

OS AA01

Statement of details of parent law and other
information for an overseas company

102839/20



☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

☐ What this form is for
You cannot use this form to
accompany an alteration of
accounts with accounting reference date

TUESDAY



L5ZQX1S2

LD3

07/02/2017

#1

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

GAP (NETHERLANDS) B V

If the company has already been registered in the UK, please enter the
establishment number below

UK establishment
number ②

B R 6 7 8 1

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

② This should only be completed if
the company has already been
registered in the UK.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ①

CHAPTER 9, BOOK 2 OF THE NETHERLANDS CIVIL CODE

① This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

① Please insert the name of the
appropriate accounting organisation
or body

Name of organisation
or body ②

DUTCH ACCOUNTING STANDARDS BOARD (DASB)

A3 Accounts

Accounts


Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts	
Audited accounts	<p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box</p> <p><input type="checkbox"/> No Go to Part 3 'Signature'</p> <p><input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.</p>
Name of organisation or body ①	THE NETHERLANDS AUDITING STANDARDS BOARD
A5 Unaudited accounts	
Unaudited accounts	<p>Is the company required to have its accounts audited?</p> <p>Please tick the appropriate box</p> <p><input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes</p>
Part 3 Signature	
Signature	<p>I am signing this form on behalf of the overseas company</p> <p>For and on behalf of</p> <p>Signature TMF CORPORATE ADMINISTRATION SERVICES LIMITED</p> <p>X  X</p> <p>Authorized Signatory</p> <p>This form may be signed by Director, Secretary, Permanent representative</p>

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Lucy Quirke

Company name TMF Corporate Administration

Services Limited

Address 5th Floor

6 St Andrew Street

Post town London

County/Region

Postcode E C 4 A 3 A E

Country

DX

Telephone 020 7832 8916



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address.

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff.

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Registered in Netherlands No 33.271.584


FC 024161

BR 6781

Gap (Netherlands) B.V.

Annual Report

Year ended 30 January 2016

Deloitte Accountants B V 
For identification purposes only
Related to auditor's report
dated 20 January 2017

Contents

Annual Report 2015/2016

Directors' Report	1
Financial statements	
Balance sheet	4
Profit and loss account	5
Notes to the accounts	6
Other information	
Independent Auditor's report	14
Appropriation of result for the financial year 2015/2016	14
Proposed appropriation of result for the financial year 2015/2016	14
Post balance sheet events	14
Branch	14

Directors' Report

The directors present the annual report including the audited financial statements for the year ended 30 January 2016. Comparative figures are for the period ended 31 January 2015.

ACTIVITIES

Gap (Netherlands) B.V. ("the Company") has a trademark licence agreement with Gap (ITM) Inc. and is entitled to sell Gap brand merchandise in the UK, France, Germany and the Netherlands. The Company's principal activity is the utilisation of Gap brand rights in the UK and French markets.

The Company is ultimately wholly-owned by The Gap, Inc. and was incorporated on 26 June 1995.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

At the operating margin level, the company made a profit of £0.2m (2015 profit of £0.7m). This is in line with the expected intercompany royalty fees charged to GPS (Great Britain) Limited and Gap (France) SAS on Gap brand retail sales in the UK and France respectively. Opportunities will continue to be sought to maximise profitability and market share in the UK, France, Germany and the Netherlands, where the Company owns the retail sales rights for the Gap brand.

With respect to the solvency of the Company a £28.5m shareholder's deficit is noted. The assets are financed through the current payable position from related parties. Further reference is made to the paragraph going concern.

PERSONNEL

There are no employees of the Company as of 30 January 2016 (2015 nil).

DIVIDENDS

The directors do not recommend the payment of a dividend (2015: £nil).

GOING CONCERN

The directors have ascertained that The Gap, Inc. intends and has the ability to continue its financial support to the Company (either directly or through another Gap company) for a period of 12 months from signing the statutory accounts. As at 30 January 2016, the ultimate parent company, The Gap, Inc., had \$1.4 billion in cash and cash equivalents. Additionally, the Company has no third party debt. The directors believe the group is well placed to manage business risks successfully despite the current uncertain economic outlook and will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

RESEARCH AND DEVELOPMENT

The Company does not engage in research and development.

FACTORS WITH SIGNIFICANT EFFECT ON SALES AND LIQUIDITY

The Company does not anticipate any significant change in liquidity.

FINANCING

The Company is mainly financed through group companies and shareholders' equity. Effective 4 February 2007, a Revolving Note Agreement was also executed between GPS (Great Britain) Limited as the lender and Gap (Netherlands) B.V. as the borrower, in respect of an aggregate principal amount not to exceed £75,000,000. At 30 January 2016, £28,957,612 (2015: £31,446,920) was drawn down by Gap (Netherlands) B.V. The interest rate is adjusted monthly based on the corresponding 1 month LIBOR plus 100bps.

PRINCIPAL RISKS AND UNCERTAINTIES

BUSINESS RISKS:

The Company's business is sensitive to a number of factors that influence the levels of consumer spending, including political and economic conditions such as recessionary environments, the levels of disposable consumer income, consumer debt, interest rates and consumer confidence. As the Company's sales depends upon the license income which is determined based on the consumer spending on apparel in the UK and France declines in consumer spending on apparel in the UK and France could have a material adverse effect on the Company's operations.

As this risk is the primary business risk of a retailer doing business the risk appetite towards this is moderate. The principal risk facing the related party retailers that pay royalties to the Company is the ability to gauge the fashion tastes of customers and to provide merchandise that satisfies customer demand in a timely manner. The Gap, Inc. group will continue to improve its core business by creating the right product and store experience, retaining and developing the best talent in the industry, and examining the organisation structure to ensure that it effectively supports the business and meets customer needs. Opportunities will continue to be sought to maximise profitability and market share in the European casual apparel market.

COMPLIANCE RISK

The main flow of transactions of the Company are with related parties. Either royalty fees on consumer spending on apparel in the UK and France, or the marketing allocation from The Gap, Inc. and the merchandiser cost charges from Gap (UK Holdings) Ltd as management charges. These charges are based on management best estimate of the arm's length principle for the remuneration of these sales of goods and services provided. There is a risk that tax authorities do not fully agree to the estimates made, which could have a material effect on each flow of transaction of the Company.

The risk appetite towards this risk is low and as response the Company documents its related party transactions, its profile and the remuneration model to support the amounts recorded and settled within the group. The exposure of the risk within the group is further reduced as some transactions are with parties within the same tax jurisdiction. Furthermore the group risk is limited to the tax rate differential.

FINANCIAL RISK MANAGEMENT

The Gap, Inc.'s Treasury Department seeks to reduce financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to establish policies to ensure cash assets are invested safely. It operates within policies and procedures approved by The Gap, Inc. Board, which include strict controls on the use of financial instruments in managing the Company's risk. The Company does not undertake any trading activity in financial instruments for speculative purposes.

Exchange rate risk

The Company's activities expose it to exchange rate risk as royalties received from Gap France are denominated in euros and intercompany charges from Gap Inc. are denominated in US Dollars. The Company's risk management policy is to use forward contracts to hedge its market risk exposure associated with foreign currency exchange rate fluctuations.

Liquidity risk

The Company's activities expose it to liquidity risk. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses short term inter-company financing and equity injections which are made available from group companies.

AUDITOR

A resolution for the reappointment of Deloitte Accountants B.V. as auditor of the Company is to be proposed at the forthcoming Annual General Meeting of Shareholders.

Approved by the directors.




N. Groom

Director

Date 21/1/2017

Co Reg No : FC 024161

Deloitte Accountants B.V. 
For identification purposes only
Related to auditor's report
dated 20 January 2017

Financial statements

- Balance sheet
- Profit and loss account
- Notes to the account

Registered in Netherlands No 33 271 584

Balance sheet

At 30 January 2016

(After proposed appropriation of net result)

	Note	30/01/2016 GBP	31/01/2015 GBP
Current assets:			
Group companies		4,186,453	4,325,340
Corporation tax receivable		-	1,230,461
Group relief receivable		83,199	250,404
Deferred tax asset		1,275	1,090
Prepayments and accrued income		4,980	4,042
Purchased derivatives		219,102	-
		<u>4,495,009</u>	<u>5,811,337</u>
Cash	5(a)	<u>95,281</u>	<u>65,718</u>
Total current assets		4,590,290	5,877,055
Current liabilities:			
Trade creditors		(416)	(9,742)
Group companies	5(g)	(33,096,475)	(34,273,533)
Purchased derivatives		(12,171)	-
Accrued liabilities		<u>(25,423)</u>	<u>(24,029)</u>
		<u>(33,134,485)</u>	<u>(34,307,304)</u>
Current assets less current liabilities		(28,544,195)	(28,430,249)
Net liabilities		(28,544,195)	(28,430,249)
Shareholders' deficit			
Share capital issued	5(c)	29,286	28,845
Share premium	5(c)	240,334,997	240,334,997
Currency translation adjustment on share capital	5(d)	(487)	(46)
Accumulated deficit		<u>(268,907,991)</u>	<u>(268,794,045)</u>
Total shareholders' deficit	5(b)	(28,544,195)	(28,430,249)

Registered in Netherlands No 33 271 584

Profit and loss account
For the year ended 30 January 2016

	Note	2016 GBP	2016 GBP	2015 GBP	2015 GBP
Net sales	5(f)		14,253,139		15,099,397
Cost of sales			<u>(1,843,871)</u>		<u>(1,887,424)</u>
Gross margin			12,409,268		13,211,973
Selling, general and administrative expenses					
General and administrative expenses			<u>(12,194,015)</u>	<u>(12,550,230)</u>	<u>(12,550,230)</u>
Operating profit			215,253		661,743
Financial income/(expense)					
Interest income		27,603		219	
Interest expense		(29)		-	
Interest expense paid to group companies	5(g)	(443,843)		(520,364)	
Foreign exchange results		<u>3,608</u>		<u>(398,344)</u>	
			(412,661)		(918,489)
Net profit/(loss) for the financial year before tax			<u>(197,408)</u>		<u>(256,746)</u>
Taxation	5(h)		<u>83,462</u>		<u>236,057</u>
Net profit/(loss) for the financial year after tax			<u>(113,946)</u>		<u>(20,689)</u>

Notes to the accounts

1 General

Gap (Netherlands) B.V. ("the Company"), is incorporated with limited liability, having its statutory seat in Amsterdam, the Netherlands and its offices in London, United Kingdom. As at 30 January 2016, the Company was a 100% subsidiary of Gap (UK Holdings) Limited, a company incorporated in the UK. The ultimate parent company is The Gap, Inc., a company incorporated in Delaware, United States of America. The accounts of the Company are included in the consolidated financial statements of The Gap, Inc.

The Gap, Inc. and its subsidiaries are international speciality retailers who operate stores selling casual apparel, shoes and other accessories for men, women and children under a variety of brand names.

The Company receives royalties on Gap retail sales in the UK and in France and the Company has a trademark licence agreement with Gap (ITM) Inc., a wholly-owned subsidiary of The Gap, Inc.

The Company was incorporated in the Netherlands on 26 June 1995 and commenced trading on 2 June 1996.

The accounts of the Company are prepared according to the stipulations in chapter 9 Book 2 of the Netherlands Civil Code and presented in sterling in order to give a more meaningful insight into the Company's operations.

The ultimate parent company prepares a consolidated cash flow statement. The directors have taken advantage of the exemption in Dutch Accounting Standard RJ360 104 and have not prepared a cash flow statement. The ultimate parent company The Gap, Inc. prepares a consolidated cash flow statement which is included in the consolidated annual report of The Gap, Inc. The annual report of Gap Inc. is available at their website.

The directors have ascertained that The Gap, Inc. intends and has the ability to continue its financial support to the Company (either directly or through another Gap company) for a period of 18 months from signing the statutory accounts. Accordingly the financial statements have been prepared on the going concern basis.

2 Accounting principles

(a) General

Assets and liabilities are shown at the amounts for which they were acquired or incurred, unless stated otherwise. Income and expenses are accounted for on an accrual basis. Income is only recognised when realised. Losses and risks originating before the end of the financial year are taken into account if they have become known before preparation of the accounts.

(b) Transactions with related parties

In the ordinary course of business the Company enters into transactions with related parties. All transactions have been carried out at arm's length basis. The statutory directors did not receive remuneration for their services delivered to the Company.

(c) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling, the functional and reporting currency, at the exchange rate ruling on the balance sheet date. Foreign currency transactions have been reflected in sterling at the exchange rates in effect at the time of the transactions. Resulting foreign currency gains and losses are shown separately in the profit and loss account.

(d) Share capital

Issued and paid-up share capital, which is denominated in Euros (EUR), is translated into sterling at the exchange rate ruling on the balance sheet date, resulting exchange gains and losses are included in the currency translation adjustment as part of shareholders' equity.

Notes (continued)

(e) Financial Instruments

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

Financial liabilities 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 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

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, 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

(i) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. However the Company does not apply hedge accounting.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Note 5(l), sets out details of the fair values of the derivative instruments used for economical hedging purposes

(ii) Fair value measurement

The fair value of Derivative financial instruments is determined using pricing models based on current market rates

Notes (continued)

3 Principles for valuation of assets and liabilities

(a) Receivables and liabilities

Receivables will mature within one year from the balance sheet date. Assets and liabilities denominated in foreign currencies are translated into sterling, the functional and reporting currency, at the exchange rate ruling on the balance sheet date. Foreign currency transactions have been reflected in sterling at the exchange rates in effect at the time of the transactions. Resulting foreign currency gains and losses are shown separately in the profit and loss account.

4 Principles for determination of financial results

(a) Net sales

The net sales and cost of sales represent royalties recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

(b) Corporate income tax

Current 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. The current tax rate is the tax rate of the United Kingdom because the Company is a tax resident of the United Kingdom and not of the Netherlands.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from the way they are included in financial statements. Deferred tax assets and liabilities are not discounted.

5 Notes to specific items of the balance sheet and profit and loss account

(a) Cash

Cash represents cash and bank balances. There are no restrictions on cash and bank balances. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the income statement.

(b) Shareholders' deficit

Movement in shareholder's deficit is as follows:

	Share capital issued	Share premium	Accumulated deficit	Cumulative translation adjustment	Total
	GBP	GBP	GBP	GBP	GBP
Balance as at 1 February 2014	31,589	240,334,997	(268,773,356)	(2,790)	(28,409,560)
Translation adjustment	(2,744)	-	-	2,744	-
Net loss for the year	-	-	(20,689)	-	(20,689)
Balance as at 31 January 2015	28,845	240,334,997	(268,794,045)	(46)	(28,430,249)
Translation adjustment	441	-	-	(441)	-
Net loss for the year	-	-	(113,946)	-	(113,946)
Balance as at 30 January 2016	29,286	240,334,997	(268,907,991)	(487)	(28,544,195)

Notes (continued)

5 Notes to specific items of the balance sheet and profit and loss account (continued)

(c) Share capital

Authorised share capital amounts to EUR 192,500 and is divided into 1,000 Class A common shares and 925 Class B common shares with a nominal value of EUR 100 each. The paid-up Class A share capital amounts to EUR 20,000 and the paid up Class B share capital amounts to EUR 18,500.

	Share premium Class A GBP	Share premium Class B GBP
Balance as at 31 January 2015	65,000,000	175,334,997
Balance as at 30 January 2016	65,000,000	175,334,997

	Authorised Share capital (A and B) No.	Issued Class A No.	Issued Class B No.
Balance as at 31 January 2015	1,925	200	185
Balance as at 30 January 2016	1,925	200	185

Share capital is translated into sterling at the 30 January 2016 exchange rate of EUR 1 GBP 0.7606 (2015: EUR 1: GBP 0.7491).

(d) Currency translation adjustment

The currency translation adjustment records exchange differences arising from the translation of share capital denominated in euros into sterling.

(e) Financial risk management

The Gap, Inc.'s Treasury Department seeks to reduce financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to establish policies to ensure cash assets are invested safely. It operates within policies and procedures approved by The Gap, Inc. Board, which include strict controls on the use of financial instruments in managing the Company's risk. The Company does not undertake any trading activity in financial instruments for speculative purposes.

Notes (continued)

5 Notes to specific items of the balance sheet and profit and loss account (continued)

(f) Net sales

Net sales in the current year represents Gap brand royalty fees paid by GPS (Great Britain) Limited and Gap (France) SAS. The royalty licence fee is 4% of sales in the current year (2015: 4%).

(g) Payables to group companies

	2016 GBP	2015 GBP
Revolving Note Agreement, including interest	(28,957,612)	(31,446,920)
Other current accounts with related parties	(4,138,863)	(2,826,613)
Total amount payable to group companies	<u>(33,096,475)</u>	<u>(34,273,533)</u>

Effective 4 February 2007, a Revolving Note Agreement was executed between GPS (Great Britain) Limited as the lender and Gap (Netherlands) B V. as the borrower in respect of an aggregate principal amount not to exceed £75,000,000. At 30 January 2016 £28,957,612 (2015: £31,446,920) was drawn down and is included within amounts owed to group companies. The interest rate is adjusted monthly based on the corresponding 1 month LIBOR plus 100bps. The Revolving Note is renewed annually and is repayable within 1 year.

(h) (i) Tax on profit/(loss) on ordinary activities

	2016 GBP	2015 GBP
Current tax		
UK corporation tax credit for the period	83,199	250,404
Adjustments in respect of previous periods	78	(14,400)
	<u>83,277</u>	<u>236,004</u>
Deferred tax		
Origination and reversal of timing differences	328	56
Changes in tax rates	(143)	(3)
	<u>83,462</u>	<u>236,057</u>
Tax credit on loss on ordinary activities		

5 Notes to specific items of the balance sheet and profit and loss account (continued)

(ii) Factors affecting the tax credit for the current period

	2016 GBP	2015 GBP
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	(197,408)	(256,746)
Current tax at 20 16% (2015 21 32%)	39,800	54,747
Effects of:		
Expenses not deductible for tax purposes	-	(641)
Adjustments in respect of prior periods	78	(14,400)
Income not taxable for tax purposes	96	196,354
Differences between capital allowances and depreciation	(328)	(56)
Relief for brought forward losses not previously recognised	43,630	-
Rounding	1	-
Total current tax credit	83,277	236,004

The standard rate of corporation tax reduced from 21% to 20% on 1 April 2015 (Finance Act 2013). Accordingly the tax rate for the year of 20 16% is a blended rate of 21% up to 1 April 2015 and 20% thereafter

The Finance Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 18% from 1 April 2020. The deferred tax balances at 30 January 2016 have been re-measured accordingly.

(i) Transactions with The Gap, Inc. and subsidiaries

The profit and loss account includes the following arm's length transactions with The Gap, Inc. and subsidiaries

	2016 GBP	2015 GBP
Net sales		
Royalty fees from GPS (Great Britain) Ltd & Gap (France) SAS	(14,253,139)	(15,099,397)
	<u>(14,253,139)</u>	<u>(15,099,397)</u>
Cost of sales		
Long term intangible charge	1,843,871	1,887,424
	<u>1,843,871</u>	<u>1,887,424</u>

5 Notes to specific items of the balance sheet and profit and loss account (continued)

Operating expenses

The Gap, Inc management fee & marketing allocation	9,813,480	11,007,110
Gap (UK Holdings) Limited Gap merchandiser cost charges	1,448,381	1,531,606
	<u>11,261,861</u>	<u>12,538,716</u>

The marketing allocation from The Gap, Inc and the merchandiser cost charges from Gap (UK Holdings) Ltd are considered to be management charges and have been classified in general and administrative expenses in the profit and loss account

On 31 January 1999, the Company entered into a Cost Sharing Agreement and a Marketing Intangibles Licence Agreement with The Gap, Inc. and Gap (ITM) Inc to obtain certain rights to use and commercially utilise the marks and marketing intellectual property in connection with the sale of Gap brand products and the provision of Gap brand services in specified territories in Europe. The agreements require the Company to make payments for these rights over the term of the agreements based on a predetermined formula Expenses relating to these agreements are reflected in the above mentioned inter-company transactions

(j) *Payroll expenses and employees*

The Company did not employ any employees during the current and prior year The directors did not receive any remuneration in respect of services to the Company during the current and prior year Reference is made to paragraph "Transactions with related parties "

(k) *Fees statutory auditor*

The amounts that have been charged to the Company for the audit of the financial statements by the audit firm to which the statutory auditor Deloitte Accountants B V , Rotterdam relates and that are required to be disclosed ex article 2 382a of the Netherlands Civil Code, amount to £14,500 (2015 £14,537)

(l) *Derivative Financial Instruments*

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end


Outstanding contracts	Average contractual exchange rate		Notional value		Fair value gain/(loss)	
	2016 {rate}	2015 {rate}	2016 £'000	2015 £'000	2016 £'000	2015 £'000
EUR - less than 1 year	1.1542	-	674	-	(12)	-
USD - less than 1 year	1.1511	-	4,414	-	219	-
			<u>5,088</u>	<u>-</u>	<u>207</u>	<u>-</u>

The Company has entered into contracts to receive royalty income in Euro and pay for cost share costs in US Dollars. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions. The hedged cash flows are expected to occur and to affect profit or loss within the next 12 months.

Unrealized gains from the outstanding derivatives of £207,000 (2015: £nil) were recognised in the profit and loss account. Realized losses from derivatives settled during the year amount to £171,000.

6 Signing of the accounts

The Board of Management:



Nicola Groom

Date 9/1/2016



Lisa Mertens

Date Jan 9 2017



Edward Gardiner

Date Jan 13, 2017

Co-Reg No : FC 024161

Other information

(1) Independent auditor's report

Reference is made to the independent auditor's report as included hereafter

(2) Appropriation of result for the financial year 2015/2016

According to Article 14 of the Articles of Association, the net result is at the disposal of the General Meeting of Shareholders with due observance of any possible obligation to maintain statutory reserves. The result of prior year has been allocated to accumulated deficit following a decision by the General Meeting of Shareholders.

(3) Proposed appropriation of result for the financial year 2015/2016

Management proposes to add the net profit for the period to the accumulated deficit. The proposal of the appropriation of the net result has been reflected in these financial statements.

(4) Post balance sheet events

There are no events that have occurred since 30 January 2016 which would make the present financial position substantially different from that shown by the balance sheet at that date or would require adjustment to or disclosure in these financial statements.

(5) Branch

The Company is registered in the United Kingdom as a branch.

Independent auditor's report

To the shareholder of GAP (Netherlands) B V

Report on the financial statements

We have audited the accompanying financial for the year ended 31 January 2016 of GAP (Netherlands) B V, Amsterdam, which comprise the balance sheet as per 30 January 2016, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of Directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of GAP (Netherlands) B.V. as per 30 January 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

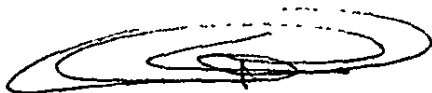
Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that Directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code

Rotterdam, 20 January 2017

Deloitte Accountants B.V.

Initials for identification purposes



C. Binkhorst