Mobile Mini UK Limited

Annual report and financial statements

Registered number 02862423

31 December 2017

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Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

Principal activities

The principal activity of the company during the year was the rental of steel storage units and anti-vandal portable offices and toilets.

Business review

Performance

The results for the year show a profit after taxation of £10,513,000 *(2016: £12,231,000).*

The company operates from a network of 15 strategically located branches across the UK, providing quality storage and portable accommodation solutions to a broad customer base.

The company has continued to grow its rental fleet whilst maintaining high utilisation. Despite the limited growth currently being seen in the UK economy, our fleet size and nationwide footprint has allowed us to continue to grow, as demonstrated by the company's £6.7 million increase in revenues. This growth has come from organic growth, as well as a full year's contribution from the acquisitions made in November 2016.

The company continues to invest further capital into infrastructure, such as transportation equipment and yard and workshop facilities, to enable us to better serve our customers. In addition, the increased demand for many products seen in 2017 has required continued capital expenditure on our lease fleet, all of which has been funded through operating cash flows.

Acquisitions

On 30 November 2016 the company purchased Mr. Box Limited and Containers 2000 Limited. Mr. Box, based near Ipswich, services customers across the UK and had a fleet of approximately 2,600 containers for hire, as well as a substantial container sales and conversion business. The company has built a reputation for superb customer service and has established a position as a niche supplier to the fast-growing self-storage industry. Mr. Box operates as a separate division within Mobile Mini, supported by Mobile Mini's national network of branches.

Containers 2000, a Gateshead based container business with customers across the North East, operated a fleet of approximately 700 high quality secure storage containers and has been integrated into Mobile Mini's existing branch network.

Future developments

The directors consider that the company will continue with its principal activities for the foreseeable future. The markets in which the company operates remain highly competitive and following the Brexit vote the outlook for the UK economy remains uncertain. However the directors remain confident that the company is well placed to prosper in future years.

Measurement

The company undertakes comprehensive business planning to define long term strategic objectives and goals. Annual budgets and operational plans are prepared utilising financial and non-financial Key Performance Indicators ("KPIs"). These KPIs include rental fleet utilisation rates, delivery performance, customer service, sales plan achievement, cost and a number of health and safety and employee related KPIs. The board considers that the company has a very effective measurement and reporting system, consistent with its size and complexity.

As far as financial performance is concerned the key measurements used by the company are turnover, gross profit and operating profit margin. The company's key financial indicators during the year were as follows:

	2017	2016
Turnover (£000)	**65,430**	58,739
Gross profit (£000)	**47,311**	44,555
Operating profit margin	**24%**	30%

Strategic report *(continued)*

Business review *(continued)*

Principal risks and uncertainties

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, liquidity and cash flow risk. There are suitable policies in place to manage these risks and there are no other material risks and uncertainties which we are aware of.

The board considers the key risks and uncertainties facing the company to be:

- *Competitive risks*

  The company faces competition in the UK, and some contracts are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

- *Legislative risks*

  Legislative and regulatory changes relating to the storage and transportation sector may affect our ability to deliver our service to our customers or limit the applications that the company can offer.

- *Liquidity risks*

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and also manages liquidity risk via a revolving credit facility and short and long term debt facilities.

- *Foreign currency risks*

  The company has currency risks associated with the purchase of containers priced in US Dollars. Potential exposures to foreign currency exchange rate movements are monitored regularly by the board and actions, where appropriate, are taken to manage net open foreign currency positions.

By order of the board

C Morgan

C Morgan
Director

Ravenstock House
28 Falcon Court
Preston Farm Business Park
Stockton-on-Tees
TS18 3TX

26 September 2018

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2017.

Proposed dividend

The directors do not recommend the payment of a dividend *(2016: £nil)*.

Directors

The directors who held office during the year, and changes since the year end, were as follows:

C Morgan	
R Halchishak	(resigned 14 February 2018)
C Miner	
M Funk	(resigned 31 July 2017)
E Olsson	
V Welch	(appointed 31 August 2017)
G Parkes	(appointed 14 February 2018)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

During the year the company's policy of providing employees with information about the company has continued through the regular newsletter in which employees have been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

The company gives full and fair consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where employees become disabled during the course of their employment, every effort is made to provide them with continuing employment.

Political contributions

The company made no political donations nor incurred any political expenditure during the year *(2016: £nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

C Morgan
Director

Ravenstock House
28 Falcon Court
Preston Farm Business Park
Stockton-on-Tees
TS18 3TX

26 September 2018

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Mobile Mini UK Limited

Opinion

We have audited the financial statements of Mobile Mini UK Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Mobile Mini UK Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Nick Plumb

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

28 September 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	3	**65,430**	58,739
Cost of sales		**(18,119)**	(14,184)
Gross profit		**47,311**	44,555
Distribution costs		**(3,610)**	(3,080)
Administrative expenses		**(28,267)**	(24,009)
Other operating (expense)/income	4	**(50)**	184
Operating profit		**15,384**	17,650
Other interest receivable and similar income	8	**6**	1
Interest payable and similar expenses	9	**(2,336)**	(2,197)
Profit before taxation	3-7	**13,054**	15,454
Tax on profit	10	**(2,541)**	(3,223)
Profit for the financial year	22	**10,513**	12,231
Other comprehensive income		**-**	-
Total comprehensive income for the year		**10,513**	12,231

Balance Sheet
at 31 December 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Intangible assets	*11*		6,036		6,632
Tangible assets	*12*		128,297		122,103
Investments	*13*		4,420		4,420
			138,753		133,155
Current assets					
Stocks	*14*	1,474		1,151	
Debtors	*15*	16,440		16,712	
Cash at bank and in hand		9,337		1,294	
		27,251		19,157	
Creditors: amounts falling due within one year	*16*	(41,609)		(15,420)	
Net current (liabilities)/assets			(14,358)		3,737
Total assets less current liabilities			124,395		136,892
Creditors: amounts falling due after more than one year	*17*		(1,083)		(25,898)
Provisions for liabilities					
Deferred tax liability	*19*		(13,180)		(11,313)
Net assets			110,132		99,681
Capital and reserves					
Called up share capital	*21*		10,112		10,112
Retained earnings	*22*		100,020		89,569
Shareholders' funds			110,132		99,681

These financial statements were approved by the board of directors on 26 September 2018 and were signed on its behalf by:

C Morgan
Director

Company registered number: 02862423

Statement of Changes in Equity

	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	10,112	77,386	87,498
Total comprehensive income for the year			
Profit or loss	-	12,231	12,231
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12,231	12,231
Transactions with owners, recorded directly in equity			
Credit in relation to equity-settled share based payments	-	152	152
Share based payments recharge by the ultimate parent undertaking	-	(200)	(200)
Total contributions by and distribution to owners	-	(48)	(48)
Balance at 31 December 2016	10,112	89,569	99,681
Balance at 1 January 2017	**10,112**	**89,569**	**99,681**
Total comprehensive income for the year			
Profit or loss	-	**10,513**	**10,513**
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**10,513**	**10,513**
Transactions with owners, recorded directly in equity			
Credit in relation to equity-settled share based payments	-	**162**	**162**
Share based payments recharge by the ultimate parent undertaking	-	**(224)**	**(224)**
Total contributions by and distribution to owners	-	**(62)**	**(62)**
Balance at 31 December 2017	**10,112**	**100,020**	**110,132**

Retained earnings represents accumulated comprehensive income for the year and prior periods plus share-based payments adjustments and related tax credits, charges from the parent company for share-based payments less dividends paid.

Notes
(forming part of the financial statements)

1 Accounting policies

Mobile Mini UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02862423 and the registered address is Ravenstock House, 28 Falcon Court, Preston Farm Business Park, Stockton-on-Tees, United Kingdom, TS18 3TX.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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

The company's ultimate parent undertaking, Mobile Mini Inc includes the company in its consolidated financial statements. The consolidated financial statements of Mobile Mini Inc are available to the public and may be obtained from the address provided in note 25. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Mobile Mini Inc include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemption available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Measurement convention

The financial statements are prepared on the historical cost basis.

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 Strategic report. The company meets its day to day working capital requirements through its positive cash balances, cash generated from operating activities, group banking facilities and funding from companies within the Mobile Mini Inc group. The group banking facilities include a revolving credit facility of £101 million, available till December 2020, which was undrawn at the year end.

Notwithstanding the net current liabilities at 31 December 2017 of £14,358,000 the financial statements have been prepared on a going concern basis which the directors believe to be appropriate. Subsequent to the year end the company's secured loan note, due within one year, was repaid in full through a drawdown of the company's revolving credit facility. As a result £20 million of debt due within one year is now due in 2020. The undrawn balance on the revolving credit facility amounted to £81 million and is available till December 2020. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available through current facilities and therefore the directors believe that the company is well placed to manage its business risks successfully. The projections assume that the company will not be required to make good any default by any other group company and the directors have no reason to believe that there will be such a default.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives and residual values are as follows:

Plant and machinery	-	5 - 10 years straight line less up to 20% residual value
Motor vehicles	-	5 years straight line
Office equipment	-	5 years straight line
Trucks and forklifts	-	5 - 10 years straight line less up to 20% residual value
Rental fleet	-	5 - 30 years straight line less up to 55% residual value
Buildings and leasehold improvements	-	Remaining lease life on a straight line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Notes *(continued)*

1 Accounting policies *(continued)*

***Intangible assets and goodwill** (continued)*

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be between 10 to 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

***Impairment excluding stocks and deferred tax assets** (continued)*

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

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

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised, as a capital contribution, in retained earnings as a component of equity.

Where the company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction in the capital contribution. If the amount charged is in excess of the share-based payment charge the company treats the excess as a notional distribution and charges this to retained earnings.

Notes *(continued)*

1 Accounting policies *(continued)*

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Turnover represents the amount receivable in the ordinary course of business from the provision of goods and services to customers. Turnover is measured at the fair value of the right to consideration net of sales related rebates, discounts and value added tax.

Revenue from the rental of containers and portable accommodation units is recognised in the profit and loss account on a straight line basis over the life of the lease.

Revenue from the sale of containers and portable accommodation units is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on dispatch of the goods.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences between accumulated depreciation and tax allowances for the cost of a fixed asset are not provided for if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Acquisitions

Acquisitions in the current period

There were no acquisitions in the current financial year.

Acquisitions in the prior period

On 30 November 2016, the company acquired the entire share capital of Mr. Box Limited and Containers 2000 Limited for total consideration of £7,128,000. Subsequent to the acquisitions, on the same date, the trade and net assets of both companies were hived-up into Mobile Mini UK Limited at their book values at that date. The acquisitions and subsequent hive-up had the following effect on the company's assets and liabilities:

	Recognised values on hive-up		
	Mr. Box	**Containers 2000**	**Total**
	£000	**£000**	**£000**
Acquiree's net assets at the hive-up date:			
Tangible fixed assets	3,544	908	4,452
Stocks	454	-	454
Trade and other debtors	449	141	590
Cash	799	-	799
Trade and other creditors	(1,579)	(87)	(1,666)
Deferred tax liability	(450)	(113)	(563)
Net identifiable assets and liabilities	3,217	849	4,066
Total purchase consideration – satisfied by:			
Related party payables	3,217	849	4,066

Mr. Box Limited had revenue of £3,581,000 and made a profit of 352,000 from the beginning of its financial year to the date of hive-up. Revenue of £596,000 and a profit of £120,000 was recognised from the hive-up to the end of the prior financial year.

Containers 2000 Limited had revenue of £273,000 and made a profit of £70,000 from the beginning of its financial year to the date of hive-up. Revenue of £32,000 and a profit of £23,000 was recognised from hive-up to the end of the prior financial year.

Notes *(continued)*

3 Analysis of turnover

	2017 £000	2016 £000
Sale of goods	**5,082**	969
Rendering of services	**60,348**	57,770
Total turnover	**65,430**	58,739

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to the rental and sale of storage units and portable accommodation units and is conducted in one significant geographical area, being the UK.

4 Other operating (expense)/income

	2017 £000	2016 £000
Net (loss)/gain on disposal of tangible fixed assets	**(50)**	184

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £000	2016 £000
Impairment loss on trade receivables	**538**	213
Reversal of impairment loss on trade receivables	**(89)**	(31)
Impairment of stock	**5**	-
Depreciation and other amounts written off tangible fixed assets	**5,223**	4,855
Amortisation of goodwill	**596**	356
Operating lease charges	**1,581**	1,840
Rental income from leasing fleet	**(59,689)**	(57,206)

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	**61**	59
Amounts receivable by the company's auditor and its associates in respect of:		
Audit -related assurance services	**13**	13
Taxation compliance services	**22**	12

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2017	2016
Administration	**177**	162
Sales and marketing	**56**	55
Production, yard and drivers	**196**	189
	429	406

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	**13,020**	11,649
Share based payments (note 20)	**162**	152
Social security costs	**1,320**	1,205
Other pension costs (note 20)	**332**	298
	14,834	13,304

7 Remuneration of directors

	2017 £000	2016 £000
Directors' emoluments	**184**	167
Amounts receivable under long term incentive schemes	**23**	39
Company contributions to money purchase pension schemes	**7**	7

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £207,000 *(2016: £206,000)* and company pension contributions of £7,000 *(2016: £7,000)* were made to a money purchase scheme on his behalf. During the year, the highest paid director exercised share options and received shares under a long term incentive scheme. Only one *(2016: one)* of the directors serving during the year were directly remunerated by the company. The remaining directors received no emoluments from the company in respect of their services during the year. Emoluments received by the remaining directors in respect of their services to the company's ultimate parent, Mobile Mini Inc., are disclosed in the financial statements of that company.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1
The number of directors who exercised share options was	**1**	1
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	**1**	1

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year.

Notes *(continued)*

8 Other interest receivable and similar income

	2017 £000	2016 £000
Bank interest	6	1

9 Interest payable and similar expenses

	2017 £000	2016 £000
On bank loans and overdrafts	395	398
On inter-company loan note	1,940	1,793
Finance charges payable in respect of finance leases	1	6
	2,336	2,197

10 Taxation

Total tax expense recognised in the profit and loss account

	2017		2016	
	£000	£000	£000	£000
Current tax				
Current tax on income for the period	672		25	
Adjustment in respect of prior periods	2		-	
Total current tax		674		25
Deferred tax (see note 19)				
Origination/reversal of timing differences	2,109		3,122	
Effect of reduction in tax rate	(247)		(978)	
Adjustment in respect of previous years	5		1,054	
Total deferred tax		1,867		3,198
Total tax expense recognised in the profit and loss account		2,541		3,223

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	10,513	12,231
Total tax expense	2,541	3,223
Profit excluding taxation	13,054	15,454

Notes *(continued)*

10 Taxation *(continued)*

Reconciliation of effective tax rate *(continued)*

	2017	2016
	£000	£000
Tax using the UK corporation tax rate of 19.25% *(2016: 20%)*	**2,513**	3,091
Reduction in tax rate on deferred tax balances	**(247)**	(978)
Expenses not deductible for tax purposes	**240**	116
Non-taxable income	**-**	(65)
Share based payments deduction	**28**	5
Under provided in prior years	**7**	1,054
Total tax expense included in profit or loss	**2,541**	3,223

Factors that may affect future current and total tax charges

At the balance sheet date the company had unutilised trading losses of approximately £nil *(2016: £5.5 million)* available to carry forward against future taxable profits of the company.

Reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax balance at 31 December 2017 has been calculated based on these rates.

11 Intangible assets

	Goodwill
	£000
Cost	
At beginning and end of year	9,406
Amortisation	
At beginning of year	2,774
Charged in year	596
At end of year	3,370
Net book value	
At 31 December 2017	**6,036**
At 31 December 2016	6,632

Goodwill is amortised on a straight line basis over its useful life. In respect of acquisitions prior to 1 January 2014, goodwill of £6,583,000 is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP prior to the transition to FRS 102. The finite useful life of this goodwill is estimated to be 20 years.

Goodwill of £115,000, in respect of the business combinations during 2015, is being amortised over a period of 10 years. Goodwill of £2,708,000, in respect of the business combinations during the prior year, is also being amortised over 10 years. In the opinion of the directors this represents a prudent estimate of the period over which the company will derive direct economic benefit from the businesses acquired.

The amortisation charge is recognised within administrative expenses in the profit and loss account.

Notes *(continued)*

12 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Office equipment £000	Rental fleet £000	Total £000
Cost					
At beginning of year	4,378	16,925	1,704	123,824	146,831
Additions	1,475	3,293	182	8,554	13,504
Disposals	(1,020)	(288)	(120)	(1,554)	(2,982)
Transfers between items	4	136	(9)	(131)	-
At end of year	4,837	20,066	1,757	130,693	157,353
Depreciation and impairment					
At beginning of year	2,165	4,271	1,447	16,845	24,728
Charge for year	441	2,006	131	2,645	5,223
On disposals	(212)	(236)	(119)	(328)	(895)
Transfers between items	1	12	(1)	(12)	-
At end of year	2,395	6,053	1,458	19,150	29,056
Net book value					
At 31 December 2017	**2,442**	**14,013**	**299**	**111,543**	**128,297**
At 31 December 2016	2,213	12,654	257	106,979	122,103

Land and buildings include freehold land with a cost of £340,000 *(2016: £1,040,000)* which has not been subject to depreciation.

Included within the cost of tangible fixed assets is £130,693,000 *(2016: £123,824,000)* relating to assets held for leasing to customers. The accumulated depreciation in respect of such assets amounted to £19,150,000 *(2016: £16,845,000)*.

At 31 December 2017 the net carrying amount of office and transportation equipment leased under a finance lease was £nil and £106,000 respectively *(2016: £33,000 and £133,000)*. The leased equipment secures lease obligations (see note 18).

Security

Tangible fixed assets have been pledged as security over borrowing within the Mobile Mini Inc. group (see note 24).

Notes *(continued)*

13 Fixed asset investments

	Shares in group undertakings £000
Cost and net book value	
Balance at 1 January 2017 and 31 December 2017	**4,420**

On 30 November 2016, the company acquired the entire share capital of Mr. Box Limited and Containers 2000 Limited for a cash consideration, subject to completion adjustments, of £5,083,000 and £2,045,000 respectively.

As a result of the subsequent hive-up of the trade and net assets of these subsidiaries during 2016, the value of the company's investment in these subsidiary undertakings fell below the amount at which it was stated in the company's accounting records. Schedule 1 to the Companies Act 2006 'The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410)' requires that the investments be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there had been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it was instead reallocated to goodwill, so as to recognise the value of subsidiaries' trade. The effect of this departure is a net decrease in the company's profit for the year of £269,000 *(2016: £nil)* and to increases the net cumulative amount of goodwill capitalised, net assets and shareholders' funds by £2,439,000 *(2016: £2,708,000).*

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares held**
Mr. Box Limited	England and Wales [1]	Non-trading	100% ordinary
Containers 2000 Limited	England and Wales [1]	Non-trading	100% ordinary

[1] registered office: Ravenstock House, 28 Falcon Court, Preston Farm Business Park, Stockton-on-Tees, TS18 3TX.

14 Stocks

	2017 £000	2016 £000
Raw materials and consumables	**685**	587
Finished goods and goods for resale	**789**	564
	1,474	1,151

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £4,315,000 *(2016: £1,007,000).* Stock are stated after provisions for impairment of £127,000 *(2016: £122,000).*

Notes *(continued)*

15 Debtors

	2017 £000	2016 £000
Trade debtors	**14,350**	14,632
Amounts owed by group undertakings	**541**	557
Other debtors	**95**	18
Prepayments and accrued income	**1,454**	1,505
	16,440	16,712

Trade debtors are stated after provisions for impairment of £867,000 *(2016: £829,000)*.

16 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Obligations under finance leases (see note 18)	**23**	54
Inter-company loan note (see note 18)	**26,585**	-
Trade creditors	**1,026**	2,402
Amounts owed to group undertakings	**5,909**	4,200
Corporation tax payable	**16**	320
Other taxation and social security	**1,379**	1,969
Other creditors	**125**	233
Accruals and deferred income	**6,546**	6,242
	41,609	15,420

17 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans and overdrafts (see note 18)	**-**	150
Obligations under finance leases (see note 18)	**83**	103
Inter-company loan note (see note 18)	**-**	24,645
Amounts owed to group undertakings (see note 18)	**1,000**	1,000
	1,083	25,898

Notes *(continued)*

18 Loans and borrowings

This note provides information about the contractual terms of the company's loans and borrowings, which are measured at amortised cost.

	2017 £000	2016 £000
Creditors falling due after more than one year		
Bank loans and overdrafts	-	150
Finance lease liabilities	83	103
Inter-company loan note	-	24,645
Amounts owed to group undertakings	1,000	1,000
	1,083	25,898
Creditors falling due within less than one year		
Finance lease liabilities	23	54
Intercompany loan note	26,585	-
	26,608	54

Bank loans and overdraft

Mobile Mini Inc. has a revolving credit facility in place with Deutsche Bank and, as a subsidiary, Mobile Mini UK Limited can make borrowings of up to £101 million on this line of credit from time to time. The borrowings are arranged by the parent undertaking on behalf of Mobile Mini UK Limited.

The credit facility with Deutsche Bank, all of which was undrawn at the year end, is scheduled to mature in December 2020. The facility is secured by substantially all of the group's tangible and intangible assets and is subject to several covenants. Under the terms of the revolving credit facility agreement, the group was in compliance with all covenants as at 31 December 2017.

Loans under the revolving credit facility bear interest at either LIBOR plus a spread ranging from 1.25% to 1.75%, or the prime rate plus a spread from 0.25% to 0.75%.

Interest on outstanding borrowings is payable monthly or, with respect to LIBOR borrowings, either quarterly or on the last day of the applicable interest period (whichever is most frequent).

In addition to paying interest on the outstanding principal amount, an unused revolving credit facility fee is payable monthly in arrears.

Inter-company loan note

The secured loan note, with a fellow group company, is repayable on 25 January 2018. The principal value of the loan note is £30,517,000 and was issued at a discounted price of £20,890,000. The discount on the loan notes is amortised over the term of the note and is recognised within interest payable within the profit and loss account. During 2014 the company made an early repayment against this loan note totalling £3,000,000.

Subsequent to the year end the secured loan note was repaid in full through a drawdown of the company's revolving credit facility with Deutsche Bank and utilisation of surplus cash balances.

Amounts owed to group undertakings

The amounts owed to group undertakings have no fixed repayment date and are available to the company until such date both the company and the inter-company loan provider agree to any repayment.

Notes *(continued)*

18 Loans and borrowings *(continued)*

The maturity profile of the company's loans and borrowings at 31 December was as follows:

	2017 £000	2016 £000
Less than one year	**26,608**	54
Between one and five years	**83**	24,883
More than five years	**-**	15
	26,691	24,952
Inter-company loan with no fixed repayment date	**1,000**	1,000
	27,691	25,952

Finance lease liabilities

The future minimum finance lease payments are payable as follows:

	2017 £000	2016 £000
Less than one year	**23**	54
Between one and five years	**84**	91
More than five years	**-**	15
	107	160
Less: finance charges	**(1)**	(3)
Carrying amount of liability	**106**	157

The finance leases primarily relate to transportation and office equipment used in the company's distribution operations.

19 Deferred tax liabilities

	2017 £000	2016 £000
Balance at 1 January	**11,313**	7,552
Arising on hive-up (note 2)	**-**	563
Charge to the profit and loss for the year	**1,867**	3,198
Balance at 31 December	**13,180**	11,313

The elements of deferred taxation are as follows:

	2017 £000	2016 £000
Difference between accumulated depreciation and amortisation and capital allowances	**13,397**	12,455
Other timing differences	**(217)**	(212)
Tax losses	**-**	(930)
	13,180	11,313

Notes *(continued)*

20 Employee benefits

Defined contribution plans

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £332,000 *(2016: £298,000)*.

Contributions amounting to £33,000 *(2016: £2,000)* were payable to the scheme and are included in creditors.

Share based payments

The company's ultimate parent undertaking, Mobile Mini Inc., has an Equity Incentive Plan ("the 2006 plan") in place which also applies to the directors and employees of the company. There are also two expired compensation plans, one of which still has outstanding options subject to exercise or termination. No additional options can be granted under the expired plans.

Awards granted under the 2006 plan include stock options and share awards of restricted stock. Both stock options and share awards may be granted to officers and other employees. Awards under these plans are granted with an exercise price per share equal to the fair market value of the parent company's common stock on the date of grant.

Each outstanding stock option must expire no more than 10 years from the date it was granted, unless exercised or forfeited before the expiration date, and historically options are granted with vesting over a 3 to 4.5 year period. Restricted share awards vest over a period of up to 5 years. The first tranche vests one year after the grant date and annually thereafter in 20% - 25% increments. The award will vest if the employee remains in service for a specified period from the date of the grant.

The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The expense recognised in the profit and loss during the year to 31 December 2017 is £162,000 *(2016: £152,000)*.

21 Called up share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
10,112,070 *(2016: 10,112,070)* Ordinary shares of £1 each	**10,112**	10,112

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

22 Retained earnings

	2017 £000	2016 £000
At beginning of year	**89,569**	77,386
Profit for the year	**10,513**	12,231
Equity settled share based payments	**162**	152
Share based payments recharge by the ultimate parent undertaking	**(224)**	(200)
At end of year	**100,020**	89,569

Notes *(continued)*

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	**1,538**	1,148
Between one and five years	**4,363**	1,908
More than five years	**1,342**	786
	7,243	3,842

During the year £1,581,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2016: £1,840,000).*

24 Contingencies

Mobile Mini Inc. has a revolving credit facility in place with Deutsche Bank and other lenders and the company is liable, jointly and severally with other members of the group in respect of borrowings within the group.

The group's borrowings, which amounted to US$634.3 million *(2016: US$641.2 million)* at the balance sheet date, are secured by a blanket lien on substantially all of the group's assets.

25 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of Mobile Mini UK Holdings Limited, a company registered in England and Wales. Mobile Mini UK Holdings Limited is a subsidiary undertaking of Mobile Mini Inc., which is the ultimate parent company incorporated in the state of Arizona, USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Mobile Mini Inc. The consolidated financial statements of the group are available to the public and may be obtained from Mobile Mini Inc, 4646 East Van Buren, Suite 400, Phoenix, Arizona 85008, USA.

26 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the company to make estimates and certain presumptions that can affect the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and presumptions. The most significant judgment made in these accounts relate to the following:

Useful economic lives and residual values of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1 for the estimated useful economic lives and residual values for each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.