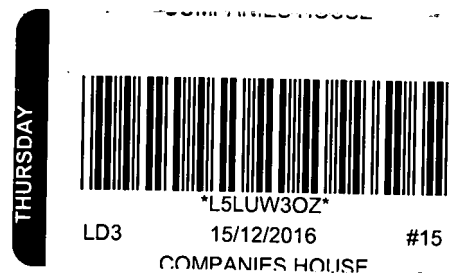


Company Registration No. 05166173

.Big Yellow Self Storage Company Limited

Annual Report and Financial Statements

For the year ended 31 March 2016



.Big Yellow Self Storage Company Limited

Annual report and financial statements 2016

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.Big Yellow Self Storage Company Limited

Officers and professional advisers

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Adrian Lee
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Auditor

Deloitte LLP
Chartered Accountants and statutory auditor
Abbots House
Abbey Street
Reading
RG1 3BD

.Big Yellow Self Storage Company Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the company is the rental of self storage units and provision of ancillary services from the properties, such as the sale of packaging materials and contents insurance in the UK.

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

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 over six times that of our nearest competitor (source: YouGov survey, April 2016). We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow. Our recent accreditation in the Best 100 Companies to work for is pleasing as an independent assessment of our employee engagement, and our customer satisfaction survey scores remain very high, with an average net promoter score of over 70%, and average customer satisfaction scores of 9.2 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. As can be seen from the ten year summary, 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 and in particular London and the South East, from where we derive 80% of our revenue. 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.

Over the last 17 years across the Big Yellow Group we have built a portfolio of 73 Big Yellow self storage centres, largely freehold, purpose-built and focussed on London, the South East and large metropolitan cities. 63% of our current store revenue derives from within the M25; for London and the South East, the proportion of current store revenue is 80%.

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of approximately 43,000 sq ft (source: The Self Storage Association 2016 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. As the operating costs of our assets are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

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 current focus is to:

- leverage our market leading brand position to generate new prospects, principally from our online mobile and desktop platforms;
- focus on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;
- grow occupancy and net rent so as to drive revenue optimally at each store;

.Big Yellow Self Storage Company Limited

Strategic report

- maintain a focus on cost control, so revenue growth is transmitted through to earnings growth;
- maintain a conservative capital structure in the business with Group pre-interest cash flow cover of a minimum of four times annual interest expense; and
- produce sustainable returns for shareholders through a low leverage, low volatility, high distribution REIT.

Results for the year

The Company made a profit after tax of £49,326,000 for the year, an decrease from £73,069,000 in the prior year.

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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

Risk and impact

Mitigation

Self storage market risk

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.

The UK economy is projected to grow at approximately 1% in 2016, and is now ahead of the level of output last achieved in 2007 before the global financial crisis. Self storage has proved relatively resilient through the crisis, with our revenue and earnings increasing over the last six years. As the economy has recovered in the past few years, the market risk has fallen in line with increasing occupancy. The recent vote for the UK to leave the European Union has added to economic uncertainty.

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. The lack of availability of credit within the economy has further reduced this rate of growth since the start of the downturn, and new store openings within the sector have slowed to an average of 11 stores per year over the past six years, down from a peak of 34 per year in 2005-2009.

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:

- a prime portfolio of freehold self storage properties;
- 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;
- the strength of operational and sales management;
- continuing innovation to deliver the highest levels of customer service;
- the UK's leading self storage brand, with high public awareness and online strength; and
- strong cash flow generation and high operating margins, from a secure capital structure.

.Big Yellow Self Storage Company Limited

Strategic report

We have a large current storage customer base of approximately 50,000 spread across the portfolio of stores and many thousands more who have used Big Yellow over the years. In any 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.

Property risk

There is a risk that we will be unable to acquire new development sites which meet management's criteria. This would impact on our ability to grow the overall store platform.

Given the recent acquisitions of sites in London, the risk to the Group from failure to obtain planning has increased from the prior year.

Our management has significant experience in the property industry generated over many years and in particular in acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, that said, the availability of land, and competition for it makes acquiring new sites challenging.

The planning process remains difficult with some planning consents taking in excess of twelve months to achieve. Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres.

We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme in the year, which had satisfactory results.

Valuation risk

The valuations of the Group'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 40,000 customers currently using our stores for a wide variety of reasons.

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

Treasury risk

The Group 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.

For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 45% of our total borrowings fixed, with the balance floating paying margin over LIBOR.

The Company reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts.

.Big Yellow Self Storage Company Limited

Strategic report

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 occupancy in the stores on gearing and interest cover. This sensitivity testing underpins the viability statement below.

The Company regularly monitors its counterparty risk. The Company monitors compliance with its banking covenants closely. During the year it complied with all its covenants, and is forecast to do so for the foreseeable future.

Credit risk

The Company is exposed to a credit risk from its customers.

Our customers are required to pay a deposit when they start to rent a self storage room and are also required to pay in advance for their four-weekly storage charges. The Company is therefore not exposed to a significant credit risk. 81% of our current customers pay by direct debit; however of new customers moving into the business in the last year 83% have paid by direct debit. Businesses often prefer to pay by cheque or BACS. Since 2007 we have not seen an increase in the levels of bad debts and arrears. In the year to 31 March 2016 our bad debt expense represented 0.08% of revenue in the year, a reduction from 0.15% in the prior year.

Taxation risk

The Company 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.

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.

The Government announced a review of property rates last year. This is a significant cost to the business, and we are monitoring any potential impact from a revision in the basis of assessment or taxation.

Real Estate Investment Trust ("REIT") risk

The Company is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.

The Company has internal monitoring procedures in place to ensure that the appropriate rules and legislation are complied with. To date all REIT regulations have been complied with, including projected tests.

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 the economy improving and unemployment falling, the risk of higher staff turnover and 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 Group.

We were pleased to be ranked 80th in the Sunday Times Best 100 Companies to Work For survey in 2016.

Security risk

The Company 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

.Big Yellow Self Storage Company Limited

Strategic report

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

Cyber risk

There have been a number of high profile cyber-attacks / data security breaches over the last 12 months and the Company considers the risks to the website and internal systems to have increased over the year.

This risk hasn't increased any faster for the Company than anyone else; we consider that the threats in the entire digital landscape continue to increase. The results of any breach may result in reputational damage, or customer compensation, causing a loss of market share and income.

The Company 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.

During the year we have continued to invest in digital security, implementing new intrusion detection systems as well as replacement of existing systems such as firewalls. 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.

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Strategic report

Internal audit

The Company does not have a formal internal audit function because the Board has concluded that the internal controls systems are sufficient for the Company at this time. However, the Company employs a Store Compliance Manager responsible for reviewing store operational and financial controls. He reports to the Chief Financial Officer. The Store Compliance Manager visits each operational store twice a year to carry out a detailed store audit. These audits are unannounced and the Store Compliance Manager carries out detailed tests on financial management within the stores, administrative standards, and operational standards. 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. 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.

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



Shauna Beavis
Secretary

12 December 2016

.Big Yellow Self Storage Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Introduction

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

Principal activities

The principal activity of the company is the rental of self storage units and provision of ancillary services from the properties, such as the sale of packaging materials and contents insurance in the UK. During the year the company sold investment properties for a market value of £222 million to a fellow subsidiary of Big Yellow Group PLC.

Going concern

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

Share capital

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

Results and dividends

The income statement is set out on page 13 of the financial statements. The directors do not recommend the payment of a dividend (2015: £nil).

Real Estate Investment Trust ("REIT")

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

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

Employees

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

Directors

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

Post balance sheet event

In April 2016, Big Yellow acquired two stores from the Lock and Leave portfolio. Big Yellow acquired the stores in Nine Elms and Twickenham for £14.6 million.

.Big Yellow Self Storage Company Limited

Directors' report

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

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



Shauna Beavis
Secretary

12 December 2016

.Big Yellow Self Storage Company Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

We have audited the financial statements of .Big Yellow Self Storage Company Limited for the year 31 March 2016 which comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 company's affairs as at 31 March 2016 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

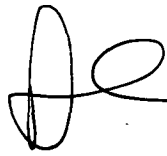
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

13 December 2016

.Big Yellow Self Storage Company Limited

Income statement Year ended 31 March 2016

	Notes	2016 £000	2015 £000
Revenue	3	48,138	58,874
Cost of sales		(14,534)	(19,035)
Gross profit		33,604	39,839
Administrative expenses		(7,942)	(7,557)
Operating profit before gain on investment properties and other non-current assets	5	25,662	32,282
Gain on revaluation of investment properties	10a	27,556	43,603
Gain on disposal of surplus land	10c	-	1,318
Operating profit		53,218	77,203
Investment income	7	1,208	2,381
Finance costs	8	(5,096)	(6,753)
Profit before tax		49,330	72,831
Tax	9	(4)	238
Profit for the year		49,326	73,069

All items in the income statement relate to continuing activities.

Big Yellow Self Storage Company Limited

Balance sheet As at 31 March 2016

	Notes	2016 £000	2015 £000 (restated)
Non-current assets			
Investment property	10a	429,080	600,160
Investment property under construction	10a	33,066	12,889
Interests in leasehold properties	10a	20,164	20,829
Plant, equipment and owner-occupied property	10b	848	1,046
Investment in subsidiaries	20	3	3
Capital Goods Scheme receivable	13	1,928	2,970
		<u>485,089</u>	<u>637,897</u>
Current assets			
Inventories		266	295
Surplus land	11	-	-
Trade and other receivables	13	8,150	10,665
Cash and cash equivalents		14,282	6,768
		<u>22,698</u>	<u>17,728</u>
Total assets		<u>507,787</u>	<u>655,625</u>
Current liabilities			
Trade and other payables	14	(24,482)	(23,554)
Obligations under finance leases	16	(1,722)	(1,705)
		<u>(26,204)</u>	<u>(25,259)</u>
Non-current liabilities			
Trade and other payables	14	(120,119)	(320,085)
Obligations under finance leases	16	(18,442)	(19,124)
		<u>(138,561)</u>	<u>(339,209)</u>
Total liabilities		<u>(164,765)</u>	<u>(364,468)</u>
Net assets		<u>343,022</u>	<u>291,157</u>
Equity			
Called up share capital	21	1	1
Reserves		343,021	291,156
Shareholders' funds		<u>343,022</u>	<u>291,157</u>

These financial statements were approved and authorised for issue by the Board of Directors on 12 December 2016.

Signed on behalf of the Board of Directors


John Trotman
Director

Company Registration No. 05166173

.Big Yellow Self Storage Company Limited

Statement of comprehensive income Year ended 31 March 2016

	2016 £000	2015 £000
Current and deferred tax recognised in equity	-	-
Net expense recognised directly in equity for the year	-	-
Profit for the year	49,326	73,069
Total comprehensive income for the year attributable to equity shareholder	49,326	73,069

Statement of changes in equity Year ended 31 March 2016

	Share capital £000	Retained earnings £000 (restated)	Total £000 (restated)
At 1 April 2015	1	291,156	291,157
Total comprehensive income for the year	-	49,326	49,326
Credit to equity for equity-settled share based payments	-	2,539	2,539
At 31 March 2016	1	343,021	343,022

	Share capital £000	Retained earnings £000 (restated)	Total £000 (restated)
At 1 April 2014	1	216,028	216,029
Total comprehensive income for the year	-	73,069	73,069
Credit to equity for equity-settled share based payments	-	2,059	2,059
At 31 March 2015	1	291,156	291,157

.Big Yellow Self Storage Company Limited

Cash flow statement Year ended 31 March 2016

	2016	2015
	£000	£000
Operating profit	53,218	77,203
Gain on revaluation of investment properties	(27,556)	(43,603)
Gain on non-current assets	-	(1,321)
Depreciation	371	420
Repayment of finance lease capital obligations	967	918
Share option expense	2,539	2,060
Decrease/(increase) in inventories	29	(6)
Decrease in receivables	2,390	1,082
Decrease in payables	(199,434)	(16,016)
Cash from operating activities	(167,476)	20,738
Interest paid	(4,249)	(5,971)
Interest received	14	(71)
Net cash from operating activities	(171,711)	14,696
Investing activities		
Purchase of non-current assets	(42,057)	(12,270)
Additions to surplus land	-	(153)
Sale of surplus land	-	2,817
Sale of assets to other group companies	222,216	-
Investment in and part disposal of associate company	-	(1)
Receipt from Capital Goods Scheme	33	992
Cash from/ (used by) investing activities	180,192	(8,615)
Financing activities		
Repayment of finance lease capital obligations	(967)	(918)
Cash used by financing activities	(967)	(918)
Net decrease in cash and cash equivalents	7,514	5,162
Opening cash and cash equivalents	6,768	1,606
Closing cash and cash equivalents	14,282	6,768

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

1. General information

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

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

2. Significant accounting policies

Basis of preparation of financial statements

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 Group 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 Group 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 following sections.

The following new and revised Standards and Interpretations have been adopted in the current year, but have not had a material impact on the Group:

Annual Improvements to IFRSs: 2010-2012	Annual Improvements to IFRSs
Annual Improvements to IFRSs: 2011-2013	Annual Improvements to IFRSs

New and revised IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
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
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exemption
Annual Improvements to IFRSs: 2012-2014	Annual Improvements to IFRSs

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 Company.

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

2. Significant accounting policies (continued)

Basis of accounting

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

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

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

Prior year restatement

The prior year balance sheet has been restated. Retained earnings have been restated from £283,522,000 to £291,156,000. Trade and other payables have been restated from £327,719,000 to £320,085,000 due to an error in the intercompany balance held with the Big Yellow Group PLC.

Exemption from consolidation

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

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2–5 and in the Directors' Report on pages 6-7. The financial position of the company, its cash flows and liquidity position, as shown in the balance sheet, cash flow statement and notes to the financial statements, is such that it is in a net assets position with limited exposure to liquidity or credit risk and is financed by an intercompany loan from Big Yellow PLC, as disclosed in note 15.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

Non-current assets held for sale

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

2. Significant accounting policies (continued)

Revenue recognition

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

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

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

Operating leases

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

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

Finance costs

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

Operating profit

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

Tax

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

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

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

2. Significant accounting policies (continued)

Tax (continued)

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

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

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

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

Plant, equipment and owner occupied property

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

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

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

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

Investment property

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

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

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements

Year ended 31 March 2016

2. Significant accounting policies (continued)

Investment property under construction

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

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

Surplus land

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

Impairment of assets

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

Inventories

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

Financial instruments

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

A - Derivative financial instruments and hedge accounting

There are no derivative financial instruments in the company

B - Loans and receivables

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

C - Impairment of financial assets

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

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

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

2. Significant accounting policies (continued)

D - Cash and cash equivalents

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

E - Financial liabilities and equity

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

F - Equity instruments

There are no equity instruments in the company.

G - Trade receivables

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

H - Trade payables

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

Retirement benefit costs

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

Share-based payments

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

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

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

Critical accounting estimates and judgements

In the application of the company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

2. Significant accounting policies (continued)

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

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

b) *Capital Goods Scheme receivable*

The Company has a receivable in respect of amounts due back from HMRC under the Capital Goods Scheme following the imposition of VAT on self storage from 1 October 2012. The amount recognised has been calculated in accordance with the relevant legislation, but is subject to confirmation by HMRC. The amount is payable over up to ten years and has been discounted at the Group's average cost of debt.

3. Revenue

	2016 £000	2016 £000	2015 £000	2015 £000
Open stores				
Self storage income	40,405		49,182	
Other storage related income	6,652		8,253	
Ancillary store rental income	284		119	
		47,341		57,554
Stores under development				
Non-storage income	45		42	
		45		42
Fee income				
Fees earned from Big Yellow Limited Partnership	-		459	
Other management fees earned	752		819	
		752		1,278
Revenue per income statement		48,138		58,874

4. Segmental information

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

5. Operating profit

Profit for the year has been arrived at after:

	2016 £000	2015 £000
Depreciation of plant, equipment and owner-occupied property	370	421
Leasehold property depreciation	967	918
Gain on revaluation of investment property	(27,556)	(43,603)
Gain on disposal of surplus land	-	(1,318)
Cost of inventories recognised as an expense	442	674
Employee costs (see note 6)	11,280	11,287
Operating lease rentals	98	78

The auditors' remuneration for the audit of the company's accounts was £204,000 (2015: £216,000). The auditors' remuneration was borne by the company's parent company.

Amounts payable to Deloitte LLP by the company in respect of non audit services were £113,000 (2015: £227,000).

6. Directors' remuneration and employee costs

The total amounts for Directors' remuneration were as follows:

	Salary £		Taxable benefits £		Annual bonus £		Long term incentives £		Pensions £		Share save Scheme £		Total £	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Nicholas Vetch	264,500	259,300	4,081	3,960	31,740	32,412	548,680	1,071,925	39,675	25,930	-	-	888,676	1,393,527
James Gibson	290,100	284,400	4,681	4,676	34,812	35,550	601,738	1,403,224	43,515	28,440	13,965	-	988,811	1,756,290
Adrian Lee	215,000	210,600	4,041	3,765	25,800	26,325	404,353	952,137	32,250	21,060	-	15,250	681,444	1,229,137
John Trotman	215,000	200,000	2,227	1,866	25,800	25,000	404,353	952,137	32,250	20,000	-	15,250	679,630	1,214,253
Total	984,600	954,300	15,030	14,267	118,152	119,287	1,959,124	4,379,423	147,690	95,430	13,965	30,500	3,238,561	5,593,207

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

6. Directors' remuneration and employee costs (continued)

Directors' share options

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

Name	Date option granted	Scheme	No. of shares under option at 31 March 2015	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2016	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	11 July 2012	LTIP	84,218	-	(84,218)	-	-	nil p	704.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	60,266	-	-	-	60,266	nil p	-	22 July 2016	21 July 2023
	29 July 2014	LTIP	50,467	-	-	-	50,467	nil p	-	29 July 2017	28 July 2024
	21 July 2015	LTIP	-	38,112	-	-	38,112	nil p	-	21 July 2018	20 July 2025
James Gibson	11 July 2012	LTIP	92,362	-	(92,362)	-	-	nil p	696.5p	11 July 2015	10 July 2022
	18 March 2013	SAYE	2,965	-	(2,965)	-	-	303.5p	774.5p	31 March 2016	1 October 2016
	22 July 2013	LTIP	66,098	-	-	-	66,098	nil p	-	22 July 2016	21 July 2023
	29 July 2014	LTIP	55,352	-	-	-	55,352	nil p	-	29 July 2017	28 July 2024
	21 July 2015	LTIP	-	41,801	-	-	41,801	nil p	-	21 July 2018	20 July 2025
	14 March 2016	SAYE	-	1,480	-	-	1,480	608.0p	-	31 March 2019	1 October 2019
Adrian Lee	11 July 2012	LTIP	62,065	-	(62,065)	-	-	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	-	-	-	45,804	nil p	-	22 July 2016	21 July 2023
	29 July 2014	LTIP	40,989	-	-	-	40,989	nil p	-	29 July 2017	28 July 2024
	21 July 2015	LTIP	-	30,980	-	-	30,980	nil p	-	21 July 2018	20 July 2025
	14 March 2016	SAYE	-	2,960	-	-	2,960	608.0p	-	31 March 2019	1 October 2019
John Trotman	11 July 2012	LTIP	62,065	-	(62,065)	-	-	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	-	-	-	45,804	nil p	-	22 July 2016	21 July 2023
	29 July 2014	LTIP	38,926	-	-	-	38,926	nil p	-	29 July 2017	28 July 2024
	16 March 2015	SAYE	3,639	-	-	-	3,639	494.6p	-	31 March 2018	1 October 2018
	21 July 2015	LTIP	-	30,980	-	-	30,980	nil p	-	21 July 2018	20 July 2025

The Remuneration Committee of the Group has considered the performance of the 2010 LTIP options grant against the criteria set during the grant and decided that the award has partially vested. No amounts were paid to third parties in respect of services provided by the Directors.

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

6. Directors' remuneration and employee costs (continued)

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

	2016 No.	2015 No.
Sales	271	256
Administration	47	44
	<u>318</u>	<u>300</u>

At 31 March 2016 the total number of employees was 358 (2015: 337). Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	7,029	7,386
Social security costs	1,335	1,501
Other pension costs	377	340
Share-based payments	2,539	2,060
	<u>11,280</u>	<u>11,287</u>

All employees within Big Yellow Group PLC are paid by .Big Yellow Self Storage Company Limited, with relevant costs recharged to the Big Yellow Self Storage M Company Limited and Big Yellow Self Storage A Company Limited.

7. Investment income

	2016 £000	2015 £000
Unwinding of discount on Capital Goods Scheme receivable	126	229
Bank interest receivable	14	18
Intercompany interest receivable	1,068	2,134
	<u>1,208</u>	<u>2,381</u>

8. Finance costs

	2016 £000	2015 £000
Interest on obligations under finance leases	1,093	1,023
Intercompany interest payable	4,249	5,892
Capitalised interest	(247)	(227)
	<u>5,095</u>	<u>6,753</u>

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

9. Tax

	2016 £000	2015 £000
UK current tax		
Current year	4	4
Prior year adjustments	-	(242)
Total tax charge/ (credit)	<u>4</u>	<u>(238)</u>

A reconciliation of the tax charge is shown below:

	2016 £000	2015 £000
Profit before tax	49,330	72,831
Tax charge at 20% (2015: 21%) thereon	9,866	15,294
Effects of:		
Revaluation of investment properties	(5,507)	(9,157)
Profits from the tax exempt business	(4,228)	(5,670)
Gain on disposal of surplus land	-	(277)
Other permanent differences	175	390
Other temporary differences	-	(181)
Group relief	242	-
Utilisation of brought forward losses	-	(395)
Movement on other unrecognised deferred tax assets	(544)	-
Prior year adjustments	-	(242)
Total tax charge/ (credit)	<u>4</u>	<u>(238)</u>

10. Non-current assets

a) Investment property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 1 April 2015	600,160	12,889	20,829	633,878
Additions	1,829	41,663	-	43,492
Reclassification	19,437	(19,437)	302	302
Sale to other group companies	(221,951)	-	-	(221,951)
Adjustment to present value	-	-	-	-
Revaluation	29,605	(2,049)	-	27,556
Depreciation	-	-	(967)	(967)
At 31 March 2016	<u>429,080</u>	<u>33,066</u>	<u>20,164</u>	<u>482,310</u>

Included within additions is £0.2 million of capitalised interest (2015: £0.4 million), calculated at the Group's average borrowing cost for the year of 3.6%.

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

10. Non-current assets (continued)

b) Plant, equipment and owner-occupied property

	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost					
At 1 April 2015	36	332	25	1,644	2,037
Reclassification	-	-	-	-	-
Retirement of fully depreciated assets	-	(11)	-	(325)	(336)
Additions	2	95	-	340	437
Transfer to other group companies	-	(47)	-	(218)	(265)
At 31 March 2016	38	369	25	1,441	1,873
Depreciation					
At 1 April 2015	(32)	(172)	(25)	(762)	(991)
Reclassification	-	-	-	-	-
Retirement of fully depreciated assets	-	11	-	325	336
Charge for the year	(1)	(30)	-	(339)	(370)
At 31 March 2016	(33)	(191)	(25)	(776)	(1,025)
Net book value					
At 31 March 2016	5	178	-	665	848
At 31 March 2015	4	160	-	882	1,046

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

10. Non-current assets (continued)

c) Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores*			
As at 1 April 2015	279,349	279,241	558,590
Transfer from investment properties under construction	20,854	(1,417)	19,437
Transfer from surplus land	-	-	-
Transfer to other group companies	(108,886)	(113,064)	(221,950)
Capital Goods Scheme adjustments	-	-	-
Movement in year	923	30,150	31,073
As at 31 March 2016	192,240	194,910	387,150
Leasehold stores			
As at 1 April 2015	14,702	26,868	41,570
Transfer to freehold	-	-	-
Movement in year	75	285	360
As at 31 March 2015	14,777	27,153	41,930
Total of open stores			
As at 1 April 2015	294,051	306,109	600,160
Transfer from investment properties under construction	20,854	(1,417)	19,437
Transfer to other group companies	(108,886)	(113,064)	(221,950)
Capital Goods Scheme adjustments	-	-	-
Movement in year	998	30,435	31,433
As at 31 March 2016	207,017	222,063	429,080
Investment property under construction			
As at 1 April 2015	11,792	1,097	12,889
Transfer to investment properties	(20,854)	1,417	(19,437)
Movement in year	41,663	(2,049)	39,614
As at 1 March 2016	32,601	465	33,066
Valuation of all investment property			
As at 1 April 2015	305,843	307,206	613,049
Transfer to other group companies	(108,886)	(113,064)	(221,950)
Capital Goods Scheme adjustments	-	-	-
Movement in year	42,661	28,386	71,047
As at 31 March 2016	239,618	222,528	462,146

* Includes one long leasehold property

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

10. Non-current assets (continued)

c. Valuation of investment property (continued)

The freehold and leasehold investment properties have been valued at 31 March 2016 by external valuers, Cushman & Wakefield LLP ("C&W"). A detailed report on the methodology and the information used by C&W can be found in Group's annual report.

11. Surplus land

	2016 £000	2015 £000
At 31 March 2015	-	2,821
Transfer to investment property	-	(1,479)
Additions	-	154
Disposals	-	(1,496)
Revaluation gain	-	-
	<hr/>	<hr/>
At 31 March 2016	-	-
	<hr/>	<hr/>

There were no disposals during the year ended 31 March 2016. During the previous year a gain of £1,318,000 arose on the disposal of surplus land at one site.

12. Deferred tax

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

13. Trade and other receivables

	2016 £000	2015 £000
Current		
Trade receivables	1,615	2,018
Capital Goods Scheme receivable	1,169	-
Other receivables	190	368
Prepayments and accrued income	5,176	8,279
	<hr/>	<hr/>
	8,150	10,665
	<hr/>	<hr/>
Non-current		
Capital Goods Scheme receivable	1,928	2,970
	<hr/>	<hr/>
	10,078	13,635
	<hr/>	<hr/>

The VAT CGS receivable disclosed in the current year reflects the fact that BYSSCo Ltd will recover VAT previously incurred on capital expenditure from HMRC.

Trade receivables are net of a bad debt provision of £9,000 (2015: £11,000).

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

Trade receivables

The company does not typically offer credit terms to its customers and hence the company is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. A late charge of 10% is applied to a customers' account if they are greater than 10 days overdue in their payment. The

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Notes to the financial statements **Year ended 31 March 2016**

13. Trade and other receivables (continued)

company provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, the company has the right to sell the items they store to recoup the debt owed by the customer. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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

Included in the company's trade receivable balance are debtors with a carrying amount of £211,000 (2015: £108,000) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The company holds a right of lien over the customers' goods if these debts are not paid. The average age of these receivables is 23 days past due (2015: 65 days past due).

Ageing of past due but not impaired receivables

	2016 £000	2015 £000
1 - 30 days	157	19
30 - 60 days	33	18
60 +days	21	71
Total	<u>211</u>	<u>108</u>

Movement in the allowance for doubtful debts

	2016 £000	2015 £000
Balance at the beginning of the year	11	20
Impairment losses recognised	23	82
Amounts written off as uncollectible	(25)	(91)
Balance at the end of the year	<u>9</u>	<u>11</u>

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

Ageing of impaired trade receivables

	2016 £000	2015 £000
30 - 60 days	3	3
60 + days	5	8
Total	<u>8</u>	<u>11</u>

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Notes to the financial statements **Year ended 31 March 2016**

14. Trade and other payables

	2016 £000	2015 £000 (restated)
Current		
Trade payables	10,453	10,362
Tax and social security	276	280
VAT repayable on capital goods scheme	-	33
Other payables	5,904	3,863
Accruals and deferred income	7,849	9,016
Amounts owed to group undertakings	-	-
	<u>24,482</u>	<u>23,554</u>
Non- current		
Amounts owed to group undertakings	120,119	320,085
VAT repayable under Capital Goods Scheme	-	-
	<u>120,119</u>	<u>320,085</u>

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

	2016 £000	2015 £000
Carrying amount	-	33
Estimated fair value	-	33

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

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

15. Financial instruments

A. Debt management

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

B. Interest rate risk management

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

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Notes to the financial statements Year ended 31 March 2016

15. Financial instruments (continued)

C. Interest rate sensitivity analysis

At 31 March 2016, it is estimated that an increase of 0.5 percentage points in interest rates would have reduced the Company's adjusted profit before tax by £1,107,000 (2015: reduced adjusted profit before tax by £455,000) and a decrease of 0.5 percentage points in interest rates would have increased the Company's adjusted profit before tax by £1,107,000 (2015: increased adjusted profit before tax by £455,000). There would have been no effect on amounts recognised directly in equity.

D. Cash management and liquidity

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

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

E. Credit risk

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

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

16. Obligations under finance leases

	Minimum lease payments		Present value minimum of lease payments	
	2016	2015	2016	2015
	£000	£000	£000	£000
Amounts payable under finance leases:				
Within one year	1,752	1,735	1,722	1,705
Within two to five years inclusive	7,007	6,942	6,135	6,077
Greater than five years	22,894	24,528	12,307	13,047
	<u>31,653</u>	<u>33,205</u>	<u>20,164</u>	<u>20,829</u>
Less: future finance charges	<u>(11,488)</u>	<u>(12,376)</u>		
Present value of lease obligations	<u>20,165</u>	<u>20,829</u>		

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

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

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Notes to the financial statements Year ended 31 March 2016

17. Related party transactions

In year ended 31 March 2016, the Company had an intercompany loan of £120,119,000 (2015: £321,779,000), and intercompany interest payable of £4,249,000 (2015: £5,892,000).

In year ended 31 March 2015, no dividends were received from any of the subsidiaries (2015: £nil).

At the beginning of the prior year, the Group had a 33% interest in Big Yellow Limited Partnership ("the Partnership") and entered into transactions with the partnership during the year on normal commercial terms. From 1 December 2014 the Partnership was wholly owned by the Group and therefore from this date activity with the Partnership is no longer shown. In year ended 31 March 2016, the Company earned fees from the Partnership of £nil (2015: £458,000).

AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Company on normal commercial terms, amounting to £18,000 (2015: £24,000).

No other related party transactions took place during the years ended 31 March 2016 and 31 March 2015.

18. Ultimate parent company and controlling party

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

19. Share based payments

Big Yellow Group PLC, of which the company is a member, has four equity share-based payment arrangements, namely approved and unapproved share option schemes, an LTIP scheme, an Employee Share Save Scheme ("SAYE") and a Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,539,000 (2015: £2,059,000). The company employs all staff who are beneficiaries of the Group's share-based payment arrangements, therefore the cost is borne in the company accounts.

Equity-settled share option plans

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

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

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Notes to the financial statements Year ended 31 March 2016

19. Share based payments (continued)

Equity-settled share option plans (continued)

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 73 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011 and 2012 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £7.04 (2015: £5.40).

LTIP scheme	No. of options	
	2016	2015
Outstanding at beginning of year	1,662,358	1,649,374
Granted during the year	468,546	724,345
Forfeited during the year	(46,728)	(93,955)
Exercised during the year	(639,955)	(617,406)
Outstanding at the end of the year	<u>1,444,221</u>	<u>1,662,358</u>
Exercisable at the end of the year	<u>29,692</u>	<u>22,469</u>

The weighted average fair value of options granted during the year was £976,000 (2015: £906,671).

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Notes to the financial statements **Year ended 31 March 2016**

19. Share based payments (continued)

	No. of options	2016 Weighted average exercise price (£)	No. of options	2015 Weighted average exercise price (£)
Employee Share Save Scheme ("SAYE")				
Outstanding at beginning of year	255,853	3.74	188,199	2.84
Granted during the year	49,296	6.08	106,541	4.95
Forfeited during the year	(7,472)	4.65	(14,416)	2.83
Exercised during the year	(92,347)	2.40	(24,471)	2.63
	<u>205,330</u>	<u>4.87</u>	<u>255,853</u>	<u>3.74</u>
Outstanding at the end of the year				
Exercisable at the end of the year	-	-	-	-

Options outstanding at 31 March 2016 had a weighted average contractual life of 2.2 years (2014: 2.0 years).

The inputs into the Black-Scholes model are as follows:

	LTIP	SAYE
Expected volatility	24%	25%
Expected life	3 years	3 years
Risk-free rate	0.8%	0.8%
Expected dividends	3.4%	3.4%

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

Long term bonus performance plan

The Executive Directors receive awards under the Long Term Bonus Performance Plan. This is accounted for as an equity instrument. The plan was set up in July 2015. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report. At 31 March 2016 the weighted average contractual life was 2.3 years.

20. Subsidiaries

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

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2016

21. Called up share capital

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

22. Capital commitments

Amounts contracted but not provided in respect of the company's properties as at 31 March 2016 were £374,000 (2015: £274,000).

23. Post balance sheet event

In April 2016, the Big Yellow Group acquired the Lock and Leave portfolio. Big Yellow Self Storage Company Limited acquired the stores in Nine Elms and Twickenham for £14.6 million.