

**Company Registration No. 05166173**

**.Big Yellow Self Storage Company Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2013**

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# **.Big Yellow Self Storage Company Limited**

## **Annual report and financial statements 2013**

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# **.Big Yellow Self Storage Company Limited**

## **Officers and professional advisers**

### **Directors**

Nicholas Vetch  
James Gibson  
Adrian Lee  
John Trotman

### **Secretary**

Shauna Beavis

### **Registered office**

2 The Deans  
Bridge Road  
Bagshot  
Surrey  
GU19 5AT

### **Bankers**

Lloyds TSB Bank plc  
25 Gresham Street  
London  
EC2V 7HN

Santander  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

The Royal Bank of Scotland plc  
8<sup>th</sup> Floor  
280 Bishopsgate  
London  
EC2M 4RB

### **Solicitors**

CMS Cameron McKenna LLP  
Mitre House  
160 Aldersgate Street  
London  
EC1A 4DD

### **Auditor**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

# **.Big Yellow Self Storage Company Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

### **Introduction**

Big Yellow Self Storage Company Limited ("Big Yellow", "the company") is a wholly owned subsidiary of Big Yellow Group PLC

### **Principal activities**

The principal activity of the company is the rental of self storage units and provision of ancillary services from the properties, such as the sale of packaging materials and contents insurance in the UK. During the year the company sold investment property of £230 million to a fellow subsidiary of Big Yellow Group Plc for a fair market value of £242 million.

The Directors believe that the medium term opportunity to create shareholder value will be principally achieved by leasing up stores to drive revenue, the majority of which flows through to the bottom line given that the operating and central overhead costs are already largely embedded. The location of the Company's stores, strong brand, unrivalled security, and, most importantly, excellent customer service attracts and retains a loyal and diverse customer base. Self storage income is largely evergreen with highly defensive characteristics driven from buildings with very low obsolescence. Awareness of self storage will continue to grow as more businesses and individuals use the product at a time when the supply side is restricted, with very few store openings expected in the calendar year. The Directors are therefore positive about the future outlook of the business.

### **Going concern**

The Directors have considered the use of the going concern basis in the preparation of the financial statements and concluded that this is appropriate. More information is provided in note 2 to the financial statements.

### **Share capital**

The authorised and issued share capital of the Company at the beginning and end of the year are £1,000.

### **Results and dividends**

The income statement is set out on page 6 of the financial statements. The directors do not recommend the payment of a dividend (2012: £nil).

### **Real Estate Investment Trust ("REIT")**

The Big Yellow Group ("the Group"), of which the company is part, converted to a REIT with effect from 15 January 2007. In essence, a REIT exempts qualifying companies from paying corporation tax on their qualifying earnings in return for distributing 90% of qualifying profits to shareholders.

Certain rules apply to a REIT limiting the amount of development, debt gearing and non-qualifying trading activities. The company has internal monitoring procedures in place to ensure that the appropriate rules and legislation are complied with. To date all REIT regulations have been complied with.

### **Employees**

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 that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Directors**

The directors of the Company who served throughout the year and to the date of this report are shown on page 1.

### **Auditor**

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

# **.Big Yellow Self Storage Company Limited**

## **Directors' report**

- 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 were appointed as auditors for the Company on 30 June 2004

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an AGM

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



Shauna Beavis

Secretary

2 December 2013

# **.Big Yellow Self Storage Company Limited**

## **Statement of directors' responsibilities**

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

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

## **Independent auditor's report to the members of Big Yellow Self Storage Company Limited**

We have audited the financial statements of Big Yellow Self Storage Company Limited for the year ended 31 March 2013 which comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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 auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our support.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**


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

## **Independent auditor's report to the members of Big Yellow Self Storage Company Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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



Darren Longley FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

2 December 2013



## Big Yellow Self Storage Company Limited

### Income statement Year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Revenue	3	51,952	65,626
Cost of sales		(18,089)	(23,361)
<b>Gross profit</b>		<b>33,863</b>	<b>42,265</b>
Administrative expenses		(6,589)	(6,302)
<b>Operating profit before gain/(loss) on investment properties and other non-current assets</b>	5	<b>27,274</b>	<b>35,963</b>
Gain/(loss) on revaluation of investment properties	10c	4,050	(51,495)
Gain on disposal of investment properties	10c	12,410	-
Gain on disposal of surplus land	11	338	-
Impairment loss on surplus land	11	-	(500)
<b>Operating profit/(loss)</b>		<b>44,072</b>	<b>(16,032)</b>
Investment income	7	2,008	-
Finance costs	8	(8,612)	(12,602)
<b>Profit/(loss) before tax</b>		<b>37,468</b>	<b>(28,634)</b>
Tax	9	-	-
<b>Profit/(loss) for the year</b>		<b>37,468</b>	<b>(28,634)</b>

All items in the income statement relate to continuing activities

# Big Yellow Self Storage Company Limited

## Balance sheet As at 31 March 2013

	Notes	2013 £'000	2012 £'000
<b>Non-current assets</b>			
Investment property	10a	512,400	726,390
Investment property under construction	10a	14,370	30,920
Interests in leasehold properties	10a	21,803	22,394
Plant, equipment and owner-occupied property	10b	1,099	1,125
Investment in subsidiaries	20	1	1
Capital Goods Scheme receivable	13	5,535	-
		<u>555,208</u>	<u>780,830</u>
<b>Current assets</b>			
Inventories		300	299
Surplus land	11	1,061	10,634
Trade and other receivables	13	10,683	10,333
Cash and cash equivalents		5,000	5,004
		<u>17,044</u>	<u>26,270</u>
<b>Total assets</b>		<u>572,252</u>	<u>807,100</u>
<b>Current liabilities</b>			
Trade and other payables	14	(20,323)	(24,060)
Obligations under finance leases	16	(1,952)	(1,946)
		<u>(22,275)</u>	<u>(26,006)</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	(370,008)	(641,027)
Obligations under finance leases	16	(19,851)	(20,448)
		<u>(389,859)</u>	<u>(661,475)</u>
<b>Total liabilities</b>		<u>(412,134)</u>	<u>(687,481)</u>
<b>Net assets</b>		<u>160,118</u>	<u>119,619</u>
<b>Equity</b>			
Called up share capital	21	1	1
Reserves		160,117	119,618
<b>Shareholders' funds</b>		<u>160,118</u>	<u>119,619</u>

These financial statements were approved and authorised for issue by the Board of Directors on 2 December 2013

Signed on behalf of the Board of Directors



John Trotman  
Director

Company Registration No. 05166173

## **.Big Yellow Self Storage Company Limited**

### **Statement of comprehensive income Year ended 31 March 2013**

	<b>2013 £'000</b>	<b>2012 £'000</b>
Current and deferred tax recognised in equity	-	-
Net expense recognised directly in equity for the year	-	-
Profit/(loss) for the year	37,468	(28,634)
<b>Total comprehensive income/(loss) for the year attributable to equity shareholder</b>	<b>37,468</b>	<b>(28,634)</b>

### **Statement of changes in equity Year ended 31 March 2013**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 April 2012	1	119,618	119,619
Total comprehensive income for the year	-	37,468	37,468
Credit to equity for equity-settled share based payments	-	3,031	3,031
At 31 March 2013	<u>1</u>	<u>160,117</u>	<u>160,118</u>

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 April 2011	1	147,260	147,261
Total comprehensive loss for the year	-	(28,634)	(28,634)
Credit to equity for equity-settled share based payments	-	992	992
At 31 March 2012	<u>1</u>	<u>119,618</u>	<u>119,619</u>

## **.Big Yellow Self Storage Company Limited**

### **Cash flow statement Year ended 31 March 2013**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit/(loss)	44,072	(16,032)
(Gain)/loss on revaluation of investment properties	(4,051)	51,495
Loss/(gain) on non-current assets	(12,748)	500
Depreciation	448	515
Repayment of finance lease capital obligations	933	853
Share option expense	1,375	1,532
Decrease/(increase) in inventories	(1)	19
Decrease/(increase) in receivables	1,674	1,107
Increase/(decrease) in payables	(127,984)	9,218
<b>Cash (used by)/from operating activities</b>	<b>(96,282)</b>	<b>49,207</b>
Interest paid	(8,848)	(13,637)
<b>Net cash (used by)/from operating activities</b>	<b>(105,130)</b>	<b>35,570</b>
<b>Investing activities</b>		
Purchase of non-current assets	(5,007)	(26,240)
Additions to surplus land	(1,853)	(4,400)
Sale of surplus land	10,928	912
Sale of assets to other group company	101,991	-
<b>Cash from/(used by) investing activities</b>	<b>106,059</b>	<b>(29,728)</b>
<b>Financing activities</b>		
Repayment of finance lease capital obligations	(933)	(853)
<b>Cash used by financing activities</b>	<b>(933)</b>	<b>(853)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4)</b>	<b>4,989</b>
<b>Opening cash and cash equivalents</b>	<b>5,004</b>	<b>15</b>
<b>Closing cash and cash equivalents</b>	<b>5,000</b>	<b>5,004</b>

# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **1. General information**

Big Yellow Self Storage Company Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out on page 2.

The results and financial position of the company are expressed in pounds sterling which is the functional currency of the company, and the presentational currency for the financial statements.

### **2. Significant accounting policies**

#### **Adoption of new and revised standards**

In the current year, there were no new or revised Standards or Interpretations that have been adopted that have affected the amounts reported in these financial statements.

#### **Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year:

- |                        |  |
|------------------------|--|
| • Amendments to IAS 1  | Presentation of financial statements (amended June 2011) |
| • Amendments to IAS 12 | Income taxes   |
| • Amendments to IAS 19 | Employee Benefits (revised June 2011)                    |
| • Amendments to IFRS 7 | Financial instruments Disclosures                        |

Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 1 (amended) Severe hyperinflation and removal of fixed dates for first time adopters
- IFRS 7 (amended) Disclosures – Transfers of financial assets
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement
- IAS 27 (revised) Separate financial statements
- IAS 28 (revised) Investments in associates and joint ventures
- IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities

With the exception of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 27 and IAS 28, which the Company is currently evaluating, we do not expect there to be a material impact from the adoption of these standards. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

#### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **2. Significant accounting policies (continued) Basis of accounting (continued)**

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

The principal accounting policies have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the financial statements in the current and preceding year. Certain comparative amounts in the cash flow statement have been classified to ensure comparability with the current year.

#### **Exemption from consolidation**

The company is exempt from the obligation to prepare and deliver group accounts as it is included in the consolidated financial statements of its ultimate parent company Big Yellow Group plc, a company incorporated in the United Kingdom, which comply with IFRS.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2. The financial position of the company, its cash flows and liquidity position, as shown in the balance sheet, cash flow statement and notes to the financial statements, is such that it is in a net assets position with limited exposure to liquidity or credit risk and is financed by an intercompany loan from Big Yellow PLC, as disclosed in note 15.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able 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.

#### **Investment in subsidiaries**

These are recognised at cost less provision for any impairment.

#### **Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### **Revenue recognition**

Revenue represents amounts derived from the provision of services which fall within the company's ordinary activities after deduction of trade discounts and any applicable value added tax. Income is recognised over the period for which the storage room is occupied by the customer. The company recognises non-storage income over the period in which it is earned.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Management fees earned are recognised over the period for which the services are provided.

# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **2. Significant accounting policies (continued)**

#### **Basis of accounting (continued)**

##### **Operating leases**

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease

##### **Finance costs**

All borrowing costs are recognised in the income statement in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the company incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the company suspends capitalisation. The company ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete.

##### **Operating profit**

Operating profit is stated after gains and losses on non-current assets, movements on the revaluation of investment properties and before the share of results of associates, investment income and finance costs.

##### **Tax**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **2. Significant accounting policies (continued)**

#### **Basis of accounting (continued)**

##### **Tax (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the company intends to settle its current tax assets and liabilities on a net basis

##### **Plant, equipment and owner occupied property**

All property, plant and equipment, not classified as investment or development property, are carried at historic cost less depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases

Freehold property	50 years
Freehold improvements	20 years
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Fixtures and fittings	5 years
Computer equipment	3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

##### **Investment property**

The criterion used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and for capital appreciation. Where this is the case, the company recognises these owned or leased properties as investment properties. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40, investment property held leasehold is stated gross of the recognised finance lease liability.

Gains or losses arising from the changes in fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS 40, as the company uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Leasehold properties that are leased under operating leases are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception, and is shown within note 10a. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

##### **Investment property under construction**

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the income statement in the period in which they arise. In accordance with IAS 40, as the company uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

##### **Surplus land**

Surplus land is recognised at the lower of cost and net realisable value. Any gains and losses on surplus land are recognised through the income statement.



# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **2. Significant accounting policies (continued)**

#### **Impairment of assets**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (ie the net present value of its future cash flows discounted at the company's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value.

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

#### **A - Derivative financial instruments and hedge accounting**

There are no derivative financial instruments in the company.

#### **B - Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### **C - Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **D - Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate to the fair value.

#### **E - Financial liabilities and equity**

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

# **.Big Yellow Self Storage Company Limited**

## **Notes to the financial statements Year ended 31 March 2013**

### **2. Significant accounting policies (continued)**

#### **F - Equity instruments**

There are no equity instruments in the company

#### **G - Trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

#### **H - Trade payables**

Trade payables are not interest bearing and are stated at their nominal value

#### **Retirement benefit costs**

Pension costs represent contributions payable to defined contribution schemes and are charged as an expense to the income statement as they fall due. The assets of the schemes are held separately from those of the company

#### **Share-based payments**

The company has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2005

The company issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

#### **Critical accounting estimates and judgements**

In the application of the company's accounting policies, which are described above, 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

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 2. Significant accounting policies (continued)

#### a) Estimate of Fair Value of Investment Properties and Investment Property Under Construction

The company's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The company employs expert external valuers, Cushman & Wakefield LLP, who report on the values of the company's stores on a biannual basis. Principal assumptions underlying management's estimation of the fair value are those related to stabilised occupancy levels, the absorption period to these stabilised levels, expected future growth in storage rents and operating costs, maintenance requirements, capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the company's investment properties is set out in note 10 to the accounts.

### 3. Revenue

	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>Open stores</b>				
Self storage income	43,063		54,734	
Other storage related income	7,503		9,363	
Ancillary store rental income	347		176	
	<hr/>		<hr/>	
		50,913		64,273
<b>Stores under development</b>				
Non-storage income	-		233	
	<hr/>		<hr/>	
		-		233
<b>Fee income</b>				
Fees earned from Big Yellow Limited Partnership	639		714	
Other management fees earned	400		406	
	<hr/>		<hr/>	
		1,039		1,120
<b>Revenue per income statement</b>		<hr/>		<hr/>
		51,952		65,626

### 4. Segmental information

Revenue represents amounts derived from the provision of self storage accommodation and related services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The company's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage accommodation and related services. These all arise in the United Kingdom.

## Big Yellow Self Storage Company Limited

### Notes to the financial statements Year ended 31 March 2013

#### 5. Operating profit/(loss)

Profit/(loss) for the year has been arrived at after

	2013 £'000	2012 £'000
Depreciation of plant, equipment and owner-occupied property	448	515
Finance lease depreciation	933	853
(Increase)/decrease in fair value of investment property	(4,050)	51,495
Cost of inventories recognised as an expense	686	914
Employee costs (see note 6)	10,947	10,255
Operating lease rentals	131	164
	<u>          </u>	<u>          </u>

The auditors' remuneration for the audit of the company's accounts was £120,000 (2012 £120,000) The auditors' remuneration was borne by the company's parent company

Amounts payable to Deloitte LLP by the company in respect of non audit services were £nil (2012 £nil)

#### 6. Directors' remuneration and employee costs

The total amounts for Directors' remuneration were as follows

	2013	2013	2012	2013	2013	2012	
	Salary/ fees £	Annual bonus £	Taxable benefits £	Sub total £	Pension £	Total £	Total £
Nicholas Vetch	249,200	24,920	6,296	280,416	24,920	305,336	303,389
James Gibson	273,300	27,330	7,931	308,561	27,330	335,891	332,354
Adrian Lee	202,300	20,230	5,463	227,993	20,230	248,223	245,556
John Trotman	165,000	16,500	3,495	184,995	16,500	201,495	185,420
	<u>889,800</u>	<u>88,980</u>	<u>23,185</u>	<u>1,001,965</u>	<u>88,980</u>	<u>1,090,945</u>	<u>1,066,719</u>

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 6. Directors' remuneration and employee costs (continued)

#### Directors' share options

Options in respect of ordinary shares for Directors who served during the year are as follows

Name	Date option granted	No of shares under option at 31 March 2012	Granted during the year	Exercised during the year	Lapsed during the year	No of shares under option at 31 March 2013	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	3 August 2009	69,500	-	-	(69,500)	-	nil p	-	3 August 2012	3 August 2019
	12 July 2010	78,801	-	-	-	78,801	nil p	-	12 July 2013	12 July 2020
	19 July 2011	80,072	-	-	-	80,072	nil p	-	19 July 2014	18 July 2021
	11 July 2012	-	84,218	-	-	84,218	nil p	-	11 July 2015	10 July 2022
Philip Burks	6 June 2005	66,667	-	-	-	66,667	nil p	-	6 June 2008	6 June 2015
	9 June 2006	66,667	-	-	-	66,667	nil p	-	9 June 2009	9 June 2016
James Gibson	3 August 2009	76,200	-	-	(76,200)	-	nil p	-	3 August 2012	3 August 2019
	12 July 2010	86,419	-	-	-	86,419	nil p	-	12 July 2013	12 July 2020
	19 July 2011	87,807	-	-	-	87,807	nil p	-	19 July 2014	18 July 2021
	11 July 2012	-	92,362	-	-	92,362	nil p	-	11 July 2015	10 July 2022
Adrian Lee	3 August 2009	42,300	-	-	(42,300)	-	nil p	-	3 August 2012	3 August 2019
	12 July 2010	63,975	-	-	-	63,975	nil p	-	12 July 2013	12 July 2020
	19 July 2011	57,080	-	-	-	57,080	nil p	-	19 July 2014	18 July 2021
	11 July 2012	-	62,065	-	-	62,065	nil p	-	11 July 2015	10 July 2022
John Trotman	3 August 2009	27,800	-	-	(27,800)	-	nil p	-	3 August 2012	3 August 2019

The Remuneration Committee of the Group has considered the performance of the 2009 LTIP options grants and determined that the criteria have not been met, therefore the award lapsed during the year. No amounts were paid to third parties in respect of services provided by the Directors.

The highest paid director in the year was Mr Gibson and details of his remuneration are disclosed above.

The average monthly number of employees (including Executive Directors) was

	2013 No.	2012 No.
Sales	243	235
Administration	43	44
	<u>286</u>	<u>279</u>

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 6. Directors' remuneration and employee costs (continued)

At 31 March 2013 the total number of employees was 319 (2012 310) Their aggregate remuneration comprised

	2013 £'000	2012 £'000
Wages and salaries	7,763	7,605
Social security costs	1,472	791
Other pension costs	336	327
Share-based payments	1,376	1,532
	<u>10,947</u>	<u>10,255</u>

### 7. Investment income

	2013 £'000	2012 £'000
Intercompany interest receivable	2,008	-
	<u>2,008</u>	<u>-</u>

### 8. Finance costs

	2013 £'000	2012 £'000
Interest on obligations under finance leases	1,057	1,130
Intercompany interest payable	7,791	12,506
Capitalised interest	(236)	(1,034)
	<u>8,612</u>	<u>12,602</u>

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 9. Tax

	2013 £'000	2012 £'000
<b>UK current tax</b>		
Current tax	-	-
A reconciliation of the tax charge is shown below		
	2013 £'000	2012 £'000
Profit/(loss) before tax	37,468	(28,634)
Tax charge at 24% (2012 26%) thereon	8,992	(7,445)
Effects of		
Permanent differences	60	142
Temporary differences	(1,221)	(34)
Revaluations of investment properties	(972)	13,389
Revaluation of surplus land	-	130
Gain on disposal of investment property	(2,978)	-
Gain on disposal of surplus land	(81)	-
Profits from the tax exempt business	(4,297)	(5,812)
Losses not utilised/(utilised) in the period	497	(370)
<b>Total tax charge</b>	-	-

## Big Yellow Self Storage Company Limited

### Notes to the financial statements Year ended 31 March 2013

#### 10. Non-current assets

##### a) Investment property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 1 April 2012	726,390	30,920	22,394	779,704
Reclassification	16,260	(16,260)	-	-
Additions	2,783	205	-	2,988
Capital Goods Scheme adjustment	(7,918)	-	-	(7,918)
Adjustment to present value	-	-	342	342
Revaluation	4,545	(495)	-	4,050
Transfer to other group companies	(229,660)	-	-	(229,660)
Depreciation	-	-	(933)	(933)
At 31 March 2013	512,400	14,370	21,803	548,573

Included within additions is £0.2 million (2012: £1 million) of capitalised interest, calculated at the Group's average borrowing cost of 4% (2012: 3.7%).

In year ended 31 March 2013, investment property of £230 million was transferred to another group company at a fair market value of £242 million. In year ended 31 March 2012, investment property under construction of £8.95 million was transferred from another group company at a fair market value.

##### b) Plant, equipment and owner-occupied property

	Freehold Property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
<b>Cost</b>						
At 1 April 2012	133	26	780	25	4,364	5,328
Additions	-	-	42	-	600	642
Transfer to other group companies	-	-	(171)	-	(1,124)	(1,295)
At 31 March 2013	133	26	651	25	3,840	4,675
<b>Depreciation</b>						
At 1 April 2012	(2)	(26)	(564)	(10)	(3,601)	(4,203)
Charge for the year	-	-	(34)	(6)	(407)	(447)
Transfer to other group companies	-	-	122	-	952	1,074
At 31 March 2013	(2)	(26)	(476)	(16)	(3,056)	(3,576)
<b>Net book value</b>						
At 31 March 2013	131	-	175	9	784	1,099
At 31 March 2012	131	-	216	15	763	1,125



# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 10. Non-current assets (continued)

#### c) Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
<b>Freehold stores*</b>			
As at 1 April 2012	358,567	324,323	682,890
Transfer to other group companies	(117,519)	(112,141)	(229,660)
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustments	(7,814)	7,814	-
Movement in year	2,619	(4,809)	(2,190)
As at 31 March 2013	<u>256,789</u>	<u>210,511</u>	<u>467,300</u>
<b>Leasehold stores</b>			
As at 1 April 2012	15,851	27,649	43,500
Capital Goods Scheme adjustments	(104)	104	-
Movement in year	164	1,436	1,600
As at 31 March 2013	<u>15,911</u>	<u>29,189</u>	<u>45,100</u>
<b>Total of open stores</b>			
As at 1 April 2012	374,418	351,972	726,390
Transfer to other group companies	(117,519)	(112,141)	(229,660)
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustments	(7,918)	7,918	-
Movement in year	2,783	(3,373)	(590)
As at 31 March 2013	<u>272,700</u>	<u>239,700</u>	<u>512,400</u>
<b>Investment property under construction</b>			
As at 1 April 2012	34,611	(3,691)	30,920
Transfer from investment property under construction	(20,936)	4,676	(16,260)
Movement in year	205	(495)	(290)
As at 1 March 2013	<u>13,880</u>	<u>490</u>	<u>14,370</u>
<b>Valuation of all investment property</b>			
As at 1 April 2012	409,029	348,281	757,310
Transfer to other group companies	(117,519)	(112,141)	(229,660)
Capital Goods Scheme adjustments	(7,918)	7,918	-
Movement in year	2,987	(3,867)	(880)
As at 31 March 2013	<u>286,579</u>	<u>240,191</u>	<u>526,770</u>

\* Includes one long leasehold property

\*\* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £7,635,000 and a reduction in the creditor payable of £283,000

## Big Yellow Self Storage Company Limited

### Notes to the financial statements Year ended 31 March 2013

#### 10 Non-current assets (continued)

##### c. Valuation of investment property (continued)

The freehold and leasehold investment properties have been valued at 31 March 2013 by external valuers, Cushman & Wakefield LLP ("C&W"). A detailed report on the methodology and the information used by C&W can be found in Group's annual report

#### 11 Surplus land

	2013 £'000	2012 £'000
At 31 March 2012	10,634	6,734
Additions	2,161	4,400
Disposals	(11,734)	-
Impairment loss	-	(500)
At 31 March 2013	<u>1,061</u>	<u>10,634</u>

In the current year, a gain of £338,000 (2012 £nil) was recorded following the disposal of 2 sites

#### 12 Deferred tax

There are no deferred tax assets or liabilities at the end of current or preceding year

#### 13. Trade and other receivables

	2013 £'000	2012 £'000
<b>Current</b>		
Trade receivables	1,840	1,553
Capital Goods Scheme receivable	2,100	-
Other receivables	376	992
Prepayments and accrued income	6,367	7,788
	<u>10,683</u>	<u>10,333</u>
<b>Non-current</b>		
Capital Goods Scheme receivable	5,535	-
	<u>16,218</u>	<u>10,333</u>

Trade receivables are net of a bad debt provision of £19,000 (2012 £12,000)

The directors consider that the carrying amount of trade and other receivables approximates their fair value

##### Trade receivables

The company does not typically offer credit terms to its customers and hence the company is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. A late charge of 10% is applied to a customers' account if they are greater than 10 days overdue in their payment. The company provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, the company has the right to sell the items they store to recoup

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 13. Trade and other receivables (continued)

the debt owed by the customer Trade receivables that are overdue are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience

For individual storage customers, the company does not perform credit checks, however this is mitigated by the fact that all customers are required to pay in advance, and also to pay a deposit ranging from between 1 week's to 4 weeks' storage income Before accepting a new business customer who wishes to use a number of the company's stores, the company uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer There are no customers who represent more than 5 per cent of the total balance of trade receivables

Included in the company's trade receivable balance are debtors with a carrying amount of £283,000 (2012 £156,000) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable The company holds a right of lien over the customers' goods if these debts are not paid The average age of these receivables is 35 days past due (2012 31 days past due)

#### Ageing of past due but not impaired receivables

	2013 £'000	2012 £'000
1 - 30 days	220	114
30 - 60 days	25	13
60 +days	38	29
Total	<u>283</u>	<u>156</u>

#### Movement in the allowance for doubtful debts

	2013 £'000	2012 £'000
Balance at the beginning of the year	12	25
Impairment losses recognised	53	11
Amounts written off as uncollectible	(46)	(24)
Balance at the end of the year	<u>19</u>	<u>12</u>

The concentration of credit risk is limited due to the customer base being large and unrelated Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts

#### Ageing of impaired trade receivables

	2013 £'000	2012 £'000
30 - 60 days	2	1
60 + days	17	11
Total	<u>19</u>	<u>12</u>

## Big Yellow Self Storage Company Limited

### Notes to the financial statements Year ended 31 March 2013

#### 14. Trade and other payables

	2013 £'000	2012 £'000
<b>Current</b>		
Trade payables	8,454	9,159
Tax and social security	231	232
VAT repayable on capital goods scheme	19	641
Other payables	3,750	1,776
Accruals and deferred income	7,867	12,250
Amounts owed to group undertakings	2	2
	<u>20,323</u>	<u>24,060</u>
<b>Non-current</b>		
Amounts owed to group undertakings	369,997	640,712
VAT repayable under Capital Goods Scheme	11	315
	<u>370,008</u>	<u>641,027</u>

The directors estimate the fair value of the company's VAT payable under the capital goods scheme as follows

	2013 £'000	2012 £'000
Carrying amount	32	956
Estimated fair value	<u>31</u>	<u>913</u>

The fair values have been calculated by discounting expected cash flows at interest rates prevailing at the year end

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

#### 15. Financial instruments

##### A. Debt management

The company is financed through an intercompany loan from ultimate parent company Big Yellow Group PLC. Details of the group financing arrangements are disclosed in the group financial statements which are publicly available at Companies House.

##### B. Interest rate risk management

The interest rate on the Company's intercompany loan is dependent on the Group's average interest rate payable to the third party. Details of the group's interest rate risk management are disclosed in the group financial statements which are publicly available at Companies House.

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 15. Financial instruments (continued)

#### C Interest rate sensitivity analysis

At 31 March 2013, it is estimated that an increase of 0.5 percentage points in interest rates would have reduced the Company's adjusted profit before tax by £352,000 (2012 reduced adjusted profit before tax by £472,000) and a decrease of 0.5 percentage points in interest rates would have increased the Company's adjusted profit before tax by £352,000 (2012 increased adjusted profit before tax by £472,000). There would have been no effect on amounts recognised directly in equity.

#### D. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The Group, of which the company is part, manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

#### E Credit risk

The credit risk management policies of the company with respect to trade receivables are discussed in note 13. The company has no significant concentration of credit risk, with exposure spread over 28,000 customers in our stores.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### 16 Obligations under finance leases

	Minimum lease payments		Present value minimum of lease payments	
	2013	2012	2013	2012
	£000	£000	£000	£000
<b>Amounts payable under finance leases:</b>				
Within one year	1,989	1,984	1,952	1,946
Within two to five years inclusive	7,954	7,937	6,917	6,857
Greater than five years	23,489	25,436	12,934	13,591
	<u>33,432</u>	<u>35,357</u>	<u>21,803</u>	<u>22,394</u>
Less future finance charges	(11,629)	(12,963)		
Present value of lease obligations	<u>21,803</u>	<u>22,394</u>		

All lease obligations are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The carrying amount of the Company's lease obligations approximates their fair value.

## **.Big Yellow Self Storage Company Limited**

### **Notes to the financial statements Year ended 31 March 2013**

#### **17 Related party transactions**

In year ended 31 March 2013, investment property of £230 million was transferred to another group company at fair market value of £242 million. In year ended 31 March 2012, investment property under construction of £8.95 million was transferred from another group company at fair market value.

In year ended 31 March 2013, the Company had an intercompany loan of £369,998,000 (2012 £640,706,000), and intercompany interest payable of £7,791,000 (2012 £12,506,000).

In year ended 31 March 2013, no dividends were received from any of the subsidiaries (2012 £nil).

The Group has a 33% interest in Big Yellow Limited Partnership ("the Partnership") and entered into transactions with the partnership during the year on normal commercial terms. In year ended 31 March 2013, the Company earned fees from the Partnership of £639,000 (2012 £720,000). At 31 March 2013, the Partnership owed £526,000 to the Company (2012 £294,000).

#### **Dreams plc**

Steve Johnson, a Non-Executive Director of the Group was the Executive Chairman of Dreams plc until 31 October 2012. During the year, the Company continued to lease a retail unit at its Eltham store to Dreams plc on normal commercial terms.

#### **AnyJunk Limited**

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Company on normal commercial terms, amounting to £15,000 (2012 £12,000).

No other related party transactions took place during the years ended 31 March 2013 and 31 March 2012.

#### **18. Ultimate parent company and controlling party**

The immediate and ultimate parent company, controlling party and only company that prepares group accounts into which the results of the company are consolidated, is Big Yellow Group PLC, a company incorporated in Great Britain and registered and operating in England and Wales. The financial statements of Big Yellow Group PLC are available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

#### **19 Share based payments**

Big Yellow Group PLC, of which the company is a member, has four equity share-based payment arrangements, namely approved and unapproved share option schemes, an LTIP scheme, an Employee Share Save Scheme ("SAYE") and a Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £1,376,000 (2012 £1,532,000). The company employs all staff who are beneficiaries of the Group's share-based payment arrangements, therefore the cost is borne in the company accounts.

#### **Equity-settled share option plans**

The Group granted options to employees under Approved and Unapproved Inland Revenue Share option schemes between November 1999 and November 2003. The Group's schemes provided for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is three to ten years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

Since 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are three years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Yorkshire Building Society.

# Big Yellow Self Storage Company Limited

## Notes to the financial statements Year ended 31 March 2013

### 19. Share based payments (continued)

#### Equity-settled share option plans (continued)

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 62 of Group's financial statements. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 partially vested.

The weighted average share price at the date of exercise for options exercised in the year was £3.19 (2012 £2.87).

	2013 No of options	2013 Weighted average exercise price (£)	2012 No. of options	2012 Weighted average exercise price (£)
<b>Share option scheme "ESO"</b>				
Outstanding at beginning of year	42,413	0.85	86,351	0.92
Exercised during the year	(28,044)	0.89	(43,938)	0.95
Lapsed during the year	(19)	-	-	-
Outstanding at the end of the year	14,350	0.87	42,413	0.85
Exercisable at the end of the year	14,350	0.87	42,413	0.85

Options outstanding at 31 March 2013 had a weighted average contractual life of 0.3 years (2012 1.2 years)

	2013 No of options	2012 No. of options
<b>LTIP scheme</b>		
Outstanding at beginning of year	1,547,811	1,377,709
Granted during the year	626,977	495,582
Forfeited during the year	(308,350)	(48,300)
Exercised during the year	(119,673)	(277,180)
Outstanding at the end of the year	1,746,765	1,547,811
Exercisable at the end of the year	187,634	220,550

The weighted average fair value of options granted during the year was £650,000 (2012 £433,000)

Options outstanding at 31 March 2013 had a weighted average contractual life of 7.9 years (2012 7.8 years)

## Big Yellow Self Storage Company Limited

### Notes to the financial statements Year ended 31 March 2013

#### 19. Share based payments (continued)

	2013 No. of options	2013 Weighted average exercise price (£)	2012 No of options	2012 Weighted average exercise price (£)
<b>Employee Share Save Scheme ("SAYE")</b>				
Outstanding at beginning of year	380,675	1.86	302,599	1.73
Granted during the year	53,657	2.40	124,702	2.40
Forfeited during the year	(13,468)	2.98	(35,225)	2.38
Exercised during the year	(222,218)	1.41	(11,401)	2.66
Outstanding at the end of the year	198,646	2.61	380,675	1.86
Exercisable at the end of the year	-	-	-	-

Options outstanding at 31 March 2013 had a weighted average contractual life of 2.5 years (2012: 1.6 years)

The inputs into the Black-Scholes model are as follows

	LTIP	SAYE
Expected volatility	30%	37%
Expected life	3 years	3 years
Risk-free rate	0.8%	1.4%
Expected dividends	4.4%	4.3%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant

#### Long term bonus performance plan

The Group has a joint share ownership plan in place. This is accounted for as an equity instrument. The plan was set up in November 2012. Directors have a partial interest in 1,500,000 shares with the Group's Employee Benefit Trust. The fair value of each award is £2 subject to the vesting criteria as set out in the Directors' Remuneration Report. At 31 March 2013 the weighted average contractual life was 2.6 years.



## **.Big Yellow Self Storage Company Limited**

### **Notes to the financial statements Year ended 31 March 2013**

#### **20. Subsidiaries**

	<b>Place of incorporation (or registration) and operation</b>	<b>Proportion of ownership interest</b>	<b>Proportion of voting power held</b>
Speed 8546 Limited	UK	100%	100%
Silicon Investments Limited	UK	100%	100%
Big Yellow Self Storage (GP) Ltd	UK	51%	51%

The investments in Speed 8546 Limited and Silicon Investments Limited had been impaired in previous years to the nominal value of the shares. The investment in Big Yellow Self Storage (GP) Ltd has been stated at cost.

#### **21. Called up share capital**

	<b>2013 £</b>	<b>2012 £</b>
<b>Authorised:</b> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid:</b> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

#### **22. Capital commitments**

Amounts contracted but not provided in respect of the company's properties as at 31 March 2013 were £nil (2012 £4.9m)

