

Company Registration No. 05166173

.Big Yellow Self Storage Company Limited

Annual Report and Financial Statements

For the year ended 31 March 2015

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.Big Yellow Self Storage Company Limited

Annual report and financial statements 2015

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.Big Yellow Self Storage Company Limited

Officers and professional advisers

Directors

Nicholas Vetch
James Gibson
Adrian Lee
John Trotman

Secretary

Shauna Beavis

Registered office

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Surrey
GU19 5AT

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants
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, which we have achieved with unprompted awareness of over five times that of our nearest competitor. We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow.

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.

Local GDP and housing activity are greatest in the larger urban conurbations and in particular London and the South East. Furthermore, people and businesses are space constrained in these more expensive 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 15 years we have created a portfolio of 70 purpose built prime Big Yellow self storage centres, largely freehold and focussed on London, the South East and large metropolitan cities. 60% of our current store revenue derives from within the M25; with the South East, the proportion of current store revenue rises to 80%. The REVPAF performance of our stores in London has been more resilient over the downturn than in the regions.

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of 42,000 sq ft (source: The Self Storage Association 2015 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 leasing up existing stores to drive revenue, the majority of which flows through to the bottom line given that our operating and central overhead costs are already largely fixed and embedded.

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;
- 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.

Big Yellow Self Storage Company Limited

Strategic report

Results for the year

The Company made a profit after tax of £73,069,000 for the year, an increase from £26,229,000 in the prior year.

Principal risks and uncertainties

Self storage market risk

The UK economy is projected to grow at approximately 3% in 2015, and is expected to return to the level of output last achieved in 2007 before the global financial crisis. Self storage has proved relatively resilient through the crisis, with our revenues and earnings increasing over the last four years. As the economy has recovered in the past year, the market risk has fallen in line with increasing occupancy.

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 over the last three or so years new store openings within the sector have slowed to an average of nine stores per year over the past four years, down from a peak of 34 per year in 2005-2009.

Our performance during the downturn has been 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 has 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.

We have a large current storage customer base of over 25,000 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. Despite the current economic environment, this has remained 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

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. The planning process remains difficult with some planning consents taking in excess of twelve months to achieve, although given we have planning consent on all but one site, the risk to the Group has reduced significantly from prior years.

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.

Big Yellow Self Storage Company Limited

Strategic report

Treasury risk

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 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 Group does not hedge account its interest rate derivatives, all movements in fair value are taken through the statement of comprehensive income. The Group regularly monitors its counterparty risk. The Group 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.

Interest cover and balance sheet risk

The Company 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 occupancy in the stores on gearing and interest cover.

Credit risk

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 Group is therefore not exposed to a significant credit risk. 79% of our current customers pay by direct debit; however of new customers moving into the business in the last year 85% have paid by direct debit. Businesses often prefer to pay by cheque or BACS. Since the start of the downturn in economic activity, we have not seen an increase in the levels of bad debts and arrears. In the year to 31 March 2015 our bad debt expense represented 0.15% of revenue in the year (2014: 0.10%).

Taxation risk

The Group is exposed to changes in the tax regime affecting the cost of corporation tax, VAT and Stamp Duty Land Tax ("SDLT"), for example the change in the prior year of 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.

Real Estate Investment Trust ("REIT") risk

The Big Yellow Group of which the company is a part, converted to a REIT in January 2007. The Group is therefore exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation. The Group 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. 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. With the economy improving, the risk of higher staff turnover and difficulty in finding the right employees does increase.

Reputational risk

Big Yellow's reputation with all its stakeholders is something we value highly and will always look to protect and enhance. We aim to communicate clearly with our customers, suppliers, local authorities and communities, employees and shareholders and to listen to and take account of their views. Big Yellow's intranet and website are important avenues of communication for both employees and shareholders.

Big Yellow Self Storage Company Limited

Strategic report

Security risk

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 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.

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

15 December 2015

.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 2015.

Introduction

.Big Yellow Self Storage Company Limited ("Big Yellow", "the company") is a wholly owned 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 11 of the financial statements. The directors do not recommend the payment of a dividend (2014: £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

On 29 June 2015, the Company sold 15 stores to its fellow sister company Big Yellow Self Storage Company M Limited for a market value of £221,940,000.

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

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

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



Shauna Beavis
Secretary

15 December 2015

.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 2015 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.

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 2015 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

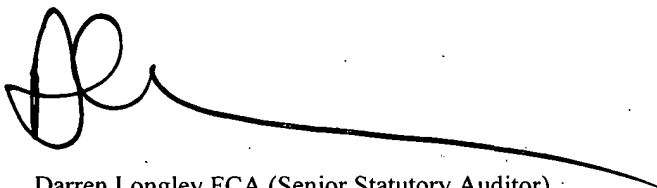
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

16 December 2015

.Big Yellow Self Storage Company Limited

Income statement Year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	58,874	52,894
Cost of sales		(19,035)	(18,263)
Gross profit		39,839	34,631
Administrative expenses		(7,557)	(6,660)
Operating profit before gain on investment properties and other non-current assets	5	32,282	27,971
Gain on revaluation of investment properties	10c	43,603	23,567
Gain on disposal of surplus land	10c	1,318	-
Reversal of impairment on surplus land	11	-	300
Operating profit		77,203	51,838
Investment income	7	2,381	2,337
Finance costs	8	(6,753)	(7,093)
Profit before tax		72,831	47,082
Tax	9	238	(242)
Profit for the year		73,069	46,840

All items in the income statement relate to continuing activities.

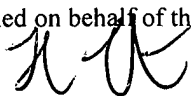
Big Yellow Self Storage Company Limited

Balance sheet As at 31 March 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Investment property	10a	600,160	536,790
Investment property under construction	10a	12,889	19,840
Interests in leasehold properties	10a	20,829	23,814
Plant, equipment and owner-occupied property	10b	1,046	1,174
Goodwill / intangible assets		2	-
Investment in subsidiaries	20	1	1
Capital Goods Scheme receivable	13	2,970	3,969
		<u>637,897</u>	<u>585,588</u>
Current assets			
Inventories		295	290
Surplus land	11	-	2,821
Trade and other receivables	13	10,665	10,489
Cash and cash equivalents		6,768	1,606
		<u>17,728</u>	<u>15,206</u>
Total assets		<u>655,625</u>	<u>600,794</u>
Current liabilities			
Trade and other payables	14	(23,554)	(21,965)
Obligations under finance leases	16	(1,705)	(1,615)
		<u>(25,259)</u>	<u>(23,580)</u>
Non-current liabilities			
Trade and other payables	14	(327,719)	(346,620)
Obligations under finance leases	16	(19,124)	(22,199)
		<u>(346,843)</u>	<u>(368,819)</u>
Total liabilities		<u>(372,102)</u>	<u>(392,399)</u>
Net assets		<u>283,523</u>	<u>208,395</u>
Equity			
Called up share capital	21	1	1
Reserves		283,522	208,394
Shareholders' funds		<u>283,523</u>	<u>208,395</u>

These financial statements were approved and authorised for issue by the Board of Directors on 15 December 2015.

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 2015

	2015 £'000	2014 £'000
Current and deferred tax recognised in equity	-	-
Net expense recognised directly in equity for the year	-	-
Profit for the year	73,069	46,840
Total comprehensive income for the year attributable to equity shareholder	73,069	46,840

Statement of changes in equity Year ended 31 March 2015

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2014	1	208,394	208,395
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	283,522	283,523

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2013	1	160,117	160,118
Total comprehensive income for the year	-	46,840	46,840
Credit to equity for equity-settled share based payments	-	1,437	1,437
At 31 March 2014	1	208,394	208,395

.Big Yellow Self Storage Company Limited

Cash flow statement **Year ended 31 March 2015**

	2015 £'000	2014 £'000
Operating profit	77,203	51,838
Gain on revaluation of investment properties	(43,603)	(23,567)
Gain on non-current assets	(1,321)	(300)
Depreciation	420	407
Repayment of finance lease capital obligations	918	974
Share option expense	2,060	1,437
Decrease/(increase) in inventories	(6)	10
Decrease in receivables	(1,082)	181
Decrease in payables	16,016	(19,327)
Cash from/ (used by) operating activities	20,738	11,653
Interest paid	(5,971)	(6,546)
Interest received	(71)	12
Net cash from/ (used by) operating activities	14,696	5,119
Investing activities		
Purchase of non-current assets	(12,270)	(7,951)
Additions to surplus land	(153)	(130)
Sale of surplus land	2,817	-
Investment in and part disposal of associate company	(1)	-
Receipt from Capital Goods Scheme	992	542
Cash (used by)/ from investing activities	(8,615)	(7,539)
Financing activities		
Repayment of finance lease capital obligations	(918)	(974)
Cash used by financing activities	(918)	(974)
Net decrease in cash and cash equivalents	5,162	(3,394)
Opening cash and cash equivalents	1,606	5,000
Closing cash and cash equivalents	6,768	1,606

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

1. General information

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

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

2. Significant accounting policies

Adoption of new and revised standards

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

- IAS 1 (amendment) – Presentation of Financial Statements
- IAS 12 (amendment) – Income Tax
- IFRS 7 (amendment) – Financial Instruments: Disclosures

Below are details of accounting standards and interpretations which have been issued but are not yet effective, or have not yet been endorsed by the EU, which may be relevant to the company. None of these standards or interpretations have been early adopted by the company. The company is in the process of assessing the impact of these new standards and interpretations on its financial reporting. None of these standards are expected to have a significant impact on the company's reporting, although some may require additional disclosures to be included in the notes to the financial statements.

Issued, not yet effective and not yet endorsed for use in the EU:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from contracts with customers

Issued and endorsed for use in the EU, but not yet effective:

- IAS 36 (amendment) – Impairment of Assets
- IAS 39 (amendment) – Financial Instruments: Recognition and Measurement
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 (revised) – Separate Financial Statements
- IAS 28 (revised) – Associates and Joint Ventures
- IAS 32 (amendment) – Financial instruments: Presentation (assets and liability offsetting)
- Amendments to IFRS 10, IFRS 11, IFRS 12 (transition guidance)
- IAS 24 (amendments resulting from Annual Improvements 2010-2012 Cycle)
- IAS 40 (amendments resulting from Annual Improvements 2011-2013 Cycle)
- IAS 16 (amendments regarding the clarification of acceptable methods of depreciation and amortisation).

.Big Yellow Self Storage Company Limited

Notes to the financial statements **Year ended 31 March 2015**

2. Significant accounting policies (continued)

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

- IFRS 2 Share-based Payment Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')
- IFRS 3 Business Combinations Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration)
- IFRS 3 Business Combinations Amendments resulting from Annual Improvements 2011-2013 Cycle (scope exception for joint ventures)
- IFRS 8 Operating Segments Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)
- IFRS 9 Financial Instruments Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- IFRS 13 Fair Value Measurement Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)
- IAS 16 Property, Plant and Equipment Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)
- IAS 19 Employee Benefits Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service
- IAS 24 Related Party Disclosures Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)
- IAS 32 Financial Instruments: Presentation Amendments relating to the offsetting of assets and liabilities
- IAS 36 Impairment of Assets Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets
- IAS 38 Intangible Assets Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)
- IAS 40 Investment Property Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)

We do not expect there to be a material impact from the adoption of these standards.

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

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.

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 2015

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 2015**

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 2015**

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 2015

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 2015

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

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Open stores				
Self storage income	49,182		43,644	
Other storage related income	8,253		7,723	
Ancillary store rental income	119		129	
		57,554		51,496
Stores under development				
Non-storage income	42		328	
		42		328
Fee income				
Fees earned from Big Yellow Limited Partnership	459		640	
Other management fees earned	819		430	
		1,278		1,070
Revenue per income statement		58,874		52,894

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 2015

5. Operating profit

Profit for the year has been arrived at after:

	2015 £'000	2014 £'000
Depreciation of plant, equipment and owner-occupied property	421	407
Leasehold property depreciation	918	974
Gain on revaluation of investment property	(43,603)	(23,567)
Gain on disposal of surplus land	(1,318)	-
Cost of inventories recognised as an expense	674	290
Employee costs (see note 6)	11,287	11,075
Operating lease rentals	78	145

The auditors' remuneration for the audit of the company's accounts was £216,000 (2014: £120,000). The auditors' remuneration was borne by the company's parent company.

Amounts payable to Deloitte LLP by the company in respect of non audit services were £227,000 (2014: £nil).

6. Directors' remuneration and employee costs

The total amounts for Directors' remuneration were as follows:

	Salary £		Taxable benefits £		Annual bonus £		Long term incentives £		Pensions £		Sharesave Scheme £		Total £	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Nicholas Vetch	259,300	254,200	3,960	3,853	32,412	25,420	1,071,925	179,509	25,930	25,420	-	9,821	1,393,527	498,223
James Gibson	284,400	278,800	4,676	4,840	35,550	27,880	1,403,224	196,862	28,440	27,880	-	-	1,756,290	536,262
Adrian Lee	210,600	206,400	3,765	3,859	26,325	20,640	952,137	145,736	21,060	20,640	15,250	-	1,229,137	397,275
John Trotman	200,000	180,000	1,866	2,066	25,000	18,000	952,137	101,205	20,000	18,000	15,250	-	1,214,253	319,271
Total	954,300	919,400	14,267	14,618	119,287	91,940	4,379,423	623,312	95,430	91,940	30,500	9,821	5,593,207	1,751,031

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

6. Directors' remuneration and employee costs (continued)

Directors' share options

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

Name	Date option granted	No. of shares under option at 31 March 2014	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2015	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	19 July 2011	80,072	-	(80,072)	-	-	nil p	617.5p	19 July 2014	18 July 2021
	11 July 2012	84,218	-	-	-	84,218	nil p	-	11 July 2015	10 July 2022
	22 July 2013	60,266	-	-	-	60,266	nil p	-	22 July 2016	21 July 2023
	29 July 2014	-	50,467	-	-	50,467	nil p	-	29 July 2017	28 July 2024
James Gibson	19 July 2011	87,807	-	(87,807)	-	-	nil p	617.5p	19 July 2014	18 July 2021
	11 July 2012	92,362	-	-	-	92,362	nil p	-	11 July 2015	10 July 2022
	22 July 2013	66,098	-	-	-	66,098	nil p	-	22 July 2016	21 July 2023
	29 July 2014	-	55,352	-	-	55,352	nil p	-	29 July 2017	28 July 2024
Adrian Lee	19 July 2011	57,080	-	(57,080)	-	-	nil p	514.6p	19 July 2014	18 July 2021
	11 July 2012	62,065	-	-	-	62,065	nil p	-	11 July 2015	10 July 2022
	22 July 2013	45,804	-	-	-	45,804	nil p	-	22 July 2016	21 July 2023
	29 July 2014	-	40,989	-	-	40,989	nil p	-	29 July 2017	28 July 2024
John Trotman	19 July 2011	57,080	-	(57,080)	-	-	nil p	514.6p	19 July 2014	18 July 2021
	11 July 2012	62,065	-	-	-	62,065	nil p	-	11 July 2015	10 July 2022
	22 July 2013	45,804	-	-	-	45,804	nil p	-	22 July 2016	21 July 2023
	29 July 2014	-	38,926	-	-	38,926	nil p	-	29 July 2017	28 July 2024

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 2015

6. Directors' remuneration and employee costs (continued)

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

	2015 No.	2014 No.
Sales	256	246
Administration	44	43
	<u>300</u>	<u>289</u>

At 31 March 2015 the total number of employees was 337 (2014: 325). Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	7,386	8,007
Social security costs	1,501	1,275
Other pension costs	340	356
Share-based payments	2,060	1,437
	<u>11,287</u>	<u>11,075</u>

7. Investment income

	2015 £'000	2014 £'000
Unwinding of discount on Capital Goods Scheme receivable	229	202
Bank interest receivable	18	12
Intercompany interest receivable	2,134	2,123
	<u>2,381</u>	<u>2,337</u>

8. Finance costs

	2015 £'000	2014 £'000
Interest on obligations under finance leases	1,023	1,031
Intercompany interest payable	5,892	6,546
Capitalised interest	(227)	(484)
	<u>6,753</u>	<u>7,093</u>

.Big Yellow Self Storage Company Limited

Notes to the financial statements **Year ended 31 March 2015**

9. Tax

	2015 £'000	2014 £'000
UK current tax		
Current year	4	242
Prior year adjustments	(242)	-
Total tax (credit)/ charge	(238)	242

A reconciliation of the tax charge is shown below:

	2015 £'000	2014 £'000
Profit before tax	72,831	47,082
Tax charge at 21% (2014: 23%) thereon	15,294	10,829
Effects of:		
Revaluation of investment properties	(9,157)	(5,420)
Revaluation of surplus land	-	(69)
Profits from the tax exempt business	(5,670)	(4,996)
Gain on disposal of surplus land	(277)	-
Other permanent differences	390	123
Other temporary differences	(181)	(189)
Utilisation of brought forward losses	(395)	(36)
Prior year adjustments	(242)	-
Total tax (credit)/ charge	(238)	242

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 2014	536,790	19,840	23,814	580,444
Additions	6,259	5,078	(2,086)	9,251
Reclassification	12,650	(12,650)	-	-
Capital Goods Scheme adjustment*	154	-	-	154
Transfer to surplus land	1,479	-	-	1,479
Adjustment to present value	-	-	19	19
Revaluation	42,828	621	-	43,449
Depreciation	-	-	(918)	(918)
At 31 March 2015	600,160	12,889	20,829	633,878

* The Capital Goods Scheme Receivable has been reduced in the year by £0.2 million following the identification of some trapped Capital Goods Scheme recovery. Included within additions is £0.4 million of capitalised interest (2014: £0.5 million), calculated at the Group's average borrowing cost for the year of 3.9%.

.Big Yellow Self Storage Company Limited

Notes to the financial statements **Year ended 31 March 2015**

10. Non-current assets (continued)

b) Plant, equipment and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost						
At 1 April 2014	-	35	314	25	1,585	1,959
Reclassification	-	-	-	-	-	-
Retirement of fully depreciated assets	-	-	(15)	-	(200)	(215)
Additions	-	1	33	-	259	293
Transfer to other group companies	-	-	-	-	-	-
At 31 March 2015	-	36	332	25	1,644	2,037
Depreciation						
At 1 April 2014	-	(31)	(155)	(23)	(576)	(785)
Reclassification	-	-	-	-	-	-
Retirement of fully depreciated assets	-	-	15	-	200	215
Charge for the year	-	(1)	(32)	(2)	(386)	(421)
At 31 March 2015	-	(32)	(172)	(25)	(762)	(991)
Net book value						
At 31 March 2015	-	4	160	-	882	1,046
At 31 March 2014	-	4	159	2	1,009	1,174

Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

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 2014	256,970	229,790	486,760
Transfer from investment properties under construction	12,990	(340)	12,650
Transfer from surplus land	1,479	-	1,479
Transfer from leasehold	1,762	6,948	8,710
Capital Goods Scheme adjustments	154	(154)	-
Movement in year	5,994	42,997	48,991
As at 31 March 2015	279,349	279,241	558,590
Leasehold stores			
As at 1 April 2014	16,199	33,831	50,030
Transfer to freehold	(1,762)	(6,948)	(8,710)
Movement in year	265	(15)	250
As at 31 March 2015	14,702	26,868	41,570
Total of open stores			
As at 1 April 2014	273,169	263,621	536,790
Transfer from surplus land	1,479	-	1,479
Transfer from investment properties under construction	12,990	(340)	12,650
Capital Goods Scheme adjustments	154	(154)	-
Movement in year	6,259	42,982	49,241
As at 31 March 2015	294,051	306,109	600,160
Investment property under construction			
As at 1 April 2014	19,704	136	19,840
Transfer to investment properties	(12,990)	340	(12,650)
Movement in year	5,078	621	5,699
As at 1 March 2015	11,792	1,097	12,889
Valuation of all investment property			
As at 1 April 2014	292,873	263,757	556,630
Transfer to surplus land	1,479	-	1,479
Capital Goods Scheme adjustments	154	(154)	-
Movement in year	11,337	43,295	54,632
As at 31 March 2015	305,843	307,206	613,049

* 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 2015**

10. Non-current assets (continued)

c. Valuation of investment property (continued)

The freehold and leasehold investment properties have been valued at 31 March 2015 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

	2015	2014
	£'000	£'000
At 31 March 2014	2,821	1,061
Transfer (to)/from investment property	(1,479)	1,330
Additions	154	130
Disposals	(1,496)	-
Revaluation gain	-	300
	<hr/>	<hr/>
At 31 March 2015	<u>-</u>	<u>2,821</u>

During the year a gain of £1,318,000 arose on the disposal of surplus land at one site (2014: no disposals).

12. Deferred tax

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

13. Trade and other receivables

	2015	2014
	£'000	£'000
Current		
Trade receivables	2,018	1,986
Capital Goods Scheme receivable	-	996
Other receivables	368	366
Prepayments and accrued income	8,279	7,141
	<hr/>	<hr/>
	10,665	10,489
	<hr/>	<hr/>
Non-current		
Capital Goods Scheme receivable	2,970	3,969
	<hr/>	<hr/>
	13,635	14,458
	<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 £11,000 (2014: £20,000).

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

Trade receivables

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

13. Trade and other receivables (continued)

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

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

Included in the company's trade receivable balance are debtors with a carrying amount of £108,000 (2014: £180,000) 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 65 days past due (2014: 35 days past due).

Ageing of past due but not impaired receivables

	2015 £'000	2014 £'000
1 - 30 days	19	79
30 - 60 days	18	42
60 + days	71	59
Total	<u>108</u>	<u>180</u>

Movement in the allowance for doubtful debts

	2015 £'000	2014 £'000
Balance at the beginning of the year	20	19
Impairment losses recognised	82	52
Amounts written off as uncollectible	(91)	(51)
Balance at the end of the year	<u>11</u>	<u>20</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

	2015 £'000	2014 £'000
30 - 60 days	3	4
60 + days	8	16
Total	<u>11</u>	<u>20</u>

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

14. Trade and other payables

	2015	2014
	£'000	£'000
Current		
Trade payables	10,362	10,757
Tax and social security	280	244
VAT repayable on capital goods scheme	33	81
Other payables	3,863	3,263
Accruals and deferred income	9,016	7,618
Amounts owed to group undertakings	-	2
	<u>23,554</u>	<u>21,965</u>
Non- current		
Amounts owed to group undertakings	327,719	346,620
VAT repayable under Capital Goods Scheme	-	-
	<u>327,719</u>	<u>346,620</u>

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

	2015	2014
	£'000	£'000
Carrying amount	33	81
Estimated fair value	<u>33</u>	<u>81</u>

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

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

15. Financial instruments

A. Debt management

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

B. Interest rate risk management

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

15. Financial instruments (continued)

C. Interest rate sensitivity analysis

At 31 March 2015, it is estimated that an increase of .05 percentage points in interest rates would have reduced the Company's adjusted profit before tax by £455,000 (2014: reduced adjusted profit before tax by £317,000) and a decrease of 0.5 percentage points in interest rates would have increased the Company's adjusted profit before tax by £455,000 (2014: increased adjusted profit before tax by £317,000). 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	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts payable under finance leases:				
Within one year	1,735	1,646	1,705	1,615
Within two to five years inclusive	6,942	7,954	6,077	6,973
Greater than five years	24,528	28,355	13,047	15,226
	<u>33,205</u>	<u>37,955</u>	<u>20,829</u>	<u>23,814</u>
Less: future finance charges	(12,376)	(14,141)		
Present value of lease obligations	<u>20,829</u>	<u>23,814</u>		

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

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

.Big Yellow Self Storage Company Limited

Notes to the financial statements **Year ended 31 March 2015**

17. Related party transactions

In year ended 31 March 2015, the Company had an intercompany loan of £321,779,000 (2014: £348,127,000), and intercompany interest payable of £5,892,000 (2014: £6,546,000).

In year ended 31 March 2015, no dividends were received from any of the subsidiaries (2014: £nil).

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 the period to 1 December 2014, the Company earned fees from the Partnership of £458,000 (2014: £640,000).

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 £24,000 (2014: £28,000).

No other related party transactions took place during the years ended 31 March 2015 and 31 March 2014.

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 £2,059,000 (2014: £1,437,000). 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.

.Big Yellow Self Storage Company Limited

Notes to the financial statements **Year ended 31 March 2015**

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 60 of Group's financial statements. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested.

The weighted average share price at the date of exercise for options exercised in the year was £5.40 (2014: £4.50).

	2015		2014	
	No. of options	Weighted average exercise price (£)	No. of options	Weighted average exercise price (£)
Share option scheme "ESO"				
Outstanding at beginning of year	-	-	14,350	0.87
Exercised during the year	-	-	(14,350)	0.87
Lapsed during the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at the end of the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at the end of the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There were no options outstanding at 31 March 2015 (31 March 2014: options outstanding had a weighted average contractual life of 0.3 years).

LTIP scheme	No. of options	
	2015	2014
Outstanding at beginning of year	1,649,374	1,746,765
Granted during the year	724,345	514,821
Forfeited during the year	(93,955)	(213,310)
Exercised during the year	(617,406)	(398,902)
	<u>1,662,358</u>	<u>1,649,374</u>
Outstanding at the end of the year	1,662,358	1,649,374
	<u>22,469</u>	<u>-</u>
Exercisable at the end of the year	22,469	-

The weighted average fair value of options granted during the year was £906,761 (2014: £759,000).

Options outstanding at 31 March 2015 had a weighted average contractual life of 8.2 years (2014: 8.2 years).

.Big Yellow Self Storage Company Limited

Notes to the financial statements Year ended 31 March 2015

19. Share based payments (continued)

	2015		2014	
	No. of	Weighted average exercise price (£)	No. of	Weighted average exercise price (£)
Employee Share Save Scheme ("SAYE")	options		options	
Outstanding at beginning of year	188,199	2.84	198,646	2.61
Granted during the year	106,541	4.95	25,686	3.04
Forfeited during the year	(14,416)	2.83	(27,885)	2.74
Exercised during the year	(24,471)	2.63	(8,248)	2.55
	<u>255,853</u>	<u>3.74</u>	<u>188,199</u>	<u>2.84</u>
Outstanding at the end of the year				
Exercisable at the end of the year	-	-	-	-

Options outstanding at 31 March 2015 had a weighted average contractual life of 2 years (2014: 1.8 years).

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

	LTIP	SAYE
Expected volatility	22%	24%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	4.1%	4.1%

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

Long term bonus performance plan

The Group has a joint share ownership plan in place. This is accounted for as an equity instrument. The plan was set up in November 2012. Directors have a partial interest in 1,500,000 shares with the Group's Employee Benefit Trust. The fair value of each award is £2 subject to the vesting criteria as set out in the Directors' Remuneration Report. At 31 March 2015 the weighted average contractual life was 0.6 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 2015

20. Subsidiaries (continued)

In January 2015 the Company acquired all the shares in BiG Storage Limited for £15.2m. In February 2015 BiG Storage Limited sold a property in Chester to the Company for £5.6m. The Company subsequently disposed of all the shares in BiG Storage Limited for £7.7m to Armadillo Storage Holding Company 2 Limited. Big Yellow Holding Company Limited, a subsidiary of Big Yellow Group PLC (the ultimate controlling party of the Company), owns 20% shares of Armadillo Storage Holding Company 2 Limited.

21. Called up share capital

	2015	2014
	£	£
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 2015 were £274,000 (2014: £nil).

23. Post balance sheet event

On 29 June 2015, the Company sold 15 stores to its fellow sister company Big Yellow Self Storage Company M Limited for a market value of £221,940,000.