

## Consolidated Statement of Comprehensive Income

Year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Revenue</b>	3	<b>125,414</b>	116,660
Cost of sales		<b>(38,145)</b>	(35,674)
<b>Gross profit</b>		<b>87,269</b>	80,986
Administrative expenses		<b>(10,607)</b>	(10,065)
<b>Operating profit before gains on property assets</b>		<b>76,662</b>	70,921
Gain on the revaluation of investment properties	14a, 15	<b>58,898</b>	71,635
Gain on part disposal of investment property	14a	<b>–</b>	650
<b>Operating profit</b>		<b>135,560</b>	143,206
Share of profit of associates	14d	<b>2,327</b>	1,370
Investment income – interest receivable	7	<b>167</b>	244
– fair value movement on derivatives	7, 18	<b>–</b>	1,294
Finance costs – interest payable	8	<b>(10,076)</b>	(11,975)
– fair value movement on derivatives	8	<b>(1,123)</b>	–
<b>Profit before taxation</b>		<b>126,855</b>	134,139
Taxation	9	<b>(355)</b>	(597)
<b>Profit for the year (attributable to equity shareholders)</b>	5	<b>126,500</b>	133,542
<b>Total comprehensive income for the year (attributable to equity shareholders)</b>		<b>126,500</b>	133,542
<b>Basic earnings per share</b>	12	<b>78.3p</b>	85.0p
<b>Diluted earnings per share</b>	12	<b>78.0p</b>	84.4p

EPRA earnings per share are shown in Note 12.

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

## Consolidated Balance Sheet

Year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Non-current assets</b>			
Investment property	14a	<b>1,354,430</b>	1,245,142
Investment property under construction	14a	<b>91,115</b>	58,157
Interests in leasehold property	14a	<b>18,774</b>	22,929
Plant, equipment and owner-occupied property	14b	<b>2,939</b>	3,092
Intangible assets	14c	<b>1,433</b>	1,433
Investment in associates	14d	<b>11,053</b>	9,276
Capital Goods Scheme receivable	16	<b>1,332</b>	2,385
Derivative financial instruments	18c	<b>581</b>	1,704
		<b>1,481,657</b>	1,344,118
<b>Current assets</b>			
Inventories		<b>282</b>	283
Trade and other receivables	16	<b>20,356</b>	18,586
Cash and cash equivalents		<b>17,902</b>	6,853
		<b>38,540</b>	25,722
<b>Total assets</b>		<b>1,520,197</b>	1,369,840
<b>Current liabilities</b>			
Trade and other payables	17	<b>(41,649)</b>	(36,828)
Borrowings	19	<b>(2,598)</b>	(2,474)
Obligations under finance leases	21	<b>(1,625)</b>	(2,061)
		<b>(45,872)</b>	(41,363)
<b>Non-current liabilities</b>			
Borrowings	19	<b>(333,279)</b>	(326,461)
Obligations under finance leases	21	<b>(17,149)</b>	(20,868)
		<b>(350,428)</b>	(347,329)
<b>Total liabilities</b>		<b>(396,300)</b>	(388,692)
<b>Net assets</b>		<b>1,123,897</b>	981,148
<b>Equity</b>			
Share capital	22	<b>16,667</b>	15,857
Share premium account		<b>111,514</b>	46,362
Reserves		<b>995,716</b>	918,929
<b>Equity shareholders' funds</b>		<b>1,123,897</b>	981,148

The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2019. They were signed on its behalf by:

**James Gibson**                      **John Trotman**  
 Director                                      Director  
 Company Registration No. 03625199

## Consolidated Statement of Changes in Equity

Year ended 31 March 2019

	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 2018	15,857	46,362	74,950	1,795	843,203	(1,019)	981,148
Total comprehensive income for the year	–	–	–	–	126,500	–	126,500
Issue of share capital	810	65,152	–	–	–	–	65,962
Dividend	–	–	–	–	(52,058)	–	(52,058)
Credit to equity for equity-settled share based payments	–	–	–	–	2,345	–	2,345
<b>At 31 March 2019</b>	<b>16,667</b>	<b>111,514</b>	<b>74,950</b>	<b>1,795</b>	<b>919,990</b>	<b>(1,019)</b>	<b>1,123,897</b>

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

Year ended 31 March 2018

	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 2017	15,788	45,462	74,950	1,795	753,374	(1,019)	890,350
Total comprehensive income for the year	–	–	–	–	133,542	–	133,542
Issue of share capital	69	900	–	–	–	–	969
Dividend	–	–	–	–	(46,183)	–	(46,183)
Credit to equity for equity-settled share based payments	–	–	–	–	2,470	–	2,470
At 31 March 2018	15,857	46,362	74,950	1,795	843,203	(1,019)	981,148

## Consolidated Cash Flow Statement

Year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Cash generated from operations</b>	26	<b>81,997</b>	73,457
Interest paid		(10,021)	(9,724)
Interest received		25	13
Tax paid		(195)	(769)
<b>Cash flows from operating activities</b>		<b>71,806</b>	62,977
<b>Investing activities</b>			
Purchase of non-current assets		(83,038)	(41,959)
Proceeds on part disposal of investment property		–	650
Receipts from Capital Goods Scheme		1,876	2,786
Investment in associate	14d	–	(900)
Dividend received from associates	14d	550	446
<b>Cash flows from investing activities</b>		<b>(80,612)</b>	(38,977)
<b>Financing activities</b>			
Issue of share capital		65,962	969
Payment of finance lease liabilities		(1,075)	(1,109)
Equity dividends paid	11	(52,058)	(46,183)
Payment to cancel interest rate derivative		–	(3,374)
Increase in borrowings		7,026	25,644
<b>Cash flows from financing activities</b>		<b>19,855</b>	(24,053)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,049</b>	(53)
<b>Opening cash and cash equivalents</b>		<b>6,853</b>	6,906
<b>Closing cash and cash equivalents</b>		<b>17,902</b>	6,853

## Notes to the Financial Statements

Year ended 31 March 2019

### 1. GENERAL INFORMATION

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 16 to 27.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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, except as described in the following sections.

#### Amendments to IFRSs that are mandatory effective for the current year

In the current year, the Group has applied a number of new or amendments to existing IFRSs issued by the International Accounting Standards Board (IASB):

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Clarifying the classification and measurement of share based payment transactions
Amendments to IAS 40	Relating to the transfer of investment property

#### 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:

IFRS 16	Leases (will be effective for the Group's financial year ending 31 March 2020)
Amendments to IFRS 3	Business combinations (will be effective for the Group's financial year ending 31 March 2021)

Certain Standards which might have an impact are discussed below.

#### IFRS 9 Financial Instruments (effective from 1 January 2018)

On 1 April 2018, the Group adopted IFRS 9 Financial Instruments ("IFRS 9"). The standard applies to the classification and measurement of financial assets and liabilities, impairment provisioning and hedge accounting. The standard also introduced an expected credit losses model, which replaced the incurred loss impairment model. The changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The adoption, however, has not had a material impact on the recognition and measurement of income and costs in the Statement of comprehensive income or of assets and liabilities on the Balance Sheet. The Group has not identified any significant changes in how it accounts for financial assets or liabilities under IFRS 9. The Directors have assessed the impact of impairment losses recognised for trade receivables under IFRS 9 at 31 March 2019 based on actual losses experienced over the past five years and consider the impact to the Group's bad debt provision to be immaterial. The Group does not apply hedge accounting.

There have been incremental disclosures included in this Annual Report, as required by IFRS 9.

#### IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

On 1 April 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The requirements of the standard have been applied retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Prior to its adoption, and as disclosed in the Group's Annual Report for the year ended 31 March 2018, the Group completed a detailed review of the requirements of IFRS 15 against its current accounting policies. The Group concluded that there was no material change in the amounts and timing of revenue recognised following the adoption of the standard and no transition adjustments have been made. In making this assessment, the Group considered its timing of revenue recognition based on discrete performance obligations, accounting for opening offer discounts and principal versus agent relationships. Each customer licence agreement is terminable on seven days' notice by the customer at any time and in specific circumstances by the Group. Each licence has a discrete performance obligation with revenue recognised from day one. The opening offer discount and principal versus agent relationship were also assessed under IFRS 15 and the accounting for these have remained unchanged.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018) (continued)

Refer to note 3 for the disclosure of revenue. The Group's accounting policy for revenue remains unchanged.

Amendments have also been made to IFRS 2 (Share Based Payments) and IAS 40 Investment Property. These were effective from 1 January 2018 and adopted by the Group on 1 April 2018. The impact on the Group from adopting these amendments is immaterial.

#### IFRS 16 – Leases

IFRS 16 results in almost all leases being recognised on the balance sheet for a lessee, as the distinction between operating and finance leases is removed. The standard is applicable for financial years commencing on or after 1 January 2019, and hence the year ending 31 March 2020 will be the first applicable year for the Group.

Under the standard, an asset, representing the right to use the leased item, and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The new standard changes the allocation of the finance lease payments over the length of the lease, resulting in the rental payments paid being more front ended in the statement of comprehensive income. The accounting for lessors will not significantly change.

The Group already classifies its leasehold stores as finance leases. The Group acquired the freehold of its New Malden store in January 2019. The statement of comprehensive income charge for the remaining leases in the year was £1.7 million. On adopting IFRS 16, the changes in the way the standard allocates the finance lease payments increases the rent charge in the first year of adoption by £0.4 million to £2.1 million. The Group has a limited number of operating leases, with non-cancellable future lease payments of £1.1 million at 31 March 2019. These will be brought onto balance sheet on adoption of the standard in the year ending 31 March 2020.

#### 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:

#### 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 the Strategic Report and in the notes to the financial statements.

After reviewing Group and Company cash balances, borrowing facilities, forecast valuation movements and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget for the year ending 31 March 2020 and projections contained in the longer term business plan which covers the period to March 2023. The Directors have carefully considered the Group's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Group's performance, and are satisfied with the Group's positioning. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to 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).

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

#### 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. 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.

#### Operating leases

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

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Borrowings

Interest-bearing loans and overdrafts are 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.

#### 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.

#### 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.

#### Non-recurring items of income and expenditure

Non-recurring items of income and expenditure are recognised on the basis that they are unusual in nature and large in scale.

#### Operating profit

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

#### Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for 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.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**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.

**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 finance lease 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. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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 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.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**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.

**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.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**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 ECL, 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.

**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.

**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, Cushman & Wakefield LLP, who report on the values of the Group’s stores on an annual basis. The stores within the Armadillo Partnerships are valued by Jones Lang LaSalle. 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. 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. There have been no business combinations in the year.

**3. REVENUE**

Analysis of the Group’s operating revenue can be found below and in the Portfolio Summary on page 28.

	2019 £000	2018 £000
<b>Open stores</b>		
Self storage income	<b>104,072</b>	97,717
Insurance income	<b>13,019</b>	12,418
Packing materials income	<b>2,707</b>	2,716
Other income from storage customers	<b>1,420</b>	1,360
Ancillary store rental income	<b>492</b>	524
	<b>121,710</b>	114,735
<b>Other revenue</b>		
Non-storage income	<b>1,561</b>	950
Management fees earned	<b>2,143</b>	975
<b>Total revenue</b>	<b>125,414</b>	116,660

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

**4. SEGMENTAL INFORMATION**

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

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

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**5. PROFIT FOR THE YEAR****a) Profit for the year has been arrived at after charging/(crediting):**

	Note	2019 £000	2018 £000
Depreciation of plant, equipment and owner-occupied property		712	729
Depreciation of interest in leasehold properties	14a	1,075	1,109
Gain on the revaluation of investment property		(58,898)	(71,635)
Profit on part disposal of investment property		–	(650)
Cost of inventories recognised as an expense		1,057	1,043
Employee costs (see note 6)		16,910	16,306
Operating lease rentals		144	127

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

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	188	156
Fees payable to the Company's auditor for the subsidiaries' annual accounts	27	32
Total audit fees	215	188
Audit related assurance services – interim review	33	30
Total non-audit fees	33	30

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees charged by KPMG LLP to the Group's associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £51,000 (2018: £45,000) which all related to audit services.

**6. EMPLOYEE COSTS**

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

	2019 Number	2018 Number
Sales	292	284
Administration	55	51
	347	335

At 31 March 2019 the total number of Group employees was 395 (2018: 375).

	2019 £000	2018 £000
Their aggregate remuneration comprised:		
Wages and salaries	12,009	11,377
Social security costs	2,025	1,913
Other pension costs	531	546
Share-based payments	2,345	2,470
	16,910	16,306

Details of Directors' Remuneration is given on pages 74 to 93. The Directors are the only employees assessed as key management personnel.

**7. INVESTMENT INCOME**

	2019 £000	2018 £000
Bank interest receivable	25	13
Unwinding of discount on Capital Goods Scheme receivable	142	231
<b>Total interest receivable</b>	<b>167</b>	244
Change in fair value of interest rate derivatives	–	1,294
<b>Total investment income</b>	<b>167</b>	1,538

**8. FINANCE COSTS**

	2019 £000	2018 £000
Interest on bank borrowings	9,926	9,817
Capitalised interest	(765)	(360)
Interest on obligations under finance leases	915	992
Total interest payable	10,076	10,449
Refinancing costs	–	1,526
Fair value movement on derivatives	1,123	–
Total finance costs	11,199	11,975

The refinancing costs in the prior year related to the unamortised loan arrangement costs of the previous bank facility which was extinguished, and the write-off of the costs of the new bank facility per IAS 39.

**9. TAXATION**

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

Finance (No.2) Bill 2015 provided that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) would be 19% and that the rate from 1 April 2020 will be 18%. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. This rate was incorporated in Finance Act 2016 which was fully enacted on 15 September 2016.

	2019 £000	2018 £000
<b>UK current tax</b>		
– Current year	318	546
– Prior year	37	51
	355	597

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**9. TAXATION** (continued)

A reconciliation of the tax charge is shown below:

	2019 £000	2018 £000
Profit before tax	<b>126,855</b>	134,139
Tax charge at 19% (2018 – 19%) thereon	<b>24,102</b>	25,486
Effects of:		
Revaluation of investment properties	<b>(11,191)</b>	(13,734)
Share of profit of associates	<b>(338)</b>	(260)
Other permanent differences	<b>(1,645)</b>	(1,374)
Profits from the tax exempt business	<b>(10,025)</b>	(9,176)
Utilisation of brought forward losses	–	(11)
Movement on other unrecognised deferred tax assets	<b>(585)</b>	(385)
<b>Current year tax charge</b>	<b>318</b>	546
Prior year adjustment	<b>37</b>	51
<b>Total tax charge</b>	<b>355</b>	597

At 31 March 2019 the Group has unutilised tax losses of £34.2 million (2018: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

**10. ADJUSTED PROFIT**

	2019 £000	2018 £000
Profit before tax	<b>126,855</b>	134,139
Gain on revaluation of investment properties – Group	<b>(58,898)</b>	(71,635)
– in associate (net of deferred tax)	<b>(1,605)</b>	(724)
Change in fair value of interest rate derivatives – Group	<b>1,123</b>	(1,294)
– in associate	<b>(10)</b>	(60)
Gain on part disposal of investment property	–	(650)
Refinancing costs	–	1,526
Share of associate acquisition costs written off	–	120
Adjusted profit before tax	<b>67,465</b>	61,422
Tax	<b>(355)</b>	(597)
Adjusted profit after tax	<b>67,110</b>	60,825

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on disposal of investment property, and non-recurring items of income and expenditure have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's underlying trading performance.

**11. DIVIDENDS**

	2019 £000	2018 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2018 of 15.5p (2017: 14.1p) per share.	<b>24,417</b>	22,107
Interim dividend for the year ended 31 March 2019 of 16.7p (2018: 15.3p) per share.	<b>27,641</b>	24,076
	<b>52,058</b>	46,183
Proposed final dividend for the year ended 31 March 2019 of 16.5p (2018: 15.5p) per share.	<b>27,319</b>	24,417

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2019, the final dividend will be paid on 26 July 2019. The ex-div date is 20 June 2019 and the record date is 21 June 2019.

The Property Income Distribution ("PID") payable for the year is 29.2 pence per share (2018: 27.5 pence per share).

**12. EARNINGS PER SHARE**

	Year ended 31 March 2019			Year ended 31 March 2018		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	<b>126.5</b>	<b>161.5</b>	<b>78.3</b>	133.5	157.1	85.0
Dilutive share options	–	<b>0.6</b>	<b>(0.3)</b>	–	1.0	(0.6)
Diluted	<b>126.5</b>	<b>162.1</b>	<b>78.0</b>	133.5	158.1	84.4
Adjustments:						
Gain on revaluation of investment properties	<b>(58.9)</b>	–	<b>(36.3)</b>	(71.6)	–	(45.3)
Change in fair value of interest rate derivatives	<b>1.1</b>	–	<b>0.7</b>	(1.3)	–	(0.8)
Gain on part disposal of investment property	–	–	–	(0.6)	–	(0.4)
Refinancing costs	–	–	–	1.5	–	1.0
Share of associate non-recurring gains and losses	<b>(1.6)</b>	–	<b>(1.0)</b>	(0.7)	–	(0.4)
EPRA – diluted	<b>67.1</b>	<b>162.1</b>	<b>41.4</b>	60.8	158.1	38.5
EPRA – basic	<b>67.1</b>	<b>161.5</b>	<b>41.5</b>	60.8	157.1	38.7

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 underlying trading performance.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**13. NET ASSETS PER SHARE**

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

	31 March 2019 £000	31 March 2018 £000
Basic net asset value	<b>1,123,897</b>	981,148
Exercise of share options	<b>1,609</b>	1,105
EPRA NNNNAV	<b>1,125,506</b>	982,253
<b>Adjustments:</b>		
Fair value of derivatives	<b>(581)</b>	(1,704)
Fair value of derivatives – share of associate	<b>7</b>	17
Share of deferred tax in associates	<b>1,120</b>	794
EPRA NAV	<b>1,126,052</b>	981,360
Basic net assets per share (pence)	<b>678.9</b>	623.2
EPRA NNNNAV per share (pence)	<b>673.9</b>	616.8
EPRA NAV per share (pence)	<b>674.2</b>	616.2
EPRA NAV (as above) (£000)	<b>1,126,052</b>	981,360
Valuation methodology assumption (see note 15) (£000)	<b>83,784</b>	77,706
Adjusted net asset value (£000)	<b>1,209,836</b>	1,059,066
Adjusted net assets per share (pence)	<b>724.4</b>	665.0

	No. of shares	No. of shares
Shares in issue	<b>166,665,158</b>	158,570,574
Own shares held in EBT	<b>(1,122,907)</b>	(1,122,907)
Basic shares in issue used for calculation	<b>165,542,251</b>	157,447,667
Exercise of share options	<b>1,468,145</b>	1,798,494
Diluted shares used for calculation	<b>167,010,396</b>	159,246,161

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].

**14. NON-CURRENT ASSETS****a) Investment property, investment property under construction and interests in leasehold property**

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
<b>At 31 March 2017</b>	1,154,390	36,115	23,601	1,214,106
Additions	8,147	33,012	–	41,159
Adjustment to present value	–	–	437	437
Transfer on opening of store	9,710	(9,710)	–	–
Revaluation (see note 15)	72,895	(1,260)	–	71,635
Depreciation	–	–	(1,109)	(1,109)
<b>At 31 March 2018</b>	1,245,142	58,157	22,929	1,326,228
Additions	35,785	47,563	–	83,348
Acquisition of freehold	–	–	(3,130)	(3,130)
Adjustment to present value	–	–	50	50
Transfer on opening of store	14,545	(14,545)	–	–
Revaluation (see note 15)	58,958	(60)	–	58,898
Depreciation	–	–	(1,075)	(1,075)
<b>At 31 March 2019</b>	<b>1,354,430</b>	<b>91,115</b>	<b>18,774</b>	<b>1,464,319</b>

The interest in leasehold properties represents the present value of minimum lease payments for leasehold properties – see note 21 for further details of the finance lease creditor.

During the year, the Group acquired the freehold of its New Malden store. The acquisition of the freehold causes an extinguishment of the interest in leasehold property which is shown as a credit in the table above.

During the prior year the Group sold land at its Richmond store to an adjoining landowner for £650,000. The valuation of the store was not impacted by this disposal, hence the full proceeds were recorded as profit on part disposal of investment property. This was eliminated from the Group's adjusted profit for the prior year.

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 28. Included within additions is £0.8 million of capitalised interest (2018: £0.4 million), calculated at the Group's average borrowing cost for the year of 2.9%. 56 of the Group's investment properties are pledged as security for loans, with a total external value of £1,111.2 million.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**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	Total £000
<b>Cost</b>						
At 31 March 2017	2,189	97	649	32	1,431	4,398
Retirement of fully depreciated assets	–	(30)	(79)	–	(584)	(693)
Additions	8	7	121	–	469	605
At 31 March 2018	2,197	74	691	32	1,316	4,310
Retirement of fully depreciated assets	–	–	(100)	–	(838)	(938)
Additions	38	–	81	–	440	559
<b>At 31 March 2019</b>	<b>2,235</b>	<b>74</b>	<b>672</b>	<b>32</b>	<b>918</b>	<b>3,931</b>
<b>Depreciation</b>						
At 31 March 2017	(409)	(50)	(265)	(7)	(451)	(1,182)
Retirement of fully depreciated assets	–	30	79	–	584	693
Charge for the year	(42)	(2)	(123)	(7)	(555)	(729)
At 31 March 2018	(451)	(22)	(309)	(14)	(422)	(1,218)
Retirement of fully depreciated assets	–	–	100	–	838	938
Charge for the year	(43)	(2)	(139)	(7)	(521)	(712)
<b>At 31 March 2019</b>	<b>(494)</b>	<b>(24)</b>	<b>(348)</b>	<b>(21)</b>	<b>(105)</b>	<b>(992)</b>
<b>Net book value</b>						
At 31 March 2019	<b>1,741</b>	<b>50</b>	<b>324</b>	<b>11</b>	<b>813</b>	<b>2,939</b>
At 31 March 2018	1,746	52	382	18	894	3,092

**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 in associates****Armadillo**

The Group has 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 are accounted for as associates, using the equity method of accounting. Both companies are incorporated, registered and operate in England and Wales. Their registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT.

	Armadillo 1		Armadillo 2		Total	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
At the beginning of the year	<b>5,730</b>	5,048	<b>3,546</b>	2,404	<b>9,276</b>	7,452
Subscription for capital	–	–	–	900	–	900
Share of results (see below)	<b>1,364</b>	937	<b>963</b>	433	<b>2,327</b>	1,370
Dividends	<b>(290)</b>	(255)	<b>(260)</b>	(191)	<b>(550)</b>	(446)
<b>Share of net assets</b>	<b>6,804</b>	5,730	<b>4,249</b>	3,546	<b>11,053</b>	9,276

**14. NON-CURRENT ASSETS** (continued)

The Group's total subscription for partnership capital and advances in Armadillo 1 is £1,920,000 and £2,689,000 in Armadillo 2.

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2019 and 31 March 2018 by Jones Lang LaSalle.

The figures below show the trading results of the Armadillo Partnerships, and the Group's share of the results and the net assets of the Armadillo Partnerships.

	Armadillo 1		Armadillo 2	
	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
<b>Statement of comprehensive income (100%)</b>				
Revenue	<b>9,178</b>	8,188	<b>5,879</b>	4,576
Cost of sales	<b>(4,751)</b>	(4,247)	<b>(2,781)</b>	(1,919)
Administrative expenses	<b>(1,272)</b>	(282)	<b>(144)</b>	(136)
Operating profit	<b>3,155</b>	3,659	<b>2,954</b>	2,521
Gain on the revaluation of investment properties	<b>5,926</b>	3,264	<b>3,727</b>	1,196
Net interest payable	<b>(996)</b>	(938)	<b>(964)</b>	(813)
Acquisition costs written off	–	(375)	–	(227)
Fair value movement of interest rate derivatives	<b>48</b>	147	<b>2</b>	154
Deferred and current tax	<b>(1,314)</b>	(1,074)	<b>(904)</b>	(664)
Profit attributable to shareholders	<b>6,819</b>	4,683	<b>4,815</b>	2,167
Dividends paid	<b>(1,451)</b>	(1,275)	<b>(1,301)</b>	(957)
Retained profit	<b>5,368</b>	3,408	<b>3,514</b>	1,210
<b>Balance sheet (100%)</b>				
Investment property	<b>60,450</b>	53,176	<b>42,500</b>	38,205
Interest in leasehold properties	<b>1,385</b>	1,403	<b>2,929</b>	3,233
Other non-current assets	<b>1,196</b>	1,149	<b>2,051</b>	1,989
Current assets	<b>1,547</b>	1,177	<b>1,101</b>	1,480
Current liabilities	<b>(4,088)</b>	(2,842)	<b>(2,538)</b>	(2,367)
Derivative financial instruments	<b>(4)</b>	(52)	<b>(32)</b>	(34)
Non-current liabilities	<b>(26,468)</b>	(25,361)	<b>(24,769)</b>	(24,778)
<b>Net assets (100%)</b>	<b>34,018</b>	28,650	<b>21,242</b>	17,728
<b>Group share</b>				
Operating profit	<b>631</b>	732	<b>591</b>	504
Gain on the revaluation of investment properties	<b>1,185</b>	653	<b>746</b>	239
Net interest payable	<b>(199)</b>	(187)	<b>(193)</b>	(163)
Acquisition costs written off	–	(75)	–	(45)
Fair value movement of interest rate derivatives	<b>10</b>	29	–	31
Deferred and current tax	<b>(263)</b>	(215)	<b>(181)</b>	(133)
Profit attributable to shareholders	<b>1,364</b>	937	<b>963</b>	433
Dividends paid	<b>(290)</b>	(255)	<b>(260)</b>	(191)
Retained profit	<b>1,074</b>	682	<b>703</b>	242
Associates' net assets	<b>6,804</b>	5,730	<b>4,249</b>	3,546

Included within administrative expenses in Armadillo 1 in the current year is a performance fee payable to Big Yellow of £1 million.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

## 15. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
<b>Freehold stores</b>			
At 31 March 2018	602,840	599,012	1,201,852
Transfer from investment property under construction	18,806	(4,261)	14,545
Transfer from leasehold stores	4,008	2,232	6,240
Movement in year	35,604	58,849	94,453
<b>At 31 March 2019</b>	<b>661,258</b>	<b>655,832</b>	<b>1,317,090</b>
<b>Leasehold stores</b>			
At 31 March 2018	16,577	26,713	43,290
Transfer to freehold stores	(4,008)	(2,232)	(6,240)
Movement in year	181	109	290
<b>At 31 March 2019</b>	<b>12,750</b>	<b>24,590</b>	<b>37,340</b>
<b>Total of open stores</b>			
At 31 March 2018	619,417	625,725	1,245,142
Transfer from investment property under construction	18,806	(4,261)	14,545
Movement in year	35,785	58,958	94,743
<b>At 31 March 2019</b>	<b>674,008</b>	<b>680,422</b>	<b>1,354,430</b>
<b>Investment property under construction</b>			
At 31 March 2018	66,726	(8,569)	58,157
Transfer to investment property	(18,806)	4,261	(14,545)
Movement in year	47,563	(60)	47,503
<b>At 31 March 2019</b>	<b>95,483</b>	<b>(4,368)</b>	<b>91,115</b>
<b>Valuation of all investment property</b>			
At 31 March 2018	686,143	617,156	1,303,299
Movement in year	83,348	58,898	142,246
<b>At 31 March 2019</b>	<b>769,491</b>	<b>676,054</b>	<b>1,445,545</b>

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 wholly owned freehold and leasehold investment properties have been valued at 31 March 2019 by external valuers, Cushman & Wakefield ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Global Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

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

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

## 15. VALUATION OF INVESTMENT PROPERTY (continued)

## Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W note that in the UK since Q1 2015 there have only been fifteen transactions involving multiple assets and a further fifteen single asset transactions. C&W state that due to the lack of comparable market information in the self storage sector, there is greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

## Portfolio Premium

C&W's valuation report further 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 significantly. C&W state that in current market conditions they are of the view that there could be a material portfolio premium.

## Assumptions

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 74 trading stores (both freeholds and leaseholds) open at 31 March 2019 averages 84.7% (31 March 2018: 83.6%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 74 stores to trade at their maturity levels is 17 months (31 March 2018: 16 months).
- The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 74 stores is 6.4% (31 March 2018: 6.5%) rising to a stabilised net yield pre-administration expenses of 6.7% (31 March 2018: 6.9%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 6.2% (31 March 2018: 6.3%).
- 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 9.3% (31 March 2018: 9.4%).
- Purchaser's costs in the range of circa 6.1% to circa 6.8% (see below) have been assumed initially, reflecting the progressive SLDT rates brought into force in March 2016 and sale plus purchaser's costs totalling circa 7.1% to 7.8% are assumed on the notional sales in the tenth year in relation to the freehold and long leasehold stores.

## Short leasehold

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's six short leasehold properties is 13.9 years (31 March 2018: 14.0 years unexpired).

## Sensitivities

As noted in 'Significant judgements and key estimates' on page 121, 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	£52.5m	(£48.3m)	£19.2m	(£19.8m)

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**15. VALUATION OF INVESTMENT PROPERTY** (continued)

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**

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

**Immature stores: value uncertainty**

C&W have assessed the value of each property individually. However, three of the Group's stores are relatively immature and have low initial cash flows. C&W have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flows, by adjustment to the capitalisation rates and discount rates adopted. Immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation, although there have been transactions where immature low cash flow stores have been traded as part of a group or portfolio transaction. Please note C&W's comments above in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios. C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short-term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of Fair Value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place. C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value. As noted above, C&W have not assumed that the entire portfolio of properties owned by the entity would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

**Valuation assumption for purchaser's costs**

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's cost of circa 6.1% to 6.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. 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 C&W to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2019 of £1,528.6 million (£83.1 million higher than the value recorded in the financial statements). The total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £3.6 million higher than the value recorded in the financial statements, of which the Group's share is £0.7 million. The sum of these is £83.8 million and translates to 50.2 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 2019 £000	31 March 2018 £000
<b>Current</b>		
Trade receivables	4,528	3,684
Capital Goods Scheme receivable	1,195	1,876
Other receivables	307	287
Prepayments and accrued income	14,326	12,739
	<b>20,356</b>	18,586
<b>Non-current</b>		
Capital Goods Scheme receivable	1,332	2,385

Trade receivables are net of a bad debt provision of £30,000 (2018: £14,000). 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 greater than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed. 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 receivable balance are debtors with a carrying amount of £302,000 (2018: £329,000) 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 20 days past due (2018: 21 days past due).

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

	2019 £000	2018 £000
1 – 30 days	241	264
30 – 60 days	33	30
60 + days	28	35
Total	<b>302</b>	329

**Movement in the allowance for doubtful debts**

	2019 £000	2018 £000
Balance at the beginning of the year	14	7
Amounts provided in year	140	114
Amounts written off as uncollectible	(124)	(107)
Balance at the end of the year	<b>30</b>	14

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

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**16. TRADE AND OTHER RECEIVABLES** (continued)**Ageing of impaired trade receivables**

	2019 £000	2018 £000
1 – 30 days	8	–
30 – 60 days	4	2
60 + days	18	12
Total	30	14

**17. TRADE AND OTHER PAYABLES**

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Trade payables	15,522	12,739
Other payables	9,319	7,710
Accruals and deferred income	16,808	16,379
	41,649	36,828

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.

**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 ("FVTPL"), financial liabilities are categorised under amortised cost. All financial assets are categorised as loans and receivables.

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

**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:

	2019 £000	2018 £000
Debt	(337,625)	(330,599)
Cash and cash equivalents	17,902	6,853
Net debt	(319,723)	(323,746)
Balance sheet equity	1,123,897	981,148
Net debt to equity ratio	28.4%	33.0%

**18. FINANCIAL INSTRUMENTS** (continued)**B. Debt management**

The Group currently borrows through a senior term loan, secured on 26 self storage assets and sites, a 15 year loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets, and a £70 million seven year loan from M&G Investments Limited secured on a portfolio of 15 self storage assets. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity. Funding is arranged 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 2019 the Group had two interest rate derivatives in place; £30 million fixed at 0.4% (excluding the margin on the underlying debt instrument) until October 2021, and £35 million fixed at 0.76% (excluding the margin on the underlying debt instrument) until June 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 £30 million interest rate swap settles on a monthly basis. The floating rate on the interest rate swap is one month LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month LIBOR. 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:

	2019 £000	2018 £000
At 1 April	1,704	(2,964)
Fair value movement in the year	(1,123)	1,294
Cancellation of interest rate derivative	–	3,374
At 31 March	581	1,704

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

	Loans £000	Finance leases £000	Interest rate derivatives £000	Total £000
At 1 April 2018	(330,599)	(22,929)	1,704	(351,824)
Cash movement in the year	(7,026)	1,075	–	(5,951)
Non-cash movements	–	3,080	(1,123)	1,957
<b>At 31 March 2019</b>	<b>(337,625)</b>	<b>(18,774)</b>	<b>581</b>	<b>(355,818)</b>

	Loans £000	Finance leases £000	Interest rate derivatives £000	Total £000
At 1 April 2017	(304,955)	(23,601)	(2,964)	(331,520)
Cash movement in the year	(25,644)	1,109	3,374	(21,161)
Non-cash movements	–	(437)	1,294	857
At 31 March 2018	(330,599)	(22,929)	1,704	(351,824)

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**18. FINANCIAL INSTRUMENTS** (continued)**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 2019, 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 £469,000 (2018: reduced adjusted profit before tax by £445,000) 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 £469,000 (2018: increased adjusted profit before tax by £445,000). 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.

**E. Cash management and liquidity**

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

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

**F. Foreign currency management**

The Group does not have any foreign currency exposure.

**G. Credit risk**

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 56,000 customers in our stores.

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

**H. Financial maturity analysis**

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

2019 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>Debt</b>					
Aviva loan	85,125	2,598	2,728	9,032	70,767
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	152,500	–	–	152,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
<b>Total</b>	<b>337,625</b>	<b>2,598</b>	<b>2,728</b>	<b>261,532</b>	<b>70,767</b>

**18. FINANCIAL INSTRUMENTS** (continued)

2018 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>Debt</b>					
Aviva loan	87,599	2,474	2,598	8,601	73,926
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	143,000	–	–	143,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
<b>Total</b>	<b>330,599</b>	<b>2,474</b>	<b>2,598</b>	<b>181,601</b>	<b>143,926</b>

**I. Fair values of financial instruments**

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

2019	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	82,110	20,394	102,504
From two to five years	–	(307)	286,926	4,959	291,578
From one to two years	–	(168)	12,453	1,653	13,938
Due after more than one year	–	(475)	381,489	27,006	408,020
Due within one year	24,841	(132)	12,453	1,653	38,815
<b>Total</b>	<b>24,841</b>	<b>(607)</b>	<b>393,942</b>	<b>28,659</b>	<b>446,835</b>

2018	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	(63)	159,548	23,709	183,194
From two to five years	–	(1,139)	207,092	6,285	212,238
From one to two years	–	(381)	11,855	2,095	13,569
Due after more than one year	–	(1,583)	378,495	32,089	409,001
Due within one year	20,449	(195)	11,855	2,095	34,204
<b>Total</b>	<b>20,449</b>	<b>(1,778)</b>	<b>390,350</b>	<b>34,184</b>	<b>443,205</b>

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**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.

2019	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	70,767	9,922	1,421	82,110
From two to five years	261,532	25,067	327	286,926
From one to two years	2,728	9,725	–	12,453
Due after more than one year	335,027	44,714	1,748	381,489
Due within one year	2,598	9,855	–	12,453
<b>Total</b>	<b>337,625</b>	<b>54,569</b>	<b>1,748</b>	<b>393,942</b>

2018	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	143,926	13,958	1,664	159,548
From two to five years	181,601	25,491	–	207,092
From one to two years	2,598	9,257	–	11,855
Due after more than one year	328,125	48,706	1,664	378,495
Due within one year	2,474	9,381	–	11,855
Total	330,599	58,087	1,664	390,350

**19. BORROWINGS****Secured borrowings at amortised cost****Current liabilities**

	31 March 2019 £000	31 March 2018 £000
Aviva loan	2,598	2,474
	2,598	2,474

**Non-current liabilities**

Bank borrowings	182,500	173,000
Aviva loan	82,527	85,125
M&G loan	70,000	70,000
Unamortised loan arrangement costs	(1,748)	(1,664)

<b>Total non-current borrowings</b>	<b>333,279</b>	326,461
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<b>Total borrowings</b>	<b>335,877</b>	328,935
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**19. BORROWINGS** (continued)

The weighted average interest rate paid on the borrowings during the year was 2.9% (2018: 2.9%).

The Group has £27,500,000 in undrawn committed bank borrowing facilities at 31 March 2019, which expire between four and five years (2018: £37,000,000 expiring between four and five years).

The Group has a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited, expiring in April 2027. The loan is secured over a portfolio of 15 freehold self storage centres. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years. The debt service is payable monthly based on fixed annual amounts.

The Group has a secured £210 million five year revolving bank facility with Lloyds and HSBC expiring in October 2023, with a margin of 1.25%. The Group has an option to increase the amount of the loan facility by a further £60 million during the course of the loan's term, and an option to increase the term of the loan by a further year.

The Group has a £70 million seven year 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. Half of the loan is variable and half is subject to an interest rate derivative.

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 2019 and throughout the year. The main covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2019
Consolidated EBITDA	Minimum 1.5x	8.3x
Consolidated net tangible assets	Minimum £250m	£1,124m
Bank loan income cover	Minimum 1.75x	12.9x
Aviva loan interest service cover ratio	Minimum 1.5x	4.4x
Aviva loan debt service cover ratio	Minimum 1.2x	2.8x
M&G income cover	Minimum 1.5x	8.2x

**Interest rate profile of financial liabilities**

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
<b>At 31 March 2019</b>						
<b>Gross financial liabilities</b>	<b>337,625</b>	<b>187,500</b>	<b>150,125</b>	<b>2.9%</b>	<b>5.6 years</b>	<b>4.5 years</b>
At 31 March 2018						
Gross financial liabilities	330,599	178,000	152,599	2.9%	6.5 years	5.5 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.

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 share based payments (£0.2 million), corporation tax losses (£4.4 million), capital allowances in excess of depreciation (£0.2 million) and capital losses (£1.4 million) in respect of the non-REIT taxable business have not been recognised due to uncertainty over the projected tax liabilities arising in the short term within the non-REIT taxable business. A deferred tax liability in respect of interest rate swaps (£0.1 million) arising in the non-REIT taxable business has also not been recognised as the relevant entity has the legal right to settle the potential tax amounts on a net basis and these taxes are levied by the same taxing authority.

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**21. OBLIGATIONS UNDER FINANCE LEASES**

	Minimum lease payments		Present value minimum of lease payments	
	2019 £000	2018 £000	2019 £000	2018 £000
<b>Amounts payable under finance leases:</b>				
Within one year	1,653	2,095	1,625	2,061
Within two to five years inclusive	6,612	8,380	5,796	7,390
Greater than five years	20,394	23,709	11,353	13,478
	<b>28,659</b>	34,184	<b>18,774</b>	22,929
Less: future finance charges	(9,885)	(11,255)		
Present value of lease obligations	<b>18,774</b>	22,929		

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

**22. SHARE CAPITAL**

	Called up, allotted and fully paid	
	2019 £000	2018 £000
<b>Ordinary shares of 10 pence each</b>	<b>16,667</b>	15,857
<b>Movement in issued share capital</b>		
Number of shares at 31 March 2017		157,882,867
Exercise of share options – Share option schemes		687,707
Number of shares at 31 March 2018		158,570,574
Issue of shares – placing		7,204,301
Exercise of share options – Share option schemes		890,283
<b>Number of shares at 31 March 2019</b>	<b>166,665,158</b>	

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

At 31 March 2019 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 2019	Number of ordinary shares 2018
11 July 2012	nil p**	11 July 2015	10 July 2022	5,359	5,359
19 July 2013	nil p**	19 July 2016	19 July 2023	7,059	7,059
29 July 2014	nil p**	29 July 2017	29 July 2024	2,400	10,155
16 March 2015	494.6p*	1 April 2018	1 October 2018	–	94,654
21 July 2015	nil p**	21 July 2018	21 July 2025	47,135	373,093
14 March 2016	608.0p*	1 April 2019	1 October 2019	36,075	37,489
22 July 2016	nil p**	22 July 2019	21 July 2026	392,262	398,825
15 March 2017	580.0p*	1 April 2020	1 October 2020	51,086	59,550
2 August 2017	nil p**	2 August 2020	1 August 2027	401,847	407,311
13 March 2018	675.4p*	1 April 2021	1 October 2021	98,852	108,335
24 July 2018	nil p**	24 July 2021	24 July 2028	356,703	–
11 March 2019	749.9p*	1 April 2022	1 October 2022	56,836	–
				<b>1,455,614</b>	1,501,830

\* SAYE (see note 23) \*\* LTIP (see note 23)

**22. SHARE CAPITAL (continued)****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 (2018: 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 Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,345,000 (2018: £2,470,000).

**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 84 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 and 2015 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £9.10 (2018: £7.25).

	2019 No. of options	2018 No. of options
<b>LTIP scheme</b>		
Outstanding at beginning of year	1,201,802	1,355,978
Granted during the year	410,340	582,341
Lapsed during the year	(27,504)	(70,434)
Exercised during the year	(371,873)	(666,083)
Outstanding at the end of the year	1,212,765	1,201,802
Exercisable at the end of the year	61,953	22,573

The weighted average fair value of options granted during the year was £1,365,000 (2018: £1,219,000).

Options outstanding at 31 March 2019 had a weighted average contractual life of 8.2 years (2018: 8.3 years).

	2019 No. of options	2019 Weighted average exercise price (£)	2018 No. of options	2018 Weighted average exercise price (£)
<b>Employee Share Save Scheme ("SAYE")</b>				
Outstanding at beginning of year	300,028	5.91	223,823	5.36
Granted during the year	56,836	7.50	108,335	6.75
Forfeited during the year	(19,724)	6.26	(10,506)	5.89
Exercised during the year	(94,291)	4.95	(21,624)	4.43
Outstanding at the end of the year	242,849	6.63	300,028	5.91
Exercisable at the end of the year	–	–	–	–

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**23. SHARE-BASED PAYMENTS** (continued)

Options outstanding at 31 March 2019 had a weighted average contractual life of 2.1 years (2018: 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	19%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	4.1%	3.9%

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 Performance 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 Directors' Remuneration Report. No awards over equity instruments had been made at 31 March 2019.

**24. CAPITAL COMMITMENTS**

At 31 March 2019 the Group had £13.4 million of amounts contracted but not provided in respect of the Group's properties (2018: £13.7 million of capital commitments).

**25. EVENTS AFTER THE BALANCE SHEET DATE**

In April 2019, the Group acquired a property in Slough for a new self storage centre. The Group also sold an existing plot of land in Slough on the same date.

In April 2019 the Group also completed on the acquisition of a property in Hayes.

**26. CASH FLOW NOTES****a) Reconciliation of profit after tax to cash generated from operations**

	Note	2019 £000	2018 £000
Profit after tax		126,500	133,542
Taxation		355	597
Share of profit of associates		(2,327)	(1,370)
Investment income		(167)	(1,538)
Finance costs		11,199	11,975
<b>Operating profit</b>		<b>135,560</b>	143,206
Gain on the revaluation of investment properties	14a, 15	(58,898)	(71,635)
Gain on part disposal of investment property		–	(650)
Depreciation of plant, equipment and owner-occupied property	14b	712	729
Depreciation of finance lease capital obligations	14a	1,075	1,109
Employee share options	6	2,345	2,470
<b>Cash generated from operations pre working capital movements</b>		<b>80,794</b>	75,229
Decrease in inventories		1	–
Increase in receivables		(1,874)	(1,352)
Increase/(decrease) in payables		3,076	(420)
<b>Cash generated from operations</b>		<b>81,997</b>	73,457

**26. CASH FLOW NOTES** (continued)**b) Reconciliation of net cash flow movement to net debt**

	Note	2019 £000	2018 £000
Net increase/(decrease) in cash and cash equivalents in the year		11,049	(53)
Cash flow from increase in debt financing		(7,026)	(25,644)
Change in net debt resulting from cash flows		4,023	(25,697)
<b>Movement in net debt in the year</b>		<b>4,023</b>	(25,697)
Net debt at the start of the year		(323,746)	(298,049)
Net debt at the end of the year	18A	(319,723)	(323,746)

**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 Storage Holding Company Limited**

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1"), and entered into transactions with Armadillo 1 during the year on normal commercial terms as shown in the table below.

**Transactions with Armadillo Storage Holding Company 2 Limited**

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"), and entered into transactions with Armadillo 2 during the year on normal commercial terms as shown in the table below.

	31 March 2019 £000	31 March 2018 £000
Fees earned from Armadillo 1	1,735	705
Fees earned from Armadillo 2	408	270
Balance due from Armadillo 1	124	89
Balance due from Armadillo 2	19	33

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 83 to 93.

	31 March 2019 £000	31 March 2018 £000
Short term employee benefits	1,540	1,398
Post-employment benefits	118	154
Share based payments	2,553	5,618
	<b>4,211</b>	7,170

**AnyJunk Limited**

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £33,000 (2018: £37,000).

No other related party transactions took place during the years ended 31 March 2019 and 31 March 2018

## Company Balance Sheet

Year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Non-current assets</b>			
Plant, equipment and owner-occupied property	30a	1,776	1,815
Investment in subsidiary companies	30b	22,835	20,490
		<b>24,611</b>	22,305
<b>Current assets</b>			
Trade and other receivables	31	593,178	470,716
Derivative financial instruments		298	751
Cash and cash equivalents		1	1
		<b>593,477</b>	471,468
<b>Total assets</b>		<b>618,088</b>	493,773
<b>Current liabilities</b>			
Trade and other payables	32	(3,946)	(3,539)
		<b>(3,946)</b>	(3,539)
<b>Non-current liabilities</b>			
Bank borrowings		(182,173)	(173,000)
		<b>(182,173)</b>	(173,000)
<b>Total liabilities</b>		<b>(186,119)</b>	(176,539)
<b>Net assets</b>		<b>431,969</b>	317,234
<b>Equity</b>			
Share capital	22	16,667	15,857
Share premium account		111,514	46,362
Reserves	28	303,788	255,015
<b>Equity shareholders' funds</b>		<b>431,969</b>	317,234

The Company reported a profit for the financial year ended 31 March 2019 of £98.5 million (2018: profit of £5.3 million). The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2019. They were signed on its behalf by:

**James Gibson**                      **John Trotman**  
Director                                  Director

Company Registration No. 03625199

## Company Statement of Changes in Equity

Year ended 31 March 2019

	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 2018	15,857	46,362	74,950	1,795	179,289	(1,019)	317,234
Total comprehensive income for the year	–	–	–	–	98,486	–	98,486
Issue of share capital	810	65,152	–	–	–	–	65,962
Dividend	–	–	–	–	(52,058)	–	(52,058)
Credit to equity for equity-settled share based payments	–	–	–	–	2,345	–	2,345
<b>At 31 March 2019</b>	<b>16,667</b>	<b>111,514</b>	<b>74,950</b>	<b>1,795</b>	<b>228,062</b>	<b>(1,019)</b>	<b>431,969</b>

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 2018

	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 2017	15,788	45,462	74,950	1,795	217,704	(1,019)	354,680
Total comprehensive income for the year	–	–	–	–	5,298	–	5,298
Issue of share capital	69	900	–	–	–	–	969
Dividend	–	–	–	–	(46,183)	–	(46,183)
Credit to equity for equity-settled share based payments	–	–	–	–	2,470	–	2,470
At 31 March 2018	15,857	46,362	74,950	1,795	179,289	(1,019)	317,234

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**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 £98.5 million (2018: profit of £5.3 million).

**29. BASIS OF ACCOUNTING**

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been 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 International Financial Reporting Standards as adopted by the EU ("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. In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- 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.

**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. The Company does not have any employees.

**30. NON-CURRENT ASSETS****a) Plant, equipment and owner occupied property**

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	Total £000
<b>Cost</b>				
At 31 March 2018	2,194	64	53	2,311
Additions	9	–	13	22
<b>At 31 March 2019</b>	<b>2,203</b>	<b>64</b>	<b>66</b>	<b>2,333</b>
<b>Accumulated depreciation</b>				
At 31 March 2018	(450)	(21)	(25)	(496)
Charge for the year	(42)	(1)	(18)	(61)
<b>At 31 March 2019</b>	<b>(492)</b>	<b>(22)</b>	<b>(43)</b>	<b>(557)</b>
<b>Net book value</b>				
<b>At 31 March 2019</b>	<b>1,711</b>	<b>42</b>	<b>23</b>	<b>1,776</b>
At 31 March 2018	1,744	43	28	1,815

**b) Investments in subsidiary companies**

	Investment in subsidiary undertakings £000
<b>Cost</b>	
At 31 March 2018	20,490
Additions	2,345
<b>At 31 March 2019</b>	<b>22,835</b>

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

**30. NON-CURRENT ASSETS** (continued)

The Group 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 2019 are listed below:

Name of subsidiary	Principal activity
.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
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Self storage
The Last Mile Company Limited	Holding Company
Lock & Leave Limited	Self storage
Lock & Leave (Twickenham) Limited	Self storage

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

**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 2019.

.Big Yellow Self Storage (GP) Limited	Big Yellow Self Storage Company 8 Limited
The Big Yellow Construction Company Limited	BYRCo Limited
Big Yellow Holding Company Limited	BYSSCo Limited
Big Yellow Nominee No. 1 Limited	BYSSCo A Limited
Big Yellow Nominee No. 2 Limited	Kator Storage Limited
Big Yellow Self Storage Company 1 Limited	The Last Mile Company Limited
Big Yellow Self Storage Company 2 Limited	Lock & Leave Limited
Big Yellow Self Storage Company 3 Limited	Lock & Leave (Twickenham) Limited
Big Yellow Self Storage Company 4 Limited	

**31. TRADE AND OTHER RECEIVABLES**

	31 March 2019 £000	31 March 2018 £000
Amounts owed by Group undertakings	593,077	470,597
Prepayments and accrued income	101	119
	<b>593,178</b>	470,716

Amounts owed by Group undertakings are unsecured and are repayable on demand. The Company recharges its external interest cost to its subsidiaries.

**32. TRADE AND OTHER PAYABLES**

	31 March 2019 £000	31 March 2018 £000
<b>Current (all due within one year)</b>		
Other payables	3,667	3,247
Accruals and deferred income	279	292
	<b>3,946</b>	3,539

**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 NAV adjusted for an investment property valuation carried out at purchasers' costs of 2.75%.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments.
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.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding finance leases 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.
EPRA NAV per share	EPRA NAV divided by the diluted number of shares at the year end.
EPRA net asset value	IFRS net assets excluding the mark-to-market on interest rate derivatives effective cash flow as deferred taxation on property valuations where it arises. It is adjusted for the dilutive impact of share options.
EPRA NNNAV	The EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.
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 2019 this excludes Wapping (opened in July 2018) and Battersea (closed for redevelopment in March 2019).

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

## 33. GLOSSARY (continued)

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. This excludes Guildford Central (opened in March 2018), Wapping (opened in July 2018) and Battersea (closed for redevelopment in March 2019).
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. The prior year MLA has been restated for the 25,000 sq ft extension to the existing Wandsworth store, which came on-line in May 2018. The closing occupancy % has been recalculated on this basis.
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 financial year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
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 of 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.
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.
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 financial year.
Store EBITDA	Store earnings before interest, tax, depreciation and amortisation.
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.

## Ten Year Summary

Year ended 31 March 2019

Results	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Revenue	125,414	116,660	109,070	101,382	84,276	72,196	69,671	65,663	61,885	57,995
Operating profit before gains and losses on property assets	76,662	70,921	65,316	59,854	48,420	39,537	37,454	35,079	32,058	29,068
Cash flow from operating activities	71,806	62,977	55,974	55,467	42,397	32,752	30,186	27,388	23,534	19,063
Profit/(loss) before taxation	126,855	134,139	99,783	112,246	105,236	59,848	31,876	(35,551)	6,901	10,209
Adjusted profit before taxation	67,465	61,422	54,641	48,952	39,405	29,221	25,471	23,643	20,207	16,514
Net assets	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628	494,500	544,949	547,285
Diluted EPRA earnings per share	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p	18.2p	15.5p	13.0p
Declared total dividend per share	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p	10.0p	9.0p	4.0p
<b>Key statistics</b>										
Number of stores open	74	74	73	71	69	66	66	65	62	60
Sq ft occupied (000)	3,810	3,730	3,551	3,363	3,178	2,832	2,632	2,458	2,130	1,915
Occupancy increase in year 000 sq ft)*	80	179	188	185	346	200	174	328	215	140
Number of customers	56,000	55,000	52,500	50,000	47,250	41,800	38,500	36,300	32,800	30,500
Average number of employees during the year	347	335	329	318	300	289	286	279	273	252

\* the occupancy growth in 2015 and 2017 includes the acquisition of existing stores

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