On the Beach
GROUP PLC

ANNUAL REPORTS & ACCOUNTS
For the Year ended 30 September 2015

On the Beach is a fast-growing, leading online retailer of beach holidays.

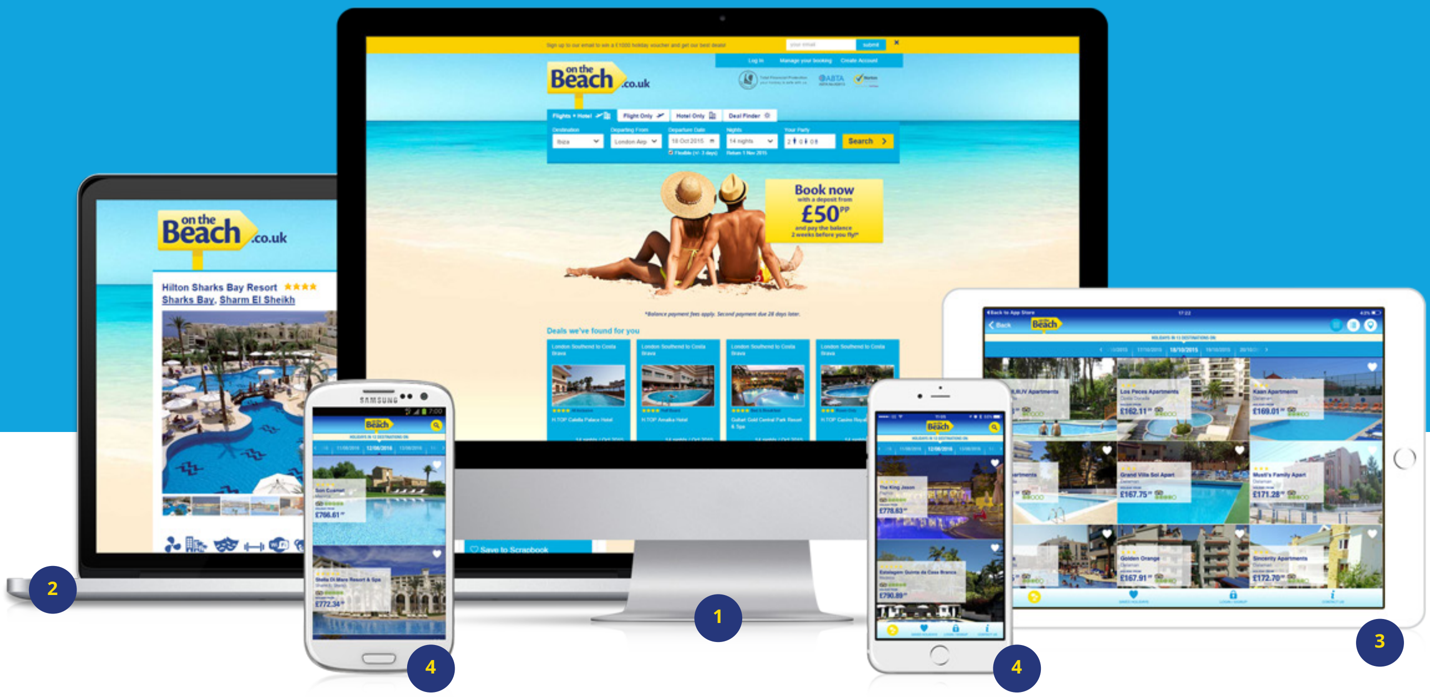
on the Beach .co.uk

TOTAL FINANCIAL PROTECTION

ABTA
ABTA No.K0813

Welcome to On the Beach

1 Desktop 2 Laptop 3 Tablets (iOS & Android) **4 Smartphones** (iOS & Android)



On the Beach is one of the UK's largest online retailers of beach holidays with a **17% share** of the UK online short haul beach holiday market.

With significant opportunities for growth, we're on a long-term mission to become Europe's leading online retailer of beach holidays, so our story's only really just begun.

Here at On the Beach we're providing a significant structural challenge to legacy tour operators and travel agents as we continue our journey to disrupt the online retail of beach holidays with our scalable, flexible, innovative technology, a strong customer value proposition and a low cost base. Our model is customer-centric, asset light, profitable and cash generative.

Visit us online at www.onthebeachgroupplc.com

Contents

Simplicity

Value

Personalisation

Strategic Report

Governance

Financial Statements

Strategic Report

2004

Founded by Simon Cooper.

First website launched.

2007

Livingbridge acquired a majority stake in the Group for £36 million

2011

79 per cent of the Group's bookings were made online.

On the Beach launched its own proprietary technology platform.

2013

Inflexion Equity Partners acquired a majority stake in the Group from Livingbridge.

2014

On the Beach continues to optimise its technology platform, grow its direct contracting and invest into TV advertising.

2015

Launched an international platform in Sweden under the "ebeach.se" domain name

On 28 September, On the Beach listed on the London Stock Exchange.

93 per cent of the Group's bookings were made online.

At a glance

On the Beach has experienced strong growth, recorded a high level of consumer engagement on mobile devices and invested in international expansion under the eBeach brand.

adjusted underlying Profit before tax up by
46.5%

Financial highlights Group

- Group revenue is up by 37.9% to £63.1m (FY14: £45.8m)
- Group operating profit before amortisation and exceptional costs up by 39.4% to £17.5m (FY14: £12.5m)
- Group operating profit is up by 113.5% to £8.0m (FY14: £3.8m)
- Group adjusted underlying profit before tax (1) up by 46.5% to £14.5m (FY14: £9.9m)
- Adjusted proforma earnings per share of 8.9p is 43.5% up on last year (FY14: 6.2p)
- Strong cash conversion of 99.5% (FY14: 66.4%)
- Net external cash at year end of £10.9m (FY14: £8.6m debt)

(1) Adjusted underlying profit before tax is stated before exceptional costs of £4.9m (FY14: £3.5m), amortisation of acquired intangibles of £4.3m (FY14: £4.3m) and shareholder interest £7.8m (FY14: £7.0m)

Financial highlights UK

- Total transaction value up 26.6% to £453.6m (FY14: £358.3m)
- Revenue up 37.1% to £62.5m (FY14: £45.6m)
- Revenue after marketing costs up 41.4% to £30.4m (FY14: £21.5m)
- EBITDA (after holding company costs) up 44.9% to £20.0m (FY14: £13.8m)

Operational highlights UK

- Daily unique visitors increased by 14% to 54.4m (FY14: 47.7m)
- Mobile traffic share increased to 61.2% (FY14: 49.0%)
- Branded and free traffic as a percentage of overall increased to 54.8% (FY14: 50.6%)
- Revenue per daily unique visitor increased by 19.9% to £1.15 (FY14: £0.96m)
- Listed on the London Stock Exchange on 28 September 2015

Operational highlights International

- Increased investment to drive share growth in Sweden £1.8m (FY14: £0.7m)
- Daily unique visitors increased by 179.2% to 1.48m (FY14: 0.53m)
- Total transaction value up by 250% to £5.6m (FY14: £1.6m)
- Launched first TV advertising campaign in May 2015

Chairman's Statement

A company with outstanding talent, pioneering technology and huge potential.

Richard Segal
CHAIRMAN

This is the Company's first annual report as a listed company and it has been a year of great progress and one in which several notable milestones were reached; not least our Admission to the London Stock Exchange on 28 September 2015.

During the year, the Group arranged beach holidays for more than one million passengers from the UK for the first time, an international platform was launched in Sweden under the "ebeach.se" domain name and the Group recorded the highest level of consumer engagement on mobile devices, with tablets and mobiles accounting for 61% of traffic.

Since being established by Simon Cooper in 2004, On the Beach has grown and developed at a striking pace and its impressive and talented management team have made enormous strides across every facet of the organisation. I joined the Group in October 2013 and have witnessed first-hand the Group accelerate its progress and expansion; notably in the areas of optimising its technology platform across multiple devices, personalising an attractive consumer product, driving branded awareness, direct contracting hotels and overseas expansion.

It gives me great pleasure to introduce the Group's results for the year ended 30 September 2015. UK segment total transaction value increased by 26.6%, revenue by 37.1%, EBITDA by 44.9% and Group underlying profit before tax by 46.5%. On every key measure, the business has performed exceptionally. The Group has a very impressive record of revenue and profit growth and it has been able to grow its profitability at a faster rate than revenues, demonstrating its ability to leverage its low fixed cost base. The Group has also invested for the future – in its people, technology and brand. As a result, it has the infrastructure and foundations in place to enable it to continue to grow and flourish.

The Group's transformation over the last decade has been based around a customer proposition that focuses on simplicity, value and personalisation. The Group's online platform provides ease of navigation, clarity and transparency. Consumers get supreme value with extensive choice, flexibility, competitive pricing, flexible payment plans, relevant products and, importantly, financial protection and high service standards. In the fast moving and changing technological world in which we now live, the Group utilises customer preferences to personalise the customer experience across each device which a customer may use to visit the Group's websites, in order to maximise conversion rates.

A key strength within On the Beach is its singular focus on online, dynamically packaged beach holidays. The Group recognises the importance families and individuals place on selecting all the ingredients that together make the picture-perfect beach holiday. A flat, entrepreneurial, customer-focused culture is engrained across the business. This delivers high levels of customer satisfaction, drives innovation of ideas and enables the Group to continually evolve by improving those elements of its business which will have the biggest effect on the customer experience and revenue generation.

People are at the heart of the organisation. From the outset, there has been a determination to recruit and retain the very best employees. Finding individuals with the strongest skills and attitude has been central to On the Beach's success.

This philosophy has been extended to the formation of the Board of Directors and I'm delighted to have recently welcomed to the Board Lee Ginsberg and David Kelly, two non-executive directors who have brought with them a wealth of experience and expertise.

The Board regularly monitors risk and control processes to ensure they support the Group's strategy and objectives.

The financial results for the year ended 30 September 2015 were very encouraging and provide the Group with a strong platform on which to build in the new financial year. The Group's scale, market position, technology, brand strength and committed team combine to provide a strong foundation from which we can grow and extend. The first quarter of the financial year, which is a quieter period from a financial performance point of view, has started strongly and is in line with the Board's expectations. This impressive performance, given the tragic recent events in Sharm El Sheikh and Paris, underscores the resilience and agility of the Group's operating model. The Board remains confident about the Group's prospects.

Listing a company is an immensely time consuming process, especially for senior management and the finance team. Delivering outstanding financial results at the same time as undertaking this process is a tribute to everyone in the business and to the quality of the business itself. I would like to conclude by expressing my thanks to all the Group's employees for what has been an extremely busy and successful year.

Richard Segal
Chairman
9 December 2015

Chief Executive's Report

On the Beach continues to disrupt the online retail of beach holidays by using its innovative technology platform to drive a market-leading customer proposition focused on great value beach holidays.

Simon Cooper
CHIEF EXECUTIVE OFFICER

I am delighted to present the Company's first annual report since becoming a listed company on 28 September 2015.

On the Beach is a dynamic, entrepreneurial and ambitious business and our recent listing represents the beginning of the next phase of the Group's development. We deliver beach holidays to our customers that are tailored to their individual needs. We are driven to constantly improve the quality and value we provide to our customers.

I am grateful to be supported by talented, enthusiastic and motivated colleagues who are supportive, professional and commercially driven. It gives me great pleasure to report that during the financial year ended 30 September 2015 we had an extremely strong year achieving growth in UK revenue and Group underlying profit before tax of 37.1% and 46.5% respectively.

Our continued growth has been delivered by executing a simple strategy to optimise our customer proposition to increase conversion and improve margin while driving an efficient increase in our market traffic share.

Growth

Growth in the financial year ended 30 September 2015 ("FY15") has come as a result of:

- Driving an efficient increase in our share of a growing market, while investment into our brand has also increased awareness (daily unique visitors +14% year on year ("YOY") to 54.4m)
- Optimisation of our market-leading customer proposition to drive increased engagement and online conversion (online conversion +8% YOY)
- Incremental value per website visitor has been gained through personalisation technology providing customers with the right product at the right time
- Increasing the directness of our relationships with end suppliers to drive increased revenue (revenue per unique visitor +20% YOY to £1.15)
- Leveraging our lean cost base versus asset heavy tour operator competitors
- 93% of bookings are made via our online platform delivering cost efficiencies and incremental margin
- Expanding our model into new source markets, beginning with Sweden and with plans to extend this further under our eBeach brand into further source markets

Market

Demand for beach holidays has continued to increase and online penetration continues to grow. For the first time more than half of all beach holidays are now booked online and as a pure play online retailer, On the Beach is well-placed to benefit from this ongoing structural shift in consumer behaviour. In FY15, the Group has cemented its position as the leading online retailer of beach holidays with more than 54 million unique visitors to site and more than 1 million passengers booking their short haul beach holidays via our website.

Investment in Brand

We have continued to invest in the sophistication of our in-house bid modelling (that optimises the value gained from our multi-channel marketing spend) and this in turn has allowed us to take an increasing share of market traffic, cost effectively. Our brand continues to strengthen, supported by our investment into offline marketing activity and in FY15 55% of traffic to site was from branded and free sources (FY14: 51%). Planning for an extended offline campaign in FY16 is complete and our new advert will air nationally on Boxing Day. In FY15 we also launched iPhone, iPad and Android apps, achieving circa 400,000 downloads by the year end.

Investment in People and Product

We continue to add talent to our technology team to ensure that we can remain at the forefront of innovation in our sector. Leveraging our bespoke personalisation technology allows us to show more relevant product to an increasing proportion of site visitors and in turn this allows us to create deeper customer engagement and drive both conversion and margin. Our bespoke testing framework, which allows us to test variations of the user experience against a control, has also allowed us to drive further improvements to device level conversion and our traffic is now over 60% from mobile devices.

We have maintained investment into our service function in order to provide the highest level of customer support for all of our valued customers and are delighted that our Net Promoter Scores and repeat purchase rates have increased significantly through FY15.

We have been able to drive growth in our direct contracting function, building on the strong foundations which were put in place in the prior financial year. In FY15 we have beaten our internal targets driving 43% of total hotel buying through in-house capability with incremental margin contribution and this together with multiple other initiatives has driven an increase in revenue per booking of 16% year on year.

Our scalable business model allows us to leverage our lightweight cost base reducing fixed and variable costs as a percentage of revenue despite a significant investment into technology, service and supply functions.

International

Following the launch of our first international market, Sweden, at the start of the 2015 calendar year, we have made progress in growing unique visitors and generating bookings and revenues. Daily unique visitors to site in FY15 were up 179%. We have also made improvements to customer proposition which have led to an increase in total transaction value value of 250%. We will further develop the strong growth of the brand that we have generated in Sweden with a TV campaign in January 2016 and will launch our second new market in early 2016.

Strategy and Growth

The Group has a mission to make it simple for customers to plan, find and book their perfect beach holiday and a vision to be Europe's leading online retailer of beach holidays.

The Group has delivered significant growth within a growing market over the last three years by evolving a strategy based around the following principles:

1. Driving an efficient increase in market traffic share
2. Optimisation and personalisation of the customer proposition across multiple devices
3. Leveraging revenue through payment options and direct product sourcing
4. Expanding our model into new source markets in Northern and Central Europe

To deliver the above we recognise the importance of a continued investment into our people and our platform which allows us to innovate at an increasing pace and in doing so, out-innovate the competition.

Our key strategic pillars for 2016 are:

1. Driving an efficient increase in market traffic share:

- Investing in an efficient multi-channel approach supported by increasingly sophisticated bid modelling and attribution.
- Strengthening brand awareness through offline advertising.
- Increasing direct to site traffic by building apps complementary to the onsite experience.

2. Optimisation and personalisation of the customer proposition and customer experience:

- Driving an increasingly simplified customer experience across multiple devices by continually testing changes to the website versus a control to drive increased conversion.
- Increasing the level of onsite and offsite personalisation at an individual user level.
- Expand product offering to address a wider customer demographic.
- Recruitment and development of specialist staff to (a) develop online tools, (b) deliver enhanced customer communication and (c) enhance the 24/7 in resort support service to increase customer satisfaction.

3. Leveraging revenue through payment options and direct product sourcing:

- Increasing the proportion of direct product sourcing and target core market rate exclusivity.
- Optimising the point of sale margin through margin split testing, competitor analysis and in-resort contributions.
- Monetising a suite of innovative and attractive customer and supplier payment options.

4. Expanding our model into new source markets in Northern and Central Europe:

- Delivering improvements to key drivers of conversion, cost per unique visitor and branded share of traffic.
- Driving positive returns with a significant market share in Sweden.
- Rolling out fully formed proposition into further source markets.

Current Trading and Outlook

Since the beginning of the new financial year, On the Beach has continued to perform strongly and I remain optimistic about the future. I believe the foundations we have put in place for direct contracting, personalisation and internationalisation, combined with our strengthening brand awareness, continue to offer significant growth opportunities.

Our continuing investment into talent means we are well placed to increase the pace at which we innovate and thereby further differentiate our market-leading customer proposition and our growing scale means that we continue to leverage operational efficiencies, increasing our profits as a percentage of revenue.

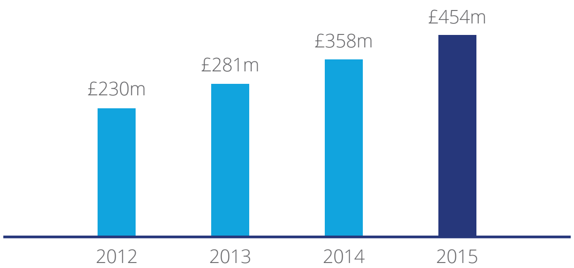
The start of FY16 has been marred by the terrible events in Egypt and in Paris and our thoughts are with all of those affected. We have worked hard to ensure that all On the Beach customers in Sharm el Sheikh were repatriated in an orderly fashion and those that were due to travel to the Red Sea prior to Christmas have been offered alternative holidays. As an OTA we have no commitments to flight or hotel capacity and are well positioned to react quickly to changes in consumer demand. We have enjoyed a strong start to the new financial year and performance is in line with the Board's expectations. I remain confident for the year ahead as we focus on our strategic objectives while investing to deliver long-term, sustainable returns for our shareholders.

Simon Cooper
Chief Executive Officer
9 December 2015

Key Performance Indicators

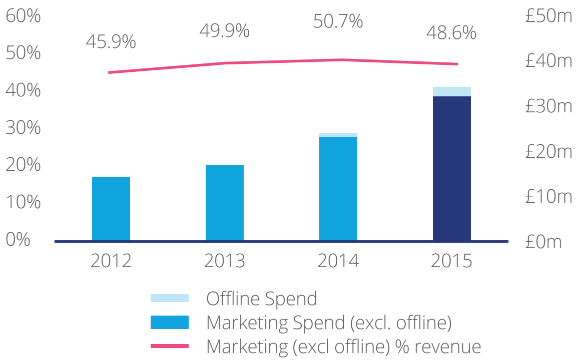
UK Segment: Total Transaction Value (£m)

Total Transaction Value
Total sales value of all customer bookings made with On the Beach
Continuing growth with an increase of 27% over the previous year



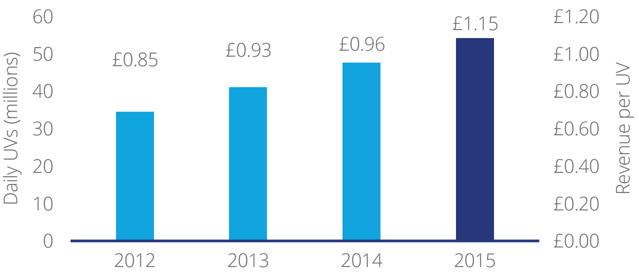
Marketing Spend (excluding Offline) as % Revenue

For the year to 30th September as a percentage of revenue decreased to 48.6% (2014: 50.7%) with total spend of £30.4m (2014: £23.1m)



Daily Unique Visitors (millions) & Revenue per Daily UV

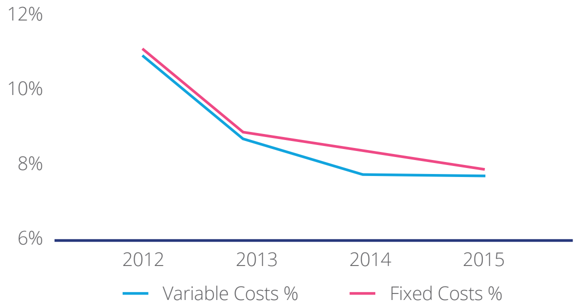
Daily UVs
Number of individuals, as defined by an IP address, visiting pages from the onthebeach.co.uk website during a 24 hour period
Daily UVs have increased 14% over the previous year whilst Revenue per Daily UV has increased 20% over the previous year



Costs as % Revenue

Fixed Costs
Includes head office salaries, office related costs and IT expenditure

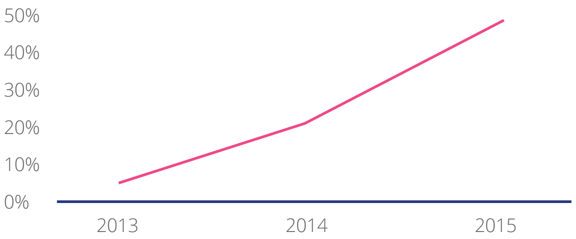
Variable Costs
Comprise mainly of contact centre wages and credit card fees



Key Performance Indicators
continued

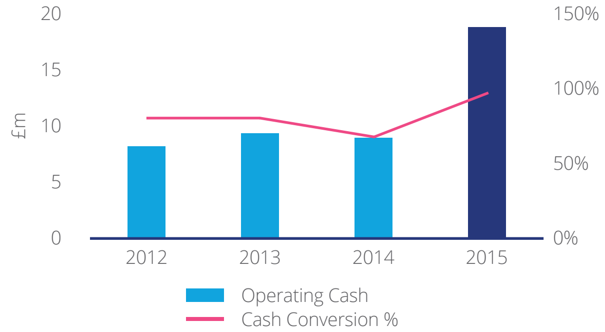
Direct Contracting %

Direct Contracting: sourcing hotel beds for customers directly from hotels rather than via third-party bed-banks as intermediaries
Continuing growth into FY15 with 48% of hotels directly contracted in September 2015



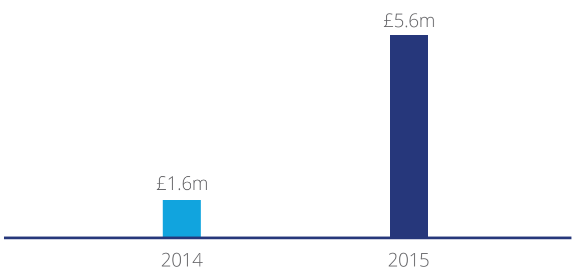
Operating Cash & Cash Conversion %

Operating Cash: cash generated from continuing operations less capital expenditure in respect of continuing operations
Cash Conversion: Operating Cash before exceptional items as a percentage of adjusted EBITDA



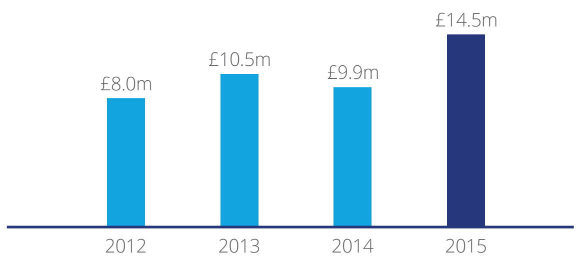
International Segment: Total Transaction Value (£m)

Total Transaction Value: total sales value of all customer bookings made via ebeach.se
'Hard launch' in Sweden in early 2015 led to an increase of £4m TTV for the 12 months to 30 September over the year



Underlying profit before tax

Underlying profit before tax: Group operating profit [1] including finance costs before amortisation and exceptional costs
Investment in offline campaign and direct contracting in FY14 accelerates growth in FY15 despite £1.1m increased investment in International expansion



(1) Includes amortisation of development costs but excludes amortisation of acquired brand and website technology intangible assets of £4.9m (2014: £3.4m)

Chief Financial Officer's Review

A successful year with:

- > Strong TTV growth in the UK up 27% to £453.6m
- > UK Revenue growth of 37%
- > UK EBITDA growth of 45% and
- > Strong cash conversion

Wendy Parry
CHIEF FINANCIAL OFFICER

The Group organises its operations into two principal financial reporting segments, being UK (the "UK Segment") (the Group's established market) and international (the "International Segment") (the Group's new market).

In each of the UK Segment and the International Segment, the Group realises 94% of revenue from dynamically packaged holidays with the remainder single element products such as flights or hotels.

UK Segment performance

	2015 £m	2014 £m	Change %
TTV	453.6	358.3	26.6%
Revenue	62.5	45.6	37.1%
Revenue after marketing costs	30.4	21.5	41.4%
Variable costs	(4.9)	(3.5)	
Overhead costs	(5.1)	(3.9)	
Holding Company costs	(0.4)	(0.3)	
Depreciation and amortisation (1)	(1.7)	(1.3)	
EBIT	18.3	12.5	46.4%
EBITDA	20.0	13.8	44.9%
EBITDA % revenue	32.0%	30.3%	

(1) Excludes amortisation of acquired brand and website technology intangible assets of £4.3m (2014: £4.3m)

Total transaction value

For the year ended 30 September 2015, total transaction value (TTV) increased by 26.6% to £453.6m (2014: £358.3m). Growth during the year was driven by a 14% increase in traffic to the "On the Beach" website which continues to increase its share of a growing market. The continual optimisation of our customer proposition led to increased conversion of bookings to daily unique visitors at 0.71% (2014: 0.68%) and higher average booking values (ABV) of £1,181, a 7.5% increase on last year (2014: £1,099). Our personalised customer experience, flexible payment options and high level of customer service continue to increase customer engagement and growth.

Revenue and marketing costs

Revenue increased by 37.1% to £62.5m (2014: £45.6m) with increases in volume, average booking values and margin per booking. Revenue per daily unique visitor grew 19.9% in the year to £1.15 (2014 £0.96) and revenue per booking was 16.4% higher at £162.8 (2014: £139.9) largely due to increasing the directness of relationships with our suppliers through the volume of in-house accommodation bookings to 40.7% (2014: 20.6%), the launch of a new insurance product and increased attachment rates of in-house transfers to bookings.

Marketing expenses (excluding offline) for the year to 30 September 2015 as a percentage of revenue decreased to 48.6% (2014: 50.7%) with total spend of £30.4m (2014: £23.1m) driving an efficient increase in our share as we continue to invest in the sophistication of our in house bid tools. We have increased spend in the year on the Group's offline TV advertising campaign to £1.7m (2014: £1.0m) as it was extended across wider regional coverage of the UK and we have seen a significant increase in brand awareness and the share of branded traffic to 55% (2014: 50.6%).

UK segment EBITDA

We continue to leverage our lean cost base and as a result there has been a fall in costs as a percentage of revenue overall (even despite additional investment of £0.6m in infrastructure to support direct contracting):

	2015	2014
Variable costs % revenue	7.8%	7.7%
Overhead costs % revenue	8.2%	8.6%
Holding Company costs % revenue	0.6%	0.7%
Total	16.6%	16.9%

Variable costs, which comprise mainly contact centre wages and credit card fees, are closely linked to booking volumes and remain broadly in line with last year at 7.8% of revenue. Continued operational leverage and the revenue benefit of direct relationships reduced overhead costs as a percentage of revenue to 8.2% (2014: 8.6%).

Holding company costs have increased in the year £0.1m to £0.4m (2014: £0.3m) due to additional expenditure required to fulfil the requirements of a listed company.

EBITDA increased by 45% to £20.0m (2014: £13.8m). EBITDA as a percentage of revenue increased from 30.3% to 32%.

International Segment performance

	2015 £m	2014 £m
TTV	5.6	1.6
Revenue	0.7	0.1
Revenue after marketing costs	(1.5)	(0.6)
Variable costs	(0.1)	-
Overhead costs	(0.2)	(0.1)
EBITDA	(1.8)	(0.7)

In early 2015, the Group launched an international platform in Sweden under the 'ebeach.se' domain. The Group has focused on growing market share both online and offline and launched a national TV campaign in Sweden in May 2015 (at a cost of £0.2m). This drove an increase in branded visitors to the Group's website with branded share rising to 23% in that same month.

In the 12 months to 30 September, the Swedish business generated TTV of £5.6m (2014: £1.6m), revenue of £0.7m (2014: £0.1m) and an EBITDA loss of £1.8m (2014: £0.7m). Losses are derived almost entirely from the marketing investment required to drive branded awareness and share of traffic which will in turn improve efficiency.

Underlying Profit before tax and retained earnings

The Group reports underlying profit before tax before shareholder interest [(2)], amortisation of acquired intangibles and deal costs to allow better interpretation of the underlying trend in profit before tax.

	2015 £m	2014 £m	Change %
Group operating profit before amortisation [(1)] and exceptional costs	16.4	11.8	39.0%
Non Underlying Costs	(0.3)	(0.3)	
Finance Costs	(1.8)	(1.7)	
Finance Income	0.2	0.1	
Underlying Profit before tax	14.5	9.9	46.5%
Exceptional costs	(4.9)	(3.4)	
Amortisation of acquired intangibles	(4.3)	(4.3)	
Shareholder loan interest	(7.8)	(7.0)	
(Loss) before taxation	(2.5)	(4.8)	47.9%
Taxation	(2.0)	(1.0)	
(Loss) for the year	(4.5)	(5.8)	

(1) Includes amortisation of development costs but excludes amortisation of acquired brand and website technology intangible assets of £4.3m (2014: £4.3m

(2) Interest on shareholder loans will no longer be incurred following the IPO as shareholder loan notes were repaid in full by way of the issue of shares to loan note holders

Finance costs

The finance cost for the year was £1.8m (2014: £1.7m) and included amortisation costs of fees of £0.3m (2014: £0.3m) in respect of the term loan of £22.0 million raised on 4 October 2013 as part of the financing for the investment by Inflexion which was repaid in full out of the Group's existing cash balances following admission. The Group has entered into a new revolving credit facility of up to £35 million: please see "IPO refinancing" section below.

Exceptional items

Exceptional items for the year to 30 September 2015 were £4.9m (2014: £3.4m). Total fees incurred in relation to the IPO were £5.2m, of which £4.9m has been expensed through the Income Statement as an exceptional item with the balance of £0.3m being charged to the share premium account. In 2014 £3.4m of deal costs were charged to the income statement in connection with the investment by Inflexion on 4 October 2013.

Taxation

The Group tax charge of £2.0m represents an effective rate [(1)] of 30.5% (2014: 32.7%) which was higher than the average standard UK rate of 20.5% (2014: 22%). This was affected in both periods by disallowed shareholder interest under the Advance Thin Capitalisation Agreement and a deferred tax credit of £0.9m (2014: £0.7m) which is released in line with the amortisation of £4.3m on the valuation of acquired intangibles on the investment by Inflexion in October 2013. Following the repayment of shareholder debt on 28 September the effective rate will decrease in the year to 30 September 2016.

(1) Effective tax rate is calculated as taxation charge divided by underlying profit before tax plus shareholder interest

Earnings per share

Basic earnings per share, calculated for the current and comparative period, is based on the number of shares in issue immediately following the IPO on 28 September 2015 and has reduced from a loss per share for the previous year of 7.9 pence to a loss per share in the current year of 5.8 pence.

The adjusted proforma basic earnings per share based on adjusted underlying earnings increased 43.5% to 8.9 pence (2014: 6.2 pence). The table below shows the adjustment from actual earnings to adjusted earnings:

	2015 £m	2014 £m
(Loss) for the year	(4.5)	(5.8)
Add back:		
Exceptional Costs	4.9	3.4
Amortisation of acquired intangibles	4.3	4.3
Shareholder Interest	7.8	7.0
Deferred tax on acquired intangibles	(0.9)	(0.8)
Underlying Profit for the year	11.6	8.1
Number of ordinary shares in issue at 2015 year end; assumed to be outstanding for the full year and comparative period (millions)	130	130
Adjusted proforma earnings per share (pence)	8.9	6.2

Cash flow and net debt

The Group continues to see strong cash generation with operating cash flows 108% higher at £18.1m (2014: £8.7m), resulting in strong cash conversion of 99.5% (2014: 66.4%).

	2015 £m	2014 £m
EBITDA	18.2	13.1
Capitalised development spend	(2.0)	(1.5)
Movement in working capital (1)	2.2	(2.5)
Capital expenditure	(0.3)	(0.4)
Operating cash flow (2)	18.1	8.7
Operating cash conversion	99.5%	66.4%

(1) Movement in working capital has been adjusted to exclude £3.1m inflow from IPO cost accruals at 30 September 2015

(2) The statutory FY14 cash flows have been amended in the table above to aid comparability between periods

Accounting for the IPO and refinancing

In preparation for the IPO, the Group undertook a capital reorganisation and refinancing, and executed a complex steps plan which included the creation of a new holding company, share exchanges and repayment arrangements for previous shareholders and bank debt. By applying the principles of reverse acquisition accouting in accordance with IFRS 3 "business combinations", the results of the Group are presented as if On the Beach Group plc had always owned the On the Beach Topco Limited. Further details about the accounting for the IPO are disclosed within notes 2(a) and 19 to the financial statements.

On 18 September 2015, in connection with the IPO, the Group entered into a new revolving credit facility (RCF) of £35m with Lloyds. There was no drawdown on the RCF outstanding at 30 September 2015. Borrowing limits vary throughout the period of the Facility to reflect the seasonal borrowing requirements of the group as a result of the flexible payment options given to customers throughout the year.

Primary proceeds of £10m from the IPO have been used to repay management loan interest of £2.8m and deal fees to date of £1m with a further £3.3m yet to be paid related to the IPO and the balance of £3m is available for investment in the future growth of the business.

Net debt has reduced in the year with cash at bank and in hand position at the year- end of £10.9m (2014 net debt £8.6m).

Incorporation and capital reduction

On 17th August 2015, On the Beach Group PLC was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company.

The Company has reduced its share capital by means of a court-sanctioned reduction in capital in order to provide it with the distributable reserves required to support the intended dividend policy. The capital reduction received court approval on 18 November 2015 and is detailed in the post balance sheet events note 24 on page 83.

Dividend

Whilst the Group operates a highly cash generative business model, the Board intends for the significant majority of profits to be reinvested to support further growth. The Group is committed to a progressive dividend policy and the current intention of the Board is to pay a dividend in relation to the financial year ending 30 September 2016. Thereafter, the Group will adopt a progressive dividend policy.

Wendy Parry
CHIEF FINANCIAL OFFICER
9 December 2015

Principal Risks and uncertainties

The Board has overall responsibility for ensuring maintenance of a sound system of internal control and risk management. It reviews the effectiveness of the Group's risk and control processes to support its strategy and objectives.

Risks are discussed as a matter of course at every Board meeting and formal risk registers are maintained and updated on at least an annual basis. The Audit Committee has the responsibility to review the Group's internal controls and risk management systems.

The Directors have carried out a robust assessment of the principal risks and uncertainty facing the company, including those which could threaten its business model, future performance, solvency or liquidity. This section of the Strategic Report sets out those key risks, together with an explanation of how those risks are mitigated and/or managed.

1. TRADING

Operational Risks	Description of Risk	Mitigation & Management
1.1. Consumer Confidence Risk	Economic factors (e.g. recession, interest rate changes) can affect consumer confidence and reduce discretionary spend, leading to reduced demand for holidays. Acts of terrorism (such as the recent ISIS attacks) or political unrest can result in a destination or area being unavailable or becoming less popular, which can lead to a reduction in bookings and/or stretched demand and limited supply in other areas.	We are expanding our range of hotels to attract a new target audience (e.g. our new luxury range) who may be less likely to be affected by a decrease in discretionary spending. International expansion could also help mitigate UK specific economic factors. We continue to offer flexible payment options such as our low deposit scheme and Paypal Credit to mitigate the impact of a reduction or a decrease in discretionary spending, and we continue to explore new and innovative consumer propositions. We offer a wide spread of holidays in a wide range of destinations and as we do not commit to stock, we are well placed to react to a transient shift in consumer appetite.

Operational Risks	Description of Risk	Mitigation & Management
1.2. Supply Chain Risk	The Group does not have relationship agreements in place with certain airlines. The Group is currently able to use technology to access flight data and place bookings on behalf of customers. From time to time, certain airlines have sought to hinder or block the Group's access to their websites using technological, legal or other means and may do so in the future. If successful, the Group's offering may be less extensive which could have a material adverse effect on the Group's business. If an airline were to collapse as a result of a financial failure, this could result in significant direct and indirect costs for the Group (e.g. the cost of refunding customers the money paid for the flight, plus loss of margin on the accommodation element of the holiday).	The Group has a dedicated in-house team of IT experts whose purpose is to maintain and develop its proprietary technology, and it invests significantly in its technology and its people to ensure that it can continue to operate as it does currently.

1. TRADING continued

Operational Risks	Description of Risk	Mitigation & Management
1.3. Reputation Risk	The Group relies on the strength of its brand to attract customers to and secure bookings through the website. Any events or circumstances which give rise to adverse publicity, for example a serious injury or death of a customer, or poor customer experience (either on holiday or with the Group's sales or after sales services), could cause brand/ reputation damage and lead to a loss of goodwill.	The Group monitors customer satisfaction on a regular basis and acts on feedback received. On the Beach Beds Limited contracts directly with hotels and it has an internal dedicated function, whose role it is to ensure that the hotels adequately self-regulate in relation to quality issues, such as health & safety and customer service.

Operational Risks	Description of Risk	Mitigation & Management
1.4. Competition Risk	The Group operates in a very competitive market. If competitors offer a more compelling proposition, this could have a material adverse effect on the Group's financial position and prospects.	The Group monitors competitor pricing constantly to ensure deals are priced competitively and offers unique payment options such as the low deposit scheme.

Operational Risks	Description of Risk	Mitigation & Management
1.5. Systems & Technology Risk	A significant business interruption could impact on the Group's ability to trade and/or manage the business. The Group is exposed to risks of security breaches associated with online commerce security (e.g. loss of customer data). If the Group's technology can't keep up with growing demand, this could affect our ability to deliver planned growth. Changes in search engine algorithms or search engine relationships could adversely affect the ability to drive traffic to the website.	The Group has comprehensive business continuity and disaster recovery plans, and robust back up and failover facilities. The Group has stringent security in place which is regularly tested and audited. The Group is PCI DSS compliant which involves regular external audits. The Group regularly assesses capacity and utilisation of the system, and carries out a full review every 6 months to ensure that the longer term infrastructure plan is aligned with predicted growth and capacity needs.

Operational Risks	Description of Risk	Mitigation & Management
1.6. People Risk	The Group's ability to achieve its strategic objectives is dependent on certain key personnel, plus its ability to attract and retain skilled staff. The Group's location means that it is competing with many other digital / technology-focused businesses for the best talent.	The Group has a comprehensive succession plan in place at executive and senior management level. The Group will continue to monitor and benchmark salaries and packages to ensure it remains competitive, and is structuring LTIP awards in order to incentivise key executives and senior managers.

2. FINANCE

Operational Risks	Description of Risk	Mitigation & Management
2.1. Foreign Exchange Risk	The Group's costs of sale are incurred in a different currency to that in which it sells. If the currency in which the Group is buying changes unfavourably, this means the margin is uncertain/volatile.	The Group places forward contracts based on forecasted orders and sets prices to reflect the blended FX rate achieved in those contracts. Hedge effectiveness and stability of euro rates is monitored regularly.

Operational Risks	Description of Risk	Mitigation & Management
2.2. Working Capital Risk	Given the seasonality of the business, cash flow is volatile which could lead to a lack of liquidity and an inability to trade.	The business maintains a working capital facility with Lloyds to cover seasonal requirements and the Group regularly monitors its liquidity position.

Operational Risks	Description of Risk	Mitigation & Management
2.3. VAT Complexity	Due to the complexity of VAT rules in the travel industry, HMRC could disagree with the VAT treatment the Group has applied, which could result in additional unrecoverable VAT, plus interest and penalties, and the costs of litigation if we chose to challenge the decision.	The Group engages VAT specialists in the travel industry to provide advice on current VAT treatment and VAT developments. This enables us to budget appropriately and make any changes to documentation and processes that will support the VAT position.

3. LEGAL

Operational Risks	Description of Risk	Mitigation & Management
3.1. Litigation Risk	The Group is one of several online travel agents involved in litigation with Ryanair in connection with Ryanair's efforts to prevent OTAs from booking and selling its flights. Litigation is unpredictable and if Ryanair were to prevail, this could have a material impact on the Group's business.	The Group has instructed an expert legal team (including a specialist law firm and a senior QC) with particular expertise and experience in such cases to maximise its chances of success.

Operational Risks	Description of Risk	Mitigation & Management
3.2. Regulatory Risk	The Group's business is highly regulated and is subject to a complex regime of laws, rules and regulations concerning travel, online commerce, financial services, consumer rights, and data protection. A breach of these laws could have serious financial and reputational implications for the Group. Unfavourable changes to or interpretation of these laws or the introduction of new laws could adversely affect the Group's business and financial performance. For example, it is likely that reform of the Package Travel Directive could increase the costs of conducting the Group's business and subject it to additional responsibilities and liabilities.	The Company Secretary is a qualified lawyer and advises the Group on current and forthcoming legal requirements. The Group also has external legal advisers in place to provide proactive and responsive legal advice in relation to legal and regulatory requirements. The Group reviews closely the draft proposals for law reform at each stage of the legislative process, which enables it to perform impact assessments and to put in place arrangements to mitigate the impact of legislative change. The Group also participates in industry steering and advisory groups, through which it is able to lobby on legislative change.

Corporate Social Responsibility

On the Beach can be distilled into two words, 'Sunshine Innovation', which shines throughout our business's culture. Our bright, sunny and friendly people, coupled with our smart thinking and smart technology gives On the Beach the edge over our competition.

Our flat structure empowers employees to make decisions to improve customer experience and drive innovation throughout the Group.

People are our business

Recruiting, engaging and retaining staff with the right On the Beach DNA is critical to us and we have exciting plans to continue this investment and develop our fantastic working environment to further support our values and vision to be Europe's leading online retailer of beach holidays.

We're proud to have a fantastic team culture too. To encourage this, our teams get state of the art technology to work with, a subsidised canteen, a casual dress code and a chill out area; as well as golf, bowls and badminton on site. We also offer staff research and development time to develop innovative ideas with their colleagues and help be part of a flourishing business.

We have relationships with local colleges and universities, plus On the Beach runs an annual 'Ruby Academy' to help support and develop graduates in gaining the skills to be successful within our Development Team and beyond, while attracting the brightest graduate talent to our team.

Employee Involvement & Engagement

The Group recognises the importance of good communication with its employees and engages with its employees to ensure that employees are:

(i) provided with information on matters of concern to them as employees, for example, via the Group's intranet, an all-employee "Communication Group" email address, the 'Octopus system' (for contact centre agents who do not have a company email address), and noticeboards throughout the office;

(ii) consulted on a regular basis so the views of employees can be taken into account, including through line managers, employee satisfaction questionnaires, employee suggestion box (physical and electronic) and because of the flat structure and informal approach, through direct communication with the executive team (which is encouraged);

(iii) encouraged to feel part of the Company and be 'bought-in' to its long-term future, including oversight by the Remuneration Committee to ensure employees are incentivised in line with the Group's strategy, the issue of shares (prior to listing) to certain key employees, participation in a bonus scheme linked to company performance, and in due course, participation in an all-employee share incentive plan, and for senior employees, participation in a long-term incentive plan; and

(iv) aware of the financial and economic factors affecting the performance of the Company, including an annual business update presentation to employees and access to real-time management information, subscriptions to industry magazines, as well as regular communication via email.

Equality and Diversity

The Group is committed to the avoidance of discrimination and encouraging diversity amongst our employees. We treat all employees and applicants fairly and with respect. We seek to create an environment in which individual differences and the contributions of all our staff are recognised and valued. Please see the Diversity section on page 26 for further details.

Employment of Disabled Persons

The Group's policies and procedures and Company Handbook contain policies in relation to the employment of disabled persons which are carefully adhered to.

Selection for employment, promotion, training and development (as well as other benefits and awards) are made on the basis of merit, aptitude and ability and the Group does not tolerate discrimination in any form, including in relation to disabled candidates.

The Group puts in place an 'Employee Wellbeing Plan' (EWP) with all disabled employees (and indeed any employees who need support with any health conditions, physical or mental). Each EWP is designed to ensure the Group is meeting all the needs of the relevant employee, for example risk assessments, and details of all adjustments which need to be made to accommodate the additional needs of the relevant employees, e.g. disabled parking space, step-free access, and specific workstation needs.

Anti-corruption and Bribery

On the Beach is committed to operating ethically and employees do not actively seek gifts or favours from any of our suppliers, or from other persons or organisations with whom we associate. We have top level commitment to anti-bribery and corruption, and ensure all employees behave professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and implement and enforce effective systems to counter bribery.

We are set up to fully support our employees, should they need to raise concerns about unethical, criminal or dangerous activities within the Group, and as such provide a confidential whistleblowing telephone line, though an independent and impartial organisation.

Community and Environment

Our employees are encouraged to seek opportunities to arrange fundraising events and initiatives for local charities or those close to their friends and families, with the support of On the Beach.

We believe that On the Beach has a responsibility to care for and protect the environment in which it operates. We encourage our employees to print documents and emails only when necessary, and to securely dispose of paper using the confidential shredding recycling bins. We are fully committed to improving environmental performance across all of our business activities, and continue to encourage our employees and business partners to join us in this effort.

Greenhouse Gas Emissions

Because the Group's business is online only, with no retail footprint, and the Group operates out of one head office location, the Group's environmental footprint is small, as demonstrated by the relative emissions, by revenue, as set out in the table below.

We have calculated our Scope 1 and 2 greenhouse gas emissions in accordance with the mandatory reporting requirements set out in the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Group's head office is a leasehold property and all electricity and gas is provided through and billed by the landlord. The Group has therefore relied on information provided by the landlord. We understand that the landlord followed the methodology of ISO 14064-1 using emission factors from UK Government Conversion Factors for Company Reporting 2014.

The emissions are based on electricity and gas usage from 1 June 2014 to 31 May 2015, so they do not correspond exactly to the financial year ended 30 September 2015. This is because the Company does not, as at the date of this report, have access to information about its energy consumption from 1 June 2015 to 30 September 2015. However, the Company believes that its energy consumption for this period will correspond closely to the equivalent period during 2015 and the Company will publish the up to date information on its website (onthebeachgroupplc.com) when available.

Greenhouse Gas Emissions by Scope

	Unit	Quantity
Scope 1		
Gas consumption	Tonnes CO_2e	27.36
Scope 2		
Electricity consumption	Tonnes CO_2e	306.35
Total emissions	Tonnes CO_2e	333.72
Relative emissions, by revenue	Tonnes CO_2e/£m revenue	5.3

Just a Drop – 24 hour badminton challenge

Our employees are encouraged to seek opportunities to arrange fundraising events and initiatives for local charities or those close to their friends and families, with the support of On the Beach.

This year, seven colleagues took part in a 24 hour badminton challenge to raise money for Just a Drop, a fantastic charity that provides clean, sustainable drinking water for communities who need it most. Launching at World Travel Market in 1998, the charity has a close relationship with the travel industry and it was therefore the team's choice to show support through the sporting event.

The rules were simple; at least 2 people had to be on court playing badminton at any one time, rotating for 24 hours. Cheered on by colleagues and customers monitoring the team's progress on social media, the seven players completed the challenge and surpassed their target.

With great support from the rest of the company, the team raised £1415.96 for the deserving cause.

Awards & Achievements

On the Beach at The Travolution Awards 2015

TRAVOLUTION AWARDS 2015

Best Travel Agent Website Award
Best Use of Search Engine Marketing Award

MEN AWARDS 2015

Business of the Year Award

TRAVOLUTION AWARDS 2014

Brand of the Year - On the Beach

NORTHERN TECH AWARDS 2014

Overall Winner – On the Beach

NORTH WEST FINANCE DIRECTOR AWARDS 2013

Finance Director of the Year - Wendy Parry

TOP 20 RISING STARS OF THE REGION'S TECHNOLOGY COMMUNITY

Awarded to On the Beach

Governance

Chairman's introduction

Richard Segal
NON-EXECUTIVE CHAIRMAN
On the Beach Group plc

On 28 September 2015, the Company achieved a premium listing of its shares on the London Stock Exchange. I am pleased to present the Company's first Corporate Governance Statement as a publicly listed company.

Compliance with UK Corporate Governance Code 2014

The Board is committed to high standards of corporate governance and as a listed company whose reporting period commenced on 1 October 2014, the Company has to comply with the new UK Corporate Governance Code 2014 (the Code), or provide an explanation where it has not complied with a provision of the Code.

As the Company was only listed for the last three days of the reporting period, it was not possible (or in some cases, relevant) for the Company to have complied with all provisions of the Code in that timeframe. However, this was purely as a result of the very short time between listing and year end, and during the next reporting period, the Company expects to comply with the Code in its entirety, and indeed already has the governance structure and arrangements in place in order to do so.

Role & Effectiveness of the Board

As part of the IPO process, we reviewed the existing Board and considered the changes required in order to:

(a) achieve compliance with the Code;
(b) constitute an effective Board focused on the long-term success of the Company;
(c) secure independent, Non-Executive Directors with the ability to challenge constructively but also to use their expertise to support the development of the Company and its strategy; and
(d) ensure the correct balance of skills, experience, independence and knowledge.

The key output of that exercise was the appointment of two new independent Non-Executive Directors, following a thorough and carefully considered recruitment process. I am delighted to welcome David Kelly and Lee Ginsberg (who is our Senior Independent Director) to the Board as independent Non-Executive Directors. In the months since their appointment, they have demonstrated not only the value of their respective knowledge, skills and experience, but equally importantly, that they are a perfect cultural fit for On the Beach and its values.

Shareholder Engagement

We are committed to engaging and maintaining an active dialogue with all our shareholders. I would like to encourage our shareholders to attend our Annual General Meeting which will be held at 11am on 5 February 2016 at Park Square, Bird Hall Lane, Cheadle, SK3 0XN. It will provide an excellent opportunity to meet the Executive and Non-Executive Board Directors and to visit our head office.

I am satisfied that this Board is in the best position to be able to work effectively together to drive the long term growth and success of the Company. We will continue to review developments in corporate governance best practice and seek to apply them to the Company.

Richard Segal
NON-EXECUTIVE CHAIRMAN
On the Beach Group plc

Directors' biographies

Simon Cooper
CHIEF EXECUTIVE OFFICER

The first Group company was established by CEO Simon Cooper in 2004, and became a trading subsidiary of On the Beach Limited in 2008. Simon was also a founder of On the Piste Travel Limited incorporated in 1996. The Group initially operated on a digital platform operated by Teletext Holidays, with bookings being taken via a call centre. The Company launched its first website in 2004 and expanded rapidly, securing private equity investment from Livingbridge in 2007. Simon recruited the current Executive team and continued to drive growth in On the Beach, securing further investment from Inflexion private equity in 2013.

Appointed to board:
17 August 2015

Independent:
N/A

External appointments:
None

Committee memberships:
N/A

Wendy Parry
CHIEF FINANCIAL OFFICER

Wendy Parry joined the Company in April 2010 as Chief Financial Officer. Wendy qualified as a chartered accountant at KPMG and, before joining the Company, she held a wide variety of senior commercial, financial and operational roles within large private and listed companies. She has held Managing Director, Commercial Director and Finance Director roles at divisions of Holidaybreak plc, she was Finance Director at Booker Foodservice Ltd and Liverpool John Moores University and she was Group Chief Accountant of Courtaulds Textiles plc.

Appointed to board:
17 August 2015

Independent:
N/A

External appointments:
None

Committee memberships:
N/A

Richard Segal
CHAIRMAN

Richard Segal is Chairman of the Company. He is also Chairman of HostelWorld Group plc and Encore Tickets. Previously, Richard was Chairman for Esporta and Barratts PriceLess, a founding partner of 3i Quoted Private Equity, a non-executive director at The Kyte Group, Chief Executive Officer at PartyGaming Plc and Odeon Cinemas (where he led a management buy-out from the Rank Group) and Managing Director of Rank Group's entertainment sector. He holds a BA in economics from Manchester University and is a member of the Institute of Chartered Accountants of England and Wales.

Appointed to board:
17 August 2015

Independent:
Yes

External appointments:
Zezees Limited
Hampstead Theatre Limited
Spread A Smile
Spencer Walk Residents Association Limited
Anytrip.com Limited
Hostelworld Group plc
Full House Topco Limited

Committee memberships:
Audit, Nomination (chairman), Remuneration

Directors' biographies continued

Lee Ginsberg
NON-EXECUTIVE DIRECTOR

Lee Ginsberg joined the Company in September 2015 as Senior Independent Non-Executive Director and Chairman of the Audit Committee. He is a Chartered Accountant by profession and was previously Chief Financial Officer of Domino's Pizza Group plc. Lee joined Domino's Pizza in 2004 and retired on 02 April 2014. Prior to his role at Dominos Pizza Group plc, Lee held the post of Group Finance Director at Health Club Holdings Limited, formerly Holmes Place plc, where he also served for 18 months as Deputy Chief Executive.

Lee is a non-executive director and Chairman of the Audit and Risk Committee of Mothercare plc and is a non-executive director and Chairman of the Audit and Risk Committee of Trinity Mirror plc. Lee is also the non-executive Deputy Chairman, senior independent director and Chairman of the Audit Committee of Patisserie Valerie Holdings plc.

Lee is also the senior independent non-executive Director and Chairman of the Audit Committee of Softcat Plc having joined the board in September 2015.

Appointed to board:
17 August 2015

Independent:
Yes

External appointments:
Oriole Restaurants Limited
Mothercare Plc
Trinity Mirror Plc
Patisserie Holdings Plc
Cantina Laredo (UK) Limited
Softcat Plc

Committee memberships:
Audit (chairman), Nomination, Remuneration

David Kelly
NON-EXECUTIVE DIRECTOR

David Kelly joined the Company in August 2015 as a Non-Executive Director and Chairman of the Remuneration Committee. David was previously the Operations Director at Amazon from 1998 to 2000, the Chief Operating Officer at Lastminute.com from 2000 to 2003 the Vice President, Operations/Chief Operating Officer at eBay from 2003 to 2007 and Senior Vice President of International at Rackspace from 2010 to 2012.

In 2007, David co-founded mydeco.com and, more recently, has built a wide portfolio of non-executive and advisory positions – including Chairman/Non-Executive Director of Love Home Swap, Pure 360 and Zuto.

Appointed to board:
28 August 2015

Independent:
Yes

External appointments:
Holiday Extras Investments Limited
Purepromoter Group (Holdings) Limited
Xbridge Limited
Camelot UK Lotteries Limited
Trinity Mirror Plc
Camelot Global Services Limited
Zuto Holdings Limited
Zuto Limited

Committee memberships:
Audit, Nomination, Remuneration (chairman)

Corporate Governance Statement

Introduction

This section explains key features of the Company's governance structure and how it complies with The UK Corporate Governance Code published in 2014 by the Financial Reporting Council. This section also includes items required by the Listing Rules and the Disclosure and Transparency Rules (DTRs). The Code is available on the Financial Reporting Council website at www.frc.org.uk.

Compliance with the 2014 Code

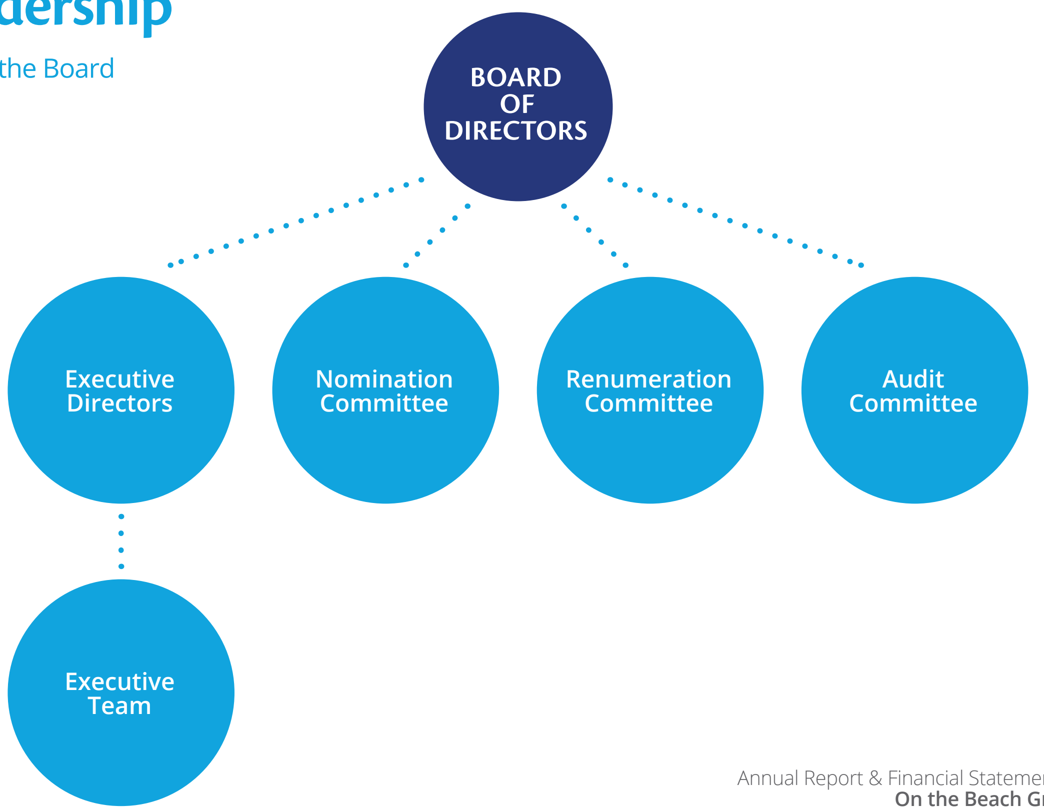
The Company is committed to achieving and maintaining the highest standards of corporate governance. During the financial year ending 30 September 2015 (the "reporting period") the Company was compliant with the main and supporting principles of good corporate governance set out in the Code, save for three areas of non-compliance which are highlighted below, and are a result of the very short period (three days) between listing and the end of the reporting period. During the next reporting period, the Company expects to comply with the Code in its entirety, and indeed already has the governance structure and arrangements in place in order to do so.

Details and explanations of the application of the principles of corporate governance are set out in the following sections of this Corporate Governance Statement.

Code reference	Area of non-compliance	Explanation for non-compliance
A.4.2	The chairman did not hold meetings with the non-executive directors without the executives present.	In the short period of three days between listing and the end of the reporting period, it was not practical for this to take place. Since the end of the reporting period, the chairman has held one meeting with the non-executive directors without the executives present, and further meetings have been booked in every three months thereafter.
A.4.2	The non-executive directors did not meet without the chairman present to appraise the chairman's performance.	It was neither practical nor desirable for this to take place in the reporting period, given that sufficient time had not passed to enable a full appraisal of the chairman's performance. This appraisal has been scheduled for the end of the tenth month of the next reporting period to enable a meaningful and constructive appraisal of the chairman's performance.
B.4.1	The chairman should ensure that new directors receive a full, formal and tailored induction on joining the board. As part of this, directors should avail themselves of opportunities to meet major shareholders.	Lee Ginsberg and David Kelly were appointed during August 2015, at the height of the IPO process. Although the IPO process in itself served as a form of induction, it was not practical for a formal and tailored induction to take place prior to the end of the reporting period. However, since the end of the reporting period, this has now taken place.

Leadership

Role of the Board



Corporate Governance Statement

The Board is comprised of five members: the Chairman, two Executive Directors and two Non-Executive Directors. Details of the skills and expertise of each member of the Board is set out in the profiles on pages 21 and 22.

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls and for reviewing the overall effectiveness of systems in place) and for the approval of any changes to the capital, corporate and/or management structure of the Group.

The Executive Directors are supported by an executive team to whom the Board delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business, who cascade this responsibility throughout the Group. The Board has close contact with the wider executive team, who are regularly invited to attend meetings of the Board to provide functional presentations in relation to strategic matters of interest to the Board.

Board Committees

The Board has delegated certain responsibilities to three Board Committees to assist it with discharging its duties. A summary of the terms of reference for each Committee is set out below but the full terms of reference are available on the Company's website and from the Company Secretary upon request.

The Board has reserved certain specific matters to itself for decision. The full schedule of matters reserved to the Board is available in the Corporate Governance section of the Company's website, or from the Company Secretary upon request, but the key matters include:

- Approval of (and changes to) annual operating and capital expenditure budgets
- Extension of the Group's activities into new business or geographic areas.
- Changes to the Group's capital or corporate structure, including acquisitions and disposals;
- Financial reporting and controls;
- Internal controls, including maintenance of a sound system of internal control and risk management;
- Approval of major contracts and commitments;
- Communication with shareholders;
- Board membership and senior appointments.
- Remuneration;
- Delegation of authority to committees and below board level;
- Corporate governance matters;
- Approval of policies adopted by the Group.

Committee	Role and Terms of Reference	Members	Report on pages:
Audit	Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems, whistleblowing, internal audit and the independence and effectiveness of the external auditors.	Lee Ginsberg (Chair) David Kelly Richard Segal	28
Remuneration	Responsible for all elements of the remuneration of the Executive Directors and the Chairman, and other members of senior management.	David Kelly (Chair) Lee Ginsberg Richard Segal	31
Nomination Committee	Reviews structure, size and composition of Board and its Committees and makes appropriate recommendations to Board.	Richard Segal (Chair) David Kelly Lee Ginsberg	27

Board and Committee Meetings

Board meetings (and Audit Committee meetings, where appropriate) are scheduled to coincide with the Company's financial reporting calendar, including the announcement of full and half year results, and the AGM.

The Company has a Board and Committee calendar, which is updated and circulated on a monthly basis and which sets out all matters to be covered by the Board and Committees over a rolling twelve-month period, including standard business, matters directly linked with financial reporting and results, corporate governance requirements, ongoing training for the Board and an annual Board strategy day.

During the reporting period, two Board meetings were held, both of which related directly to the IPO process, and the approval of a number of new policies adopted as part of the work stream to review the Company's financial position and prospects procedures. Both Board meetings were attended by all Directors.

Since the end of the reporting period, three Board meetings were held, which were attended by all Directors. A further eight Board meetings are planned for the remainder of the reporting period, including one day dedicated to strategy. Further Board meetings will be held to the extent required.

Due to the short period between listing and the end of the financial year, there were no Committee meetings held during the reporting period, but since then, there have been two meetings of the Audit Committee, three meetings of the Remuneration Committee and one meeting of the Nomination Committee (each attended by all members of the Committees). Further meetings of each of the Committees have been planned for the remainder of the new reporting period.

Insurance Cover

The Company has made arrangements for appropriate insurance cover to be put in place in respect of legal action against its directors.

Division of responsibilities

The roles of Chairman and Chief Executive Officer are not exercised by the same individual. The division of responsibilities between the Chairman and the Chief Executive Officer has been defined, formalised in writing, and approved by the Board.

The Chairman is responsible for:

- the leadership and effectiveness of the Board, setting its agenda and ensuring sufficient time is available for discussion of agenda items, in particular strategic issues;
- ensuring that all Directors receive accurate, timely and clear information on financial, business and corporate matters to make sound Board decisions;
- facilitating the effective contribution of non-executive Directors;
- ensuring constructive relations between executive and non executive Directors;
- ensuring effective communication with shareholders; and
- ensuring that the performance of individual Directors, the Board as a whole and its Committees is evaluated at least once a year.

The Chief Executive Officer is responsible for managing the business and driving it forward, including the responsibility for:

- the operations of the Group.
- developing Group objectives and strategy, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders;
- following presentation to, and approval by, the Board, for the successful implementation and achievement of those strategies and objectives;
- ensuring that the Group's businesses are managed in line with strategy and approved business plans, and comply with applicable legislation and Group policy;
- ensuring effective communication with shareholders; and
- setting Group human resource policies, including management development and succession planning for the senior executive team.

Non-Executive Directors and Senior Independent Director

In addition to the Chairman, the Company has two independent Non-Executive Directors, who are appointed to bring independence, impartiality, wide experience, special knowledge and personal qualities to the Board.

The Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the Chairman, CEO or other Executive Directors has failed to resolve or for which such contact is inappropriate. Lee Ginsberg has been appointed Senior Independent Director.

As noted above, in the short period of three days between listing and the end of the reporting period, it was not practical for the Chairman and Non-Executive Directors to meet formally without the Executive Directors present. However, since the end of the reporting period, the chairman has held one meeting with the non-executive directors without the executives present, and further meetings have been scheduled on a quarterly basis thereafter.

For the same reason, and also because insufficient time had passed since the Board was constituted to enable a meaningful evaluation, the Non-Executive Directors did not meet to evaluate and appraise the Chairman's performance. This has been diarised for the end of the tenth month of the reporting period when a more meaningful and constructive evaluation can take place.

Where directors have a concern which cannot be resolved about the company or a proposed action, their concern would be minuted by the Company Secretary following the relevant Board or Committee meeting.

EFFECTIVENESS
Composition of the Board: balance of skills and independence

The Code recommends that, as a "smaller company", the Company should have at least two independent non-executive directors. The Board consists of two Non-Executive Directors (excluding the Chairman) and two Executive Directors. The Company regards both of the Non-Executive Directors "independent non-executive directors" within the meaning of the Code and free from any relationship that could materially interfere with the exercise of their independent judgement. The Board is satisfied that this is the case notwithstanding the fact that both Non-Executive Directors are also non-executive directors of Trinity Mirror plc, on the grounds that in the context of both Directors' wider business interests and activities, having two directorships in common does not threaten their independence from each other. Indeed, the Board believes that this common link strengthens the relationships within the Board.

Lee Ginsberg holds a minor shareholding in the Company of 16,300 Ordinary Shares, representing 0.013% of the Company's issued ordinary share capital. The Board does not consider this to threaten Lee's independence given the shareholding is minor and is not material in the context of Lee's wider business interests and shareholdings.

The UK Corporate Governance Code recommends that the chairman of a company admitted to the premium listing segment of the Official List should meet the independence criteria set out in the Code. The Board regards Richard Segal as an "independent non-executive director" within the meaning of the UK Corporate Governance Code. In reaching this determination, the Board has had regard to: (i) Richard's shareholding in the Company; and (ii) the material business relationships he has developed within the Group over his tenure as Non-Executive Chairman of The Group since October 2013. The Board is satisfied with the judgement, experience and approach adopted by Richard and has determined that Richard is of independent character and judgement, notwithstanding the circumstances described at (i) and (ii) above, on the grounds that in the context of Richard's wider business interests and shareholdings, this is not material and therefore unlikely to challenge his independence.

The Board considers, on the recommendation of the Nomination Committee, that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company taking into account the respective skills, experience, independence and knowledge of each of the Directors. This will continue to be monitored by the Nomination Committee.

Appointments to the Board

The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. Please see page XX for the report of the Nomination Committee.

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for election by the shareholders.

Following recommendations from the Nomination Committee, the Board considers that all Directors continue to be effective, committed to their roles and are able to devote sufficient time to their duties. Accordingly, all Directors will seek election at the Company's forthcoming AGM.

Non-executive directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

Diversity

We fully support the aims, objectives and recommendations outlined in Lord Davies' Report "Women on Boards" and are aware of the need to increase the number of women on our Board and in senior positions throughout the Group. However, we do not consider that it is in the best interests of the Company and its shareholders to set prescriptive targets for gender on the Board and we will continue to make appointments based on merit, against objective criteria to ensure we appoint the best individual for each role.

As at 30 September 2015, the average age of the Group's employees was 32 years old and the gender split between employees was as follows:

	Male	Female	Percentage of female employees
Directors of the Company	4	1	20%
Exec / Senior management	17	9	35%
Other employees	111	120	52%

AGM

Our first Annual General Meeting will be held at 11am on 5 February 2016 at Park Square, Bird Hall Lane, Cheadle, SK3 0XN. All shareholders will have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM is in the booklet which is enclosed with this report, and sets out the business of the meeting and an explanatory note. Separate resolutions are proposed in respect of each substantive issue.

All members of the Board will be present at the AGM and will be able to answer any questions from shareholders.

Commitment and External Directorships

Any external appointments or other significant commitments of the Directors require the prior approval of the Board.

The Chairman and the Non-Executive Directors each hold external directorships, and these are disclosed within their profiles on pages 21 and 22.

The Board is comfortable that these do not impact on the time that any Director devotes to the Company and in the Board's view, these external directorships enhance the collective experience of the Board.

Directors' Conflicts of Interests

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another Company. The Company's Articles of Association enable the Board to authorise potential conflicts of interest which may arise and to impose limits or conditions, as appropriate, when giving any authorisation.

Any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their vote(s) being counted. In making such a decision, the Directors must act in a way they consider in good faith will be the most likely to promote the success of the Company.

The Company maintains a register of related parties and register of directors' interests, which is reviewed by the Board on a regular basis.

Development of Directors

Although it was not possible to arrange a full induction for the new Non-Executive Directors immediately upon appointment and prior to the end of the reporting period, a full induction has now taken place, which was tailored to the individual requirements of each Director.

The Chairman will continue to review training needs for Directors according to their individual needs – this will be reviewed on an ongoing basis and as part of the formal annual appraisal process. The Company Secretary has arranged training sessions for Directors as part of Board Meetings on a quarterly basis.

Information and Support

All Board Directors have access to the Company Secretary, who advises them on governance matters. The Chairman and the Company Secretary work together to ensure that board papers are clear, accurate, delivered in a timely manner to Directors and are of sufficient quality to ensure the Board can discharge its duties.

Specific business-related presentations are given by senior management as part of board meetings where appropriate. As well as the support of the Company Secretary, Directors have access to the Company's professional advisers where considered necessary.

Evaluation

The Board is committed to, and understands the value and importance of the evaluation and appraisal of the performance of the Board, its Committees, and of the individual Directors and the Chairman. In particular, the Board intends to review the composition, experience and skills to ensure that the Board and its Committees continue to work effectively and that the Directors are demonstrating a commitment to their roles.

As the Board is so newly constituted, no such evaluations have yet taken place, but we have scheduled these evaluations to take place in the next reporting period, and we look forward to reporting the results of these evaluations in our next annual report.

INVESTOR RELATIONS

The Company is committed to engaging and maintaining an active dialogue with all of its shareholders. In addition to the investor roadshows held as part of the IPO process, the Company is planning to roll out an investor relations programme over the next reporting period to enable dialogue and meetings between the Executive Directors and institutional investors, fund managers and analysts. At these meetings, a wide range of relevant issues including strategy, performance, management and governance will be discussed within the constraints of information which has already been made public.

The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time, in accordance with the Financial Conduct Authority requirements.

Questions from individual shareholders are generally dealt with by the Executive Directors.

All shareholders can access announcements, investor presentations and the Annual Report on the Company's corporate website (www.onthebeachgroupplc.com).

The Senior Independent Director, Lee Ginsberg, is available to shareholders if they have concerns which cannot be raised through the normal channels or if such concerns have not been resolved. Arrangements can be made to meet with him through the Company Secretary.

Compliance with 7.2.6R DTR

In accordance with the requirements of the Disclosure and Transparency Rules, Rule 7.2.6R, the Directors' Report on page 45 contains details of significant shareholdings, special rights attached to securities and voting rights and all other matters required to be disclosed.

Approved by the board and signed on its behalf:

Kirsteen Vickerstaff
COMPANY SECRETARY
On the Beach Group plc

9 December 2015

Report of Nomination Committee

Richard Segal
NON-EXECUTIVE CHAIRMAN
On the Beach Group plc

I am pleased to introduce the report of the Nomination Committee for the reporting period ended 30 September 2015.

The members of the Nomination Committee comprise myself (Chairman), Lee Ginsberg and David Kelly, all of whom have been a member since the Nomination Committee was formed in September 2015 in anticipation of listing.

The Code recommends that the Committee is comprised of a majority of independent Non-Executive Directors. All members of the Committee are independent, so the composition of the Committee is compliant with the Code.

The Company Secretary acts as Secretary to the Committee and by invitation, the meetings of the Committee may be attended by the CEO, CFO or other individuals or external advisers.

Role of the Committee

The Committee has primary responsibility for leading the process for board appointments and make recommendations to the board, bearing in mind the need for diversity (including gender and background) consideration and a balance of skills, experience, independence and knowledge across the Board, taking care to ensure that appointees have enough time available to devote to the position.

The Committee will also make recommendations to the Board concerning the reappointment of any Non-Executive Director as they reach the end of the period of their initial term of appointment (three years) and at appropriate intervals during their tenure, having regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

The Committee also considers and makes recommendations to the Board on the annual election and re-election of any Director by shareholders, after evaluating the balance of skills, knowledge, independence and experience of each Director.

On the recommendation of the Committee, all Directors will seek election at the Company's forthcoming AGM.

Diversity

The Committee will take into account various factors before recommending any new appointments to the Board, including the relevant skills to perform the role, experience, independence, knowledge and diversity (gender, background and otherwise).

The Company values equality and diversity and understands the benefits of a diverse Board and supports the recommendations of Lord Davies' review.

The utmost priority for the Committee is to ensure that the best candidate is selected to join the Board and this approach will continue to be followed without the need for prescriptive or quantitative targets.

Activities of the Nomination Committee

The Committee did not meet formally during the reporting period. The first meeting of the Committee took place on 4 December 2015, to evaluate and recommend that the Directors be proposed for election at the AGM.

Prior to the creation of the Nomination Committee, the Company engaged with Skill Capital, an external executive recruitment consultant in connection with the search for Non-Executive Directors, and the individuals met with me in my capacity of Chairman of the Board and with the Executive Directors on a one-to-one basis.

I will be available at the AGM to answer any questions on the work of the Committee.

Richard Segal
CHAIRMAN, NOMINATION COMMITTEE

Report of the Audit Committee

Lee Ginsberg
CHAIR OF THE AUDIT COMMITTEE

Dear Shareholder

I am pleased to have been appointed as Chairman of the Audit Committee and to present the Company's first Audit Committee Report following its admission to the premium listing segment of the official list on 28 September 2015. Due to the very short time between admission and the year end of 30 September 2015, no committee meetings took place between these two dates. Following the year end, however, the Committee has met on two occasions prior to the approval of the financial statements. As a result, this report focuses on the work undertaken to transition from the Group's private company status to a PLC and the focus of the Committee going forward.

Members of the Audit Committee

Chairman	Members
Lee Ginsberg	David Kelly
	Richard Segal

The code recommends that the Audit Committee should comprise at least three members, or in the case of smaller Companies two, all of whom should be independent Non-Executive Directors with at least one member having recent and relevant financial experience. I am the Independent Non-Executive with extensive recent and relevant financial experience and am pleased to confirm that all members have had experience in large organisations (Directors' biographies appear on pages 21 and 22).

By invitation, the meetings of the Audit Committee may be attended by the Chief Executive Officer, Chief Financial Officer and Company Secretary. The KPMG audit engagement partner and team are also invited to attend Audit Committee meetings to ensure full communication of matters relating to the audit.

Role of the Audit Committee

The committee is a sub-committee of the Board and its terms of reference were approved in contemplation of Admission and are fully aligned to the Code. The primary function of the Committee is to assist the Board in fulfilling its responsibilities to protect the interest of the shareholders with regard to the integrity of the financial reporting, audit and the operation of internal controls. This includes a review of significant issues and judgements, policies and disclosures.

During the IPO process, as part of completing the Group's Financial Position, Prospects and Procedures report (FPPP), the Directors, supported by PWC, undertook a detailed assessment of the following key areas:

- Management reporting framework including the information provided to the Board;
- Board governance and Committees including procedures for risk assessment and management;
- Financial accounting and reporting procedures, audit arrangements and reporting standards;
- Significant transaction complexity, potential financial exposure or risk;
- Budgeting and forecasting procedures and controls; and
- Information technology environment including strategy, governance and organisation.

The Directors recognise the need to maintain the financial reporting procedures, review them on an ongoing basis and adapt them to changing circumstances. Their continuous review will form part of the Committee's agenda going forward together with its wider roles and responsibilities set out below.

Lee Ginsberg
CHAIR OF THE AUDIT COMMITTEE

Work undertaken by the Committee in relation to 2015 Financial Statements

Although the Committee did not come into operation until 3 September 2015, a number of significant matters have been discussed and considered:

- Approved 2015 audit plan;
- Reviewed the integrity of the draft financial statements for the year ended 30 September 2015, appropriateness of accounting policies and going concern assumption;
- Considered the auditors' report regarding their findings on the 2015 results;
- Reviewed and recommended approval of the 2015 Annual Report and Financial Statements, including advising the board on whether taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Confirmed compliance or explained deviation from the UK Corporate Governance Code;
- Reviewed audit and non-audit expenditure with the external auditors during the year; and
- Having reviewed the performance, effectiveness and qualifications of the auditors, recommended their re-appointment at the AGM.

Internal audit

The Group did not have a stand-alone Internal Audit Department during the year. As part of its review of financial position, prospects and procedures during the IPO, the need for an internal audit function was considered. Management considers that a stand-alone internal audit department is not appropriate on the grounds that:

- The business operates from a single site;
- Procedures and routines are well established across the business; and
- There is a significant degree of senior oversight, particularly in respect of ongoing business performance, involving both the CEO and CFO.

The Committee is happy that the current system is adequate and will, as part of its remit, evaluate the effectiveness and robustness of the current system of control as the Group grows as to whether an independent Internal Audit Department would be more appropriate and to set down the guidelines for the operation of such a department.

Internal Controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls. The Board has reviewed the effectiveness of internal controls as part of the FPPP process which concluded that control activities are largely in place but are not always formally documented or evidenced. The Board confirms that actions it considers necessary to remedy this are in the process of being remedied in formalised documented procedures. The Board has established a well-defined organisation structure with clear operating procedures, lines of responsibility and delegated authority to Executive management.

The key elements of the Group's system of internal controls which have been in place throughout the year under review and up to the date of this report include:

Risk Management

Risks are highlighted through a number of different reviews and culminate in a risk register and this process was formalised as part of the FPPP process prior to Admission. The register identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The Committee has considered the process by which the Group approaches risk management and is satisfied that the Group has systems and procedures in place to identify, evaluate and manage all material risks to the business, in accordance with the Turnbull Guidance.

Financial Reporting

Monthly management accounts provide relevant, reliable and up-to-date financial and non-financial information to management and the Board. Annual budgets, performance targets and long range financial plans allow management to monitor the key business and financial activities and the progress towards achieving the financial objectives.

Monitoring of controls

There are policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. There are formal whistleblowing' procedures by which staff can, in confidence, raise concerns about possible improprieties.

Website development

There are clear procedures for prioritising and controlling website development. Each project has a defined investment case detailing the scope and benefits.

Viability Statement

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospects of the Company over the three year period to 30 September 2018, being the period considered under the Group's three year strategic plan.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. In making this statement the Directors have considered the Group's current position and prospects, the Group's strategy, and the principal risks facing the Group as detailed on pages 13 and 15 and the potential impact of these on the business model, future performance and liquidity over the period. In its assessment of the viability of the Group, the Directors have performed sensitivity analysis on the key assumptions underlying the cash flow forecasts of the Group, both individually and in unison. The Directors have also taken account of the Group's ability to renew the revolving credit facility at an appropriate level.

External Auditor

The Committee oversees the Group's relationship with the external auditor. The Committee holds meetings with the auditor without management present with the purpose of understanding the auditor's views on the control and governance environment and management's effectiveness within it. To fulfil its responsibilities in respect of the independence and effectiveness of the external auditor, the Committee reviewed:

- The audit work plan for the Group;
- The detailed findings of the audit, including a discussion of any major issues that arose during the audit;
- The letter from KPMG confirming its independence and objectivity; and
- The audit fee and the extent of non-audit services provided during the year.

Non-audit services

The Company's external auditors may also be used to provide specialist advice where, as a result of their position as auditors, they either must, or are best placed to, perform the work in question. A formal policy is in place in relation to the provision of non-audit services by the external auditors to ensure that there is adequate protection of their independence and objectivity.

The Company's policy is that, except in exceptional circumstances, non-audit fees to the audit firm should not exceed 70% of the amount of the audit fee for the current financial year (audit fee £55,000 discounted in FY15 to £45,000)). In addition, all non-audit work in excess of £15,000 should be the subject of a competitive tender.

It should be noted that, in the current year (FY15), it was disclosed that fees totalling £50,000 were paid to KPMG (excluding audit fees for FY14) (£35,000 for the 9 month audit required as part of the IPO, and £15,000 for IFRS related advice).

Significant accounting matters

The Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty set out in note 1 to the financial statements with management and the auditors. As a result of our review, the Committee has identified the following items that require particular judgement or have significant potential impact on the interpretation of the Annual Report and Financial Statements.

Accounting for the IPO

The Group engaged appropriate legal, accounting and tax advisers to develop a steps plan to facilitate a Group structure commensurate with its new status on the main market of the London Stock Exchange. The Group engaged advisers who had been involved in the establishment of the structure at inception and who had maintained a close involvement with the Group and the structure's evolution through to IPO. The steps developed included detailed articulation of the accounting treatment necessary both pre and post the IPO and we have worked closely with our advisers to ensure the necessary accounting entries have been executed correctly.

The Committee has reviewed the judgements made by management in the amount of costs attributable to the issue of new shares and charged to share premium (£0.3m), and those expensed directly to the income statement and are content with the assumptions made and the judgements applied.

Capitalised website development costs

The Group incurs significant internal costs in respect of the development of the On the Beach and ebeach websites. The accounting for these costs as either development costs which are capitalised as intangible assets (for enhancement of the website) or expensed as incurred (in respect of maintenance) involves judgement.

The Audit Committee has reviewed management's application of the accounting policy adopted and the assessment of whether current projects meet the criteria required for costs to be capitalised and consider the approach and application of this policy to be appropriate.

Revenue recognition

The timing and element of judgement included in recognition of Group revenue has been considered through review of the Group's accounting policies and discussions with management covering the internal controls in place.

The Committee reviewed the types of revenue, how each is accounted for, the key judgements and estimates involved in recognition and how these are managed by the business to ensure appropriate accounting can be applied. In respect of overrider income this is only recognised when we have confirmation of a figure from the supplier or when the cash has been paid and the Committee is satisfied that Management has established procedures which are embedded in the monthly and annual reporting cycles to ensure that accounting records reflect the current position in respect of these items.

> “Great service from On the Beach, everything was laid out exactly what we required. All I can say at this time is well done to the staff for the great service.”
>
> CUSTOMER FEEDBACK

Remuneration Report

Annual Statement of the Chairman of the Remuneration Committee

David Kelly
CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder
I am delighted to have been appointed as the Chairman of the Remuneration Committee, and I am pleased to present the Company's first remuneration report as a listed company.

The Remuneration Committee understands the emphasis placed on, and the scrutiny of, executive pay, and as a newly listed company we have been focused on transitioning effectively into a listed environment.

With that in mind, the Remuneration Committee has met three times since then. My aim has been to create a policy that aligns all stakeholders interests, ensures remuneration policy supports the business strategy, focuses on the long term success of the Company, enables us to retain and recruit executives in a competitive sector, sets challenging targets and is fair to all concerned, with an appropriate balance between fixed and variable pay and immediate and long-term remuneration.

We have set the remuneration policy having regard to the substantial shareholdings of the existing Executive Directors, but also with a view to designing a flexible policy which, in the future, enables the Company to attract new executives with a competitive package.

"We've been booking our main summer holiday with On The Beach for five years now and all have gone perfectly smoothly - much more so than dealing with a High Street travel agent. Great accommodation every time (twice to Majorca and once each to Malta, Corfu and mainland Spain) and plenty of choice of convenient flights at good prices. The free accommodation for our young daughter has been especially welcome. It has all been so smooth that we have never had cause to contact On The Beach after booking. Highly recommended."

CUSTOMER FEEDBACK

Remuneration highlights for the 2015 financial year

Prior to and at the time of listing, executive reward was carefully reviewed and scrutinised to ensure appropriate remuneration arrangements were in place to support the next phase of the Company's growth strategy. This included:

- the preparation of a set of core remuneration principles for inclusion within the Prospectus. These have been further developed and are included within the remuneration policy;
- transitioning from a private company to a listed company with the associated development of a new remuneration policy and associated incentive plans;
- linking the remuneration of Executive Directors to the performance of the Company. The remuneration policy aims to support a high performance culture. Annual bonus measures are based on financial targets that link directly to both strategic and operational initiatives of the Company; and
- the launch of a new Long Term Incentive Plan with the first grants to be made during 2016. Awards will vest at the end of three years subject to satisfaction of the performance conditions and will be subject to a further two year holding period. The performance metrics will be based 70% on EPS performance and 30% on share price performance.

Key activities of the remuneration committee

The Remuneration Committee's key activities during the 2015 financial year were focused on the:

- Agreement of the Remuneration Committee's terms of reference;
- Formulation of the Company Remuneration Policy as a listed company;
- Setting the policy for Chairman, and with the Board, the policy for Non-Executive Director fees;
- Implementing the Company's new Long-Term Incentive Plan;
- Determining the level of bonus payments in respect of this financial year; and
- Drafting the Company's first Remuneration Report as a listed company.

This report has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UKLA Listing Rules and the UK Corporate Governance Code. The report is split into three parts:

- This Annual Statement.
- The ***Director's Remuneration Policy*** which sets out the Company's remuneration policy for directors and the key factors that were taken into account in setting the policy. This policy will be put to a binding shareholder vote at the 2016 AGM and will apply for three years from the date of approval.
- The ***Annual Report on Remuneration*** which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2015 financial year. The Annual Report on Remuneration together with this statement is subject to an advisory shareholder vote at the AGM on 5 February 2016.

I hope that you find the information in this Report helpful and I look forward to your support at the Company's Annual General Meeting.

The Remuneration Committee takes the views of its shareholders seriously and intends to maintain an open dialogue to seek their views. I am always happy to hear from the Company's shareholders and you can contact me via the Company Secretary if you have any questions on this Report or more generally in relation to the Company's remuneration.

David Kelly
CHAIRMAN OF THE RENUMERATION COMMITTEE
9 December 2015

Remuneration Report

Remuneration Policy

Policy summary

The Remuneration Committee determines the remuneration policy for the Executive Directors, Chairman and other senior executives for current and future years.

The Remuneration Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice. The Policy is designed around the following key principles:

- Shareholder alignment - Ensure a strong link between reward and individual and Company performance to align the interests of Executive Directors, senior management and employees with those of shareholders;
- Competitive remuneration - Maintain a competitive package against businesses of a comparable size and nature in order to attract, retain and motivate high-calibre talent to help ensure the Company's continued growth and success as a listed company;
- Strategic alignment – Provide a package with an appropriate balance between short and longer term performance targets linked to the delivery of the Company's business plan;
- Performance focused compensation – Encourage and support a high performance culture; and
- Setting appropriate performance conditions - in line with the agreed risk profile of the business.

The Remuneration Committee will review annually the remuneration arrangements for the Executive Directors and key senior management drawing on trends and adjustments made to all employees across the Group and taking into consideration:

- business strategy over the period;
- overall corporate performance;
- market conditions affecting the Company;
- changing practice in the markets where the Company competes for talent; and
- changing views of institutional shareholders and their representative bodies.

Discretion

The Remuneration Committee has discretion in several areas of Policy as set out in this report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Remuneration Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

It is the Remuneration Committee's intention that commitments made in line with its policies prior to the date of the 2016 AGM will be honoured, even if satisfaction of such commitments is made post the AGM and may be inconsistent with the remuneration policies set out below.

Differences in policy from the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same reward and performance philosophy throughout the business. As with many companies, the Group operates variable pay plans primarily focussed on mid to senior management level.

The following table sets out each element of remuneration and how it supports the Company's short and long term strategic objectives.

Base Salary

Short and long term strategic objectives

Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.

Operation

Salaries are reviewed annually and any changes are effective from 1 January in the financial year.

When determining an appropriate level of salary, the Remuneration Committee considers:

- remuneration practices within the Company;
- the performance of the individual Executive Director;
- the individual Executive Director's experience and responsibilities;
- the general performance of the Company;
- salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking; and
- the economic environment.

Opportunity

Base salaries will be set at an appropriate level within a comparator group of comparable sized listed companies and will normally increase in line with increases made to the wider employee workforce.

Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.

The Committee recognises that the current base salaries for Executive Directors are below the market level but when setting the base salaries has given regard to the considerable shareholding in the Company of the current Executive Directors and a desire to focus the remuneration structure on a long-term strategy.

Performance metrics used, weighting and time period applicable

None

Benefits

Short and long term strategic objectives

Provides a competitive level of benefits.

Operation

The Executive Directors receive benefits which include family private health cover.

The Remuneration Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining personnel. Accordingly, the Remuneration Committee would expect to be able to adopt benefits such as relocation expenses, car allowance benefit, death in service life assurance, travel expenses (including tax if any), tax equalisation and support in meeting specific costs incurred by directors.

Opportunity

The maximum will be set at the cost of providing the benefits described.

Performance metrics used, weighting and time period applicable

None

Pensions

Short and long term strategic objectives

Due to their considerable shareholdings, the current Executive Directors are not provided with pension funding.

Operation

On recruitment, the Committee maintains the ability to provide pension funding in the form of a salary supplement, which would not form part of the salary for the purposes of determining the extent of participation in the Company's incentive arrangements.

Opportunity

15% of base salary p.a.

Performance metrics used, weighting and time period applicable

None

Annual Bonus Plan

Short and long term strategic objectives
The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

In particular, the Plan supports the Company's objectives allowing the setting of annual targets based on the businesses' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable but ensures bonuses are only payable on achievement of budgeted levels of profit before tax (pre exceptional items) ("PBT").

Operation
For every £1 above the Board approved PBT budget, a proportion will go into a bonus pot which will be used to fund Executive and Senior Manager bonuses.

The Remuneration Committee will determine the bonus payable after the year end based on performance against objectives and targets. Bonus payments per individual will be both proportionate to the overall size of the bonus pot and each individual's performance versus their personal objectives.

Annual bonuses are paid in cash after the end of the financial year to which they relate.

On change of control the Remuneration Committee may pay bonuses on a pro rata basis measured on performance up to the date of change of control.

Malus will apply up to the date of the bonus determination and clawback will apply for two years from the date of bonus determination.

Opportunity
The maximum bonus opportunity is 100% of base salary.

Performance metrics used, weighting and time period applicable
Performance is measured over the financial year.

A bonus pot is only formed if budgeted PBT is met. The bonus payout is then determined based on the satisfaction of a range of key strategic objectives.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believe that the bonus outcome is not a fair and accurate reflection of business performance.

The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the annual bonus.

HMRC Share Incentive Plan

Short and long term strategic objectives
To encourage wide employee share ownership and thereby align employees' interests with shareholders.

Operation
The Company has a share incentive plan in which the Executive Directors are eligible to participate (which is HMRC approved and is open to all eligible staff).

Opportunity
UK scheme in line with HMRC limits as amended from time to time.

Performance metrics used, weighting and time period applicable
None

Shareholding Requirement

Short and long term strategic objectives
To support long term commitment to the Company and the alignment of Executive Director interests with those of shareholders.

Operation
The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.

Opportunity
150% of salary.

Performance metrics used, weighting and time period applicable
None

Long-Term Incentive Plan

Short and long term strategic objectives

Awards are designed to incentivise the Executive Directors to maximise total shareholder returns by successfully delivering the Company's objectives and to share in the resulting increase in total shareholder value.

The use of earnings per share ("EPS") ensures Executive Directors are focused on ensuring the annual profit performance targeted by the Annual Bonus Plan flows through to long-term sustainable EPS growth.

The use of absolute TSR measures the success of the implementation of the Company's strategy in delivering a minimum level of return.

Operation

Awards are granted annually to Executive Directors in the form of nil cost options. These will vest at the end of a three year period subject to:

- the Executive Director's continued employment at the date of vesting; and
- satisfaction of the performance conditions.

The Remuneration Committee may award dividend equivalents on awards to the extent that these vest.

A further two year holding period post vesting will apply.

Malus will apply for the two year period from grant to vesting with clawback applying for the two year period post vesting.

Opportunity

Award maximum of 150% of base salary.

At least 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance. Straight line vesting between these points.

Performance metrics used, weighting and time period applicable

The performance conditions for awards are currently split between EPS growth (70%) and absolute total shareholder return ("TSR") (30%).

The Remuneration Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.

Discretion may also be exercised in cases where the Remuneration Committee believe that the vesting outcome is not a fair and accurate reflection of business performance.

Non-Executive Director fees

Short and long term strategic objectives

Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.

Operation

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is considered by the Remuneration Committee and recommended to the Board.

Non-Executive Directors are paid a base fee and additional fees for chairmanship of committees. The chairman of the Company does not receive any additional fees for membership of committees.

Fees are reviewed annually based on equivalent roles in an appropriate comparator group used to review salaries paid to the Executive Directors.

Non-Executive Directors do not participate in any variable remuneration or benefits arrangements.

Opportunity

The base fees for Non-Executive Directors are set at a market rate.

In general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce.

The Company will pay reasonable expenses incurred by the Chairman and Non-Executive Directors.

Performance metrics used, weighting and time period applicable

None

Recruitment policy

The Company's approach when setting the remuneration of any newly recruited Executive Director will be assessed in line with the same principles for the Executive Directors, as set out in the remuneration policy table above. The Remuneration Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. The Remuneration Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's approved policy. Given a new Executive Director would not have the significant shareholding of the current Executive Directors, the base salary on recruitment may be higher than the incumbent and they will be entitled to a cash supplement of 15% of salary in lieu of pension contributions. In the year of recruitment, the maximum variable pay will be 250% of salary (other than in exceptional circumstances where up to 350% of salary may be made if sign-on compensation is provided).

The Remuneration Committee's policy is not to provide sign on compensation. However, in exceptional circumstances where the Remuneration Committee decides to provide this type of compensation it will endeavour to provide the compensation in equity, subject to a holding period during which cessation of employment will generally result in forfeiture and subject to the satisfaction of performance targets. The maximum value of this one-off compensation will be proportionate to the overall remuneration offered by the Company and in all circumstances is limited to 100% of salary. The Committee will carefully consider this matter to ensure consistency with the principles outlined earlier, particularly in relation to shareholder alignment, and will take appropriate external advice before finalising a decision in this regard and where practical consult with the Company's key shareholders.

The Remuneration Committee's policy is not to provide buy outs as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account the following:

- the proportion of the performance period completed on the date of the director's cessation of employment;
- the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and
- any other terms and condition having a material effect on their value ("lapsed value");

The Remuneration Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

Service agreements and letters of appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving 6 months' notice.

The Remuneration Committee's policy for setting notice periods is that a 6 month period will apply for Executive Directors. The Remuneration Committee may in exceptional circumstances arising on recruitment, allow a longer period of up to 12 months, which would in any event reduce to 6 months following the first year of employment.

The Non-Executive Directors of the Company (including the Chairman) do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for two consecutive terms of 3 years each from 28 September 2015, unless terminated earlier upon 3 months' written notice by either party or upon their resignations.

The terms of the non-executive directors' positions are subject to their re-election by the Company's shareholders at the AGM scheduled to be held on 5 February 2016 and to re-election at any subsequent AGM at which the non-executive directors stand for re-election.

> **"I have booked with OTB the last four years and never had a problem with anything. Everything was easy to complete and will continue booking my future holidays with On the Beach."**
>
> CUSTOMER FEEDBACK

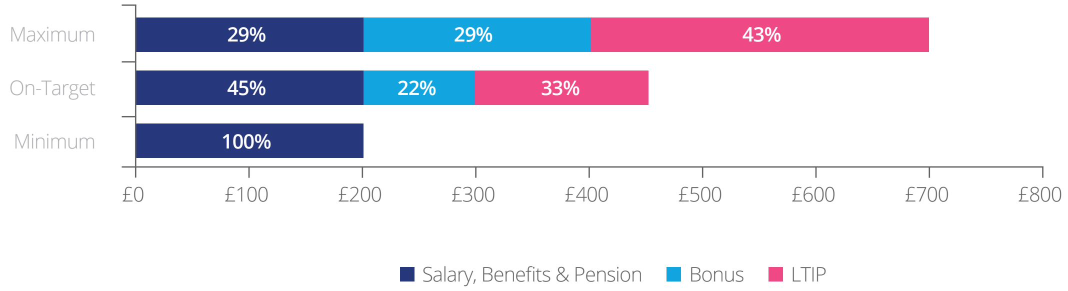
Illustrations of the application of the remuneration policy

The chart below illustrates the remuneration that would be paid to each of the Executive Directors, based on salaries with effect from 1 January 2016, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Bonus; and (iii) LTIP, with the assumptions set out below:

Element	Minimum	On-Target	Maximum
Fixed (salary, benefits and pension)	Included	Included	Included
Annual Bonus	No variable payable	50% of maximum bonus	100% of maximum bonus
Long-Term Incentive Plan	No annual minimum Multiple year and variable	50% of the maximum award	100% of the maximum award

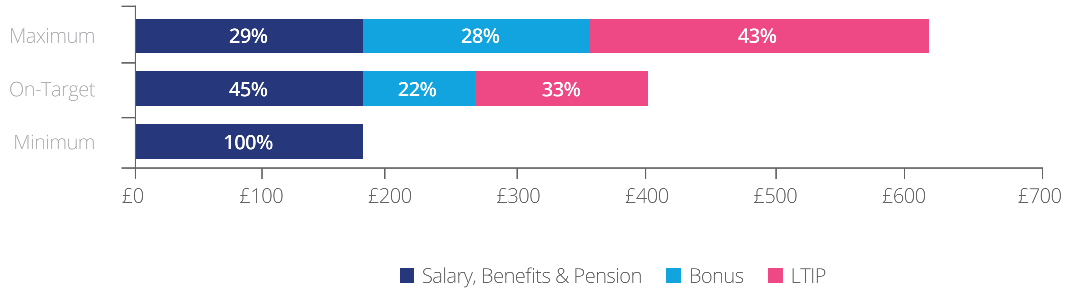
In accordance with the regulations share price growth has not been included. In addition, dividend equivalents have not been added to LTIP share awards.

CEO (£000)



At minimum variable remuneration is 0% of salary; at target, variable remuneration represents 124% of salary and at maximum, variable remuneration represents 249% of fixed remuneration.

CFO (£000)



At minimum variable remuneration is 0% of salary; at target, variable remuneration represents 124% of salary and at maximum, variable remuneration represents 247% of fixed remuneration.

Payment for loss of office

The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

When determining any loss of office payment for a departing individual the Remuneration Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time.

Remuneration element	Treatment on Exit
Salary, benefits and pension	Salary, benefits and pension will be paid over the notice period. The Company has discretion to make a lump sum payment on termination equal to the salary, value of benefits and value of company pension contributions payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Annual Bonus Plan	If the executive is a good leaver, bonus will be pro-rated to time and performance for year of cessation. Otherwise, no bonus payable for year of cessation.
LTIP	If the executive is a good leaver, LTIP award will be pro-rated to time and performance in respect of each subsisting LTIP award. Otherwise, any unvested LTIP awards will vest. The Remuneration Committee has the discretion to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- injury or disability;
- redundancy,
- retirement with agreement of employer;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Remuneration Committee (as described above). It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.

Change of control

The Remuneration Committee's policy on the vesting of incentives on a change of control is summarised below:

Name of Incentive Plan	Change of Control	Discretion
Annual Bonus Plan	Pro-rated to time and performance to the date of the change of control.	The Remuneration Committee has discretion to continue the operation of the Plan to the end of the bonus year.
LTIP	The number of shares subject to subsisting LTIP awards vesting on a change of control will be pro-rated to time and performance.	The Remuneration Committee retains absolute discretion regarding the proportion vesting, taking into account time and performance. There is a presumption that the Remuneration Committee will pro-rate to time. The Remuneration Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions must be satisfied.

Statement of conditions elsewhere in the company

The Remuneration Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Remuneration Committee considers the range of base pay increases across the Group. While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the remuneration policy set out in this report, the Company does receive updates from the Executive Directors on their discussions and reviews with senior management and employees.

The Company does not use remuneration comparison measurements.

Consideration of shareholder views

The Remuneration Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Remuneration Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

Remuneration Report

Annual Report on Remuneration

Executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2015 financial year. Comparative figures for the 2014 financial year have also been provided. Figures provided have been calculated in accordance with the new UK disclosure requirements: the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations). It should be noted that the statutory disclosure requirement is to disclose the sums paid during the period in which the Company was listed. However, the Company has opted for enhanced disclosure and the sums below reflect the sums paid during the full financial year ended 30 September 2015.

In accordance with the regulations share price growth has not been included. In addition, dividend equivalents have not been added to LTIP share awards.

Name	Salary (1) (2) (£'000)		Benefits (2) (£'000)		Bonus (£'000)		LTIP (£'000)		Pension (2) (£'000)		Total (2) (£'000)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Simon Cooper	127	127	1	1	-	-	-	-	2	3	131	131
Wendy Parry	127	127	2	2	-	-	-	-	-	-	129	129

Notes:

(1) Executive Director salaries were reviewed on Admission and will increase with effect from 1 January 2016 to £200,000 for Simon Cooper and £175,000 for Wendy Parry.

(2) These amounts show the total amounts for the whole financial year. The statutory amounts in respect of the 3 days of the financial year in which the Company was listed are 3/365ths of the amounts shown, (e.g. salary for this period for each Executive Director was £1,043.84).

Non-executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-executive Director.

(In £s thousand)	2015 (1)			2014		
Name	Fees	Taxable Benefits	Total	Fees	Taxable Benefits	Total
Richard Segal Chairman	77	-	77	89	-	89
Lee Ginsberg Senior Independent Director, Chairman - Audit Committee	7	-	7	-	-	-
David Kelly Renumeration Committee	5	-	5	-	-	-

(1) These amounts show the total amounts for the whole financial year. The statutory amounts in respect of the 3 days of the financial year in which the Company was listed are 3/365ths of the amounts shown.

Additional information regarding single figure table (audited)

The Remuneration Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Bonus awards (audited)

No bonuses were awarded during 2015. Whilst a bonus pot was available, the Remuneration Committee used its discretion not to award a bonus given the considerable shareholding of the Executive Directors on admission and bonuses which were made to other senior employees on admission.

Long term incentives awarded in 2015 (audited)

There were no awards made during 2015. The first awards under the new LTIP plans will be made during 2016.

Payments to past Directors / payments for loss of office (audited)

There were no payments in the financial year.

Statement of Directors' shareholdings and share interests (audited)

Shareholding requirements in operation at the Company are currently 150% of base salary for the CEO and the CFO. Executive Directors are required to build up their shareholdings over a reasonable amount of time which would normally be five years. The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 September 2015 are set out in the table below.

Director	Shareholding requirement (% of salary)	Current shareholding (1) (% of salary)	Beneficially Owned Shares	Unvested LTIP interests subject to performance conditions	Shareholding requirement met?
Simon Cooper	150%	3,392%	-	-	Yes
Wendy Parry	150%	7,023%	-	-	Yes

(1) The share price of 218 pence as at 30 September 2015 has been taken for the purpose of calculating the current shareholding as a percentage of salary. Unvested LTIP shares and options do not count towards satisfaction of the shareholding guidelines.

No changes in the above Directors' interests have taken place between 30 September 2015 and the date of this report.

Non-executive directors are not subject to a shareholding requirement. Details of their interests in shares are set out below:

Director	Shares held 30 September 2015
Richard Segal	406,680
Lee Ginsberg	16,300
David Kelly	-

Comparison of overall performance and pay (TSR graph)

It should be noted that the Company listed on 28 September 2015 and therefore has limited listed share price history until the financial year end on 30 September 2015. Therefore it is not felt to be appropriate to present a comparison of performance versus a comparator in the report this year.

Chief Executive Officer historic remuneration

The table below sets out the total remuneration delivered to the Chief Executive Officer over the last two years valued using the methodology applied to the single total figure of remuneration. The Remuneration Committee does not believe that the remuneration payable in its earlier years as a private company bares any comparative value to that paid in its later years and therefore the Remuneration Committee has chosen to disclose remuneration only for the two most recent financial years:

Chief Executive Officer	2015	2014
Total Single Figure (£000s)	131	131
Annual bonus payment level achieved (% of maximum opportunity)	-	-
LTIP vesting level achieved (% of maximum opportunity)	n/a	n/a

It should be noted that the Company only introduced the LTIP on Admission.

Change in Chief Executive Officer's remuneration compared with employees

The following table sets out the change in the remuneration paid to the Chief Executive Officer from 2014 to 2015 compared with the average percentage change for employees.

The Chief Executive Officer's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, and annual bonus (including any amount deferred). The employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of full-time UK employees using P60 and P11d data from tax years 2014 and 2015. Part time employees have been excluded from the analysis, as have any employees who have been promoted or changed role. The employee analysis is done on a matched basis that such same individuals appear in the 2014 and 2015 populations.

		Salary			Taxable Benefits			Bonus	
	£'000 2015	£'000 2014	Percentage Change	£'000 2015	£'000 2014	Percentage Change	£'000 2015	£'000 2014	Percentage Change
Chief Executive Officer	127	127	-	1	1	0%	-	-	-
Total pay	1,983	1,904	4%	8	6	0%	206	153	35%
Number of employees	50	50	0%	-	-	-	50	50	0%
Average per employee	40	38	4%	-	-	-	4	3	35%

Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2015 financial year and 2014 financial year compared with other disbursements. All figures provided are taken from the relevant Company Accounts.

	Disbursements from profit in 2015 financial year (£m)	Disbursements from profit in 2014 financial year (£m)	% change
Profit distributed by way of dividend	-	-	-
Overall spend on pay including Executive Directors	7,735	5,784	34%

Shareholder voting at general meeting

This is the Company's first year as a public company and therefore the 2016 AGM will be the first. This means that there is no historic voting to disclose on the Company's executive remuneration.

Implementation of remuneration policy in financial year 2016

The Remuneration Committee proposes to implement the policy for 2016 as set out below:

Name	Salary (£) 2016 (1)	Salary (£) 2015	Percentage Change
Simon Cooper	200,000	127,000	**57%**
Wendy Parry	175,000	127,000	**38%**

(1) *Note that the salary increases will be with effect from 1 January 2016 following a review of base salary levels prior to admission.*

Changes to NED Fees

No changes are proposed to the current fee components in place. Breakdown of fee components will remain as follows:

Chairman Fee	£100,000
SID Fee	£50,000
Base Fee	£45,000
Chair of Audit Committee Fee	£7,500
Chair of Remuneration Committee Fee	£5,000

Benefits and Pension

No changes are proposed to benefits or pension.

Bonus Plan

The maximum bonus opportunity for the Executive Directors remains at 100% of salary.

A bonus pot will be determined based on achievement of budgeted Group Profit Before Tax.

The proportion of the pot allocated to individuals will be based on the achievement of key strategic objectives which for the 2016 financial year will include:

- Achievement of group budgeted PBT;
- Growth in sales in Sweden in line with budget;
- Growth in UK total transaction value in line with budget;
- Revenue growth per daily unique visitor;
- Reduction in core overheads costs; and
- Personal objectives.

The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the annual bonus.

LTIP Award

It is intended that the first grant under the LTIP will be made during 2016.

The maximum LTIP awards for the Executive Directors will be 150% of salary.

The performance conditions will be based 70% on EPS performance and 30% on absolute TSR measured over a three year period.

> “We have used On the Beach many times and have been well looked after each time, easy booking and friendly staff. We had to change our flights on our last visit to Lanzarote when my wife suffered 2nd degree burns. Rang On the Beach and explained the situation we found ourselves in and they could not have been more helpful.”
>
> CUSTOMER FEEDBACK

Composition and terms of reference of the Remuneration Committee

The Board has delegated to the Remuneration Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the Chairman, Executive Directors and such other senior employees of the Group as the Board may determine from time to time. The terms of reference for the Remuneration Committee are available on the Company's website, onthebeachgroupplc.com, and from the Company Secretary at the registered office.

All members of the Remuneration Committee are independent non-executive directors and were appointed on 28 September 2015. The Remuneration Committee receives assistance from the CEO, CFO and Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. During the short period of 3 days between listing to the financial year end, it was not possible for the Remuneration Committee to meet but as noted above, since then, the Remuneration Committee met 3 times All meetings of the Committee were attended by all members of the Committee, as well as the Executives and the Company Secretary.

Advisers to the Remuneration Committee

Following a formal tendering process carried out by the Board prior to the IPO of the Company, the Committee has engaged the services of PricewaterhouseCoopers LLP (PwC) as independent remuneration adviser.

During the financial year, PwC advised the Company on all aspects of remuneration policy for Executive Directors and members of the Executive Team and the associated drafting for the Prospectus. PwC also provided advice to the Company in relation to the drafting and implementation of executive and employee incentives and advice in relation to company pension arrangements.

The Remuneration Committee is satisfied that the advice received was objective and independent. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees.

PwC received a fixed fee of £41,000 for their advice during the year to 30 September 2015 (for advice to the Committee and to management).

On behalf of the board

David Kelly
CHAIR OF THE REMUNERATION COMMITTEE
9 December 2015

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of On the Beach Group plc (the "Company") and its subsidiaries (together the "Group") for the financial year to 30 September 2015.

Statutory Information

Information required to be part of the Director's Report can be found elsewhere in this document, as indicated in the table below and is incorporated into this Report by reference:

Section of Report	Page reference	
Amendment of the Articles	Directors' Report	(page 46)
Appointment and replacement of Directors	Directors' Report	(page 46)
Board of Directors	Corporate Governance Statement	(page 23)
Community	Strategic Report; Corporate Social Responsibility	(page 17)
Directors' indemnities	Director's Report	(page 47)
Directors' interests	Directors' Report	(page 25)
Directors' responsibility statement	Directors' Report	(page 48)
Disclosure of information to Auditors	Directors' Report	(page 47)
Employee involvement	Corporate Social Responsibility	(page 16)
Employees with disabilities	Corporate Social Responsibility	(page 16)
Future developments of the business	Strategic Report	(page 3)
Going concern	Directors' Report	(page 47)
Greenhouse gas emissions	Corporate Social Responsibility	(page 17)
Independent Auditors	Directors' Report	(page 47)
Political donations	Directors' Report	(page 47)
Post-balance sheet events	Directors' Report	(page 47)
Powers for the Company to issue or buy back its shares	Directors' Report	(page 46)
Powers of the Directors	Corporate Governance Statement (page 23) and Directors' Report	(page 46)
Research and development activities	Directors' Report	(page 47)
Restrictions on transfer of securities	Directors' Report	(page 46)
Results and dividends	Directors' Report	(page 47)
Rights attaching to shares	Directors' Report	(page 46)
Risk management	Strategic Report (page 13) and note 20 to the consolidated financial statements	
Share capital	Directors' Report	(page 46)
Significant related party agreements	Note 23 to the consolidated financial statements	
Significant shareholders	Directors' Report	(page 47)
Statement of corporate governance	Corporate Governance Statement	(page 23)
Substantial shareholdings	Directors' Report	(page 47)

Management Report

This Directors' Report, on pages 45 to 48, together with the Strategic Report on pages 3 to 18, form the Management Report for the purposes of DTR 4.1.5R.

Strategic Report

The Strategic Report, which can be found on pages 3 to 18, sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year and a description of the principal risks and uncertainties (including the financial risk management position) which is set out on pages 13 to 15.

All information required by s417 Companies Act 2006 is incorporated by reference to the Strategic Report.

UK Corporate Governance Code

The company's statement with regards to its adoption of the UK Corporate Governance Code can be found in the Statement of Corporate Governance on pages 23. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by reference.

Appointment and replacement of Directors

The appointment and replacement of Directors of the Company is governed by the Articles of Association.

Amendment of Articles of Association

The Company's Articles of Association may only be amended by way of a special resolution at a general meeting of the shareholders. No amendments are proposed to be made at the forthcoming Annual General Meeting.

Share capital and control

As at the date of this report, the Company's issued share capital comprises ordinary shares of £0.01 each (by virtue of a capital reduction which took effect on 18 November 2015) which are listed on the London Stock Exchange (LSE: OTB.L). The ISIN of the shares is GB00BYM1K758.

The issued share capital of the Company as at 30 September 2015, comprised 130,434,763 ordinary shares of £1.50 each. Further information regarding the Company's issued share capital can be found on page 57 of the financial statements. Details of the movements in issued share capital during the year are provided in note 19 to the Group's financial statements contained on page 76. All the information detailed in note 19 on page 76 forms part of this Directors' Report and is incorporated into it by reference.

At the Annual General Meeting of the Company to be held on 5 February 2016 the Directors will seek authority from shareholders to allot shares in the capital of the Company (i) up to a maximum nominal amount of £434,782.55 (43,478,255 shares of £0.01 each); and (ii) up to a further £434,782.55 (43,478,255 shares of £0.01 each) where the allotment is in connection with a rights issue, in each case representing approximately one third of the Company's issued ordinary share capital. In addition to the authority to allot shares, the Directors will be seeking authority to allot equity securities for cash in connection with a rights issue or otherwise up to a maximum nominal amount of £65,217.38 (representing approximately 5% of the Company's issued ordinary share capital).

Authority to purchase own shares

The Directors will seek authority from shareholders at the forthcoming Annual General Meeting for the Company to purchase, in the market, up to a maximum of 10% of its own ordinary shares either to be cancelled or retained as treasury shares. The Directors will only use this power after careful consideration, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The Directors will also take into account the effects on earnings per share and the interests of shareholders generally.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company.

The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No Shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the On the Beach Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by him, unless all amounts presently payable by him in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Listing Rules and the Company share dealing code whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

On 23 September 2015, the Company, the Directors, the selling shareholders and Numis Securities Limited entered into an underwriting agreement (the "Underwriting Agreement") in accordance with which:

- The Executive Directors and Inflexion (the "Locked-up Shareholders") have agreed to certain lock-up restrictions in respect of the Shares that will be held by them following Admission.
- The Executive Directors are subject to a 12 month lock-up period following Admission and Inflexion is subject to a lock-up period ending the longer of six months from the date of Admission or the date of publication of the audited financial results of the Company for the year ended 30 September 2015, during which time they may not dispose of any interest in their Shares.
- Pursuant to their respective lock-up arrangements, the Executive Directors and Inflexion have agreed that, for a further six month period following the expiry of their lock-up periods referred to above, they will not dispose of any Shares or interests in Shares other than through Numis with a view to maintaining an orderly market in the Company's securities.

All of the above arrangements are subject to certain customary exceptions.

Change of control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

The Revolving Credit Facility contains customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

2015 Annual General Meeting

The Annual General Meeting will be held at 11 am on 5 February 2016 at the Company's registered office at Park Square, Bird Hall Lane, Stockport, Manchester, SK3 0XN.

The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Change in substantial shareholdings since admission

At 30 September 2015, the Company had been notified, in accordance with chapter 5 of the Financial Conduct Authority's Disclosure and Transparency Rules ("DTR5 Notification"), of the following significant interests:

Shareholder	Number of ordinary shares / voting rights notified	Percentage of voting rights over ordinary shares of 150p each
Schroders plc	9,577,677	7.34%
The Independent Investment Trust PLC	5,150,000	3.95%

As at the date of this report, no further DTR5 Notifications had been received.

Note: The DTR5 Notifications set out above only represent changes notified to the Company since listing on 28 September 2015 and the Company's prospectus (available on the Company's website onthebeachgroupplc.com) on page 172 sets out a list of persons who, to the extent known to the Company as at admission, were interested (directly or indirectly) in 3 per cent or more of the Company's issued ordinary share capital. As far as the Company is aware as at the date of this report, there have been no further changes.

Transactions with related parties

The material transactions with related parties during the year were:

Relationship Agreement: The Relationship Agreement was entered into on 23 September 2015 between the Company and Inflexion, and its principal purpose is to ensure that the business will be capable of carrying on its business independently of Inflexion for so long as they hold a controlling interest.

Reorganisation Agreement: The Reorganisation Deed was entered into by the Company, On the Beach Topco Limited, On the Beach Bidco Limited and pre IPO shareholders, and contained certain reorganisation steps that took place in connection with the IPO within the Group.

Events post year end

In the Company's IPO prospectus, the Company noted its intention to reduce its share capital by means of a court sanctioned reduction in capital in order to provide it with the distributable reserves required to support the intended dividend policy. The capital reduction received Court approval on 18 November 2015.

Going concern

The directors have prepared cash flow forecasts that include key assumptions in respect of the trading subsidiary's booking numbers, booking profiles, commission rates and trade debtor collection periods. In making their assessment, management have performed sensitivity analysis on the forecasts. After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future (at least one year from the date when financial statements are signed) on both base case and sensitised forecasts. Accordingly, the financial statements have been prepared on a going concern basis.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of section 236 of the Companies Act 2006 in the Articles. Such indemnities contain provisions that are permitted by the Director liability provisions of the Companies Act and the Company's Articles.

Research and development

Innovation, specifically in the customer proposition on the website, is a critical element of the strategy, and therefore of the future success of the Group. Accordingly the majority of the Group's research and development expenditure is predominantly related to this area.

Suppliers

The Group's policy is to pay suppliers and creditors sums due in accordance with the payment terms agreed in the relevant contract with each such supplier/creditor.

Environmental

Information on the Group's greenhouse gas emissions is set out in the Corporate Social Responsibility section on page 17 and forms part of this report by reference.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given on pages 78 to 81 in note 20 to the consolidated financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

External branches

The Group has a Swedish branch (identity number 516408-9186) to enable it to execute its strategy on international expansion.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 58 to 83. The Directors do not recommend the payment of a dividend for 2015.

Independent auditors

KPMG LLP has confirmed its willingness to continue in office as auditor of the Group. In accordance with section 489 of the Companies Act 2006, separate resolutions for the reappointment of KPMG LLP as auditors of the Group and for the Audit Committee to determine the remuneration will be proposed at the forthcoming AGM of the Company.

Disclosure of information to auditor

Each of the Directors has confirmed that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(ii) the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Properly select and apply consistently suitable accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively; and
- make an assessment of the Company's ability to continue as a going concern

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 confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Approval of the Annual Report

The Strategic Report and Corporate Governance Report were approved by the Board on 4 December 2015.

Approved by the board and signed on its behalf:

Kirsteen Vickerstaff
COMPANY SECRETARY
9 December 2015

"I love this company. I have already booked two holidays through them and the process was quick and easy. We were kept informed all the way through our booking process right up until our holiday. We have now booked another holiday through them and I shall be using On the Beach the next time as well. I cannot fault them in any way as any problems are dealt with straight away and they have excellent management. I highly recommend them. When I want a holiday this is the first place I look as I trust and respect them."

CUSTOMER FEEDBACK

Independent Auditor's Report to the Members of On the Beach Group plc

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of On the Beach Group Plc for the year ended 30 September 2015 set out on pages 53 to 88.

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 30 September 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Accounting for the IPO

Refer to page 30 (Audit Committee Report), page 58 (Accounting policies) and page 64 (financial disclosures).

The risk – In preparation for the IPO, the Group undertook a capital reorganisation and refinancing, and executed a complex step plan which included the creation of a new holding company, share exchanges, repayment arrangements for previous shareholders and bank debt.

The accounting treatments for the capital reorganisation require the directors to apply judgement because of the range of possible accounting treatments that may be applicable. The appropriate accounting for the steps plan reflected a significant risk of material misstatement due to the magnitude and complexity of the accounting entries.

Significant transaction costs were incurred as part of the process, including legal and professional fees in relation to the IPO. The accounting treatment for these transaction costs requires the directors to apply significant judgement in assessing whether the costs are recognised in profit and loss or directly in equity.

Our response – In this area, our audit procedures included:

- We tested the validity and accurate reflection of each of the steps to create the new corporate structure. In doing so, we agreed that the share transactions and the capitalisation of shareholder loans were consistent with Board resolutions and Companies House submissions. We evaluated the consistency of the amounts with the underlying shareholder and loan agreements. We tested the funds flow for the IPO transaction by agreeing the primary proceeds to bank statements and third party invoices.
- We critically assessed the accounting treatment of these transactions adopted by the directors. In doing so, we used our own financial reporting specialists to assist us in challenging the directors' assumptions in recording the accounting treatments and evaluated if they were in line with the appropriate accounting standards.
- We critically assessed and challenged the classification of the costs incurred during the IPO process within the financial statements by determining whether they (i) related directly to any debt issued or taken on, (ii) related to activities other than equity transactions, such as listing existing shares, or (iii) related jointly to equity transactions and other activities. We agreed a sample of the transaction costs incurred to third party invoices to determine whether the classification in the financial statements was consistent with the nature of services provided (as noted above). In particular, we assessed the appropriateness of the presentation of transaction costs against share premium, capitalised against financial liabilities or as an expense in the Consolidated profit and loss account.
- We also considered the adequacy and accuracy of the group's disclosures about the steps plan to reflect the movement from the opening equity position at the start of the financial period ended 30 September 2014 to the closing equity position at the end of the financial year ended 30 September 2015.

Capitalised website development costs (Net book value of £2.6m).

Refer to page 30 (Audit Committee Report), page 58 (Accounting policies) and page 64 (Financial disclosures).

The risk – The Group incurs significant internal costs in relation to the ongoing development of the On the Beach and eBeach websites. The accounting for these costs as either intangible fixed assets or expensed items in the Consolidated Income Statement involves judgement and is dependent upon the nature of the related development. More specifically, the costs are either capital in nature (relating to the development of the website) or expenditure in nature (relating to the operations of the website).

Our response – In this area, our audit procedures included the following areas:

- We evaluated the Group's processes and controls over the identification and classification of website development costs, which comprise primarily of internal staff costs.
- We selected a sample of website development projects and critically assessed whether or not the nature of the work performed was capital in nature.
- We agreed a sample of capitalised development costs in the period back to payroll records to ensure that the spend had been incurred and that only persons employed as website developers had been included within the costs capitalised. We also made inquiries with a sample of IT developers to confirm their day to day responsibilities and the nature of the projects they worked on. We challenged the directors on their approach in identifying operations and development costs using their understanding of the IT team's day to day activities and job roles. We critically assessed the overall level of IT staff costs expensed and capitalised during the year through a year on year comparison.

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

The materiality for the Group financial statements as a whole was set at £0.5m, determined with reference to a benchmark of Group profit before tax, normalised to exclude this year's exceptional costs in relation to IPO of £3.8m and £1.0m (as disclosed in note 6 and note 8 respectively) and shareholders' interest as disclosed in note 8, of £10.3m, of which it represents 4.8%.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £25,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's eight reporting components, we subjected five to a full scope audit for Group reporting purposes Three entities were out of scope for Group reporting purposes as they were not considered to be significant. Our full scope audit work covered 100% of the Group's profit before tax and revenues and 99.9% of total assets.

The Group audit team carried out the work on all the components at the Group's offices in Cheadle. The component materialities, which ranged from £0.2m to £0.4m, were set by the Group audit team having regard to the mix of size and risk profile of the Group across the components.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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; and
- the information given in the Corporate Governance Statement set out on page 29 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

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

- the directors' statement of Report of the Audit Committee on pages 28 to 30, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 30 September 2015; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.
In particular, we are required to report to you if:

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 47, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 23 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

9 December 2015

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

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 group and parent company financial statements for each financial year. Under that law 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, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 disclosed and explained in the parent company 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Wendy Parry
CHIEF FINANCIAL OFFICER
9 December 2015

Financial Statements

Year ended 30 September 2015

Consolidated income statement and statement of comprehensive income

For the year ended 30 September 2015 and 53 weeks ended 30 September 2014

	Note	2015 £'000	2014 £'000
Total transaction value *i)*		459,149	359,831
Revenue	5	63,124	45,768
Administrative expenses before amortisation and exceptional costs	6	(45,657)	(33,238)
Group operating profit before amortisation and exceptional items		**17,467**	**12,530**
Exceptional costs	6	(3,831)	(3,466)
Amortisation of intangible assets		(5,622)	(5,311)
Group operating profit		**8,014**	**3,753**
Finance costs	8	(1,796)	(1,735)
Shareholder interest	8	(7,845)	(6,961)
Exceptional finance costs	8	(1,037)	-
Finance income	8	206	154
Net finance costs		**(10,472)**	**(8,542)**
Loss before taxation		**(2,458)**	**(4,789)**
Taxation	9	(2,030)	(962)
Loss for the year/period		**(4,488)**	**(5,751)**
Other comprehensive income		-	-
Total comprehensive income loss for the year/period		**(4,488)**	**(5,751)**
Attributable to:			
Equity holders of the parent		(4,488)	(5,751)
Basic and diluted earnings per share attributable to the equity Shareholders of the Company:			
From loss for the year	10	(5.8p)	(7.9p)
Adjusted proforma earnings per share *ii)*	10	8.9p	6.2p
Adjusted profit measure			
Adjusted underlying PBT (before Shareholder interest, amortisation of acquired intangibles and exceptional costs)	6	14,513	9,896

i) This is a non GAAP measure, refer to note 2(l), Total Transaction Value

ii) This is a non GAAP measure, refer to note 10

The company has no other comprehensive income in the current or prior period.

The notes on pages 58 to 83 form part of the financial statements.

Consolidated balance sheet

As at 30 September 2015 and 30 September 2014

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Intangible assets	11	68,226	71,853
Property, plant and equipment	12	529	657
Total non-current assets		**68,755**	**72,510**
Current assets			
Trade and other receivables	14	29,998	24,734
Cash and cash equivalents	15	34,775	31,003
Other financial assets	20	-	65
Derivative financial instruments	20	677	-
Total current assets		**65,450**	**55,802**
Total assets		**134,205**	**128,312**
Equity			
Share capital	19	195,652	111,437
Share premium		13,856	-
Retained earnings		(10,239)	(5,751)
Capital contribution reserve		550	-
Merger reserve		(132,093)	(111,042)
Total equity/ (Deficit)		**67,726**	**(5,356)**
Non-current liabilities			
Loans and borrowings	17	-	79,065
Deferred tax	18	8,680	9,668
Total non-current liabilities		**8,680**	**88,733**
Current liabilities			
Corporation tax payable		2,110	832
Derivative financial instruments	20	-	689
Loans and borrowings	17	-	3,140
Trade and other payables	16	55,689	40,274
Total current liabilities		**57,799**	**44,935**
Total liabilities		**66,479**	**133,668**
Total equity and liabilities		**134,205**	**128,312**

The financial statements from pages 58 to 83 were approved by the Board of Directors and authorised for issue.

Wendy Parry
CHIEF FINANCIAL OFFICER
9 December 2015
On the Beach Group plc . Reg no 09736592

Consolidated statement of cash flows

For the year ended 30 September 2015 and 53 weeks ended 30 September 2014

	Note	2015 £'000	2014 £'000
Cash generated from operations	21	19,431	14,961
Tax paid		(1,736)	(1,508)
Net cash inflow from operating activities		**17,695**	**13,453**
Cash flows from investing activities			
Acquisition of shares in Group		-	2,453
Purchase of property, plant and equipment	12	(352)	(369)
Purchase of intangible assets	11	(1,995)	(1,507)
Interest received		206	154
Net cash outflow from investing activities		**(2,141)**	**731**
Cash flows from financing activities			
Proceeds from issue of share capital following Group restructure		10,000	-
Proceeds from issue of share capital		75	395
Repayment of borrowings	17	(20,500)	(2,637)
Capital contribution		500	-
Interest paid		(1,422)	(1,392)
Payment of shareholder interest		(3,568)	-
Share issue costs		(333)	-
Net cash (outflow) from financing activities		**(15,248)**	**(3,634)**
Net increase/(decrease) in cash and cash equivalents		306	10,550
Cash at beginning of year	15	10,550	-
Cash at end of year		**10,856**	**10,550**

Consolidated statement of changes in equity

For the year ended 30 September 2015 and 53 weeks ended 30 September 2014

	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained earnings	Total
	£000	£'000	£000	£000	£000	£000
Balance on incorporation	89,996	-	(89,677)	-	-	319
Issue of shares	21,441	-	(21,365)	-	-	76
Total comprehensive loss for the period	-	-	-	-	(5,751)	(5,751)
Balance at 30 September 2014	111,437	-	(111,042)	-	(5,751)	(5,356)
Issue of shares	21,176	-	(21,051)	-	-	125
Debt for equity	54,887	12,391	-	-	-	67,278
New shares issued (primary offerings)	8,152	1,848	-	-	-	10,000
Capital contribution	-	-	-	500	-	500
Transaction costs offset against equity	-	(333)	-	-	-	(333)
Redemption of preference share	-	(50)	-	50	-	-
Total comprehensive loss for the period	-	-	-	-	(4,488)	(4,488)
Balance at 30 September 2015	**195,652**	**13,856**	**(132,093)**	**550**	**(10,239)**	**67,726**

Notes to the financial statements

For the year ended 30 September 2015

1. General Information

On the Beach Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the inside of the back cover.

2. Accounting Policies

a) Summary of impact of Group restructure and Initial Public Offering

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. The financial information presented is at and for the financial year ended 30 September 2015 and for the 53 weeks ended 30 September 2014.

On 28 September 2015, the Group listed its shares on the London Stock Exchange. In preparation for the Initial Public Offering ("IPO") the Group was restructured. The restructure has impacted a number of the current year and comparative primary financial statements and notes.

For the consolidated financial statements of the Group, prepared under IFRS, the principles of reverse acquisition accounting under IFRS 3 "Business Combinations" have been applied. The steps to restructure the Group had the effect of On the Beach Group Plc ("Plc") being inserted above On the Beach Topco Limited of which the shareholders exchange their shares and loan notes for shares in plc.

By applying the principles of reverse acquisition accounting, the Group is presented as if Plc has always owned the On the Beach Topco Group. The comparative Income Statement and Balance Sheet are presented in line with the previously presented On the Beach Topco Limited. The comparative and current year consolidated reserves of the Group are adjusted to reflect the statutory share capital, share premium and merger reserve of Plc as if it had always existed, adjusted for movements in the underlying On the Beach Topco share capital and reserves until the share for share exchange. The steps taken to restructure the Group are explained in more detail in note 19.

b) Basis of preparation

The consolidated financial statements presented in this document have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The main trading Group, On the Beach Topco Limited, previously 1st time adopted IFRSs in the financial 53 weeks period ended 30 September 2014. This was a new group and as there was nothing in it prior to the acquisition of On the Beach Travel Limited. Hence there were no IFRS reconciliations needed to be included.

In preparing these newer group consolidated financial statements, they have reflected, under reverse acquisition accounting, the amounts reported in that previous group.

As a result there are no IFRS reconciliations that need to be included.

These are the first set of consolidated financial statements of On the Beach Group Plc, which is the new ultimate holding company of the On the Beach Topco Limited Group following the reorganisation of the Group to facilitate the Initial Public Offering.

c) Going concern

The financial results relating to the Group have been prepared on the going concern basis. After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least one year from the date that the financial statements are signed and for at least one year from the date of these financial results. For these reasons they continue to adopt the going concern basis in preparing these financial statements..

d) New standards, amendments and interpretations

The accounting policies adopted in the presentation of the financial statements reflect the adoption of the following new standards as of 1 October 2014:

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. 102 Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counter-parties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units ("CGUs") which had been included in IAS 36 by the issue of IFRS 13. Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counter-parties. Under IAS 39 novation of derivatives to central counter-parties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The adoption of the above standards did not have a material impact upon the financials statements.

e) New standard, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 October 2015, and have not been applied in preparing these combined and consolidated financial statements. None of these is expected to have a significant effect on the combined and consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycled. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full effect.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is still assessing the effect of IFRS 15.

f) Basis of consolidation

The group's consolidated financial statements consolidate the financial statements of On the Beach Group plc and all of its subsidiary undertakings

i. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, the company is exposed, or has rights to variable returns from its involvement with the subsidiary and the company has the ability to use its power of the investee to affect the amount of investor's returns.

ii. Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

g) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and trade and assets represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently remeasured at cost less any accumulated impairments losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purposes of impairment testing, goodwill is allocated to the cash generating units expected to benefit from the combination. If the recoverable amount is less than the carrying amount of the unit, the impairment loss is allocated to first reduce the amount of goodwill allocated to the unit and then the other assets in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 retranslated to the functional currency at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement.

i) Financial Instruments

i. Derivative financial instruments

The group enters into forward foreign exchange contracts to manage exposure to foreign exchange rate risk. Further details of these derivative financial instruments are disclosed in note 20 of these financial statements. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately.

ii. Trade and other receivables

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

iii. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that 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 for the purpose only of the cash flow statement.

All customer monies are held in a trust account until after the provision of the holiday service. The trust account is governed by a deed between the Group, the Civil Aviation Authority Air Travel Trustees, ABTA and independent trustees (Barclays Wealth), which determines the inflows and outflows from the account.

All customer receipts are paid into the trust account in full before the holiday departure date. These payments are held in the trust account until the service is provided—for flights on payment to the supplier and for hotels and ancillaries on the customer's return from holiday. The Group does not therefore use customer pre-payments to fund its business operations.

iv. Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

v. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

j) Segment reporting

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team, including the Chief Executive Officer and Chief Finance Officer. For management purposes, the Group is organised into segments based on location, and information is provided to the management team on these segments for the purposes of resource allocation and segment performance management and monitoring.

The management team considers there to be two reportable segments:

(i) Core—activity via UK website ("**UK**")
(ii) Sweden—activity via Swedish website (eBeach.se) ("**International**")

k) Revenue recognition

Commission is measured at the fair value of consideration received or receivable, net of VAT, cancellations, discounts and other associated taxes. Cancellations are estimated at the reporting date based on the historical profile of bookings. Revenue on bookings is recognised on the date of booking.

The Group's commission is earned as an agent for the supplier or consumer in purchases of travel products such as flight tickets or hotel accommodation from third party suppliers. Overrides are also earned from suppliers. These are recognised within revenue when the Group becomes entitled to it based on supplier terms, which is when relevant targets are achieved.

l) Total Transaction value

Total transaction value ("TTV") is a non-GAAP measure and does not represent the Group's statutory turnover as the Group acts as an agent. TTV represents the price at which goods and services have been sold to the consumer by the principal net of VAT, cancellation and discounts.

m) Dividend distribution

Dividend distribution to the Groups shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

n) *Business combinations*

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

o) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Office equipment	3 years
Fixtures and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful economic lives on the same bases as owned assets, or where shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

p) *Intangible assets*

i. Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities directly attributable to the design and testing of identifiable and unique software products are capitalised if the product or process meet the following criteria:

- The completion of the development is technically and commercially feasible to complete,
- Adequate technical resources are sufficiently available to complete development,
- It can be demonstrated that future economic benefits are probable
- the expenditure attributable to the development can be measured reliably

Development activities involve a plan or design for the production of new or substantially improved products or processes. Directly attributable costs that are capitalised as part of the software product, website or system include employee costs. Other development expenditures that do not meet these criteria as well as ongoing maintenance are recognised as an expense as incurred.

Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding five years) at the point in which they come into use.

ii. Brand

Upon acquisition of the Group by OTB Topco, the On the Beach brand was identified as a separately identifiable asset.

iii. Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Website technology:	10 years
Website & development costs:	3 years
Brand:	15 years

q) Impairment of non-financial assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangibles assets 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). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

r) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

s) Employee benefits

The Group operates a defined contribution pension scheme. A defined contribution scheme is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the years during which services are rendered by employees.

t) Debt

Debt is initially stated at the amount of net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

u) Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

v) Exceptional costs

The Group presents on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior years and to better assess trends in financial performance.

w) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss 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 temporary difference can be utilised.

x) Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments, otherwise they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable the Group's owners.

y) Share premium and other reserves

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in 'share premium'.
The amount subscribed for the preference shares in excess of the nominal value of these new preference shares is recorded in 'other reserves'.

Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

z) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

As explained in the basis of preparation accounting policy, the Group's financial statements reflect the continuation of the preexisting group headed by On the Beach Topco Limited. The 2015 weighted average number of shares has been stated as the weighted average number of shares in the period from the date of the Group reorganisation to the balance sheet date. The 2014 weighted average number of shares has been stated as if the Group reorganisation set out in note 19 had occurred at the beginning of the comparative period.

aa) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Critical accounting estimates and judgements

The Group's accounting policies have been set by management. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future. These are continually evaluated based on historical experience and expectations of future events. The resulting accounting estimates will, by definition, seldom equal the related actual results. Under IFRSs estimates or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgement involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

a. Goodwill

The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of cash generating units for which goodwill has been allocated, to the value of goodwill in the consolidated balance sheet. The calculation of present value requires an estimated of the future cash flows expected to arise from the cash-generating units and the selection of a suitable discount rate. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in a particular market as well as short and medium term business plans. The Directors draw upon experience and sensitivity analysis as well as external resources in making these judgements.

b. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. The group specifically provides for the cancellation of bookings. The provision is estimated by applying historical cancellation data to untraveled bookings at the reporting date.

c. Capitalisation of website development costs

Determining the amounts to be capitalised involves judgement and is dependent upon the nature of the related development; namely whether it is capital (as relating to the enhancement of the website) or expenditure (as relating to the ongoing maintenance of the website) in nature. Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the group are recognised as intangible assets if the recognition criteria set out in the accounting policies 2p)i above are met.

d. IPO costs

Determining the amounts to be recognised in share premium and those expenses within the income statement involves judgement. Costs that are deemed to directly relate to the issue of new shares have been recognised within share premium.

4. Business combinations

On 4th October 2013, the Group acquired all of the ordinary shares in On the Beach Travel Limited for £30,748,000, satisfied in cash, vendor loans and £11,178,000 via equity instruments issued. The activity of the group acquired is that of an internet travel agent. The purpose of the business combination is to facilitate the sale of the group to the current controlling party. In the 51 weeks to 30 September 2014 the subsidiary contributed revenue of £45,768,000 and a net profit of £8,642,000 to the consolidated revenue and net profit for the year.

The acquisition had the following effect on the Group's assets and liabilities.

Acquiree's net assets at the acquisition date:	**2014** Recognised values on acquisition **£000**
Intangible assets	54,114
Property plant and equipment	597
Trade and other receivables	20,422
Cash and cash equivalents	42,733
Trade and other payables	(97,955)
Deferred tax liabilities	(10,707)
Net identifiable assets and liabilities	9,204
Consideration paid:	
Cash price paid	18,070
Equity instruments issued	11,178
Vendor Loans	1,500
Total consideration	30,748
Goodwill	21,544

The goodwill arising for the acquisition is attributable to the strength of the management team and the growth prospects of the Group.

Non-recurring acquisition-related costs of £3,466,000 have been charged to exceptional costs (see note 6) in the combined and consolidated income statement for the year ended 30 September 2014.

The fair value and gross contractual amount of trade and other receivables is £20,422,000.

5. Segmental reporting

As explained in note 2j, the management team considers the reportable segments to be "Core" and "International". All segment revenue, operating profit, assets and liabilities are attributable to the group from its principal activities as an online travel agent.

	2015			For the 53 weeks ended 30 September 2014		
	Core £'000	International £'000	Total £'000	Core £'000	International £'000	Total £'000
Income						
Revenue	62,451	673	63,124	45,621	147	45,768
EBITDA	20,438	(1,782)	18,656	14,081	(661)	13,420
Holding company costs	(456)	-	(456)	(339)	-	(339)
EBITDA after holding company costs	**19,982**	**(1,782)**	**18,200**	**13,742**	**(661)**	**13,081**
Depreciation and amortisation	(6,023)	(74)	(6,097)	(5,558)	(46)	(5,604)
Exceptional acquisition costs	(3,831)	-	(3,831)	(3,466)	-	(3,466)
Segment operating profit/(loss)	10,128	(1,856)	**8,272**	4,718	(707)	**4,011**
Non-underlying costs			(258)			(258)
Group operating profit			**8,014**			**3,753**
Finance costs			(1,796)			(1,735)
Shareholder interest			(7,845)			(6,961)
Exceptional finance costs			(1,037)			-
Finance income			206			154
Loss before taxation			(2,458)			(4,789)
Non-current assets						
Goodwill	21,544	-	21,544	21,544	-	21,544
Other intangible assets	46,505	177	46,682	50,213	96	50,309
Property, plant and equipment	529	-	529	657	-	657

6. Operating profit

a) Operating expenses

Expenses by nature including exceptional items and amortisation charges:

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Marketing	33,359	24,297
Depreciation	477	306
Staff costs	6,189	4,703
IT hosting, licences & support	969	766
Credit / Debit Card Charges	2,445	1,668
Other	2,218	1,498
Total Administrative expenses	**45,657**	**33,238**
Exceptional costs	3,831	3,466
Amortisation of intangible assets	5,622	5,311
Total exceptional and cost amortisation	**9,453**	**8,777**
Total expenses	**55,110**	**42,015**

b. *Exceptional items*

Exceptional IPO costs relate to costs associated with the Initial Public offering of On the Beach Group plc shares on the London Stock Exchange on 28 September 2015.

A total of £5,201,000 costs were incurred as a result of the IPO. A total of £333,000 of these costs have been recognised directly in equity as they are costs that relate to the issue of new shares, £3,831,000 have been recognised within exceptional. Other exceptional costs totalling £1,037,000 have been recognised in the year. These relate to loan arrangement fees associated with the old facility and have been recognised as exceptional interest costs.

Prior year exceptional costs relate to acquisition related expenses (see note 4).

c. *Services provided by the company auditors*

During the year, the Group obtained the following services from the operating company's auditors.

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Fees payable for the audit of the Company and consolidated financial statements	45	37
Fees payable for other services:		
– audit related assurance services	50	5
– other assurance services	15	14
	110	56

d. *Adjusted PBT*

Management measures the overall performance of the Group by reference to Adjusted underlying PBT, a non-GAAP measure:

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Loss before taxation	(2,458)	(4,789)
Exceptional costs	3,831	3,466
Amortisation of acquired intangibles	4,258	4,258
Shareholder interest	7,845	6,961
Exceptional finance costs	1,037	-
Adjusted underlying PBT	**14,513**	**9,896**

This adjusted profit measure is applied by management to understanding the earnings trend of the group and is considered the most meaningful measure by which to assess the true operating performance of the group

7. Employees and Directors

a) Payroll costs

The aggregate payroll costs of these persons were as follows:

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Wages and salaries	7,735	5,972
Defined contribution pension cost	41	17
Social security costs	729	565
	8,505	**6,554**

Staff costs above include employee costs capitalised as part of software development.

b) Employee numbers

Average monthly number of people (including Executive Directors) employed:

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
By reportable segment:		
UK	309	241
International	10	8
	319	**249**

c) Directors' emoluments

The remuneration of Directors was as follows:

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Aggregate emoluments	386	673
Defined contribution pension	2	3
	388	**676**

All remuneration was paid by On the Beach Limited, a subsidiary company of the group.

The remuneration of the highest paid director was as follows:

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Aggregate emoluments	143	144
Defined contribution pension	2	3
	145	**147**

d) *Key management compensation*

During the year to 30 September 2015, key management comprised the members of the executive team. The composition and number of people within key management increased by two to six members of the Executive during the year following the growth of the business.

Remuneration of all key management (including directors) was as follows:

		For the 53 weeks ended 30 September
	2015	**2014**
	£'000	**£'000**
Wages and salaries	739	508
Short-term non-monetary benefits	8	6
Post-employment benefits	2	3
	749	**517**

e) *Retirement benefits*

The Group offers membership to a defined contribution pension scheme to eligible employees, the only pension arrangements operated by the Group. The schemes are defined contribution schemes and the pensions cost in the year was £29,000, (£10, 000 period ended 30 September 2014).

8. Finance income and finance costs

a) *Finance costs*

		For the 53 weeks ended 30 September
	2015	**2014**
	£'000	**£'000**
Bank loan interest	1,488	1,399
Amortisation of bank loan arrangement fees	308	336
Finance costs	**1,796**	**1,735**
Share holder interest	7,845	6,961
Exceptional finance costs - bank loan arrangement fees	1,037	-
Total finance costs	**10,678**	**8,696**

The group opted to settle its interest rate swap agreement as part of its Group restructure on 28th September 2015. The Group incurred a charge as a result of the transaction which was expensed fully in the year ended 30 September 2015.

b) *Finance income*

		For the 53 weeks ended 30 September
	2015	**2014**
	£'000	**£'000**
Bank interest receivable	**206**	**154**

9. Taxation

	For the 53 weeks ended 30 September	
	2015	2014
	£'000	£'000
Current tax on losses for the year/period	2,973	2,001
Adjustments in respect of prior years	45	-
Total current tax	**3,018**	**2,001**
Deferred tax on profits for the year	-	-
Origination and reversal of temporary differences	(988)	(1,039)
Total deferred tax (note 18)	(988)	(1,039)
Total tax charge	**2,030**	**962**

The differences between the total taxation shown above the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operating are as follows. The Group earns its profits primarily in the UK therefore the rate used for taxation is the standard rate for UK corporation tax.

	For the 53 weeks ended 30 September	
	2015	2014
	£'000	£'000
Profit/(loss) on ordinary activities before tax	(2,458)	(4,789)
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 20.5% (30 September 2014: 22%)	(504)	(1,054)
Effects of:		
Other expenses not deductible	2,489	2,003
Income not taxable	-	(5)
Adjustments in respect of prior years/periods	45	18
Total taxation charge	**2,030**	**962**

The tax charge for the year is based on the effective rate of UK Corporation tax for the period of 20.5% (2014: 22%). Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 30 September 2015.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of On the Beach Group plc by the weighted average number of ordinary shares issued during the year/period.

	2015	For the 53 weeks ended 30 September 2014
	£'000	£'000
Loss for the year/period	(4,488)	(5,751)
Basic weighted average number of Ordinary Shares (m)	78	73
Basic earnings per share (in pence per share)	**(5.8p)**	**(7.9p)**

Basic and diluted earnings per share are the same as there is no difference between the basic and diluted number of shares.

Adjusted earnings per share

Adjusted earnings per share are calculated by dividing adjusted underlying earnings after tax of On the Beach Group plc by the weighted average number of ordinary shares issued during the year/period.

	2015	For the 53 weeks ended 30 September 2014
Adjusted underlying earnings after tax (before shareholder interest, amortised acquired intangibles and deal costs)	£'000 11,630	£'000 8,075
Weighted average number of Ordinary Shares (m)	78	73
Adjusted earnings per share (in pence per share)	**14.9p**	**11.1p**

	2015	For the 53 weeks ended 30 September 2014
Adjusted underlying earnings after tax	£'000	£'000
(before shareholder interest, amortised acquired intangibles and deal costs)	11,630	8,075
Number of Ordinary Shares (m)	130	130
Adjusted proforma earnings per share (in pence per share)	**8.9p**	**6.2p**

The weighted average number of shares for both the current and preceding years has been stated as if the Group reorganisation (note 19) had occurred at the beginning of the comparative year.

Adjusted underlying earnings after tax is calculated as follows:

	2015	For the 53 weeks ended 30 September 2014
	£'000	£'000
Profit / (loss) before taxation	(2,458)	(4,789)
Exceptional costs	3,831	3,466
Amortisation of acquired intangibles	4,258	4,258
Shareholder interest	7,845	6,961
Exceptional finance costs	1,037	-
Adjusted underlying PBT	14,513	9,896
Less taxation		
Current	(3,019)	(2,001)
Deferred tax (excluding deferred tax movements relating to amortisation of acquired intangibles)	136	180
	(2,883)	(1,821)
Adjusted underlying earnings after tax	**11,630**	**8,075**

11. Intangible assets

	Brand	Goodwill	Website & development Costs	Website Technology	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Arising on acquisition (note 4)	30,079	21,544	1,523	22,513	75,659
Additions	-	-	1,505	-	1,505
At 1 October 2014	30,079	21,544	3,028	22,513	77,164
Additions	-	-	1,995	-	1,995
At 30 September 2015	**30,079**	**21,544**	**5,023**	**22,513**	**79,159**
Accumulated amortisation					
Arising on acquisition (note 4)	-	-	-	-	-
Charge for year	2,005	-	1,055	2,251	5,311
At 1 October 2014	2,005	-	1,055	2,251	5,311
Charge for the year	2,005	-	1,364	2,253	5,622
At 30 September 2015	**4,010**	**-**	**2,419**	**4,504**	**10,933**
Net book amount					
At 30 September 2015	**26,069**	**21,544**	**2,604**	**18,009**	**68,226**
At 30 September 2014	28,074	21,544	1,973	20,262	71,853

Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to one cash generating units, for impairment testing purposes. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The Group performed its annual impairment test as at 30 June 2015 on the cash generating units. The recoverable amount of the CGU has been determined based on the value in use calculations using cash flow projections derived from financial budgets and projections covering a five year period. The forecasts are then extrapolated in perpetuity based on an estimated growth rate of 2 per cent. (all other periods 2 per cent.), being the Directors' estimated view of the long term compound growth in the economy. This is deemed appropriate because the CGU is considered to be a long term business. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this CGU. The discount rate applied is 15 per cent. (all other periods 15 per cent.). The main assumptions on which the forecast cash flows were based include the level of sales and administrative expenses within the business and have been set by the Directors based on their past experience of the business and its industry, together with their expectations of the market. The level of sales depends upon the size of the markets in which the Group operates together with the Directors' estimations of its market share and competitive pressures, including the level of supplier overrides.

Administrative expenses are dependent upon the net costs to the business of purchasing services. Expenses are based on the current cost base of the Group adjusted for variable costs and known plans for the business.

Development costs

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Additions in the year relate to domain name acquisition costs and the development of software. The amortisation period for website development costs is 3 years straight line. Domain names are amortized over 10 years. Amortisation has been recognised within operating expenses.

Sensitivity to changes in assumptions

Sensitivity analysis has been completed on key assumptions in isolation, and the headroom taken is significant. This indicates that the value in use will be equal to its carrying amount following a reduction in EBITDA of 95%. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

12. Tangible assets

Cost or valuation	Fixtures & Fittings £'000	Office Equipment £'000	Total £'000
Acquired upon acquisition (note 4)	189	408	597
Additions	24	345	369
Disposals	-	(3)	(3)
At 1 October 2014	213	750	963
Additions	2	350	352
Disposals	-	(11)	(11)
At 30 September 2015	**215**	**1,089**	**1,304**
Accumulated deprecation			
Acquired upon acquisition (note 4)	-	-	-
Charge for the year	**16**	290	306
At 1 October 2014	16	290	306
Charge for the year	146	331	477
Disposals	-	(8)	(8)
At 30 September 2015	**162**	**613**	**775**
Net book amount			
At 30 September 2015	**53**	**476**	**529**
At 30 September 2014	197	460	657

The depreciation expense of £477,000 for the year ended 30 September 2015 and the depreciation expense of £306,000 for the period ended 30 September 2014 have been recognised within administrative expenses.

13. Investments

Principal subsidiary undertakings of the Group consists of the parent company, On the Beach Group plc, incorporated in the UK and a number of subsidiaries held directly by On the Beach Group plc, which is incorporated in the UK.

The table below shows details of the wholly owned subsidiaries of the Group.

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Group
On the Beach Topco Limited	Holding Company	UK	100%	100%
On the Beach Limited*	Internet travel agent	UK	100%	100%
On the Beach Beds Limited	Internet travel agent	UK	100%	100%
On the Beach Bidco Limited	Holding company	UK	100%	100%
On the Beach Travel Limited	Internet travel agent	UK	100%	100%
On the Beach Trustees Limited	Employee trust	UK	100%	100%
On the Beach Holidays Limited	Dormant	UK	100%	100%

*On the Beach Limited has a Swedish trading division which has a corporate identity number of 516408-9186

There are no restrictions on the Company's ability to access or use the assets and settle the liabilities of the Company's subsidiaries.

14. Trade and other receivables

	2015	2014
Amounts falling dues within one year:	**£'000**	**£'000**
Trade receivables – net	28,047	22,279
Other receivables	1,255	2,124
Prepayments	309	331
Other taxes and social security reclaimable	387	-
	29,998	**24,734**

15. Cash and cash equivalents

Trust accounts are restricted cash held separately and only accessible at the point the customer has travelled.

	2015	2014
	£'000	**£'000**
Cash at bank and in hand	10,856	10,550
Trust account	23,919	20,453
	34,775	**31,003**

16. Trade and other payables

	2015	2014
Current	**£'000**	**£'000**
Trade payables	45,865	34,045
Other tax and social security payable	-	144
Accruals and deferred income	9,824	6,085
	55,689	**40,274**

17. Borrowings

	2015	2014
	£'000	£'000
Unsecured borrowing at amortised cost		
Shareholder loan notes:		
Amounts owed to group undertakings - Inflexion	-	47,855
Amounts owed to group undertakings - Directors & Management	-	15,195
	-	**63,050**
Secured borrowing at amortised cost		
Bank loans	-	19,155
	-	**19,155**
Total Borrowings	**-**	**82,205**
Amounts due for settlement within 12 months	-	3,140
Amounts due for settlement after 12 months	-	79,065
Total Borrowings	**-**	**82,205**

	2015	2014
Interest rates on outstanding loans:		
Bank loan A	LIBOR + 4.5%	LIBOR + 4.5%
Bank loan B	LIBOR + 5.0%	LIBOR + 5.0%
Investor A loan notes (Inflexion)	12%	12%
B & C loan notes (Directors & Management)	12%	12%

a) Bank loans

On 28th September 2015, the Group repaid the outstanding facilities as part of the Group restructure.

The Company entered into the Second Lloyds Facility on 18 September 2015 with Lloyds. A revolving credit facility is being made available under the terms of the Second Lloyds Facility in an aggregate amount of up to £35,000,000.

The borrowing limits under the facility will vary monthly throughout the period of the Second Lloyds Facility to reflect the seasonal borrowing requirements of the Group, ranging from £2,000,000 in one month to the full £35,000,000 in another month. The Second Lloyds Facility will be available up to the second anniversary of the closing date (or for a shorter period of time at the Company's discretion). It is to be repaid in monthly instalments which vary in accordance with the Group's seasonal requirements. No early repayment fees are payable.

The margin contained in the Second Lloyds Facility is dependent on gross leverage ratio and the rate per annum ranges from 1.10%. to 1.90% for the utilised facility and 0.39% to 0.67% for the non-utilised facility.

The terms of the facility include the following financial covenants:

(i) that the ratio of total debt to EBITDA in respect of any relevant period shall not exceed 2:1 (with a one-off increase to a ratio of 2.5:1); and
(ii) that the ratio of EBITDA to finance charges in respect of any relevant period shall not be less than 5:1.

b) Shareholder loan notes

On the 28th September 2015, the outstanding loan notes were exchanged for shares in On the Beach Group plc.

18. Deferred tax

Additions in the year relate to the development of software. The amortisation period for website development costs is 3 years straight line. Domain names are amortized over 10 years. Amortisation has been recognised within operating expenses.

	Intangible asset revaluation	Property, plant and equipment	Capitalised development Costs	Tax assets /(liabilities)
	£'000	£'000	£'000	£'000
2015				
Assets	-	173	-	173
Liabilities	(8,818)	-	(35)	(8,853)
Total	(8,818)	173	(35)	(8,680)
2014				
Assets	-	110	-	110
Liabilities	(9,670)	-	(108)	(9,778)
Total	(9,670)	110	(108)	(9,668)

	Intangible asset revaluation	Property, plant and equipment	Capitalised development Costs	Total
	£'000	£'000	£'000	£'000
On incorporation	-	-	-	-
Acquired in business combination	(10,520)	102	(289)	(10,707)
Recognised in income	850	8	181	1,039
30 September 2014	(9,670)	110	(108)	(9,668)
Recognised in income	852	63	73	988
30 September 2015	(8,818)	173	(35)	(8,680)

19. Share capital

	2015	2014
	£'000	£'000
Allotted, called up and fully paid		
130,434,763 Ordinary shares or £1.50 each (2014:nil)	195,652	-
A Ordinary Shares	-	9,083
B Ordinary Shares	-	2,624
C Ordinary Shares	-	99,730
D Ordinary Shares	-	-
	195,652	**111,437**

The share capital of the Group is represented by the share capital of the parent company, On the Beach Group plc. This company was incorporated on 17 August 2015 to act as a holding company of the Group. Prior to this the share capital of the Group was represented by the share capital of the previous parent, On the Beach Topco Limited.

The table below summarises the movements in share capital during the year ended 30 September 2015.

		Ordinary shares		Redeemable preference shares	
		Shares	£'000	Shares	£'000
At date of incorporation of On the Beach Group plc	a)	-	-	1	50
Share for share exchange	b)	88,408,621	132,613	-	-
Capitalisation of loan notes	c)	36,591,360	54,887	-	-
Issue of shares upon IPO	d)	5,434,782	8,152	-	-
Redemption	e)	-	-	(1)	(50)
		130,434,763	195,652	-	-

a) On the Beach Group plc was incorporated on 17 August 2015 and issued one ordinary share of £1 at par and one redeemable preference share of £49,999 at par.

b) On 28 September 2015 as part of the Group restructure the company issued £132,612,935 of shares as follows:

- 643,995 A Shares of £132.61 each
- 186,004 B Shares of £132.61 each
- 170,000 C Shares of £132.61 each
- 356,000 D Shares of £0.0001 each
- 1 E Share of 131.61 each

The 1 Ordinary share was subsequently consolidated with the E Share to form 1 A Share

The entire A, B and C shares were then exchanged for the entire share capital of On the Beach Topco Limited. The shares were subsequently converted into 88,408,621 ordinary shares with nominal value of £1.50 each.

c) The company issued 36,591,360 Ordinary shares with nominal value of £1.50 in exchange for settlement of the former ultimate parent loan notes and the management loan notes held within On the Beach Topco Limited.

d) On Admission on 28 September 2015 a further 5,434,782 shares with nominal value of £1.50 were issued to public investors.

e) The company repurchased and cancelled the redeemable preference share of £49,999 for cash consideration of £49,999

20. Financial instruments

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the statement of accounting policies.

At the balance sheet date the Group held the following:

	2015	2014
	£'000	£'000
Financial Assets		
Fair value through profit and loss		
Interest rate swap	-	65
Forward exchange contracts	677	-
Loans and receivables		
Cash and cash equivalents	34,775	31,003
Trade and other receivables (note 14)	29,302	24,403
Total financial assets	**64,754**	**55,471**
Financial liabilities		
Fair value through profit and loss		
Forward exchange contracts	-	(689)
Financial liabilities measured at amortised cost		
Trade and other payables (note 16)	(45,865)	(34,045)
Borrowings (note 17)	-	(82,205)
Total financial liabilities	**(45,865)**	**(116,939)**

The following table provides the fair values of the Group's financial assets and liabilities:

		2015	2014
	FV Level	£'000	£'000
Financial assets designated as fair value through profit and loss			
Interest rate swap	2	-	65
Forward exchange contracts	2	677	-
Financial liabilities designated as fair value through profit and loss			
Forward exchange contracts	2	-	(689)
Financial liabilities held at amortised cost			
Loan notes	2	-	(93,819)
Bank borrowings	2	-	(11,569)

There is no difference between the carrying value and fair value of cash and cash equivalents, trade and other receivables and trade and other payables.

a) *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(i) **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

(iii) **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Interest rate hedge			
As at 30 September 2015	-	-	-
As at 30 September 2014	-	65	-

	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Forward Contracts			
As at 30 September 2015	-	677	-
As at 30 September 2014	-	(689)	-

b) *Financial Risk Management*

In the course of its business the Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and technology risk. The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

c) *Market Risk*

The Group's key financial market risks are in relation to foreign currency rates. Foreign currency risk results from the substantial cross-border element of the Group's trading and arises on sales and purchases that are denominated in a currency other than the functional currency of the business. Group cash resources are matched with the net funding requirements sourced from three sources namely internally generated funds, loan facilities and bank funding arrangements.

The foreign currency risk is managed at Group level by the purchase of foreign currency contracts for use as a commercial hedge. During the course of the period there has been no changes to the market risk or manner in which the Group manages its exposure. The Group is exposed to interest rate risk that arises principally through the Group's floating rate bank loans.

Liquidity risk, credit risk and capital risk is considered below. The executive team is responsible for implementing the risk management strategy to ensure that appropriate risk management framework is operating effectively, embedding a risk mitigation culture throughout the Group. The Board are provided with a consolidated view of the risk profile of the Group. All major exposures are identified and mitigating controls identified and implemented. Regular management reporting and assessment of the effectiveness of controls provide a balanced assessment of the key risks and the effectiveness of controls.

The Group does not speculate with derivatives or other financial instruments.

d) *Interest rate risk*

The Group only have fixed rate facilities and so are not exposed to fluctuations in exchange rates.

i. Interest rate swap contracts
The Group entered into an interest rate swap instrument during the prior year. This instrument enabled the Group to mitigate interest rate fluctuation risk. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing the cash flow exposures on the issued variable rate debt held.

As part of the group restructure, the loan and interest rate cap were settled prior to the year end. As a result the Group no longer has any outstanding contracts.

The fair value of the interest rate swaps at the prior year reporting date was determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contracts.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the 30 September 2014:

	Trade date	Effective date	Termination date	Currency	Notional amount £'000	Fair value £'000	Fixed rate %
Outstanding receive fixed pay floating contracts	25-Nov-13	07-Jan-14	28-Sep-15	GBP	14,652	65	2.00%

ii. Foreign currency risk management

The majority of the Group's purchases are sourced from outside the United Kingdom and as such the Group is exposed to the fluctuation in exchange rates (currencies are principally Sterling, US Dollar, Euro and Swedish Krona). The Group places forward cover on the net foreign currency exposure of its purchases. The Group foreign currency requirement is reviewed twice weekly and forward cover is purchased to cover expected usage.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2015	2014
Euro	**€'000**	**€'000**
Cash	3,648	2,675
Trade payables	(44,708)	(32,956)
Forward exchange contracts	40,079	29,605
	(981)	(676)

	2015	2014
US Dollar	**$000**	**$000**
Cash	283	(87)
Trade payables	(2,187)	(1,013)
Forward exchange contracts	2,110	1,061
	206	(39)

	2014	2014
Swedish Krona	**Kr '000**	**Kr '000**
Cash	1,901	173
Trade payables	(119)	-
Trade receivables	2,145	-
Forward exchange contracts	(2,100)	-
	1,827	173

iii. **Foreign currency sensitivity**

The following table details the Group sensitivity to a percentage change in Pounds Sterling against these currencies. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on a 10 per cent change taking place at the beginning of the financial period and held constant throughout the reporting period:

	2015	2014
Euro 10%	**£'000**	**£'000**
Weakening - 10%	81	(67)
Strengthening - 10%	(66)	82
US Dollar		
Weakening -10%	12	(150)
Strengthening - 10%	(15)	123
Swedish Krona		
Weakening -10%	(16)	-
Strengthening - 10%	13	-

The Group uses forward exchange contracts to hedge its foreign currency risk against sterling. The forward contracts have maturities of less than one year after the balance sheet date.

As a matter of policy the Group does not enter into derivative contracts for speculative purposes. The details of such contracts at the year-end, by currency were:

	2015			2014		
	Foreign currency	Notional value	Fair value	Foreign currency	Notional value	Fair value
EUR 30 September	**€'000**	**£'000**	**£'000**	**€'000**	**£'000**	**£'000**
Less than 3 months	29,204	21,289	473	20,088	16,136	(502)
3 to 6 months	5,050	3,667	95	2,969	2,385	(74)
6 to 12 months	5,825	4,255	85	6,496	5,191	(136)
Greater than 12 months	-	-	-	52	41	(1)
Total	**40,079**	**29,211**	**653**	**29,605**	**23,753**	**(713)**

	2015			2014		
	Foreign currency	Notional value	Fair value	Foreign currency	Notional value	Fair value
USD 30 September	**$'000**	**£'000**	**£'000**	**$'000**	**£'000**	**£'000**
Less than 3 months	1,390	902	12	731	436	5
3 to 6 months	545	352	6	330	195	4
6 to 12 months	175	113	2	-	-	-
Total	**2,110**	**1,367**	**20**	**1,061**	**631**	**9**

	2015		
	Foreign currency	Notional value	Fair value
SEK 30 September 2015	**Kr '000**	**£'000**	**£'000**
Less than 3 months	1,800	140	-
3 to 6 months	300	24	-
6 to 12 months	-	-	-
Total	**2,100**	**164**	**-**

e) Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables, financial guarantees and committed transactions. Credit risk is managed separately for treasury and operating related credit exposures.

The ageing of trade receivables at the balance sheet date was:

	Not past due	Past due 0-30 days	Past due >30 days	Total
	£'000	£'000	£'000	£'000
At 30 September 2015	28,043	3	1	**28,047**
At 30 September 2014	22,276	1	2	**22,279**

The maximum exposure to credit risk at each reporting date is the fair value of financial assets and trade receivables.

f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

It is Group policy to maintain a balance of funds, borrowing, committed bank loans and other facilities sufficient to meet anticipated short-term and long-term financial requirements. In applying the policy the Group continuously monitors forecast and actual cash flows against the maturity profiles of financial assets and liabilities. It is Group policy to ensure that a specific level of committed facilities is always available based on forecast working capital requirements. Cash forecasts identifying the group's liquidity requirements are produced and are sensitised for different scenarios including, but not limited to, decreases in profit margins and weakening of sterling against other functional currencies.

The following are the contractual maturities of financial liabilities:

Financial liabilities at amortised cost	Carrying amount	Contractual cash flows	Within 1 year	Between 1 and 5 years
Sept-15	£'000	£'000	£'000	£'000
Trade payables	45,865	45,865	45,865	-
Other payables	9,824	9,824	9,824	-
	55,689	55,689	55,689	-
Sept-14	£'000	£'000	£'000	£'000
Trade payables	34,045	34,045	34,045	-
Other payables	6,085	6,085	6,085	-
Any other liabilities	144	144	144	-
Bank loans	19,155	23,062	4,161	18,901
Other interest bearing loans	63,050	116,999	-	116,999
	122,479	180,335	44,435	135,900

iv. **Capital management**

It is the Group's policy to maintain an appropriate equity capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The capital structure of the Group consists of the net cash (borrowings disclosed in note 17) and equity of the Group as disclosed in note 19. The Group is not subject to any externally imposed capital requirements.

21. Cash flow

	For the 53 weeks ended 30 September	
	2015	**2014**
	£'000	**£'000**
Profit/(loss) before taxation	(2,458)	(4,789)
Adjustments for:		
Depreciation	477	306
Amortisation of intangible assets	5,622	5,312
Finance costs	10,678	8,696
Finance income	(206)	(154)
Acquisition costs	-	3,466
IPO costs	3,831	-
	17,944	**12,837**
Changes in working capital:		
Increase in trade and other receivables	(4,877)	(9,769)
Increase in trade and other payables	10,559	10,135
(Increase)/decrease in cash held in trust	(3,466)	1,758
	2,216	2,124
Cash generated from underlying operational activities	**20,160**	**14,961**
Deal costs paid	(729)	-
Cash generated from operational activities	**19,431**	**14,961**

22. Commitments and contingencies

a) Capital commitments

The company had no capital commitments for the years ended 30 September 2014 and 2015.

b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015	**2014**
	Land Buildings	**Land & Buildings**
	£'000	**£'000**
One year	114	228
Two to Five Years	800	913
Over 5 years	457	685
	1,371	1,826

The Group's lease commitments relate to its head office.

c) Contingencies

In September 2010, proceedings were initiated against On the Beach Limited by Ryanair alleging infringement of, inter alia, it's intellectual property rights. The amount of the claim by Ryanair is unquantifiable by the Group as at the date of this document, given that the legal proceedings are still at an early stage and the Group's expectation that final resolution of the dispute might take some time.

23. Related party transactions

Prior to 28 September 2015, On the Beach Topco was controlled by Inflexion Private Equity Partners LLP.

The following transactions were carried out with related parties:

Loan notes

	2015	2014
	£'000	£'000
Inflexion	-	47,855
Directors and close family members	-	15,195
	-	63,050

Management fees

	2015	2014
	£'000	£'000
Fees charged by:		
Inflexion	1,180	227

Fees charged by related parties are settled in cash. All amounts owing had been settled prior to the year-end date. Included in the management fee above, an exit fee totalling £902,656 was paid to inflexion following admission. The Exit Fee is equal to the sum of 1% of the enterprise value of the Company (reduced proportionately to reflect the fact that the listing of the Company is not a disposal of the entire issued share capital of the Company).

24. Subsequent events

Reduction of capital, cancellation of share premium account and cancellation of capital redemption reserve

As contemplated in the prospectus dated 23 September 2015 for Company's IPO and pursuant to a resolution of the shareholders of the Company passed on 21 September 2015, the Company has completed a reduction of capital, cancellation of share premium account and cancellation of capital redemption reserve (the "Reduction & Cancellation").

The Reduction & Cancellation was formally approved by the High Court of Justice, Chancery Division, on 18 November 2015. Following registration of the order of the High Court with Companies House, the Reduction & Cancellation became effective on 18 November 2015.

Following the Reduction & Cancellation, the issued share capital of the Company consists of 130,434,763 ordinary shares of £0.01 each, as at 18 November 2015.

The effect of the Reduction & Cancellation is to create distributable reserves to support the Board's future dividend policy.

Company balance sheet

At 30 September 2015

	Note	2015 £'000
Fixed Assets		
Investments	3	132,613
Current Assets		
Debtors	4	71,502
Cash at bank		5,353
		76,855
Creditors: amounts falling due within one year	5	(2,544)
Net Assets		206,924
Equity		
Share capital		195,652
Share premium		13,856
Capital contribution reserve		550
Retained earnings		(3,134)
		206,924

The financial statements from pages 85 to 88 were approved by the Board of Directors and authorised for issue.

Wendy Parry
CHIEF FINANCIAL OFFICER
9 December 2015
On the Beach Group plc . Reg no 09736592

Statement of Cash Flows

For the period ended 30 September 2015

	Note	2015 £'000
Profit/(loss) before taxation		(3,134)
		(3,134)
Changes in working capital :		
Increase in trade and other payables	5	2,544
Increase in trade and other receivables	4	(71,502)
		(68,958)
Net cash inflow from operating activities		**(72,092)**
Cash flows from investing activities		
Acquisition of shares in Group	3	(132,613)
Net cash outflow from investing activities		**(132,613)**
Cash flows from financing activities		
Proceeds from issue of share capital		209,508
Capital contribution		550
Net cash (outflow) from financing activities		**210,058**
Net increase/(decrease) in cash and cash equivalents		5,353
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year		**5,353**

Statement of Changes in Equity

For the period ended 30 September 2015

	Share capital	Share premium	Capital contribution	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance on incorporation	-	-	-	-	-
Group restructure, share for share exchange	195,652	13,856	550	-	210,058
Total comprehensive loss for the period	-	-	-	(3,134)	(3,134)
Balance at 30 September 2015	195,652	13,856	550	(3,134)	206,924

Notes to the Company financial statements

1. Accounting policies

On the Beach Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The company was incorporated on 17 August 2015 and therefore no comparative information has been presented.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial information presented is at and for a 45 day period ended 30 September 2015.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements of On the Beach Group plc. The loss for the financial period dealt with in the financial statements of the parent company is £3,134,000.

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

The financial statements are prepared on the historical cost basis.

The directors have used the going concern principal on the basis that the current financial projections and facilities of the consolidated group will continue in operating for the foreseeable future.

Investment in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable, if such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Related party transactions

Under the provisions of FRS 102.33.1A, the company is exempt from disclosing the details of related party transactions on the basis that they are wholly owned subsidiaries.

2. Directors' emoluments

The Company has no employees other than the Directors. Full details of the Directors remuneration and interests are set out in the Directors Remuneration Report on pages 31 to 44.

3. Investments

	Investment in subsidiary undertakings
	£'000
At the beginning of the period	-
Additions	132,613
At the end of the period	132,613

The investment made in the year relates to the capital re-organisation of the Group as disclosed in note 19 of the consolidated financial statements.

4. Debtors

	2015
	£'000
Amounts owed by group undertakings	71,502

Amounts owed by Group undertakings are non-interest bearing, unsecured and repayable on demand. The amounts are due from On the Beach Topco limited, a wholly owned subsidiary.

5. Creditors due within one year

	2015
	£'000
Accruals	2,544

6. Called-up share capital

	Number	Amount
	'000	£'000
Allotted, called-up and fully paid		
Ordinary shares of £1.50 each	130,434,769	195,652
	130,434,769	195,652

Movement in share capital for the Company is as follows:	£000
Balance on incorporation	-
Group restructure, share for share exchange	195,652
Balance at 30 September 2015	195,652

7. Contingent liabilities and guarantees

The company is a guarantor to a borrowing facility relating to a rolling credit facility provided to the Group.
The amount borrowed under this agreement at 30 September 2015 was £nil.

Shareholder information

Registered Office

Park Square,
Bird Hall Lane,
Cheadle
SK3 0XN

Tel: 0161 444 0910
Web: www.onthebeach.co.uk
Investor relations: corporate@onthebeach.co.uk

Company Secretary

Kirsteen Vickerstaff
Park Square
Bird Hall Lane
Cheadle
SK3 0XN

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Corporate Brokers

Numis Securities Limited
10 Paternoster Row
London
EC4M 7LT

Corporate solicitors

Squire Patton Boggs
Trinity Court
16 John Dalton Street
Manchester
M60 8HS

Independent auditors

KPMG
1 St Peter's Square
Manchester
M2 3AE

Corporate PR advisers

FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

“I booked a 10 day holiday to Tenerife in August through On the Beach. The whole process was stress free and so easy. I was able to pay in instalments at my own leisure right up until 2 weeks before the holiday. The transfers were waiting for us as soon as we arrived at the airport and 2 days before we left our transfer pick up times were sent to our hotel room.

Would book through On the Beach again, very pleased!”

CUSTOMER FEEDBACK

Registered Office

Park Square,
Bird Hall Lane,
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SK3 0XN

www.onthebeachgroupplc.com (Corporate)
www.onthebeach.co.uk (UK)
www.ebeach.se (Sweden)