

13. NON-CURRENT ASSETS

a) Investment property, development property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 31 March 2010	761,570	33,960	21,998	817,528
Additions	1,617	11,037	–	12,654
Adjustment to present value	–	–	156	156
Reclassification from plant, equipment and freehold property	5	–	–	5
Revaluation (see note 14)	(17,352)	1,313	–	(16,039)
Depreciation	–	–	(910)	(910)
At 31 March 2011	745,840	46,310	21,244	813,394
Additions	2,723	16,803	–	19,526
Reclassification	27,371	(27,371)	–	–
Adjustment to present value	–	–	2,003	2,003
Revaluation (see note 14)	(49,544)	(1,837)	–	(51,381)
Depreciation	–	–	(853)	(853)
At 31 March 2012	726,390	33,905	22,394	782,689

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses arising on the investment property in the year are disclosed in the Portfolio Summary on page 22.

Included within additions is £1.0 million of capitalised interest, calculated at the Group's average borrowing cost of 3.7%.

b) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Total £000
Cost						
At 31 March 2010	1,875	44	683	–	5,457	8,059
Reclassifications	(8)	–	3	–	–	(5)
Additions	–	–	58	25	374	457
At 31 March 2011	1,867	44	744	25	5,831	8,511
Additions	–	–	36	–	477	513
At 31 March 2012	1,867	44	780	25	6,308	9,024
Depreciation						
At 31 March 2010	(159)	(37)	(455)	–	(4,575)	(5,226)
Charge for the year	(32)	(4)	(60)	(3)	(512)	(611)
At 31 March 2011	(191)	(41)	(515)	(3)	(5,087)	(5,837)
Charge for the year	(35)	(3)	(48)	(6)	(458)	(550)
At 31 March 2012	(226)	(44)	(563)	(9)	(5,545)	(6,387)
Net book value						
At 31 March 2012	1,641	–	217	16	763	2,637
At 31 March 2011	1,676	3	229	22	744	2,674

c) Goodwill

Goodwill relates to the purchase of Big Yellow Self Storage Company Limited in 1999. The asset is tested bi-annually for impairment. The carrying value of £1,433,000 remains unchanged from the prior year as there is considered to be no impairment in the value of the asset.

Notes to the Financial Statements (continued)

Year ended 31 March 2012

13. NON-CURRENT ASSETS (continued)

d) Investment in associate

The Group has a 33.3% interest in Big Yellow Limited Partnership. This interest is accounted for as an associate, using equity accounting. The Partnership commenced trading on 1 December 2007.

	31 March 2012 £000	31 March 2011 £000
At the beginning of the year	14,931	12,105
Subscription for partnership capital and advances	1,167	1,000
Share of results (see below)	(602)	1,826
	15,496	14,931

The Group has subscribed for cumulative partnership capital and advances of £14,799,000 to 31 March 2012 (2011: £13,632,000).

The figures below show the trading results of Big Yellow Limited Partnership, and the Group's share of the results and the net assets of the Partnership.

	Year ended 31 March 2012 £000	Year ended 31 March 2011 £000
Big Yellow Limited Partnership		
Income statement (100%)		
Revenue	6,539	4,134
Cost of sales	(4,660)	(3,836)
Administrative expenses	(77)	(75)
Operating profit	1,802	223
(Loss)/gain on the revaluation of investment properties	(1,441)	6,725
Gain on the disposal of surplus land	-	99
Net interest payable	(2,572)	(2,141)
Fair value movement of interest rate derivatives	406	574
(Loss)/profit before and after tax	(1,805)	5,480
Balance sheet (100%)		
Investment property	110,460	105,450
Investment property under construction	-	2,730
Other fixed assets	641	725
Current assets	1,548	1,981
Current liabilities	(2,463)	(2,160)
Derivative financial instruments	(1,330)	(1,736)
Non-current liabilities	(62,367)	(62,195)
Net assets (100%)	46,489	44,795
Group share of (33.3%)		
Operating profit	601	74
(Loss)/gain on the revaluation of investment properties	(480)	2,241
Gain on the disposal of surplus land	-	33
Net interest payable	(858)	(713)
Fair value movement of interest rate derivatives	135	191
(Loss)/profit for the year	(602)	1,826
Associate net assets	15,496	14,931

The Partnership has in place a fully drawn loan of £62.7 million, secured from Royal Bank of Scotland plc and HSBC Bank plc.

13. NON-CURRENT ASSETS (continued)

d) Investment in associate (continued)

The loan has a five year term and expires in September 2013. £31.8 million of the £62.7 million drawn down at 31 March 2012 has been fixed to 30 June 2013 at a weighted average interest cost post margin of 5.5%. The balance of the drawn debt is currently paying one month LIBOR plus applicable margin. The weighted average interest cost post margin at 31 March 2012 of the facility was 3.9%. Following the year end the partners reduced the outstanding debt drawn to £60 million, through repaying and cancelling £2.7 million of the facility.

The Partnership loan has a loan to value covenant which requires the gross loan to the value of the Partnership's investment property assets to be no more than 55%. The loan is non-recourse to the Group.

The Group has an option to acquire the assets within the Partnership or the remaining interest in the Partnership not held by the Group, which is first exercisable at 31 March 2013, but can be deferred to March 2014 and March 2015, subject to Internal Rate of Return ("IRR") hurdles. The price payable is based on the market value of the Partnership's assets and liabilities, and is subject to certain promotes, dependent on the IRR achieved.

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores*			
As at 1 April 2011	325,353	373,177	698,530
Transfer from investment property under construction	30,650	(3,279)	27,371
Movement in year	2,564	(45,575)	(43,011)
As at 31 March 2012	358,567	324,323	682,890
Leasehold stores			
As at 1 April 2011	15,692	31,618	47,310
Movement in year	159	(3,969)	(3,810)
As at 31 March 2012	15,851	27,649	43,500
Total of open stores			
As at 1 April 2011	341,045	404,795	745,840
Transfer from investment property under construction	30,650	(3,279)	27,371
Movement in year	2,723	(49,544)	(46,821)
As at 31 March 2012	374,418	351,972	726,390
Investment property under construction			
As at 1 April 2011	58,260	(11,950)	46,310
Transfer to investment property	(30,650)	3,279	(27,371)
Movement in year	16,803	(1,837)	14,966
As at 31 March 2012	44,413	(10,508)	33,905
Valuation of all investment property			
As at 1 April 2011	399,305	392,845	792,150
Movement in year	19,526	(51,381)	(31,855)
As at 31 March 2012	418,831	341,464	760,295

* Includes one long leasehold property

The freehold and leasehold investment properties have been valued at 31 March 2012 by external valuers, Cushman & Wakefield LLP ["C&W"]. The valuation has been carried out in accordance with the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors ["the Red Book"]. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.