

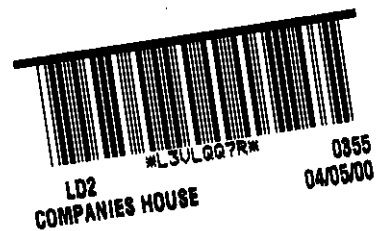
**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING
COMPANY LIMITED)**

Report and Financial Statements

Year ended 31 March 2000



**Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR**



8.5.00
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REPORT AND FINANCIAL STATEMENTS 2000

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CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Introduction

In this, my first statement since my appointment as non-executive chairman, I am pleased to report that the group has made satisfactory progress establishing itself as a leader in the emerging and fast growing self-storage sector and has today announced its application for listing on the Alternative Investment Market by way of a Placing and Offer. The company is raising approximately £40 million of new money gross to fund the group's expansion.

Since the formation of the group and the acquisition of the first store at Staples Corner, the group has expanded rapidly and now enjoys revenues from eight operational stores, all of which I am pleased to report are trading ahead of budget. The group has a further four stores under development or contract, and I have every confidence that further acquisitions will be made in due course.

Revenues have risen from the £181,000 three month contribution from our Staples Corner store last year to £1,343,000 in the year ending 31 March 2000. More importantly, revenues on an annualised basis have risen from approximately £0.7 million immediately before the opening of the first of the new stores at the beginning of May 1999 to approximately £2.0 million at March 2000, a 186% increase in a 10 month period.

This accelerated expansion has resulted in a loss before tax of £2.1 million and an operating loss of £1.65 million and the group has incurred capital expenditure £13.1 million in the year.

Branding

The group has been successful in a relatively short period of time in establishing a recognisable, quality brand and consequently setting a new benchmark in terms of customer service, physical environment and accessibility in an industry which has to date been characterised by poor customer care in inferior buildings in poor locations.

Funding

In September 1999 the company received a £12 million cash injection, £11 million of which was provided by Prudential Insurance Company of America ("PRICOA") in a mixture of equity and debt. The Placing and Offer announced today will provide the group with a further cash injection of £38.5 million, net of expenses, to be used to support the company's expansion programme. In addition PRICOA are subscribing for a further £5 million of equity which will be used to simplify the capital structure with the redemption of their £4 million Loan Stock and £1 million of Convertible Preference Shares.

As at 31 March 2000 the group had cash of £4.5 million and short term bank borrowings of £2.1 million.

Management

The group's management structure has been significantly deepened with the arrival of a number of key managers including Tom Phillips in construction, Michael Cole as financial controller, Cheryl Hathaway in human resources and Roy Rathbone in property.

The group has been successful in recruiting a number of high calibre managers and staff in all its centres. This is having a demonstrable effect on the success of the business, and I should like to thank all of them and all the central office staff for their hard work and commitment.

Market

Self-storage is currently enjoying a considerable focus of interest from consumers, the media and the financial community, all of which the Board believes will serve to heighten the awareness of an industry which currently has low recognition. Consumers are likely in future to demand ever-increasing standards of customer service and the group therefore believes that it is well positioned to benefit from what is expected to be a rapid expansion of the market.

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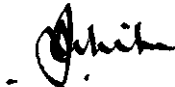
CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (continued)

Outlook

The management team is committed to growing its business as rapidly as good management practice, site availability and store acquisitions will allow, with the aim of establishing the group as the leading quality branded operator of self-storage in the UK. Our emphasis is on locating our buildings in prominent and accessible locations, providing an attractive and customer-friendly environment and, above all, providing our customers with the first class service which they have come to expect.

Jo Elliott of TR Property Investment Trust plc has resigned from the Board prior to the company's listing and on behalf of the management team I should like to thank Jo for her guidance. In February the Board was pleased to welcome Jonathan Short following his appointment as non-executive director.

Lastly, I should like to welcome David Ross to the Board of Big Yellow as a non-executive director. David's experience, as the chief operating officer of Carphone Warehouse, will be invaluable to the management and I have no doubt his contribution will be significant.



David White

Chairman

17 April 2000

REPORT ON CORPORATE GOVERNANCE

Introduction

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

Throughout the year ended 31 March 2000, the company was not required to, and did not attempt to, comply with the Code. Although not required to, the directors have decided to provide Corporate Governance disclosures on how they intend to apply the Code.

The Board met on 13 April 2000 and formally adopted the principles of good governance set out in the Code. However, in view of the size and nature of the group, the directors have taken into consideration the recommendations of CISCO's Guidance for Smaller Quoted Companies on the Code. The company's governance policies now in place match closely the position set out in the Combined Code.

Directors

There is a Board of Directors which is set up to control the company and group and consists of five executive and three non-executive directors. The non-executive directors are all independent of the group. David White is non-executive Chairman of the Board. 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. Full details of non-executive directors are set out on page 10.

Produced at each Board meeting is the latest financial information available 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.

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 any 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 were constituted on 13 April 2000 and consist solely of non-executive directors.

Directors' remuneration

The Remuneration Committee will meet and consider, within existing terms of reference, the remuneration policy and make 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 will be determined by the Remuneration Committee. The statement of remuneration policy and details of each director's remuneration is set out in the Remuneration report.

REPORT ON CORPORATE GOVERNANCE (continued)

Shareholder relations

The directors are delighted to be able to discuss the performance of the group with its shareholders, both institutions and private, not just at the Annual General Meeting, but through meeting them at various times through the year. 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.

Accountability and audit

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. This is achieved through the Chairman's statement and review of operations.

Internal control

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. The Board has carried out its review of the current system and updated the documentation of key risk, operational controls and procedures relating to the different areas of the business. In this review, which will be repeated at least once a year, the Board has considered the effectiveness of the internal financial control framework.

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

Going concern

The directors can 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 a going concern basis.

Audit Committee

The Audit Committee, which now consists of David White (chairman of the Committee), Jonathan Short and David Ross, will be 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 will be 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 will meet a minimum of twice a year, prior to the announcement of interim and annual results and, should it be necessary, would convene at other times.

Nomination Committee

The Nomination Committee, which now consists of David White (chairman of the Committee), Jonathan Short and David Ross, will be 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 shall present reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new directors. The committee shall meet as required and as determined by its members.

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REPORT ON CORPORATE GOVERNANCE (continued)

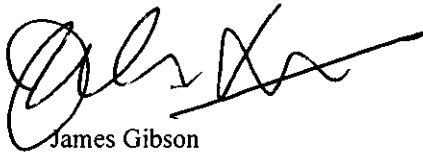
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of 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

17 April 2000

BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)

REPORT BY THE BOARD TO THE SHAREHOLDERS ON DIRECTORS' REMUNERATION

The following is a report by the Remuneration Committee, which was constituted on 13 April 2000, which has been approved and adopted by the Board for submission to the shareholders.

Remuneration Committee

The Remuneration Committee consists of the non-executive directors; David White (chairman of the Committee), and Jonathan Short and David Ross. The Committee will be responsible for determining the level of remuneration of the executive directors.

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 will be undertaken by the Committee consisting solely of non-executive directors. The remuneration of the non-executive directors will be determined by the full Board.

There are three main elements of the remuneration package for executive directors and senior management:

1. Basic salary will be determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels will be 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 will be assessed annually and will be 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 will be granted by the Remuneration Committee, and will be assessed on an individual basis with a view to motivating and retaining directors in the longer term.

Directors' contracts

All executive directors are required to notify the company 12 months in advance of terminating their employment contracts.

Details of directors' remuneration

Full details of all elements in the remuneration package of each director are given in note 3 to the accounts.



David White

17 April 2000

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

PRINCIPAL ACTIVITY

The principal activity of the company and its subsidiaries is the provision of self-storage.

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 1 and 2.

CHANGE OF COMPANY NAME

On 31 March 2000 the company was re-registered as a public company and changed its name to Big Yellow Group PLC.

CHANGES IN SHARE CAPITAL

During the year the company's authorised share capital was increased and further shares were issued for cash to finance the group's expansion. Further details are given in note 18 to the accounts.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 12 of the financial statements. The directors do not recommend a dividend in respect of the ordinary shares. A dividend of £36,750 is payable on the cumulative preference shares.

PAYMENT OF SUPPLIERS

The policy of the group is to settle supplier invoices within the terms of trade agreed with individual suppliers. At the year end the group had an average of 23 days (1999 : 26 days) purchases outstanding.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and at the year end were:

Nicholas Vetch	
Philip Burks	
James Gibson	
Joanne Elliot	(resigned 12 April 2000)
Richard Mully	(appointed 21 September 1999, resigned 1 December 1999)
Jonathan Austen	(appointed 1 December 1999, resigned 16 February 2000)
Jonathan Short	(appointed 16 February 2000)
David White	(appointed 31 March 2000)
David Ross	(appointed 31 March 2000)
Adrian Lee	(appointed 31 March 2000)
Stephen Homer	(appointed 31 March 2000)

Details of the interests of the directors in the shares of the company are set out in note 3 to the accounts.

BIG YELLOW GROUP PLC
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DIRECTORS' REPORT (continued)

SUBSTANTIAL SHAREHOLDINGS

In addition to the interests of the directors in the shares of the company, the following substantial shareholdings existed at the year end:

	'B' Ordinary shares of 10p each	
	31 March 2000	1 April 1999
	No.	No.
Prudential Insurance Company of America	9,600,000	-
TR Property Investment Trust plc	13,428,010	13,000,000

Prudential Insurance Company of America also owns 1,000,000 of the company's preference shares (31 March 1999 - nil).

YEAR 2000

A programme to ensure that all the group's computer operations were compliant in time for the millennium date change was implemented. To date, no significant problems have occurred and the directors continue to be alert to the issue. No material costs have been, or are expected to be incurred.

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

17 April 2000

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

David White	Non-executive chairman
David Ross	Non-executive
Jonathan Short	Non-executive
Nicholas Vetch	
Philip Burks	
James Gibson	
Adrian Lee	
Stephen Homer	

SECRETARY

James Gibson

REGISTERED OFFICE

2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

BANKERS

National Westminster Bank PLC
PO Box 2354
65 Piccadilly
London
W1A 2PT

SOLICITORS

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

FINANCIAL ADVISORS AND STOCKBROKERS

Cazenove & Co.
12 Tokenhouse Yard
London
EC2R 7AN

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)****DIRECTORS' BIOGRAPHIES****Non-executive directors**

David White, aged 57, 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 Dryfield Trust plc.

David Ross, aged 34, non-executive director, is the chief operating officer of The Carphone Warehouse Limited, which he joined in 1991. In addition to managing the ongoing operations of the business, including retail, finance, property and personnel, 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 38, non-executive director, is the managing director of PRICOA Property Private Equity Limited, a wholly owned subsidiary of the Prudential Insurance Company of America. 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 followed by eight years at ING Barings & Co, where he was head of its European Real Estate Group.

Executive directors

Nicholas Vetch, aged 38, chief executive, is a co-founder of Big Yellow with specific responsibility for general management and strategy. 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.

Philip Burks, aged 41, director of property and construction, is a co-founder of Big Yellow with specific responsibility for property acquisitions and construction. 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 39, finance director, is a co-founder of Big Yellow with specific responsibility for finance, operational control and information technology. He is a chartered accountant having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors. 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.

Adrian Lee, aged 34, director of operations and human resources, 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 33, director of sales and marketing, was until recently 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.

AUDITORS' REPORT TO THE MEMBERS OF

BIG YELLOW GROUP PLC (formerly THE BIG YELLOW HOLDING COMPANY LIMITED)

We have audited the financial statements on pages 12 to 33 which have been prepared under the accounting policies set out on page 18.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

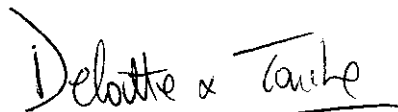
Basis of opinion

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. 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 group's and the company's circumstances, 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 March 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants
and Registered Auditors

17 April 2000

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000**

	Note	Year ended 31 March 2000 Continuing operations £	Period from 26 August 1998 to 31 March 1999 Continuing operations £
TURNOVER		1,342,963	181,392
Cost of sales		(1,623,258)	(117,927)
GROSS (LOSS)/PROFIT		(280,295)	63,465
Administrative expenses		(1,368,589)	(167,524)
Other operating income		-	928
OPERATING LOSS	4	(1,648,884)	(103,131)
Interest receivable and similar income		304,813	87,307
Interest payable and similar charges	5	(778,633)	(4,662)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION FOR THE FINANCIAL YEAR/PERIOD	7	(2,122,704)	(20,486)
Dividends payable	8	(36,750)	-
Loss for the financial year/period		(2,159,454)	(20,486)
Loss brought forward		(20,486)	-
Loss carried forward		(2,179,940)	(20,486)
Loss per share	9	(5p)	(0p)
Diluted loss per share	9	(5p)	(0p)

There are no recognised gains or losses for the financial year or preceding financial period other than as stated above and therefore no separate statement of total recognised gains and losses has been presented.

BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)

CONSOLIDATED BALANCE SHEET
31 March 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Intangible assets	10	1,820,474	1,888,861
Tangible assets	11	17,294,810	4,514,915
		<u>19,115,284</u>	<u>6,403,776</u>
CURRENT ASSETS			
Stocks		31,714	2,133
Debtors	13	1,096,409	407,250
Cash at bank and in hand		4,528,840	1,417,663
		<u>5,656,963</u>	<u>1,827,046</u>
CREDITORS: amounts falling due within one year	14	<u>(9,784,510)</u>	<u>(226,308)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(4,127,547)</u>	<u>1,600,738</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,987,737	8,004,514
CREDITORS: amounts falling due after more than one year	15	<u>(4,000,000)</u>	<u>(2,625,000)</u>
		<u>10,987,737</u>	<u>5,379,514</u>
CAPITAL AND RESERVES			
Called up share capital	18	5,242,856	4,050,376
Share premium account	19	7,924,821	1,349,624
Profit and loss account	19	(2,179,940)	(20,486)
SHAREHOLDERS' FUNDS		<u>10,987,737</u>	<u>5,379,514</u>
Equity shareholders' funds		9,987,737	5,379,514
Non-equity shareholders' funds		1,000,000	-
		<u>10,987,737</u>	<u>5,379,514</u>

These financial statements were approved by the Board of Directors on 17 April 2000.

Signed on behalf of the Board of Directors



James Gibson
 Director

BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 March 2000

	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £
The Group		
Loss for the financial year/period	(2,122,704)	(20,486)
Dividends	(36,750)	-
	<u>(2,159,454)</u>	<u>(20,486)</u>
Issue of shares (net of issue costs)	7,767,677	5,400,000
Net addition to shareholders' funds	5,608,223	5,379,514
Opening shareholders' funds	5,379,514	-
Closing shareholders' funds	<u>10,987,737</u>	<u>5,379,514</u>
The Company		
Profit/(loss) for the financial year/period	160,146	(39,748)
Dividends	(36,750)	-
	<u>123,396</u>	<u>(39,748)</u>
Issue of shares (net of issue costs)	7,767,677	5,400,000
Net addition to shareholders' funds	7,891,073	5,360,252
Opening shareholders' funds	5,360,252	-
Closing shareholders' funds	<u>13,251,325</u>	<u>5,360,252</u>

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)**
**CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2000**

	Note	Year ended 31 March 2000		Period from 26 August 1998 to 31 March 1999
		£	£	£
Cash outflow from operating activities	23		(769,163)	(385,072)
Returns on investments and servicing of finance	24(a)		(43,699)	82,645
Capital expenditure and financial investment	24(a)		(12,038,414)	(4,413,665)
Acquisitions	24(a)		(28,024)	(1,891,245)
Cash outflow before financing			(12,879,300)	(6,607,337)
Financing				
Issue of ordinary share capital (net of expenses)	24(a)	7,767,677		5,400,000
Increase in debt	24(a)	3,491,000		2,625,000
Proceeds of financing transaction		4,731,800		-
			15,990,477	8,025,000
Increase in cash in the year/period	24(b)		3,111,177	1,417,663

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
Year ended 31 March 2000

	Note	Year ended 31 March 2000		Period from 26 August 1998 to 31 March 1999
		£	£	£
Increase in cash in the year/period		3,111,177		1,417,663
Cash inflow from increase in debt financing	24(b)	<u>(8,222,800)</u>		<u>(2,625,000)</u>
Change in net debt resulting from cash flows			<u>(5,111,623)</u>	<u>(1,207,337)</u>
Movement in net debt in the year/period	24(b)		<u>(5,111,623)</u>	<u>(1,207,337)</u>
Net debt at start of year/period			<u>(1,207,337)</u>	<u>-</u>
Net debt at end of year/period			<u><u>(6,318,960)</u></u>	<u><u>(1,207,337)</u></u>

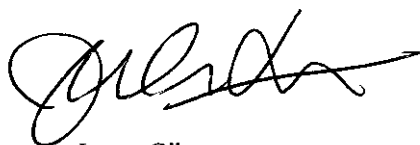
BIG YELLOW GROUP PLC
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COMPANY BALANCE SHEET
31 March 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	11	149,052	2,621,517
Investments	12	2,029,027	2,001,000
		<u>2,178,079</u>	<u>4,622,517</u>
CURRENT ASSETS			
Stocks		-	1,295
Debtors	13	11,474,833	50,732
Cash at bank and in hand		4,219,314	1,249,289
		<u>15,694,147</u>	<u>1,301,316</u>
CREDITORS: amounts falling due within one year	14	<u>(620,901)</u>	<u>(563,581)</u>
NET CURRENT ASSETS		<u>15,073,246</u>	<u>737,735</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,251,325</u>	<u>5,360,252</u>
CREDITORS: amounts falling due after more than one year	15	<u>(4,000,000)</u>	<u>-</u>
		<u>13,251,325</u>	<u>5,360,252</u>
CAPITAL AND RESERVES			
Called up share capital	18	5,242,856	4,050,376
Share premium account	19	7,924,821	1,349,624
Profit and loss account	19	83,648	(39,748)
SHAREHOLDERS' FUNDS		<u>13,251,325</u>	<u>5,360,252</u>
Equity shareholders' funds		<u>12,251,325</u>	<u>5,360,252</u>
Non-equity shareholders' funds		<u>1,000,000</u>	<u>-</u>
		<u>13,251,325</u>	<u>5,360,252</u>

These financial statements were approved by the Board of Directors on 17 April 2000.

Signed on behalf of the Board of Directors



James Gibson

Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

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 its subsidiaries at the year end using acquisition accounting principles.

Goodwill and intangible assets

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

Freehold land and buildings are included at cost less accumulated depreciation on the buildings calculated as shown below. Interest, overhead and pre-opening launch costs are not capitalised.

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

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

Investments

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

Stocks

Stocks are held at the lower of cost and net realisable value.

Pension contributions

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

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

BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

2. SEGMENTAL INFORMATION

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. The group's net assets, turnover and loss before tax, all of which arises in the United Kingdom, are attributable to one activity, the provision of self storage space.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

	Year ended 31 March 2000						Period from 26 August 1998 to 31 March 1999
	Salary/ fees £	Bonus £	Taxable benefits £	Sub total £	Pension £	Total £	Total £
Nicholas Vetch	37,500	30,000	1,079	68,579	3,750	72,329	13,750
Philip Burks	37,500	30,000	1,766	69,266	3,750	73,016	13,750
James Gibson	37,500	30,000	1,179	68,679	3,750	72,429	13,750
Joanne Elliot ①	-	-	-	-	-	-	-
Richard Mully ①	-	-	-	-	-	-	-
Jonathan Austen ①	-	-	-	-	-	-	-
Jonathan Short ①	-	-	-	-	-	-	-
David White ②	-	-	-	-	-	-	-
David Ross ②	-	-	-	-	-	-	-
Adrian Lee ②	-	-	-	-	-	-	-
Stephen Homer ②	-	-	-	-	-	-	-
	<u>112,500</u>	<u>90,000</u>	<u>4,024</u>	<u>206,524</u>	<u>11,250</u>	<u>217,774</u>	<u>41,250</u>

① Shareholder directors who receive no remuneration.

② Appointed 31 March 2000.

Pension contributions represent amounts payable to directors' personal pension schemes.

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)**

**NOTES TO THE ACCOUNTS
Year ended 31 March 2000**

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Directors' interests

The beneficial interests of the directors in the ordinary share capital of the company are shown below:

'A' Ordinary shares of 10p each	At 1 April 1999 or date of appointment No.	At 31 March 2000 No.	At 17 April 2000 No.
Nicholas Vetch (including trusts)	12,100,000	12,500,000	12,500,000
Philip Burks (including trusts)	12,100,000	12,500,000	12,500,000
James Gibson	1,800,000	1,816,000	1,816,000
Adrian Lee (appointed 31 March 2000)	791,880	791,880	791,880
Stephen Homer (appointed 31 March 2000)	791,880	791,880	791,880

None of the directors had any direct interests in the share capital of any of the subsidiary undertakings of the company in the year.

Share option scheme

Options in respect of ordinary shares held by the directors at 31 March 2000 under the company's share option scheme 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
James Gibson	24 September 1998	10p	24 September 2001	23 September 2008	1,000,000
Adrian Lee	18 January 1999	13.3p	18 January 2002	17 January 2009	375,940
Adrian Lee	5 March 1999	25p	5 March 2002	4 March 2009	125,000
Stephen Homer	18 January 1999	13.3p	18 January 2002	17 January 2009	375,940

Conditional upon admission to the Alternative Investment Market, it is currently intended that the following options will be issued to directors after 31 March 2000 under the company's share option scheme:

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
Philip Burks	5 May 2000	100p	5 May 2003	4 May 2010	1,000,000
James Gibson	5 May 2000	100p	5 May 2003	4 May 2010	100,000
Adrian Lee	5 May 2000	100p	5 May 2003	4 May 2010	100,000
Stephen Homer	5 May 2000	100p	5 May 2003	4 May 2010	150,000

BIG YELLOW GROUP PLC
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NOTES TO THE ACCOUNTS

Year ended 31 March 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Employees	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £
Wages and salaries (including directors)	894,824	78,319
Social security costs	69,900	7,697
Other pension costs	32,530	5,476
	<u>997,254</u>	<u>91,492</u>
	No.	No.
The average number of employees (including directors) employed by the group during the year/period:		
Sales	16	5
Administration	10	4
	<u>26</u>	<u>9</u>

4. OPERATING LOSS

	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £
Operating loss is stated after charging:		
Depreciation	308,915	7,029
Amortisation of goodwill	96,411	23,844
Auditors' remuneration		
- group audit fees	30,000	10,000
- non-audit services	6,000	10,000
Operating leases – other	323,016	240,505
	<u>778,633</u>	<u>4,662</u>

Included in group audit fees are £10,000 (1999 : £5,000) in respect of the company.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £
Loan stock	307,808	-
Bank overdraft and other borrowings	147,613	4,662
Option finance fee (see note 25)	323,212	-
	<u>778,633</u>	<u>4,662</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

6. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The consolidated profit for the financial year includes a profit of £160,146 (1999 : loss of £39,748) which is dealt with in the accounts of the parent company.

7. TAXATION

No liability to corporation tax arises on the group's result for the year as the group made a taxable loss during the year.

The group has unrelieved tax losses, which can be carried forward against future UK trading profits, estimated at £4.4 million (1999: £3.0 million).

8. NON-EQUITY DIVIDENDS

	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £
7.5% preference shares	36,750	-

9. LOSS PER ORDINARY SHARE

Loss per ordinary share has been calculated on the retained loss for the financial year/period of £2,159,454 (1999 : £20,486) and on the weighted average number of shares in issue during the year of 46,250,504 (1999 : 34,978,190). There is no dilutive effect from the conversion of share options, loan stock and preference shares.

10. INTANGIBLE FIXED ASSETS

The group	£
Cost	
At 1 April 1999	1,912,705
Additions	28,024
At 31 March 2000	<u>1,940,729</u>
Amortisation	
At 1 April 1999	23,844
Charge for the year	96,411
At 31 March 2000	<u>120,255</u>
Net book value	
At 31 March 2000	<u>1,820,474</u>
At 31 March 1999	<u>1,888,861</u>

BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)
NOTES TO THE ACCOUNTS
Year ended 31 March 2000
11. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold property £	Assets in the course of development £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
The group							
Cost							
At 1 April 1999	-	18,750	4,373,044	9,380	8,000	864,234	5,273,408
Additions	5,317,992	2,342,141	3,385,186	1,622,502	-	420,989	13,088,810
Reclassifications	4,373,044	-	(4,373,044)	764,091	-	(764,091)	-
At 31 March 2000	9,691,036	2,360,891	3,385,186	2,395,973	8,000	521,132	18,362,218
Accumulated depreciation							
At 1 April 1999	-	10,453	-	5,763	3,231	739,046	758,493
Charge for the year	143,731	42,386	-	98,052	2,003	22,743	308,915
Reclassifications	-	-	-	678,600	-	(678,600)	-
At 31 March 2000	143,731	52,839	-	782,415	5,234	83,189	1,067,408
Net book value							
At 31 March 2000	9,547,305	2,308,052	3,385,186	1,613,558	2,766	437,943	17,294,810
At 31 March 1999	-	8,297	4,373,044	3,617	4,769	125,188	4,514,915

The reclassification from fixtures, fittings and computer equipment to plant and machinery was made to better represent the nature of those assets.

Included within freehold property are properties with a net book value of £4,720,681 which were subject to the financing transaction described in note 25. The beneficial ownership of these properties was unaffected by this transaction.

	Freehold property £	Fixtures, fittings and computer equipment £	Total £
The company			
Cost			
At 1 April 1999	2,600,000	23,111	2,623,111
Additions	295,000	150,845	445,845
Transfers to subsidiary undertakings	(2,895,000)	-	(2,895,000)
At 31 March 2000	-	173,956	173,956
Accumulated depreciation			
At 1 April 1999	-	1,594	1,594
Charge for the year	-	23,310	23,310
At 31 March 2000	-	24,904	24,904
Net book value			
At 31 March 2000	-	149,052	149,052
At 31 March 1999	2,600,000	21,517	2,621,517

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

12. INVESTMENTS HELD AS FIXED ASSETS

	£
Cost	
At 1 April 1999	2,001,000
Additions	28,027
	<hr/>
At 31 March 2000	2,029,027
	<hr/> <hr/>

The investments relate to the 100% ownership of the ordinary share capital of Big Yellow Self Storage Company Limited, The Big Yellow Property Company Limited, The Big Yellow Construction Company Limited and The Last Mile Company Limited.

Big Yellow Self Storage Company Limited is registered in England and Wales and provides self storage services to private individuals and businesses. Of the additions in the year, £28,024 represents additional costs incurred in respect of the acquisition of Big Yellow Self Storage Company Limited, which took place in the preceding period (see note 22).

The Big Yellow Property Company Limited is registered in England and Wales and is involved in property management and ownership. The Big Yellow Construction Company Limited and The Last Mile Company Limited are registered in England and Wales and did not trade during the year. Of the additions in the year, £1 represents the cost of acquiring The Big Yellow Property Company Limited, £1 represents the cost of acquiring The Big Yellow Construction Company Limited and £1 represents the cost of acquiring The Last Mile Company Limited.

13. DEBTORS

	Group 2000 £	Company 2000 £	Group 1999 £	Company 1999 £
Trade debtors	88,669	-	45,350	-
Amounts owed by group undertakings	-	11,385,201	-	-
Other debtors	574,044	46,029	317,222	34,230
Prepayments and accrued income	433,696	43,603	44,678	16,502
	<hr/>	<hr/>	<hr/>	<hr/>
	1,096,409	11,474,833	407,250	50,732
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2000 £	Company 2000 £	Group 1999 £	Company 1999 £
Bank loans	2,116,000	-	-	-
Trade creditors	1,109,760	94,748	1,939	-
Amounts owed to group undertakings	-	-	-	515,088
Taxation and social security	12,721	161,833	9,022	6,091
Other creditors	4,927,518	-	58,105	-
Accruals and deferred income	1,581,761	364,320	157,242	42,402
Dividends payable	36,750	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,784,510	620,901	226,308	563,581
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within other creditors is £4,731,800 arising from the financing transaction described in note 25.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

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

	Group 2000 £	Company 2000 £	Group 1999 £	Company 1999 £
Bank loan	-	-	2,625,000	-
Loan stock	4,000,000	4,000,000	-	-
	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,625,000</u>	<u>-</u>

The bank loan was secured by a charge over the assets of Big Yellow Self Storage Company Limited. Big Yellow Group PLC provided a guarantee in respect of the bank loan.

The loan stock represents convertible unsecured loan stock which is repayable on 21 September 2009. The company may redeem all or any amount of this stock between 21 September 2001 and 21 September 2009, or earlier if agreed to by a stockholder. Each stockholder may require the company to redeem the stock at any time upon certain changes in ownership of the company's shares.

After 21 September 2002, each stockholder can by notice require the company to convert the stock into 'B' ordinary shares at a rate of one share per £1 of nominal amount of stock.

Interest is payable on the loan stock at the rate of 7½%. Additionally, on redemption or at the end of the term on 21 September 2009, the company will pay a redemption premium such that the return on the loan stock equates to 15% on an annualised compound basis.

16. FINANCIAL INSTRUMENTS

Although not required to, the directors have decided to provide numerical disclosures in respect of financial instruments. The group does not trade in financial instruments. All monetary assets and liabilities are denominated in sterling.

Short term debtors and creditors have been omitted from all disclosures below. Details of non-equity shares issued by the group are given in note 18.

Maturity profile of financial liabilities

	2000			1999		
	Bank borrowings £	Loan stock £	Other £	Total £	Bank borrowings £	Total £
Within one year or less or on demand	2,116,000	-	4,731,800	6,847,800	-	-
More than five years	-	4,000,000	-	4,000,000	2,625,000	2,625,000
Gross financial liabilities	<u>2,116,000</u>	<u>4,000,000</u>	<u>4,731,800</u>	<u>10,847,800</u>	<u>2,625,000</u>	<u>2,625,000</u>

The group had the following undrawn borrowing facilities at 31 March.

	2000 £	1999 £
Expiring in one year or less	884,000	-
Total	<u>884,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

16. FINANCIAL INSTRUMENTS (continued)

Interest rate profile

	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Weighted average fixed interest rate	Weighted average period for which the rate is fixed	Weighted average period until maturity
	£	£	£			
At 31 March 1999						
Gross financial liabilities	2,625,000	2,625,000	-	-	-	2.0 years
At 31 March 2000						
Gross financial liabilities	10,847,800	2,116,000	8,731,800	11.7%	4.9 years	3.9 years

	Total	Floating rate financial assets
	£	£
At 31 March 1999		
Gross financial assets	1,417,663	1,417,663
At 31 March 2000		
Gross financial assets	4,528,840	4,528,840

The interest rate on floating rate assets and liabilities is linked to the Bank of England's base rate.

Fair values of financial assets and liabilities

Primary financial instruments held or issued to finance the Group's operations	2000		1999	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	£	£	£	£
Cash at bank, in hand and other liquid investments	4,528,840	4,528,840	1,417,663	1,417,663

Primary financial instruments held or issued to finance the Group's operations	2000		1999	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	£	£	£	£
Bank borrowings	2,116,000	2,116,000	2,625,000	2,625,000
Loan stock	4,000,000	4,000,000	-	-
Other	4,731,800	4,731,800	-	-
Gross financial liabilities	10,847,800	10,847,800	2,625,000	2,625,000
7% convertible preference shares	1,000,000	1,000,000	-	-

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

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The group

The amounts not provided in the accounts are:

	Not provided 2000	Not provided 1999
	£	£
Capital allowances in advance of depreciation	38,325	270
Short term timing differences	(6,030)	-
Less trading losses carried forward	(1,328,674)	(615,393)
	<u>(1,296,379)</u>	<u>(615,123)</u>

The company

The amounts not provided in the accounts are:

	Not provided 2000	Not provided 1999
	£	£
Capital allowances in advance of depreciation	6,208	270
Less trading losses carried forward	(12,086)	(7,711)
	<u>(5,878)</u>	<u>(7,441)</u>

18. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
31,021,160 (1999 : 29,255,640)		
ordinary 'A' shares of 10p each	3,102,116	2,925,564
28,028,800 (1999 : 13,000,000)		
ordinary 'B' shares of 10p each	2,802,880	1,300,000
1,000,000 (1999 : nil)		
preference shares of 10p each	100,000	-
	<u>6,004,996</u>	<u>4,225,564</u>
Called up, allotted and fully paid:		
28,399,760 (1999 : 27,503,760)		
ordinary 'A' shares of 10p each	2,839,976	2,750,376
23,028,800 (1999 : 13,000,000)		
ordinary 'B' shares of 10p each	2,302,880	1,300,000
1,000,000 (1999 : nil)		
preference shares of 10p each	100,000	-
	<u>5,242,856</u>	<u>4,050,376</u>

Each holder of an 'A' or 'B' ordinary share can appoint a director, but in all other respects the 'A' and 'B' shares rank pari passu. The preference shares carry a fixed cumulative dividend of 7% per annum and rank in priority to the ordinary shares on any return of capital but are not entitled to a return of any excess of capital. The preference shares carry one vote per share on any resolution. The preference shares may be converted to ordinary shares at the option of the holder, at any time up to 21 September 2002.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

18. CALLED UP SHARE CAPITAL (continued)

During the year shares were allotted to raise finance to fund the group's expansion as follows:

Date	'A' shares			'B' shares			Preference shares		
	No.	Consider- ation received	Nominal value	No.	Consider- ation received	Nominal value	No.	Consider- ation received	Nominal value
		£	£		£	£		£	
21 September 1999	896,000	560,000	89,600	10,028,800	6,268,000	1,002,880	1,000,000	1,000,000	100,000

The authorised share capital was increased as follows:

Date	'A' shares		'B' shares		Preference shares	
	No.	Nominal value	No.	Nominal value	No.	Nominal value
		£		£		£
1 April 1999	29,255,640	2,925,564	13,000,000	1,300,000	-	-
20 September 1999	1,765,520	176,552	15,028,800	1,502,880	1,000,000	100,000
31 March 2000	31,021,160	3,102,116	28,028,800	2,802,880	1,000,000	100,000

Details of directors' share options are given in note 3. At 31 March 2000 there were a further 68,000 options in issue to members of the group's staff, with an exercise price of 62.5 pence per share which were granted on 16 November 1999. These options are exercisable from 16 November 2002.

19. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £	Profit and loss account £
The group		
Balance at 1 April 1999	1,349,624	(20,486)
Shares issued	6,575,197	-
Loss retained for year	-	(2,159,454)
Balance at 31 March 2000	7,924,821	(2,179,940)
The company		
Balance at 1 April 1999	1,349,624	(39,748)
Shares issued	6,575,197	-
Profit retained for the year	-	123,396
Balance at 31 March 2000	7,924,821	83,648

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

20. FINANCIAL COMMITMENTS

	Group Land and buildings 2000 £	Company Land and buildings 2000 £	Group Land and buildings 1999 £	Company Land and buildings 1999 £
Operating lease commitments payable within the next year:				
Within one year	-	-	-	-
Within two to five years	53,156	53,156	-	-
After five years	836,888	-	164,210	14,650
	<u>890,044</u>	<u>53,156</u>	<u>164,210</u>	<u>14,650</u>

21. CAPITAL COMMITMENTS

	Group 2000 £	Company 2000 £	Group 1999 £	Company 1999 £
Amounts contracted but not provided in respect of freehold properties	1,618,304	-	2,624,401	2,624,400
	<u>1,618,304</u>	<u>-</u>	<u>2,624,401</u>	<u>2,624,400</u>

22. ACQUISITIONS

During the prior period, Big Yellow Group PLC acquired 100% of the ordinary shares of Big Yellow Self Storage Company Limited. The business acquired provides the same service that Big Yellow Group PLC provides, namely provision of space for storage. The acquisition took place on 1 January 1999. The acquisition method of accounting was used for the acquisition of this business. The acquisition was made up as follows:

	Book value £	Acquisition adjustments £	Fair value £
Fixed assets	108,278	-	108,278
Debtors	102,441	-	102,441
Cash at bank and in hand	109,755	-	109,755
	<u>320,474</u>	<u>-</u>	<u>320,474</u>
Current liabilities	(232,179)	-	(232,179)
Long term liabilities	(601,000)	601,000	-
Goodwill	-	-	1,912,705
	<u>(512,705)</u>	<u>601,000</u>	<u>2,001,000</u>
Satisfied by cash			<u>2,001,000</u>

The purchase was satisfied by cash of which £601,000 related to the transfer of a parent company loan.

**BIG YELLOW GROUP PLC
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**NOTES TO THE ACCOUNTS
Year ended 31 March 2000**

22. ACQUISITIONS (continued)

The summarised profit and loss account of the acquired entity for the years ended 31 December 1997 and 1998 were as follows:

	Year ended 31 December 1998	Year ended 31 December 1997
	£	£
Turnover	671,534	576,603
Operating profit	176,860	116,425
Profit before and after taxation	<u>87,075</u>	<u>58,011</u>

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating loss	(1,648,884)	(103,131)
Depreciation	308,915	7,029
Amortisation of goodwill	96,411	23,844
Increase in stock	(29,581)	(2,133)
Increase in debtors	(643,585)	(304,809)
Increase/(decrease) in creditors	<u>1,147,561</u>	<u>(5,872)</u>
Net cash outflow from operating activities	<u>(769,163)</u>	<u>(385,072)</u>

**BIG YELLOW GROUP PLC
(formerly THE BIG YELLOW HOLDING COMPANY LIMITED)**

**NOTES TO THE ACCOUNTS
Year ended 31 March 2000**

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

	Year ended 31 March 2000 £	Year ended 31 March 2000 £	Period from 26 August 1998 to 31 March 1999 £	Period from 26 August 1998 to 31 March 1999 £
Returns on investments and servicing of finance				
Interest received	259,239		87,307	
Interest paid	(302,938)		(4,662)	
		<u>(43,699)</u>		<u>82,645</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(12,038,414)		(4,413,665)
Acquisitions and disposals				
Purchase of subsidiary undertaking	(28,024)		(2,001,000)	
Net cash acquired with subsidiaries	-		109,755	
		<u>(28,024)</u>		<u>(1,891,245)</u>
Financing				
Issue of ordinary share capital (net of expenses)		7,767,677		5,400,000
Debt due within a year:				
Loans repaid	(509,000)		-	
Proceeds of financing transaction	4,731,800		-	
Reclassification of debt	2,625,000		-	
		<u>6,847,800</u>		<u>-</u>
Debt due beyond a year:				
New loans acquired	4,000,000		2,625,000	
Reclassification of debt	(2,625,000)		-	
		<u>1,375,000</u>		<u>2,625,000</u>
Net cash inflow from financing		<u>15,990,477</u>		<u>8,025,000</u>

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24 (b) ANALYSIS OF NET DEBT

	At 1 April 1999 £	Cash flow £	Reclassifi- -cations £	At 31 March 2000 £
Cash at bank and in hand	1,417,663	3,111,177	-	4,528,840
Debt due after one year	(2,625,000)	(4,000,000)	2,625,000	(4,000,000)
Debt due within one year	-	(4,222,800)	(2,625,000)	(6,847,800)
		<u>(8,222,800)</u>		
Total	<u>(1,207,337)</u>	<u>(5,111,623)</u>	<u>-</u>	<u>(6,318,960)</u>

25. RELATED PARTY TRANSACTIONS

During the year the group entered into a financing transaction in respect of two of its properties with TR Property Investment Trust PLC ("TRPIT"), one of the company's shareholders. The group sold the properties to TRPIT for £4,731,800, but retains an option to repurchase the properties and retains the beneficial ownership of these properties. The price at which the group has the option to repurchase the properties is calculated by reference to the sale price and the increase in the IPD Annual London Standard Industrials Index less any option finance fee paid at the date of repurchase and a further capital sum may therefore be payable upon exercise of the option. The profit and loss account for the year includes within interest payable and similar charges a charge of £323,212 in respect of the option finance fee. This amount was unpaid at the year end and is included within accruals and deferred income.

During the year the company issued loan stock to PRICOA, one of the company's shareholders. The terms of this loan stock are shown in note 15 and the charge for the total return for the year in respect of the loan stock is shown in note 5. Of the total return charged in the year £147,246 remains unpaid and is included within accruals and deferred income.

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**NOTES TO THE ACCOUNTS
Year ended 31 March 2000**

26. POST BALANCE SHEET EVENTS

Subsequent to the year end, the directors announced their intention to seek a listing on the Alternative Investment Market by way of a Placing and Offer to raise £43.5 million net of expenses and to undertake a capital re-organisation involving the redemption of the loan stock for £4 million and purchase of 1 million preference shares at £1 each. More details of these proposed transactions are given in the Chairman's statement and review of operations on pages 1 and 2. The table below shows the effect of these proposed transactions on the group's balance sheet.

	Balance sheet as at 31 March 2000 £	Net proceeds of the proposed listing £	Capital re- organisation £	Pro-forma balance sheet as at 31 March 2000 £
FIXED ASSETS	19,115,284	-	-	19,115,284
CURRENT ASSETS	5,656,963	43,500,000	(5,000,000)	44,156,963
CREDITORS: amounts falling due Within one year	(9,784,510)	-	-	(9,784,510)
CREDITORS: amounts falling due After more than one year	(4,000,000)	-	4,000,000	-
TOTAL NET ASSETS	<u>10,987,737</u>	<u>43,500,000</u>	<u>(1,000,000)</u>	<u>53,487,737</u>