

13. NON-CURRENT ASSETS

a) Investment property, investment property under construction and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 31 March 2012	726,390	33,905	22,394	782,689
Additions	3,376	305	–	3,681
Capital Goods Scheme adjustment*	(10,629)	–	–	(10,629)
Reclassification	16,260	(16,260)	–	–
Adjustment to present value	–	–	342	342
Revaluation	10,208	(673)	–	9,535
Depreciation	–	–	(933)	(933)
At 31 March 2013	745,605	17,277	21,803	784,685
Additions	1,745	5,860	–	7,605
Capital Goods Scheme adjustment**	1,186	–	–	1,186
Transfer to surplus land	(1,330)	–	–	(1,330)
Adjustment to present value	–	–	2,985	2,985
Revaluation (see note 14)	29,184	(834)	–	28,350
Depreciation	–	–	(974)	(974)
At 31 March 2014	776,390	22,303	23,814	822,507

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

** The Capital Goods Scheme receivable has been reduced in the year by £1.2 million following the identification of some trapped Capital Goods Scheme recovery.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 20.

Included within additions is £0.5 million of capitalised interest (2013: £0.2 million), calculated at the Group's average borrowing cost for the year of 4.5%.

55 of the Group's investment properties are pledged as security for loans, with a total external value of £770,140,000.

b) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Total £000
Cost						
At 31 March 2012	1,867	44	780	25	6,308	9,024
Additions	–	–	46	–	650	696
At 31 March 2013	1,867	44	826	25	6,958	9,720
Reclassification	(9)	9	–	–	–	–
Retirement of fully depreciated assets	(15)	–	(418)	–	(5,813)	(6,246)
Additions	–	–	17	–	744	761
At 31 March 2014	1,843	53	425	25	1,889	4,235
Depreciation						
At 31 March 2012	(226)	(44)	(563)	(9)	(5,545)	(6,387)
Charge for the year	(35)	–	(46)	(6)	(496)	(583)
At 31 March 2013	(261)	(44)	(609)	(15)	(6,041)	(6,970)
Reclassification	2	(2)	–	–	–	–
Retirement of fully depreciated assets	15	–	418	–	5,813	6,246
Charge for the year	(49)	(3)	(27)	(7)	(440)	(526)
At 31 March 2014	(293)	(49)	(218)	(22)	(668)	(1,250)
Net book value						
At 31 March 2014	1,550	4	207	3	1,221	2,985
At 31 March 2013	1,606	–	217	10	917	2,750

Notes to the Financial Statements (continued)

Year ended 31 March 2014

13. NON-CURRENT ASSETS (continued)

c) Goodwill

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

d) Investment in associate

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

	31 March 2014 £000	31 March 2013 £000
At the beginning of the year	17,681	15,496
Subscription for partnership capital and advances	–	1,567
Share of results (see below)	180	618
	17,861	17,681

The Group has subscribed for cumulative partnership capital and advances of £16,366,000 to 31 March 2014 (2013: £16,366,000).

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

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Big Yellow Limited Partnership		
Income statement (100%)		
Revenue	9,529	8,289
Cost of sales	(4,846)	(4,845)
Administrative expenses	(112)	(76)
Operating profit	4,571	3,368
(Loss)/gain on the revaluation of investment properties	(1,985)	2,462
Net interest payable	(2,820)	(3,111)
Refinancing costs	–	(1,497)
Fair value movement of interest rate derivatives	774	633
Profit before and after tax	540	1,855
Balance sheet (100%)		
Investment property	108,110	109,480
Other non-current assets	3,588	3,598
Current assets	3,009	3,422
Current liabilities	(3,201)	(2,759)
Derivative financial instruments	77	(697)
Non-current liabilities	(58,000)	(60,000)
Net assets (100%)	53,583	53,044
Group share of (33.3%)		
Operating profit	1,524	1,122
(Loss)/gain on the revaluation of investment properties	(662)	821
Net interest payable	(940)	(1,037)
Refinancing costs	–	(499)
Fair value movement of interest rate derivatives	258	211
Profit for the year	180	618
Associate net assets	17,861	17,681

13. NON-CURRENT ASSETS (continued)

The Partnership has a £60 million bank facility with RBS and HSBC expiring in September 2016. £2 million of this facility has been voluntarily repaid and cancelled during the year, leaving drawn debt at £58 million at 31 March 2014. The loan amortises to £51.1 million by September 2016, with amortisation starting in June 2014.

The average cost of debt of the facility in the year was 5.1%. Interest rate derivatives are in place covering 50% of the drawn debt at a pre-margin cost of 1.05%. There is a margin ratchet based on the Partnership's income cover which ranges between 250 bps and 400 bps.

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

The Group has an option to acquire the property assets within the Partnership exercisable at 31 March 2014 (subject to an IRR hurdle being achieved) and at 31 March 2015 (with no IRR hurdle). The option has been deferred at 31 March 2014, and has been assessed to have nil value at 31 March 2014. The Directors have considered the rights the option bestows on the Group and have concluded that as at 31 March 2014, the option does not allow the Group to direct the relevant activities of the Partnership and accordingly continues to account for its investment in the Partnership on an equity accounting basis.

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores*			
At 31 March 2013	372,190	328,315	700,505
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	1,186	(1,186)	–
Movement in year	1,457	25,728	27,185
At 31 March 2014	373,503	352,857	726,360
Leasehold stores			
At 31 March 2013	15,911	29,189	45,100
Movement in year	288	4,642	4,930
At 31 March 2014	16,199	33,831	50,030
Total of open stores			
At 31 March 2013	388,101	357,504	745,605
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	1,186	(1,186)	–
Movement in year	1,745	30,370	32,115
At 31 March 2014	389,702	386,688	776,390
Investment property under construction			
At 31 March 2013	23,782	(6,505)	17,277
Movement in year	5,860	(834)	5,026
At 31 March 2014	29,642	(7,339)	22,303
Valuation of all investment property			
At 31 March 2013	411,883	350,999	762,882
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	1,186	(1,186)	–
Movement in year	7,605	29,536	37,141
At 31 March 2014	419,344	379,349	798,693

* Includes one long leasehold property