

# Notes to the Financial Statements

Year ended 31 March 2013

## 1. GENERAL INFORMATION

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Business Review on pages 18 to 23.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Adoption of new and revised standards

In the current year, there were no new or revised Standards or Interpretations that have been adopted that have affected the amounts reported in these financial statements.

### Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year:

- > Amendments to IAS 1 Presentation of financial statements (amended June 2011)
- > Amendments to IAS 12 Income taxes
- > Amendments to IAS 19 Employee Benefits (revised June 2011)
- > Amendments to IFRS 7 Financial instruments: Disclosures

Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

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

- > IFRS 1 (amended) Severe hyperinflation and removal of fixed dates for first time adopters
- > IFRS 7 (amended) Disclosures – Transfers of financial assets
- > IFRS 9 Financial Instruments
- > IFRS 10 Consolidated financial statements
- > IFRS 11 Joint arrangements
- > IFRS 12 Disclosure of interests in other entities
- > IFRS 13 Fair value measurement
- > IAS 1 (amended) Presentation of items of other comprehensive income
- > IAS 12 (amended) Deferred tax: Recovery of underlying assets
- > IAS 19 (revised) Employee benefits
- > IAS 27 (revised) Separate financial statements
- > IAS 28 (revised) Investments in associates and joint ventures
- > IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities

With the exception of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 27 and IAS 28, which the Group is currently evaluating, we do not expect there to be a material impact from the adoption of these standards. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

### Basis of accounting

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below:

### Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 18 to 29 of the Business and Financial Reviews. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the financial statements. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Business and Financial Reviews, and in the Report on Corporate Governance.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Going concern (continued)

After reviewing Group and Company cash balances, borrowing facilities and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget for the year ended 31 March 2014 and projections contained in the longer term business plan which covers the period to March 2018. The Directors have considered carefully the Group's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Group's performance. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The Group accounts consolidate the accounts of Big Yellow Group PLC and all of its subsidiaries at the year end using acquisition accounting principles. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are recognised in the income statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of their carrying amount and fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

### Investment in subsidiaries

These are recognised at cost less provision for any impairment.

### Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. The goodwill in the balance sheet has an indefinite useful economic life.

### Revenue recognition

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

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

Management fees earned are recognised on a straight line basis over the period for which the services are provided.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

#### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying value amount of the instrument to the extent that they are not settled in the period in which they arise.

#### Finance costs

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

#### Operating profit

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

#### Taxation

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

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Plant, equipment and owner occupied property

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

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

Freehold property	50 years
Freehold improvements	20 years
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Fixtures and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

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

### Investment property

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

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

Leasehold properties that are leased under operating leases are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception, and is shown within note 21. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

### Investment property under construction

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

Gains or losses arising from the changes in fair value of investment property under construction are included in the statement of comprehensive income in the period in which they arise.

### Surplus land

Surplus land, which can include assets held for development and future sale, is recognised at the lower of cost and net realisable value. Any gains and losses on surplus land are recognised through the statement of comprehensive income.

### Impairment of assets

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

### Inventories

Inventories, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

### Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

### A – Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk.

Derivatives are initially recognised at fair value and are subsequently reviewed at each balance sheet date. The fair value of interest rate derivatives at the reporting date is determined by discounting the future cash flows using the forward curves at the reporting date and the credit risk inherent in the contract.

# Notes to the Financial Statements (continued)

Year ended 31 March 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### A - Derivative financial instruments and hedge accounting (continued)

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income as they arise. The Group has not adopted hedge accounting. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the statement of comprehensive income.

### B - Loans and receivables

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

### C - Impairment of financial assets

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

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

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

### D - Cash and cash equivalents

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

### E - Financial liabilities and equity

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

### F - Equity instruments

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

### G - Trade payables

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

### Retirement benefit costs

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

### Share-based payments

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

Fair value is measured by use of the Black-Scholes model and excludes the effect of non market based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recovered in profit and loss such that the cumulative expenses reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### Critical accounting estimates and judgements

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Estimate of fair value of Investment Properties and Investment Property Under Construction

The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, Cushman & Wakefield LLP, who report on the values of the Group's stores on a biannual basis. Principal assumptions underlying management's estimation of the fair value are those related to: stabilised occupancy levels; the absorption period to these stabilised levels; expected future growth in storage rents and operating costs; maintenance requirements; capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 14 to the accounts.

### b) Capital Goods Scheme receivable

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

## 3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 30.

	2013 £000	2013 £000	2012 £000	2012 £000
<b>Open stores</b>				
Self storage income	58,112		54,734	
Other storage related income	9,996		9,363	
Ancillary store rental income	226		176	
		68,334		64,273
<b>Stores under development</b>				
Non-storage income	298		270	
		298		270
<b>Fee income</b>				
Fees earned from Big Yellow Limited Partnership	639		720	
Other management fees earned	400		400	
		1,039		1,120
<b>Revenue per statement of comprehensive income</b>		69,671		65,663
Interest receivable on bank deposits (see note 7)		33		20
<b>Total revenue per IAS 18</b>		69,704		65,683

Non-storage income derives principally from rental income earned from tenants of properties awaiting development.

## 4. SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self storage and related services.

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

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 5. PROFIT/(LOSS) FOR THE YEAR

#### a) Profit/(loss) for the year has been arrived at after charging/(crediting):

	2013 £000	2012 £000
Depreciation of plant, equipment and owner-occupied property	583	550
Leasehold property depreciation	933	853
(Increase)/decrease in fair value of investment property	(9,535)	51,381
Gains on surplus land	(1,039)	(497)
Cost of inventories recognised as an expense	908	914
Employee costs (see note 6)	10,947	10,255
Operating lease rentals	154	164
Auditor's remuneration for audit services (see below)	167	167

#### b) Analysis of auditor's remuneration:

	2013 £000	2012 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	160	160
Other services – audit of the Company's subsidiaries' annual accounts	7	7
Total audit fees	167	167
Tax services – compliance	32	30
Tax services – advisory	60	60
Other services	34	50
Real estate advice (planning)	11	12
Total non-audit fees	137	152

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

### 6. EMPLOYEE COSTS

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2013 Number	2012 Number
Sales	243	235
Administration	43	44
	286	279

At 31 March 2013 the total number of Group employees was 319 (2012: 310).

	2013 £000	2012 £000
Their aggregate remuneration comprised:		
Wages and salaries	7,763	7,605
Social security costs	1,472	791
Other pension costs	336	327
Share-based payments	1,376	1,532
	10,947	10,255

The increase in social security costs is a result of Employers' National Insurance payable on the vesting of the Long Term Bonus Performance Plan in the year. Details of Directors' Remuneration is given on pages 66 to 68.

## 7. INVESTMENT INCOME

	2013 £000	2012 £000
Interest receivable on bank deposits	33	20
	<b>33</b>	20

## 8. FINANCE COSTS

	2013 £000	2012 £000
Interest on bank borrowings	11,458	11,097
Capitalised interest	(236)	(1,035)
Interest on obligations under finance leases	1,057	1,130
Other interest payable	1	7
Total interest payable	<b>12,280</b>	11,199
Change in fair value of interest rate derivatives	223	7,965
Refinancing costs	4,300	–
Total finance costs	<b>16,803</b>	19,164

The refinancing costs relate to the unamortised loan arrangement costs of the previous facility, and the write-off of the costs of the new bank facility in accordance with IAS 39.

## 9. TAXATION

The Group converted to a REIT in January 2007. As a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

	2013 £000	2012 £000
UK current tax		
Current tax:		
– Current year	–	–
Deferred tax (see note 20):		
– Current year	–	–
	–	–

A reconciliation of the tax charge is shown below:

	2013 £000	2012 £000
Profit/(loss) before tax	31,876	(35,551)
Tax charge/(credit) at 24% (2012 – 26%) thereon	7,650	(9,243)
Effects of:		
Revaluation of investment properties	493	13,484
Permanent differences	(3,155)	37
Profits from the tax exempt business	(5,313)	(5,759)
Losses not utilised in the year	4,663	685
Utilisation of brought forward losses	–	(370)
Movement on other unrecognised deferred tax assets	(4,338)	1,166
<b>Total tax charge</b>	<b>–</b>	<b>–</b>

At 31 March 2013 the Group has unutilised tax losses of £37.5 million (2012: £13.8 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 10. ADJUSTED PROFIT BEFORE TAX AND ADJUSTED EBITDA

	2013 £000	2012 £000
Profit/(loss) before tax	31,876	(35,551)
(Gain)/loss on revaluation of investment properties – wholly owned	(9,535)	51,381
– in associate	(821)	480
Change in fair value of interest rate derivatives – Group	223	7,965
– in associate	(211)	(135)
VAT implementation costs	179	–
Refinancing costs	4,300	–
Share of refinancing costs in associate	499	–
Gains on surplus land	(1,039)	(497)
Adjusted profit before tax	25,471	23,643
Net bank and other interest	11,190	10,049
Depreciation	583	550
Adjusted EBITDA	37,244	34,242

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on surplus land, and non-recurring items of income and expenditure have been disclosed to give a clearer understanding of the Group's underlying trading performance. The adjusted profit before tax of £25,471,000 (2012: £23,643,000) equates to EPRA earnings, as there is no tax charge in the year.

### 11. DIVIDENDS

	2013 £000	2012 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2012 of 5.5p (2011: 5p) per share.	7,057	6,460
Interim dividend for the year ended 31 March 2013 of 5p (2012: 4.5p) per share.	6,486	5,763
	13,543	12,223
Proposed final dividend for the year ended 31 March 2013 of 6p (2012: 5.5p) per share.	8,384	7,057

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2013, the final dividend will be paid on 24 July 2013. The ex-div date is 12 June 2013 and the record date is 14 June 2013.

The Property Income Dividend ("PID") payable for the year is 8 pence per share.

### 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE

Earnings/(loss) per ordinary share

	Year ended 31 March 2013			Year ended 31 March 2012		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
<b>Basic</b>	31.9	130.9	24.4	(35.6)	128.4	(27.7)
Dilutive share options	–	1.3	(0.3)	–	1.3	0.3
<b>Diluted</b>	31.9	132.2	24.1	(35.6)	129.7	(27.4)
<i>Adjustments:</i>						
(Gain)/loss on revaluation of investment properties	(9.5)	–	(7.2)	51.4	–	39.6
Change in fair value of interest rate derivatives	0.2	–	0.2	8.0	–	6.1
Gains on surplus land	(1.0)	–	(0.8)	(0.5)	–	(0.4)
VAT implementation costs	0.2	–	0.1	–	–	–
Refinancing costs	4.3	–	3.3	–	–	–
Share of associate's non-recurring (gains)/losses	(0.6)	–	(0.4)	0.3	–	0.3
<b>EPRA – diluted</b>	25.5	132.2	19.3	23.6	129.7	18.2
<b>EPRA – basic</b>	25.5	130.9	19.5	23.6	128.4	18.4

The calculation of basic earnings/(loss) is based on profit/(loss) after tax for the year. The weighted average number of shares used to calculate diluted earnings/(loss) per share has been adjusted for the conversion of share options.

## 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE (continued)

EPRA earnings and earnings per ordinary share before non-recurring items, movements on revaluation of investment properties, gains on surplus land, the change in fair value of interest rate derivatives, and share of associate non-recurring gains and losses have been disclosed to give a clearer understanding of the Group's underlying trading performance.

The European Public Real Estate Association ("EPRA") has issued recommended bases for the calculation of net assets per share information and this is shown in the table below:

	31 March 2013 £000	31 March 2012 £000
Basic net asset value	<b>552,628</b>	494,500
Exercise of share options	<b>555</b>	746
EPRA NNNAV	<b>553,183</b>	495,246
Adjustments:		
Fair value of derivatives	<b>5,494</b>	15,748
Fair value of derivatives – share of associate	<b>232</b>	443
EPRA NAV	<b>558,909</b>	511,437
Basic net assets per share (pence)	<b>395.5</b>	386.1
EPRA NNNAV per share (pence)	<b>390.0</b>	378.9
EPRA NAV per share (pence)	<b>394.1</b>	391.3
EPRA NAV (as above) (£000)	<b>558,909</b>	511,437
Valuation methodology assumption (see note 14) (£000)	<b>35,621</b>	35,514
Capital goods scheme adjustment (£000) (see below)	–	12,056
Adjusted net asset value (£000)	<b>594,530</b>	559,007
Adjusted net assets per share (pence)	<b>419.2</b>	427.7
	<b>No. of shares</b>	No. of shares
Shares in issue	<b>142,639,647</b>	131,393,041
Own shares held in treasury	<b>(1,418,750)</b>	(1,418,750)
Own shares held in EBT	<b>(1,500,000)</b>	(1,885,117)
Basic shares in issue used for calculation	<b>139,720,897</b>	128,089,174
Exercise of share options	<b>2,110,396</b>	2,623,172
Diluted shares used for calculation	<b>141,831,293</b>	130,712,346

Net assets per share are shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust and in treasury are excluded from both net assets and the number of shares. Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 14).

The adjusted net assets per share presented for the year ended 31 March 2012 has been restated to show the discounted Capital Goods Scheme receivable and the reduction in the creditor payable as recorded at 31 March 2013, which was lower than that disclosed in the accounts for the year ended 31 March 2012, to ensure comparability with the current period disclosure. This has reduced the adjusted net assets per share at 31 March 2012 from 429.2 pence to 427.7 pence.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE (continued)

Big Yellow issued 7.5% of its share capital in January 2013, raising £35.8 million (net of expenses). A proforma adjusted net assets per share has been produced below as if the placing had taken place on 31 March 2012. Applying the effects of the placing to basic net assets per share for the year ended 31 March 2012, the basic net asset value increases to £530,293,000, and basic shares in issue increases to 138,089,174, giving a basic net asset per share of 384.0p.

Adjustment for placing	No. of shares
Diluted shares at 31 March 2012	130,712,346
Shares issued in placing	10,000,000
Revised shares	140,712,346

	£000
Adjusted net assets at 31 March 2012	559,007
Placing proceeds (net)	35,793
Adjusted net assets at 31 March 2012 proforma post placing	594,800
Adjusted net assets per share at 31 March 2012 proforma post placing	422.7p

### 13. NON-CURRENT ASSETS

#### α) Investment property, development property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
<b>At 31 March 2011</b>	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)
<b>At 31 March 2012</b>	726,390	33,905	22,394	782,689
Additions	3,376	305	–	3,681
Capital Goods Scheme adjustment*	(10,629)	–	–	(10,629)
Reclassification	16,260	(16,260)	–	–
Adjustment to present value	–	–	342	342
Revaluation (see note 14)	10,208	(673)	–	9,535
Depreciation	–	–	(933)	(933)
<b>At 31 March 2013</b>	<b>745,605</b>	<b>17,277</b>	<b>21,803</b>	<b>784,685</b>

\* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000, and a reduction in the creditor payable of £283,000.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 30.

Included within additions is £0.2 million of capitalised interest (2012: £1.0 million), calculated at the Group's average borrowing cost of 4.0%.

55 of the Group's investment properties are pledged as security for loans, with a total value of £736,870,000.

### 13. NON-CURRENT ASSETS (continued)

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

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Total £000
<b>Cost</b>						
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
Additions	–	–	46	–	650	696
<b>At 31 March 2013</b>	<b>1,867</b>	<b>44</b>	<b>826</b>	<b>25</b>	<b>6,958</b>	<b>9,720</b>
<b>Depreciation</b>						
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)
Charge for the year	(35)	–	(46)	(6)	(496)	(583)
<b>At 31 March 2013</b>	<b>(261)</b>	<b>(44)</b>	<b>(609)</b>	<b>(15)</b>	<b>(6,041)</b>	<b>(6,970)</b>
<b>Net book value</b>						
<b>At 31 March 2013</b>	<b>1,606</b>	<b>–</b>	<b>217</b>	<b>10</b>	<b>917</b>	<b>2,750</b>
At 31 March 2012	1,641	–	217	16	763	2,637

#### 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.

#### 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 2013 £000	31 March 2012 £000
At the beginning of the year	15,496	14,931
Subscription for partnership capital and advances	1,567	1,167
Share of results (see below)	618	(602)
	<b>17,681</b>	15,496

The Group has subscribed for cumulative partnership capital and advances of £16,366,000 to 31 March 2013 (2012: £14,799,000).

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 13. NON-CURRENT ASSETS (continued)

#### d) Investment in associate (continued)

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 2013 £000	Year ended 31 March 2012 £000
<b>Big Yellow Limited Partnership</b>		
<b>Income statement (100%)</b>		
Revenue	8,289	6,539
Cost of sales	(4,845)	(4,660)
Administrative expenses	(76)	(77)
Operating profit	3,368	1,802
Gain/(loss) on the revaluation of investment properties	2,462	(1,441)
Net interest payable	(3,111)	(2,572)
Refinancing costs	(1,497)	–
Fair value movement of interest rate derivatives	633	406
Profit/(loss) before and after tax	1,855	(1,805)
<b>Balance sheet (100%)</b>		
Investment property	109,480	110,460
Other non-current assets	3,598	641
Current assets	3,422	1,548
Current liabilities	(2,759)	(2,463)
Derivative financial instruments	(697)	(1,330)
Non-current liabilities	(60,000)	(62,367)
<b>Net assets (100%)</b>	<b>53,044</b>	<b>46,489</b>
<b>Group share of (33.3%)</b>		
	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Operating profit	1,122	601
Gain/(loss) on the revaluation of investment properties	821	(480)
Net interest payable	(1,037)	(858)
Refinancing costs	(499)	–
Fair value movement of interest rate derivatives	211	135
Profit/(loss) for the year	618	(602)
Associate net assets	17,681	15,496

The Partnership has in place a fully drawn loan of £60 million, secured from Royal Bank of Scotland plc and HSBC Bank plc.

The loan has a four year term and expires in September 2016. £31.8 million of the £60 million drawn down at 31 March 2013 has been fixed to 30 June 2013 at a weighted average interest cost pre margin of 4.07%. The balance of the drawn debt is currently paying three month LIBOR plus applicable margin. Forward start fixed rate interest derivatives of £30 million have been put in place commencing on 1 July 2013 to run through to 30 September 2016, at a weighted average cost pre margin of 1.05%. The loan amortises to £51.1 million by September 2016, with the amortisation starting in June 2014.

The weighted average interest cost post margin at 31 March 2013 of the facility was 6.4%. On a proforma basis, the weighted average cost of the facility in July 2013 will be 4.9% following the commencement of the new interest rate derivatives.

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 based on the 31 March 2013 balance sheet date, 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. The option has been deferred at 31 March 2013, and has been assessed to have nil value at 31 March 2013.

#### 14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
<b>Freehold stores*</b>			
At 31 March 2012	358,567	324,323	682,890
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,525)	10,525	–
Movement in year	3,212	(1,857)	1,355
<b>At 31 March 2013</b>	<b>372,190</b>	<b>328,315</b>	<b>700,505</b>
<b>Leasehold stores</b>			
At 31 March 2012	15,851	27,649	43,500
Capital Goods Scheme adjustment	(104)	104	–
Movement in year	164	1,436	1,600
<b>At 31 March 2013</b>	<b>15,911</b>	<b>29,189</b>	<b>45,100</b>
<b>Total of open stores</b>			
At 31 March 2012	374,418	351,972	726,390
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,629)	10,629	–
Movement in year	3,376	(421)	2,955
<b>At 31 March 2013</b>	<b>388,101</b>	<b>357,504</b>	<b>745,605</b>
<b>Investment property under construction</b>			
At 31 March 2012	44,413	(10,508)	33,905
Transfer to investment property	(20,936)	4,676	(16,260)
Movement in year	305	(673)	(368)
<b>At 31 March 2013</b>	<b>23,782</b>	<b>(6,505)</b>	<b>17,277</b>
<b>Valuation of all investment property</b>			
At 31 March 2012	418,831	341,464	760,295
Capital Goods Scheme adjustment**	(10,629)	10,629	–
Movement in year	3,681	(1,094)	2,587
<b>At 31 March 2013</b>	<b>411,883</b>	<b>350,999</b>	<b>762,882</b>

\* Includes one long leasehold property

\*\* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000 and a reduction in the creditor payable of £283,000.

The freehold and leasehold investment properties have been valued at 31 March 2013 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.

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

- > The members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation have done so since September 2004.
- > C&W have been carrying out this bi-annual valuation for the same purposes as this valuation on behalf of the Group since September 2004.
- > C&W do not provide other significant professional or agency services to the Group.
- > In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%.
- > The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 14. VALUATION OF INVESTMENT PROPERTY (continued)

#### *Market uncertainty*

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W note that, although there were a number of self storage transactions in 2007, the only significant transactions since 2007 are:

1. The sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008.
2. The sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010; and
3. The purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was 172 million Euros and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties.
4. The purchase of Selstor, Sweden, by Pelican Self Storage/M3 Capital in the fourth quarter of 2012.

There have been seven single store market transactions in the UK since 2010. C&W state that due to the lack of comparable market information in the self storage sector, there is greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

#### **Valuation methodology**

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

#### **Freehold and long leasehold**

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

#### **Assumptions**

- A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 54 trading stores (both freeholds and leaseholds) open at 31 March 2013 averages 81.5% (31 March 2012: 82.4%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 32 established stores to trade at their maturity levels is 32 months (31 March 2012: 32 months); for the 22 lease-up stores, the period to maturity is 43 months (31 March 2012: 44 months).
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 32 established stores is 6.8% (31 March 2012: 6.8%) rising to a stabilised net yield pre-administration expenses of 8.1% (31 March 2012: 8.1%). Also on a no growth and pre-administration expenses basis the 22 lease-up stores have a net initial yield of 4.9% (31 March 2012: 4.4%) rising to 8.4% (31 March 2012: 8.6%) on stabilisation.
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 11.2% (31 March 2012: 11.2%).
- E. Purchaser's costs of 5.8% (see below) have been assumed initially and sale plus purchaser's costs totalling 6.8% are assumed on the notional sales in the tenth year in relation to the freehold stores.

#### *Short leasehold*

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's seven short leasehold properties is 15.7 years (31 March 2012: 16.7 years).

#### *Investment properties under construction*

C&W have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and after allowing for the outstanding costs to take each scheme from its current state to completion and full fit-out. C&W have allowed for holding costs and construction contingency, as appropriate. One scheme does not yet have planning consent and C&W have reflected the planning risk in their valuation.

#### *Immature stores: value uncertainty*

C&W have assessed the value of each property individually. However, two of the stores in the portfolio are relatively immature and have low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation. Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

Please note C&W's comments in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the two immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios.

#### 14. VALUATION OF INVESTMENT PROPERTY (continued)

##### Assumptions (continued)

C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of fair value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place.

C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date – and which, if not adopted, could produce a material difference in value.

C&W have not assumed that the entire portfolio of properties owned by the entity would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly (either higher or lower) from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

##### Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's cost of 5.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to carry out a Red Book valuation on the above basis, and this results in a higher property valuation at 31 March 2013 of £796,890,000 (£34,008,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,840,000 higher than the value recorded in the financial statements, of which the Group's share is £1,613,000. The sum of these is £35,621,000 and translates to 25.1 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 12).

#### 15. SURPLUS LAND

	£000
At 31 March 2012	18,035
Additions	2,277
Disposals	(15,719)
<b>At 31 March 2013</b>	<b>4,593</b>

In the current year, a gain of £1,039,000 was recorded following the disposal of three sites (2012: gain of £497,000 following the disposal of one site).

#### 16. TRADE AND OTHER RECEIVABLES

	31 March 2013 £000	31 March 2012 £000
<b>Current</b>		
Trade receivables	2,373	1,559
Capital Goods Scheme receivable	2,845	–
Other receivables	887	1,316
Prepayments and accrued income	8,345	8,068
	<b>14,450</b>	10,943
<b>Non-current</b>		
Capital Goods Scheme receivable	7,501	–

Trade receivables are net of a bad debt provision of £45,000 (2012: £24,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Operating and Financial Review contains commentary on the Capital Goods Scheme receivable.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 16. TRADE AND OTHER RECEIVABLES (continued)

#### Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are greater than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed by the customer. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

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

Included in the Group's trade receivable balance are debtors with a carrying amount of £384,000 (2012: £173,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 34 days past due (2012: 31 days past due).

#### Ageing of past due but not impaired receivables

	2013 £000	2012 £000
1 - 30 days	299	117
30 - 60 days	37	16
60 + days	48	40
Total	384	173

The increase in aged debtors from the prior year relates principally to tenants at sites awaiting development, rather than storage customers. The majority of these amounts have been collected since the year end.

#### Movement in the allowance for doubtful debts

	2013 £000	2012 £000
Balance at the beginning of the year	24	25
Amounts provided in year	116	39
Amounts written off as uncollectible	(95)	(40)
Balance at the end of the year	45	24

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

#### Ageing of impaired trade receivables

	2013 £000	2012 £000
1 - 30 days	-	2
30 - 60 days	3	3
60 + days	42	19
Total	45	24

## 17. TRADE AND OTHER PAYABLES

	31 March 2013 £000	31 March 2012 £000
<b>Current</b>		
Trade payables	8,454	9,159
Other payables	5,445	2,957
Accruals and deferred income	10,500	12,916
Amounts owed to associate	2	2
VAT repayable under Capital Goods Scheme	20	641
	<b>24,421</b>	25,675
<b>Non-current</b>		
VAT repayable under Capital Goods Scheme	12	315

The Group has financial risk management policies in place to ensure that all payables are paid within the credit terms. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value.

The Directors estimate the fair value of the Group's VAT payable under the Capital Goods Scheme as follows:

	2013		2012	
	Carrying amount £000	Estimated fair value £000	Carrying amount £000	Estimated fair value £000
VAT payable under the Capital Goods Scheme	32	31	956	913

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

## 18. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's debt facilities require 60% of total drawn debt to be fixed. The Group has complied with this during the year.

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

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

### Significant accounting policies

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

### A. Balance sheet management

The Group's Board reviews the capital structure on an ongoing basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year end is as follows:

	2013 £000	2012 £000
Debt	(238,306)	(284,000)
Cash and cash equivalents	7,850	10,060
Net debt	(230,456)	(273,940)
Balance sheet equity	552,628	494,500
Net debt to equity ratio	41.7%	55.4%

Debt is defined as long-term and short-term bank borrowings, as detailed in note 19. Equity includes all capital and reserves of the Group attributable to equity holders of the Company. Net debt is defined as gross bank borrowings less cash and cash equivalents.

# Notes to the Financial Statements (continued)

Year ended 31 March 2013

## 18. FINANCIAL INSTRUMENTS (continued)

### Significant accounting policies (continued)

#### B. Debt management

The Group borrows through a senior term loan, secured on 40 self storage assets and sites, and through a 15 year loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity. Funding is arranged in the Group and in Big Yellow Limited Partnership through banks and financial institutions with whom the Group has a strong working relationship.

#### C. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

At 31 March 2013 the Group had one interest rate derivative in place; £70 million fixed at 2.80% (excluding the margin on the underlying debt instrument) until September 2016.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one month LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the statement of comprehensive income. The loss in the statement of comprehensive income for the year on the fair value of interest rate derivatives was £223,000 (2012: loss of £7,965,000).

The fair value of the above derivatives at 31 March 2013 was a liability of £5,494,000 (2012: liability of £15,748,000).

#### D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2013, it is estimated that an increase of 0.5 percentage points in interest rates would have reduced the Group's adjusted profit before tax by £350,000 (2012: reduced adjusted profit before tax by £470,000) and a decrease of 0.5 percentage points in interest rates would have increased the Group's adjusted profit before tax by £350,000 (2012: increased adjusted profit before tax by £470,000). There would have been no effect on amounts recognised directly in equity. The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has decreased during the year, following the repayment of floating rate debt from cash resources. The Board monitors closely the exposure to the floating rate element of our debt.

#### E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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

#### F. Foreign currency management

The Group does not have any foreign currency exposure.

#### G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 38,000 customers in our stores.

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

## 18. FINANCIAL INSTRUMENTS (continued)

### Significant accounting policies (continued)

#### H. Financial maturity analysis

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

2013 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva mortgage	98,306	1,937	2,034	6,735	87,600
Bank loan payable at variable rate	70,000	–	–	70,000	–
Debt fixed by interest rate derivatives	70,000	–	–	70,000	–
<b>Total</b>	<b>238,306</b>	<b>1,937</b>	<b>2,034</b>	<b>146,735</b>	<b>87,600</b>

2013 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Bank loan payable at variable rate	94,000	–	94,000	–	–
Debt fixed by interest rate derivatives	190,000	–	190,000	–	–
<b>Total</b>	<b>284,000</b>	<b>–</b>	<b>284,000</b>	<b>–</b>	<b>–</b>

#### I. Fair values of financial instruments

The fair values of the Group's cash and short term deposits and those of other financial assets equate to their book values. Details of the Group's receivables at amortised cost are set out in note 16. The amounts are presented net of provisions for doubtful receivables, and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings, are carried at amortised cost. Finance lease liabilities are included at the fair value of their minimum lease payments. Derivatives are carried at fair value.

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivative, as detailed in note 18C, has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. There are no financial instruments which have been categorised as Level 1 or Level 3.

#### J. Maturity analysis of financial liabilities

The contractual maturities based on market conditions and expected yield curves prevailing at the year end date are as follows:

2013	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	122,377	23,489	145,866
From two to five years	–	2,216	168,561	5,965	176,742
From one to two years	12	1,649	12,472	1,989	16,122
Due after more than one year	12	3,865	303,410	31,443	338,730
Due within one year	24,421	1,641	12,472	1,989	40,523
<b>Total</b>	<b>24,433</b>	<b>5,506</b>	<b>315,882</b>	<b>33,432</b>	<b>379,253</b>

2012	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	–	25,436	25,436
From two to five years	–	4,854	–	5,953	10,807
From one to two years	315	4,235	288,680	1,984	295,214
Due after more than one year	315	9,089	288,680	33,373	331,457
Due within one year	25,675	4,860	10,228	1,984	42,747
<b>Total</b>	<b>25,990</b>	<b>13,949</b>	<b>298,908</b>	<b>35,357</b>	<b>374,204</b>

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 18. FINANCIAL INSTRUMENTS (continued)

#### Significant accounting policies (continued)

#### K. Reconciliation of maturity analyses

The maturity analysis in note 18J shows non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 19 with the borrowings and interest column in the maturity analysis presented in note 18J.

	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
<b>2013</b>				
From five to twenty years	87,600	33,356	1,421	122,377
From two to five years	146,735	21,826	–	168,561
From one to two years	2,034	10,438	–	12,472
Due after more than one year	236,369	65,620	1,421	303,410
Due within one year	1,937	10,535	–	12,472
<b>Total</b>	<b>238,306</b>	<b>76,155</b>	<b>1,421</b>	<b>315,882</b>
<b>2012</b>	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From two to five years	–	–	–	–
From one to two years	282,960	4,680	1,040	288,680
Due after more than one year	282,960	4,680	1,040	288,680
Due within one year	–	10,228	–	10,228
<b>Total</b>	<b>282,960</b>	<b>14,908</b>	<b>1,040</b>	<b>298,908</b>

### 19. BORROWINGS

	31 March 2013 £000	31 March 2012 £000
<b>Secured borrowings at amortised cost</b>		
Current liabilities		
Aviva mortgage	1,937	–
Non-current liabilities		
Bank borrowings	140,000	284,000
Aviva mortgage	96,369	–
Unamortised loan arrangement costs	(1,421)	(1,040)
Total non-current borrowings	234,948	282,960
Total borrowings	236,885	282,960

The weighted average interest rate paid on the borrowings during the year was 4.0% [2012: 3.7%].

The Group has £15,000,000 in undrawn committed borrowing facilities at 31 March 2013, which expire between three and four years [2012: £41,000,000 expiring between one and two years].

On 26 April 2012, the Group announced the completion of a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited. The loan is secured over a portfolio of 15 freehold self storage centres which were valued at £242.1 million at 29 February 2012 for the purposes of the drawdown. The annual fixed interest rate on the loan is 4.9%.

The loan amortises to £60 million over the course of the 15 years, consistent with the Group's medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million outstanding on the tenth anniversary, with £60 million remaining at expiry in April 2027.

In October 2012 the Group entered into a new £190 million four year bank facility with Lloyds TSB, HSBC and Santander, expiring in September 2016. The facility replaced the Group's existing £225 million facility, expiring in September 2013, which was provided by the same three banks and HSH Nordbank, who have been fully repaid following completion of this refinancing.

In February 2013, the Group repaid and cancelled £35 million of the bank facility following the placing carried out in January 2013, leaving a facility amount of £155 million. £120 million of the facility is term loan with the balance of £35 million revolving.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

## 19. BANK BORROWINGS (continued)

The Group was comfortably in compliance with its banking covenants at 31 March 2013, as illustrated in the table below.

Covenant	Covenant level	At 31 March 2013
Consolidated EBITDA	Minimum 1.5x	<b>3.48x</b>
Consolidated net tangible assets (less goodwill)	Minimum £250m	<b>£551.2m</b>
Bank loan income cover	Minimum 1.75x	<b>4.55x</b>
Aviva loan interest service cover ratio	Minimum 1.5x	<b>2.54x</b>
Aviva loan debt service cover ratio	Minimum 1.2x	<b>1.85x</b>

The bank and Aviva loan income cover ratios are calculated by dividing the net operating income earned from the respective charged asset pools by the interest charged on each loan over a rolling 12 month period. The Aviva debt service covenant additionally includes the capital repayment with the interest.

Interest rate profile of financial liabilities	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
<b>At 31 March 2013</b>						
<b>Gross financial liabilities</b>	<b>238,306</b>	<b>70,000</b>	<b>168,306</b>	<b>4.4%</b>	<b>8.3 years</b>	<b>6.9 years</b>
At 31 March 2012						
Gross financial liabilities	284,000	94,000	190,000	3.7%	6.0 years	3.5 years

The floating rate at 31 March 2013 was paying a margin of 2.3% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 2.5%. All monetary liabilities, including short term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings equates to its fair value.

Narrative disclosures on the Group's policy for financial instruments are included within the Report on Corporate Governance and in note 18.

## 20. DEFERRED TAX

Deferred tax assets in respect of share based payments (£0.2 million), interest rate swaps (£1.3 million), losses (£6.6 million), capital allowances in excess of depreciation (£0.4 million) and capital losses (£2.0 million) in respect of the non-REIT taxable business have not been recognised due to uncertainty over the projected tax liabilities arising in the short term within the non-REIT taxable business.

## 21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value minimum of lease payments	
	2013 £000	2012 £000	2013 £000	2012 £000
<b>Amounts payable under finance leases:</b>				
Within one year	<b>1,989</b>	1,984	<b>1,952</b>	1,946
Within two to five years inclusive	<b>7,954</b>	7,937	<b>6,917</b>	6,857
Greater than five years	<b>23,489</b>	25,436	<b>12,934</b>	13,591
	<b>33,432</b>	35,357	<b>21,803</b>	22,394
Less: future finance charges	<b>(11,629)</b>	(12,963)		
Present value of lease obligations	<b>21,803</b>	22,394		

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

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

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 22. SHARE CAPITAL

	Authorised		Called up, allotted and fully paid	
	2013 £000	2012 £000	2013 £000	2012 £000
Ordinary shares of 10 pence each	20,000	20,000	14,264	13,139
Movement in issued share capital				
Number of shares at 31 March 2011				131,060,522
Exercise of share options – Share option schemes				332,519
Number of shares at 31 March 2012				131,393,041
Issue of shares to Employee Benefit Trust				876,671
Exercise of share options – Share option schemes				369,935
Placing of shares				10,000,000
Number of shares at 31 March 2013				<b>142,639,647</b>

The Company has one class of ordinary shares which carry no right to fixed income.

At 31 March 2013 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares 2013	Number of ordinary shares 2012
15 May 2002	102p	15 May 2005	14 May 2012	–	8,000
16 December 2002	81.5p	16 December 2005	15 December 2012	–	8,150
2 July 2003	82.5p	2 July 2006	1 July 2013	10,000	18,613
11 November 2003	96p	11 November 2006	10 November 2013	4,350	7,650
6 June 2005	nil p**	6 June 2008	5 June 2015	66,667	74,765
9 June 2006	nil p**	9 June 2009	8 June 2016	72,462	91,665
9 July 2008	nil p**	9 July 2011	8 July 2018	24,080	57,620
24 February 2009	141p*	1 April 2012	1 October 2012	–	215,650
3 August 2009	nil p**	3 August 2012	2 August 2019	24,425	372,967
23 February 2010	255p*	1 April 2013	1 October 2013	6,985	11,263
12 July 2010	nil p**	12 July 2013	11 July 2020	440,072	457,212
28 February 2011	263p*	28 February 2014	29 August 2014	26,184	29,060
19 July 2011	nil p**	19 July 2013	19 July 2021	492,082	493,582
12 March 2012	240p*	1 April 2015	1 October 2015	111,820	124,702
11 July 2012	nil p**	11 July 2015	10 July 2022	626,977	–
12 March 2013	303.5p*	1 April 2016	1 October 2016	53,657	–
				<b>1,959,761</b>	1,970,899

\* SAYE (see note 23)

\*\* LTIP (see note 23)

### OWN SHARES

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market, and held by the Big Yellow Group PLC Employee Benefit, along with shares issued directly to the Employee Benefit Trust. 1,500,000 shares are held in the Employee Benefit Trust (2012: 1,885,117), and 1,418,750 shares are held in treasury (2012: 1,418,750).

### 23. SHARE BASED PAYMENTS

The Company has four equity share-based payment arrangements, namely approved and unapproved share option schemes, an LTIP scheme, an Employee Share Save Scheme (“SAYE”) and a Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £1,376,000 (2012: £1,532,000).

#### Equity-settled share option plans

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

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

## 23. SHARE BASED PAYMENTS (continued)

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on pages 61 and 62 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 partially vested.

The weighted average share price at the date of exercise for options exercised in the year was £3.19 (2012: £2.87).

Share option scheme "ESO"	2013 No. of options	2013 Weighted average exercise price (£)	2012 No. of options	2012 Weighted average exercise price (£)
Outstanding at beginning of year	42,413	0.85	86,351	0.92
Exercised during the year	(28,044)	0.89	(43,938)	0.95
Lapsed during the year	(19)	–	–	–
Outstanding at the end of the year	14,350	0.87	42,413	0.85
Exercisable at the end of the year	14,350	0.87	42,413	0.85

Options outstanding at 31 March 2013 had a weighted average contractual life of 0.3 years (2012: 1.2 years).

LTIP scheme	2013 No. of options	2012 No. of options
Outstanding at beginning of year	1,547,811	1,377,709
Granted during the year	626,977	495,582
Forfeited during the year	(308,350)	(48,300)
Exercised during the year	(119,673)	(277,180)
Outstanding at the end of the year	1,746,765	1,547,811
Exercisable at the end of the year	187,634	220,550

The weighted average fair value of options granted during the year was £650,000 (2012: £433,000).

Options outstanding at 31 March 2013 had a weighted average contractual life of 7.9 years (2012: 7.8 years).

Employee Share Save Scheme ("SAYE")	2013 No. of options	2013 Weighted average exercise price (£)	2012 No. of options	2012 Weighted average exercise price (£)
Outstanding at beginning of year	380,675	1.86	302,599	1.73
Granted during the year	53,657	2.40	124,702	2.40
Forfeited during the year	(13,468)	2.98	(35,225)	2.38
Exercised during the year	(222,218)	1.41	(11,401)	2.66
Outstanding at the end of the year	198,646	2.61	380,675	1.86
Exercisable at the end of the year	–	–	–	–

Options outstanding at 31 March 2013 had a weighted average contractual life of 2.5 years (2012: 1.6 years).

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

	LTIP	SAYE
Expected volatility	30%	37%
Expected life	3 years	3 years
Risk-free rate	0.8%	1.4%
Expected dividends	4.4%	4.3%

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

### Long term bonus performance plan

The Group has a joint share ownership plan in place. This is accounted for as an equity instrument. The plan was set up in November 2012. Directors have a partial interest in 1,500,000 shares with the Group's Employee Benefit Trust. The fair value of each award is £2 subject to the vesting criteria as set out in the Directors' Remuneration Report. At 31 March 2013 the weighted average contractual life was 2.6 years.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 24. CAPITAL COMMITMENTS

There were no amounts contracted but not provided in respect of the Group's properties as at 31 March 2013 (2012: £4.9 million).

### 25. EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable post balance sheet events.

### 26. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### Transactions with Big Yellow Limited Partnership

As described in note 13, the Group has a 33.3% interest in Big Yellow Limited Partnership ("the Partnership"), and entered into transactions with the Partnership during the year on normal commercial terms.

In the current year the Group earned fees from the Partnership of £639,000 (2012: £720,000). At 31 March 2013, the Partnership owed £526,000 to the Group (2012: Partnership owed £294,000 to the Group).

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 66 to 68.

	31 March 2013 £000	31 March 2012 £000
Short term employee benefits	1,184	1,155
Post-employment benefits	89	86
Share based payments	2,700	464
	<b>3,973</b>	1,705

#### Dreams plc

Steve Johnson, a Non-Executive Director of the Group was the Executive Chairman of Dreams plc until 31 October 2012. During the year, the Group continued to lease a retail unit at its Eltham store to Dreams plc on normal commercial terms.

#### AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £19,000 (2012: £12,000).

No other related party transactions took place during the years ended 31 March 2013 and 31 March 2012.