

**Company Registration No. 04103205**

**.Big Yellow Self Storage (GP) Limited**

**Report and Unaudited Financial Statements**

**Year ended 31 March 2017**

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# **.Big Yellow Self Storage (GP) Limited**

## **Report and unaudited financial statements 2017**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Balance sheet</b>	<b>4</b>
<b>Statement of changes in equity</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6</b>

# **.Big Yellow Self Storage (GP) Limited**

## **Report and unaudited financial statements 2017**

### **Officers and professional advisers**

#### **Directors**

Adrian Lee  
Nicholas Vetch  
James Gibson  
John Trotman

#### **Secretary**

Shauna Beavis

#### **Registered office**

2 The Deans  
Bridge Road  
Bagshot  
Surrey  
GU19 5AT

#### **Bankers**

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

#### **Solicitors**

CMS Cameron McKenna  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

## **.Big Yellow Self Storage (GP) Limited**

### **Directors' report**

The directors present their annual report and the unaudited financial statements for the year ended 31 March 2017.

The directors have elected to prepare the financial statements for the company in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

#### **Principal activities and future prospects**

The company is the General Partner of Big Yellow Limited Partnership ("the Partnership"), and has a 0.1% share in the Partnership.

The company has been dormant throughout the year as defined in section 1169 of the Companies Act 2006.

#### **Financial risk factors**

The company has no significant concentrations of credit risk.

#### **Profit and loss account**

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the period under review. There have been no movements in shareholders' funds during the period under review.

#### **Cash flow statement**

No cash flow statement is presented with these financial statements because the company was dormant throughout the current and preceding year.

#### **Directors**

The directors of the company who served throughout the year are set out on page 1.

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



Shauna Beavis  
Secretary

4 December 2017

## **.Big Yellow Self Storage (GP) 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.

## **.Big Yellow Self Storage (GP) Limited**

### **Balance sheet 31 March 2017**

	Notes	2017 £	2016 £
<b>Non-current assets</b>			
Investment in partnership	3a	75	75
Investment in subsidiaries	3b	2	2
		<u>77</u>	<u>77</u>
<b>Current assets</b>			
Amounts owed by Big Yellow Limited Partnership		1,780	1,780
<b>Total current assets</b>		<u>1,780</u>	<u>1,780</u>
<b>Total assets</b>		<u>1,857</u>	<u>1,857</u>
<b>Current liabilities</b>			
Amounts owed to group undertakings		(2)	(2)
<b>Net current assets</b>		<u>1,778</u>	<u>1,778</u>
<b>Total liabilities</b>		<u>(2)</u>	<u>(2)</u>
<b>Net assets</b>		<u>1,855</u>	<u>1,855</u>
<b>Equity</b>			
Called-up share capital	4	2,000	2,000
Reserves	6	(145)	(145)
<b>Shareholders' funds</b>		<u>1,855</u>	<u>1,855</u>

For the year ended 31 March 2017 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Big Yellow Self Storage (GP) Limited (registered number 04103205) were approved by the Board of Directors on 4 December 2017.

Signed on behalf of the Board of Directors



John Trotman

Director

## **.Big Yellow Self Storage (GP) Limited**

### **Statement of changes in equity Year ended 31 March 2017**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 April 2016	2,000	(145)	1,855
Result for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2017	<u>2,000</u>	<u>(145)</u>	<u>1,855</u>

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 April 2015	2,000	(145)	1,855
Result for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2016	<u>2,000</u>	<u>(145)</u>	<u>1,855</u>

# **.Big Yellow Self Storage (GP) Limited**

## **Notes to the financial statements**

**Year ended 31 March 2017**

### **1. General information**

.Big Yellow Self Storage (GP) Limited is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given on page 1.

These financial statements are presented in pounds sterling because that is the currency of the economic environment in which the company operates.

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

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. They include the results of the activities described in the Director's report, all of which are continuing.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

The company's business activities and principal risks and uncertainties are detailed in the directors' report. Liquidity is managed at group level using long term group bank facilities. Having considered these risks and the uncertainties in the current economic environment, 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 adopt the going concern basis in preparing the financial statements.

#### **Investment in Partnership**

*The investment in the Partnership is initially recorded at cost. To the extent that the investment value has been permanently diminished, this will be recorded against the cost of investment.*

#### **Investment in subsidiaries**

These are recognised at cost less provision for any impairment.

### **3. Investments**

#### *3a Investment in Partnership*

	<b>£</b>
<b>Cost and net book value</b>	
At 1 April 2016 and 31 March 2017	75

The investment is in Big Yellow Limited Partnership, and was paid by the company as a capital contribution.

#### *3b Investment in Subsidiaries*

	<b>£</b>
<b>Cost and net book value</b>	
At 1 April 2016 and 31 March 2017	2

The investment balance represents a £1 investment in Big Yellow Nominee No. 1 Limited and a £1 investment in Big Yellow Nominee No. 2 Limited, both companies are incorporated in the United Kingdom. The Company owns 100% of the voting interest and power in both of these companies. The principal activity of both companies is to act as nominee companies on behalf of Big Yellow Limited Partnership.



## **.Big Yellow Self Storage (GP) Limited**

### **Notes to the financial statements**

#### **Year ended 31 March 2017**

##### **4. Called up share capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
2,000 ordinary shares of £1 each (2015: 2,000 ordinary shares of £1 each)	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
<b>Called up, allotted and fully paid:</b>		
2,000 ordinary shares of £1 each (2015: 2,000 ordinary shares of £1)	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

##### **5. Related party transactions**

The Company has a 0.1% interest in Big Yellow Limited Partnership, and acts as the General Partner to the Partnership. There were no related party transactions in either year.

##### **6. Reserves**

	<b>£</b>
At 1 April 2016	145
Result for the year	-
	<u>-</u>
At 31 March 2017	145
	<u>145</u>

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

.Big Yellow Self Storage (GP) Limited is a wholly owned subsidiary of .Big Yellow Self Storage Company Limited.

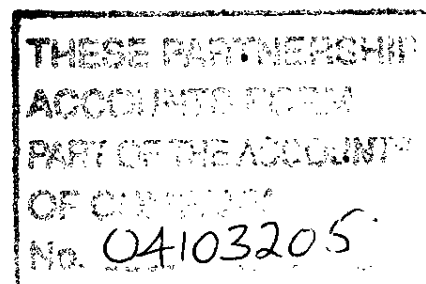
The ultimate parent of .Big Yellow Self Storage Company Limited is Big Yellow Group PLC, incorporated in the United Kingdom. The accounts for the ultimate parent company Big Yellow Group PLC can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UX.

**Company Registration No. LP012574**

**Big Yellow Limited Partnership**

**Report and Financial Statements**

**Year ended 31 March 2017**



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# **Big Yellow Limited Partnership**

## **Report and financial statements 2017**

<b>Contents</b>	<b>Page</b>
<b>Report of the General Partner</b>	<b>1</b>
<b>Statement of General Partner's responsibilities</b>	<b>7</b>
<b>Independent auditor's report</b>	<b>8</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Reconciliation of movements in partners' capital</b>	<b>12</b>
<b>Cash flow statement</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14</b>

# Big Yellow Limited Partnership

## Report of the General Partner

The General Partner submits its report and financial statements for Big Yellow Limited Partnership (“the Partnership”) for the year ended 31 March 2017.

### Introduction

Big Yellow Limited Partnership is a limited partnership registered in Great Britain under the Limited Partnership Act 1907. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey GU19 5AT.

The General Partner of the Partnership is Big Yellow Self Storage (GP) Limited. The Limited Partners of the Partnership are Last Mile Company Limited and Pramerica Bell (Jersey) Unit Trust. Advances by the Limited Partners are made to the Partnership in the ratio of one third and two thirds respectively, and profits and losses are initially shared in this ratio. The General Partner made an initial capital contribution of £75,000 to the Partnership.

### STRATEGY AND BUSINESS MODEL BY THE GENERAL PARTNER

#### Our Strategy

Our strategy from the outset has been to develop Big Yellow into the market leading self storage brand, delivering excellent customer service, with a great culture and highly motivated employees. We continue to be the market leading brand, with unprompted awareness of seven times that of our nearest competitor (source: YouGov survey, April 2017). We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow. Our accreditation in 2016 for the Best 100 Companies to work for was pleasing as an independent assessment of our employee engagement, and our customer satisfaction survey scores remain very high, with an average customer net promoter score of 77 out of 100, and average Trustpilot scores of 9.5 out of 10.

Self storage demand from businesses and individuals at any given store is linked in part to local economic activity, consumer and business confidence, all of which are inter-related. Fluctuations in housing activity whether in the rented or owner occupied sector, are also a factor and in our view influence the top slice of demand over and above a core occupancy. *This has been demonstrated by the resilience of our like-for-like stores since September 2007 despite a collapse in housing activity and GDP over the period 2007 to 2009.* The performance of our stores was relatively resilient during the downturn, and within that London and the South East proved to be less volatile.

Local GDP and hence business and housing activity are greatest in the larger urban conurbations. Furthermore, people and businesses are space constrained in these more densely populated areas. Barriers to entry in terms of competition for land and difficulty around obtaining planning are also highest in more urbanised locations.

Our stores are on average 63,000 sq ft, compared to an industry average of approximately 43,000 sq ft (source: The Self Storage Association 2017 UK Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets, where self storage demand from domestic and business customers is the highest.

We continue to believe that the medium term opportunity to create shareholder value will be principally achieved by increasing occupancy and rental yield in our existing platform to drive revenue, the majority of which flows through to the bottom line.

Our key objectives remain:

- leveraging our market leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms;
- focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;
- growing occupancy and net rent so as to drive revenue optimally at each store;
- maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth;
- selectively adding to the portfolio through new site development and existing store acquisitions; and
- maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times.

# Big Yellow Limited Partnership

## Report of the General Partner

### Results for the year

The Partnership made a profit after tax of £16,124,000 for the year, an increase from £10,897,000 in the prior year.

### Principal Risks and Uncertainties

The section below details the principal risks and uncertainties that are considered to have the most material impact on the Partnership's strategy and objectives. These key risks are monitored on an ongoing basis by the Directors of Big Yellow Group PLC, and considered fully by the Board in its annual risk review.

Risk and impact	Mitigation	Change during the year and outlook
<b>Self storage market risk</b>		
There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.	<p>Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings within the sector have slowed significantly over the past few years.</p> <p>Our performance during the downturn was relatively resilient, although not immune. We believe that the resilience of our performance is due to a combination of factors including:</p> <ul style="list-style-type: none"><li>– a prime portfolio of freehold properties;</li><li>– a focus on London and the South East and other large metropolitan cities, which have proved more resilient during the downturn and where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest;</li><li>– the strength of operational and sales management;</li><li>– continuing innovation to deliver the highest levels of customer service;</li><li>– the UK's leading self storage brand, with high public awareness and online strength; and</li><li>– strong cash flow generation and high operating margins, from a secure capital structure.</li></ul> <p>We have a large current storage customer base of approximately 7,000 spread across the portfolio of stores and many thousands more who have used Big Yellow over the years. In any</p>	<p>The UK economy is projected to grow at approximately 1.6% in 2017, and is ahead of the level of output last achieved in 2007 before the global financial crisis. Self storage proved relatively resilient through the crisis, with our revenue and earnings increasing over the last seven years. As the economy has recovered in the past few years, the market risk has fallen in line with increasing occupancy.</p> <p>There is increased macroeconomic uncertainty associated with the UK's future exit from the EU, and this has resulted in a broad range of opinions on the UK's future economic performance.</p>

# Big Yellow Limited Partnership

## Report of the General Partner

month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker periods being the winter months.

### Valuation risk

The valuations of the Partnership's investment properties may fall due to external pressures or the impact of performance.

Lack of transactional evidence in the self storage sector leads to more subjective valuations.

The valuations are carried out by independent, qualified external valuers who value a significant proportion of the UK self storage industry.

The portfolio is diverse with approximately 7,000 customers currently using our stores for a wide variety of reasons.

There is significant headroom on our loan to value banking covenants.

The revaluation surplus on the Partnership's open stores investment properties was £7.8 million in the year (an uplift of 6%).

There has been an increase in transactional evidence in the year, with Big Yellow's acquisition of Lock and Leave, and the acquisition of the Big Box portfolio by Storage Mart.

### Treasury risk

The Partnership may face increased costs from adverse interest rate movements.

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out the remaining development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk.

We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows.

The Partnership reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover.

The Partnership regularly monitors its counterparty risk.

Interest rates are forecast to remain low for the foreseeable future, although following the reduction in the sterling exchange rates following the Brexit referendum, UK inflation is forecast to increase in 2017.

Debt providers currently remain supportive to companies with a strong capital structure. That said, a weaker macro-economic performance by the UK economy could adversely affect liquidity and pricing.

# Big Yellow Limited Partnership

## Report of the General Partner

### Tax and regulatory risk

The Partnership is exposed to changes in the tax regime affecting the cost of corporation tax, VAT and Stamp Duty Land Tax ("SDLT"), for example the imposition of VAT on self storage from 1 October 2012.

The UK's future exit from the EU creates uncertainty over the future UK tax and regulatory environment.

We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact.

HMRC have designated the Company as having a low-risk tax status, and we hold regular meetings with them. We carry out detailed planning ahead of any future regulatory and tax changes using our expert advisors.

There is a regulatory and tax uncertainty linked to the UK's future exit from the EU.

### Human resources risk

Our people are key to our success and as such we are exposed to a risk of high staff turnover, and a risk of the loss of key personnel.

With unemployment falling, and a risk of higher staff turnover, difficulty in finding the right employees increases.

We have developed a professional, lively and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review and challenge accepted norms, so as to contribute to the performance of the Partnership.

Big Yellow Group plc were ranked 80<sup>th</sup> in the Sunday Times Best 100 Companies to Work For survey in February 2016.

During the year, an employee consultancy conducted an engagement survey of all employees of Big Yellow Group plc. The survey results showed very high levels of employee engagement (90%), which was an increase from 86% from our previous survey in 2014.

### Security risk

The Partnership is exposed to the risk of the damage or loss of store due to vandalism, fire, or natural incidents such as flooding. This may also cause reputational damage.

The safety and security of our customers, their belongings, and stores remains a key priority. To achieve this we invest in state of the art access control systems, individual room alarms, digital CCTV systems, intruder and fire alarm systems and the remote monitoring of all our stores outside of our trading hours. We are the only major operator in the UK self storage industry that has every room in every store individually alarmed.

We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced

We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security.

We regularly review and implement improvements to our security processes and procedures.

# Big Yellow Limited Partnership

## Report of the General Partner

through training and routine operational procedures.

### Cyber risk

High profile cyber-attacks and data breaches are a regular staple in today's news. The results of any breach may result in reputational damage, or customer compensation, causing a loss of market share and income.

The Partnership receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring and regular review of our security systems, we also limit the retention of customer data to the minimum requirement.

Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.

We have also instigated a new working Company for compliance with the new EU General Data Protection Regulation ("GDPR") which comes into effect on 25 May 2018.

We don't consider the risk to have increased any faster for the Partnership than anyone else; however we consider that the threats in the entire digital landscape do continue to increase.

During the year we have continued to invest in digital security. Some of the changes include more frequent penetration testing of internet facing systems, adding components such as anti-ransomware as well as the maintenance replacement of components such as firewalls to the latest technology and specification.

### Internal audit

The Partnership does not have a formal internal audit function because the Board of Big Yellow Group plc has concluded that the internal controls systems are sufficient for the Partnership at this time. However, the Partnership engages a Store Compliance Manager responsible for reviewing store operational and financial controls. He reports to the Chief Financial Officer, and also meets with the Audit Committee at least once a year. This role is supported by an Assistant Store Compliance Manager, enabling additional work and support to be carried out across the Company's store portfolio. The Store Compliance team visit each operational store at least once a year to carry out a detailed store audit. These audits are unannounced and the Store Compliance team carry out detailed tests on financial management, administrative standards, and operational standards within the stores. Part of the store staff's bonus is based on the scores they achieve in these audits. The results of each audit are reviewed by the Chief Financial Officer, the Financial Controller and the Head of Store Operations of Big Yellow Self Storage Co Ltd.



# **Big Yellow Limited Partnership**

## **Report of the General Partner**

### **Going concern**

A review of the Partnership's business activities, together with the factors likely to affect its future development, performance and position is set out above in the "Report of the General Partner". Further information concerning the Partnership's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the notes to the financial statements.

The General Partner has also reviewed the Partnership cash balances, projected cash flows and forecast valuation movements. The stores are trading profitably at the EBITDA level at March 2017. Following this review, the General Partner believes that the Partnership has adequate resources to continue operations for the foreseeable future. In reaching this conclusion the General Partner has had regard to the Partnership's operating plan and budget for 2018 and projections contained in the longer term business plan. The General Partner has considered carefully the Partnership's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Partnership's performance and is satisfied with the Partnership's positioning. For this reason, the General Partner continues to adopt the going concern basis in preparing the financial statements.

The Partnership is in a net current liability position at year end. The Partnership received a letter of support from the Last Mile Company Ltd for 12 months from the date of the approval of these financial statements. The Partnership is supported by the Last Mile Company Ltd with limited exposure to liquidity or credit risk, and is financed by a loan from the Last Mile Company Ltd.

### **Auditor**

The General Partner at the date of approval of this report confirms that:

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

Approved by .Big Yellow Self Storage (GP) Limited, the General Partner, and signed on its behalf

Shauna Beavis



Secretary

14 December 2017

## **Big Yellow Limited Partnership**

### **Statement of the General Partner's responsibilities**

The Big Yellow Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (SI 1820/1993) require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 2006. The Partnership is a qualifying partnership as all of its members are either limited companies or entities whose members are limited companies.

.Big Yellow Self Storage (GP) Limited, acting as the General Partner, is responsible under the Limited Partnership Agreement for preparing the Report and Financial Statements in accordance with applicable laws and regulations. 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.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the General Partner is also required to:

- 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 Partnership's ability to continue as a going concern.

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with SI 1820/1993 (Regulation 4). It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Big Yellow Limited Partnership**

We have audited the financial statements (the "financial statements") of Big Yellow Limited Partnership ("the Partnership") for the year ended 31 March 2017 which comprise the statement of comprehensive income, the balance sheet, the reconciliation of movements in partners' capital, the cash flow statement and the related notes 1 to 13. 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 members of the Partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable to qualifying partnerships. Our audit work has been undertaken so that we might state to the Partnership'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 members of the Partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the General Partner and auditor**

As explained more fully in the Statement of the General Partner's Responsibilities, the General Partner is 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 Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the General Partner 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2017 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 Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic and Directors' Report has been prepared in accordance with applicable legal requirements.


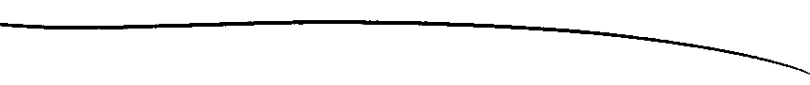
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic and Directors' Report.

## **Independent auditor's report to the members of Big Yellow Limited Partnership (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 members' 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  
Statutory Auditor  
Reading, United Kingdom

14 December 2017

## Big Yellow Limited Partnership

### STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2017

	Notes	2017 £000	2016 £000
<b>Revenue</b>	4	13,271	12,255
<b>Cost of sales</b>		<u>(5,051)</u>	<u>(4,992)</u>
<b>Gross profit</b>		8,220	7,263
<b>Administrative expenses</b>		<u>(20)</u>	<u>(12)</u>
<b>Operating profit before gain on investment properties</b>		8,200	7,251
<b>Gain on revaluation of investment properties</b>	6a	<u>7,806</u>	<u>3,516</u>
<b>Operating profit before tax</b>		16,006	10,767
<b>Investment income -interest receivable</b>	5	118	130
<b>Profit for the year before Partners' interests</b>	11	<u>16,124</u>	<u>10,897</u>
<b>Profit for the financial year for discretionary division amongst Partners</b>	11	<u>16,124</u>	<u>10,897</u>
<b>Profit for the year</b>	11	<u>16,124</u>	<u>10,897</u>

All recognised gains and losses in the current financial year are reflected in the statement of comprehensive income and are derived from continuing activities.

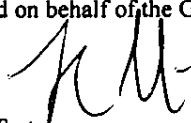
# Big Yellow Limited Partnership

## BALANCE SHEET 31 March 2017

	Notes	2017 £000	2016 £000
<b>Non-current assets</b>			
Investment property	6a	129,780	121,560
Plant and equipment	6b	153	183
Capital Goods Scheme receivable	7	1,780	2,365
		<u>131,713</u>	<u>124,108</u>
<b>Current assets</b>			
Trade and other receivables	7	2,151	2,168
Cash and cash equivalents		416	1,053
		<u>2,567</u>	<u>3,221</u>
<b>Total assets</b>		<u>134,280</u>	<u>127,329</u>
<b>Current liabilities</b>			
Trade and other payables	8	(14,589)	(9,184)
		<u>(14,589)</u>	<u>(9,184)</u>
<b>Non-current liabilities</b>			
Intercompany borrowings	9	(25,372)	(39,950)
		<u>(25,372)</u>	<u>(39,950)</u>
<b>Total liabilities</b>		<u>(39,961)</u>	<u>(49,134)</u>
<b>Net assets attributable to partners</b>		<u>94,319</u>	<u>78,195</u>
<b>Represented by:</b>			
<b>Partners' capital</b>			
General Partner's capital classified as a liability	11	75	75
Limited Partners' capital	11	94,244	78,120
		<u>94,319</u>	<u>78,195</u>

In accordance with the Limited Partnership Agreement, the financial statements were approved by the General Partner and authorised for issue on 14 December 2017.

Signed on behalf of the General Partner



John Trotman  
Director

Company Registration No LP012574

## Big Yellow Limited Partnership

### Reconciliation of movements in partners' capital

Year ended 31 March 2017

	Notes	2017 £000	2016 £000
Total comprehensive income for the year		<u>16,124</u>	<u>10,897</u>
Net increase in partner' capital		16,124	10,897
Partners' capital at start of year	11	<u>78,195</u>	<u>67,298</u>
Partners' capital at end of year	11	<u>94,319</u>	<u>78,195</u>

## Big Yellow Limited Partnership

### Cash flow statement Year ended 31 March 2017

	2017 £000	2016 £000
Operating profit	16,006	10,767
Gain on the revaluation on the investment properties	(7,806)	(3,516)
Depreciation	70	84
Increase in inventories	-	(50)
Decrease in receivables	15	784
Increase in payables	6,110	5,428
<b>Cash generated from operating activities</b>	<b>14,395</b>	<b>13,497</b>
Interest received	-	1
<b>Net cash flow from operating activities</b>	<b>14,395</b>	<b>13,498</b>
<b>Investing activities</b>		
Purchase of non-current assets	(454)	(505)
<b>Cash used by investing activities</b>	<b>(454)</b>	<b>(505)</b>
<b>Financing activities</b>		
Repayment of intercompany borrowings	(14,578)	(12,600)
<b>Cash used by financing activities</b>	<b>(14,578)</b>	<b>(12,600)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(637)</b>	<b>393</b>
<b>Opening cash and cash equivalents</b>	<b>1,053</b>	<b>660</b>
<b>Closing cash and cash equivalents</b>	<b>416</b>	<b>1,053</b>



# Big Yellow Limited Partnership

## Notes to the financial statements Year ended 31 March 2017

### 1. General information

Big Yellow Limited Partnership is a limited partnership registered in England and Wales under the Limited Partnership Act 1907. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey GU19 5AT. The nature of the Partnership's operations is set out in the "Report of the General Partner" in pages 1 to 6. These financial statements are presented in pounds sterling because that is the currency of the economic environment in which the Partnership operates.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and therefore the Partnership's financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Partnership operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year, except as described in the

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Annual Improvements to IFRSs: 2012-2014	Annual Improvements to IFRSs

#### New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Partnership has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the directors, will have a material effect on the reported income or net assets of the Partnership.

## **Big Yellow Limited Partnership**

### **Notes to the financial statements Year ended 31 March 2017**

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

##### **Basis of accounting**

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, which 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, are set out below.

##### **Going concern**

A review of the Partnership's business activities, together with the factors likely to affect its future development, performance and position is set out in the "Report of the General Partner" on pages 1 - 6. Further information concerning the Partnership's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the notes to the financial statements.

The General Partner has also reviewed the Partnership cash balances, projected cash flows and forecast valuation movements. The stores are trading profitably at the EBITDA level at March 2017. Following this review, the General Partner believes that the Partnership has adequate resources to continue operations for the foreseeable future. In reaching this conclusion the General Partner has had regard to the Partnership's operating plan and budget for 2017 and projections contained in the longer term business plan. The General Partner has considered carefully the Partnership's trading performance and cash flows as a result of the uncertain global economic environment, the shortage of credit available in the bank finance market in particular and the other principal risks to the Partnership's performance and is satisfied with the Partnership's positioning. For this reason, the General Partner continues to adopt the going concern basis in preparing the financial statements.

##### **Revenue recognition**

Revenue represents amounts derived from the provision of services which fall within the Partnership's ordinary activities after deduction of trade discounts and any applicable value added tax. Income is recognised over the period for which the storage unit is occupied by the customer.

##### **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 Partnership 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 Partnership suspends capitalisation. The Partnership ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete.

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

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

##### Operating profit

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

##### Taxation

The Partnership is transparent for the UK Corporation Tax purposes. UK Corporation Tax is dealt with in the accounts of the Limited Partners.

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

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

Depreciation is provided on cost less residual value in equal annual instalments over the estimated useful lives of the assets.

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

Investment properties are properties owned or leased by the Partnership which are held for rental income and for capital appreciation. 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 under leasehold is stated gross of the recognised finance lease liability.

Gains or losses arising from the changes in the 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 Partnership uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

##### Impairment of assets

At each balance sheet date, the Partnership 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 (i.e. the NPV of its future cash flows discounted at a pre-tax interest rate that reflects the borrowing costs and risk for the asset).

## **Big Yellow Limited Partnership**

### **Notes to the financial statements Year ended 31 March 2017**

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

##### **Financial instruments**

Financial assets and financial liabilities are recognised on the Partnership's balance sheet when the Partnership 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 and short term deposits. The carrying amounts of these assets approximates to fair value.

##### **E - Financial liabilities and Partners' capital**

Financial liabilities and Partners' capital are classified according to the substance of the contractual arrangements entered into.

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

Equity instruments issued by the Partnership are recorded at the proceeds received, net of direct issue costs.

##### **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.

## **Big Yellow Limited Partnership**

### **Notes to the financial statements**

**Year ended 31 March 2017**

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

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

The preparation of financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **(a) Estimate of fair value of investment properties**

The Partnership'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 Partnership employs expert external valuers, Cushman & Wakefield LLP, who report on the values of the Partnership's stores on an annual basis. Principal assumptions underlying the General Partner'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 Partnership's investment properties is set out in note 6 to the accounts.

##### **(b) Capital Goods Scheme receivable**

The Partnership has a receivable in respect of amounts due back from HMRC under the Capital Goods Scheme. The amount recognised has been calculated in accordance with the relevant legislation. The amount is payable over up to ten years and has been discounted at the Partnership's average cost of debt.

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 3. Profit for the year

Profit for the year has been arrived at after charging:

	2017 £000	2016 £000
Depreciation of plant and equipment	70	84
Increase in fair value of investment property	(7,806)	(3,516)
Auditor's remuneration for audit services (see below)	<u>18</u>	<u>18</u>

#### 4. Revenue

	2017 £000	2016 £000
<b>Open stores</b>		
Self storage income	10,969	10,093
Other storage related income	2,261	2,131
Ancilliary store rental income	<u>41</u>	<u>31</u>
Revenue per income statement	13,271	12,255
Interest receivable (note 5)	<u>118</u>	<u>130</u>
Total revenue per IAS 18	<u>13,389</u>	<u>12,385</u>

Non-storage income derives principally from sales of insurance and packing materials.

#### 5. Investment income

	2017 £000	2016 £000
Bank interest receivable	-	1
Unwinding of discount on Capital Goods Scheme receivable	<u>118</u>	<u>129</u>
Total interest receivable	<u>118</u>	<u>130</u>

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 6. Non-current assets

##### (a) Investment property

£000

##### Cost

At 1 April 2016	121,560
Additions	414
Revaluation (see note 76c)	<u>7,806</u>
At 31 March 2017	<u>129,780</u>

At 1 April 2015	117,580
Additions	464
Revaluation (see note 7c)	<u>3,516</u>
At 31 March 2016	<u>121,560</u>

# Big Yellow Limited Partnership

## Notes to the financial statements Year ended 31 March 2017

### 6. Non-current assets

#### b) Plant and equipment

	Plant and Machinery £000	Fixtures, fittings and office equipment £000	Total £000
<b>Cost</b>			
At 1 April 2016	259	226	485
Additions	29	11	40
Retirement of fully depreciated assets	-	(104)	(104)
At 31 March 2017	288	133	421
<b>Depreciation</b>			
At 1 April 2016	(161)	(141)	(302)
Charge for the year	(30)	(40)	(70)
Retirement of fully depreciated assets	-	104	104
At 31 March 2017	(191)	(77)	(268)
<b>Net book value</b>			
At 31 March 2017	97	56	153
At 31 March 2016	98	85	183

	Plant and Machinery	Fixtures, fittings and office equipment	Total
<b>Cost</b>			
At 1 April 2015	285	294	579
Additions	3	38	41
Retirement of fully depreciated assets	(29)	(106)	(135)
At 31 March 2016	259	226	485
<b>Depreciation</b>			
At 1 April 2015	(162)	(191)	(353)
Charge for the year	(28)	(56)	(84)
Retirement of fully depreciated assets	29	106	135
At 31 March 2016	(161)	(141)	(302)
<b>Net book value</b>			
At 31 March 2016	98	85	183
At 31 March 2015	123	103	226



## Big Yellow Limited Partnership

### Notes to the financial statements

#### Year ended 31 March 2017

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

###### c) Valuation of investment property

The Partnership has classified the fair value investment property within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the year.

The freehold and leasehold investment properties have been valued at 31 March 2017 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Partnership for the same purposes as this valuation have done so since November 2007.
- C&W have been carrying out this annual valuation for the same purposes as this valuation on behalf of the Partners since March 2008.
- C&W do not provide other significant professional or agency services to the Partnership.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Partnership to the total fee income of the firm is less than 5%.
- The fee payable to C&W is a fixed amount per store and is not contingent on the appraised value.

##### Assumptions

- A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming straight-line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the stores is 82.8% (2016: 82.2%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 12 stores is 6.4% (31 March 2016: 6.5%) rising to a stabilised net yield pre-administration expenses of 7.8% (31 March 2016: 7.8%).
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 10.1% (31 March 2016: 10.1%).
- E. Purchaser's costs in the range of 6.1% to circa 6.8% have been assumed initially, reflecting the progressive SLDT rates brought into force in March 2016 and sale plus purchaser's costs totalling circa 7.1% to 7.8% are assumed on the notional sales in the tenth year in relation to the freehold stores.

A detailed report on the methodology and the information used by C&W can be found in the Group's annual report.

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 7. Trade and other receivables

	2017 £000	2016 £000
<b>Current</b>		
Trade receivables	305	274
Capital Goods Scheme receivable	796	799
Prepayments and accrued income	1,050	1,095
	<u>2,151</u>	<u>2,168</u>
<b>Non-current</b>		
Capital Goods Scheme receivable	1,780	2,365
	<u>1,780</u>	<u>2,365</u>

#### Trade receivables

The Partnership does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the partnership is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are greater than 10 days overdue in their payment. The Partnership provides for receivables on a specific basis. There is a right of lien over the customer's goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup 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 Partnership does not perform credit checks, however, this is mitigated by the fact that these customers are required to pay in advance, and also to pay a deposit ranging from between one week's to four weeks' storage income. Before accepting a new business customer who wishes to use a number of Big Yellow stores, the Partnership 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 Partnership's trade receivable balance are debtors with a carrying amount of £28,000 (2016: £21,000) which are past due at the reporting date for which the Partnership has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Partnership holds a right of lien over the customers' goods if these debts are not paid.

Ageing of past due but not impaired receivables

	2017 £000	2016 £000
1 - 30 days	26	19
30 - 60 days	2	2
60+ days	-	-
Total	<u>28</u>	<u>21</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.

Impaired trade receivables for this year were £3 (2016: £86).

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 8. Trade and other payables

	2017 £000	2016 £000
<b>Current</b>		
Other payables	261	254
Amounts owed to group undertakings	13,053	7,722
Accruals and deferred income	1,275	1,208
	<u>14,589</u>	<u>9,184</u>

#### 9. Borrowings

	2017 £000	2016 £000
Intercompany borrowings	25,372	39,950
	<u>25,372</u>	<u>39,950</u>

#### 10. Financial instruments

The Partnership manages its capital to ensure that the Partnership will be able to continue as a going concern while maximising the return to partners through the optimisation of the debt and equity balance. The capital structure of the Partnership consists of debt, which includes the borrowings from related parties disclosed in note 9, cash and cash equivalents and equity attributable to the Partners.

With the exception of derivative instruments which are classified as a financial liability at fair value through the profit and loss ("FVTPL"), financial liabilities are categorised under amortised cost. All financial assets are categorised as loans and receivables.

Exposure to credit, interest rate and currency risks arise in the normal course of the Partnership's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates, but are not employed for speculative purposes.

##### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the accounts.

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 10. Financial instruments (continued)

##### A. Debt management

The Partnership borrows through an intercompany loan from Last Mile Company Limited. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity.

##### B. Interest rate risk management

At 31 March 2017 and 31 March 2016 the Partnership did not have any interest rate swaps in place.

##### C. Interest rate sensitivity analysis

The Partnership does not have any variable rate borrowings, and therefore is not exposed to movements in the interest rate.

##### D. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the General Partner, which has built an appropriate liquidity risk management framework for the management of the Partnership's short, medium and long-term funding and liquidity management requirements. The Partnership manages liquidity risk by maintaining adequate reserves and funds from intercompany loan arrangements, 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. Foreign currency management

The Partnership does not have any foreign currency exposure.

##### F. Credit risk

The credit risk management policies of the Partnership with respect to trade receivables are discussed in note 8. The Partnership has no significant concentration of credit risk, with exposure spread over approximately 7,000 customers in its current open stores. As the stores lease-up, this concentration will continue to dilute.

The credit risk on liquid funds and derivatives is limited because the counterparties are major institutional banks, the lead lender of which is majority owned by the UK Government. This is in line with the Partnership's policy which is to borrow from major institutional banks when arranging finance.

##### G. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2017 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	Two to five years £000
<i>Debt</i>					
Intercompany loan	25,372	-	-	-	25,372
	<u>25,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,372</u>
 2016 Maturity	 Total	 Less than one year	 One to two years	 Two to five years	 Two to five years
<i>Debt</i>					
Intercompany loan	39,950	-	-	-	39,950
	<u>39,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,950</u>

##### H. Fair values of financial instruments

The fair values of the Partnership's cash and short term deposits and those of other financial assets equate to their book values. Details of the Partnership's receivables at amortised cost are set out in note 7. The amounts are presented net of provisions for doubtful receivables and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings and inter-company borrowings, are carried at amortised cost.

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 10. Financial instruments (continued)

##### I. Maturity analysis of financial liabilities

The contractual maturities are as follows:

	Trade and other payables £000	Borrowings and interest £000	Total £000
<b>2017</b>			
From five to twenty years	-	25,372	25,372
From two to five years	-	-	-
From one to two years	-	-	-
	<hr/>	<hr/>	<hr/>
Due after more than one year	-	25,372	25,372
Due within one year	13,314	-	13,314
	<hr/>	<hr/>	<hr/>
Total	<u>13,314</u>	<u>25,372</u>	<u>38,686</u>
	Trade and other payables £000	Borrowings and interest £000	Total £000
<b>2016</b>			
From five to twenty years	-	39,950	39,950
From two to five years	-	-	-
From one to two years	-	-	-
	<hr/>	<hr/>	<hr/>
Due after more than one year	-	39,950	39,950
Due within one year	7,976	-	7,976
	<hr/>	<hr/>	<hr/>
Total	<u>7,976</u>	<u>39,950</u>	<u>47,926</u>

## Big Yellow Limited Partnership

### Notes to the financial statements Year ended 31 March 2017

#### 11. Partners' capital

	<b>Last Mile Company Limited £000</b>	<b>Pramerica (Jersey) Unit Trust £000</b>	<b>Partners' current accounts £000</b>	<b>Total Limited Partners' capital £000</b>	<b>General and Limited Partners' capital classified as a liability £000</b>	<b>Total Partners' capital £000</b>
At 1 April 2016	16,342	32,680	29,098	78,120	75	78,195
Retained profit for the year available for discretionary division among Partners	-	-	16,124	16,124	-	16,124
Partners' interests after profit for the year	16,342	32,680	45,222	94,244	75	94,319
Partners' capital advanced	-	-	-	-	-	-
At 31 March 2017	<u>16,342</u>	<u>32,680</u>	<u>45,222</u>	<u>94,244</u>	<u>75</u>	<u>94,319</u>

#### 12. Related party transactions

During the year, the Partnership paid management fees amounting to £685,000 (2015: £658,000) to Big Yellow Self Storage Company Limited, a wholly owned subsidiary of Big Yellow Group PLC, the ultimate controlling party of the Partnership's Limited Partner, The Last Mile Company Limited and the General Partner, Big Yellow Self Storage (GP) Limited. At 31 March 2017, the Partnership owed £13,053,000 to Big Yellow Self Storage Company Limited (2016: £7,722,000) and £25,372,000 (2016: £39,950,000) to The Last Mile Company Limited.

#### 13. Ultimate parent and controlling party

The General Partner of the Partnership is Big Yellow Self Storage (GP) Limited. The Limited Partners of the Partnership are Last Mile Company Limited and Pramerica Bell (Jersey) Unit Trust. The immediate and ultimate parent company, controlling party and only company that prepares group accounts into which the results of the Last Mile Company Limited 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, Maindy, Cardiff CF14 3UZ.