Big Yellow Group PLC
Annual Report & Accounts 2004

"A SIGNIFICANT MILESTONE HAS BEEN ACHIEVED THIS YEAR IN TURNING THE GROUP PRE-TAX PROFITABLE. WE NOW HAVE THE TWIN OBJECTIVES OF INCREASING EARNINGS PER SHARE WHILST MAINTAINING A SUSTAINABLE EXPANSION PROGRAMME.

WE BELIEVE THAT BIG YELLOW'S MARKET POSITION, BRANDING, CASH FLOW, ACCESS TO CAPITAL AND REAL ESTATE SKILLS WILL ALLOW US TO ACHIEVE THESE TWO OBJECTIVES."

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	4th quarter ended 31 Mar 04	3rd quarter ended 31 Dec 03	%	Year ended 31 Mar 04	Year ended 31 Mar 03	%
Annualised revenue	£27.8m	£25.7m	+8	£27.8m	£19.1m	+46
Turnover	£6.6m	£6.3m	+5	£23.8m	£15.6m	+53
EBDAT (see note 5)	£1.6m	£1.5m	+7	£5.1m	£1.3m	+292
Profit/(loss) before tax	£0.58m	£0.52m	+12	£1.2m	(£2.3m)	
Earnings/(loss) per share				0.66p	(2.11p)	
Number of customers	20,400	19,100	+7	20,400	13,800	+48
Occupied space	1,268k sq ft	1,181k sq ft	+7	1,268k sq ft	875k sq ft	+45

Maiden pre-tax profit of **£1.2 million** (2003: loss of £2.3 million)

Earnings from continuing operations for the year before exceptional items, depreciation, amortisation and tax of **£5.1 million** (2003: £1.3 million), (see note 5)

Annualised revenue of **£27.8 million** (2003: £19.1 million) up 46%

Dividend proposed of **1.05 pence** per ordinary share (2003: 1.0 pence)

30 stores currently open with a **further 8 stores** committed, providing 2.3 million sq ft of storage space when completed

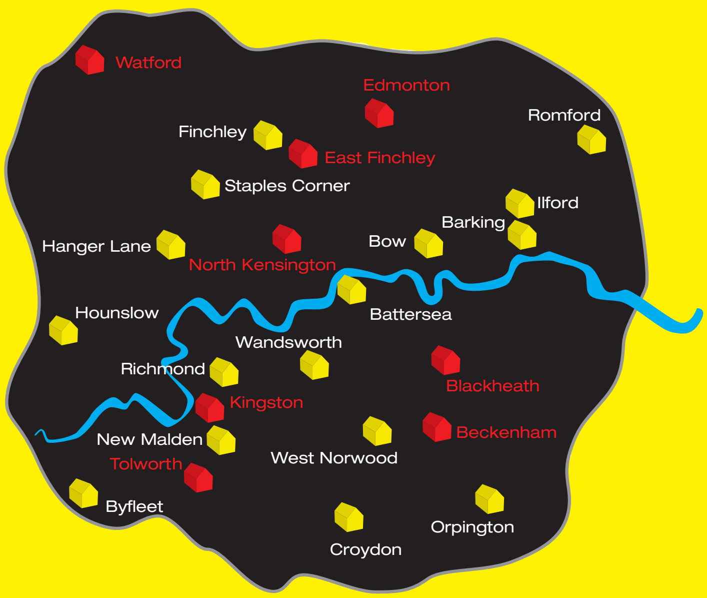
The number of customers continues to increase – **up 48% to 20,400,** compared with 13,800 at 31 March 2003

Turnover for mature stores up **17% year on year,** of which 7% is yield improvement, with the balance representing occupancy growth

Merchandise, packing materials, insurance and other sales increased to **15.0%** of storage income (March 2003: 13.5%)

New £70 million facility with Royal Bank of Scotland and Bank of Ireland providing additional £25 million borrowing capacity

WHERE TO FIND US



LONDON

key

Stores

Stores under development

38 PROMINENT LOCATIONS

28 FREEHOLD STORES

24 LONDON STORES

A MODERN, HIGH QUALITY PORTFOLIO WITH AN AVERAGE AGE OF 2.5 YEARS

LOCATI STORAGE ONS

THE SOUTH

Byfleet

Romford

Hounslow

Cardiff

Orpington

Swindon

Ilford

Colchester

Norwich

CHAIRMAN'S STATEMENT

THE BOARD OF **BIG YELLOW GROUP PLC** ("BIG YELLOW", "THE GROUP" OR "THE COMPANY") IS PLEASED TO ANNOUNCE RESULTS FOR THE TWELVE MONTHS AND FOR THE FOURTH QUARTER ENDED 31 MARCH 2004.

As with previous years, the Group has enjoyed continued growth over the year, following strong trading in the first half. In the second half we experienced the usual winter slowdown, but I am pleased to report a robust pick up in trading in the fourth quarter, which has continued into April, and we now look forward to a busy summer.

FINANCIAL RESULTS

Turnover for the year was £23.8 million (2003: £15.6 million), an increase of 53%. Underlying revenues on an annualised basis increased at the year end to £27.8 million (2003: £19.1 million), up 46% compared to the previous year.

The Group made a maiden pre-tax profit for the year of £1.2 million compared with a loss of £2.3 million in 2003. Basic earnings per share were 0.66p (2003: loss of 2.11p).

Packing materials, insurance and other sales increased to 15% of storage income (March 2003: 13.5%), and at the year end the number of customers had risen to 20,400 from 13,800 at 31 March 2003, an increase of 48%.

The Group is becoming increasingly cash generative, making an operating cash surplus of £5.1 million after operating costs, central overhead and interest costs but before exceptional items, depreciation, amortisation and tax (2003: £1.3 million) (see note 5).

Annualised revenue over the fourth quarter rose by 8% to £27.8 million from £25.7 million at the end of the third quarter to 31 December 2003. Turnover for the fourth quarter rose to £6.6 million, from £6.3 million in the third quarter. Pre-tax profit for the fourth quarter was £580,000, up from £520,000 in the third quarter.

STORES

During the year we acquired an additional 7 sites of which 6 are located in Greater London and all of which are freehold. This takes the total number of our committed stores to 38, of which 30 are trading, one having opened after the year end.

When fully developed, these new stores will provide an additional 400,000 sq ft of net storage capacity, taking the total for the 38 stores to 2.3 million sq ft. 24 of the 38 stores or sites are located in Greater London, and 28 of them are owned freehold by the Group.

In the year we increased occupancy by 393,000 sq ft, with total occupancy at 31 March 2004 of 1.27 million sq ft representing a 72% occupancy rate across all trading stores.

We have included a table summarising the trading performance of all our stores over the year, analysed between stores open more than two years, between one and two years, and less than a year at the beginning of the period. Our intention is to continue to show the trading results as the maturity profile of the portfolio improves over time. The 13 stores open for more than two years made trading profits before interest, tax, depreciation and amortisation ("EBITDA") of £7.9 million in the year on turnover of £13.8 million, a margin of 57% comprising an average EBITDA margin for freeholds of 66% and leaseholds 49%. Same store turnover for these 13 stores increased 17% year on year, of which 7% is as a result of yield improvement, and the balance occupancy growth.

DIVIDEND

The Board is recommending a final dividend of 1.05p per ordinary share for the year ended 31 March 2004 payable on 2 July 2004 to shareholders on the register on 4 June 2004.

The Board continues to follow a progressive dividend policy, with payment of a final dividend only.

SHARE BUY-BACKS

The Company will be seeking a further authority from shareholders at the Annual General Meeting to permit the Company to buy back shares and hold them as treasury shares.

The Board will continue to acquire shares where it believes that it is net asset per share enhancing and earnings per share enhancing for the remaining shareholders, and where resources cannot be more effectively deployed in the growth of the business. Shares may also be acquired to satisfy crystallisation of employee options.

THE MARKET

The self storage market continues to polarise, either into modern, well-located, prominent stores or into first generation, older, poorly maintained and badly situated stores.

Big Yellow's portfolio falls entirely into the first category and we believe this is allowing us to expand our revenues and hence our profitability at a significantly faster pace than most of our competitors.

MANAGEMENT

I should like to take this opportunity of thanking David White, my predecessor, for his significant contribution to the Group over the last four years, during which time we have grown from a start-up to a profitable Group. I am pleased that David White is remaining as Deputy Chairman and Senior Non-Executive Director and I look forward to his continuing guidance.

James Gibson was promoted to Chief Executive on 1 July 2003 and is to be congratulated for conducting a seamless takeover of responsibilities, and more importantly for having done much to improve the operational efficiency and maturity of the Group's business.

The Group strengthened its operational management in the early part of 2003 and that has and will continue to contribute to the Group's ongoing efficiency and profitability.

As always, I am overridingly conscious of the importance of the people who work both in our head office and in our stores and the pivotal part they play in our business. I should like therefore to thank them all for all their hard work over the year and I am confident that their endeavours will continue to provide us with continuing success.

STRATEGY

We have long held a target of developing a portfolio of 50 stores in our core area of London and the South. The original target set out at the time of flotation in 2000 contemplated 50 stores of 50,000 sq ft providing a total capacity of 2.5 million sq ft.

Over the intervening period we have recognised that there are economies of scale to be obtained by increasing the size of the stores and consequently the average size of our stores has risen to approximately 60,000 sq ft. The result is that, when fully completed, our current portfolio of 38 stores and sites will provide in excess of 2.3 million sq ft of net self storage, close to our original target in capacity terms if not in store numbers. We have now had the benefit of a number of years of trading and are very confident of our business model and we see no reason why we cannot continue expanding the Group for the foreseeable future.

Subject to market conditions, it is our current intention to acquire between 6 and 8 stores per annum. We aim to maintain our average store size of 60,000 sq ft per store, which would result in additional capacity of 360,000 to 480,000 sq ft per annum. The exact timing of store openings will largely depend on the time taken to obtain planning permission.

The Group acquired 7 properties for development during the year, however the barrier to expansion remains the difficulty of obtaining high profile, quality sites at affordable prices where we can secure the necessary planning permissions. Should opportunities present themselves to allow us to expand faster we will consider them in terms of the increase in risk and return, and the impact on the profit and loss account, and on our market leading brand.

We believe the growth in operating cash flow will increasingly allow us to finance our expansion internally and reduce our reliance on increasing bank debt. It will, however, be some time before capital expenditure is entirely met out of cash-flow and therefore we have decided to maintain a progressive dividend policy, allowing us to retain cash for capital expenditure, whilst at the same time providing a modest income return for shareholders.

In the future we will continue to assess the prudence of retaining cash for capital expenditure against increasing bank debt to allow larger increases in dividend payments.

We have now signed a new £70 million facility with Royal Bank of Scotland and Bank of Ireland which will provide additional facilities of £25 million and refinance existing facilities of £45 million. On completion we will have total available facilities of £103 million, with net debt at 31 March 2004 of £68 million.

OUTLOOK

A significant milestone has been achieved this year in turning the Group pre-tax profitable. We now have the twin objectives of increasing earnings per share whilst maintaining a sustainable expansion programme.

We believe that Big Yellow's market position, branding, cash flow, access to capital and real estate skills will allow us to achieve these two objectives.

Nick Vetch
Chairman

STORE PERFORMANCE

In the last 12 months we have focused on raising operational standards in the stores to ever higher levels and improving consistency of performance across the portfolio. The roles of our Senior Store Managers have been redefined and a new, improved store audit implemented. In addition we have revised the store bonus scheme to move to targets based on profit rather than revenue, recognising the increasing proportion of mature stores in the business. Furthermore, we have also increased the level of training in stores and improved yields through the proactive management of room sizes and prices to reflect local demand.

During the year, we opened stores in Byfleet, Orpington and after the year end, Swindon, bringing the number of stores now trading to 30. These provide a total capacity of 1.8 million sq ft. 26 of the stores are now trading profitably at the pre-tax level and 27 have positive operating cash flow.

Of the stores now open, 14 have reached maturity with current average occupancy of 88%. The maturity profile across the stores open at the end of the year is set out in the Trading Summary and shows a blended occupancy for the portfolio of 72% at the year end.

There are a further 8 stores in the pipeline which when fully developed will increase the total capacity of the portfolio to 2.3 million sq ft of which 1.3 million sq ft was occupied at the year end.

Customer move-ins per store averaged 100 per month over the year 16% up on the 86 per month last year.

Other sales, comprising largely the selling of packing materials and insurance commission income, represented 15% of storage income for the year (2003: 13.5%). Packing material sales in the year were £1.5 million.

SECURITY

The safety and security of our customers and stores is our first 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 our stores out of hours.

We have rigorous security procedures in relation to customers. We have reviewed recent advice from the Metropolitan Police (circulated by the Self Storage Association to members) and have adapted our procedures where necessary to comply with their recommendations. Furthermore, we continue to review our operational procedures in terms of security and for example, all new customers are now digitally photographed at move-in. The importance of security and the need for vigilance is communicated to all staff and reinforced through training.

SECURE STORAGE

PERSONAL ACCESS CONTROL SYSTEMS

INDIVIDUAL ROOM ALARMS

24 HOUR DIGITAL CCTV

MANDATORY CUSTOMER ID

THE SAFETY AND SECURITY OF OUR CUSTOMERS AND STORES IS OUR FIRST PRIORITY

OUR STORES OCCUPY CONVENIENT, MAIN ROAD LOCATIONS

ACCESS STORAGE BLE

EASILY ACCESSIBLE LOCATIONS

ACCESS 7 DAYS A WEEK

EXTENDED ACCESS FROM 5AM – 11PM

PACKING MATERIALS ALSO AVAILABLE INSTORE AND ONLINE

PROPERTY AND CONSTRUCTION

We have had an active year, acquiring 7 sites for development into self storage at North Kensington, Byfleet, Tolworth, Beckenham, Edmonton, East Finchley and Kingston. The total portfolio of stores and sites is now 38 of which 28 are held freehold. We now have planning permissions on 33 stores and the remaining 5 proposed stores are currently subject to Planning Applications, including one which is subject to an appeal.

We are primarily focused on acquiring freeholds and where opportunities arise, we will seek to acquire the freehold of our leasehold stores, and indeed acquired the freehold of our Milton Keynes store during the year. As a result we would expect the proportion of the portfolio held freehold to increase from its current level of 74%.

During the year, the Group sold surplus land at three of its stores for £3.25 million which has been recycled into funding capital expenditure.

The Company manages the construction and fit-out of its stores in house as we believe it provides better control in terms of cost and delivery to schedule. We continue to make efficiency improvements and have reduced the construction programme for a new build store by a month, recently opening Swindon in 6 months from going onto a cleared site.

MARKETING

During the year the Company spent approximately 4.2% of turnover on marketing (2003: 6.7%) including all the costs associated with the television and radio campaign in the summer of 2003. We anticipate our marketing costs remaining at these levels over the next year.

We believe last year's advertising campaigns on television and radio succeeded in increasing awareness of Big Yellow as the quality provider of self storage services in this growing market. In addition, the campaigns and other marketing initiatives contributed to Big Yellow achieving a record increase in occupancy over the year of approximately 0.4 million sq ft, of which 0.25 million was achieved in the first half.

To build on this success and reinforce Big Yellow's brand position we have recently launched a further TV and radio advertising campaign with Carlton/London Weekend Television and Heart FM respectively. The timing of the campaign is to coincide with our busier trading period, with a focus on Greater London and surrounding towns, benefiting 21 of our stores. The initial feedback in terms of enquiries and reservations is encouraging.

ROOMS FROM 10 SQ FT TO 500 SQ FT

STORAGE AVAILABLE FOR 7 DAYS OR AS LONG AS REQUIRED

ONLY 7 DAYS NOTICE TO LEAVE

PEOPLE

At 31 March we had 148 employees, and attracting and retaining the right people is critical to the success of Big Yellow.

We are committed to providing a partnership culture in the business and an enjoyable workplace environment. Big Yellow encourages all staff to build on their skills through appropriate training and regular performance appraisals. We now run 11 key-skills courses which have been developed over the last few years.

All employees are eligible to participate in share option plans after 6 months of employment and three quarters of our employees have share options. In addition we will be circulating proposals to shareholders for approval at the June AGM of a new Inland Revenue approved Sharesave Scheme intended to encourage further participation in the share ownership of the Company by employees.

SYSTEMS

As part of our drive to improve the efficiency of our operations in the stores we have rolled out into all stores a new "off the shelf" centralised self storage operating system. The process commenced in August 2003 and was completed on time and on budget at the end of February 2004. This process also involved upgrading our Wide Area Network and investing in Head Office server infrastructure.

The objectives of improving management information, control, IT support and operational efficiencies have largely been achieved although, we continue to develop and improve our systems.

This has been a significant achievement in the year and although many individuals were involved and deserve our thanks, special recognition should go to Stuart Grinnall our IT Manager and Shauna Beavis our Finance Manager for their commitment to achieving the successful delivery of this project.

FLEX STORAGE IBLE

DOMESTIC AND BUSINESS
CUSTOMERS CAN CHOOSE FROM
20 DIFFERENT ROOM SIZES

FINANCIAL REVIEW

PROFIT AND LOSS ACCOUNT

Annualised revenue continues to increase and at 31 March was £27.8 million up from £19.1 million last year, an increase of 46%. Turnover for the year was £23.8 million, up 53% from the £15.6 million for 2003.

The Group made a pre-tax profit in the year of £1.2 million compared to a loss in the previous year of £2.3 million of which £0.8 million was in relation to the French operation that was closed in the prior year.

The Group made a net profit of £675,000 on the disposal of surplus land. In addition we have booked a provision of £650,000 against a development site, which is the subject of a planning appeal (see note 5).

The basic earnings per share for the year was 0.66p (2003: loss per share 2.11p) and the fully diluted earnings per share was 0.64p (2003: loss per share 2.11p).

The Group's cash flows continue to build as reflected by the increase in EBDAT for the year to £5.1 million (see note 5) from £1.3 million on continuing operations last year. The Company has 148 employees at the year end with the average number of employees increasing to 140 (2003: 116).

Total administration expenses including the cost of construction management were £3.6 million (2003: £3.6 million). Last year's administration expenses included £484,000 of costs in respect of the discontinued French operation. The increase in this year's UK administration expenses relates primarily to increased staff costs in relation to national insurance, pension contributions, annual increases, improved staff bonus payments and in addition includes a provision in respect of the Directors' long term bonus plan.

The Group incurred a net interest expense for the year of £3.5 million up from £1.6 million in 2003 reflecting the increase in net borrowing over the period.

The total depreciation charge and goodwill amortisation for the year increased to £3.8 million (2003: £2.6 million) in line with increased capital expenditure on new store openings.

A final dividend of 1.05p per share is proposed, which represents a 5% increase over the dividend for 2003.

BORROWINGS

At the end of the year, the Group had net borrowings of £68 million, an increase of £28 million over last year following £36 million of capital expenditure, £3 million of net interest paid, a dividend of £1.0 million, offset by operating cash flow of £9 million, and land disposal proceeds of £3 million.

The Group has signed a new £70 million facility with the Royal Bank of Scotland and Bank of Ireland. When completed, this facility will re-finance existing facilities of £45 million and provide additional facilities of £25 million. This new facility will be secured on a portfolio of freehold and leasehold assets, and will increase total bank facilities to £103 million. Net debt at the end of March was £68 million, and this will leave available facilities to fund expansion of £35 million.

TREASURY MANAGEMENT

Treasury continues to be closely monitored and our policy approved by the Board. We maintain a close watch on medium and long term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk. At today's date, the Group has total borrowings of £70 million of which £43 million is fixed at maturities expiring in 2007 and 2008 at an average cost of 6.4% including margin with the balance at variable rates. We will continue to review policy in relation to future interest rate exposure based on assessment of prevailing market conditions.

Cash deposits are only placed with approved financial institutions in accordance with Group policy.

BALANCE SHEET AND CASH FLOW

The Group's property fixed assets are held in the balance sheet at historical cost net of depreciation.

The historical cost net assets of the Group 31 March 2004 were £58.4 million (2003: £59.0 million), the movement comprising a profit after tax of £0.6 million; a dividend of £1.0 million and share buy backs of £0.2 million.

The cash inflow from operating activities for the year was £9.1 million compared with an inflow of £3.5 million in 2003. During the year the Company incurred capital expenditure of £36 million.

The Group had net current liabilities of £5.1 million at 31 March 2004 (2003: net current liabilities of £1.2 million). The Group is strongly cash flow generative and draws down from its longer term committed facilities as required to meet obligations as they fall due.

TAXATION

No liability to corporation tax arises on the Group's results.

There is a deferred tax asset in the balance sheet of £1,200,000 (2003: £1,792,000), principally in respect of trading losses with a tax charge in the current year of £592,000 (2003: £73,000). We anticipate that this asset will unwind in the year ended 31 March 2005.

The Group has an effective tax rate for the year of 47.6%. This high effective tax rate arises because the Group does not receive full tax relief for the cost of acquiring or redeveloping its property fixed assets, primarily in relation to its buildings. As a result, a significant proportion of the depreciation of the Group's property fixed assets does not create a deductible expense for tax purposes, which has created a high effective tax rate for this year. As the Group grows and if the level of profits increases we would expect to see a reduction in the effective tax rate. However the effective tax rate will always continue to be higher than the standard corporation tax rate whilst the Group continues to depreciate its property fixed assets and a proportion of its capital expenditure on property fixed assets, primarily in relation to buildings, continues to not qualify for tax relief (see note 8).

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

For financial years commencing after 1 January 2005, all companies quoted in the European Union will be required to adopt IFRS. The International Accounting Standards Board has finalised the standards that must be adopted in 2005.

The first financial statements that the Group will report under IFRS will be for the year ended 31 March 2006. We will continue to monitor developments and manage the transition to IFRS.

TRADING SUMMARY

Years since opening at 1 April 2003	Greater than 2 years		Between 1 and 2 years		Less than 1 year		Total
Number of stores	13		8		8		**29**
Total capacity (sq ft)	746,000		487,000		524,000		**1,757,000**
Occupied space (sq ft)	644,000		358,000		266,000		**1,268,000**
Percentage occupied	86%		74%		51%		**72%**
	Freehold	**Leasehold**	**Freehold**	**Leasehold**	**Freehold**	**Leasehold**	**Total**
Number of stores	7	6	5	3	7	1	**29**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Annualised revenue	7,152	7,249	4,335	3,123	5,367	533	**27,759**
Turnover							
Self storage sales	5,934	6,229	3,348	2,126	2,843	240	**20,720**
Other income*	827	770	505	342	616	50	**3,110**
Total turnover	6,761	6,999	3,853	2,468	3,459	290	**23,830**
Direct store operating costs (excluding depreciation)	(2,276)	(3,556)	(1,621)	(1,833)	(2,160)	(450)	**(11,896)**
EBITDA**	4,485	3,443	2,232	635	1,299	(160)	**11,934**
Store depreciation	(845)	(730)	(625)	(445)	(864)	(65)	**(3,574)**
Store EBIT***	3,640	2,713	1,607	190	435	(225)	**8,360**
Administration expenses							**(3,641)**
Operating profit							**4,719**
Exceptional items							**25**
Net interest							**(3,501)**
Profit before tax							**1,243**

* Packing material sales, insurance commission and other storage related fees
** Earnings before interest, tax, depreciation and amortisation
*** Earnings before interest, tax and amortisation

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

In January 1998, the Hampel Committee published its report on Corporate Governance, which was implemented by the London Stock Exchange as the Combined Code on 25 June 1998. The Combined Code requires that disclosures are made on how the fourteen principles of the Code have been applied (known as "the appliance statement") and whether or not the Company has complied with these principles (known as "the compliance statement"). The Combined Code is intended to promote the principles of openness, integrity and accountability and the Company fully supports these principles.

The Board supports the highest standards of corporate governance and ethical practices within its business. The review of the role and effectiveness of non-executive directors by Derek Higgs and a review of the responsibilities of audit committee by Sir Robert Smith led to the publication in July 2003 of the revised Combined Code on Corporate Governance (the "Revised Code") by the Financial Reporting Council. The Financial Services Authority has replaced the existing Code of Best Practice on corporate governance (the "Existing Code") with the Revised Code but it is only effective for financial years beginning on or after 1 November 2003. Following publication of the Revised Code, the Board has reviewed its corporate governance practices and confirms that it complies with the majority of the Revised Code provisions. The Board will continue to review and develop its corporate governance practices during the forthcoming year.

The statement of compliance below is in relation to the Existing Code which is applicable for the Company's reporting year to 31 March 2004. However the Board has widened its reporting to cover additional aspects included in the Revised Code provisions in advance of the reporting requirement.

APPLIANCE STATEMENT

The Company has applied the Principles of Good Governance set out in Section 1 of the Combined Code by complying with the Code of Best Practice as reported below. Further explanation of how the Principles have been applied is set out below and, in connection with Directors' remuneration, in the Report on Directors' Remuneration.

COMPLIANCE STATEMENT

The Company is committed to high standards of corporate governance and throughout the year ended 31 March 2004, the Company has been in compliance with the Code Provisions set out in Section 1 of the Existing Code.

THE BOARD AND ITS PRINCIPAL COMMITTEES

The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership with a framework of sound controls. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals.

The Board consists of eight Directors: five executives and three Non-Executives. The Board considers two of the non-executive directors, David White and David Ross, to be independent and free from any business or other relationship which could materially interfere with the exercise of their judgement. David White is the Senior Independent Non Executive Director.

Given the size of the Company, and its ownership structure, we believe the proportion of independent Non-Executives to be appropriate.

All the Non-Executive Directors bring independent judgement and considerable knowledge and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The biographical details of the Directors of the Group are set out on page 22.

Details of the Board and its principal committees are set out below. Attendance at meetings of individual directors is shown next to the Director's name. All of the Committees are authorised to obtain legal or other professional advice as necessary, to secure where appropriate the attendance of external advisers at its meetings and to seek information required from any employee of the Company in order to perform its duties. The current full terms of reference of the committees are available on the Company's website at www.bigyellow.co.uk.

BOARD OF DIRECTORS

Nick Vetch	(Executive Chairman) (3)*
David White	(Non-Executive Deputy Chairman, Senior Independent Director) (7)
David Ross	(Non-Executive Director) (7)
Jonathan Short	(Non-Executive Director) (7)
James Gibson	(Chief Executive Officer and Finance Director) (7)
Adrian Lee	(Operations Director) (7)
Philip Burks	(Property Director) (7)
Stephen Homer	(Marketing Director) (7)

Company Secretary: Michael Cole

Number of meetings during the year: Seven.

* Nick Vetch was appointed Executive Chairman on 16 March 2004 on return from leave of absence.

The appointment of Nick Vetch as Executive Chairman does not comply with the Revised Combined Code in that the role of the chairman is not meant to be executive and the primary responsibility of a chairman should be in running an effective board rather than having executive responsibility. Nevertheless given the size of the Company, the fact that Nick Vetch is the largest private shareholder with a significant proportion of his wealth in the Company, and the make up of its Board, which the Nominations Committee believes to be very effective, it was concluded that these arrangements are in the best interests of the Company and its shareholders.

The Board meets on a regular basis approximately once every two months to discuss a whole range of significant matters including strategic decisions, major acquisitions and performance. A procedure to enable Directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all Directors.

There is a formal schedule of matters reserved for the Board's attention including the approval of Group strategy and policies; major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts entered into other than in the normal course of business.

At each Board meeting the latest available financial information is produced which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the Executive Directors.

Each member of the Board is subject to the re-election provisions of the Articles of Association, which requires them to offer themselves for re-election at least once every three years. In the event of a proposal to appoint a new Director, this would be discussed at a full Board meeting, with each member being given the opportunity to meet the individual concerned prior to any formal decision being taken.

A performance evaluation of the board and its individual members took place during the year and it was considered that the individuals and the Board as a whole were operating effectively. Training is available for new directors and other directors as necessary.

AUDIT COMMITTEE

David White (Chairman) (3)
David Ross (3)
Jonathan Short (3)

Number of meetings during the year: Three

Mr Short is a member of the audit committee, and as he is not considered to be wholly independent, this does not comply with the Revised Code. The Board considers that as Mr Short represents two large shareholders, controlling together 28.3% of the Company, he has a major interest in ensuring the audit process and risk management in the business is robust.

The Work of the Audit Committee

The Committee meets at least three times a year and receives papers for consideration in advance of the meeting. The papers reflect the agenda prepared by the Company Secretary in conjunction with the Committee Chairman. There are a number of standing items considered during the year such as consideration of the external audit reports, review of the preliminary and interim announcements, and review of the Annual Report and Accounts. Other items that have been considered during the year include, amongst other matters, a review of risk management processes, consideration of major risks identified by this process, and consideration of the external auditors' fees. At the invitation of the Committee, and as appropriate to the matters under discussion, meetings may be attended by certain Executive Directors and the external auditors. Full minutes are kept by the Secretary of the matters considered and decisions taken by the Committee. Outside of the meeting process the Committee Chairman has regular contact with the Executive Directors, other committee members and the auditors on a variety of topics.

The Audit Committee assesses and reviews on a regular basis the independence of the external auditors. In forming their opinion on the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Deloitte & Touche LLP.

The Audit Committee considers on a case by case basis whether or not the external audit firm should be permitted to carry out other services for the Company. The two key principles applied are: firstly, whether the provision by the auditors of that service would compromise their independence in any material way; and secondly whether it would otherwise be inappropriate for them to be engaged, for example in relation to any material accounting irregularities or significant fraud that had previously not been detected during an audit carried out by that firm Additionally, the external auditors are specifically prevented from providing accounting services and internal audit services to the Group.

Regard is paid to the nature of, and remuneration received, for other services provided by Deloitte & Touche LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. The level of non-audit work provided by the external auditors during the year was not significant, and in the Committee's view does not impair their independence.

In respect of the year ended 31 March 2004, the auditors' remuneration comprised £89,000 for audit work and £29,000 for other work.

The Audit Committee has reviewed the briefing paper on effective communication between audit committees and external auditors issued in September 2002 by the Auditing Practices Board and, having considered the recommendations of the briefing paper with the external auditors, has concluded that the relationship between the Audit Committee and Deloitte & Touche LLP is in accordance with the objectives contained in the briefing paper.

The Committee is reviewing the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is to be included in the employee handbook.

REMUNERATION COMMITTEE

David White (Chairman) (2)
David Ross (2)

Number of meetings during the year: Two

The Committee is responsible for determining broad policy for the remuneration of the Executive Directors and the Company Secretary. Within the terms of the agreed policy the Committee will determine the total individual remuneration package of each Executive Director, including, where appropriate, bonuses, incentive payments, pension arrangements and share options. The Committee will select, appoint and set the terms of reference for any remuneration consultants who advise the Committee. The Committee will ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is, where appropriate, fully recognised.

The fees of the Non-Executive Directors are reviewed by the Board at regular intervals. The statement of remuneration policy and details of each Director's remuneration is set out in the Directors' Remuneration Report.

NOMINATIONS COMMITTEE

David White (Chairman) (1)
David Ross (1)
Jonathan Short (1)

Number of meetings during the year: One

The Nominations Committee is responsible for regularly reviewing the structure, size and composition required of the Board and giving consideration to succession planning for directors and other senior executives. Where changes are required, it is also responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or reappointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee to the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chairman of the committee presents reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The committee meets at least once a year and otherwise as required and as determined by its members.

SHAREHOLDER RELATIONS

The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

The Board aims to achieve clear reporting of financial performance to all shareholders. The Board acknowledges the importance of an open dialogue with its institutional shareholders and communicates regularly with them throughout the year. The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation.

Any queries raised by a shareholder, either verbally or in writing, are answered immediately by whoever is best placed on the Board to do so. Directors are introduced to shareholders at the AGM, including the identification of Non-Executive Directors and Committee Chairmen. The number of proxy votes cast in the resolution is announced at the AGM.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness, in accordance with the Turnbull guidance. The system of internal control was in place throughout the financial year. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group operates a rigorous system of internal control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. This system has been in place throughout the year. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

A formal risk identification and assessment exercise was carried out in March and April 2002 and resulted in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The Executive Directors have reviewed this risk framework again and updated it in March 2004 and have a stated policy of reviewing this at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews, the Executive Directors:

- challenged the framework to ensure that the list of significant risks to business objectives is still valid and complete;
- considered new and emerging risks to business objectives and included them in the framework if significant;
- ensured that any changes in the impact or likelihood of the risks are reflected in the risk framework; and
- ensured that there are appropriate action plans in place to address unacceptable risks.

The results of the exercise have been communicated to the Board and the Audit Committee. This was in the form of a summary report which included:

- a prioritised summary of the key risks and their significance;
- any changes in the list of significant risks or their impact and likelihood since the last assessment;
- new or emerging risks that may become significant objectives in the future;
- progress on action plans to address significant risks; and
- any actual or potential control failures/weaknesses during the period (including "near misses").

The Group does not currently have, nor considers there is currently a need for, an internal audit function.

GOING CONCERN

The Directors report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on the going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Michael Cole
Secretary
5 May 2004

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company and its subsidiaries is the provision of self-storage and related services.

REVIEW OF BUSINESS

A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's statement and review of operations on pages 4 to 12.

CHANGES IN SHARE CAPITAL

During the year the Company acquired and cancelled 150,000 shares representing 0.15% of the issued ordinary share capital.

During the year the Company issued 149,600 shares to satisfy the exercise of share options.

Further details are given in note 19 to the financial statements.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 24 of the financial statements.

The Directors recommend a final dividend of 1.05 pence per ordinary share (2003: 1.0 pence per ordinary share) to be paid on 2 July 2004 to shareholders whose name appears on the register at the close of business on 4 June 2004. No interim dividend was paid in the year. (2003: no interim dividend paid).

PAYMENT OF SUPPLIERS

The policy of the Group is to settle supplier invoices within the terms of trade agreed with individual suppliers. Trade creditor days of the Group for the year ended 31 March 2004 were 28 days (2003: 19 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end, to trade creditors, within one year.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year were:

Philip Burks
James Gibson
Stephen Homer
Adrian Lee
David Ross
Jonathan Short
Nicholas Vetch
David White

Details of the interests of the Directors in the shares of the Company are set out in the Report on Directors' Remuneration on pages 19 to 21.

ANNUAL GENERAL MEETING

The notice for the 2004 Annual General Meeting is contained in a circular (the "AGM Circular") which is being sent out to shareholders contemporaneously with this Annual Report.

SUBSTANTIAL SHAREHOLDINGS

In addition to the interests of the Directors in the shares of the Company, the following substantial shareholdings have been notified to the Company:

	Ordinary shares of 10p each					
	At 1 April 2003 No.	%	At 31 March 2004 No.	%	At 4 May 2004 No.	%
Henderson Global Investors Limited and subsidiary companies	17,392,298	17.50	16,974,621	17.08	16,824,621	16.93
Big Yellow Holdings Limited (an indirect, wholly owned subsidiary of Prudential Financial, Inc.)	14,072,952	14.16	14,072,952	14.16	14,072,952	14.16
PGA Big Yellow Limited (a wholly owned subsidiary of The European Property Partners Limited Partnership, a fund managed by a wholly owned subsidiary of Prudential Financial, Inc)	14,072,952	14.16	14,072,952	14.16	14,072,952	14.16
Schroder Investment Management Limited	*		5,271,407	5.30	5,268,462	5.30
Morley Fund Management Limited	*		3,289,632	3.31	3,574,632	3.60

* prior year holdings were less than 3%

ENVIRONMENTAL POLICY

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, its staff, customers, suppliers and the communities in which we operate.

By the nature of our business, we have a low impact on the environment. We are, however, adopting high standards of environmental practices and aim to minimise our impact on the environment wherever this is practicable. In particular, we comply with, and endeavour to exceed, all laws and regulations relating to the environment.

A number of the properties acquired by the Group for development into self storage have been brown land. All our stores are developed to meet environmental standards with pollutants removed where applicable from the soil.

EMPLOYEES

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' executive meetings are held in stores fortnightly and in addition Directors and senior management are encouraged to visit the stores on a regular basis. In addition, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, along with the publication of a quarterly newsletter.

Employees are encouraged to participate in the Group's performance through the Employee Share Option Scheme and performance related bonuses.

Customer service is a key priority of the Group and this is achieved through recruiting good people and investing in training and development leading to high levels of retention. The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

HEALTH AND SAFETY

The Board recognises the importance of maintaining high standards of health and safety for everyone who may be affected by our business.

The Group's Health and Safety policy is reviewed on an ongoing basis. It is applied in two distinct areas – construction and operations. The policy states that all employees have a responsibility for health and safety but that managers have special responsibilities. Additional duties are placed on Philip Burks and Adrian Lee to keep the Board advised on health and safety issues, compliance with the policy in respect of construction activity and store operations respectively.

The Group has a Health and Safety Committee, which meets quarterly and comprises these two executive Directors and appointed managers. They meet to discuss any issues that have been reported from meetings held at head office and the stores, and any construction sites.

In addition, the Group has appointed an external consultant to review policy and perform audits of stores on a rolling programme to ensure the implementation of the Group's Health and Safety policies. Health and Safety audits are also carried out by external consultants on each construction site prior to the opening of a store.

DONATIONS

Charitable donations totalling £3,000 (2003: £1,000) were made to UK residents in the year.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treat the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of Section 26(5) of the Companies Act 1989.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Michael Cole
Secretary
5 May 2004

REPORT ON DIRECTORS' REMUNERATION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and the Listing Rules, and a resolution to approve the report will be proposed at the forthcoming Annual General Meeting.

The Regulations require the auditors' report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for unaudited and audited information.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee consists of the Non-Executive Directors: David White (Chairman of the Committee) and David Ross. The Committee is responsible for determining the level of remuneration of the Executive Directors. None of the Committee has any personal financial interest in the Company (other than as shareholders) and no Director is involved in the determination of his own remuneration.

During 2004, it appointed and received advice on the structuring of the Long Term Incentive Plan from Deloitte & Touche LLP. Deloitte & Touche LLP did not advise on the level of remuneration to be paid to the Executive Directors. Deloitte & Touche LLP are the Company's auditors and have also provided a range of non-audit services during the year

Remuneration policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the high calibre required and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Committee. The remuneration of the Non-Executive Directors is determined by the full Board.

There are four main elements of the remuneration package for Executive Directors and senior management:

1. Basic salary is determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions.
2. Performance related bonuses are assessed annually and determined by the Remuneration Committee and are based on a combination of individual and corporate performance during the year. The bonuses are capped at 50% of annual basic salary, and are directly linked to the Group's EBDAT (operational cashflow) performance. There is no deferrable element of the bonus, and it is non pensionable. This year's bonus award represents 20% of basic salary earned in the year.
3. Pension contributions of 10% of basic salary are paid into a personal pension plan for each Director.
4. Share incentives

Share options

Share options are granted by the Remuneration Committee, and are assessed on an individual basis with a view to motivating and retaining Executive Directors in the longer term.

In accordance with the policy set by the Remuneration Committee immediately prior to the Company's flotation on AIM in May 2000, all Directors' share options granted since flotation are subject to the following performance conditions. In respect of the three year period from the date of grant they will only be exercisable if the aggregate increase in Company total shareholder return exceeds the increase during that period of the FTSE All Share Actuaries Total Return Index by not less than 20% on a straight line basis. For the period subsequent to these three years, but up to a maximum of six years after the date of the grant, the options will only be exercisable if the aggregate increase in Company total shareholder return exceeds 20% plus 6.67% per annum on a straight line basis, over the FTSE All Share Actuaries Index. There have been no grants under the Company's share option plans to Directors since December 2002.

Long Term Incentive Plan ("LTIP")

Approval will be sought from shareholders at the 2004 Annual General Meeting for a new Long Term Incentive Plan (the "Plan"). The Plan is being introduced, following a review of existing equity arrangements, in order to continue to provide a competitive and market-related long term incentive to the Company's executives.

Awards under the proposed Plan will be made at the discretion of the Remuneration Committee and will take the form of nil cost options, the exercise of which will be conditional upon the Company achieving a specified level of TSR performance against a comparator index of quoted companies.

Initial grants of awards under the proposed Plan will be made, at the discretion of the Remuneration Committee, to executive directors and other key employees following announcement of the Company's results in May 2005. Further details are set out in the AGM Circular.

Sharesave Scheme

Approval from shareholders will also be sought for the introduction of an Inland Revenue approved Sharesave Scheme.

The Scheme will be open to all UK employees (including Directors) with a minimum of six months' service and will be drafted to meet UK Inland Revenue approval requirements, thus enabling all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. Further details are set out in the AGM Circular.

Long term bonus plan

A long term bonus plan was implemented in June 2001 following approval at the Annual General Meeting. Payments under the plan will be entirely at the discretion of the Committee, and any assessment will be made in the year ended 31 March 2005 based on the Group's performance over the intervening period. The proposed plan provides for a maximum aggregate bonus payment of £1.232 million for the five Executive Directors.

This long term bonus plan was put in place to incentivise delivery of the Group's Business Plan and at a time when Directors' salaries were below market benchmarks. The Committee consider that current Directors' salaries are appropriately benchmarked and therefore this plan will not be renewed.

Directors' contracts

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Committee is received. All of the service agreements may be terminated by either party giving notice of 12 months. If a contract is terminated at short notice, the Company has not waived any right which it may have at law to require the Executive Director to mitigate his loss although the Company is entitled (at its discretion) to pay the salary to which the Executive Director would otherwise be entitled, in lieu of notice.

The dates of the Executive Directors' agreements are as follows:

Nicholas Vetch	25 September 1998
Philip Burks	25 September 1998
James Gibson	25 September 1998
Adrian Lee	31 March 2000
Stephen Homer	31 March 2000

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, usually to the date of the AGM at which a resolution to re-appoint the director would next be put to shareholders, although the continued appointment of all directors is considered on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

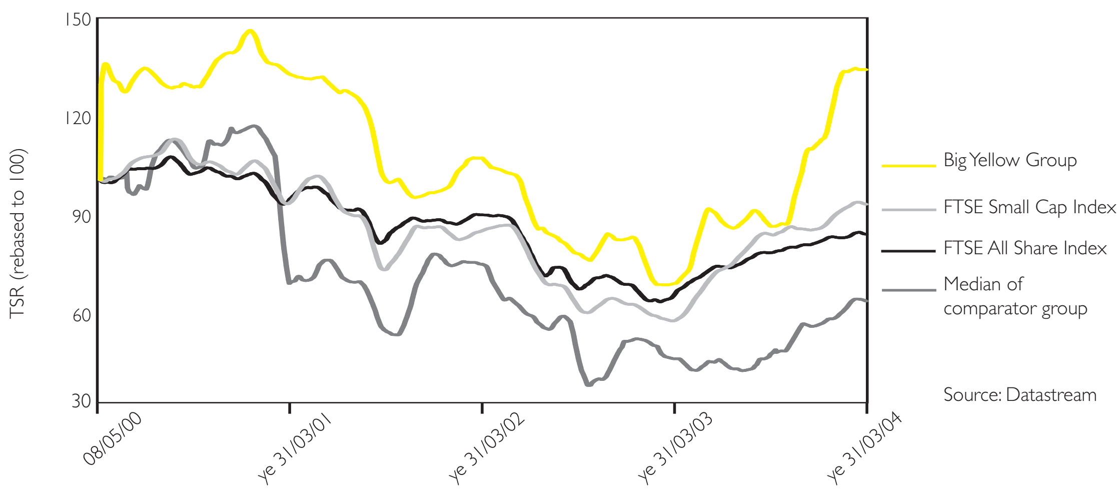
Non-Executive Directors' Remuneration

The remuneration of the Non-Executive Directors is determined by the Board taking into account current practices in other similar companies. No further fees for work performed for the Group in respect of membership of the Remuneration, Nomination and Audit Committees are paid. Non-Executive Directors cannot participate in any of the Group's share option schemes and are not eligible to join the Group's pension arrangements.

Performance Graph

The Total Shareholder Return ("TSR") performance graph below sets out the comparison of the Company's TSR against the FTSE All Share Index, FTSE Small Cap Total Return Index and the median of a comparator group which consists of Mentmore, Safestore (until it delisted on 15 October 2003) and Lok 'n' Store (the only other UK listed self storage operators). TSR measures share price growth, with dividends deemed to be reinvested gross on the ex-dividend date, and the TSR is shown as the one month average on each day.

TSR Performance from official listing on 8 May 2000 to 31 March 2004



AUDITED INFORMATION

Directors' remuneration

	2004 Salary/ fees £	Bonus £	Taxable benefits £	Sub total £	Pension £	Total £	2003 Total £
Nicholas Vetch	125,500*	22,500	1,750	149,750	11,250	161,000	190,662
Philip Burks	167,500*	30,000	2,261	199,761	15,000	214,761	169,147
James Gibson	175,000*	31,500	2,209	208,709	15,750	224,459	167,019
Adrian Lee	139,500*	25,000	3,369	167,869	12,500	180,369	140,854
Stephen Homer	129,500*	23,000	3,613	156,113	11,500	167,613	127,216
David White	25,000	–	–	25,000	–	25,000	25,000
David Ross	22,500	–	–	22,500	–	22,500	22,500
Jonathan Short	–	–	–	–	–	–	–
	784,500	132,000	13,202	929,702	66,000	995,702	842,398

* Includes car allowances

DIRECTORS' INTERESTS

The interests of the Directors in the ordinary share capital of the Company are shown below:

Ordinary shares of 10p each	At 1 April 2003 No.	**At 31 March 2004 No.**
Nicholas Vetch (including trusts)	12,145,400	**12,000,000**
Philip Burks (including trusts)	12,032,600	**10,628,000**
James Gibson (including trusts)	1,816,000	**1,836,000**
Adrian Lee (including trusts)	791,880	**791,880**
Stephen Homer (including trusts)	783,880	**840,000**
David White	350,000	**350,000**
David Ross	1,040,020	**3,182,906**

None of the Directors had any direct interests in the share capital of any of the subsidiary undertakings of the Company in the year.

SHARE OPTION SCHEMES

Options in respect of ordinary shares held by the Directors at 31 March 2004 under the Company's share option schemes are as follows:

Name	Date option granted	No of shares under option at 1 April 2003	Exercised during the year	No. of shares under option at 31 March 2004	Exercise price	Market price at date of exercise	Date first exercisable	Date on which the exercise period expires
Nicholas Vetch	5 May 2000	1,000,000	–	1,000,000	100p	–	5 May 2003	4 May 2010
	4 June 2001	300,000	–	300,000	131.5p	–	4 June 2004	3 June 2011
	15 May 2002	300,000	–	300,000	102p	–	15 May 2005	14 May 2012
	16 Dec 2002	185,000	–	185,000	81.5p	–	16 Dec 2005	15 Dec 2012
Philip Burks	5 May 2000	1,000,000	–	1,000,000	100p	–	5 May 2003	4 May 2010
	4 June 2001	268,000	–	268,000	131.5p	–	4 June 2004	3 June 2011
	15 May 2002	268,000	–	268,000	102p	–	15 May 2005	14 May 2012
	16 Dec 2002	185,000	–	185,000	81.5p	–	16 Dec 2005	15 Dec 2012
James Gibson	24 Sep 1998	1,000,000	–	1,000,000	10p	–	24 Sep 2001	23 Sep 2008
	5 May 2000	100,000	–	100,000	100p	–	5 May 2003	4 May 2010
	4 June 2001	237,000	–	237,000	131.5p	–	4 June 2004	3 June 2011
	15 May 2002	268,000	–	268,000	102p	–	15 May 2005	14 May 2012
	16 Dec 2002	220,000	–	220,000	81.5p	–	16 Dec 2005	15 Dec 2012
Stephen Homer	18 Jan 1999	375,940	–	375,940	13.3p	–	18 Jan 2002	17 Jan 2009
	5 May 2000	150,000	–	150,000	100p	–	5 May 2003	4 May 2010
	4 June 2001	206,000	–	206,000	131.5p	–	4 June 2004	3 June 2011
	15 May 2002	206,000	–	206,000	102p	–	15 May 2005	14 May 2012
	16 Dec 2002	200,000	–	200,000	81.5p	–	16 Dec 2005	15 Dec 2012
Adrian Lee	18 Jan 1999	375,940	(100,000)	275,940	13.3p	100p	18 Jan 2002	17 Jan 2009
	5 March 1999	125,000	–	125,000	25p	–	5 March 2002	4 March 2009
	5 May 2000	100,000	–	100,000	100p	–	5 May 2003	4 May 2010
	4 June 2001	221,000	–	221,000	131.5p	–	4 June 2004	3 June 2011
	15 May 2002	221,000	–	221,000	102p	–	15 May 2005	14 May 2012
	16 Dec 2002	200,000	–	200,000	81.5p	–	16 Dec 2005	15 Dec 2012

The market price of the Company's shares at 31 March 2004 was £1.32 per share. The highest market price during the year was £1.35 per share, the lowest market price during the year was £0.68, and the average price during the year was £0.99. Pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, it should be noted that past performance of the Company's share price cannot be relied on as a guide to future performance.

APPROVAL

This report was approved by the Board of Directors and signed on its behalf by:

David White
Committee Chairman
5 May 2004

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

David White, aged 61, Non-Executive Deputy Chairman, spent 18 years of his career at Cater Allen Holdings PLC where he was from 1985 deputy Chairman and Managing Director and from which he retired in 1997. He was Non-Executive Chairman of Edge Properties plc until its sale in 1998 and is currently Non-Executive Director of Church House Trust plc.

David Ross, aged 38, Non-Executive Director, is the Deputy Chairman and a co-founder of Carphone Warehouse Group plc. He was closely involved with the development of the Group into its present position as Europe's leading mobile communications retailer. His previous roles at Carphone Warehouse included Chief Operating Officer and Group Finance Director. Prior to Carphone Warehouse he qualified as a chartered accountant with Arthur Andersen & Co. He is also Non-Executive Chairman of National Express Group plc, a council member of Sport England, Non-Executive Director of Wembley National Stadium Limited, and a Non-Executive Director of Trinity Mirror Group plc.

Jonathan Short, aged 42, Non-Executive Director, is the Chief Executive of PRICOA Property Private Equity Limited, a wholly owned subsidiary of Prudential Financial Inc., which he joined in 2000. He previously headed the European real estate mergers and acquisitions practice at Lazard Brothers & Co. His early City career was spent at SG Warburg & Company Limited which was followed by a period at ING Barings & Co.

EXECUTIVE DIRECTORS

Nicholas Vetch, aged 42, Executive Chairman, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc, which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

James Gibson, aged 43, Chief Executive Officer and Finance Director, is a co-founder of Big Yellow in September 1998. He is a chartered accountant having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

Philip Burks, aged 45, Property Director, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

Adrian Lee, aged 38, Operations Director, was previously a senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a corporate financier at Lazard Brothers for five years, having previously qualified as a surveyor at Knight Frank Rutley.

Stephen Homer, aged 37, Marketing Director, was a senior Executive at Edge Properties plc which he joined in 1996. Prior to that he was a property acquisitions manager at Dixons Stores Group Ltd., being specifically responsible for the acquisition of out of town retail stores.

SENIOR MANAGEMENT BIOGRAPHIES

Mike Cole, aged 38, Financial Controller and Company Secretary, joined Big Yellow in May 1999. Prior to that he was Finance Director at Pulse Train Technology, a market research software specialist whom he joined in 1988 and qualified with CIMA in 1992.

Nigel Hartley, aged 40, Construction Manager, joined Big Yellow in January 2000. He is a chartered surveyor with over 15 years experience in the construction industry, both overseas and in the UK, principally in the retail and industrial sectors.

Nicola Jordan, aged 37, Retail Operations Manager, joined Big Yellow in March 2003, having previously been employed as an Area Manager with Superdrug for 5 years. Prior to this she has held operational roles with Little Chef & Travelodge and Victoria Wine.

Andrew Watson, aged 35, Acquisitions and Development Manager, joined Big Yellow in October 2000 having previously worked as a property acquisition surveyor for McDonald's Restaurants. Prior to that he was an acquisitions surveyor for Victoria Wine, having previously qualified as a chartered surveyor at Edwin Hill.

Cheryl Hathaway, aged 38, Human Resources Controller, joined Big Yellow in March 2000, having previously been employed as a Human Resources Manager within the Harrods Group. Prior to this she worked for Debenhams in a variety of human resources roles, both within head offices and stores.

David Knight, aged 40, Estates and Facilities Manager, joined Big Yellow in June 2000 having previously been employed as Estates Manager at Whitbread which he joined in 1997. Prior to this he was Group Facilities Manager at Central Transport Rental Group Plc (formerly Tiphook Plc) having previously qualified as a surveyor at Edwin Hill.

Chris Herbert, aged 49, Construction Manager, joined Big Yellow in September 1999, having previously worked for Leslie Clark, a Construction Consultancy, for 10 years. Prior to that he spent 10 years as a contracts/project manager with John Lelliot Building Contractors.

Stuart Grinnall, aged 29, IT Manager, joined Big Yellow in July 2000. He is a systems engineer with several years experience developing IT solutions for growth companies and NHS Hospital Trusts.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIG YELLOW GROUP PLC

We have audited the financial statements of Big Yellow Group PLC for the year ended 31 March 2004 which comprise the consolidated profit and loss account, the balance sheets, the reconciliation of movements in shareholders' funds, the statement of total recognised gains and losses, the consolidated cash flow statement, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report on Directors' remuneration that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Report on Directors' remuneration. Our responsibility is to audit the financial statements and the part of the Report on Directors' remuneration described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Report on Directors' remuneration described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Report on Directors' remuneration and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Report on Directors' remuneration described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Report on Directors' remuneration described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Report on Directors' remuneration described as having been audited.

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2004 and of the profit of the Group for the year then ended; and
- the financial statements and the part of the Report on Directors' remuneration described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
5 May 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2004

	Note	**2004 Continuing operations £'000**	2003 Continuing operations £'000	2003 Discontinued French operations £'000	2003 Total £'000
TURNOVER	2	**23,830**	15,579	–	15,579
Cost of sales		**(15,470)**	(12,397)	–	(12,397)
GROSS PROFIT		**8,360**	3,182	–	3,182
Administrative expenses		**(3,641)**	(3,147)	(484)	(3,631)
OPERATING PROFIT/(LOSS)	4	**4,719**	35	(484)	(449)
Loss on termination of French operation	5	**–**	–	(270)	(270)
Gains and losses on fixed assets	5	**25**	–	–	–
Other interest receivable and similar income		**187**	619	8	627
Interest payable and similar charges	6	**(3,688)**	(2,171)	(31)	(2,202)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,243**	(1,517)	(777)	(2,294)
Taxation	8,18	**(592)**	(73)	–	(73)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	20	**651**	(1,590)	(777)	(2,367)
Dividends	9,20	**(1,044)**			(994)
RETAINED LOSS FOR THE FINANCIAL YEAR		**(393)**			(3,361)
BASIC EARNINGS/(LOSS) PER SHARE	10	**0.66p**			(2.11)p
DILUTED EARNINGS/(LOSS) PER SHARE	10	**0.64p**			(2.11)p

CONSOLIDATED BALANCE SHEET

31 March 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Intangible assets	11	**1,432**	1,529
Tangible assets	12	**130,692**	100,933
		132,124	102,462
CURRENT ASSETS			
Stocks		**288**	252
Debtors	14	**5,822**	5,986
Cash at bank and in hand		**756**	2,267
		6,866	8,505
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	**(12,017)**	(9,667)
NET CURRENT LIABILITIES		**(5,151)**	(1,162)
TOTAL ASSETS LESS CURRENT LIABILITIES		**126,973**	101,300
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	**(68,582)**	(42,349)
NET ASSETS		**58,391**	58,951
CAPITAL AND RESERVES			
Called up share capital	19	**9,940**	9,940
Capital redemption reserve	20	**1,653**	1,638
Share premium account	20	**1,959**	1,923
Other distributable reserve	20	**51,045**	52,307
Profit and loss account	20	**(6,206)**	(6,857)
EQUITY SHAREHOLDERS' FUNDS		**58,391**	58,951

These financial statements were approved by the Board of Directors on 5 May 2004.
Signed on behalf of the Board of Directors

James Gibson
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 2004

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
GROUP				
Profit/(loss) for the financial year	**651**	**7**	(2,367)	(12)
Foreign exchange differences	**–**	**–**	(16)	–
Dividends	**(1,044)**	**(1,044)**	(994)	(994)
	(393)	**(1,037)**	(3,377)	(1,006)
Issue of shares (net of issue costs)	**51**	**51**	–	–
Repurchase and cancellation of ordinary shares	**(218)**	**(218)**	(11,699)	(11,699)
Net deduction from shareholders' funds	**(560)**	**(1,204)**	(15,076)	(12,705)
Opening shareholders' funds	**58,951**	**65,920**	74,027	78,625
Closing shareholders' funds	**58,391**	**64,716**	58,951	65,920

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2004

	2004 £'000	2003 £'000
Profit/(loss) for the financial year	**651**	(2,367)
Foreign exchange differences	**–**	(16)
Total recognised gains and losses for the year	**651**	(2,383)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Cash inflow from operating activities	*23*		**9,107**		3,510
Returns on investments and servicing of finance	*24(a)*		**(3,346)**		(1,385)
Capital expenditure and financial investment	*24(a)*		**(32,671)**		(29,349)
Equity dividends paid			**(994)**		–
Cash outflow before financing			**(27,904)**		(27,224)
Financing					
Issue of ordinary share capital (net of expenses)	*24(a)*	**51**		–	
Repurchase/cancellation of ordinary shares	*24(a)*	**(218)**		(11,699)	
Increase in debt	*24(a)*	**26,293**		22,662	
			26,126		10,963
Decrease in cash in the year	*24(b)*		**(1,778)**		(16,261)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Year ended 31 March 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Decrease in cash in the year		**(1,778)**		(16,261)	
Cash inflow from increase in debt financing	*24(b)*	**(26,293)**		(22,662)	
Change in net debt resulting from cash flows			**(28,071)**		(38,923)
Movement in net debt in the year	*24(b)*		**(28,071)**		(38,923)
Net debt at start of year			**(40,333)**		(1,410)
Net debt at end of year			**(68,404)**		(40,333)

COMPANY BALANCE SHEET

31 March 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	12	**402**	160
Investments	13	**2,029**	2,029
		2,431	2,189
CURRENT ASSETS			
Debtors	14	**80,151**	63,116
Cash at bank and in hand		**–**	2,044
		80,151	65,160
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	**(1,970)**	(1,429)
NET CURRENT ASSETS		**78,181**	63,731
TOTAL ASSETS LESS CURRENT LIABILITIES		**80,612**	65,920
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	**(15,896)**	–
NET ASSETS		**64,716**	65,920
CAPITAL AND RESERVES			
Called up share capital	19	**9,940**	9,940
Capital redemption reserve	20	**1,653**	1,638
Share premium account	20	**1,959**	1,923
Other distributable reserve	20	**51,045**	52,307
Profit and loss account	20	**119**	112
EQUITY SHAREHOLDERS' FUNDS		**64,716**	65,920

These financial statements were approved by the Board of Directors on 5 May 2004.
Signed on behalf of the Board of Directors

James Gibson
Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Group accounts consolidate the accounts of Big Yellow Group PLC and all its subsidiaries at the year end using acquisition accounting principles.

Goodwill

Purchased goodwill is capitalised in the year in which it arises and amortised over 20 years. The Directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

Tangible fixed assets

No depreciation is provided on land and assets in the course of construction. Interest, overhead and pre-opening launch costs are not capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The useful economic lives of the assets are as follows:

Freehold property	50 years
Mezzanine flooring and staircases	25 years
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 years

Mezzanine flooring and staircases are disclosed in note 12 under freehold property or short leasehold improvements as appropriate.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Stocks

Stocks represent goods held for resale and are held at the lower of cost and net realisable value.

Pension costs

Pension costs represent payments to defined contribution schemes, the assets of which are held separately from those of the Group.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign exchange

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the year end are translated at year-end exchange rates. The resulting exchange gain or loss is dealt with through the profit and loss account.

Turnover

Turnover represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. Insurance commissions are recognised over the period to which they relate.

2. SEGMENTAL INFORMATION

The Group's net assets, turnover and profit before tax are attributable to one activity, the provision of self storage and related services. All the Group's net assets, turnover and profit before tax arise in the United Kingdom. The 2003 comparative figures included a loss before tax of £777,000 and net liabilities of £1,256,000 in relation to the Group's discontinued French operations.

3. INFORMATION REGARDING EMPLOYEES

Employees	2004 £'000	2003 £'000
Wages and salaries (including Directors)	4,285	3,434
Social security costs	467	325
Other pension costs	132	110
	4,884	3,869

The average number of employees (including Directors) employed by the Group during the year:

	No.	No.
Sales	112	88
Administration	28	28
	140	116

Details of Directors' remuneration and interests are shown in the section of the Report on Directors' Remuneration described as audited on pages 20 and 21.

4. OPERATING PROFIT/(LOSS)

	2004 £'000	2003 £'000
Operating profit/(loss) is stated after charging:		
Depreciation	3,737	2,546
Amortisation of goodwill	97	97
Costs of admittance to the Official List	–	191
Auditors' remuneration		
– Group audit fees	89	72
– non-audit services	29	47
Operating leases – other	2,342	2,235

Included in Group audit fees are £10,000 (2003: £10,000) in respect of the Company.

The non-audit services provided during the year were for general advice on accounting and control matters.

5. PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION, TAX AND EXCEPTIONAL ITEMS ("EBDAT")

	2004 Continuing operations £'000	2003 Continuing Operations £'000	2003 Discontinued French operations £'000	2003 Total £'000
Profit/(loss) before tax	1,243	(1,517)	(777)	(2,294)
Add back/(deduct):				
Exceptional items	(25)	191	270	461
Depreciation	3,737	2,546	–	2,546
Amortisation	97	97	–	97
Profit/(loss) before depreciation, amortisation and exceptional items	5,052	1,317	(507)	810

5. PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION, TAX AND EXCEPTIONAL ITEMS ("EBDAT") (continued)

Exceptional items

	2004 £'000	2003 £'000
Loss on termination of French operations	–	(270)
Profit on disposal of fixed asset land	675	–
Provision against fixed asset development site	(650)	–
	25	(270)

On 7 June 2002, the Company was admitted to the Official List and cancelled its AIM listing, incurring exceptional administration costs of £191,000, which are included in Administrative Expenses in 2003

In November 2002 the Group announced its intention to terminate all activities in France. Exceptional costs incurred on terminating the operation amounted to £270,000 and are disclosed under discontinued French operations.

During the year, the Group sold land held within fixed assets, giving rise to an exceptional profit of £675,000.

The Group has booked an exceptional provision of £650,000 against a development site, which is the subject of a planning appeal.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Bank loans	3,625	2,144
Bank overdraft and other borrowings	63	15
Foreign exchange and other charges	–	43
	3,688	2,202

7. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The consolidated profit for the financial year includes a profit of £7,000 (2003: profit of £12,000), which is dealt within the accounts of the parent Company.

8. TAXATION

No liability to corporation tax arises on the Group's result for the year. A reconciliation of the current tax charge is shown below.

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before tax	1,243	(2,294)
Tax (charge)/credit at 30% thereon	(373)	688
Effects of:		
Expenses not deductible for tax purposes	(551)	(482)
Capital allowances in excess of depreciation	533	(265)
Utilisation of tax losses	511	282
Movement in short term timing differences	–	10
Overseas tax losses	–	(233)
Chargeable gains	(120)	–
	–	–

8. TAXATION (continued)

The Group has unrelieved tax losses for which a deferred tax asset has been recognised (see note 18).

An analysis of the deferred tax charge for the year is shown below:

	2004 £'000	2003 £'000
Origination and reversal of timing differences	(1,017)	(73)
Adjustments in respect of prior years	425	–
Deferred tax charge for the year	(592)	(73)

9. DIVIDENDS

	2004 £'000	2003 £'000
Final equity dividend proposed – 1.05 pence per ordinary share (2003: 1.0 pence)	1,044	994

10. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share has been calculated on the profit for the financial year of £651,000 (2003: loss £2,367,000) and on the weighted average number of shares in issue during the year of 99,379,569 (2003: 111,940,282).

Diluted earnings/(loss) per ordinary share have been calculated after allowing for the exercise of share options which have met the required exercise conditions. The weighted average number of shares is 100,973,605 (2003: 111,940,282), and the relevant profit is £651,000 (2003: loss of £2,367,000).

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000
Cost	
At 1 April 2003 and 31 March 2004	**1,940**
Amortisation	
At 1 April 2003	411
Charge for the year	97
At 31 March 2004	**508**
Net book value	
At 31 March 2004	**1,432**
At 31 March 2003	1,529

12. TANGIBLE FIXED ASSETS

Group

	Freehold Property £'000	Leasehold improvements £'000	Assets under construction £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost							
At 1 April 2003	67,479	13,900	10,113	12,799	19	1,854	106,164
Additions	14,591	1,344	16,501	3,066	–	544	36,046
Reclassifications	4,794	(742)	(4,162)	87	–	23	–
Disposals	(1,300)	–	(1,250)	–	–	–	(2,550)
At 31 March 2004	**85,564**	**14,502**	**21,202**	**15,952**	**19**	**2,421**	**139,660**
Accumulated depreciation							
At 1 April 2003	(1,498)	(1,291)	–	(1,703)	(7)	(732)	(5,231)
Charge for the year	(1,173)	(600)	–	(1,470)	(4)	(490)	(3,737)
Reclassifications	(170)	170	–	–	–	–	–
At 31 March 2004	**(2,841)**	**(1,721)**	**–**	**(3,173)**	**(11)**	**(1,222)**	**(8,968)**
Net book value							
At 31 March 2004	**82,723**	**12,781**	**21,202**	**12,779**	**8**	**1,199**	**130,692**
At 31 March 2003	65,981	12,609	10,113	11,096	12	1,122	100,933

A net profit on disposal of fixed assets of £675,000 arose during the year.

Company

	Leasehold Property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost					
At 1 April 2003	7	–	14	365	386
Additions	14	8	–	259	281
Transfers with other group companies	16	6	–	107	129
At 31 March 2004	**37**	**14**	**14**	**731**	**796**
Accumulated depreciation					
At 1 April 2003	(2)	–	(4)	(220)	(226)
Charge for the year	(5)	(1)	(3)	(135)	(144)
Transfers with other group companies	–	–	–	(24)	(24)
At 31 March 2004	**(7)**	**(1)**	**(7)**	**(379)**	**(394)**
Net book value					
At 31 March 2004	**30**	**13**	**7**	**352**	**402**
At 31 March 2003	5	–	10	145	160

13. INVESTMENTS HELD AS FIXED ASSETS

Company

	Investment in subsidiary undertakings £'000
Cost	
At 1 April 2003 and 31 March 2004	**2,029**

The investments relate to the 100% ownership of the ordinary share capital of the Group's subsidiaries. All of the Group's subsidiaries are incorporated in Great Britain and registered at the same address as the Company. Details of the Group's principal subsidiaries are shown below:

Company	**Principal activity**
.Big Yellow Self Storage Company Limited	Provision of self storage services to private individuals and businesses
Big Yellow Self Storage Company 1 Limited	Provision of self storage services to private individuals and businesses
Big Yellow Self Storage Company 2 Limited	Provision of self storage services to private individuals and businesses
Big Yellow Self Storage Company 3 Limited	Provision of self storage services to private individuals and businesses
Big Yellow Self Storage Company 4 Limited	Provision of self storage services to private individuals and businesses
Big Yellow Construction Company Limited	Property construction
Big Yellow Holding Company Limited	Intermediate holding company

14. DEBTORS

	2004 Group £'000	**2004 Company £'000**	2003 Group £'000	2003 Company £'000
Trade debtors	**357**	**–**	267	–
Amounts owed by Group undertakings	**–**	**80,097**	–	63,020
Other debtors	**587**	**4**	823	38
Deferred tax (see note 18)	**1,200**	**–**	1,792	–
Prepayments and accrued income	**3,678**	**50**	3,104	58
	5,822	**80,151**	5,986	63,116

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 Group £'000	**2004 Company £'000**	2003 Group £'000	2003 Company £'000
Bank overdraft	**267**	**267**	–	–
Trade creditors	**3,985**	**72**	3,351	233
Taxation and social security	**117**	**56**	165	118
Other creditors	**1,518**	**6**	1,200	1
Proposed dividend	**1,044**	**1,044**	994	994
Accruals and deferred income	**5,086**	**525**	3,957	83
	12,017	**1,970**	9,667	1,429

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Bank loans	68,893	16,000	42,600	–
Unamortised loan arrangement costs	(311)	(104)	(251)	–
	68,582	15,896	42,349	–

The bank loans are secured on certain of the Group's properties. Details of the maturity of the loans and the interest rates they bear are given in note 17.

17. FINANCIAL INSTRUMENTS

The Group's only financial instruments as at 31 March 2004 are bank loans of £68,893,000 (2003: £42,600,000), cash of £756,000 (2003: £2,267,000), bank overdraft of £267,000 (2003: nil) and trade debtors and trade creditors, which arise directly from its operations. Other than as noted below short term debtors and creditors have been omitted from all disclosures below.

The Group does not trade in financial instruments.

Maturity profile of financial assets and liabilities

	2004 Financial assets £'000	2004 Financial liabilities £'000	2003 Financial assets £'000	2003 Financial liabilities £'000
Within one year or on demand	756	(267)	2,267	–
Between two and five years	–	(68,893)	–	(42,600)
Gross financial liabilities	756	(69,160)	2,267	(42,600)

The Group has £9,000,000 in undrawn borrowing facilities at 31 March 2004 which expire after two but before five years (2003: £11,000,000).

Interest rate profile of financial assets and liabilities

	Total £'000	Floating rate £'000	Fixed rate £'000	Weighted average fixed interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2004						
Gross financial liabilities	69,160	26,267	42,893	6.4%	4.4 years	3.2 years
At 31 March 2003						
Gross financial liabilities	42,600	16,000	26,600	6.5%	3.43 years	3.1 years
At 31 March 2004						
Gross financial assets	756	–	756	4.2%	0.6 years	0.3 years
At 31 March 2003						
Gross financial assets	2,266	176	2,090	3.9%	0.1 years	0.1 years

17. FINANCIAL INSTRUMENTS (continued)

Currency profile of financial assets and liabilities

	2004 £'000	2003 £'000
Financial assets		
Sterling	**734**	2,222
Euro	**22**	45
	756	2,267
Financial liabilities		
Sterling	**69,160**	42,600

All monetary assets and liabilities, including short term debtors and creditors are denominated in sterling, other than the £22,000 Euro cash balance shown above.

Fair values of financial assets and liabilities

	2004 Carrying amount £'000	2004 Estimated fair value £'000	2003 Carrying amount £'000	2003 Estimated fair value £'000
Cash at bank, in hand, and other liquid investments	**756**	**756**	2,267	2,267
Bank overdraft	**267**	**267**	–	–
Bank borrowings	**68,893**	**69,113**	42,600	43,940

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

18. DEFERRED TAXATION

	2004 Provided Group £'000	2004 Provided Company £'000	2003 Provided Group £'000	2003 Provided Company £'000
The amounts provided in the accounts are:				
Capital allowances in advance of depreciation	**(330)**	**–**	(556)	–
Short term timing differences	**–**	**–**	(2)	–
Less trading losses carried forward	**(870)**	**–**	(1,234)	–
	(1,200)	**–**	(1,792)	–

There is no unprovided deferred tax at 31 March 2004 and 31 March 2003.

The movement in deferred tax from the prior year relates to the charge in the profit and loss account of £592,000 (2003: charge of £73,000).

The deferred tax asset is recoverable against future trading profits.

19. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised:		
20,000,000 (2003: 20,000,000) ordinary shares of 10p each	**20,000**	20,000
Allotted, called up and fully paid:		
99,400,216 (2003: 99,400,616) ordinary shares of 10p each	**9,940**	9,940

Movements in issued share capital during the year were as follows:

	No.	£'000
At 1 April 2003		
Ordinary shares of 10p each	99,400,616	9,940
Repurchase of 150,000 10p shares for cancellation	(150,000)	(15)
Issue of new shares	149,600	15
At 31 March 2004	**99,400,216**	**9,940**

Details of Directors' share options are given in the Report on Directors' Remuneration. At 31 March 2004 there were options in issue to other employees of the Group for a further 1,208,490 ordinary shares (2003: 1,203,604). Details of these options are as follows:

Date option granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares
16 November 1999	62.5p	16 November 2002	15 November 2009	16,500
5 May 2000	100p	5 May 2003	4 May 2010	87,700
30 November 2000	137.5p	30 November 2003	29 November 2010	47,250
1 June 2001	125.5p	1 June 2004	31 May 2011	34,500
8 November 2001	98p	8 November 2004	7 November 2011	373,550
15 May 2002	102p	15 May 2005	14 May 2012	80,300
16 December 2002	81.5p	16 December 2005	15 December 2012	193,390
2 July 2003	82.5p	2 July 2006	1 July 2013	239,150
11 November 2003	96p	11 November 2006	10 November 2013	136,150

Options to acquire 149,600 ordinary shares were exercised in the year and options to acquire 402,560 shares lapsed in the year.

20. STATEMENT OF MOVEMENTS ON RESERVES

Group

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Other distributable reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2003	9,940	1,638	1,923	52,307	(6,857)	58,951
Profit for the financial year	–	–	–	–	651	651
Dividends	–	–	–	–	(1,044)	(1,044)
Appropriation	–	–	–	(1,044)	1,044	–
Issue of shares	15	–	36	–	–	51
Purchase of own shares	(15)	15	–	(218)	–	(218)
Balance at 31 March 2004	**9,940**	**1,653**	**1,959**	**51,045**	**(6,206)**	**58,391**

20. STATEMENT OF MOVEMENTS ON RESERVES (continued)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Other distributable reserves £'000	Profit and loss account £'000	Total £'000
Company						
Balance at 1 April 2003	9,940	1,638	1,923	52,307	112	65,920
Profit for the financial year	–	–	–	–	7	7
Dividends	–	–	–	–	(1,044)	(1,044)
Appropriation	–	–	–	(1,044)	1,044	–
Issue of shares	15	–	36	–	–	51
Purchase of own shares	(15)	15	–	(218)	–	(218)
Balance at 31 March 2004	**9,940**	**1,653**	**1,959**	**51,045**	**119**	**64,716**

During the year, 150,000 ordinary shares of 10 pence each were repurchased at a price of 83 pence per share (total consideration – £125,000). The cost of the share repurchase has been offset against distributable reserves. In addition to the costs of the buy back, the Group spent £93,000 on legal fees and brokers' fees in order to gain the authority to undertake further repurchases of its own shares. These costs have also been offset against distributable reserves.

21. FINANCIAL COMMITMENTS

The Group has non-cancellable operating lease commitments payable within the next year, expiring as follows:

	2004 Group Land and buildings £'000	**2004 Company Land and buildings £'000**	2003 Group Land and buildings £'000	2003 Company Land and buildings £'000
Within one year	**–**	**–**	–	–
Within two to five years	**125**	**75**	110	75
After five years	**2,217**	**–**	2,321	–
	2,342	**75**	2,431	75

22. CAPITAL COMMITMENTS

	2004 Group £'000	**2004 Company £'000**	2003 Group £'000	2003 Company £'000
Amounts contracted but not provided in respect of the Group's properties	**7,897**	**–**	4,711	–

23. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £'000	2003 £'000
Operating profit/(loss)	**4,719**	(449)
Depreciation	**3,737**	2,546
Amortisation of goodwill	**97**	97
Foreign exchange loss	**–**	(16)
Increase in stock	**(36)**	(102)
Increase in debtors	**(428)**	(1,345)
Increase in creditors	**1,018**	2,676
Loss on disposal of fixed assets	**–**	103
Net cash inflow from operating activities	**9,107**	3,510

24. (A) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £'000	**2004 £'000**	2003 £'000	2003 £'000
Returns on investments and servicing of finance				
Interest received	**189**		627	
Interest paid	**(3,353)**		(1,798)	
Loan arrangement fees	**(182)**		(214)	
		(3,346)		(1,385)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(35,921)**		(29,100)	
Costs of termination of French operation	**–**		(270)	
Sale of tangible fixed assets	**3,250**		21	
		(32,671)		(29,349)
Financing				
Issue of ordinary share capital (net of expenses)	**51**		–	
Repurchase of ordinary shares	**(218)**		(11,699)	
		(167)		(11,699)
Debt due after more than one year:				
Loans repaid	**–**		–	
New loans acquired	**26,293**		22,662	
		26,293		22,662
Net cash inflow from financing		**26,126**		10,963

(B) ANALYSIS OF NET DEBT

	At 1 April 2003 £'000	Cash flow £'000	**At 31 March 2004 £'000**
Cash at bank and in hand	2,267	(1,511)	**756**
Bank overdraft	–	(267)	**(267)**
	2,267	(1,778)	**(489)**
Debt due after one year	(42,600)	(26,293)	**(68,893)**
Total net debt	(40,333)	(28,071)	**(68,404)**

25. RELATED PARTY TRANSACTIONS

No related party transactions took place during the years ended 31 March 2004 and 31 March 2003

FIVE YEAR RECORD

Years ended 31 March 2000 to 31 March 2004

	2004 £'000	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Turnover	**23,830**	15,579	8,408	4,174	1,342
Operating profit/(loss)	**4,719**	(449)	(2,776)	(2,909)	(1,649)
Profit/(loss) before tax	**1,243**	(2,294)	(2,306)	(1,836)	(2,123)
Depreciation and amortisation	**(3,834)**	(2,643)	(1,702)	(947)	(405)
Earnings before depreciation, amortisation and tax	**5,077**	349	(604)	(889)	(1,718)

As at 31 March:	**No.**	No.	No.	No.	No.
Number of stores open	**29**	26	19	12	7
Square footage occupied	**1,268,000**	875,000	550,000	262,000	127,000
Number of customers	**20,400**	13,800	8,100	3,900	1,700
Average number of employees during the year	**140**	116	79	56	26

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