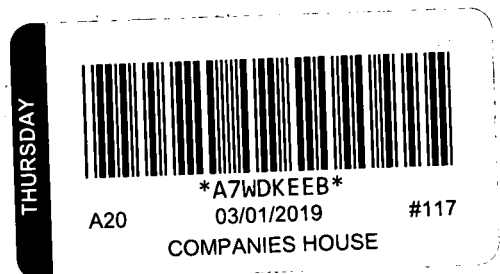


G Adventures Limited

Annual report and group financial statements

for the year ended 31 July 2018

Registered number: 07848780



G Adventures Limited

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G Adventures Limited

Officers and professional advisers

Directors

B Poon Tip
J M Warner

Registered office

60 Bastwick Street
London
EC1V 3AT

Auditor

Deloitte LLP
Statutory Auditor
1 Woodborough Road
Nottingham
NG1 3FG
United Kingdom

Banker

HSBC Bank plc.
9 Wellesley Road
Croydon
Surrey
CR9 2AA

G Adventures Limited

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to G Adventures Limited and its subsidiary undertakings when viewed as a whole.

Principal activities and review of the business

The Group is a disclosed agent of G Adventures Inc., a Barbados corporation. The Group's principal activity during the year was the sale of adventure tours to remote locations throughout Latin America, North America, Europe, Asia, Arctic, Africa and Antarctica.

The Directors believe that the market conditions will continue to be favourable and therefore remain confident that trading prospects moving forward are positive and that the business is well placed for the future.

The Group delivered a profit after tax for the year ended 31 July 2018 of £1.4M (2017: £1.1M).

The following table provides the current and historical figures for the principal operating Key Performance Indicators (KPI's) employed by the Group:

	2018	2017
Turnover (£)	14,498,973	10,186,213
EBITDA (£)	1,826,873	1,143,118
Profit after tax for the financial period (£)	1,368,170	1,061,683
Net Assets (£)	5,763,420	4,395,250

Principal risks and uncertainties

The Executive Management team continually identify, evaluate and manage material risks faced by the Group which could adversely affect the Group's business. The list below details the principal risks identified and the action taken to mitigate these risks. This list is not intended to be exhaustive and other risks may emerge over time:

Area	Description of risk	Example of mitigating activities
Economic	<ul style="list-style-type: none">Revenue may be impacted by an economic downturn	<ul style="list-style-type: none">G Adventures Limited invests in brand awareness and continuously evaluates customer feedback, market conditions and social economic demands to maximise brand loyalty
Regulation	<ul style="list-style-type: none">G Adventures Limited must satisfy Civil Aviation Authority (CAA) and Association of British Travel Agents (ABTA) licensing conditions for the sale of airline seats	<ul style="list-style-type: none">G Adventures Limited closely monitor regulatory developments across the travel industry through active membership.The group actively ensures regulations are adhered to through the tracking of key licensing parameters on a periodic basis throughout the course of the year and as part of the annual budget process

G Adventures Limited

Strategic Report (continued)

- | | | |
|--------------------|---|---|
| Operational | <ul style="list-style-type: none">• G Adventures Limited is dependent on information technology systems, the failure of which would impact its ability to process sales | <ul style="list-style-type: none">• Investment in technology ensures that system reliability is optimized and procedures are in place to minimise the time that any selling system is inoperable. |
| Competition | <ul style="list-style-type: none">• G Adventures Limited operates in highly competitive market in which our competitors continually launch new and similar products | <ul style="list-style-type: none">• Market research is undertaken to ensure our products continue to meet the needs of our customers |

Brexit considerations

With the UK government formally triggering Article 50 of the Treaty on European Union of Lisbon on 29th March 2017, Brexit has become an active principal risk facing G Adventures Limited. Brexit has an impact both on existing principal risks such as macroeconomic risks and input cost volatility, through uncertainty it has introduced to prospects for future growth rates in the UK economy and the sustained depreciation of sterling since the referendum results in 2016.

One of these concerns is around the status of our employees/contractors working in the EU and vice versa, and the potential for customer visa requirements for holidays from the UK to the EU.

To mitigate these risks G Adventures Limited in conjunction with G Adventures Inc will monitor developments as the political negotiations take place, assess any impacts on the business model and devise suitable mitigation strategies.

G Adventures Limited will continue to be supported by G Adventures Inc with hedging strategies to mitigate currency fluctuations.

Future developments

The sales of the group come from direct customers or agents worldwide. The group will continue looking for opportunities in the market to grow and develop plans to attract more direct sales that are not commission driven.

Approved by the Board and signed on its behalf by:



Bruce Poon Tip
Director

G Adventures Limited

Directors' Report

The Directors present their annual report on the affairs of G Adventures Limited, together with the audited financial statements and auditor's report, for the year ended 31 July 2018.

Principal activity

The Group's principal activity during the year was the sale of adventure tours to remote locations throughout Latin America, North America, Europe, Asia, Arctic, Africa and Antarctica.

Future developments

Details of future developments can be found in the Strategic report on pages 2 and 3 and form part of this report by cross-reference.

Events after the balance sheet date

There have been no significant events since the balance sheet date requiring disclosure under FRS 102.

Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising intercompany borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group financial instruments are foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Group has intercompany borrowings that incur interest based on the prime rate in Canada. The Group is exposed to interest rate risk through the fluctuations in the prime lending rate. The Group does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

Liquidity risk is managed by maintaining detailed cash flow forecasts to ensure the Group's ability to meet all short term and long term financial obligations.

Credit risk

The Group provides credit to some of its customers in the normal course of business. The Group trades only with reputable parties and extends credit only to those who represent an acceptable credit risk.

Dividends

No dividends were paid in the current year or prior year. The Directors do not recommend the payment of a dividend.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic Report.

The Group is regulated by the Civil Aviation Authority who grant the business an annual license to operate (an "ATOL" license) and is also a member of the Association of British Travel Agents Limited (ABTA).

The directors have considered the current and forecast prospects for the business and despite the uncertain economic environment; the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

G Adventures Limited

Directors' report (continued)

Directors

The directors, who served throughout the year and to the date of signing, were as follows:

- B Poon Tip
- J M Warner

Directors' indemnities

The Company has not made any qualifying third party indemnity provisions for the benefit of its directors during the year and no such provisions remain in force at the date of this report.

Political and charitable donations

The Group made no political or charitable contributions during the year (2017; nil).

Auditor

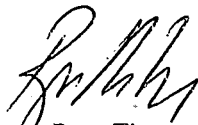
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:



Bruce Poon Tip

Director

17 December 2018

G Adventures Limited

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

G Adventures Limited

Independent auditor's report to the members of G Adventures Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of G Adventures Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 20

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

G Adventures Limited

Independent auditor's report to the members of G Adventures Limited (Continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

G Adventures Limited

Independent auditor's report to the members of G Adventures Limited (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Nottingham, United Kingdom

18/12/18

G Adventures Limited

Consolidated Profit and Loss Account For the year ended 31 July 2018

		2018	2017
	Note	£	£
Turnover	3	14,498,973	10,186,213
Administrative expenses		(12,749,024)	(9,115,815)
Profit before taxation	4	1,749,949	1,070,398
Tax on profit	6	(381,779)	(8,715)
Profit for the financial year		<u>1,368,170</u>	<u>1,061,683</u>

All of the activities of the group derive from continuing operations.

There were no gains or losses to recognise in other comprehensive income other than those included in the above profit and loss account.

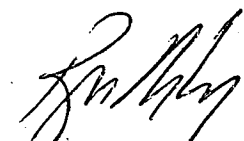
G Adventures Limited

Consolidated Balance Sheet For the year ended 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	304,573	312,777
Investments	9	-	-
		<u>304,573</u>	<u>312,777</u>
Current assets			
Debtors	10	5,735,352	7,395,850
Cash at bank and in hand		<u>1,547,172</u>	<u>3,221,052</u>
		7,282,524	10,616,902
Creditors: amounts falling due within one year	11	<u>(1,778,834)</u>	<u>(6,487,522)</u>
Net current assets		<u>5,503,690</u>	<u>4,129,380</u>
Total assets less current liabilities		5,808,263	4,442,157
Provisions for liabilities	12	(44,843)	(46,907)
NET ASSETS		<u>5,763,420</u>	<u>4,395,250</u>
Capital and reserves			
Called-up share capital	13	30,000	30,000
Share premium account	13	99	99
Profit and loss account	14	<u>5,733,321</u>	<u>4,365,151</u>
SHAREHOLDERS' FUNDS		<u>5,763,420</u>	<u>4,395,250</u>

The consolidated financial statements of G Adventures Limited (registered number 07848780) were approved by the board of directors and authorised for issue on 17 December 2018.

They were signed on its behalf by:



Bruce Poon Tip

Director


G Adventures Limited

Company Balance Sheet As at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	279,798	312,777
Investments	9	17,676	17,676
		<u>297,474</u>	<u>330,453</u>
Current assets			
Debtors	10	5,271,883	6,856,083
Cash at bank and in hand		1,349,329	3,204,662
		<u>6,621,212</u>	<u>10,060,745</u>
Creditors: amounts falling due within one year	11	<u>(1,013,736)</u>	<u>(5,976,334)</u>
Net current assets		<u>5,607,476</u>	<u>4,084,411</u>
Total assets less current liabilities		5,904,950	4,414,864
Provisions for liabilities	12	(44,843)	(46,907)
NET ASSETS		<u>5,860,107</u>	<u>4,367,957</u>
Capital and reserves			
Called-up share capital	13	30,000	30,000
Share premium account	13	99	99
Profit and loss account	14	5,830,008	4,337,858
SHAREHOLDERS' FUNDS		<u>5,860,107</u>	<u>4,367,957</u>

The profit for the financial period dealt with in the financial statements of the parent Company was £1,492,150 (2017: £1,060,050)

The financial statements of G Adventures Limited (registered number 07848780) were approved by the board of directors and authorised for issue on 17 December 2018. They were signed on its behalf by:



Bruce Poon Tip

Director

G Adventures Limited

Statement of Changes in Equity For the year ended 31 July 2018

Group

	Call-up share capital	Profit and loss account	Share premium account	Total
	£	£	£	£
At 1 August 2016	30,000	3,303,468	99	3,333,567
Profit for the period	-	1,061,683	-	1,061,683
Total Comprehensive Result for the period	-	1,061,683	-	1,061,683
At 31 July 2017	30,000	4,365,151	99	4,395,250
At 1 August 2017	30,000	4,365,151	99	4,395,250
Profit for the period	-	1,368,170	-	1,368,170
Total Comprehensive Result for the period	-	1,368,170	-	1,368,170
At 31 July 2018	30,000	5,733,321	99	5,763,420

Company

	Call-up share capital	Profit and loss account	Share premium account	Total
	£	£	£	£
At 1 August 2016	30,000	3,277,808	99	3,307,907
Profit for the period	-	1,060,050	-	1,060,050
Total Comprehensive Result for the period	-	1,060,050	-	1,060,050
At 31 July 2017	30,000	4,337,858	99	4,367,957
At 1 August 2017	30,000	4,337,858	99	4,367,957
Profit for the period	-	1,492,150	-	1,492,150
Total Comprehensive Result for the period	-	1,492,150	-	1,492,150
At 31 July 2018	30,000	5,830,008	99	5,860,107

G Adventures Limited

Consolidated Cash Flow Statement For the year ended 31 July 2018

	Note	2018 £	2017 £
Net Cash flows (used in)/generated from operating activities	15	(1,223,841)	2,663,651
Cash flows used in investing activities			
Purchase of equipment		(68,720)	(19,533)
Net Cash flows used in investing activities		(68,720)	(19,533)
Net (decrease)/increase in cash and cash equivalents		(1,292,561)	2,644,118
Cash and cash equivalents at beginning of period		3,221,052	648,307
Effect of foreign exchange rate changes		(381,319)	(71,373)
Cash and cash equivalents at end of period		1,547,172	3,221,052
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		1,547,172	3,221,052
Cash equivalents		-	-
Cash and cash equivalents		1,547,172	3,221,052

G Adventures Limited

Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

G Adventures Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of G Adventures Limited is considered to be pound sterling because that is the currency of primary economic environment in which the Company operates. The Consolidated financial statements are also presented in pounds sterling.

b. Going concern

The directors have considered the current and forecast prospects for the business and despite the uncertain economic environment; the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 July. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which consolidation passed.

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful life, as follows:

Computer equipment	Reducing balance	30%
Telephone equipment	Reducing balance	30%
Furniture & equipment	Reducing balance	20%
Leasehold improvements	Reducing balance	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Any gain or loss on disposal of an item of tangible fixed assets (calculated as the difference between net proceeds from the disposal and the carrying amount of the item) is recognised in profit and loss.

e. Fixed asset investments

Investments in subsidiaries are measured at cost less impairment.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

G Adventures Limited

Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies (continued)

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

1. Accounting policies (continued)

h. Turnover

The turnover of the Company is received from G Adventures Inc., a Barbados corporation and G Touring Limited. They are related parties of the Company under common control, in line with the agreements in place with G Adventures Inc. The turnover represents costs recharged at a fixed percentage mark-up, costs recharged without mark-up, and commission received at a fixed rate for the provision of services to G Adventures Inc. The turnover is further impacted by an agreement this year with G Touring Limited (a related party under common control). Since the acquisition of G Touring Limited by the wider group, G Adventures Limited has acted as a transport company under the TOMs Scheme by supplying flights services to G Touring Limited.

i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

j. Investments

Investments in subsidiary undertakings are stated at cost less amounts provided for impairment

k. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Debt instruments which meet the following conditions of being 'basis' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basis' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled b) the Group transfers to another party substantially all the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

1. Accounting policies (continued)

l. Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Share capital

Ordinary shares are classified as equity.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Directors have not identified any key sources of estimation uncertainty.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The support agreement with G Adventures Inc. results in the Company receiving a fixed percentage mark-up for the provision of support services. The consulting agreement with G Adventures Inc. results in the Company receiving compensation for the provision of consultancy services at cost.

The commission agreement with G Adventures Inc. results in the Company receiving a fixed commission on the net revenue earned from sales to customers, and is recognised from the date of customer departure. A key judgement in recognising commission revenue is to distinguish whether the Company acts in the capacity of principal or agent so to determine the accounting as either gross or net respectively, in line with FRS 102 Section 23 Revenue. The Company exercises judgement to assess principal or agency by considering if it is the prime obligor in all the revenue arrangements, has pricing discretion and is exposed to credit risk, in which case the Company will be principal to the arrangement.

A key judgement in recognising revenue under all these agreements is to assess transfer pricing legislation and OECD Transfer Pricing Guidelines to determine the transactions are conducted using arm's length principles.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

3. Turnover and revenue

An analysis of the Group's revenue is as follows:

	2018	2017
	£	£
Commissionaire revenue	3,455,275	2,285,235
Management revenue	7,837,500	6,614,205
TOMs recharge revenue	3,206,198	1,286,773
Total turnover	<u>14,498,973</u>	<u>10,186,213</u>

TOMs recharge revenue

TOMs recharge revenue relates to income from management recharges charged to other group companies:

Geographical analysis:	2018	2017
	£	£
United Kingdom	4,811,534	1,948,894
Europe	1,849,939	1,623,114
Rest of World	7,837,500	6,614,205
	<u>14,498,973</u>	<u>10,186,213</u>

4. Profit before taxation

Profit before taxation is stated after charging:

	2018	2017
	£	£
Depreciation (note 8)	76,924	72,720
Operating lease rentals (note 16)	275,982	275,982
Directors' remuneration	167,467	158,999
Foreign exchange loss	<u>381,319</u>	<u>71,373</u>

No directors had defined benefit pension scheme, money purchase pension scheme, share options or loss of office during either the current or prior year. There were no sums paid to third parties in respect of directors' services during either the current or prior year.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

4. Profit before taxation (continued)

The analysis of auditor's remuneration is follows:

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	38,000	29,500
Fees payable to the Company's auditor for other services to the Group		
The audit of the company's subsidiary	17,000	-
Total audit fee	55,000	29,500
	2018 £	2017 £
Other taxation advisory services	11,000	17,200
Total non-audit fees	11,000	17,200

5. Staff numbers and costs

Directors' Remuneration

Directors' emoluments amounted to £167,467 (2017: £158,999) and money purchase pension scheme contributions amounted to £592 (2017: £78). Emoluments for one director were paid by another Group company and is not practical to split these costs out.

Group

The average monthly number of employees (including executive directors) during the year was as follows:

	2018 Number	2017 Number
Sales, Marketing and Administration	86	74

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,114,212	2,846,683
Social security costs	381,195	315,885
	3,495,407	3,162,568

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

6. Tax on profit

	2018	2017
	£	£
Current tax:		
UK corporation tax on profits for the period	383,843	-
Adjustment in respect previous periods	-	2,039
Differences in overseas tax rates	-	4,553
Total current tax	<u>383,843</u>	<u>6,592</u>
Deferred tax:		
Origination and reversal of timing differences	(5,598)	(10,457)
Adjustment in respect previous periods	2,945	(6,265)
Tax rate changes	589	1,415
Total deferred tax	<u>(2,064)</u>	<u>(15,307)</u>
Total tax per profit and loss account	<u>381,779</u>	<u>(8,715)</u>

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

6. Tax on profit (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit for the period - continuing operations	<u>1,749,949</u>	<u>1,070,398</u>
Tax on profit at standard UK tax rate of 19.00% (2017: 19.66%)	332,490	210,440
Effects of:		
Expenses not deductible	22,199	16,269
Tax rate changes	589	1,415
Adjustment in respect previous periods	2,945	(4,226)
Differences in overseas tax rates	23,556	-
Group relief not paid for	<u>-</u>	<u>(234,182)</u>
Tax charge/(credit) for the period	<u>381,779</u>	<u>(8,715)</u>

Factors that may affect the future tax charge

The standard rate of corporation tax reduced from 20% to 19% on 1 April 2017. Accordingly the tax rate for the year is 19%. The Finance Act 2016, which provides for a reduction in the main rate of corporation tax to 17% effective from 1 April 2020 was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

7. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

G Adventures Limited

Notes to the financial statements (continued) For the year ended 31 July 2018

8. Tangible fixed assets

Group

	Leasehold improvements	Furniture & equipment	Computer equipment	Telephone equipment	Total
	£	£	£	£	£
Cost					
At 1 August 2017	301,123	96,546	103,980	25,583	527,232
Additions	-	2,205	66,515	-	68,720
At 31 July 2018	<u>301,123</u>	<u>98,751</u>	<u>170,495</u>	<u>25,583</u>	<u>595,952</u>
Depreciation					
At 1 August 2017	114,026	36,023	50,628	13,778	214,455
Charge for the year	37,419	12,289	23,674	3,542	76,924
At 31 July 2018	<u>151,445</u>	<u>48,312</u>	<u>74,302</u>	<u>17,320</u>	<u>291,379</u>
Net book value					
At 31 July 2018	<u>149,678</u>	<u>50,439</u>	<u>96,193</u>	<u>8,263</u>	<u>304,573</u>
At 31 July 2017	<u>187,097</u>	<u>60,523</u>	<u>53,352</u>	<u>11,805</u>	<u>312,777</u>

Company

	Leasehold improvements	Furniture & equipment	Computer equipment	Telephone equipment	Total
	£	£	£	£	£
Cost					
At 1 August 2017	301,123	96,546	103,980	25,583	527,232
Additions	-	-	40,210	-	40,210
At 31 July 2018	<u>301,123</u>	<u>96,546</u>	<u>144,190</u>	<u>25,583</u>	<u>567,442</u>
Depreciation					
At 1 August 2017	114,026	36,023	50,628	13,778	214,455
Charge for the year	37,419	12,105	20,123	3,542	73,189
At 31 July 2018	<u>151,445</u>	<u>48,128</u>	<u>70,751</u>	<u>17,320</u>	<u>287,644</u>
Net book value					
At 31 July 2018	<u>149,678</u>	<u>48,418</u>	<u>73,439</u>	<u>8,263</u>	<u>279,798</u>
At 31 July 2017	<u>187,097</u>	<u>60,523</u>	<u>53,352</u>	<u>11,805</u>	<u>312,777</u>

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

9. Fixed asset investments

Group and Company

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Subsidiary undertaking	<u>-</u>	<u>-</u>	<u>17,676</u>	<u>17,676</u>

The Company has investments in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Holding %
G Adventures GmbH	Torstrasse 156, 1115 Berlin, Germany	Marketing and promoting travel holiday business	100

On 18 May 2015, the Company acquired 100 per cent of the issued share capital of G Adventures GmbH, a company incorporated in Germany, registered at Torstrasse 156, 1115 Berlin, Germany, whose primary activity is marketing and promoting travel holiday business, for consideration comprising the issue of 1 ordinary share for EUR 25,000. The fair value of the total consideration was EUR 25,000 translated into £17,676. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

There was no impairment recognised during either current or prior year.

10. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<i>Amounts falling due within one year:</i>				
Prepayments and other debtors	567,600	421,373	453,983	385,781
VAT	220,782	153,674	142,502	87,424
Corporation tax	36,563	132,939	39,303	144,879
Amount owed by Group undertakings	<u>4,644,281</u>	<u>6,421,738</u>	<u>4,369,969</u>	<u>5,971,873</u>
	<u>5,469,226</u>	<u>7,129,724</u>	<u>5,005,757</u>	<u>6,589,957</u>
<i>Amounts falling due after more than one year:</i>				
Prepayments	<u>266,126</u>	<u>266,126</u>	<u>266,126</u>	<u>266,126</u>
Total debtors	<u>5,735,352</u>	<u>7,395,850</u>	<u>5,271,883</u>	<u>6,856,083</u>

The amounts owed by Group undertakings are classified as Debtors: Amounts falling due within one year in both years. Related party balances are classified as current assets in both 2017 and 2018.

The amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

11. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade and other creditors	653,812	637,836	498,418	404,397
Accruals and deferred income	1,125,022	858,149	515,318	580,400
Amount owed to group undertakings	-	4,991,537	-	4,991,537
	<u>1,778,834</u>	<u>6,487,522</u>	<u>1,013,736</u>	<u>5,976,334</u>

The amounts owed to Group undertakings to G Adventures Inc. (Barbados) are classified as Creditors amounts falling due within one year in both years. This balance is classified as current liabilities in both 2017 and 2018.

The amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

12. Provisions for liabilities

	2018 £	2017 £
At 1 August 2017	46,907	62,214
Adjustment in respect of prior years	2,945	(6,265)
Credited to profit and loss account	(5,009)	(9,042)
At 31 July 2018	<u>44,843</u>	<u>46,907</u>

Deferred tax is provided as follows:

	2018 £	2017 £
Fixed asset timing differences	44,843	62,214
Short term timing differences - trading	-	(15,307)
Provision for deferred tax	<u>44,843</u>	<u>46,907</u>

The deferred tax liability of £44,843 (2017: £46,907) is due after more than one year.

13. Called-up share capital

		2018 £	2017 £
<i>Number allotted, called-up and fully paid</i>	<i>Nominal Value</i>		
30,000 ordinary shares	£1	30,000	30,000
Share premium account		99	99
		<u>30,099</u>	<u>30,099</u>

The Company has one class of ordinary shares which carry no right to fixed income. The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

14. Reserves

Profit and loss account

The profit and loss account records the amount of accumulated profit or loss of the Company and Group.

15. Cash flow statement

	2018 £	2017 £
Reconciliation of operating profit of cash generated by operations:		
Operating profit	1,749,949	1,070,398
Adjustment for:		
Depreciation and amortisation	76,924	72,720
Taxes paid	(285,403)	-
Unrealized foreign exchange loss	381,319	71,373
Operating cash flow before movement in working capital	1,922,789	1,214,491
Decrease/(increase) in debtors	1,564,122	(3,970,188)
(Decrease)/increase in creditors	(4,708,688)	5,434,655
Decrease in provisions	(2,064)	(15,307)
Cash (used in)/generated from operations	<u>(1,223,841)</u>	<u>2,663,651</u>

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
- within one year	295,695	295,695
- between one and five years	43,072	338,767
- after five years	-	-
	<u>338,767</u>	<u>634,462</u>

The Company leased office space under an operating lease, which commenced on 19 September 2014 and has an initial term of five years, with an option to renew the lease after that date. The Company recognised £275,982 (2017: £275,982) operating lease rentals during the year.

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

17. Guarantees and off balance-sheet arrangements

The Company has provided bonds totalling £2,760,000 in respect of its ATOL and IATA licences.

On 15 July 2015, the Company has provided a guarantee, along with other foreign related companies, for credit facilities held by two Canadian companies controlled by the common shareholder. The maximum amount of any potential future payments cannot be reasonably estimated. The nature of the collective guarantee agreed to by the Company in conjunction with related foreign companies prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage. The Company has not made any payments under such or similar guarantees and therefore no amount is required to be accrued in the balance sheet with respect to this guarantee.

Additionally, on 15 July 2015, the Company registered a charge over its leasehold in the 60 Bastwick Street office with National Bank of Canada as the Security Agent. The debenture contains both fixed and floating charges, along with negative pledge.

18. Related party transactions

The following transactions were in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the related parties:

	2018	2017
	£	£
G Adventures Inc. (a Barbados corporation) (management revenue)	7,837,500	6,614,205
G Adventures Inc. (a Barbados corporation) (commission revenue)	3,455,275	2,285,235
G Touring Limited (a UK corporation) (management recharge income)	3,206,198	1,286,773
G Touring Limited (a UK corporation) (management recharge expense)	(3,206,198)	(1,286,773)
	<u>11,292,775</u>	<u>8,899,440</u>

At the year end, the following related party amounts were outstanding and included within debtors (see note 10):

	2018	2017
	£	£
G Adventures Inc. (a Barbados corporation)	672,025	734,017
Expedition Shipping Limited (a Barbados corporation)	1,524,770	-
G Adventures Pty Limited. (an Australian corporation)	549	1,118
G Touring Limited (a UK corporation)	2,446,937	5,676,487
G Adventures Inc (a Canadian corporation)	-	10,116
	<u>4,644,281</u>	<u>6,421,738</u>

G Adventures Limited

Notes to the financial statements (continued)

For the year ended 31 July 2018

18. Related party transactions (continued)

At the year end, the following related party amounts were outstanding and included within creditors (see note 11):

	2018	2017
	£	£
G Adventures Inc. (a Barbados corporation)	-	(4,991,537)

The receivables and payables are all unsecured, non-interest bearing and repayable on demand. G Adventures Inc. (a Barbados corporation), G Adventures Pty Limited (an Australian corporation), G Adventures Inc (a Canadian corporation), and the Expedition Shipping Company Limited (a Barbados corporation) are 100% owned by Altun Group Limited, the Company's ultimate parent company. G Touring Limited (a UK Corporation) is 100% owned by a holding company in Canada. G Adventures GmbH (a Germany corporation) is 100% owned by G Adventures Limited who is owned by Altun Group Limited, the company's ultimate parent company. All these entities are under common control of Mr Bruce Poon Tip, who is also a Director of the Company. See note 20.

See note 5 for disclosure of the directors' remuneration.

19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial Assets				
Measured at undiscounted amount receivable				
Trade and other debtors	5,735,352	7,395,850	5,271,883	6,856,083
	<u>5,735,352</u>	<u>7,395,850</u>	<u>5,271,883</u>	<u>6,856,083</u>
Financial Liabilities				
Measured at undiscounted amount payable				
Trade and other creditors	1,778,834	6,487,522	1,013,736	5,976,334
	<u>1,778,834</u>	<u>6,487,522</u>	<u>1,013,736</u>	<u>5,976,334</u>

20. Ultimate controlling party

Both the immediate and ultimate parent company is Altun Group Limited, which is a holding company incorporated in Canada. Altun Group Limited heads the largest Group of which the Company is a member. There are no consolidated financial statements prepared.

The financial statements of Altun Group Limited may be obtained from 19 Charlotte Street, Toronto, Ontario, M5V 2H5, Canada.

The ultimate controlling party is Mr Bruce Poon Tip, who is also a Director of the Company.