

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Revenue	3	171,318	135,241
Cost of sales		(50,383)	(41,589)
Gross profit		120,935	93,652
Administrative expenses		(14,352)	(12,159)
Operating profit before gains on property assets		106,583	81,493
Gain on the revaluation of investment properties	14a,15	597,224	189,277
Gain on disposal of investment property		584	–
Operating profit		704,391	270,770
Share of profit of associates	14e	3,677	3,148
Investment income – interest receivable	7	23	69
– fair value movement on derivatives	7	1,389	–
Finance costs – interest payable	8	(10,604)	(8,017)
– fair value movement on derivatives	8	–	(148)
Profit before taxation		698,876	265,822
Taxation	9	(1,602)	(636)
Profit for the year (attributable to equity shareholders)	5	697,274	265,186
Total comprehensive income for the year (attributable to equity shareholders)		697,274	265,186
Basic earnings per share	12	385.4p	152.3p
Diluted earnings per share	12	384.2p	151.8p

EPRA earnings per share are shown in Note 12.

All items in the statement of comprehensive income relate to continuing operations.

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

31 March 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investment property	14a	2,342,199	1,621,990
Investment property under construction	14a	285,400	163,537
Right-of-use assets	14a	19,174	16,644
Plant, equipment, and owner-occupied property	14b	3,857	3,910
Intangible assets	14c	1,433	1,433
Investment	14d	588	450
Investment in associates	14e	–	13,720
Capital Goods Scheme receivable	16	–	163
Derivative financial instruments	18c	885	–
		2,653,536	1,821,847
Current assets			
Inventories		483	366
Trade and other receivables	16	7,756	7,764
Cash and cash equivalents		8,605	12,322
		16,844	20,452
Total assets		2,670,380	1,842,299
Current liabilities			
Trade and other payables	17	(47,349)	(34,563)
Borrowings	19	(3,008)	(2,865)
Obligations under lease liabilities	21	(1,958)	(1,751)
		(52,315)	(39,179)
Non-current liabilities			
Derivative financial instruments	18c	–	(475)
Borrowings	19	(414,972)	(332,573)
Obligations under lease liabilities	21	(18,718)	(16,177)
		(433,690)	(349,225)
Total liabilities		(486,005)	(388,404)
Net assets		2,184,375	1,453,895
Equity			
Share capital	22	18,397	17,588
Share premium account		289,923	192,218
Reserves		1,876,055	1,244,089
Equity shareholders' funds		2,184,375	1,453,895

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2022. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895
Total comprehensive income for the year	–	–	–	–	697,274	–	697,274
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375

The other non-distributable reserve arose in the year ended 31 March 2015 following the placing of 14.35 million ordinary shares.

The issue of share capital is net of expenses.

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876
Total comprehensive income for the year	–	–	–	–	265,186	–	265,186
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Cash generated from operations	26	120,390	87,131
Bank interest paid		(10,763)	(8,850)
Interest on obligations under lease liabilities		(843)	(772)
Interest received		2	26
Tax paid		(1,649)	(823)
Cash flows from operating activities		107,137	76,712
Investing activities			
Purchase of non-current assets		(105,151)	(73,010)
Disposal of investment property		584	–
Acquisition of Armadillo (net of cash acquired)		(66,679)	–
Investment	14d	(138)	(450)
Receipts from Capital Goods Scheme		381	737
Dividend received from associates	14e	435	688
Cash flows from investing activities		(170,568)	(72,035)
Financing activities			
Issue of share capital		98,514	80,772
Payment of lease liabilities		(1,384)	(1,009)
Equity dividends paid	11	(68,698)	(58,808)
Loan arrangement fees paid		(953)	–
Increase/(decrease) in borrowings		32,235	(64,728)
Cash flows from financing activities		59,714	(43,773)
Net decrease in cash and cash equivalents		(3,717)	(39,096)
Opening cash and cash equivalents		12,322	51,418
Closing cash and cash equivalents		8,605	12,322

The accompanying notes form part of the financial statements.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006, with registration number 03625199. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 14 to 30.

2. Significant accounting policies

Basis of preparation of financial statements

The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 3	Update to the Conceptual Framework for Financial Reporting
Amendments to IAS 16	Property, Plant and Equipment, Proceeds before Intended Use
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets
Amendments to IFRS 9	Financial Instruments
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IFRS 17	Insurance contracts
Amendments to IAS 8	Definition of Accounting Estimate
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policy
Amendments to IAS 12	Income Taxes

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

There are no other Standards or Interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Basis of accounting

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

2. Significant accounting policies (continued)

Going concern

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

At 31 March 2022 the Group had available liquidity of approximately £163 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2022, had operational cash flow of £107.1 million, with capital commitments at the balance sheet date of £20.9 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2023 and projections contained in the longer-term business plan which cover the period to March 2026. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

The Group has total facilities of £52.7 million secured on the Armadillo portfolios with Lloyds Bank plc. These facilities expire in April 2023. The Group has received credit approval from a new insurance debt provider to refinance these loans and provide additional headroom on our facilities with longer duration fixed debt; this is currently being documented.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in June 2023. The Group intends to refinance this loan with M&G this summer.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the current economic environment, taking into account the trading performance of the Group from the onset of the Covid-19 pandemic to the date of these financial statements. The Directors have also taken into account the performance of the business during the Global Financial Crisis. The Directors modelled a number of different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

Consequently, the Directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

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

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

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

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**Intangible assets**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at their acquisition date (which is typically regarded as their cost). Subsequent to their initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Investment in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Revenue recognition

Revenue represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and any applicable value added tax. Self storage income is recognised over the period for which the storage room is occupied by the customer on a straight-line basis. Any future revenue is recognised as deferred income at the balance sheet date. The opening offer discount of 50% off for up to 8 weeks is spread evenly over the term of the discount period.

Other storage related income comprises:

- packing material sales are recognised at the point of sale, as there is no further ongoing performance obligation beyond the point of sale; and
- insurance income which is recognised on a straight-line basis over the period a customer occupies their room. The Group recognises insurance income as a principal, as the insurance contract is between the Group and the customer. The Group is also responsible for setting the pricing for the sale of insurance to customers.

The Group recognises non-storage income, which is principally rental income from tenants of properties awaiting development, on a straight-line basis over the period in which it is earned.

Management fees earned are recognised on a straight-line basis over the period for which the services are provided. Fees earned from associates are recognised in full in the statement of comprehensive income through revenue with the proportionate debit shown in the share of profit of associate. Performance fees are earned from the Group's management contract with the Armadillo associate. These fees are subject to performance thresholds such that revenue is not recognised until the specific conditions have been met, and it is highly probable that no significant reversal of amounts would occur.

Borrowings

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

2. Significant accounting policies (continued)

Finance costs and income

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

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

The Group classifies finance costs and income as operating cash flow in the cash flow statement.

Debt modification

A change in debt carried at amortised cost that is considered substantial is accounted for as an extinguishment, which means that the original debt is derecognised, with any gain or loss recorded in the statement of comprehensive income, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial [substantial is defined as a change in the net present value of the cash flows of more than 10%], the original debt remains on the books and there is no current statement of comprehensive income impact.

Operating profit

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

Taxation

The Group is a REIT and as a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

Deferred tax assets and liabilities are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**Leases**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

Where the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Alternative Performance Measures (APMs)

The Group uses a number of APMs to monitor the performance of the business. Adjusted profit before tax and adjusted earnings per share are the Group's primary profit measure and reflect underlying profit by excluding capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties and the fair value movement of interest derivatives in accordance with EPRA guidelines. In addition, the Group adjusts for items such as the write off of acquisition costs, and fair value movements on the stepped acquisition of associates.

This treatment presents more relevant and useful information to users of financial statements by excluding 'exceptional' costs which are unusual in nature and size and therefore not reflective of the Group's recurring earnings.

Plant, equipment, and owner occupied property

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

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

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

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

2. Significant accounting policies (continued)

Investment property

The criteria used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and/or for capital appreciation. Where this is the case, the Group recognises these owned or leased properties as investment properties.

Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised right-of-use liability.

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

Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception and is shown within note 21. Note 21 does also include leases which are not classified as investment properties.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified.

Investment property under construction

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

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

Impairment of assets

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

Inventories

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

Financial instruments

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

A - Derivative financial instruments and hedge accounting

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

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

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income as they arise. The Group has not adopted hedge accounting.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**B – Financial assets**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

C – Impairment of financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses (“ECLs”). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

2. Significant accounting policies (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

D – Cash and cash equivalents

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

E – Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Retirement benefit costs

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

Share-based payments

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

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

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

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

Estimate of fair value of Investment Properties and Investment Property under Construction (critical accounting estimate)

The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, JLL, who report on the values of the Group's stores on an annual basis. JLL were appointed as valuers in the year, replacing CBRE. The principal assumptions underlying the estimation of the fair value are those related to: stabilised occupancy levels; expected future growth in storage rents; capitalisation rates; and discount rates. For investment property under construction, the Group estimates the total costs to complete the construction of each store based on its latest assessment of costs for each development, which is based off the most recent market evidence the Group obtains from tender returns and discussion with key suppliers. JLL also consider climate change in their valuations, and the impacts that this could have on each of the Group's investment properties. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 15 to the financial statements.

Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where there are no such significant items, the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. During the year, the Group acquired the remaining interest in Armadillo Storage Holding Company and Armadillo Storage Holding Company 2 Limited that it did not previously own. As this is a stepped acquisition, IFRS 3 requires that the previous stake be remeasured at the acquisition date at its fair value, with a corresponding gain recorded in the income statement. The Group additionally wrote off existing deferred tax and goodwill balances prior to the acquisition, as they had no ongoing value in the wider group.

3. Revenue

Analysis of the Group's operating revenue can be found below and in the portfolio summary on page 34.

	2022 £000	2021 £000
Open stores		
Self storage income	145,592	113,119
Insurance income	17,783	14,517
Packing materials income	3,142	2,771
Other income from storage customers	1,821	1,275
Ancillary store rental income	937	786
	169,275	132,468
Other revenue		
Non-storage income	1,598	1,420
Management fees earned	325	1,353
Business interruption insurance proceeds	120	–
Total revenue	171,318	135,241

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

4. Segmental information

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

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

5. Profit for the year

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

	Note	2022 £000	2021 £000
Depreciation of plant, equipment, and owner-occupied property	14b	857	803
Depreciation of interest in leasehold properties		1,601	1,272
Gain on the revaluation of investment property		(597,224)	(189,277)
Gains on disposal of investment property		(584)	–
Cost of inventories recognised as an expense		1,405	1,189
Employee costs	6	23,181	19,769
Operating lease rentals		–	4

b) Analysis of auditor's remuneration:

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	365	227
Fees payable to the Company's auditor for the subsidiaries' annual accounts	50	36
Fees payable to the Company's auditor for the audit of the Company's associates	–	98
Total audit fees	415	361
Audit related assurance services – interim review	60	42
Total non-audit fees	60	42
Total audit and non-audit fees paid to KPMG LLP	475	403

The associates (Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited) are now wholly owned, so the fees are included in the overall Group fee.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

6. Employee costs

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

	2022 Number	2021 Number
Sales	365	310
Administration	62	60
	427	370

At 31 March 2022 the total number of Group employees was 495 (2021: 412).

	2022 £000	2021 £000
Their aggregate remuneration comprised:		
Wages and salaries	16,086	13,935
Social security costs	3,014	2,291
Other pension costs	691	674
Share-based payments	3,390	2,869
	23,181	19,769

Details of Directors' Remuneration is given on pages 94 to 117. The Directors are the only employees assessed as key management personnel.

7. Investment income

	2022 £000	2021 £000
Bank interest receivable	2	26
Unwinding of discount on Capital Goods Scheme receivable	21	43
Total interest receivable	23	69
Fair value movement on derivatives	1,389	–
Total investment income	1,412	69

8. Finance costs

	2022 £000	2021 £000
Interest on bank borrowings	11,772	9,380
Capitalised interest	(2,072)	(2,135)
Interest on obligations under lease liabilities	843	772
Other interest payable	61	–
Total interest payable	10,604	8,017
Fair value movement on derivatives	–	148
Total finance costs	10,604	8,165

9. Taxation

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

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Finance (No.2) Bill 2021 announced that the main rate of corporation tax was going to increase to 25% from 1 April 2023 and this was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

UK current tax	2022 £000	2021 £000
– Current year	1,725	798
– Prior year	(123)	(162)
	1,602	636

A reconciliation of the tax charge is shown below:

	2022 £000	2021 £000
Profit before tax	698,876	265,822
Tax charge at 19% (2021 – 19%) thereon	132,786	50,506
Effects of:		
Revaluation of investment properties	(113,472)	(35,963)
Share of profit of associates	(699)	(598)
Other permanent differences	(2,031)	(1,921)
Profits from the tax-exempt business	(14,859)	(11,226)
Current year tax charge	1,725	798
Prior year adjustment	(123)	(162)
Total tax charge	1,602	636

At 31 March 2022 the Group has unutilised tax losses from the non-REIT taxable business of £34.2 million (2021: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

10. Adjusted profit

	2022 £000	2021 £000
Profit before tax	698,876	265,822
Gain on revaluation of investment properties – Group	(597,224)	(189,277)
– associates (net of deferred tax) to 30 June 2021	(1,537)	(2,074)
Change in fair value of interest rate derivatives – Group	(1,389)	148
– in associate	–	6
Armadillo fair value adjustments on acquisition	(1,756)	–
Gain on disposal of investment property	(584)	–
Acquisition costs written off	416	–
Adjusted profit before tax	96,802	74,625
Tax	(1,602)	(636)
Adjusted profit after tax	95,200	73,989

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, acquisition costs written off in accordance with IFRS 3, fair value adjustments on acquisitions, and net gains and losses on disposal of investment property have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's trading performance.

11. Dividends

	2022 £000	2021 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of 17.0p (2020: 16.7p) per share.	31,039	29,124
Interim dividend for the year ended 31 March 2022 of 20.6p (2021: 17.0p) per share.	37,659	29,684
	68,698	58,808
Proposed final dividend for the year ended 31 March 2022 of 21.4p (2021: 17.0p) per share.	39,137	29,716

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2022, the final dividend will be paid on 29 July 2022. The ex-div date is 7 July 2022 and the record date is 8 July 2022.

The Property Income Distribution ("PID") payable for the year is 42.0 pence per share (2021: 32.0 pence per share).

12. Earnings per share

	Year ended 31 March 2022			Year ended 31 March 2021		
	Earnings £000	Shares million	Pence per share	Earnings £000	Shares million	Pence per share
Basic	697,274	180.9	385.4	265,186	174.1	152.3
Dilutive share options	–	0.6	(1.2)	–	0.6	(0.5)
Diluted	697,274	181.5	384.2	265,186	174.7	151.8
Adjustments:						
Gain on revaluation of investment properties	(597,224)	–	(329.0)	(189,277)	–	(108.3)
Acquisition costs written off	416	–	0.2	–	–	–
Change in fair value of interest rate derivatives	(1,389)	–	(0.8)	148	–	0.1
Gain on disposal of investment property	(584)	–	(0.3)	–	–	–
Share of associate fair value gains and losses	(3,293)	–	(1.8)	(2,068)	–	(1.2)
EPRA – diluted	95,200	181.5	52.5	73,989	174.7	42.4
EPRA – basic	95,200	180.9	52.6	73,989	174.1	42.5

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

EPRA earnings and earnings per ordinary share have been disclosed to give a clearer understanding of the Group's trading performance.

13. Net assets per share

EPRA's Best Practices Recommendations guidelines for Net Asset Value (NAV) metrics are EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

EPRA NTA is considered to be most consistent with the nature of Big Yellow's business which provides sustainable long-term progressive returns. EPRA NTA is shown in the table below. This measure is further adjusted by the adjustment the Group makes for purchaser's costs, which is the Group's Adjusted Net Asset Value (or Adjusted NAV).

Net assets per share are equity shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares. Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 15).

	Year ended 31 March 2022			Year ended 31 March 2021		
	Equity attributable to ordinary shareholders £000	Shares million	Pence per share	Equity attributable to ordinary shareholders £000	Shares million	Pence per share
Basic NAV	2,184,375	182,844,471	1,194.7	1,453,895	174,757,563	831.9
Share and save as you earn schemes	1,592	1,409,649	(8.3)	1,451	1,427,948	(5.9)
Diluted NAV	2,185,967	184,254,120	1,186.4	1,455,346	176,185,511	826.0
Fair value of derivatives – Group	(885)	–	(0.5)	475	–	0.3
Fair value of derivatives – share of associate	–	–	–	6	–	–
Deferred tax in respect of valuation surpluses – associate	–	–	–	1,818	–	1.0
Intangible assets	(1,433)	–	(0.8)	(1,433)	–	(0.8)
EPRA NTA	2,183,649	184,254,120	1,185.1	1,456,212	176,185,511	826.5
Valuation methodology assumption (see note 15) (£000)	100,600	–	54.6	110,393	–	62.7
Adjusted NAV	2,284,249	184,254,120	1,239.7	1,566,605	176,185,511	889.2

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

13. Net assets per share (continued)

JLL were appointed as the Group's valuers during the year. Their valuation model differs from the previous valuer CBRE's in that they do not assume a sale of the asset in year 10 of the discounted cash flow, instead taking the cash flows on in perpetuity at an all risks yield which reflects the implicit future growth of the business. This approach means purchaser's costs are not deducted on this in perpetuity cash flow. CBRE's model assumed a sale in year 10, and deducted purchaser's costs from this notional sale. This means the overall purchaser's costs are lower in the JLL model and explains why the valuation methodology assumption adjustment is lower in the current year compared to the prior year, despite the significant increase in valuation of the Group's investment properties.

14. Non-current assets

α) Investment property, investment property under construction and right-of-use assets

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
At 31 March 2020	1,385,120	136,299	17,829	1,539,248
Additions	11,657	63,174	–	74,831
Transfer on opening of stores	36,070	(36,070)	–	–
Revaluation (see note 15)	189,143	134	–	189,277
Depreciation	–	–	(1,185)	(1,185)
At 31 March 2021	1,621,990	163,537	16,644	1,802,171
Additions	10,921	95,509	1,084	107,514
Acquisition of Armadillo	138,418	–	4,862	143,280
Transfer on opening of stores	41,182	(41,182)	–	–
Revaluation (see note 15)	529,688	67,536	–	597,224
Depreciation	–	–	(1,553)	(1,553)
Impairment of Cheadle lease	–	–	(1,863)	(1,863)
At 31 March 2022	2,342,199	285,400	19,174	2,646,773

The right-of-use assets represent the present value of minimum lease payments for leasehold properties – see note 21 for further details of the obligations under lease liabilities.

Included within the revaluation gain on investment property is an impairment of £4.3 million in relation to the fire at Cheadle.

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 34. Included within additions is £2.1 million of capitalised interest (2021: £2.1 million), calculated at the Group's average borrowing cost for the year of 2.8%. 86 of the Group's investment properties are pledged as security for loans, with a total external value of £1.9 billion.

14. Non-current assets (continued)

b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Right of use assets £000	Total £000
Cost							
At 31 March 2020	2,275	77	490	32	1,170	872	4,916
Retirement of fully depreciated assets	–	(18)	(167)	–	(602)	–	(787)
Additions	–	–	116	–	694	–	810
At 31 March 2021	2,275	59	439	32	1,262	872	4,939
Retirement of fully depreciated assets	–	–	(107)	–	(402)	–	(509)
Additions	15	–	115	–	780	–	910
At 31 March 2022	2,290	59	447	32	1,640	872	5,340
Depreciation							
At 31 March 2020	(536)	(26)	(180)	(28)	(32)	(106)	(908)
Retirement of fully depreciated assets	–	18	167	–	602	–	787
Charge for the year	(57)	(4)	(116)	(4)	(622)	(105)	(908)
At 31 March 2021	(593)	(12)	(129)	(32)	(52)	(211)	(1,029)
Retirement of fully depreciated assets	–	–	107	–	402	–	509
Charge for the year	(43)	(4)	(113)	–	(697)	(106)	(963)
At 31 March 2022	(636)	(16)	(135)	(32)	(347)	(317)	(1,483)
Net book value							
At 31 March 2022	1,654	43	312	–	1,293	555	3,857
At 31 March 2021	1,682	47	310	–	1,210	661	3,910

c) Intangible assets

The intangible asset relates to the Big Yellow brand, which was acquired through the acquisition of Big Yellow Self Storage Company Limited in 1999. The carrying value remains unchanged from the prior year as there is considered to be no impairment in the value of the asset. The asset has an indefinite life and is tested annually for impairment or more frequently if there are indicators of impairment.

d) Investment

During the prior year, the Group invested £450,000 in DS Operations Centre Limited (“DSOC”), a company which provides out-of-hours monitoring and alarm receiving services, including for the Group’s stores. In December 2021, the Group invested a further £138,000 in DSOC. The investment is carried at cost and tested annually for impairment.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

14. Non-current assets (continued)

e) Investment in associates

Armadillo

The Group had a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests were accounted for as associates, using the equity method of accounting. On 1 July 2021 the Group acquired the remaining interest in Armadillo 1 and Armadillo 2 that it did not previously own. From this date, Armadillo 1 and Armadillo 2 are accounted for as a wholly owned subsidiaries of the Group. The results up to this date are equity accounted as shown in the note below:

	Armadillo 1		Armadillo 2		Total	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
At the beginning of the year	8,698	7,027	5,022	4,233	13,720	11,260
Share of results (see below)	2,413	2,013	1,264	1,135	3,677	3,148
Dividends	(211)	(342)	(224)	(346)	(435)	(688)
Acquisition of remaining interest	(10,900)	–	(6,062)	–	(16,962)	–
Share of net assets	–	8,698	–	5,022	–	13,720

14. Non-current assets (continued)

e) Investment in associates (continued)

The figures below show the trading results of Armadillo, and the Group's share of the results and the net assets up to the point of acquisition of the remaining interest in the Partnerships on 1 July 2021.

	Armadillo 1		Armadillo 2	
	1 April 2021 to 30 June 2021 £000	Year ended 31 March 2021 £000	1 April 2021 to 30 June 2021 £000	Year ended 31 March 2021 £000
Statement of comprehensive income (100%)				
Revenue	3,170	11,338	1,876	6,664
Cost of sales	(1,601)	(5,967)	(793)	(2,953)
Administrative expenses	(126)	(345)	(45)	(161)
Operating profit	1,443	5,026	1,038	3,550
Goodwill write-off	(982)	–	(1,849)	–
Gain on the revaluation of investment properties	4,888	8,565	2,795	4,235
Net interest payable	(274)	(1,177)	(183)	(752)
Fair value movement of interest rate derivatives	–	(18)	–	(11)
Deferred and current tax	6,988	(2,330)	4,519	(1,347)
Profit attributable to shareholders	12,063	10,066	6,320	5,675
Dividends paid	(1,054)	(1,708)	(1,120)	(1,730)
Retained profit	11,009	8,358	5,200	3,945
Group share (20%)				
Operating profit	289	1,005	208	710
Goodwill write-off	(196)	–	(370)	–
Gain on the revaluation of investment properties	978	1,713	559	847
Net interest payable	(55)	(235)	(37)	(150)
Fair value movement of interest rate derivatives	–	(4)	–	(2)
Deferred and current tax	1,397	(466)	904	(270)
Profit attributable to shareholders	2,413	2,013	1,264	1,135
Dividends paid	(211)	(342)	(224)	(346)
Retained profit/(loss)	2,202	1,671	1,040	789
Associates' net assets	–	8,698	–	5,022
Balance sheet (100%)				
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Investment property	–	81,075	–	48,425
Interest in leasehold properties	–	2,750	–	2,219
Other non-current assets	–	1,204	–	2,004
Current assets	–	1,169	–	339
Current liabilities	–	(2,923)	–	(1,946)
Derivative financial instruments	–	(18)	–	(11)
Non-current liabilities	–	(39,767)	–	(25,918)
Net assets (100%)	–	43,490	–	25,112

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

14. Non-current assets (continued)

e) Investment in associates (continued)

Accounting for the acquisition - Armadillo 1

The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment properties have been valued by the Directors with regard to the March 2021 property valuations performed by JLL uplifted for the capital movement in the three month period to the Acquisition date.

	£000
Investment property	86,553
Other non-current assets	2,949
Current assets	1,981
Current liabilities	(3,825)
Bank borrowings	(30,444)
Obligations under lease liabilities due greater than one year	(2,717)
Net assets (100%)	54,497
Net assets acquired (80% of £54.5 million)	43,598
Satisfied by cash consideration	(43,598)
	–

From the date of acquisition of the Partnership on 1 July 2021 to 31 March 2022, the revenue of the Partnership was £10.4 million, and the statutory profit before tax was £12.8 million.

Accounting for the acquisition - Armadillo 2

The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment properties have been valued by the Directors with regard to the March 2021 property valuations performed by JLL uplifted for the capital movement in the three month period to the Acquisition date.

	£000
Investment property	51,865
Other non-current assets	2,285
Current assets	961
Current liabilities	(2,969)
Bank borrowings	(20,116)
Obligations under lease liabilities due greater than one year	(1,707)
Net assets (100%)	30,319
Net assets acquired (80% of £30.3 million)	24,255
Satisfied by cash consideration	(24,255)
	–

From the date of acquisition of the Partnership on 1 July 2021 to 31 March 2022, the revenue of the Partnership was £5.9 million, and the statutory profit before tax was £2.4 million.

14. Non-current assets (continued)

e) Investment in associates (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired

Investment property	External market valuation model: The Directors paid regard to JLL's external valuation from 31 March 2021 and uplifted the valuations for the capital movement from that date.
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The trade receivables acquired across both companies comprise gross contractual amounts due of £0.5 million, of which £41,000 was expected to be uncollectable at the date of the acquisition.

No amounts have been fair valued on a provisional basis.

The Directors considered whether there were any intangibles acquired, in particular customer lists and the Armadillo brand. The Directors concluded that no material intangibles were acquired.

Cash

The amount of cash and cash equivalents over which control was obtained in the year from the acquisition of the two Armadillo transactions was £1.2 million.

Fair value adjustments

On acquisition of the remaining interests in Armadillo, the Group made certain fair value adjustments to the Armadillo balance sheets. These were:

- an increase in the investment property valuation, reflecting the fair value of the assets at 30 June 2021;
- the write off of goodwill contained in the Armadillo balance sheets; and
- the write back of deferred tax (principally on revaluation surpluses) contained in the Armadillo balance sheets, with Armadillo joining the Big Yellow REIT on acquisition.

These fair value adjustments are shown in the share of profit of the associates in the period to 30 June 2021 and amounted to a gain of £3.3 million.

Acquisition costs

The Group incurred acquisition-related costs of £0.4 million on legal fees and stamp duty. These costs have been included in administrative expenses.

Proforma impact of acquisitions

For the nine months ended 31 March 2022, the Armadillo Partnerships contributed revenue of £16.3 million and statutory profit before tax of £15.2 million. If the acquisition had occurred on 1 April 2021, management estimates that consolidated revenue would have been £176.0 million for the year and consolidated profit before tax for the year would have been £712.0 million. In determining these amounts, management has assessed that the fair value adjustments that arose on the date of acquisition would have been insignificantly different if the acquisition had occurred on 1 April 2021, other than for investment property, whereby the 30 June 2021 valuations were different compared to the valuations at 31 March 2021.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

15. Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2021	721,121	869,769	1,590,890
Transfer from investment property under construction	46,248	(5,066)	41,182
Acquisition of Armadillo	130,281	–	130,281
Movement in year	10,616	528,030	538,646
At 31 March 2022	908,266	1,392,733	2,300,999
Leasehold stores			
At 31 March 2021	13,290	17,810	31,100
Acquisition of Armadillo	8,137	–	8,137
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	305	6,007	6,312
At 31 March 2022	21,732	19,468	41,200
Total of open stores			
At 31 March 2021	734,411	887,579	1,621,990
Transfer from investment property under construction	46,248	(5,066)	41,182
Acquisition of Armadillo	138,418	–	138,418
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	10,921	534,037	544,958
At 31 March 2022	929,998	1,412,201	2,342,199
Investment property under construction			
At 31 March 2021	162,592	945	163,537
Transfer to investment property	(46,248)	5,066	(41,182)
Movement in year	95,509	67,536	163,045
At 31 March 2022	211,853	73,547	285,400
Valuation of all investment property			
At 31 March 2021	897,003	888,524	1,785,527
Acquisition of Armadillo	138,418	–	138,418
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	106,430	601,573	708,003
At 31 March 2022	1,141,851	1,485,748	2,627,599

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the year.

The Group's freehold and leasehold investment properties have been valued at 31 March 2022 by external valuers, Jones Lang LaSalle ("JLL"). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

15. Valuation of investment property (continued)

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

- this is JLL's first annual valuation for these purposes on behalf of the Group;
- JLL do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of JLL, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to JLL is a fixed amount per asset and is not contingent on the appraised value.

The self storage properties have been valued on the basis of Fair Value as fully equipped operational entities, having regard to trading potential. Due to the specialised nature and use of the buildings the approach is to adopt a profits method of valuation in an explicit Discounted Cash Flow calculation and then consider the results in the context of recent comparable evidence of transactions in the sector.

The profits method requires an estimate of the future cashflow that can be generated from the use of the building as a self storage facility, assuming a reasonably efficient operator. Judgements are made as to the trading potential and likely long term sustainable occupancy. Stable occupancy depends upon the nature of demand, size of property and nearby competition, and allows for a reasonable vacancy rate to enable the operator to sell units to new customers. The cash flow runs for an explicit period of 10 years, after which it is capitalised at an all risks yield which reflects the implicit future growth of the business, or a hypothetical sale. This is a valuer's shortcut: maintaining the cash flow into perpetuity would provide the same result. The comparison with recent transactions requires the evidence to be considered in terms of the multiple on net operating profit (or EBITDA/EBITDAR), value per square foot, yield profile etc and then adjusted to reflect differences in location, building factors, tenure, trading maturity and trading risk.

This mirrors the typical approach of purchasers in the self storage market. However, in view of the relatively limited availability of comparable market evidence this requires a degree of valuer judgment. In particular, most of the transactions have comprised share sales due to the nature of the asset class and the terms of those transactions have mostly been kept confidential between the parties.

Portfolio Premium

JLL's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ. JLL state that in current market conditions they are of the view that there could be a portfolio premium.

Assumptions

- A. Net operating income is based on projected revenue received less projected operating costs, which include a management fee to take account of central/head office costs. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to five of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 105 trading stores (both freeholds and leaseholds) open at 31 March 2022 averages 88% (31 March 2021: 78 stores averaging 87%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. The net initial yield for the 105 stores is 5.2% (31 March 2021: 5.9%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 5.5% (31 March 2021: 5.7%).
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 7.1% (31 March 2021: 8.7%).
- E. Purchaser's costs of 6.8% have been adopted reflecting current progressive Stamp Duty Land Tax rates.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

15. Valuation of investment property (continued)**Short leasehold**

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's eight short leasehold properties is 14.0 years (31 March 2021: 11.9 years unexpired).

Sensitivities

As noted in 'Significant judgements and key estimates' on page 150, self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in yields and stable occupancy is shown below.

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	4.86%	(4.43%)	1.32%	(1.37%)

A sensitivity analysis has not been provided for a change in the rental growth rate adopted as there is a relationship between this measure and the discount rate adopted. So, in theory, an increase in the rental growth rate would give rise to a corresponding increase in the discount rate and the resulting value impact would be limited.

Investment properties under construction

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

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.8% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed JLL to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2022 of £2,728.2 million (£100.6 million higher than the value recorded in the financial statements) translating to 54.7 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

16. Trade and other receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade receivables	4,763	3,562
Capital Goods Scheme receivable	234	525
Other receivables	715	1,474
Prepayments and accrued income	2,044	2,203
	7,756	7,764
Non-current		
Capital Goods Scheme receivable	–	163

Trade receivables are net of a bad debt provision of £563,000 (2021: £223,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

Trade receivables

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

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

Included in the Group's trade receivables balance are debtors with a carrying amount of £713,000 (2021: £465,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 18 days past due (2021: 25 days past due).

The creation and release of credit loss allowances have been included in cost of sales in the income statement.

The Group measures the loss allowance for the trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor. The Group provides in full against all receivables due over 45 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

16. Trade and other receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix:

	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	10.4%	20.5%	100%	10.6%
Gross carrying amount (£000)	4,058	733	71	464	5,326
Lifetime ECL (£000)	(8)	(77)	(14)	(464)	(563)
Net trade receivables at 31 March 2022	4,050	656	57	–	4,763

	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	2.2%	10.6%	100%	5.9%
Gross carrying amount (£000)	3,103	456	21	205	3,785
Lifetime ECL (£000)	(6)	(10)	(2)	(205)	(223)
Net trade receivables at 31 March 2021	3,097	446	19	–	3,562

The above balances are short term and therefore the difference between the book value and the fair value is not significant. Consequently, these have not been discounted.

Movement in the credit loss allowance

	2022 £000	2021 £000
Balance at the beginning of the year	223	176
Credit loss allowance consolidated on Armadillo acquisition	41	–
Amounts provided in year	463	239
Amounts written off as uncollectible	(164)	(192)
Balance at the end of the year	563	223

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

17. Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	5,705	4,052
Other payables	13,762	8,036
Accruals and deferred income	27,882	22,475
	47,349	34,563

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

The Group invoices its customers in advance, and hence any deferred income balance primarily relates to amounts paid by customers for rental periods beyond the balance sheet date. The Groups' deferred income balance at 31 March 2022 was £15.8 million, an increase of 22% from 31 March 2021 (£12.9 million). This reflects the growth in the Group's revenue during the year, both on a like-for-like basis, and through the acquisition of the remaining 80% interest in Armadillo.

18. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's debt facilities require 40% of total drawn debt to be fixed. The Group has complied with this during the year.

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

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

A. Balance sheet management

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

The gearing ratio at the year end is as follows:

	2022 £000	2021 £000
Debt	(420,435)	(337,300)
Cash and cash equivalents	8,605	12,322
Net debt	(411,830)	(324,978)
Balance sheet equity	2,184,375	1,453,895
Net debt to equity ratio	18.9%	22.4%

B. Debt management

The Group currently borrows through a senior term loan, secured on 26 self storage assets, a loan with Aviva Commercial Finance Limited secured on a portfolio of 20 self storage assets, a £120 million loan from M&G Investments Limited secured on a portfolio of 15 self storage assets, and two loans secured on the Armadillo portfolios from Lloyds Bank amounting to £52.7 million. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Funding is arranged through banks and financial institutions with whom the Group has a strong working relationship.

C. Interest rate risk management

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

At 31 March 2022 the Group had three interest rate derivatives in place – £35 million fixed at 0.88% (excluding the margin on the underlying debt instrument) until June 2023, and two interest rate derivatives within the Armadillo loans, amounting to £26.4 million fixed at 0.24% until April 2023.

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

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

18. Financial instruments (continued)**C. Interest rate risk management (continued)**

The £26.4 million interest rate swaps in the Armadillo loans settle on a monthly basis. The floating rate on the interest rate swap is one month SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the statement of comprehensive income. A reconciliation of the movement in derivatives is provided in the table below:

	2022 £000	2021 £000
At 1 April	(475)	(327)
Fair value of Armadillo derivatives on acquisition of remaining interest	(29)	–
Fair value movement in the year	1,389	(148)
At 31 March	885	(475)

The table below reconciles the opening and closing balances of the Group's finance related liabilities for the current and prior year.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2021	(337,300)	(17,928)	(475)	(355,703)
Cash movement in the year	(32,235)	1,384	–	(30,851)
Acquisition of remaining interest in Armadillo	(50,900)	(4,862)	(29)	(55,791)
Impairment of Cheadle lease	–	1,944	–	1,944
Fair value movement	–	(1,214)	1,389	175
At 31 March 2022	(420,435)	(20,676)	885	(440,226)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,455,000.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2020	(402,028)	(18,937)	(327)	(421,292)
Cash movement in the year	64,728	1,009	–	65,737
Non-cash movement	–	–	(148)	(148)
At 31 March 2021	(337,300)	(17,928)	(475)	(355,703)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £1,862,000.

D. Interest rate sensitivity analysis

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

At 31 March 2022, it is estimated that an increase of 0.25 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £493,000 (2021: reduced adjusted profit before tax by £394,000) and a decrease of 0.25 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £493,000 (2021: increased adjusted profit before tax by £394,000). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has increased during the year, following the increase in the amount of floating rate debt. The Board monitors closely the exposure to the floating rate element of our debt.

18. Financial instruments (continued)

E. Cash management and liquidity

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

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

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 73,000 occupied rooms in our stores.

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

H. Financial maturity analysis

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

2022 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	161,935	3,008	3,159	10,459	145,309
M&G loan payable at variable rate	85,000	–	85,000	–	–
M&G loan fixed by interest rate derivatives	35,000	–	35,000	–	–
Bank loan payable at variable rate	99,000	–	–	99,000	–
Armadillo loan fixed by interest rate derivatives	26,350	–	26,350	–	–
Armadillo loan payable at variable rate	13,150	–	13,150	–	–
Total	420,435	3,008	162,659	109,459	145,309

2021 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	114,800	2,865	3,008	9,959	98,968
M&G loan payable at variable rate	35,000	–	–	35,000	–
M&G loan fixed by interest rate derivatives	35,000	–	–	35,000	–
Bank loan payable at variable rate	122,500	–	–	122,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	337,300	2,865	3,008	232,459	98,968

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

18. Financial instruments (continued)**I. Fair values of financial instruments**

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

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

J. Maturity analysis of financial liabilities

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

2022	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	–	–	153,835	22,765	176,600
From two to five years	–	–	126,541	5,432	131,973
From one to two years	–	(174)	172,163	1,989	173,978
Due after more than one year	–	(174)	452,539	30,186	482,551
Due within one year	19,467	(608)	15,869	1,989	36,717
Total	19,467	(782)	468,408	32,175	519,268

2021	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	–	–	104,576	18,274	122,850
From two to five years	–	25	249,913	5,267	255,205
From one to two years	–	162	11,638	1,780	13,580
Due after more than one year	–	187	366,127	25,321	391,635
Due within one year	12,088	271	11,639	1,780	25,778
Total	12,088	458	377,766	27,101	417,413

18. Financial instruments (continued)

K. Reconciliation of maturity analyses

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

2022	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	145,309	7,156	1,370	153,835
From two to five years	109,459	16,533	549	126,541
From one to two years	162,659	8,968	536	172,163
Due after more than one year	417,427	32,657	2,455	452,539
Due within one year	3,008	12,861	–	15,869
Total	420,435	45,518	2,455	468,408

2021	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	98,968	4,703	905	104,576
From two to five years	232,459	16,497	957	249,913
From one to two years	3,008	8,630	–	11,638
Due after more than one year	334,435	29,830	1,862	366,127
Due within one year	2,865	8,774	–	11,639
Total	337,300	38,604	1,862	377,766

19. Borrowings

Secured borrowings at amortised cost	31 March 2022 £000	31 March 2021 £000
Current liabilities		
Aviva loan	3,008	2,865
	3,008	2,865
Non-current liabilities		
Bank borrowings	99,000	152,500
Armadillo loans	39,500	–
Aviva loan	158,927	111,935
M&G loan	120,000	70,000
Unamortised loan arrangement costs	(2,455)	(1,862)
Total non-current borrowings	414,972	332,573
Total borrowings	417,980	335,438

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

19. Borrowings (continued)

The weighted average interest rate paid on the borrowings during the year was 2.8% (2021: 2.9%).

The Group has £141 million in undrawn committed bank borrowing facilities at 31 March 2022, which expire after between two and three years and £13.2 million in undrawn committed bank borrowing facilities which expire between one and two years (2021: £87.5 million expiring after between three and four years).

The Group has a £161.9 million fixed rate loan with Aviva Commercial Finance Limited, expiring in September 2028. The loan is secured over a portfolio of 20 freehold self storage centres. The annual fixed interest rate on the loan is 3.5%. The loan has an amortising element of £16.9 million which runs to April 2027.

The Group has a secured £240 million five year revolving bank facility with Lloyds, HSBC and Bank of Ireland expiring in October 2024, with a margin of 1.25%.

The Group has total facilities of £52.7 million secured on the Armadillo portfolios with Lloyds Bank plc. These facilities expire in April 2023. The Group is currently in talks to refinance these loans with a new debt provider.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in June 2023. The loan is secured over a portfolio of 15 freehold self storage centres. The Group intends to refinance this loan this summer.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month.

The Group was in compliance with its banking covenants at 31 March 2022 and throughout the year. The principal covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2022
Consolidated EBITDA	Minimum 1.5x	11.1x
Consolidated net tangible assets	Minimum £250m	£2,184.4m
Bank loan interest cover	Minimum 1.75x	22.1x
Aviva loan interest service cover ratio	Minimum 1.5x	5.3x
Aviva loan debt service cover ratio	Minimum 1.2x	2.8x
M&G interest cover	Minimum 1.5x	8.8x

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2022						
Gross financial liabilities	420,435	197,150	223,285	3.1%	4.6 years	3.4 years
At 31 March 2021						
Gross financial liabilities	337,300	157,500	179,800	2.6%	4.6 years	4.0 years

All monetary liabilities, including short-term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings approximates to its fair value.

All applicable borrowings were transitioned to SONIA during the year.

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

20. Deferred tax

Deferred tax assets in respect of IFRS 2 £0.1 million (2021: £0.1 million), corporation tax losses £6.5 million (2021: £4.9 million), capital allowances in excess of depreciation £0.3 million (2021: £0.2 million) and capital losses £2.1 million (2021: £1.6 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity.

21. Obligations under lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts payable under lease liabilities:				
Within one year	1,989	1,780	1,958	1,751
Within two to five years inclusive	7,421	7,047	6,651	6,208
Greater than five years	22,765	18,274	12,067	9,969
	32,175	27,101	20,676	17,928
Less: future finance charges	(11,499)	(9,173)		
Present value of lease liabilities	20,676	17,928		

All obligations under lease liabilities are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the Group's lease obligations approximates their fair value.

22. Share capital

	Called up, allotted, and fully paid	
	2022 £000	2021 £000
Ordinary shares of 10 pence each	18,397	17,588
Movement in issued share capital		
Number of shares at 31 March 2020		167,138,527
Issue of shares – placing		8,335,043
Exercise of share options – Share option schemes		406,900
Number of shares at 31 March 2021		175,880,470
Issue of shares – placing		7,751,938
Exercise of share options – Share option schemes		334,970
Number of shares at 31 March 2022		183,967,378

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

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

22. Share capital (continued)

At 31 March 2021 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares 2022	Number of ordinary shares 2021
29 July 2014	nil p**	29 July 2017	29 July 2024	830	830
21 July 2015	nil p**	21 July 2018	21 July 2025	1,989	16,268
22 July 2016	nil p**	22 July 2019	21 July 2026	2,944	30,703
2 August 2017	nil p**	2 August 2020	2 August 2027	5,809	68,034
13 March 2018	675.4p*	1 April 2021	1 April 2022	1,599	87,000
24 July 2018	nil p**	24 July 2021	24 July 2028	96,002	334,201
11 March 2019	749.9p*	1 April 2022	1 April 2023	46,996	48,124
19 July 2019	nil p**	19 July 2022	19 July 2029	353,920	362,730
2 March 2020	947.0p	1 April 2023	1 April 2024	48,241	51,889
5 August 2020	nil p**	5 August 2023	5 August 2030	398,146	410,767
1 March 2021	903.2p*	1 April 2024	1 April 2025	86,670	94,695
22 July 2021	nil p**	22 July 2024	22 July 2031	319,922	–
				1,363,068	1,505,241

* SAYE [see note 23] ** LTIP [see note 23]

Own shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2021: 1,122,907), and no shares are held in treasury.

23. Share-based payments

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £3,390,000 (2021: £2,869,000).

Equity-settled share option plans

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

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 105 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011, 2012, 2013, 2014, 2015 and 2016 fully vested. The award granted in 2017 vested to 83.6% of its potential, and the award granted in 2018 vested to 62% of its potential. The weighted average share price at the date of exercise for options exercised in the year was £14.84 (2021: £10.64).

23. Share-based payments (continued)

LTIP scheme	2022 No. of options	2021 No. of options
Outstanding at beginning of year	1,223,533	1,172,726
Granted during the year	382,433	508,878
Lapsed during the year	(176,404)	(98,071)
Exercised during the year	(250,000)	(360,000)
Outstanding at the end of the year	1,179,562	1,223,533
Exercisable at the end of the year	124,901	131,787

The weighted average fair value of options granted during the year was £1,742,000 (2021: £1,512,000).

Participants pay the nominal value of the shares when exercising options under the LTIP scheme.

Options outstanding at 31 March 2022 had a weighted average contractual life of 8.1 years (2021: 8.1 years).

Employee Share Save Scheme ("SAYE")	2022 No. of options	2022 Weighted average exercise price [£]	2021 No. of options	2021 Weighted average exercise price [£]
Outstanding at beginning of year	281,708	8.15	240,572	7.32
Granted during the year	–	–	94,695	9.03
Forfeited during the year	(13,232)	8.92	(6,659)	7.40
Exercised during the year	(84,970)	6.76	(46,900)	5.80
Outstanding at the end of the year	183,506	8.75	281,708	8.15
Exercisable at the end of the year	1,599	6.76	–	–

Options outstanding at 31 March 2022 had a weighted average contractual life of 1.6 years (2021: 2.0 years).

The inputs into the Black-Scholes model for the options granted during the year are as follows:

	LTIP	SAYE
Expected volatility	n/a	27%
Expected life	3 years	3 years
Risk-free rate	0.04%	0.04%
Expected dividends	2.6%	2.9%

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

Deferred bonus plan

The Executive Directors receive awards under the Deferred Bonus Plan. This is accounted for as an equity instrument. The plan was set up in July 2018. The vesting criteria and scheme mechanics are set out in the Remuneration Report.

24. Capital commitments

At 31 March 2022 the Group had £20.9 million of amounts contracted but not provided in respect of the Group's properties (2021: £17.3 million of capital commitments).

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

25. Events after the balance sheet date

On 20 May 2022, the Group exchanged contracts to sell its industrial warehouse scheme adjacent to its new Harrow store for gross sales proceeds of £61 million. Completion of the sale is conditional, inter alia, on practical completion of the development, and is expected to occur in August of this year.

26. Cash flow notes

a) Reconciliation of profit after tax to cash generated from operations

	Note	2022 £000	2021 £000
Profit after tax		697,274	265,186
Taxation		1,602	636
Share of profit of associates		(3,677)	(3,148)
Investment income		(1,412)	(69)
Finance costs		10,604	8,165
Operating profit		704,391	270,770
Gain on the revaluation of investment properties	14a, 15	(597,224)	(189,277)
Gain on disposal of investment property		(584)	–
Depreciation of plant, equipment, and owner-occupied property	14b	857	803
Depreciation of lease liability capital obligations	14a, 14b	1,659	1,290
Employee share options	6	3,390	2,869
Cash generated from operations pre working capital movements		112,489	86,455
(Increase)/decrease in inventories		(71)	46
Decrease in receivables		1,550	841
Increase/(decrease) in payables		6,422	(211)
Cash generated from operations		120,390	87,131

b) Reconciliation of net cash flow movement to net debt

	Note	2022 £000	2021 £000
Net decrease in cash and cash equivalents in the year		(3,717)	(39,096)
Cash flow from (increase)/decrease in debt financing		(83,135)	64,728
Change in net debt resulting from cash flows		(86,852)	25,632
Movement in net debt in the year		(86,852)	25,632
Net debt at the start of the year		(324,978)	(350,610)
Net debt at the end of the year	18A	(411,830)	(324,978)

27. Related party transactions

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

Transactions with Armadillo

As described in note 14, the Group had a 20% interest in Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. The Group acquired the remaining interest in both companies that it did not own on 1 July 2021. From this date, the Companies were wholly owned subsidiaries of the Group and hence the transactions subsequent to that date are not disclosable. Up to the date of acquisition, the Group entered into transactions with the Companies on normal commercial terms as shown in the table below:

	31 March 2022 £000	31 March 2021 £000
Fees earned from Armadillo 1	238	977
Fees earned from Armadillo 2	87	376
Balance due from Armadillo 1	–	67
Balance due from Armadillo 2	–	27

Directors' Remuneration

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Remuneration Report on pages 106 to 113.

	31 March 2022 £000	31 March 2021 £000
Short term employee benefits	1,923	1,923
Post-employment benefits	87	140
Share-based payments	2,813	2,800
	4,823	4,863

AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £10,000 (2021: £25,000).

London Children's Ballet

The Group signed a Section 106 agreement with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide cultural space to Wandsworth Borough Council. During the year the Group granted a twenty year lease over this space to London Children's Ballet at a peppercorn rent, who in turn have agreed to enter into a Social Agreement with Wandsworth Borough Council coterminous with the lease. Jim Gibson is the Chairman of Trustees of the London Children's Ballet. London Children's Ballet rent storage space from the Group on normal commercial terms, amounting to £3,000 during the year (2021: £nil).

DS Operations Centre Limited

In December 2020, the Group invested £450,000 in DS Operations Centre Limited ("DSOC"). In December 2021, the Group invested a further £138,000 in DSOC. DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £281,000 (2021: £22,000).

Treepoints Limited

Jim Gibson is a Non-Executive Director and an investor in City Stasher Limited, which in turn has a minority investment in Treepoints Limited. Treepoints Limited provided offsetting tree planting services in respect of our online packing material sales, under normal commercial terms during the period, amounting to £3,000 (2021: £nil).

No other related party transactions took place during the years ended 31 March 2022 and 31 March 2021.

Financial Statements

Company Balance Sheet

Year ended 31 March 2022

	Note	2022 £000	2021 (restated) £000
Non-current assets			
Plant, equipment, and owner-occupied property	30a	1,721	1,780
Investment in subsidiary companies	30b	31,350	27,960
Amounts owed by Group undertakings	31	764,740	533,228
		797,811	562,968
Current assets			
Trade and other receivables	31	148	124
Cash and cash equivalents		1	1
		149	125
Total assets		797,960	563,093
Current liabilities			
Trade and other payables	32	(5,829)	(9,457)
Obligations under lease liabilities		(29)	(29)
		(5,858)	(9,486)
Non-current liabilities			
Derivative financial instruments		–	(59)
Obligations under lease liabilities		(69)	(95)
Bank borrowings		(98,451)	(151,874)
		(98,520)	(152,028)
Total liabilities		(104,378)	(161,514)
Net assets		693,582	401,579
Equity			
Share capital	22	18,397	17,588
Share premium account		289,923	192,218
Reserves	28	385,262	191,773
Equity shareholders' funds		693,582	401,579

For details of the restatement, please see note 29.

The Company reported a gain for the financial year ended 31 March 2022 of £258.8 million (2021: loss of £1.4 million). The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2022. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579
Total comprehensive gain for the year	–	–	–	–	258,797	–	258,797
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	173,348	(1,019)	378,108
Total comprehensive income for the year	–	–	–	–	(1,362)	–	(1,362)
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579

The accompanying notes form part of the financial statements.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

28. Profit for the year

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The profit for the year attributable to equity shareholders dealt with in the financial statements of the Company was £258.8 million (2021: loss of £1.4 million).

29. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for plant, equipment and owner-occupied property and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value. The Company's principal accounting policies are the same as those applied in the Group financial statements.

Prior year restatement

The prior year balance sheet as at 31 March 2021 has been restated. Within that balance sheet the amounts owed by group undertakings of £533,228,000 have been reclassified from being shown as a current asset to a non-current asset. This restatement is due to a misclassification in the prior year financial statements as despite being repayable on demand, there was no expectation to settle the balance within 12 months. This restatement has no impact on the profit and loss, taxation or cash flows of the parent company.

Going concern

See note 2 for the review of going concern for the Group and the Company.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

The Company makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year.

30. Non-current assets

a) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2021	2,204	46	12	174	2,436
Additions	8	–	6	–	14
Retirement of fully depreciated assets	–	–	(9)	–	(9)
At 31 March 2022	2,212	46	9	174	2,441
Accumulated depreciation					
At 31 March 2021	(592)	(6)	(6)	(52)	(656)
Charge for the year	(43)	(1)	(3)	(26)	(73)
Retirement of fully depreciated assets	–	–	9	–	9
At 31 March 2022	(635)	(7)	–	(78)	(720)
Net book value					
At 31 March 2022	1,577	39	9	96	1,721
At 31 March 2021	1,612	40	6	122	1,780

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2021	27,960
Additions	3,390
At 31 March 2022	31,350

The Directors assessed the carrying value of the investment in subsidiary undertakings for indicators of impairment. There were no indications of impairment.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

30. Non-current assets (continued)

The Group's subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered, and operate in England and Wales. The registered office of all subsidiaries is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. All subsidiaries are included in the consolidated accounts. The subsidiaries at 31 March 2022 are listed below:

Name of subsidiary	Principal activity
1st Storage Centres Limited	Dormant
Apollo Self Storage Limited	Self storage
Armadillo Self Storage Limited	Self storage
Armadillo Self Storage 2 Limited	Self storage
Armadillo Storage Holding Company Limited	Holding Company
Armadillo Storage Holding Company 2 Limited	Holding Company
Armadillo Storage One Limited	Holding Company
.Big Yellow Self Storage (GP) Limited	General Partner
.Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
The Big Yellow Construction Company Limited	Construction management
The Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No. 1 Limited	Dormant
Big Yellow Nominee No. 2 Limited	Dormant
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company 8 Limited	Self storage
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Self storage
The Last Mile Company Limited	Holding Company
Patrick Corporate Investment Limited	Dormant
Quickstore Storage Limited	Self storage

In addition, the Group has a 100% interest in Pirbright Holdings Limited, a company registered in the British Virgin Islands. The company was acquired during the year, and is now dormant.

In addition, the Group has a 100% interest in Pramerica Bell Investment Trust Jersey, a trust registered in Jersey.

30. Non-current assets (continued)

Audit exemption statement

For its most recent year end the companies listed below were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2022.

Name of subsidiary	
Apollo Self Storage Limited	Big Yellow Self Storage Company 1 Limited
Armadillo Self Storage Limited	Big Yellow Self Storage Company 2 Limited
Armadillo Self Storage 2 Limited	Big Yellow Self Storage Company 3 Limited
Armadillo Storage Holding Company Limited	Big Yellow Self Storage Company 4 Limited
Armadillo Storage Holding Company 2 Limited	Big Yellow Self Storage Company 8 Limited
Armadillo Storage One Limited	Big Yellow (Wapping 2) Limited
.Big Yellow Self Storage (GP) Limited	BYRCo Limited
Big Yellow (Battersea) Limited	BYSSCo Limited
The Big Yellow Construction Company Limited	BYSSCo A Limited
Big Yellow Holding Company Limited	Kator Storage Limited
Big Yellow Limited Partnership	The Last Mile Company Limited
Big Yellow Nominee No. 1 Limited	Quickstore Storage Limited
Big Yellow Nominee No. 2 Limited	

31. Trade and other receivables

	31 March 2022 £000	31 March 2021 (Restated) £000
Non-current		
Amounts owed by Group undertakings	764,740	533,228
Current		
Prepayments and accrued income	148	124

For details of restatement, please see note 29.

Amounts owed by Group undertakings are unsecured. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt and consequently the Company has not recognised any impairment provision against them.

32. Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current (all due within one year)		
Other payables	5,530	9,245
Accruals and deferred income	299	212
	5,829	9,457

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

33. Glossary

Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NTA adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2022 this excludes Camberwell, Bracknell, Battersea, Uxbridge, Hayes, Hove and the Armadillo stores.
Like-for-like revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. In 2022 this excludes Camberwell, Bracknell, Battersea, Uxbridge, Hayes, Hove and the Armadillo stores.

33. Glossary (continued)

LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
TCFD	Task Force on Climate Related Financial Disclosure
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

Financial Statements

Ten Year Summary

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Results										
Revenue	171,318	135,241	129,313	125,414	116,660	109,070	101,382	84,276	72,196	69,671
Operating profit before gains and losses on property assets	106,583	81,493	79,978	76,662	70,921	65,316	59,854	48,420	39,537	37,454
Cash flow from operating activities	107,137	76,712	73,615	72,173	62,977	55,974	55,467	42,397	32,752	30,186
Profit before taxation	698,876	265,822	93,447	126,855	134,139	99,783	112,246	105,236	59,848	31,876
Adjusted profit before taxation	96,802	74,625	70,998	67,465	61,422	54,641	48,952	39,405	29,221	25,471
Net assets	2,184,375	1,453,895	1,163,876	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628
Diluted EPRA earnings per share	52.5p	42.4p	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p
Declared total dividend per share	42.0p	34.0p	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p
Key statistics										
Number of stores open**	105	78	75	74	74	73	71	69	66	66
Sq ft occupied (000)**	5,107	4,201	3,781	3,810	3,730	3,551	3,363	3,178	2,832	2,632
Occupancy increase/ (decrease) in year (000 sq ft)*	906	420	(29)	80	179	188	185	346	200	174
Closing net rent per sq ft**	£29.92	£28.71	£28.15	£27.28	£26.74	£26.03	£25.90	£25.23	£24.85	£24.65
Number of occupied rooms**	73,000	62,000	56,500	56,000	55,000	52,500	50,000	47,250	41,800	38,500
Average number of employees during the year**	427	370	361	347	335	329	318	300	289	286

* – the occupancy growth in 2015, 2017 and 2022 includes the acquisition of existing stores

** – from 2022 this includes the Armadillo stores, which the Group acquired the remaining 80% of which it did not previously own on 1 July 2021