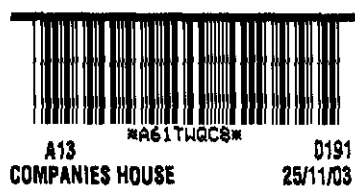


Company Registration No. 3720778

GAP (U.K. HOLDINGS) LIMITED

Report and Financial Statements

Year ended 1 February 2003



GAP (UK HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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GAP (UK HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A B Gust
L Shanahan
B Pollitt

SECRETARY AND REGISTERED OFFICE

Clifford Chance Secretaries Limited
200 Aldersgate Street
London EC1A 4JJ

BANKERS

HSBC plc
129 New Bond Street
London
W1A 2JA

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

GAP (UK HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 1 February 2003. Comparative figures are for the year ended 2 February 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company is a holding company with share holdings in Gap (UK Lettings) Limited, GPS (Great Britain) Limited, Gap (ESO) Limited and Gap (UK Distribution) Limited.

The principal activity of the group is the retail of fine casual clothing.

REORGANISATION AND REFINANCING

The trade and all assets and liabilities were reorganised and transferred, by agreement, from Gap (UK Lettings) Limited, a fellow subsidiary of GAP (UK Holdings) Limited to GPS (Great Britain) Limited, with effect from 30 August 2002.

The trade and all assets and liabilities were reorganised and transferred, by agreement, from The Gap Limited, Gap (ESO) Limited and Gap (UK Distribution) Limited to GPS (Great Britain) Limited, with effect from 1 February 2003.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the financial position at the end of the financial period were satisfactory, and in line with the directors' expectations.

The group continues to seek opportunities to maximise its profitability and market share in the UK casual apparel market. The company plans to remain as a holding company in the coming year.

DIVIDENDS

No final dividend has been proposed (2002: £nil).

DIRECTORS

The directors of the company during the period are listed below:

A B Gust		(US citizen)
H Kunz	(appointed 1 February 2002, resigned 20 January 2003)	(US citizen)
L Shanahan		(US citizen)
B Pollitt	(appointed 3 February 2003)	(US citizen)

DIRECTORS' INTERESTS

None of the directors had any notifiable interests in the share capital of the company as defined by the Companies Act 1985 at 1 February 2003.

The interests of the directors serving at the year end in the share capital of The Gap, Inc. are disclosed in the financial statements of The Gap, Inc.

EMPLOYEES

Quarterly meetings are held with employee representatives to discuss sales, financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters that concern the employees.

DIRECTORS' REPORT (continued)

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company continues and that appropriate training is arranged. It is company policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

ANNUAL GENERAL MEETING

On 18 February 2000 the company resolved that no financial statements and reports shall in future be laid before the company in general meetings and that the company shall dispense with the holding of Annual General Meetings in accordance with Sections 252 and 366A of the Companies Act 1985.

CREDITORS' PAYMENT POLICY

The policies that the company followed for the payment of creditors in the financial year were:

- for those suppliers that offer prompt payment discounts, payment is made in accordance with those terms;
- for other suppliers, payment is made 30 days after the date of the invoice.

The creditor days outstanding at 1 February 2003 were 20 days, (2 February 2002: 27 days).

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Director

B. POLLITT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing those 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;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAP (U.K.
HOLDINGS) LIMITED**

We have audited the financial statements of GAP (U.K. Holdings) Limited for the year ended 1 February 2003 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

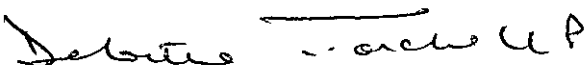
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the groups circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 1 February 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

21 November 2003.

GAP (UK HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 1 February 2003

	Note	Year ended 1 February 2003 £'000	Year ended 2 February 2002 £'000
TURNOVER	2	213,741	223,181
Cost of sales		-	-
Gross profit		213,741	223,181
Other operating income		2	37
Administrative expenses		(204,553)	(199,668)
OPERATING PROFIT	4	9,190	23,550
Interest receivable	5	1,771	2,063
Interest payable and similar charges	6	(6,890)	(7,254)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,071	18,359
Tax on profit on ordinary activities	7	(4,668)	(12,428)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING (LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	(597)	5,931

All amounts relate to continuing operations.

CONSOLIDATED BALANCE SHEET
1 February 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	9	205,469	227,397
CURRENT ASSETS			
Debtors	11	39,335	54,639
Cash at bank and in hand		29,373	26,937
		<u>68,708</u>	<u>81,576</u>
CREDITORS: amounts falling due within one year	12	<u>(164,359)</u>	<u>(170,177)</u>
NET CURRENT LIABILITIES		<u>(95,651)</u>	<u>(88,601)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>109,818</u>	<u>138,796</u>
CREDITORS: amounts falling due after more than one year	13	(20,000)	(49,935)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(10,898)</u>	<u>(9,344)</u>
NET ASSETS		<u>78,920</u>	<u>79,517</u>
CAPITAL AND RESERVES			
Called up share capital	15	4	4
Share premium account	16	61,779	61,779
Capital reserve	16	5,988	5,988
Profit and loss account	16	11,149	11,746
EQUITY SHAREHOLDERS' FUNDS	17	<u>78,920</u>	<u>79,517</u>

These financial statements were approved by the Board of Directors on

OCT 31 2003.

Signed on behalf of the Board of Directors


 Director
 B. POLLITT

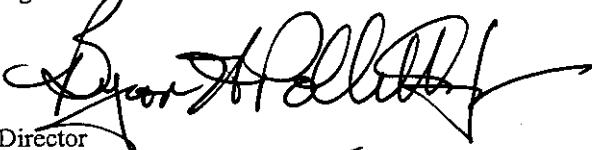
COMPANY BALANCE SHEET
1 February 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Investments in subsidiary undertakings	10	137,790	191,290
CURRENT ASSETS			
Debtors	11	64,082	3,864
Cash at bank and in hand		409	-
CREDITORS: amounts falling due within one year			
Amount owed to subsidiary undertaking	12	(143,335)	(113,444)
NET CURRENT LIABILITIES		(78,844)	(109,580)
CREDITORS: amounts falling due after more than one year			
	13	-	(22,963)
NET ASSETS		<u>58,946</u>	<u>58,747</u>
CAPITAL AND RESERVES			
Called up share capital	15	4	4
Share premium account	16	61,779	61,779
Capital reserve	16	5,988	5,988
Profit and loss account	16	(8,825)	(9,024)
EQUITY SHAREHOLDERS' FUNDS	16	<u>58,946</u>	<u>58,747</u>

These financial statements were approved by the Board of Directors on

OCT 31, 2003.

Signed on behalf of the Board of Directors



Director

B. POLLITT

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

1. ACCOUNTING POLICIES

The principal accounting policies are set out below:

Accounting convention and basis of consolidation

The consolidated financial statements are prepared in accordance with the historical cost convention. The consolidated financial statements incorporate the financial statements of Gap (UK Holdings) Limited ("the company") and its subsidiary undertakings (together, "the group") for the year ended 1 February 2003.

Turnover

Turnover consists entirely of receivable retainer fees and commissions in respect of sales made to customers by the group companies acting as agents for Gap (Netherlands) BV. Turnover is invoiced and recognised on a monthly basis.

Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost of the assets less any provision for impairment in value.

The estimated useful lives are as follows:

Short leasehold	-	life of the lease
Leasehold improvements	-	shorter of 12 years or the term of the lease
Fixtures and fittings	-	5 years

Construction costs are transferred once complete to the respective fixed asset account. Construction costs are not depreciated until this transfer is made.

Deferred Tax

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension scheme arrangements

Retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the company and employees. Payments are made either to pension trusts which are financially separate from the group or to insurance companies. These payments are charged against the profits of the year in which they become payable.

Deferred income

All forms of incentive received by the group upon entering into lease agreements have been taken to deferred income to be recognised over the period to which they relate.

Investments

Investments are stated at cost less any provision for permanent diminution in value.

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

1. ACCOUNTING POLICIES (continued)

Foreign currency translation

Normal trading activities transacted in foreign currencies are translated to sterling at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date or, where appropriate, at a contracted rate of exchange where the transaction is to be settled at a contracted rate. 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 profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss in equal amounts over the lease term.

Cash flow statement

The ultimate parent company is The Gap, Inc., which prepares a consolidated cash flow statement. The directors have taken advantage of the exemptions laid out in FRS1 (Revised) and have not prepared a cash flow statement.

2. TURNOVER

Turnover consists entirely of receivable retainer fees and commissions in respect of sales made to customers by the group companies acting as agents for Gap (Netherlands) BV. All turnover derives from the United Kingdom and is destined for the United Kingdom.

3. EMPLOYEE INFORMATION

	2003 £'000	2002 £'000
Employee costs during the year:		
Wages and salaries	55,371	55,971
Social security costs	4,541	4,360
Pension contributions	383	397
	<u>60,295</u>	<u>60,278</u>

The average number of persons employed by the group during the year was:

	No.	No.
Sales and distribution	6,191	5,916
Administration	464	417
	<u>6,655</u>	<u>6,333</u>

The directors did not receive any remuneration in respect of services to the group during the year or in the preceding period.

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

4. OPERATING PROFIT

	2003 £'000	2002 £'000
Operating profit is stated after charging / (crediting):		
Rentals under operating leases		
- hire of plant and machinery	1,039	640
- hire of other assets	52,078	49,566
Auditors' remuneration		
- group audit services	63	60
- other services	10	10
- company audit services	5	10
Foreign exchange loss/(gain)	1,159	(1,590)
Depreciation – tangible owned assets	20,597	24,779
Provision for impairment loss	3,424	-
Loss on disposal of fixed assets	1,049	1,670
	<u>1,049</u>	<u>1,670</u>

5. INTEREST RECEIVABLE

	2003 £'000	2002 £'000
Bank interest	542	914
Short term deposits	14	134
Other interest	1,215	1,015
	<u>1,771</u>	<u>2,063</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Bank overdrafts	100	1,340
Short term notes	2	1,447
Fellow subsidiary undertakings	6,788	4,467
	<u>6,890</u>	<u>7,254</u>

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
Current tax		
UK corporation tax charge on profit for the year	3,062	8,235
Group relief for the year	-	(1,004)
Adjustments in respect of prior periods	52	2,567
	<hr/>	<hr/>
Total current tax charge	3,114	9,798
Deferred tax (see note 14)		
Origination/reversal of timing differences	1,554	2,521
Adjustments in respect of prior periods	-	109
	<hr/>	<hr/>
Tax on profit on ordinary activities	4,668	12,428
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2002: higher) to the standard rate of corporation tax in the UK (30%, 2002: 30 %). The differences are explained below.

	2003 £'000	2002 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	4,071	18,359
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	1,221	5,508
Effects of:		
Capital allowances in excess of depreciation	(1,491)	(2,521)
Non qualifying depreciation	2,001	2,691
Permanent differences on disposal	310	-
Expenses not deductible for tax purposes	1,021	1,708
Adjustments in respect of prior periods	52	2,567
Non qualifying interest	-	(155)
	<hr/>	<hr/>
Total current tax charge	3,114	9,798
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

8. PROFIT/LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of the accounts. The parent company's profit for the financial year amounted to £199,000 (2002: loss of £4,209,000).

9. TANGIBLE FIXED ASSETS

The group	Freehold land £'000	Short leasehold buildings £'000	Construction in progress £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 2 February 2002	10,564	29,824	54,876	149,839	51,066	296,169
Additions	146	1,240	2,075	5,372	2,158	10,991
Disposals	-	(418)	(1,199)	(9,462)	(708)	(11,787)
Transfers between categories	-	1,632	(54,647)	52,937	78	-
Transfers from other group companies	-	33	(815)	817	66	101
At 1 February 2003	10,710	32,311	290	199,503	52,660	295,474
Depreciation						
At 2 February 2002	-	7,960	-	42,443	18,369	68,772
Provision for impairment losses	-	723	-	2,325	376	3,424
Charge for the period	-	1,261	-	11,956	7,380	20,597
Disposals	-	(375)	-	(2,096)	(364)	(2,835)
Transfers between categories	-	-	-	(14)	14	-
Transfers from other group companies	-	-	-	47	-	47
At 1 February 2003	-	9,569	-	54,661	25,775	90,005
Net book value						
At 1 February 2003	10,710	22,742	290	144,842	26,885	205,469
At 2 February 2002	10,564	21,864	54,876	107,396	32,697	227,397

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 1 February 2003

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	£
Cost	
At 3 February 2002 and 1 February 2003	191,290
Amounts written off	
At 3 February 2002	-
Amount written off in year	53,500
At 1 February 2003	53,500
Net book value	
At 3 February 2003	137,790
At 2 February 2002	191,290

During the year the assets and liabilities of Gap (UK Lettings) Limited were reorganised and transferred by agreement to GPS (Great Britain) Limited, subsequently the investment in Gap (UK Lettings) Limited has been written off.

Subsidiary undertakings	Country of incorporation	Activity	Proportion of ordinary shares held and voting rights
Gap (ESO) Limited	Great Britain	Administrative support to group companies	100%
GPS (Great Britain) Limited	Great Britain	Retail of fine casual clothing	100%
Gap (UK Lettings) Limited	Great Britain	Captive service provider	100%
Gap (UK Distribution) Limited	Great Britain	Administration of distribution centre	100%

11. DEBTORS

The group

	2003 £'000	2002 £'000
Trade debtors	161	91
Amounts owed by fellow subsidiary undertakings	18,764	24,629
UK corporation tax recoverable	106	4,209
Group relief receivable	2,830	1,963
Advanced corporation tax recoverable	3,103	3,961
Other debtors	676	7,731
Prepayments	13,695	12,055
	<u>39,335</u>	<u>54,639</u>

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

11. DEBTORS (continued)

The company

	2003 £'000	2002 £'000
Amounts owed by fellow subsidiary undertakings	58,262	-
Group relief receivable	5,768	3,864
Deferred taxation	52	-
	<u>64,082</u>	<u>3,864</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The group

	2003 £'000	2002 £'000
Trade creditors	3,149	6,494
Long term notes with fellow subsidiary undertakings	22,963	-
Amounts owed to fellow subsidiary undertakings	92,545	114,438
Amounts owed to parent undertaking	1,663	1,663
Taxation and social security	1,129	1,024
UK corporation tax	7,606	10,559
Other creditors	-	1,388
Accruals and deferred income	35,304	34,611
	<u>164,359</u>	<u>170,177</u>

Loan notes and overdrafts are secured by a guarantee from the company's ultimate parent, The Gap, Inc.

The company

	2003 £'000	2002 £'000
Amounts owed to fellow subsidiary undertakings	120,372	113,444
Long term notes with fellow subsidiary undertakings	22,963	-
	<u>143,335</u>	<u>113,444</u>

The principal of ¥4,000,000,000 together with the accrued and unpaid interest, is due to Gap (Japan) K.K., a company incorporated in Japan. The loan note attracts a simple interest rate of 1.5% per annum and matures on 25 July 2003.

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

The group

	2003 £'000	2002 £'000
Long term notes with fellow subsidiary undertaking	20,000	42,963
Other creditors	-	6,972
	<u>20,000</u>	<u>49,935</u>

The company

	2003 £'000	2002 £'000
Long term notes with fellow subsidiary undertaking	-	22,963

The Principal of £20 million at 7% interest rate per annum is due to Gap International (BV). Interest is payable annually on 14 June until maturity. The notes mature on 14 June 2005.

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The group

	£'000
At 2 February 2002	9,344
Profit and loss account charge	1,554
	<u>10,898</u>
At 1 February 2003	<u>10,898</u>

The elements of deferred taxation are as follows:

	2003 £'000	2002 £'000
Capital allowances in excess of depreciation	<u>10,898</u>	<u>9,344</u>

The company

The company had a deferred tax asset at 1 February 2003 amounting to £52,000 (2 February 2002: £Nil).

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

15. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised, called up, allotted and fully paid: 4,000 (2002: 4,000) ordinary shares of £1 each	4,000	4,000

16. STATEMENT OF MOVEMENTS IN RESERVES

The group	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 2 February 2002	4	61,779	5,988	11,746	79,517
Loss for the financial year	-	-	-	(597)	(597)
At 1 February 2003	4	61,779	5,988	11,149	78,920

The company	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 2 February 2002	4	61,779	5,988	(9,024)	58,747
Profit for the financial year	-	-	-	199	199
At 1 February 2003	4	61,779	5,988	(8,825)	58,946

17. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED EQUITY SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
(Loss)/Profit for the financial year	(597)	5,931
Issue of share capital and share premium	-	27,911
Opening equity shareholders' funds	79,517	45,675
Closing equity shareholders' funds	78,920	79,517

GAP (UK HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 February 2003

18. CAPITAL COMMITMENTS

	The group	
	2003	2002
	£'000	£'000
Future capital expenditure		
Contracted for but not provided in the financial statements	-	-

The company had capital commitments at 1 February 2003 amounting to £Nil (2 February 2002: £Nil).

19. OPERATING LEASE COMMITMENTS

At 1 February 2003 the group had annual commitments in respect of non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Expiring in less than one year	1,794	1,110	35	52
Expiring between two and five years inclusive	2,619	2,608	830	80
Expiring in over five years	50,584	49,547	-	398
	<u>54,997</u>	<u>53,265</u>	<u>865</u>	<u>530</u>

The company had annual commitments in respect of non-cancellable operating leases at 1 February 2003 amounting to £nil (2 February 2002: £Nil).

20. ULTIMATE PARENT COMPANY

The immediate parent company is Gap (RHC) B.V., a company registered in the Netherlands.

The ultimate parent company and controlling entity and the only company to prepare consolidated accounts is The Gap, Inc., a company incorporated and registered in the United States of America. Financial statements of the ultimate parent company may be obtained by writing to The Gap, Inc., Two Folsom Street, San Francisco, CA 94105 USA.

21. RELATED PARTY TRANSACTIONS

GPS (Great Britain) Limited has an agreement with Fisher Development, Inc. (FDI), wholly owned by the brother of The Gap, Inc.'s chairman, setting forth the terms under which FDI may act as general contractor in connection with the group's construction activities. FDI acted as general contractor for 6 (2002: 24) new stores' leasehold improvements and fixtures during the year ended 1 February 2003. During the year ended 1 February 2003, FDI supervised construction of no expansions and remodels of existing stores (2002:2). Total cost of construction for the year ended 1 February 2003 was £4,999,306 and £16,183,000 for the year ended 2 February 2002.

At 1 February 2003 and 2 February 2002, amounts due to FDI from the Group were £nil and £8,003,844, respectively. The agreement with FDI ended on 2 November 2002.

The group has taken advantage of the exemption granted by paragraph 3[c] of FRS 8, Related Party Disclosures, not to disclose transactions with The Gap, Inc. or other group companies.