant and equipment including aircraft and engines	60.7	45.5
Other operating charges	72.7	65.6
Other operating income	(0.5)	(0.6)
	1,071.0	831.3

7. Operating profit

	2014 £m	2013 £m
Operating profit is stated after charging:		
Operating lease rentals: land and buildings	3.4	2.0
plant and machinery	38.2	22.6

Auditor's remuneration	2014 £m	2013 £m
Audit of these financial statements	0.2	0.2
Amounts receivable by Auditor and its associates in respect of:		
Other services	0.1	0.3

8. Net finance costs

	2014 £m	2013 £m
Finance income – interest receivable	1.4	1.6
Finance costs – borrowings	(1.4)	(1.0)
Revaluation of derivative hedges:		
Derivatives ineligible for cash flow hedge accounting	(1.4)	1.4
Changes in fair value of ineffective cash flow hedges (note 22)	(1.9)	0.6
	(3.3)	2.0
Revaluation of foreign currency balances	(3.8)	–
Net finance costs	(7.1)	2.6

9. Employees

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

	2014 Number	2013 Number
Continuing operations		
Operations	3,547	3,049
Administration	927	713
	4,474	3,762

	2014 £m	2013 £m
Wages and salaries	149.1	128.0
Share options – value of employee services	0.4	0.4
Social security costs	14.8	12.9
Other pension costs	3.7	2.7
	168.0	144.0

Remuneration of the Directors, who are key management personnel of the Group, is set out 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

9. Employees – continued

	2014 £m	2013 £m
Details of key management personnel		
Short term employee benefits	4.6	4.2
Post–employment benefits	0.4	0.2
Total employee benefit costs of key management personnel	5.0	4.4

In addition to the following, details of executive Directors' remuneration, along with information concerning options and retirement benefits, are set out in the report on Directors' remuneration on pages 21 to 23.

	2014	2013
Details of Directors' remuneration		
Highest paid Director	£0.6m	£0.4m
Number of Directors for whom retirement benefits accrue	2	2
Number of Directors who exercised share options	1	1

10. Taxation

	2014 £m	2013 £m
Current taxation:		
UK corporation tax based upon the profits for the year:		
– current year	10.6	6.2
– prior year	(0.4)	–
Current tax charge for the year	10.2	6.2
Deferred taxation:		
Origination and reversal of temporary differences		
– current year	(1.0)	3.7
– prior year	–	0.3
Rate changes	(3.0)	(0.9)
	(4.0)	3.1
Total tax in income statement for the year	6.2	9.3

The current tax assessed for the current year is lower (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £m	2013 £m
Profit before taxation	42.1	40.5
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	9.7	9.7
Effects of:		
Expenses not deductible	(0.1)	0.1
Tax rate change	(3.0)	(0.8)
Prior year tax charge	(0.4)	0.3
Total (see above)	6.2	9.3

10. Taxation – continued

Deferred tax in the year has been provided at 20% (2013: 23%) as a consequence of legislation enacted in the year reducing the UK corporation tax rate to 20% from 1 April 2015. Accordingly, the Group's deferred tax liability has been reduced and a credit realised in the income statement tax charge; this was the principal reason for the reduction of the Group's overall effective rate to 15% (2013: 23%).

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

	2014 £m	2013 £m
Deferred tax assets	**7.5**	1.1
Deferred tax liabilities	**(27.2)**	(36.4)
	(19.7)	(35.3)

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

	2014 £m	2013 £m
As at 1 April	**(35.3)**	(32.9)
Credited/(charged) to income statement	**4.0**	(3.0)
Credit taken direct to equity	**11.6**	0.6
As at 31 March	**(19.7)**	(35.3)

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

Deferred tax assets

	Financial instruments £m
At 1 April 2012	2.3
Charge to income	(1.1)
Charge to equity	(0.1)
At 31 March 2013	1.1
Credit to income	1.6
Credit to equity	4.8
At 31 March 2014	7.5

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

10. Taxation – continued

Deferred tax liabilities

	Accelerated capital allowances £m	Financial instruments £m	Other £m	**Total £m**
At 1 April 2012	27.2	7.5	0.5	**35.2**
Charge/(credit) to income	2.5	(0.6)	–	**1.9**
Credit to equity	–	(0.7)	–	**(0.7)**
At 31 March 2013	29.7	6.2	0.5	**36.4**
(Credit)/charge to income	(3.2)	1.0	(0.2)	**(2.4)**
Credit to equity	–	(6.8)	–	**(6.8)**
At 31 March 2014	26.5	0.4	0.3	**27.2**

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

11. Dividends

	2014 £m	2013 £m
Interim 0.60 pence (2013: 0.54 pence) per share – paid 1 February 2014	**0.9**	0.8
Final 1.33 pence (2013: 0.89 pence) per share – paid 18 October 2013	**1.9**	1.3
	2.8	2.1

12. Earnings per share

	2014 No.	2013 No.
Basic weighted average number of shares in issue	**145,300,720**	143,618,691
Dilutive potential ordinary shares: employee share options	**2,402,809**	1,926,331
Diluted weighted average number of shares in issue	**147,703,529**	145,545,022

Basis of calculation – earnings (basic and diluted)

	£m	£m
Profit for the purposes of calculating basic and diluted earnings	**35.9**	31.2

Earnings per share – Total

	Year to 31 March 2014	Year to 31 March 2013
– basic	**24.68p**	21.73p
– diluted	**24.28p**	21.44p

13. Goodwill

	£m
Cost as at 1 April 2013 and 31 March 2014	7.0
Impairment provision as at 1 April 2013 and 31 March 2014	(0.2)
Net book value as at 31 March 2013 and 31 March 2014	6.8

14. Property, plant and equipment

	Freehold property and land £m	Short leasehold property £m	Aircraft and engines £m	Plant, vehicles and equipment £m	**Total £m**
Cost					
At 1 April 2012	33.8	2.7	320.5	45.3	**402.3**
Additions	0.1	–	74.9	4.7	**79.7**
Disposals	–	–	–	(0.8)	**(0.8)**
At 31 March 2013	33.9	2.7	395.4	49.2	**481.2**
Additions	1.6	1.7	66.0	14.2	**83.5**
Disposals	–	–	(17.7)	(0.8)	**(18.5)**
At 31 March 2014	**35.5**	**4.4**	**443.7**	**62.6**	**546.2**
Depreciation					
At 1 April 2012	(6.1)	(1.6)	(132.3)	(27.4)	**(167.4)**
Charge for the year	(0.7)	(0.1)	(39.9)	(4.8)	**(45.5)**
Disposals	–	–	–	0.8	**0.8**
At 31 March 2013	(6.8)	(1.7)	(172.2)	(31.4)	**(212.1)**
Charge for the year	(0.7)	(0.2)	(52.5)	(7.3)	**(60.7)**
Disposals	–	–	17.7	0.5	**18.2**
At 31 March 2014	**(7.5)**	**(1.9)**	**(207.0)**	**(38.2)**	**(254.6)**
Net book value					
At 31 March 2014	**28.0**	**2.5**	**236.7**	**24.4**	**291.6**
At 31 March 2013	27.1	1.0	223.2	17.8	**269.1**

Included within the cost of aircraft and engines is £1.6m (2013: £1.6m) of interest capitalised. Aircraft and engine additions in the year include £nil (2013: £nil) of interest capitalised.

15. Inventories

	2014 £m	2013 £m
Consumables	**3.1**	1.3

Included within direct operating costs are £20.2m (2013: £19.4m) of inventories utilised and recognised as an expense in the year. Included within other direct operating costs is £1.6m (2013: £1.2m) of inventories written down and recognised as an expense in the year.

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16. Money market deposits & cash and cash equivalents

	2014 £m	2013 £m
Money market deposits (maturity more than three months from acquisition)	**52.5**	30.0
Cash at bank and in hand	**211.2**	190.9

Included within cash and money market deposits is £140.7m (2013: £145.8m) of cash which is restricted by the Group's merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card, until the respective customers have travelled.

17. Trade and other receivables

	2014 £m	2013 £m
Current:		
Trade receivables	**231.9**	179.8
Other receivables	**54.0**	46.4
	285.9	226.2

Ageing analysis of trade receivables

	31 March 2014			31 March 2013		
	Gross receivables £m	**Provision for doubtful debts £m**	**Net trade receivables £m**	Gross receivables £m	Provision for doubtful debts £m	Net trade receivables £m
Not past due	**214.3**	**–**	**214.3**	167.2	–	167.2
Up to 1 month past due	**14.9**	**–**	**14.9**	11.0	–	11.0
Over 1 month past due	**3.0**	**(0.3)**	**2.7**	1.9	(0.3)	1.6
	232.2	**(0.3)**	**231.9**	180.1	(0.3)	179.8

18. Trade and other payables

	2014 £m	2013 £m
Current:		
Trade payables	**32.9**	27.0
Other taxation and social security	**6.6**	8.3
Income tax	**7.0**	2.9
Other creditors and accruals	**60.5**	53.8
	107.0	92.0

19. Other non–current liabilities

	2014 £m	2013 £m
Other creditors and accruals	**10.3**	11.1
Deferred income	**0.4**	0.3
	10.7	11.4

20. Borrowings

	2014 £m	2013 £m
Bank loans	**9.8**	8.5

Loans are repayable as follows:

	2014 £m	2013 £m
Within one year	**0.8**	0.8
Between one and two years	**0.8**	0.8
Between two and five years	**2.0**	2.1
Over five years	**6.2**	4.8
	9.8	8.5

Bank loans represent a £9.5m (2013: £8.0m) term loan facility bearing a rate of interest of 2.50% over three–month LIBOR, maturing August 2017 and a £0.3m (2013: £0.5m) five year loan, bearing an interest rate of 1.9% over one–month LIBOR and maturing in April 2016.

21. Provisions

	Maintenance		Other		Total	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
At 31 March	**1.8**	0.8	**0.3**	0.9	**2.1**	1.7
Provision in the year	**5.0**	6.9	**0.5**	0.3	**5.5**	7.2
Utilised	**(4.8)**	(5.9)	**(0.4)**	(0.9)	**(5.2)**	(6.8)
At 31 March	**2.0**	1.8	**0.4**	0.3	**2.4**	2.1

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

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

22. Financial instruments

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

Capital risk management

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

22. Financial instruments – continued

Market risk

The Group is impacted by competitor activity in each of its business areas. As a result, the Leisure Travel business will continue to focus on customer driven scheduling on popular routes to high volume leisure destinations in order to maximise load factor, yield and retail revenue whilst ensuring that our great value proposition remains attractive to our customers.

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

In the distribution business, the loss of a substantial customer is the largest financial risk facing the company. This risk is mitigated by Fowler Welch's focus on developing a strong pipeline of future opportunities, together with the achievement of high service levels and cost control, in both the chilled and ambient market sectors.

Liquidity Risk

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

Credit risk

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

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

Foreign currency risk

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

Transactional currency exposures primarily arise as a result of purchases denominated in foreign currency undertaken in the ordinary course of business, in particular related to expenditure on aviation fuel, aircraft maintenance, air traffic control, airport charges and hotel accommodation. The Group's policy is to cover up to 100% of all material transactional risks for a period of up to 24 months, using forward foreign exchange contracts.

Commodity derivatives – aviation fuel

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

Commodity derivatives – carbon

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

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

Cash flow hedges relate to forecast cash flows through to 31 March 2017.

22. Financial instruments – continued

(a) Carrying amount and fair values of financial instruments

Set out below is a comparison by category of the carrying amounts and fair value of all the Group's financial assets and liabilities as at 31 March 2014.

Financial assets	31 March 2014 Carrying amount £m	31 March 2013 Carrying amount £m
Financial assets:		
Cash and cash equivalents	211.2	190.9
Money market deposits	52.5	30.0
Loans and receivables:		
Trade receivables	231.9	179.8
Designated cash flow hedge relationships:		
Forward US dollar contracts	–	9.6
Forward euro contracts	0.1	9.7
Forward jet fuel contracts	1.3	3.6
Forward carbon contracts	0.4	0.3
Total financial assets	497.4	423.9

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

Financial liabilities	31 March 2014 Carrying amount £m	31 March 2013 Carrying amount £m
Financial liabilities:		
Trade payables	32.9	27.0
Bank loans	9.8	8.5
Hire purchase contracts	2.1	3.0
Designated cash flow hedge relationships:		
Forward US dollar contracts	22.8	–
Forward euro contracts	12.1	1.5
Forward jet fuel contracts	1.2	0.6
Forward carbon contracts	1.1	2.4
Total financial liabilities	82.0	43.0

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

22. Financial instruments – continued

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

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

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

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

(b) Movements in fair value of financial instruments

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

	Cash Flow hedges	
	Assets £m	Liabilities £m
Net carrying amount at 31 March 2012	29.4	(9.2)
Other comprehensive income	(8.1)	4.6
Credited in income statement	1.9	0.1
At 31 March 2013	23.2	(4.5)
Other comprehensive income	(19.4)	(31.3)
Charged in income statement	(2.0)	(1.3)
At 31 March 2014	1.8	(37.1)

	£m	£m
Amounts (charged)/credited in the Group income statement		
Operating expenses		
Fair value movements – fuel derivatives	–	(0.2)
Fair value movements – forward carbon contracts	–	0.2
Net finance costs		
Derivatives ineligible for cash flow hedge accounting	**(1.4)**	1.4
Changes in fair value of ineffective cash flow hedges	**(1.9)**	0.6
	(3.3)	2.0

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

22. Financial instruments – continued

(c) Maturity profile of financial assets and liabilities

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

Financial assets	31 March 2014 Derivative financial instruments £m	31 March 2014 Other receivables £m	31 March 2014 Total £m	31 March 2013 Derivative financial instruments £m	31 March 2013 Other receivables £m	31 March 2013 Total £m
< 1 year	1.4	495.6	497.0	22.2	400.7	422.9
1–2 years	0.4	–	0.4	1.0	–	1.0
2–5 years	–	–	–	–	–	–
	1.8	495.6	497.4	23.2	400.7	423.9

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

Financial liabilities	31 March 2014 Derivative financial instruments £m	31 March 2014 Other loans and payables £m	31 March 2014 Total £m	31 March 2013 Derivative financial instruments £m	31 March 2013 Other loans and payables £m	31 March 2013 Total £m
< 1 year	34.9	34.6	69.5	4.2	28.7	32.9
1–2 years	2.2	1.6	3.8	0.3	1.6	1.9
2–5 years	–	2.5	2.5	–	3.3	3.3
> 5 years	–	6.2	6.2	–	4.9	4.9
	37.1	44.9	82.0	4.5	38.5	43.0

(d) Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2014 in respect of which all conditions precedent had been met at that date were as follows:–

	Amounts drawn down 2014 £m	Amounts drawn down 2013 £m	Facilities available 2014 £m	Facilities available 2013 £m
Committed facilities:				
Revolving credit facilities[ii & iii]	–	–	50.0	25.0
Bank loans[i]	9.8	8.5	10.7	10.2
	9.8	8.5	60.7	35.2

i. The £10.0m bank loan facility matures in August 2017 and the £0.7m loan in April 2016;

ii. £50.0m revolving credit facility committed until the end of August 2017;

iii. In addition the Group entered into an agreement resulting in a counterparty issuing a US$21.5m Letter of Credit to a number of the Group's card processing counterparties, with respect to ***Jet2.com*** and ***Jet2holidays*** advance ticket sales. The Letter of Credit is committed until May 2018 and reduces by US$2.2m every six months. The balance at the reporting date was US$19.3m.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

22. Financial instruments – continued

(e) Interest rate risk

Financial assets

	31 March 2014 Floating rate financial assets £m	31 March 2014 Financial assets on which no interest is receivable £m	31 March 2014 Total £m	31 March 2013 Floating rate financial assets £m	31 March 2013 Financial assets on which no interest is receivable £m	31 March 2013 Total £m
Money market deposits	52.5	–	52.5	30.0	–	30.0
Cash and cash equivalents						
Sterling	205.1	9.4	214.5	177.5	7.5	185.0
US dollar	29.3	11.3	40.6	0.4	–	0.4
Euro	4.3	3.2	7.5	3.4	2.1	5.5
Other	–	1.1	1.1	–	–	–
Total	238.7	25.0	263.7	181.3	9.6	190.9

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

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

Financial liabilities

	31 March 2014 Floating rate financial liabilities £m	31 March 2014 Fixed rate financial liabilities £m	31 March 2014 Total £m	31 March 2013 Floating rate financial liabilities £m	31 March 2013 Fixed rate financial liabilities £m	31 March 2013 Total £m
Sterling	9.8	–	9.8	8.5	–	8.5

The floating rate liabilities comprise facilities bearing interest rates of up to 2.50% over three–month LIBOR (2013: 2.75% over three–month LIBOR).

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

(f) Currency exposure

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

Currency	US dollar £m	Euro £m	Other £m	Total £m
2014				
Sterling	**33.4**	**(12.5)**	**0.7**	**21.6**
2013				
Sterling	(3.5)	23.3	–	19.8

22. Financial instruments – continued

(g) Sensitivity analysis

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

	31 March 2014 +/– £m	31 March 2013 +/- £m
Impact on Profit and Loss		
10% change in jet fuel prices	1.1	–
5% movement of sterling	3.7	0.9
Impact on Equity		
5% movement of sterling	35.3	0.9

23. Called up share capital and reserves

Share Capital

	Number of shares	2014 £m	2013 £m
Authorised ordinary shares of 1.25p each	160,000,000	2.0	2.0
Allotted, called up and fully paid:			
As at 31 March 2013	144,721,630	1.8	1.8
Options exercised	1,061,113	–	–
As at 31 March 2014	**145,782,743**	1.8	1.8

Dart Group PLC received the sum of £695,534 (2013: £911,358) in respect of options exercised during the year.

Employee share schemes

Dart Group PLC has a number of share based option schemes in operation, which are described in detail in the report on Directors' remuneration on pages 21 to 23 of this Annual Report. These plans have been accounted for in accordance with the fair value recognition provisions of IFRS 2, "Share based payment", which means that IFRS 2 has been applied to all grants of employee share based payments that had not vested at 31 March 2014.

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

	2014 £m	2013 £m
Equity settled share based payments	0.4	0.4

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

23. Called up share capital and reserves – continued

Summary of options outstanding

The terms and conditions of grants are as follows. All options are settled by physical delivery of shares:

Scheme	Grant date	Option price per share	Number of shares 31 March 2014	Number of shares 31 March 2013	Timing of exercise and expiry
Unapproved 2005[a]	21–Nov–05	78.50p	**80,000**	280,000	All exercisable, expiring 21–Nov–15
Unapproved 2005[a]	04–Sep–08	24.75p	**143,603**	270,636	All exercisable from 04–Sep–14, expiring 04–Sep–18
Unapproved 2005[a]	10–Sep–09	52.50p	**374,310**	464,786	236k exercisable from 10–Sep–15, all expiring 10–Sep–19
Unapproved 2005[a]	05–Aug–10	67.00p	**172,201**	376,493	147k exercisable from 05–Aug–16, all expiring 05–Aug–20
Unapproved 2005[a]	04–Aug–11	85.00p	**120,000**	120,000	60k exercisable from 04–Aug–14 & 17, expiring 04–Aug–21
Total Unapproved			**890,114**	1,511,915	
Executive Scheme[b]	03–Jul–03	37.13p	**–**	12,000	No outstanding options
Executive Scheme[b]	05–Dec–03	31.25p	**–**	19,000	No outstanding options
Executive Scheme[b]	19–Nov–04	78.75p	**–**	40,000	No outstanding options
Approved 2005[c]	23–Nov–05	79.13p	**139,000**	265,000	All exercisable, expiring 23–Nov–15
Approved 2005[c]	03–Aug–07	101.75p	**85,000**	199,742	All exercisable, expiring 03–Aug–17
Approved 2005[c]	18–Dec–07	53.25p	**25,000**	42,500	All exercisable, expiring 18–Dec–17
Approved 2005[c]	04–Sep–08	24.75p	**996,763**	1,163,013	All exercisable from 04–Sep–14, expiring 04–Sep–18
Approved 2005[c]	01–Jun–09	59.00p	**10,000**	10,000	All exercisable from 01–Jun–15, expiring 01–Jun–19
Approved 2005[c]	10–Sep–09	52.50p	**1,069,799**	1,324,166	914k exercisable from 10–Sep–15, all expiring 10–Sep–19
Approved 2005[c]	16–Dec–09	46.75p	**83,750**	133,750	71k exercisable from 16–Dec–15, all expiring 16–Dec–19
Approved 2005[c]	05–Aug–10	67.00p	**107,388**	169,776	All exercisable from 05–Aug–16, expiring 05–Aug–20
Approved 2005[c]	23–Dec–10	94.50p	**105,873**	169,246	All exercisable from 23–Dec–16, expiring 23–Dec–20
Approved 2005[c]	04–Aug–11	85.00p	**100,000**	150,294	50k exercisable from 04–Aug–14 & 17, all expiring 04–Aug–21
Approved 2005[c]	22–Dec–11	63.88p	**165,000**	187,500	83k exercisable from 22–Dec–14 & 17, all expiring 22–Dec–21
Approved 2005[c]	01–Aug–12	76.38p	**144,015**	174,015	72k exercisable from 01–Aug–15 & 18, all expiring 01–Aug–22
Total Approved			**3,031,588**	4,060,002	
All Options			**3,921,702**	5,571,917	

(a) Unapproved 2005 = The Dart Group Unapproved Share Option Plan 2005
(b) Executive Scheme = Dart Group Executive and Dart Group Company Share Option Scheme
(c) Approved 2005 = The Dart Group Approved Share Option Plan 2005

There were no new awards made during the year. The key assumptions used in determining the fair value for the previous year's awards are as detailed below:

	Number granted	Fair value at measurement date	Share price at date of grant	Exercise price	Dividend yield	Employee exit rate	Expected volatility	Risk free interest rate
2013								
Approved share option plan 2005								
Grant #1	174,015	£0.09m	75.75p	76.38p	1.8%	1.5%	55.0%	2.91%

23. Called up share capital and reserves – continued

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

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

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

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

	2014		2013	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at 1 April	5,571,917	55.0	8,419,383	51.3
Granted	–	–	174,015	76.4
Exercised	(1,061,113)	65.5	(2,085,581)	45.7
Lapsed	(589,102)	55.1	(935,900)	53.2
Outstanding at 31 March	3,921,702	55.2	5,571,917	55.0
Exercisable at 31 March	660,433	68.1	1,394,161	67.1
Estimated weighted average share price at date of exercise		233.49		108.76

Options outstanding at 31 March are in respect of all options issued since 7 November 2002 (refer to note 2). The options outstanding at the year end have an exercise price in the range of 24.8p to 101.8p and a weighted average contractual life of 5.3 years.

Reserves

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

24. Commitments

(a) Capital commitments:

	2014 £m	2013 £m
Contracted for but not provided	–	–

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

	Land and buildings		Aircraft and engines		Plant and machinery	
Group	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Less than one year	1.5	1.3	9.5	7.3	11.3	9.8
Between two and five years	4.0	3.7	29.5	22.9	18.9	13.9
Over five years	6.1	7.2	0.8	–	3.2	1.3
	11.6	12.2	39.8	30.2	33.4	25.0

Notes to the Consolidated Financial Statements

for the year ended 31 March 2014

25. Contingent liabilities

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

26. Notes to cash flow statement

Changes in net cash

	At 31 March 2013 £m	Cash flow £m	Exchange differences £m	**At 31 March 2014 £m**
Cash at bank and in hand	190.9	24.2	(3.9)	**211.2**
Bank loans due within one year	(0.8)	–	–	**(0.8)**
Cash and cash equivalents	190.1	24.2	(3.9)	**210.4**
Bank loans due after one year	(7.7)	(1.3)	–	**(9.0)**
Net cash	182.4	22.9	(3.9)	**201.4**

27. Pension scheme

The Group operates a defined contribution scheme. The pension charge for the period represents contributions payable by the Group to the scheme and amounted to £3.7m (2013: £2.7m). There were no outstanding or prepaid contributions at either the current or previous year end.

28. Related party transactions

Compensation of key management personnel

The key management personnel of the Group comprise the Chairman and executive and non–executive Directors, as outlined on page 18 of the Annual Report. The compensation of key management personnel can be found in note 9 to the consolidated financial statements and in the Directors' remuneration report set out on pages 21 to 23 of the Annual Report.

Company Balance Sheet

at 31 March 2014

	Note	2014 £m	2013 £m
Fixed assets			
Tangible fixed assets	5	241.3	238.8
Investments	6	29.2	28.8
		270.5	267.6
Current assets			
Stock		3.3	0.4
Debtors (of which falling due after more than one year: £6.6m (2013: nil))	7	12.1	3.2
Cash and cash equivalents		4.7	0.3
		20.1	3.9
Current liabilities			
Creditors: amounts falling due within one year	8	(195.8)	(187.3)
Net current liabilities		(175.7)	(183.4)
Total assets less current liabilities		94.8	84.2
Loans falling due after more than one year		(8.8)	–
Provisions for liabilities	9	(20.1)	(23.0)
Net assets		65.9	61.2
Shareholders' equity			
Share capital	10	1.8	1.8
Share premium	10	11.4	10.7
Profit and loss account	10	52.7	48.7
Total shareholders' equity	10	65.9	61.2

The accounts on pages 57 to 63 were approved by the Board of Directors at a meeting held on 22 July 2014 and were signed on its behalf by:

Gary Brown
Director

Dart Group PLC
Registered no. 01295221

Notes to the Company Financial Statements

for the year ended 31 March 2014

1. Basis of preparation

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

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

2. Accounting policies

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

Going concern

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

The Directors have prepared financial forecasts for the Company, comprising operating profit, balance sheet and cash flows through to 31 March 2017.

For the purposes of their assessment of the appropriateness of the preparation of the Company's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities, the Company's net current liability position - principally a result of continued investment in our aircraft fleet - and forecasts of future trading through to 31 March 2017, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company will be able to operate within the considered levels of available facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2014.

Foreign currencies

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

Investments

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

Tangible fixed assets

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

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

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

The underlying value of each aircraft is depreciated to its expected residual value over its remaining useful life, which is assumed to end 25-30 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 and the underlying value of the aircraft is depreciated to this same date.

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 the aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease and to ensure that the aircraft is returned to the Company in a satisfactory condition.

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

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

2. Accounting policies – continued

Impairment of assets excluding goodwill

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

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

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

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

Borrowings

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

Leases

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

Cash and cash equivalents

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

Taxation

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

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

Employee benefits

Pension costs

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

Share based payments

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

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

Notes to the Company Financial Statements

for the year ended 31 March 2014

3. Accounting estimates and judgements

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

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

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

Impairment of assets

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

The carrying amounts of aircraft totalled £238.2m (2013: £237.0m). No impairment losses were recorded during the year.

Residual value of tangible fixed assets

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

4. Profit of the parent company

The Company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and has not published its own profit and loss account. Of the profit on ordinary activities after taxation for the year, a profit of £11.3m (2013: loss £2.8m) is dealt with in the accounts of the Company.

5. Tangible fixed assets

	Freehold property £m	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	**Total £m**
Cost					
At 1 April 2013	–	1.2	330.3	6.3	**337.8**
Additions	1.6	–	23.9	0.4	**25.9**
At 31 March 2014	**1.6**	**1.2**	**354.2**	**6.7**	**363.7**
Depreciation					
At 1 April 2013	–	(0.7)	(93.3)	(5.0)	**(99.0)**
Charge for the year	–	(0.1)	(22.7)	(0.6)	**(23.4)**
At 31 March 2014	**–**	**(0.8)**	**(116.0)**	**(5.6)**	**(122.4)**
Net book value					
At 31 March 2014	**1.6**	**0.4**	**238.2**	**1.1**	**241.3**
At 31 March 2013	–	0.5	237.0	1.3	**238.8**

Aircraft and engines having an original cost of £354.2m (2013: £330.3m) and accumulated depreciation of £116.0m (2013: £93.3m) are held for use by a subsidiary company under operating leases.

6. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2013	28.8
Additions	0.4
At 31 March 2014	**29.2**

The principal subsidiary undertakings are:

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

* Indicates investments held directly by Dart Group PLC.

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

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

7. Debtors

	2014 £m	2013 £m
Other debtors and prepayments	**1.3**	1.2
Corporation tax recoverable	**3.4**	1.9
Amounts owed by Group undertakings	**7.4**	0.1
	12.1	3.2

8. Creditors: amounts falling due within one year

	2014 £m	2013 £m
Bank overdraft	**19.1**	46.4
Trade creditors	**0.5**	–
Amounts owed to Group undertakings	**174.0**	139.2
Other creditors and accruals	**1.5**	1.7
Borrowings	**0.7**	–
	195.8	187.3

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £77.8m (2013: £63.9m).

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.

Notes to the Company Financial Statements

for the year ended 31 March 2014

9. Provisions for liabilities

Deferred tax	2014 £m	2013 £m
Accelerated capital allowances		
Provision at start of year	22.4	22.2
Profit and loss account	(2.9)	0.2
Provision at end of year	19.5	22.4
Other short term timing differences		
Provision at start of year	0.6	0.6
Profit and loss account	–	–
Provision at end of year	0.6	0.6
Total deferred tax		
Provision at start of year	23.0	22.8
Provision at end of year	20.1	23.0

10. Reserves

	Share capital £m	Share premium £m	Profit & loss £m	Shareholders' funds £m
At 1 April 2013	1.8	10.7	48.7	61.2
Profit for the year	–	–	6.4	6.4
Dividends paid in the year	–	–	(2.8)	(2.8)
Issue of share capital	–	0.7	–	0.7
Reserves movement arising from share based payment charge	–	–	0.4	0.4
At 31 March 2014	1.8	11.4	52.7	65.9

11. Directors and employees

	2014 £m	2013 £m
Wages and salaries	2.3	1.7
Social security costs	0.3	0.2
Other pension costs	0.1	0.1
	2.7	2.0

On average the Company had 23 employees during the year ended 31 March 2014 (2013: 15). Details of Directors' emoluments are set out in the Directors' remuneration report on pages 21 to 23. Details of the highest paid Director are set out in note 9 to the consolidated financial statements.

12. Share based payments

Details of share based payment schemes operated by the Group are disclosed in note 23 of the consolidated financial statements. Amounts charged in the Company accounts for the year were £26,200 (2013: £26,200).

13. Contingent liabilities

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

14. Related party transactions

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

15. Other information

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

Glossary of Terms

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

Secretary and Advisers

Registered number	1295221	
Secretary and Registered Office	Ian Day Low Fare Finder House Leeds Bradford International Airport Leeds LS19 7TU	
Auditor	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW	
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers	Barclays Bank PLC Barclays Corporate Banking Centre 4th Floor Apex Plaza Forbury Road Reading RG1 1AX	Lloyds Bank plc 2nd Floor Lisbon House 116 Wellington Street Leeds LS1 4LT
	Clydesdale Bank (trading as Yorkshire Bank) 4 Victoria Place Manor Road Leeds LS11 5AE	Santander UK plc Leeds Corporate Banking Centre 44 Merrion Street Leeds LS2 8JQ
Stockbrokers	Arden Partners plc 125 Old Broad Street London EC2N 1AR	Canaccord Genuity Limited 9th Floor 88 Wood Street London EC2V 7QR
Nominated advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY	
Solicitors	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG	Bird & Bird LLP 15 Fetter Lane London EC4A 1JP

Financial Calendar

Annual General Meeting	4 September 2014
Proposed final dividend payment	17 October 2014
Results for the 6 months to 30 September 2014	20 November 2014
Results for the 12 months to 31 March 2015	July 2015

Notice of Annual General Meeting

Notice is given that the 2014 Annual General Meeting of Dart Group PLC (the "**Company**") will be held at 9.30 a.m. on 4 September 2014 at Buchanan Communications, 107 Cheapside, London, EC2V 6DN, to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 6 inclusive will be proposed as Ordinary Resolutions and Resolutions 7 and 8 will be proposed as Special Resolutions.

Ordinary Business

1. To receive the accounts of the Company for the financial year ended 31 March 2014, together with the Directors' and Auditor's reports on them.

2. To declare a final dividend for the financial year ended 31 March 2014 of 2.14 pence per ordinary share of 1.25 pence in issue.

3. To re-elect and reappoint Mark Laurence (who is retiring by rotation) as a Director of the Company.

4. To reappoint KPMG LLP as Auditor of the Company.

5. To authorise the Directors to determine the Auditor's remuneration.

6. That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("**Allotment Rights**"), but so that:

   (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £177,189;

   (b) this authority shall expire on 1 March 2016 or, if earlier, on the conclusion of the Company's 2015 Annual General Meeting;

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

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

Special Business

7. That the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred on them by Resolution 6 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to:

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

   (b) the allotment of equity securities (other than pursuant to paragraph 7 (a) above) up to an aggregate nominal amount of £91,141.

   and shall expire at such time as the authority conferred on the Directors by Resolution 6 in the notice of this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities pursuant to any such offer or agreement.

Notice of Annual General Meeting

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

   (a) the maximum aggregate number of such shares that may be purchased under this authority is 14,582,489 ordinary shares;

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

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

   (d) this authority shall expire on 1 March 2016 or, if earlier, on the conclusion of the Company's 2015 Annual General Meeting; and

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

By order of the Board

Ian Day
Group Company Secretary

Registered office:
Low Fare Finder House
Leeds Bradford International Airport
Leeds
West Yorkshire
LS19 7TU
Dated 22 July 2014

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided on your proxy form. If you sign and return your proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy. Members can copy their original Form of Proxy.
4. The return of a completed proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
   - completed and signed;
   - sent or delivered to Capita Asset Services, PXS, The Registry, 34 Beckenham, Kent, BR3 4TU; and
   - received by Capita Asset Services no later than 9.30 a.m. on 2 September 2014 (or, in the case of an adjournment, by the time 48 hours before the time appointed for the adjourned meeting).
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
9. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
12. Only those members entered on the register of members of the Company at 6.00 p.m. on 2 September 2014 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 2 September 2014 or, in the event that this meeting is adjourned, in the register of members after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. Copies of the Directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

Explanatory Notes

Ordinary Business

The ordinary business to be proposed at the 2014 Annual General Meeting is set out in Resolutions 1 to 6 inclusive.

Resolution 2 – Declaration of final dividend

Members are being asked to approve a final dividend of 2.14 pence for each ordinary share of 1.25 pence in the capital of the Company in respect of the financial year ended 31 March 2014. If approved, the dividend will be paid on 17 October 2014 to holders of ordinary shares on the register of members at the close of business on 12 September 2014.

Resolution 3 – Re-election of Director retiring by rotation

In compliance with article 85 of the Company's articles of association, one-third of the Directors are required to retire at the 2014 Annual General Meeting. In addition, each Director shall retire from office at the third Annual General Meeting after he was appointed or reappointed if he would not otherwise fall within the Directors to retire by rotation and did not retire at either of those meetings. Accordingly, Mark Laurence will retire at the 2014 Annual General Meeting. He will offer himself for re-election as a Director at the 2014 Annual General Meeting and he is recommended by the Board for re-election. Biographical details of each Director can be found on page 18 of the Annual Report.

Resolution 6 – Authority to allot Ordinary Shares

Your Board is proposing to renew the general authority, last given at the Company's 2013 Annual General Meeting, to allot ordinary shares. Resolution 6 would give the Directors the authority to allot up to 14,175,114 new ordinary shares, representing approximately 9.7% of the issued ordinary share capital of the Company as at 30 June 2014. This authority would expire on the earlier of the conclusion of the Company's 2015 Annual General Meeting and 1 March 2016. The Board has no present intention of exercising this authority and intends to seek its renewal at subsequent Annual General Meetings of the Company.

Special Business

The special business to be proposed at the 2014 Annual General Meeting is set out in Resolutions 7 and 8.

Resolution 7 – Disapplication of statutory pre-emption provisions

Your Board is proposing to renew the Directors' authority to allot ordinary shares for cash and to sell treasury shares other than pro rata to existing shareholders. This authority would expire on the earlier of the conclusion of the Company's 2015 Annual General Meeting and 1 March 2016.

Resolution 7 would restrict the number of new ordinary shares which may be allotted for cash to an aggregate maximum of 7,291,244 ordinary shares, being equivalent to approximately 5% of the issued ordinary share capital of the Company as at 30 June 2014. The new authority would also permit allotments to shareholders on a pre-emptive basis subject, where necessary, to dealing with fractional entitlements and entitlements of foreign shareholders.

Resolution 8 – Authority to purchase Ordinary Shares

This special resolution seeks shareholders' authority for the Company to make market purchases of its own ordinary shares. The Directors have no present intention of exercising this authority, but would wish to have the flexibility to do so in the future. Purchases of own ordinary shares would only be made through AIM. Any ordinary shares purchased would be cancelled (in which case the number of ordinary shares in issue would thereby be reduced) or held in treasury. The Directors will only exercise the authority to make purchases of ordinary shares granted by this resolution if they believe that to do so would result in an improvement in earnings per share and/or is in the best interests of the shareholders generally. The maximum number of ordinary shares which may be purchased is 14,582,489, representing approximately 10% of the issued ordinary share capital of the Company as at 30 June 2014. The authority would expire on the earlier of the conclusion of the Company's 2015 Annual General Meeting and 1 March 2016. The minimum price that could be paid for an ordinary share would be 1.25 pence and the maximum price would be equal to 105% of the average of the middle market quotations for an ordinary share, as derived from the AIM Appendix to the London Stock Exchange Daily Official List (as applicable at the time the proposed purchase is to be contracted) for the five business days immediately preceding the day on which the share is contracted to be purchased, in each case excluding expenses. The Directors expect that, if the authority were to be exercised, the consideration for such purchases would be defrayed by utilising the distributable reserves of the Company.

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

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

As at 31 March 2014, options over a total of 3,879,559 ordinary shares were outstanding and not exercised. That number of ordinary shares represents approximately 2.7% of the Company's issued ordinary share capital as at the same date. It would represent approximately 3.0% of the issued ordinary share capital if the authority to purchase the Company's own ordinary shares conferred by Resolution 8 had been exercised in full at that date.

Shareholder Notes

Shareholder Notes

DART GROUP PLC

Low Fare Finder House
Leeds Bradford International Airport
Leeds
LS19 7TU

T +44 (0)113 238 7444
F +44 (0)113 238 7455
E information@dartgroup.co.uk
W www.dartgroup.co.uk

Our Teynham, Kent Distribution Centre

Grading and Packing Fruit at Teynham