



Big Yellow Group PLC



Annual Report & Accounts 2003

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# ge company

SINCE OPENING OUR FIRST STORE IN 1999, BIG YELLOW HAS GROWN INTO ONE OF THE LEADING AND MOST DYNAMIC SELF STORAGE GROUPS IN THE UK.

We have pioneered the development of the latest generation of self storage facilities which utilise state of the art technology and are located in high profile, main road locations. In doing so we have changed the face of storage in the UK.

Our focus on the location and visibility of our buildings coupled with excellent customer service has helped to create one of the most recognised brand names in the storage industry.

## FINANCIAL HIGHLIGHTS

“We are very much on track with our strategic aim of creating the premier self storage business in the UK, as set out at the time of our IPO in May 2000. Big Yellow has achieved sustainable and growing operating cash flow and is approaching £20 million of annualised revenue and one million sq ft of occupied storage space.”

	Fourth quarter ended 31 March 2003	Third quarter ended 31 Dec 2002		Year ended 31 March 2003	Year ended 31 March 2002	
Annualised revenue	£19.1m	£17.3m	+10%	£19.1m	£11.7m	+63%
Turnover	£4.42m	£4.07m	+9%	£15.6m	£8.4m	+86%
Loss from continuing operations (see note 5)				£1.3m	£1.9m	
Loss before tax				£2.3m	£2.3m	
Loss per share				2.1p	1.7p	
Number of customers	13,800	12,400	+11%	13,800	8,100	+70%
Occupied space	875k sq ft	808k sq ft	+8%	875k sq ft	550k sq ft	+59%

### KEY FACTS FROM 2003

- Earnings from continuing operations for the year before exceptional items, depreciation, amortisation and tax of **£1.3 million** (see note 5) (2002: loss of £0.2 million)
- Maiden dividend proposed of **1.0 pence** per ordinary share
- **27 stores** currently open with a further 5 stores committed providing 1.9 million sq ft of storage space when completed
- Like for like annualised sales for 19 stores open throughout the year up **41%**
- Merchandise, insurance and other sales increased to **13.5%** of storage income (March 2002: 12.9%)



The majority of our 32 stores are located within the M25 and 21 are owned freehold. When fully built out our portfolio will provide nearly 2 million sq ft of flexible storage space.

“THE BOARD OF BIG YELLOW GROUP PLC (“BIG YELLOW” OR “THE GROUP”) IS PLEASED TO ANNOUNCE RESULTS FOR THE TWELVE MONTHS AND FOR THE FOURTH QUARTER ENDED 31 MARCH 2003.”

The Group has enjoyed continued strong growth over the year following excellent trading in the first half. As expected, trading in the second half, from October to the end of February was patchier, due to the usual seasonal slowdown exacerbated by a quieter housing market, slower macro economic performance, particularly in London.

I am pleased to report however, that since the beginning of March, trading performance has accelerated and we are now into our busier trading period. Overall, management has been much encouraged by the Group's resilience in the winter months in the face of difficult external factors.

focused  
on our  
objectives

## FINANCIAL RESULTS

Turnover for the year was £15.6 million (2002: £8.4 million), an increase of 86%. Underlying revenues on an annualised basis at the year end increased to £19.1 million (2002: £11.7 million), up 63% compared to the previous year.

On a like for like basis annualised revenues for the 19 stores open throughout the year rose by 41%.

Merchandise, insurance and other sales increased to 13.5% of storage income (March 2002: 12.9%).

The Group incurred a pre-tax loss for the year on continuing operations (pre-exceptional items) in the UK of £1.3 million (see note 5), down from £1.9 million in the previous year. Loss before tax for the year was £2.3 million (2002: £2.3 million) including trading losses of £484,000 in the French start up operation, which we closed in the second half of the year. Exceptional items of £270,000 and £191,000 were charged in the year against the closure of the French operation and costs incurred in moving from AIM to the Official List, respectively.

The Group made an operating cash surplus in the year for the first time. Earnings from continuing operations for the year were £1.3 million (see note 5) after operating, central overhead and interest costs, but before exceptional items, depreciation and tax (2002: loss of £0.2 million).

At the year end, the number of customers had risen to 13,800 from 8,100 at 31 March 2002, an increase of 70%.

Annualised revenue at 31 March 2003 rose by 10% to £19.1 million from £17.3 million at 31 December 2002 and turnover for the fourth quarter rose by 9% to £4.42 million from £4.07 million last year.

## DIVIDEND

In the light of the Group's growing operating cash flow surplus, the availability of distributable reserves following the capital reduction last year and the prospect of pre-tax profitability, the Board is recommending a final dividend of 1.0 pence per ordinary share for the year ended 31 March 2003. This will be paid on 4 July 2003 to shareholders on the register on 6 June 2003.

It is the current intention of the Board to have a progressive dividend policy, with a final dividend only.

## SHARE BUY-BACKS

Over the year, the Company has acquired and cancelled 16,382,050 shares representing 14% of the issued ordinary share capital at an average purchase price of 71p per share. In April the Company sought and obtained a further authority from shareholders to purchase a further 14.99% of the Company's remaining issued ordinary shares.

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

## FRANCE

Following a review of our start up French operation, the Board came to the view that the risks inherent in expanding into France were too high, and would impede the Group's short term ambition to become profitable. Furthermore there are increasing opportunities in the UK. Therefore, as announced in November 2002, activities in France were terminated and exceptional costs incurred amounted to £270,000. No further charge will be necessary.

## THE MARKET

As the self storage market grows in the UK there have been some developments in consumer attitudes. Significantly, consumers are demanding better located and higher quality self storage centres. Stores in prominent, easily accessible locations which are well presented and enjoy good customer service have won increasing market share at the expense of older poorly situated stores. These developments largely reflect the experiences in the US over the last

15 years. We believe that these trends are benefiting Big Yellow as our portfolio represents a significant proportion of the supply of these modern new breed self storage outlets.

## MANAGEMENT

As previously reported, the Group's Chief Executive, Nicholas Vetch, is to take a leave of absence in July of this year returning early in 2004. James Gibson will be promoted to Chief Executive on 1 July 2003 and will be retaining his responsibilities as Finance Director.

Upon his return Nicholas Vetch will become Executive Chairman of the Group, and I will take up the position of Deputy Chairman and Senior Non-Executive Director.

Over the last four and a half years, Big Yellow has built up a strong and in-depth management both at Board and senior management level and I am confident that the Board's new shape and the Group's structure equips it well for the challenges ahead.

Further, much of Big Yellow's success to date has rested with the excellence of the people both at head office and in the stores and I should like to thank them for their hard work over the year.

## FUTURE STRATEGY

In November of 2001 we announced the Group would take a significantly more cautious approach to its expansion, partly as a defensive measure, as we were uncertain how the Group would trade through difficult macro economic circumstances and partly because we viewed the UK real estate market as expensive.

The last six months have given us much encouragement and we believe that the Group's formula has been and is being proven to be robust. Furthermore, it is clear that the property market has deteriorated and is likely to fall further which should provide us with opportunities, although high quality properties, particularly in London, are scarce.

As a consequence we have commenced a more ambitious but still measured approach to our expansion, which should allow us to fulfil our long stated goal of achieving a portfolio of 50 stores.

We believe the growth in operating cash flow will increasingly allow us to finance part of our expansion out of cash flow and to increase borrowings secured against the Group's quality asset base. Further, the Group recently agreed a £17 million additional facility with The Royal Bank of Scotland.

Should we wish to expand at a rate faster than that sustainable by our cash flow or a comfortable level of gearing, we believe that further stores could be developed in partnership with third parties, albeit no such agreements exist at present.

## SUMMARY

We are very much on track with our strategic aim of creating the premier self storage business in the UK, as set out at the time of our IPO in May 2000. Big Yellow has achieved sustainable and growing operating cash flow and is approaching £20 million of annualised revenue and one million sq. ft. of occupied storage space.

We believe that the Group's business model in terms of quality and location of stores, customer service and brand focus will continue to provide sustainable growth in an expanding industry. Further, our recent experience against a difficult economic backdrop, which we believe is likely to persist for some time, gives us comfort about the resilience of our business.

The current year has started well and during calendar 2003 we expect to start making month on month pre-tax profits.

*David White*

David White  
Chairman



# our people

“WE CONTINUE TO RECRUIT AND TRAIN HIGHLY MOTIVATED PEOPLE WITH A FOCUS ON PROVIDING EXCEPTIONAL CUSTOMER SERVICE. THE INVOLVEMENT AND CONTRIBUTION OF EVERYONE AT BIG YELLOW IS KEY TO THE CONTINUED SUCCESS OF OUR BUSINESS.”



06/07

#### THE STORES

27 stores are now open, providing a total capacity of 1.6 million sq. ft.. 17 of the 27 stores are now trading profitably at the pre-tax level and 19 are operating cash flow positive (after charging an allocation of head office overhead).

Of the stores now open, 9 have reached maturity, a further 9 we expect to mature in the next few months and those that have opened more recently are all performing well.

Once the remaining 5 stores in the pipeline have been developed, we will have a total capacity of 1.9 million sq. ft., of which 0.9 million was occupied at the year end.

Customer move-ins per store averaged 86 per month over the year 15% up on the 75 achieved last year.

Other sales, comprised largely of merchandise and insurance commission income represented 13.5% of storage income for the year (2002 12.9%).

140 employees serve  
over 13,800  
customers occupying  
875,000 sq ft  
of storage space.

Average number of monthly customer  
move-ins per store = 86 - up 15%  
compared to last year.





### PROPERTY AND CONSTRUCTION

Two sites were acquired in the financial year, with a further site in North Kensington, London being acquired after the period end, in part reflecting our cautious approach to the property market. There is now good evidence that property prices are falling and in our view will fall further which should provide us with opportunities in the near to medium term and it is in the context of this market that we have recently acquired the site in North Kensington.

The Group now owns 21 of its stores freehold.

We now have planning permissions on 29 of the 32 stores and the 3 remaining proposed stores are currently subject to Planning Applications.

We continue to manage the construction and fit out of new and existing stores in house, as it gives us the control to achieve delivery on time, on budget and to the required quality.

We remain confident of achieving our 50 store target set out at flotation and will continue to acquire sites opportunistically. However securing and developing high profile sites or buildings of the required quality in the South, particularly in London, continues to be challenging.

27 stores are now open  
providing 1.6 million sq ft  
of flexible storage space  
with an average store size  
of approximately  
60,000 sq ft.

5 new stores to open in:

Blackheath  
North Kensington  
Orpington  
Swindon  
Watford

08/09



# our business

“OUR PHILOSOPHY IS TO PROVIDE PERSONAL AND BUSINESS CUSTOMERS WITH MODERN, SECURE, ACCESSIBLE, VALUE FOR MONEY STORAGE.”



# our services

“THE CUSTOMER FRIENDLY RETAIL ATMOSPHERE IN OUR STORES CONTINUES TO DRIVE SALES OF STORAGE AND RELATED PRODUCTS AND SERVICES TO RECORD LEVELS.”

# 10/11

## MARKETING

Marketing spend for the year was 6.7% of turnover, slightly in excess of our target of 5%, which we believe will be achievable in the next financial year.

We have recently started a television advertising campaign in the London metropolitan transmission area where 19 of our stores benefit. The principal aim of the campaign is to increase awareness of Big Yellow as the quality provider of self storage services in this growing market. The initial feedback has been encouraging and we will report further once we have had longer to evaluate the response.

## PEOPLE

We aim to provide an attractive and enjoyable workplace environment for employees with a focus on delivering the highest standard of service to our customers. To achieve this we recruit staff of the highest quality and continuously invest in their training and development.

Our people, at all levels in this business, are largely responsible for our success and we are pleased therefore, that we have such an able, highly motivated and talented team.

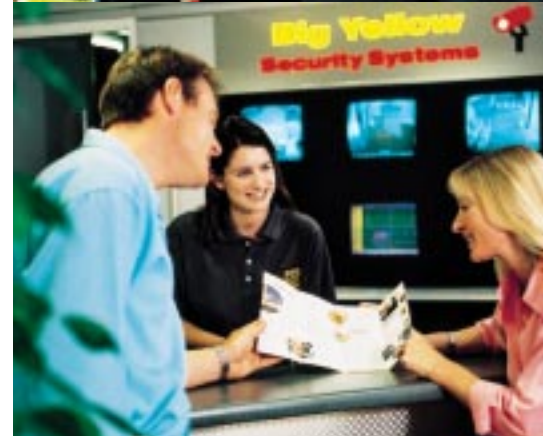
## SYSTEMS

As with any retailer, the reliability and continuity of our IT systems is critical to the business. Throughout the year we have continued to develop the specialist software applications we use in store operations, customer management, security and finance.

Given the growth in projected data requirement of the expanding store portfolio, we continue to invest in our wide area network to improve the speed of data transfer and hence efficiency at the stores and Head Office.

260 miles of bubble wrap,  
over 280,000  
cardboard boxes and  
15,000  
padlocks sold.

*Merchandise, insurance and other sales increased to 13.5% of storage income - up from 12.9% last year.*



# FINANCIAL REVIEW

## RESULTS

The results for the year show continuing growth with annualised revenue increasing to £19.1 million from £11.7 million, an increase of 63%. Turnover for the year was £15.6 million, up 86% from £8.4 million in the previous year.

The loss before tax for the year was £2.3 million (2002: £2.3 million) of which £0.8 million relates to the French start up operations which we closed in the second half of the year.

The exceptional costs of £461,000 are made up of £270,000 in respect of the closure of the French operation and £191,000 being the fees incurred in moving from AIM to the Official List.

The basic loss per share for the year was 2.1p (2002: loss per share 1.7p).

As the portfolio matures, cash flows continue to develop and it is worth noting that the company made an operating cash surplus for the first time during the year. Earnings for the year were £0.8 million after operating, central overhead and interest but before exceptional items, depreciation and tax. This figure rises to £1.3 million if one considers the continuing operations in the UK only (see note 5).

The company had 140 employees at the year end with the average number of employees during the year increasing to 116 (2002: 79). UK administration expenses, including the cost of construction management, were £2.96 million compared to £2.66 million last year. All administration expenses, including construction management are charged to profit and loss account.

The Group incurred a net interest expense in the year of £1.6 million compared to net interest income of £0.47 million last year and this reflects the increase in net borrowing.

The total depreciation charge and goodwill amortisation for the year increased to £2.6 million from £1.7 million in line with new store openings.

## FINANCING

The initial expansion of the Big Yellow business was funded through equity and we are now increasing the level of borrowing in line with the growing cash flow. At the end of the year, the Group had net borrowings of £40.3 million increased from £1.4 million last year following £29.1 million of capital expenditure, and £11.7 million in share buy backs.

The Group's facility with The Royal Bank of Scotland was increased from £20.0 million to £37.0 million in the last quarter secured on a portfolio of freehold and leasehold assets. In total the Group now has committed bank facilities of £53.6 million.

The Group now has improving operating cash flows and we believe that the growth in this cash flow will increasingly allow us to finance part of our expansion from operations.

## TREASURY MANAGEMENT

Treasury risk remains closely monitored with policy approved by the Board. The Group's policy in respect of interest rate risk is to maintain a balance between flexibility and hedging of risk. At today's date the Group has total borrowings of £46.6 million, of which £26.6 million has been fixed until 2007 at a weighted average interest cost, including margin, of 6.5%. The Board will continue to review policy in relation to future interest rate exposure based on assessment of prevailing market conditions. Cash deposits are only placed with approved financial institutions in accordance with Group policy.

## BALANCE SHEET AND CASH FLOW

The historical cost net assets have reduced from £74.0 million at 31 March 2002 to £59.0 million at 31 March 2003, as a result of share buy backs of £11.7 million, a dividend of £1.0 million, and a loss after tax of £2.4 million.

The cash inflow from operating activities for the year was £3.5 million compared to an outflow of £0.6 million in 2002. During the year the company incurred capital expenditure of £29.1 million.

## TAXATION

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

There is a deferred tax asset principally in respect of trading losses in the balance sheet of £1.8 million (2002: £1.9 million) with a tax charge to the profit and loss account in the current year of £0.1 million (2002: tax credit of £0.4 million). We anticipate that this asset will continue to unwind in 2004 as the Group moves into profitability.

## DIRECTORS

David White	Non-Executive Chairman
Nicholas Vetch	Chief Executive Officer
James Gibson	Chief Operating Officer and Finance Director
Philip Burks	Property Director
Adrian Lee	Operations Director
Stephen Homer	Marketing Director
David Ross	Non-Executive
Jonathan Short	Non-Executive

## SECRETARY

James Gibson

## REGISTERED OFFICE

2 The Deans  
Bridge Road  
Bagshot  
Surrey  
GU19 5AT

## BANKERS

The Royal Bank of Scotland plc  
8th Floor  
280 Bishopsgate  
London  
EC2M 4RB

Morgan Stanley and Co. International Limited  
25 Cabot Square  
Canary Wharf  
London  
E14 4QA

## SOLICITORS

CMS Cameron McKenna  
Mitre House  
160 Aldersgate Street  
London  
EC1A 4DD

## FINANCIAL ADVISORS AND STOCKBROKERS

Cazenove & Co. Ltd  
12 Tokenhouse Yard  
London  
EC2R 7AN

## AUDITORS

Deloitte & Touche  
Chartered Accountants  
180 Strand  
London  
WC2R 1BL

# DIRECTORS' BIOGRAPHIES

## NON-EXECUTIVE DIRECTORS

**David White**, aged 60, Non-Executive Chairman, spent 18 years of his career at Cater Allen Holdings PLC where he was from 1985 deputy Chairman and Managing Director and from which he retired in 1997. He was Non-Executive Chairman of Edge Properties plc until its sale in 1998 and is currently Non-Executive Director of Church House Trust plc.

**David Ross**, aged 37, Non-Executive Director, is the Chief Operating Officer of Carphone Warehouse Group PLC, which he joined in 1991. He is directly responsible for the development of the European business. Prior to that he qualified as a Chartered Accountant with Arthur Andersen & Co.

**Jonathan Short**, aged 41, Non-Executive Director, is the Chief Executive of PRICOA Property Private Equity Limited, a wholly owned subsidiary of Prudential Financial Inc., which he joined in 2000. He previously headed the European real estate mergers and acquisitions practice at Lazard Brothers & Co. His early City career was spent at SG Warburg & Company Limited which was followed by a period at ING Barings & Co.

## EXECUTIVE DIRECTORS

**Nicholas Vetch**, aged 41, Chief Executive Officer, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc, which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

**James Gibson**, aged 42, Chief Operating Officer and Finance Director, is a co-founder of Big Yellow in September 1998. He is a Chartered Accountant having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

**Philip Burks**, aged 44, Property Director, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998.

**Adrian Lee**, aged 37, Operations Director, was previously a senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a Corporate Financier at Lazard Brothers for five years, having previously qualified as a surveyor at Knight Frank Rutley.

**Stephen Homer**, aged 36, Marketing Director, was a senior Executive at Edge Properties plc which he joined in 1996. Prior to that he was a Property Acquisitions Manager at Dixons Stores Group Ltd., being specifically responsible for the acquisition of out of town retail stores.

## SENIOR MANAGEMENT BIOGRAPHIES

**Mike Cole**, aged 37, Financial Controller, joined Big Yellow in May 1999. Prior to that he was Finance Director at Pulse Train Technology, a market research software specialist whom he joined in 1988 and qualified with CIMA in 1992.

**Nigel Hartley**, aged 39, Construction Director, joined Big Yellow in January 2000. He is a Chartered Surveyor with over 15 years experience in the construction industry, both overseas and in the UK, principally in the retail and industrial sectors.

**Nicola Jordan**, aged 36, Retail Operations Manager, joined Big Yellow in March 2003, having previously been employed as an Area Manager with Superdrug for 5 years. Prior to this she has held operational roles with Little Chef & Travelodge and Victoria Wine.

**Andrew Watson**, aged 34, Acquisitions and Development Manager, joined Big Yellow in October 2000 having previously worked as a Property Acquisition Surveyor for McDonald's Restaurants. Prior to that he was an Acquisitions Surveyor for Victoria Wine, having previously qualified as a Chartered Surveyor at Herring Baker Harris.

**Cheryl Hathaway**, aged 37, Human Resources Controller, joined Big Yellow in March 2000, having previously been employed as a Human Resources Manager within the Harrods Group. Prior to this she worked for Debenhams in a variety of human resources roles, both within head offices and stores.

**David Knight**, aged 39, Estates and Facilities Manager, was previously an Estates Manager at Whitbread which he joined in 1997. Prior to this he was Group Facilities Manager at Central Transport Rental Group Plc (formerly Tiphook Plc) having previously qualified as a Surveyor at Edwin Hill.

**Chris Herbert**, aged 48, Construction Manager, joined Big Yellow in September 1999, having previously worked for Leslie Clark, a Construction Consultancy, for 10 years. Prior to that he spent 10 years as a Contracts/Project Manager with John Lelliot Building Contractors.

**Douglas Perrins**, aged 38, Store Opening and Development Manager, joined Big Yellow in July 1999, having worked for 10 years in a family owned self-storage business in Brisbane, Australia.

**Stuart Grinnall**, aged 28, IT Manager, joined Big Yellow in July 2000. He is a Systems Engineer with 8 years experience developing IT solutions for growth companies and NHS Hospital Trusts.



The Directors present their annual report and the audited financial statements for the year ended 31 March 2003.

#### PRINCIPAL ACTIVITY

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

#### REVIEW OF BUSINESS

A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's statement and review of operations on pages 4 and 5.

#### CHANGES IN SHARE CAPITAL

During the year the Company acquired and cancelled 16,382,050 ordinary shares representing 14% of the issued ordinary share capital. Further details are given in note 19 to the financial statements.

#### RESULTS AND DIVIDENDS

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

The Directors recommend a final dividend of 1.0 pence per ordinary share to be paid on 4 July 2003 to shareholders whose name appears on the register at the close of business on 6 June 2003. No interim dividend was paid in the year. (2002: no dividend paid).

#### PAYMENT OF SUPPLIERS

The policy of the Group is to settle supplier invoices within the terms of trade agreed with individual suppliers. Trade creditor days of the Group for the year ended 31 March 2003 were 19 days (2002: 19 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end, to trade creditors, within one year.

#### DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year were:

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

Details of the interests of the Directors in the shares of the Company are set out in the Report on Directors' Remuneration on pages 20 to 22.

#### SUBSTANTIAL SHAREHOLDINGS

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

	Ordinary shares of 10p each					
	At 1 April 2002 No.	%	At 31 March 2003 No.	%	At 7 May 2003 No.	%
Henderson Global Investors Limited and subsidiary companies	14,484,831	12.51	17,392,298	17.50	17,392,298	17.50
Big Yellow Holdings Limited (an indirect, wholly owned subsidiary of Prudential Financial, Inc.)	14,072,952	12.15	14,072,952	14.16	14,072,952	14.16
PGA Big Yellow Limited (a wholly owned subsidiary of The European Property Partners Limited Partnership, a fund managed by a wholly owned subsidiary of Prudential Financial, Inc)	14,072,952	12.15	14,072,952	14.16	14,072,952	14.16

# DIRECTORS' REPORT (CONTINUED)

## ENVIRONMENTAL POLICY

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

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

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

## EMPLOYEES

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

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

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

## HEALTH AND SAFETY

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

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

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

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

## DONATIONS

Charitable donations totalling £1,000 (2002: £1,600) were made to UK residents in the year.

## AUDITORS

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

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

James Gibson  
Secretary

7 May 2003

## INTRODUCTION

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

In January 2003 the report entitled "Review of the role and effectiveness of non-executive directors" (the Higgs report) and the report entitled "Audit Committees – Combined Code guidance" (the Smith report) were published. The Board is giving due consideration to these reports, which are currently under review by the Financial Services Authority.

## THE BOARD AND ITS DIRECTORS

The Directors of the Group and their biographical details are set out on page 14.

The Board of Directors consists of five Executive and three Non-Executive Directors. The independent Non-Executive Directors are David White (Non-Executive Chairman of the Board) and David Ross.

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

David White has been nominated as the senior independent Director as required by the Code.

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

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

## BOARD COMMITTEES

The Directors have delegated certain of their responsibilities to various committees, which operate within specific terms of reference and authority limits. The Executive Directors meet on a regular basis and deal with a number of decisions that do not require full Board approval. The Directors believe that this process for making business decisions provides sufficient division of responsibility to meet the requirements of the Combined Code.

The Audit, Remuneration and Nomination Committees consist solely of Non-Executive Directors.

## DIRECTORS' REMUNERATION

The Remuneration Committee meets and considers, within existing terms of reference, the remuneration policy and makes recommendations to the Board for each Executive Director. The Executive Directors' remuneration consists of a package of basic salary, pension contributions, bonuses, and share options, which are linked to corporate and individual performance achievements and the levels of each is determined by the Remuneration Committee. The fees of the Non-Executive Directors are reviewed by the Board at regular intervals. The statement of remuneration policy and details of each Director's remuneration is set out in the Directors' Remuneration Report.

## SHAREHOLDER RELATIONS

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

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

# REPORT ON CORPORATE GOVERNANCE (CONTINUED)

## ACCOUNTABILITY AND EXTERNAL AUDITORS

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

In forming their opinion on the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Deloitte & Touche.

Regard is paid to the nature of and remuneration received for other services provided by Deloitte & Touche to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit.

In respect of the year ended 31 March 2003, the auditors' remuneration comprised £72,000 for audit work and £47,000 for other work.

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

## INTERNAL CONTROL AND RISK MANAGEMENT

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

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

A formal risk identification and assessment exercise was carried out in March and April 2002 and has resulted in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The Executive Directors have reviewed this risk framework again and updated it in March 2003 and going forward will review this at least once a year or in the event of a material change.

During the reviews, the Executive Directors have:

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

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

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

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

## GOING CONCERN

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

## AUDIT COMMITTEE

The Audit Committee, which consists of David White (Chairman of the Committee), David Ross and Jonathan Short, is responsible for the relationship with the Group's auditors, the in-depth review of the Group's financial reports, internal controls and any other reports that the Group may circularise. The terms of reference are reviewed on an annual basis, thus ensuring that the Audit Committee's duties adequately cover all those specific areas that are identified by the Code, which includes a review of the cost effectiveness of the audit and non-audit services provided to the Group. The Committee meets a minimum twice a year, prior to the announcement of interim and annual results and, should it be necessary, convenes at other times.

#### NOMINATION COMMITTEE

The Nomination Committee, which consists of David White (Chairman of the Committee), David Ross and Jonathan Short, is responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or re-appointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee to the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chairman of the committee presents reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The committee meets as required and as determined by its members.

#### APPLIANCE STATEMENT

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

#### COMPLIANCE STATEMENT

The Company is committed to high standards of corporate governance and throughout the year ended 31 March 2003, the Company has been in compliance with the Code Provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

By order of the Board

James Gibson  
Director

7 May 2003

# REPORT ON DIRECTORS' REMUNERATION

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

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

## UNAUDITED INFORMATION

### Remuneration Committee

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

### Remuneration policy

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

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

1. Basic salary is determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions.
2. Performance related bonuses are assessed annually and are based on a combination of individual and corporate performance during the year.
3. Pension contributions of 10% of basic salary are paid into a personal pension plan for each Director.

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

### Long term bonus plan

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

### Directors' contracts

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Committee is received. All of the service agreements are for an indefinite term and continue until terminated by either party giving notice of 12 months.

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

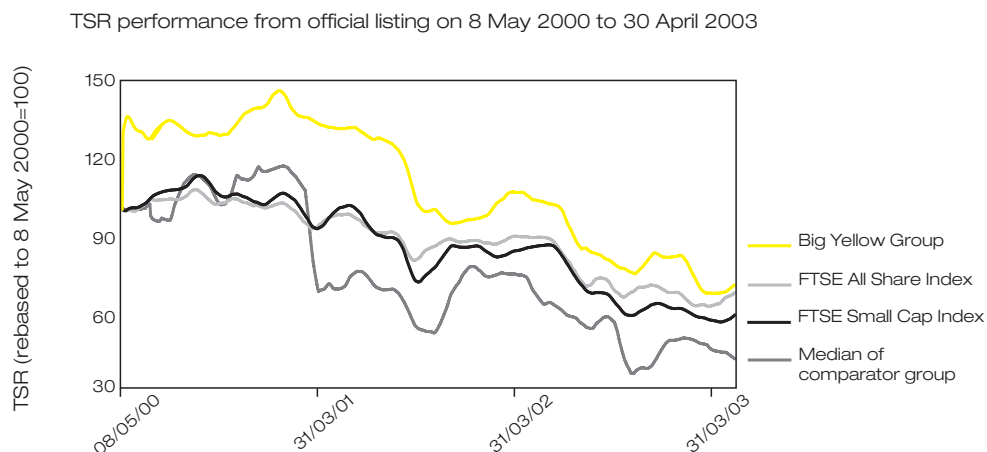
Nicholas Vetch	25 September 1998
Phillip Burks	25 September 1998
James Gibson	25 September 1998
Adrian Lee	31 March 2000
Stephen Horner	31 March 2000

### Non-Executive Directors' Remuneration

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

## Performance Graph

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



## AUDITED INFORMATION

## Directors' remuneration

	2003						2002
	Salary/fees £	Bonus £	Taxable benefits £	Sub total £	Pension £	Total £	Total £
Nicholas Vetch	139,875	20,250	17,037	177,162	13,500	190,662	154,753
Philip Burks	137,500*	18,000	1,647	157,147	12,000	169,147	143,697
James Gibson	135,500*	18,000	1,519	155,019	12,000	167,019	125,853
Adrian Lee	114,500*	15,000	1,354	130,854	10,000	140,854	116,803
Stephen Homer	103,500*	13,500	1,216	118,216	9,000	127,216	108,918
David White	25,000	-	-	25,000	-	25,000	25,000
David Ross	22,500	-	-	22,500	-	22,500	22,500
Jonathan Short	-	-	-	-	-	-	-
	<b>678,375</b>	<b>84,750</b>	<b>22,773</b>	<b>785,898</b>	<b>56,500</b>	<b>842,398</b>	697,524

\* Includes car allowances

## Directors' interests

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

	At 1 April 2002 No.	At 31 March 2003 No.
<b>Ordinary shares of 10p each</b>		
Nicholas Vetch (including trusts)	12,455,000	<b>12,145,400</b>
Philip Burks (including trusts)	12,455,000	<b>12,032,600</b>
James Gibson (including trusts)	1,816,000	<b>1,816,000</b>
Adrian Lee (including trusts)	791,880	<b>791,880</b>
Stephen Homer (including trusts)	803,880	<b>783,880</b>
David White	200,000	<b>350,000</b>
David Ross	1,040,020	<b>1,040,020</b>

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

# REPORT ON DIRECTORS' REMUNERATION (CONTINUED)

## Share option schemes

Options in respect of ordinary shares held by the Directors at 31 March 2003 under the Company's share option schemes are as follows:

Name	Date option granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares
Nicholas Vetch	5 May 2000	100p	5 May 2003	4 May 2010	1,000,000
	4 June 2001	131.5p	4 June 2004	3 June 2011	300,000
	15 May 2002	102p	15 May 2005	14 May 2012	300,000
	16 Dec 2002	81.5p	16 Dec 2005	15 Dec 2012	185,000
Philip Burks	5 May 2000	100p	5 May 2003	4 May 2010	1,000,000
	4 June 2001	131.5p	4 June 2004	3 June 2011	268,000
	15 May 2002	102p	15 May 2005	14 May 2012	268,000
	16 Dec 2002	81.5p	16 Dec 2005	15 Dec 2012	185,000
James Gibson	24 September 1998	10p	24 September 2001	23 September 2008	1,000,000
	5 May 2000	100p	5 May 2003	4 May 2010	100,000
	4 June 2001	131.5p	4 June 2004	3 June 2011	237,000
	15 May 2002	102p	15 May 2005	14 May 2012	268,000
	16 Dec 2002	81.5p	16 Dec 2005	15 Dec 2012	220,000
Stephen Homer	18 January 1999	13.3p	18 January 2002	17 January 2009	375,940
	5 May 2000	100p	5 May 2003	4 May 2010	150,000
	4 June 2001	131.5p	4 June 2004	3 June 2011	206,000
	15 May 2002	102p	15 May 2005	14 May 2012	206,000
	16 Dec 2002	81.5p	16 Dec 2005	15 Dec 2012	200,000
Adrian Lee	18 January 1999	13.3p	18 January 2002	17 January 2009	375,940
	5 March 1999	25p	5 March 2002	4 March 2009	125,000
	5 May 2000	100p	5 May 2003	4 May 2010	100,000
	4 June 2001	131.5p	4 June 2004	3 June 2011	221,000
	15 May 2002	102p	15 May 2005	14 May 2012	221,000
	16 Dec 2002	81.5p	16 Dec 2005	15 Dec 2012	200,000

The market price of the Company's shares at 31 March 2003 was 68.5p per share. The highest market price during the year was 110.0p per share, the lowest market price during the year was 67.0p, and the average price during the year was 84.1p. Pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, it should be noted that past performance of the Company's share price cannot be relied on as a guide to future performance.

## Approval

This report was approved by the Board of Directors on 7 May 2003 and signed on its behalf by:

David White  
Chairman



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

22/23

We have audited the financial statements of Big Yellow Group PLC for the year ended 31 March 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report on Directors' remuneration that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

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

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

## BASIS OF AUDIT OPINION

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

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

## OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2003 and of the loss of the Group for the year then ended; and
- the financial statements and the part of the Report on Directors' remuneration described as having been audited have been properly prepared in accordance with the Companies Act 1985.



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Deloitte & Touche  
Chartered Accountants and Registered Auditors  
London

7 May 2003

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions."

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2003

	Note	2003 Continuing operations £'000	2003 Discontinued French operations £'000	2003 Total £'000	2002 Continuing operations £'000	2002 Discontinued French operations £'000	2002 Total £'000
<b>TURNOVER</b>	2	<b>15,579</b>	-	<b>15,579</b>	8,408	-	8,408
Cost of sales		<b>(12,397)</b>	-	<b>(12,397)</b>	(8,289)	-	(8,289)
<b>GROSS PROFIT</b>		<b>3,182</b>	-	<b>3,182</b>	119	-	119
Administrative expenses		<b>(2,956)</b>	<b>(484)</b>	<b>(3,440)</b>	(2,557)	(440)	(2,997)
Exceptional item	5	<b>(191)</b>	-	<b>(191)</b>	-	-	-
Total administrative expenses		<b>(3,147)</b>	<b>(484)</b>	<b>(3,631)</b>	(2,557)	(440)	(2,997)
Other operating income		-	-	-	103	-	103
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>35</b>	<b>(484)</b>	<b>(449)</b>	(2,335)	(440)	(2,775)
Loss on termination of French operation	5	-	<b>(270)</b>	<b>(270)</b>	-	-	-
Other interest receivable and similar income		<b>619</b>	<b>8</b>	<b>627</b>	511	-	511
Interest payable and similar charges	6	<b>(2,171)</b>	<b>(31)</b>	<b>(2,202)</b>	(42)	-	(42)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,517)</b>	<b>(777)</b>	<b>(2,294)</b>	(1,866)	(440)	(2,306)
Taxation	18	<b>(73)</b>	-	<b>(73)</b>	388	-	388
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(1,590)</b>	<b>(777)</b>	<b>(2,367)</b>	(1,478)	(440)	(1,918)
Dividends	9			<b>(994)</b>			-
<b>RETAINED LOSS</b>	20			<b>(3,361)</b>			(1,918)
<b>Basic and diluted loss per share</b>	10			<b>(2.1)p</b>			(1.7)p

# CONSOLIDATED BALANCE SHEET

31 March 2003

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	Note	2003 £'000	2002 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	1,529	1,626
Tangible assets	12	100,933	74,781
		<b>102,462</b>	76,407
<b>CURRENT ASSETS</b>			
Stocks		252	151
Debtors	14	5,986	4,715
Cash at bank and in hand		2,267	18,528
		<b>8,505</b>	23,394
<b>CREDITORS: amounts falling due within one year</b>	15	<b>(9,667)</b>	(5,916)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,162)</b>	17,478
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>101,300</b>	93,885
<b>CREDITORS: amounts falling due after more than one year</b>	16	<b>(42,349)</b>	(19,858)
<b>NET ASSETS</b>		<b>58,951</b>	74,027
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	9,940	11,578
Capital redemption reserve	20	1,638	-
Share premium account	20	1,923	66,923
Other distributable reserves	20	52,307	-
Profit and loss account	20	(6,857)	(4,474)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>58,951</b>	74,027

These financial statements were approved by the Board of Directors on 7 May 2003.  
Signed on behalf of the Board of Directors

James Gibson  
Director

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 2003

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
<b>Group</b>				
(Loss)/profit for the financial year	<b>(2,367)</b>	<b>(12)</b>	(1,918)	13
Foreign exchange differences	<b>(16)</b>	-	(10)	-
Dividends	<b>(994)</b>	<b>(994)</b>	-	-
	<b>(3,377)</b>	<b>(1,006)</b>	(1,928)	13
Issue of shares (net of issue costs)	-	-	22,731	22,731
Repurchase and cancellation of ordinary shares	<b>(11,699)</b>	<b>(11,699)</b>	-	-
	<b>(15,076)</b>	<b>(12,705)</b>	20,803	22,744
Opening shareholders' funds	<b>74,027</b>	<b>78,625</b>	53,224	55,881
	<b>58,951</b>	<b>65,920</b>	74,027	78,625

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2003

	2003 £'000	2002 £'000
Loss for the financial year	<b>(2,367)</b>	(1,918)
Foreign exchange differences	<b>(16)</b>	(10)
Total recognised gains and losses for the year	<b>(2,383)</b>	(1,928)

# CONSOLIDATED CASH FLOW STATEMENT

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Year ended 31 March 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
<b>Cash inflow/(outflow) from operating activities</b>	23		<b>3,510</b>		(614)
<b>Returns on investments and servicing of finance</b>	24(a)		<b>(1,385)</b>		444
<b>Capital expenditure and financial investment</b>	24(a)		<b>(29,349)</b>		(34,937)
<b>Cash outflow before financing</b>			<b>(27,224)</b>		(35,107)
<b>Financing</b>					
Issue of ordinary share capital (net of expenses)	24(a)		-	22,729	
Repurchase/cancellation of ordinary shares	24(a)		<b>(11,699)</b>	-	
Increase in debt	24(a)		<b>22,662</b>	19,938	
			<b>10,963</b>		42,667
<b>(Decrease)/increase in cash in the year</b>	24(b)		<b>(16,261)</b>		7,560

# RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Year ended 31 March 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
(Decrease)/increase in cash in the year		<b>(16,261)</b>		7,560	
Cash inflow from increase in debt financing	24(b)	<b>(22,662)</b>		(19,938)	
Change in net debt resulting from cash flows			<b>(38,923)</b>		(12,378)
<b>Movement in net debt in the year</b>	24(b)		<b>(38,923)</b>		(12,378)
Net (debt)/funds at start of year			<b>(1,410)</b>		10,968
<b>Net debt at end of year</b>			<b>(40,333)</b>		(1,410)

# COMPANY BALANCE SHEET

31 March 2003

	Note	2003 £'000	2002 £'000
<b>FIXED ASSETS</b>			
Tangible assets	12	160	222
Investments	13	2,029	2,055
		<b>2,189</b>	2,277
<b>CURRENT ASSETS</b>			
Debtors	14	63,116	57,923
Cash at bank and in hand		2,044	18,842
		<b>65,160</b>	76,765
<b>CREDITORS: amounts falling due within one year</b>	15	<b>(1,429)</b>	(417)
<b>NET CURRENT ASSETS</b>		<b>63,731</b>	76,348
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>65,920</b>	78,625
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	9,940	11,578
Capital redemption reserve	20	1,638	-
Share premium account	20	1,923	66,923
Other distributable reserves	20	52,307	-
Profit and loss account	20	112	124
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>65,920</b>	78,625

These financial statements were approved by the Board of Directors on 7 May 2003.  
Signed on behalf of the Board of Directors

James Gibson  
Director

Year ended 31 March 2003

## 1. ACCOUNTING POLICIES

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

### Accounting convention

The financial statements are prepared under the historical cost convention.

### Basis of consolidation

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

### Goodwill

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

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

### Tangible fixed assets

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

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

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

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

### Investments

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

### Stocks

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

### Pension costs

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

### Deferred taxation

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### Leases

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

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

## 1. ACCOUNTING POLICIES (continued)

### Foreign Exchange

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

### Turnover

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

## 2. SEGMENTAL INFORMATION

The Group's net assets, turnover and loss before tax are attributable to one activity, the provision of self storage and related services. Other than a loss before tax of £777,000 (2002: £440,000) and net liabilities of £1,256,000 (2002: £423,000) all the Group's net assets, turnover and loss before tax arise in the United Kingdom. The loss before tax of £777,000 (2002: £440,000) is in relation to the Group's discontinued French operations.

## 3. INFORMATION REGARDING EMPLOYEES

<b>Employees</b>	<b>2003 £'000</b>	2002 £'000
Wages and salaries (including Directors)	<b>3,434</b>	2,544
Social security costs	<b>325</b>	257
Other pension costs	<b>110</b>	83
	<b>3,869</b>	2,884

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

	<b>No.</b>	No.
Sales	<b>88</b>	52
Administration	<b>28</b>	27
	<b>116</b>	79

Details of Directors' remuneration and interests are shown in the section of the Report on Directors' Remuneration described as audited on pages 21 and 22.



Year ended 31 March 2003

## 4. OPERATING PROFIT/(LOSS)

	2003 £'000	2002 £'000
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Depreciation	<b>2,546</b>	1,605
Amortisation of goodwill	<b>97</b>	97
Auditors' remuneration		
– Group audit fees	<b>72</b>	67
– non-audit services	<b>47</b>	18
Operating leases – other	<b>2,235</b>	1,593
Loss of income insurance claim	<b>–</b>	(103)

Included in Group audit fees are £10,000 (2002: £10,000) in respect of the Company.

The non-audit services provided during the year were for general advice on accounting and control matters and services in respect of the admission to the Official List.

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

	2003 Continuing Operations £'000	2003 Discontinued French operations £'000	2003 Total £'000	2002 Continuing operations £'000	2002 Discontinued French operations £'000	2002 Total £'000
Loss before tax	<b>(1,517)</b>	<b>(777)</b>	<b>(2,294)</b>	(1,866)	(440)	(2,306)
Exceptional items	<b>(191)</b>	<b>(270)</b>	<b>(461)</b>	–	–	–
Loss before tax and exceptional items	<b>(1,326)</b>	<b>(507)</b>	<b>(1,833)</b>	(1,866)	(440)	(2,306)
Depreciation	<b>(2,546)</b>	–	<b>(2,546)</b>	(1,605)	–	(1,605)
Amortisation	<b>(97)</b>	–	<b>(97)</b>	(97)	–	(97)
Total depreciation, amortisation and exceptional items	<b>(2,834)</b>	<b>(270)</b>	<b>(3,104)</b>	(1,702)	–	(1,702)
Profit/(loss) before depreciation, amortisation and exceptional items	<b>1,317</b>	<b>(507)</b>	<b>810</b>	(164)	(440)	(604)

The Company was admitted to the Official List and cancelled its AIM listing on 7 June 2002. Exceptional costs relating to this change of £191,000 have been incurred in the year, and are disclosed under continuing operations.

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

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Bank loans	2,144	41
Bank overdraft and other borrowings	15	1
Foreign exchange and other charges	43	-
	<b>2,202</b>	42

## 7. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The consolidated loss for the financial year includes a loss of £12,000 (2002: profit of £13,000), which is dealt within the accounts of the parent Company.

## 8. TAXATION

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

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(2,294)	(2,306)
Tax credit at 30% thereon	688	692
Effects of:		
Expenses not deductible for tax purposes	(482)	(492)
Depreciation in excess of capital allowances	(265)	(79)
Utilisation of tax losses	282	4
Movement in short term timing differences	10	129
Overseas tax losses	(233)	(102)
Trading losses carried forward	-	(152)
	-	-

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

## 9. DIVIDENDS

	2003 £'000	2002 £'000
Final equity dividend proposed – 1 pence per ordinary share (2002: nil)	994	-

## 10. LOSS PER ORDINARY SHARE

Loss per ordinary share has been calculated on the retained loss for the financial year of £2,367,000

(2002: £1,918,000) and on the weighted average number of shares in issue during the year of 111,940,282 (2002: 112,489,228).

There is no dilutive effect from the conversion of share options.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
<b>Cost</b>	
<b>At 1 April 2002 and 31 March 2003</b>	<b>1,940</b>
<b>Amortisation</b>	
At 1 April 2002	314
Charge for the year	97
<b>At 31 March 2003</b>	<b>411</b>
<b>Net book value</b>	
<b>At 31 March 2003</b>	<b>1,529</b>
At 31 March 2002	1,626

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £'000	Short leasehold improvements £'000	Assets under construction £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>							
At 1 April 2002	38,732	11,026	20,851	5,678	81	1,133	77,501
Additions	15,297	2,200	3,479	7,121	–	725	28,822
Reclassifications	13,450	674	(14,124)	–	–	–	–
Disposals	–	–	(93)	–	(62)	(4)	(159)
<b>At 31 March 2003</b>	<b>67,479</b>	<b>13,900</b>	<b>10,113</b>	<b>12,799</b>	<b>19</b>	<b>1,854</b>	<b>106,164</b>
<b>Accumulated depreciation</b>							
At 1 April 2002	(732)	(720)	–	(838)	(26)	(404)	(2,720)
Charge for the year	(766)	(571)	–	(865)	(16)	(328)	(2,546)
Disposals	–	–	–	–	35	–	35
<b>At 31 March 2003</b>	<b>(1,498)</b>	<b>(1,291)</b>	<b>–</b>	<b>(1,703)</b>	<b>(7)</b>	<b>(732)</b>	<b>(5,231)</b>
<b>Net book value</b>							
<b>At 31 March 2003</b>	<b>65,981</b>	<b>12,609</b>	<b>10,113</b>	<b>11,096</b>	<b>12</b>	<b>1,122</b>	<b>100,933</b>
At 31 March 2002	38,000	10,306	20,851	4,840	55	729	74,781

A loss on disposal of fixed assets of £103,000 arose during the year.

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

## 12. TANGIBLE FIXED ASSETS (continued)

### Company

	Short leasehold property £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2002	6	61	321	388
Additions	1	–	44	45
Disposals	–	(47)	–	(47)
<b>At 31 March 2003</b>	<b>7</b>	<b>14</b>	<b>365</b>	<b>386</b>
<b>Accumulated depreciation</b>				
At 1 April 2002	(1)	(20)	(145)	(166)
Charge for the year	(1)	(12)	(75)	(88)
Disposals	–	28	–	28
<b>At 31 March 2003</b>	<b>(2)</b>	<b>(4)</b>	<b>(220)</b>	<b>(226)</b>
<b>Net book value</b>				
<b>At 31 March 2003</b>	<b>5</b>	<b>10</b>	<b>145</b>	<b>160</b>
At 31 March 2002	5	41	176	222

## 13. INVESTMENTS HELD AS FIXED ASSETS

### Company

	Investment in subsidiary undertakings £'000
<b>Cost</b>	
At 1 April 2002	2,055
Write off of investment in French subsidiary	(26)
<b>At 31 March 2003</b>	<b>2,029</b>

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

Big Yellow Self Storage Company Limited is incorporated in Great Britain and provides self storage services to private individuals and businesses.

Big Yellow Self Storage Company 1 Limited is incorporated in Great Britain and provides self storage services to private individuals and businesses.

The Big Yellow Property Company Limited is incorporated in Great Britain and its principal activity is property management and ownership.

The Big Yellow Construction Company Limited is incorporated in Great Britain and its principal activity is property construction.

The Big Yellow Holding Company Limited is incorporated in Great Britain and its principal activity is acting as an intermediate holding Company.

Year ended 31 March 2003

14. DEBTORS

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Trade debtors	267	-	353	-
Amounts owed by Group undertakings	-	63,020	-	57,829
Other debtors	823	38	589	9
Deferred tax (see note 18)	1,792	-	1,865	-
Prepayments and accrued income	3,104	58	1,908	85
	<b>5,986</b>	<b>63,116</b>	4,715	57,923

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Trade creditors	3,351	233	2,333	50
Taxation and social security	165	118	124	73
Other creditors	1,200	1	766	8
Proposed dividend	994	994	-	-
Accruals and deferred income	3,957	83	2,693	286
	<b>9,667</b>	<b>1,429</b>	5,916	417

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

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Bank loans	42,600	-	19,938	-
Unamortised loan arrangement costs	(251)	-	(80)	-
	<b>42,349</b>	<b>-</b>	19,858	-

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

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

## 17. FINANCIAL INSTRUMENTS

The Group's only financial instruments as at 31 March 2003 are bank loans of £42,600,000 (2002: £19,938,000), cash of £2,267,000 (2002: £18,528,000) and trade debtors and trade creditors, which arise directly from its operations. Other than as noted below short term debtors and creditors have been omitted from all disclosures below.

The Group does not trade in financial instruments.

### Maturity profile of financial assets and liabilities

	2003		2002	
	Financial assets £'000	Financial liabilities £'000	Financial assets £'000	Financial liabilities £'000
Within one year or on demand	2,267	-	18,528	-
Between two and five years	-	(42,600)	-	(19,938)
Gross financial assets and liabilities	2,267	(42,600)	18,528	(19,938)

The Group has £11,000,000 in undrawn borrowing facilities at 31 March 2003 which expire after two but before five years (2002: £nil).

### Interest rate profile of financial assets and liabilities

	Total £'000	Floating rate £'000	Fixed rate £'000	Weighted average fixed interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2003						
Gross financial liabilities	42,600	16,000	26,600	6.5%	3.43 years	3.1 years
At 31 March 2002						
Gross financial liabilities	19,938	19,938	-	-	-	2.0 years
At 31 March 2003						
Gross financial assets	2,266	176	2,090	3.9%	0.1 years	0.1 years
At 31 March 2002						
Gross financial assets	18,528	18,528	-	-	-	-

### Currency profile of financial assets and liabilities

	2003 £'000	2002 £'000
<b>Financial assets</b>		
Sterling	2,222	8,590
Euro	45	9,938
	2,267	18,528
<b>Financial liabilities</b>		
Sterling	42,600	10,000
Euro	-	9,938
	42,600	19,938

All monetary assets and liabilities, including short term debtors and creditors are denominated in sterling, other than the £45,000 Euro cash balance shown above.

Year ended 31 March 2003

17. FINANCIAL INSTRUMENTS (continued)

Fair values of financial assets and liabilities

	2003		2002	
	Carrying amount £'000	Estimated fair value £'000	Carrying amount £'000	Estimated fair value £'000
Cash at bank, in hand, and other liquid investments	2,266	2,266	18,528	18,528
Bank borrowings	42,600	43,940	19,938	19,938

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	Provided Group 2003 £'000	Provided Company 2003 £'000	Provided Group 2002 £'000	Provided Company 2002 £'000
The amounts provided in the accounts are:				
Capital allowances in advance of depreciation	(556)	-	(279)	-
Short term timing differences	(2)	-	(12)	-
Less trading losses carried forward	(1,234)	-	(1,574)	-
	(1,792)	-	(1,865)	-

There is no unprovided deferred tax at 31 March 2003 and 31 March 2002.

The movement in deferred tax from the prior year relates to the charge in the profit and loss account of £73,000 (2002: credit of £388,000).

19. CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'000
<b>Authorised:</b>		
20,000,000 (2002: 200,000,000) ordinary shares of 10p each	20,000	20,000
<b>Allotted, called up and fully paid:</b>		
99,400,616 (2002: 115,782,666) ordinary shares of 10p each	9,940	11,578

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

	No.	£'000
At 1 April 2002		
Ordinary shares of 10p each	115,782,666	11,578
Repurchase of 16,382,050 10p shares for cancellation	(16,382,050)	(1,638)
<b>At 31 March 2003</b>		<b>9,940</b>

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

## 19. CALLED UP SHARE CAPITAL (continued)

Details of Directors' share options are given in the Report on Directors' Remuneration. At 31 March 2003 there were a further 1,203,604 (2002: 865,175) options in issue to other employees of the Group. Details of these options are as follows:

Date option granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares
16 November 1999	62.5p	16 November 2002	15 November 2009	51,400
5 May 2000	100p	5 May 2003	4 May 2010	134,475
30 November 2000	137.5p	30 November 2003	29 November 2010	72,750
1 June 2001	125.5p	1 June 2004	31 May 2011	41,750
8 November 2001	98p	8 November 2004	7 November 2011	514,800
30 November 2001	94p	30 November 2004	29 November 2011	50,000
15 May 2002	102p	15 May 2005	14 May 2012	103,201
16 December 2002	81.5p	16 December 2005	15 December 2012	235,228

No options were exercised in the year and 108,054 options lapsed in the year.

## 20. STATEMENT OF MOVEMENTS ON RESERVES

Group	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Other distributable reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2002	11,578	–	66,923	–	(4,474)	74,027
Loss for the financial year	–	–	–	–	(2,367)	(2,367)
Dividends	–	–	–	–	(994)	(994)
Foreign exchange translation differences	–	–	–	–	(16)	(16)
Capital transfer	–	–	(65,000)	65,000	–	–
Appropriation	–	–	–	(994)	994	–
Purchase of own shares	(1,638)	1,638	–	(11,699)	–	(11,699)
<b>Balance at 31 March 2003</b>	<b>9,940</b>	<b>1,638</b>	<b>1,923</b>	<b>52,307</b>	<b>(6,857)</b>	<b>58,951</b>
<b>Company</b>						
Balance at 1 April 2002	11,578	–	66,923	–	124	78,625
Loss for the financial year	–	–	–	–	(12)	(12)
Dividends	–	–	–	–	(994)	(994)
Capital transfer	–	–	(65,000)	65,000	–	–
Appropriation	–	–	–	(994)	994	–
Purchase of own shares	(1,638)	1,638	–	(11,699)	–	(11,699)
<b>Balance at 31 March 2003</b>	<b>9,940</b>	<b>1,638</b>	<b>1,923</b>	<b>52,307</b>	<b>112</b>	<b>65,920</b>

On 4 September 2002, the company received permission from the courts to allow £65,000,000 of the share premium account to be transferred to a distributable reserve. The court order became effective on 5 September 2002 and £65,000,000 was transferred from the share premium account to a distributable reserve.



21. FINANCIAL COMMITMENTS

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

	Group Land and buildings 2003 £'000	Company Land and buildings 2003 £'000	Group Land and buildings 2002 £'000	Company Land and buildings 2002 £'000
Within one year	-	-	26	26
Within two to five years	110	75	49	49
After five years	2,321	-	2,128	-
	<b>2,431</b>	<b>75</b>	2,203	75

22. CAPITAL COMMITMENTS

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Amounts contracted but not provided in respect of the Group's properties	4,711	-	11,718	-

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

	2003 £'000	2002 £'000
Operating loss	(449)	(2,776)
Depreciation	2,546	1,605
Amortisation of goodwill	97	97
Foreign exchange loss	(16)	(10)
Increase in stock	(102)	(57)
Increase in debtors	(1,345)	(431)
Increase in creditors	2,676	958
Loss on disposal of fixed assets	103	-
Net cash inflow/(outflow) from operating activities	<b>3,510</b>	(614)

# NOTES TO THE ACCOUNTS

Year ended 31 March 2003

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

	2003 £'000	2003 £'000	2002 £'000	2002 £'000
<b>Returns on investments and servicing of finance</b>				
Interest received	627		551	
Interest paid	(1,798)		(27)	
Loan arrangement fees	(214)		(80)	
		<b>(1,385)</b>		444
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(29,100)		(34,937)	
Costs of termination of French operation	(270)		-	
Sale of tangible fixed assets	21		-	
		<b>(29,349)</b>		(34,937)
<b>Financing</b>				
Issue of ordinary share capital (net of expenses)	-		22,729	
Repurchase of ordinary shares	(11,699)		-	
		<b>(11,699)</b>		22,729
Debt due after more than one year:				
Loans repaid	-		-	
New loans acquired	22,662		19,938	
		<b>22,662</b>		19,938
Net cash inflow from financing		<b>10,963</b>		42,667

## (B) ANALYSIS OF NET DEBT

	At 31 March 2002 £'000	Cash flow £'000	At 31 March 2003 £'000
Cash at bank and in hand	18,528	(16,261)	<b>2,267</b>
Debt due after one year	(19,938)	(22,662)	<b>(42,600)</b>
Total net debt	(1,410)	(38,923)	<b>(40,333)</b>

## 25. RELATED PARTY TRANSACTIONS

No related party transactions took place during the years ended 31 March 2003 and 31 March 2002.

# NOTICE OF THE ANNUAL GENERAL MEETING

40/41

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the Members of the Company will be held at 12 Tokenhouse Yard, London EC2R 7AN on 24 June 2003 at 10.00 a.m. to transact the following business:

1. To receive the Directors' Report and Accounts and the Auditors' Report thereon for the year ended 31 March 2003.
2. To approve the Directors' remuneration report for the year ended 31 March 2003.
3. Upon the recommendation of the directors, to declare a dividend of 1 pence per Ordinary Share to be payable to shareholders on the register of members at the close of business on 6 June 2003.
4. To re-elect Adrian Lee as a Director of the Company, who retires by rotation under the articles of association of the Company.
5. To re-elect David Ross as a Director of the Company, who retires by rotation under the articles of association of the Company.
6. To re-appoint Deloitte & Touche as Auditors and to authorise the Directors to agree their remuneration.

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolution 8 will be proposed as a special resolution:

7. THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities (within the meaning of the said Section 80) to such persons at such times and generally on such terms and conditions as the Directors may determine up to an aggregate nominal amount of £3,313,353 provided that this authority shall expire on 23 June 2008 save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired; and that all previous authorities given to the Directors to allot relevant securities, to the extent unexercised, be revoked.
8. THAT, subject to the passing of Resolution 7, without prejudice to any other authority conferred upon the Directors, the Directors be and they are hereby empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by Resolution 7, as if Section 89(1) of the said Act did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:
  - (a) to holders of ordinary shares on the Company's Register of Members on a fixed record date in proportion as nearly as may be to the respective numbers of ordinary shares then held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising in connection with the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and
  - (b) other than pursuant to sub-paragraphs (a), up to a maximum aggregate nominal amount of £497,003.

and shall expire on 23 June 2008 save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Registered Office: By Order of the Board

Unit 2 The Deans  
Bridge Road  
Bagshot  
Surrey GU19 5AT

J E Gibson  
Company Secretary

28 May 2003

## NOTES

- (i) Any member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for use by shareholders and, to be effective, must be deposited at the Company's registrars, Computershare Investor Services PLC of PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA not less than 48 hours before the time of the meeting. Appointment of a proxy will not preclude a shareholder from attending the meeting and voting in person.
- (ii) The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company at 6 p.m. on 22 June 2003 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (iii) The Register of Directors' Interests will be available for inspection for at least 15 minutes prior to and during the Annual General Meeting.
- (iv) Copies of all Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this Notice until the conclusion of the meeting and at the Annual General Meeting, during and for 15 minutes prior to such meeting.

# NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

## EXPLANATORY NOTES ON THE RESOLUTIONS

### RESOLUTION 1: Report and Accounts

The Directors must present to shareholders at the Annual General Meeting the Directors' Report and Accounts and the Auditors' Report for the year ended 31 March 2003.

### RESOLUTION 2: Directors' Remuneration

Following amendments made to the Companies Act 1985 last year, the Directors are required to compile a remuneration report for the financial year under review (which is set out in this Annual Report & Accounts) and to put to members at the Annual General Meeting a resolution to approve this report.

### RESOLUTION 3: Declaration of Dividend

Payments of dividends are permitted under the Companies Act 1985 where profits are available for that purpose. The Company's articles of association permit the payment of final dividends by ordinary resolution.

### RESOLUTIONS 4-5: Re-appointment of Directors

The Company's Articles of Association require that:

- (a) one third of the Directors (or if their number is not a multiple of 3, the number nearest to, but not greater than, one third of the Directors) shall retire from office by rotation; and
- (b) the Directors to retire by rotation shall be first, any Director who wishes to retire and not offer himself for re-election and secondly, those who have been longest in office since their last appointment or reappointment.

Accordingly, Adrian Lee and David Ross are retiring by rotation and are offering themselves for reappointment by the shareholders. Short biographies of each of the Directors offering themselves for re-election are contained on page 14 of the Directors' Report and Accounts.

### RESOLUTION 6: Re-appointment of Auditors

The Auditors of the Company must be re-appointed at each General Meeting at which Accounts are presented. The Directors propose to re-appoint Deloitte & Touche as Auditors of the Company.

### RESOLUTION 7: Authority to Allot Shares

Under the Companies Act 1985, the Directors of a company may only allot unissued shares if authorised to do so by the shareholders. Accordingly, Resolution 7 proposes to authorise the Directors to allot unissued shares up to an aggregate nominal amount of £3,313,353, being 33,153,530 ordinary shares of 10 pence each, representing one third of the current issued share capital of the Company in accordance with institutional investor guidelines. This authority shall last for a maximum of 5 years. The Directors have no present intention to exercise this authority.

### RESOLUTION 8: Directors' Power to Disapply Pre-emption Rights

The Companies Act 1985 provides that, unless shareholders otherwise consent, all unissued shares to be offered for cash must first be offered to existing shareholders in proportion to their individual holdings. The effect of Resolution 8 will be to give the Directors authority for a period of a maximum of 5 years to:

- (a) make a rights or other pre-emptive issue to existing shareholders without the need to comply with the technical requirements of the statutory provisions (as these may create problems particularly with regard to fractional entitlements and overseas shareholders);
- (b) allot equity securities to persons other than existing shareholders up to a maximum aggregate nominal amount of £497,003 (which is approximately 5% of the Company's issued share capital at the date of this document) in accordance with institutional investor guidelines.

# FORM OF PROXY

I/We the undersigned, being (a) members) of BIG YELLOW GROUP plc, hereby appoint the Chairman of the Meeting or\*  
..... as my/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING  
of the Company, to be held on 24 June 2003 at 10.00 a.m. and at any adjournment thereof.

I/We direct my / our proxy to vote on the resolutions as set out in the Notice convening the Annual General Meeting as follows:

## ORDINARY RESOLUTIONS:

	† FOR	† AGAINST
1. To adopt the Directors' Report and Accounts for the year ended 31 March 2003	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' remuneration report	<input type="checkbox"/>	<input type="checkbox"/>
3. To declare a dividend of 1p per share	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director of the Company Adrian Lee	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director of the Company David Ross	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint the auditors, Deloitte & Touche and authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to allot relevant securities	<input type="checkbox"/>	<input type="checkbox"/>

## SPECIAL RESOLUTION:

8. 11. To empower the Directors to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) as if Section 89(1) of the said Act did not apply	<input type="checkbox"/>	<input type="checkbox"/>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------	--------------------------

Signed this .....day of .....2003

Member's name .....  
(in block letters)

Member's signature .....

Address .....

\* If any other proxy is preferred, strike out the words 'the Chairman of the Meeting or' above and add the name of the proxy you wish to appoint. The alterations should be initialled.

In the case of joint holders, the signature of the first-named holder is sufficient.

If the member is a corporation the proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

† Unless otherwise directed, the proxy holder will abstain or vote as he thinks fit in respect of the member's total holding. In addition, the person appointed as your proxy may vote or abstain from voting as he or she thinks fit on any other business (including amendments to the Resolutions) which may properly come before the meeting.

This Form of Proxy, to be valid, must be lodged at Computershare Investor Services PLC of PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA, NOT LATER THAN 48 hours before the time fixed for the Meeting.

Deposit of a proxy will not prevent a member from otherwise attending and voting at this meeting.

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be paid by  
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COMPUTERSHARE INVESTOR SERVICES PLC  
PO BOX 1075  
THE PAVILIONS  
BRIDGWATER ROAD  
BRISTOL  
BS99 3FA

Third fold and tuck in

First fold

Second fold

# FOUR YEAR RECORD

Years ended 31 March 2000 to 31 March 2003

	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Turnover	<b>15,579</b>	8,408	4,174	1,342
Operating loss	<b>(449)</b>	(2,776)	(2,909)	(1,649)
Loss before tax	<b>(2,294)</b>	(2,306)	(1,836)	(2,123)
Depreciation and amortisation	<b>(2,643)</b>	(1,702)	(947)	(405)
Earnings before depreciation, amortisation and tax	<b>349</b>	(604)	(889)	(1,718)

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

The year ended 31 March 2000 was the Group's first full year of trading.



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