Notes to the Financial Statements

Year ended 31 March 2017

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 30.

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 mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Annual Improvements to IFRSs: 2012-2014	Annual Improvements to IFRSs

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 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain investment properties and 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 on 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 2018 and projections contained in the longer term business plan which covers the period to March 2021. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 purchase 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 income statement. 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.

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.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

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.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. The goodwill in the balance sheet has an indefinite useful economic life.

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. Income is recognised over the period for which the storage room is occupied by the customer on a straight-line basis. The Group recognises non-storage income on a straight-line basis over the period in which it is earned.

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.

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 income statement through revenue with the proportionate debit shown in the share of profit of associate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received, 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.

Finance costs

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.

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 all 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 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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, 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 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 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 of 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 that are leased under operating leases 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.

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.

Surplus land

Surplus land, which can include assets held for development and future sale, is recognised at the lower of cost and net realisable value. Any gains and losses on surplus land are recognised through the statement of comprehensive income.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets 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 profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

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. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the statement of comprehensive income.

B – Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

C – Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 approximates to the fair value.

E – Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

F – Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

G – Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

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 profit and loss such that the cumulative expenses 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 profit or loss 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 14 to the accounts.

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 22.

	2017 £000	2016 £000
Open stores		
Self storage income	**91,600**	84,900
Other storage related income	**15,189**	14,568
Ancillary store rental income	**526**	354
	107,315	99,822
Other revenue		
Non-storage income	**885**	808
Management fees earned	**870**	752
Revenue per statement of comprehensive income	**109,070**	101,382
Interest receivable on bank deposits (see note 7)	**16**	15
Total revenue per IAS 18	**109,086**	101,397

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

4. SEGMENTAL INFORMATION

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

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

5. PROFIT FOR THE YEAR

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

	2017 £000	2016 £000
Depreciation of plant, equipment and owner-occupied property	**738**	663
Leasehold property depreciation	**1,196**	967
Gain on the revaluation of investment property	**(43,706)**	(58,001)
Profit on disposal of surplus land	**–**	(4,754)
Cost of inventories recognised as an expense	**1,035**	1,095
Employee costs (see note 6)	**15,622**	15,094
Operating lease rentals	**133**	78
Auditor's remuneration for audit services (see below)	**186**	186

b) Analysis of auditor's remuneration:

	2017 £000	2016 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**156**	156
Fess payable to the Company's auditor for the subsidiaries' annual accounts	**30**	30
Total audit fees	**186**	186
Audit related assurance services – interim review	**31**	31
Tax advisory services	**19**	60
Other assurance services – assurance of CSR report	**22**	22
Other services – planning consultancy	**11**	–
Other services	**2**	–
Total non-audit fees	**85**	113

Fees payable to Deloitte 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 Deloitte LLP to the Group's associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £49,000 (2016: £43,000), which all related to audit services.

6. EMPLOYEE COSTS

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

	2017 Number	2016 Number
Sales	**279**	271
Administration	**50**	47
	329	318

At 31 March 2017 the total number of Group employees was 361 (2016: 358).

	2017 £000	2016 £000
Their aggregate remuneration comprised:		
Wages and salaries	**10,990**	10,443
Social security costs	**1,783**	1,634
Other pension costs	**525**	478
Share-based payments	**2,324**	2,539
	15,622	15,094

Details of Directors' Remuneration is given on pages 70 to 84.

7. INVESTMENT INCOME

	2017 £000	2016 £000
Bank interest receivable	**16**	15
Unwinding of discount on Capital Goods Scheme receivable	**340**	388
Total interest receivable	**356**	403
Change in fair value of interest rate derivatives	**719**	–
Total investment income	**1,075**	403

8. FINANCE COSTS

	2017 £000	2016 £000
Interest on bank borrowings	**10,953**	11,187
Capitalised interest	**(128)**	(247)
Interest on obligations under finance leases	**931**	926
Total interest payable	**11,756**	11,866
Change in fair value of interest rate derivatives	**–**	4
Total finance costs	**11,756**	11,870

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 provides that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) will be 19% and that the rate from 1 April 2020 would 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.

	2017 £000	2016 £000
UK current tax		
Current tax:		
– Current year	**417**	247
– Prior year	**(145)**	–
	272	247

9. TAXATION (continued)

A reconciliation of the tax charge is shown below:

	2017 £000	2016 £000
Profit before tax	**99,783**	112,246
Tax charge at 20% (2016 – 20%) thereon	**19,957**	22,449
Effects of:		
Revaluation of investment properties	**(8,741)**	(11,600)
Share of profit of associates	**(288)**	(220)
Other permanent differences	**(1,242)**	(930)
Profits from the tax exempt business	**(8,791)**	(7,725)
Profit on disposal of surplus land	**–**	(951)
Utilisation of brought forward losses	**–**	(51)
Movement on other unrecognised deferred tax assets	**(478)**	(725)
Current year tax charge	**417**	247
Prior year adjustment	**(145)**	–
Total tax charge	**272**	247

At 31 March 2017 the Group has unutilised tax losses of £32.6 million (2016: £32.3 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. ADJUSTED PROFIT

	2017 £000	2016 £000
Profit before tax	**99,783**	112,246
Gain on revaluation of investment properties – wholly owned	**(43,706)**	(58,001)
– in associate (net of deferred tax)	**(756)**	(566)
Change in fair value of interest rate derivatives – Group	**(719)**	4
– in associate	**8**	23
Profit on disposal of surplus land	**–**	(4,754)
Prior period VAT recovery	**(328)**	–
Acquisition costs written off	**296**	–
Share of associate acquisition costs written off	**63**	–
Adjusted profit before tax	**54,641**	48,952
Tax	**(272)**	(247)
Adjusted profit after tax	**54,369**	48,705

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 surplus land, and non-recurring items of income and expenditure have been disclosed to give a clearer understanding of the Group's underlying trading performance.

11. DIVIDENDS

	2017 £000	2016 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2016 of 12.8p (2015: 11.3p) per share.	**20,003**	17,541
Interim dividend for the year ended 31 March 2017 of 13.5p (2016: 12.1p) per share.	**21,155**	18,902
	41,158	36,443
Proposed final dividend for the year ended 31 March 2017 of 14.1p (2016: 12.8p) per share.	**22,107**	20,003

Subject to approval by shareholders at the Annual General Meeting to be held on 20 July 2017, the final dividend will be paid on 27 July 2017. The ex-div date is 22 June 2017 and the record date is 23 June 2017.

The Property Income Dividend ("PID") payable for the year is 24.0 pence per share (2016: 18.1 pence per share).

12. EARNINGS AND NET ASSETS PER SHARE

Earnings per ordinary share

	Year ended 31 March 2017			Year ended 31 March 2016		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic	**99.5**	**156.5**	**63.6**	112.0	155.8	71.9
Dilutive share options	**–**	**1.2**	**(0.5)**	–	0.7	(0.3)
Diluted	**99.5**	**157.7**	**63.1**	112.0	156.5	71.6
Adjustments:						
Gain on revaluation of investment properties	**(43.7)**	**–**	**(27.7)**	(58.0)	–	(37.1)
Change in fair value of interest rate derivatives	**(0.7)**	**–**	**(0.4)**	–	–	–
Profit on disposal of surplus land	**–**	**–**	**–**	(4.8)	–	(3.1)
Acquisition costs written off	**0.3**	**–**	**0.2**	–	–	–
Prior period VAT recovery	**(0.3)**	**–**	**(0.2)**	–	–	–
Share of associate non-recurring gains	**(0.7)**	**–**	**(0.5)**	(0.5)	–	(0.3)
EPRA – diluted	**54.4**	**157.7**	**34.5**	48.7	156.5	31.1
EPRA – basic	**54.4**	**156.5**	**34.8**	48.7	155.8	31.3

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 before non-recurring items, movements on revaluation of investment properties, gains on surplus land, the change in fair value of interest rate derivatives, and share of associate non-recurring gains and losses (including deferred tax on revaluation surpluses) have been disclosed to give a clearer understanding of the Group's underlying trading performance.

12. EARNINGS AND NET ASSETS PER SHARE (continued)

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 2017 £000	31 March 2016 £000
Basic net asset value	**890,350**	829,387
Exercise of share options	**820**	700
EPRA NNNAV	**891,170**	830,087
Adjustments:		
Fair value of derivatives	**2,964**	3,683
Fair value of derivatives – share of associate	**77**	69
Share of deferred tax in associates	**626**	573
EPRA NAV	**894,837**	834,412
Basic net assets per share (pence)	**568.0**	530.8
EPRA NNNAV per share (pence)	**562.1**	525.5
EPRA NAV per share (pence)	**564.4**	528.3
EPRA NAV (as above) (£000)	**894,837**	834,412
Valuation methodology assumption (see note 14) (£000)	**68,530**	64,560
Adjusted net asset value (£000)	**963,367**	898,972
Adjusted net assets per share (pence)	**607.6**	569.1

	No. of shares	No. of shares
Shares in issue	**157,882,867**	157,369,287
Own shares held in EBT	**(1,122,907)**	(1,122,907)
Basic shares in issue used for calculation	**156,759,960**	156,246,380
Exercise of share options	**1,781,652**	1,707,743
Diluted shares used for calculation	**158,541,612**	157,954,123

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 14).

13. NON-CURRENT ASSETS

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

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 31 March 2015	1,007,110	15,681	20,829	1,043,620
Additions	3,668	41,695	–	45,363
Reclassification	19,437	(19,437)	–	–
Adjustment to present value	–	–	303	303
Revaluation (see note 14)	61,995	(3,994)	–	58,001
Depreciation	–	–	(967)	(967)
At 31 March 2016	1,092,210	33,945	20,165	1,146,320
Additions	17,817	2,827	1,871	22,515
Adjustment to present value	–	–	2,761	2,761
Revaluation (see note 14)	44,363	(657)	–	43,706
Depreciation	–	–	(1,196)	(1,196)
At 31 March 2017	**1,154,390**	**36,115**	**23,601**	**1,214,106**

Additions to the interests in leasehold properties relate to the lease at Twickenham 2, acquired from Lock and Leave during the 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 22. Included within additions is £0.1 million of capitalised interest (2016: £0.2 million), calculated at the Group's average borrowing cost for the year of 3.3%. 55 of the Group's investment properties are pledged as security for loans, with a total external value of £951.8 million.

Acquisition of Lock and Leave

On 28 April 2016 the Group acquired the entire share capital and control of three companies from the Lock and Leave Group – Lock and Leave Limited, Kator Storage Limited and Lock and Leave (Twickenham) Limited ("the Companies"), for a consideration of £14.6 million. The net consideration is shown below. The Companies owned two self storage centres in London.

To determine the assets and liabilities acquired at the date of completion of the Companies, the Group has used the balance sheet at the date of acquisition. The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment property was carried at cost in the companies' balance sheets, and hence the fair value adjustment shown below is to increase the carrying amount to open market valuation.

	Book value £000	Adjustments £000	Fair value £000
Non-current assets	5,792	8,808	14,600
Current assets	950	–	950
Current liabilities	(697)	–	(697)
Non-current liabilities	(176)	–	(176)
Net assets (100%)	5,869	8,808	14,677

	£000
Purchase consideration	14,677
Purchase consideration paid	14,677
Cash held in Companies acquired	(438)
Cash outflow on acquisition	14,239

From the date of acquisition of the Companies on 28 April 2016 to 31 March 2017, the revenue of the Companies was £1.8 million, and the statutory profit before tax was £4.4 million. The costs of acquisition amounted to £0.3 million. These are included in administrative expenses in the income statement.

13. 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
Cost						
At 31 March 2015	1,885	53	544	25	1,416	3,923
Retirement of fully depreciated assets	–	–	(103)	–	(439)	(542)
Additions	298	48	151	–	521	1,018
At 31 March 2016	2,183	101	592	25	1,498	4,399
Retirement of fully depreciated assets	–	(4)	(34)	–	(489)	(527)
Additions	6	–	91	30	422	549
Disposals	–	–	–	(23)	–	(23)
At 31 March 2017	**2,189**	**97**	**649**	**32**	**1,431**	**4,398**
Depreciation						
At 31 March 2015	(328)	(50)	(219)	(25)	(251)	(873)
Retirement of fully depreciated assets	–	–	103	–	439	542
Charge for the year	(39)	(2)	(81)	–	(541)	(663)
At 31 March 2016	(367)	(52)	(197)	(25)	(353)	(994)
Retirement of fully depreciated assets	–	4	34	–	489	527
Charge for the year	(42)	(2)	(102)	(5)	(587)	(738)
Disposals	–	–	–	23	–	23
At 31 March 2017	**(409)**	**(50)**	**(265)**	**(7)**	**(451)**	**(1,182)**
Net book value						
At 31 March 2017	**1,780**	**47**	**384**	**25**	**980**	**3,216**
At 31 March 2016	1,816	49	395	–	1,145	3,405

c) Goodwill

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

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.

	Armadillo 1		Armadillo 2	
	31 March 2017 £000	31 March 2016 £000	**31 March 2017 £000**	31 March 2016 £000
At the beginning of the year	**4,173**	3,638	**2,233**	1,934
Share of results (see below)	**1,093**	718	**349**	386
Dividends	**(218)**	(183)	**(178)**	(87)
Share of net assets	**5,048**	4,173	**2,404**	2,233

The Group's total subscription for partnership capital and advances in Armadillo 1 is £1,920,000 and £1,789,000 in Armadillo 2.

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2017 by Jones Lang LaSalle.

13. NON-CURRENT ASSETS (continued)

d) Investment in associates (continued)

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 2017 £000	Year ended 31 March 2016 £000	**Year ended 31 March 2017 £000**	Year ended 31 March 2016 £000
Income statement (100%)				
Revenue	**6,324**	4,829	**4,159**	4,139
Cost of sales	**(3,270)**	(2,560)	**(1,763)**	(1,954)
Administrative expenses	**(207)**	(77)	**(88)**	(97)
Operating profit	**2,847**	2,192	**2,308**	2,088
Gain on the revaluation of investment properties	**3,725**	2,340	**322**	1,111
Net interest payable	**(718)**	(514)	**(729)**	(688)
Acquisition costs written off	**(316)**	–	**–**	–
Fair value movement of interest rate derivatives	**8**	(9)	**(49)**	(104)
Deferred and current tax	**(78)**	(421)	**(109)**	(478)
Profit attributable to shareholders	**5,468**	3,588	**1,743**	1,929
Dividends paid	**(1,091)**	(916)	**(890)**	(434)
Retained profit	**4,377**	2,672	**853**	1,495
Balance sheet (100%)				
Investment property	**43,375**	32,825	**25,900**	24,825
Interest in leasehold properties	**–**	–	**3,526**	3,809
Other non-current assets	**1,125**	1,015	**1,487**	1,490
Current assets	**1,177**	888	**867**	845
Current liabilities	**(1,895)**	(1,193)	**(1,821)**	(1,840)
Derivative financial instruments	**(199)**	(207)	**(188)**	(139)
Non-current liabilities	**(18,341)**	(12,463)	**(17,753)**	(17,825)
Net assets (100%)	**25,242**	20,865	**12,018**	11,165
Group share (20%)				
Operating profit	**569**	439	**462**	418
Gain on the revaluation of investment properties	**745**	468	**64**	222
Net interest payable	**(144)**	(103)	**(146)**	(138)
Acquisition costs written off	**(63)**	–	**–**	–
Fair value movement of interest rate derivatives	**2**	(2)	**(10)**	(21)
Deferred and current tax	**(16)**	(84)	**(21)**	(95)
Profit attributable to shareholders	**1,093**	718	**349**	386
Dividends paid	**(218)**	(183)	**(178)**	(87)
Retained profit	**875**	535	**171**	299
Associates' net assets	**5,048**	4,173	**2,404**	2,233

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2016	566,913	483,367	1,050,280
Movement in year	16,384	44,246	60,630
At 31 March 2017	**583,297**	**527,613**	**1,110,910**
Leasehold stores			
At 31 March 2016	14,777	27,153	41,930
Movement in year	1,433	117	1,550
At 31 March 2017	**16,210**	**27,270**	**43,480**
Total of open stores			
At 31 March 2016	581,690	510,520	1,092,210
Movement in year	17,817	44,363	62,180
At 31 March 2017	**599,507**	**554,883**	**1,154,390**
Investment property under construction			
At 31 March 2016	42,650	(8,705)	33,945
Movement in year	2,827	(657)	2,170
At 31 March 2017	**45,477**	**(9,362)**	**36,115**
Valuation of all investment property			
At 31 March 2016	624,340	501,815	1,126,155
Movement in year	20,644	43,706	64,350
At 31 March 2017	**644,984**	**545,521**	**1,190,505**

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 2017 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Professional 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 second 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.

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 2013 there have only been nine transactions involving multiple assets and 13 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.

14. VALUATION OF INVESTMENT PROPERTY (continued)

Valuation methodology

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold and long leasehold

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

Assumptions

A. 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.

B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 73 trading stores (both freeholds and leaseholds) open at 31 March 2017 averages 82.8% (31 March 2016: 81.9%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 73 stores to trade at their maturity levels is 22 months (31 March 2016: 20 months).

C. 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 73 stores is 6.5% (31 March 2016: 6.5%) rising to a stabilised net yield pre-administration expenses of 7.2% (31 March 2016: 7.2%).

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 9.7% (31 March 2016: 9.9%).

E. Purchaser's costs in the range of 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 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 seven short leasehold properties is 15.0 years (31 March 2016: 15.5 years unexpired).

Sensitivities

As noted in 'Significant judgements and key estimates' on page 103, 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 interrelationship 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 (£m)	25 bps increase (£m)	1% increase (£m)	1% decrease (£m)
Reported group	£1,154.4m	£43.3m	(£40.1m)	£16.7m	(£17.2m)

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. Four schemes do not yet have planning consent and C&W have reflected the planning risk in their valuation.

14. VALUATION OF INVESTMENT PROPERTY (continued)

Immature stores: value uncertainty

C&W have assessed the value of each property individually. However, one of the Group's stores is relatively immature and has low initial cash flows. C&W have endeavoured to reflect the nature of the cash flow profile for this property 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. However, 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 is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction. Please note C&W's comments 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 store 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 asset 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 a Red Book valuation on the above basis, and this results in a higher property valuation at 31 March 2017 of £1,258.5 million (£68.0 million higher than the value recorded in the financial statements). The total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £2.5 million higher than the value recorded in the financial statements, of which the Group's share is £0.5 million. The sum of these is £68.5 million and translates to 43.2 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

15. SURPLUS LAND

	£000
At 31 March 2016	**300**
Disposal	**(300)**
At 31 March 2017	**–**

During the year the remaining surplus land was sold at book value. During the prior year a gain of £4,754,000 arose on the disposal of surplus land at one site during the year (including the release of a prior year impairment).

16. TRADE AND OTHER RECEIVABLES

	31 March 2017 £000	31 March 2016 £000
Current		
Trade receivables	**3,174**	3,050
Capital Goods Scheme receivable	**2,725**	2,866
Other receivables	**266**	241
Prepayments and accrued income	**11,877**	10,065
	18,042	16,222
Non-current		
Capital Goods Scheme receivable	**4,091**	6,561

Trade receivables are net of a bad debt provision of £7,000 (2016: £11,000). 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 between 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 £250,000 (2016: £353,000) 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 19 days past due (2016: 19 days past due).

Ageing of past due but not impaired receivables

	2017 £000	2016 £000
1 – 30 days	**214**	285
30 – 60 days	**23**	45
60 + days	**13**	23
Total	**250**	353

Movement in the allowance for doubtful debts

	2017 £000	2016 £000
Balance at the beginning of the year	**11**	19
Amounts provided in year	**63**	76
Amounts written off as uncollectible	**(67)**	(84)
Balance at the end of the year	**7**	11

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.

16. TRADE AND OTHER RECEIVABLES (continued)

Ageing of impaired trade receivables

	2017 £000	2016 £000
1 – 30 days	**–**	–
30 – 60 days	**2**	4
60 + days	**5**	7
Total	**7**	11

17. TRADE AND OTHER PAYABLES

	31 March 2017 £000	31 March 2016 £000
Current		
Trade payables	**13,279**	10,453
Other payables	**8,352**	10,592
Accruals and deferred income	**15,304**	15,077
	36,935	36,122

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 45% 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 profit and loss ("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.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

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:

	2017 £000	2016 £000
Debt	**(304,955)**	(312,198)
Cash and cash equivalents	**6,906**	17,207
Net debt	**(298,049)**	(294,991)
Balance sheet equity	**890,350**	829,387
Net debt to equity ratio	**33.5%**	35.6%

Debt is defined as long-term and short-term borrowings, as detailed in note 19, excluding finance leases and debt issue costs. Equity includes all capital and reserves of the Group attributable to equity holders of the Company. Net debt is defined as gross bank borrowings less cash and cash equivalents.

18. FINANCIAL INSTRUMENTS (continued)

B. Debt management

The Group currently borrows through a senior term loan, secured on 25 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 2017 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 2.635% (excluding the margin on the underlying debt instrument) until June 2022.

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. The gain in the statement of comprehensive income for the year on the fair value of interest rate derivatives was £719,000 (2016: loss of £4,000).

The fair value of the above derivatives at 31 March 2017 was a liability of £2,964,000 (2016: liability of £3,683,000).

D. Interest rate sensitivity analysis

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

At 31 March 2017, 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 £375,000 (2016: reduced adjusted profit before tax by £388,000) 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 £375,000 (2016: increased adjusted profit before tax by £388,000). 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 decreased during the year, with a slight reduction 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 52,500 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.

18. FINANCIAL INSTRUMENTS (continued)

H. Financial maturity analysis

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

2017 maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Aviva loan	89,955	2,356	2,474	8,190	76,935
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	115,000	–	–	115,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	**304,955**	**2,356**	**2,474**	**153,190**	**146,935**

2016 maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Aviva loan	92,198	2,243	2,356	7,799	79,800
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	120,000	–	–	120,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	312,198	2,243	2,356	157,799	149,800

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 fair 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 derivative, as detailed in note 18C, has 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.

18. FINANCIAL INSTRUMENTS (continued)

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:

2017	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	127	166,652	25,556	192,335
From two to five years	–	1,493	180,928	6,116	188,537
From one to two years	–	692	11,930	2,039	14,661
Due after more than one year	–	2,312	359,510	33,711	395,533
Due within one year	21,631	816	11,930	2,039	36,416
Total	**21,631**	**3,128**	**371,440**	**35,750**	**431,949**

2016	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	506	176,296	22,894	199,696
From two to five years	–	1,684	188,517	5,255	195,456
From one to two years	–	675	12,982	1,752	15,409
Due after more than one year	–	2,865	377,795	29,901	410,561
Due within one year	21,045	1,055	12,982	1,752	36,834
Total	21,045	3,920	390,777	31,653	447,395

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.

2017	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	146,935	17,806	1,911	166,652
From two to five years	153,190	26,373	1,365	180,928
From one to two years	2,474	9,456	–	11,930
Due after more than one year	302,599	53,635	3,276	359,510
Due within one year	2,356	9,574	–	11,930
Total	**304,955**	**63,209**	**3,276**	**371,440**

2016	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	149,800	24,306	2,190	176,296
From two to five years	157,799	29,473	1,245	188,517
From one to two years	2,356	10,626	–	12,982
Due after more than one year	309,955	64,405	3,435	377,795
Due within one year	2,243	10,739	–	12,982
Total	312,198	75,144	3,435	390,777

19. BORROWINGS

Secured borrowings at amortised cost	31 March 2017 £000	31 March 2016 £000
Current liabilities		
Aviva loan	**2,356**	2,243
	2,356	2,243
Non-current liabilities		
Bank borrowings	**145,000**	150,000
Aviva loan	**87,599**	89,955
M&G loan	**70,000**	70,000
Unamortised loan arrangement costs	**(3,276)**	(3,435)
Total non-current borrowings	**299,323**	306,520
Total borrowings	**301,679**	308,763

The weighted average interest rate paid on the borrowings during the year was 3.3% (2016: 3.6%).

The Group has £45,000,000 in undrawn committed bank borrowing facilities at 31 March 2017, which expire between four and five years (2016: £20,000,000 expiring between four and five years).

The Group has a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited. 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 loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million outstanding on the tenth anniversary, with £60 million remaining at expiry in April 2027.

The Group has a £190 million five year bank facility with Lloyds and HSBC expiring in October 2021. £85 million of the facility is term loan with £105 million revolving. The blended margin on the facility when fully drawn is 1.36%. During the year, the Group exercised an option to extend this loan's term by a further year. The Group also has an option to increase the amount of the revolving loan facility by a further £60 million during the course of the loan's term.

The Group has a £70 million seven year loan with M&G Investments Limited, with a bullet repayment in June 2022. 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 for the seven years.

The Group was in compliance with its banking covenants at 31 March 2017 and throughout the year. The main covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2017
Consolidated EBITDA	Minimum 1.5x	6.5x
Consolidated net tangible assets (less goodwill)	Minimum £250m	£888.9m
Bank loan income cover	Minimum 1.75x	10.8x
Aviva loan interest service cover ratio	Minimum 1.5x	3.8x
Aviva loan debt service cover ratio	Minimum 1.2x	2.5x
M&G income cover	Minimum 1.5x	5.9x

19. BORROWINGS (continued)

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2017						
Gross financial liabilities	**304,955**	**150,000**	**154,955**	**3.2%**	**7.0 years**	**5.9 years**
At 31 March 2016						
Gross financial liabilities	312,198	155,000	157,198	3.5%	7.3 years	6.3 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 (£0.1 million), interest rate swaps (£0.5 million), corporation tax losses (£4.5 million), capital allowances in excess of depreciation (£0.3 million) and capital losses (£1.0 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.

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Amounts payable under finance leases:				
Within one year	**2,039**	1,752	**2,005**	1,722
Within two to five years inclusive	**8,155**	7,007	**7,193**	6,136
Greater than five years	**25,556**	22,894	**14,403**	12,307
	35,750	31,653	**23,601**	20,165
Less: future finance charges	**(12,149)**	(11,488)		
Present value of lease obligations	**23,601**	20,165		

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

	Authorised		Called up, allotted and fully paid	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Ordinary shares of 10 pence each	**20,000**	20,000	**15,788**	15,737

Movement in issued share capital	
Number of shares at 31 March 2015	158,055,735
Cancellation of treasury shares	(1,418,750)
Exercise of share options – Share option schemes	732,302
Number of shares at 31 March 2016	157,369,287
Exercise of share options – Share option schemes	513,580
Number of shares at 31 March 2017	**157,882,867**

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

At 31 March 2017 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 2017**	Number of ordinary shares 2016
3 August 2009	nil p**	3 August 2012	2 August 2019	**–**	2,075
12 July 2010	nil p **	12 July 2013	11 July 2020	**–**	4,781
19 July 2011	nil p **	19 July 2013	19 July 2021	**2,400**	7,112
11 July 2012	nil p **	11 July 2015	10 July 2022	**8,559**	15,724
12 March 2013	305.5p *	1 April 2016	1 October 2016	**–**	31,365
19 July 2013	nil p **	19 July 2016	19 July 2023	**78,469**	511,821
25 February 2014	442.6p*	1 April 2017	1 October 2017	**21,624**	23,655
29 July 2014	nil p**	29 July 2017	29 July 2024	**485,032**	503,591
16 March 2015	494.6p*	1 April 2018	1 October 2018	**95,016**	101,014
21 July 2015	nil p**	21 July 2018	21 July 2025	**379,293**	399,117
14 March 2016	608.0p*	1 April 2019	1 October 2019	**41,809**	49,296
22 July 2016	nil p**	22 July 2019	21 July 2026	**402,225**	–
15 March 2017	580.0p	1 April 2020	1 October 2020	**65,374**	–
				1,579,801	1,649,551

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

OWN SHARES

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market, and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2016: 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 £2,324,000 (2016: £2,539,000).

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 78 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 and 2013 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £7.38 (2016: £7.04).

LTIP scheme	**2017 No. of options**	2016 No. of options
Outstanding at beginning of year	**1,444,221**	1,662,358
Granted during the year	**455,331**	468,546
Lapsed during the year	**(59,094)**	(46,728)
Exercised during the year	**(484,480)**	(639,955)
Outstanding at the end of the year	**1,355,978**	1,444,221
Exercisable at the end of the year	**89,428**	29,692

The weighted average fair value of options granted during the year was £1,017,000 (2016: £976,000).

Employee Share Save Scheme ("SAYE")	**2017 No. of options**	**2017 Weighted average exercise price (£)**	2016 No. of options	2016 Weighted average exercise price (£)
Outstanding at beginning of year	**205,330**	**4.87**	255,853	3.74
Granted during the year	**65,374**	**6.08**	49,296	6.08
Forfeited during the year	**(17,781)**	**4.65**	(7,472)	4.65
Exercised during the year	**(29,100)**	**2.40**	(92,347)	2.40
Outstanding at the end of the year	**223,823**	**4.87**	205,330	4.87
Exercisable at the end of the year	**–**	**–**	–	–

Options outstanding at 31 March 2017 had a weighted average contractual life of 2.1 years (2016: 2.2 years).

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

	LTIP	SAYE
Expected volatility	30%	26%
Expected life	3 years	3 years
Risk-free rate	0.1%	0.1%
Expected dividends	3.9%	3.9%

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

Long Term bonus performance plan

The Executive Directors receive awards under the Long Term Bonus Performance Plan. This is accounted for as an equity instrument. The plan was set up in July 2015. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report. At 31 March 2017 the weighted average contractual life was 1.3 years.

24. CAPITAL COMMITMENTS

At 31 March 2017 the Group had £8.6 million of amounts contracted but not provided in respect of the Group's properties (2016: £0.4 million of capital commitments).

25. EVENTS AFTER THE BALANCE SHEET DATE

On 19 May 2017, the Group acquired a property in Wapping, London for £10.75 million.

26. 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 13, the Group has a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1"), and entered into transactions with Armadillo 1 during the period on normal commercial terms as shown in the table below.

Transactions with Armadillo Storage Holding Company 2 Limited

As described in note 13, the Group has a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"), and entered into transactions with Armadillo 2 during the period on normal commercial terms as shown in the table below.

	31 March 2017 £000	31 March 2016 £000
Fees earned from Armadillo 1	**574**	414
Fees earned from Armadillo 2	**253**	291
Balance due from Armadillo 1	**86**	103
Balance due from Armadillo 2	**48**	89

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 75 to 83.

	31 March 2017 £000	31 March 2016 £000
Short term employee benefits	**1,325**	1,316
Post-employment benefits	**151**	148
Share based payments	**1,566**	1,973
	3,042	3,437

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 £36,000 (2016: £24,000).

No other related party transactions took place during the years ended 31 March 2017 and 31 March 2016.

Company Balance Sheet

Year ended 31 March 2017

	Note	2017 £000	2016 £000
Non-current assets			
Plant, equipment and owner-occupied property	*29a*	**1,840**	1,890
Investment in subsidiary companies	*29b*	**18,020**	15,696
		19,860	17,586
Current assets			
Trade and other receivables	*30*	**481,294**	528,125
Derivative financial instruments	*32*	**297**	–
Cash and cash equivalents		**1**	1
		481,592	528,126
Total assets		**501,452**	545,712
Current liabilities			
Trade and other payables	*31*	**(3,137)**	(3,075)
		(3,137)	(3,075)
Non-current liabilities			
Derivative financial instruments	*32*	**–**	(315)
Bank borrowings	*32*	**(143,635)**	(148,755)
		(143,635)	(149,070)
Total liabilities		**(146,772)**	(152,145)
Net assets		**354,680**	393,567
Equity			
Share capital	*22*	**15,788**	15,737
Share premium account		**45,462**	45,227
Reserves	*27*	**293,430**	332,603
Equity shareholders' funds		**354,680**	393,567

The Company reported a loss for the financial year ended 31 March 2017 of £0.3 million (2016: loss of £0.3 million). The financial statements were approved by the Board of Directors and authorised for issue on 22 May 2017. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Company Cash Flow Statement

Year ended 31 March 2017

	2017 £000	2016 £000
Operating loss	**(949)**	(939)
Depreciation	**53**	41
Decrease in receivables	**46,831**	77,979
(Increase)/decrease in payables	**(73)**	370
Cash generated by operations	**45,862**	77,451
Interest paid	**(3,572)**	(4,293)
Interest received	**3,585**	4,249
Cash flows from operating activities	**45,875**	77,407
Purchase of non-current assets	**(3)**	(374)
Cash flows from investing activities	**(3)**	(374)
Financing activities		
Issue of share capital	**286**	378
Equity dividends paid	**(41,158)**	(36,443)
Repayment of Lloyds short term loan	**–**	(70,000)
(Decrease)/increase in borrowings	**(5,000)**	29,000
Cash flows from financing activities	**(45,872)**	(77,065)
Net movement in cash and cash equivalents	**–**	(32)
Opening cash and cash equivalents	**1**	33
Closing cash and cash equivalents	**1**	1

Company Statement of Changes in Equity

Year ended 31 March 2017

	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 2016	15,737	45,227	74,950	1,795	256,877	(1,019)	393,567
Total comprehensive loss for the year	–	–	–	–	(339)	–	(339)
Dividend	–	–	–	–	(41,158)	–	(41,158)
Issue of share capital	51	235	–	–	–	–	286
Credit to equity for equity-settled share based payments	–	–	–	–	2,324	–	2,324
At 31 March 2017	**15,788**	**45,462**	**74,950**	**1,795**	**217,704**	**(1,019)**	**354,680**

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 2016

	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 2015	15,806	44,922	74,950	1,653	295,684	(5,623)	427,392
Total comprehensive loss for the year	–	–	–	–	(299)	–	(299)
Dividend	–	–	–	–	(36,443)	–	(36,443)
Issue of share capital	73	305	–	–	–	–	378
Cancellation of treasury shares	(142)	–	–	142	(3,727)	3,727	–
Use of own shares to satisfy share options	–	–	–	–	(877)	877	–
Credit to equity for equity-settled share based payments	–	–	–	–	2,539	–	2,539
At 31 March 2016	15,737	45,227	74,950	1,795	256,877	(1,019)	393,567

27. LOSS 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 loss for the year attributable to equity shareholders dealt with in the financial statements of the Company was £0.3 million (2016: loss of £0.3 million).

28. 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 International Financial Reporting Standards.

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. See note 23 for details of share based payments affecting the Company.

Going concern

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

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.

29. NON-CURRENT ASSETS

a) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	Total £000
Cost				
At 31 March 2016	2,183	64	30	2,277
Additions	3	–	–	3
At 31 March 2017	**2,186**	**64**	**30**	**2,280**
Accumulated depreciation				
At 31 March 2016	(367)	(18)	(2)	(387)
Charge for the year	(41)	(2)	(10)	(53)
At 31 March 2017	**(408)**	**(20)**	**(12)**	**(440)**
Net book value				
At 31 March 2017	**1,778**	**44**	**18**	**1,840**
At 31 March 2016	1,816	46	28	1,890

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2016	15,696
Additions	2,324
At 31 March 2017	**18,020**

29. NON-CURRENT ASSETS (continued)

b) Investments in subsidiary companies (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. The subsidiaries at 31 March 2017 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
Big Yellow Construction Company Limited	Construction management
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 (Chester) Limited	Self storage
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 6 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
Last Mile Company Limited	Holding Company
Lock and Leave Limited	Self storage
Lock and Leave (Twickenham) Limited	Self storage

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

The Group has a 20% interest in two associates, and the companies are incorporated, registered and operate in England and Wales. The Company's associates at 31 March 2017 are listed below:

Name of associate	Principal activity
Armadillo Storage Holding Company Limited	Self Storage
Armadillo Storage Holding Company 2 Limited	Self Storage

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 2017.

.Big Yellow Self Storage (GP) Limited
Big Yellow Construction Company Limited
Big Yellow Holding Company Limited
Big Yellow Self Storage (Chester) Limited
Big Yellow Self Storage Company 8 Limited
BYRCo Limited
BYSSCo Limited
Kator Storage Limited
Last Mile Company Limited
Lock and Leave Limited
Lock and Leave (Twickenham) Limited

30. TRADE AND OTHER RECEIVABLES

	31 March 2017 £000	31 March 2016 £000
Amounts owed by Group undertakings	**481,188**	528,015
Prepayments and accrued income	**106**	110
	481,294	528,125

31. TRADE AND OTHER PAYABLES

	31 March 2017 £000	31 March 2016 £000
Current		
Other payables	**2,992**	2,675
Accruals and deferred income	**145**	400
	3,137	3,075

32. BANK BORROWINGS AND FINANCIAL INSTRUMENTS

Interest rate derivatives

The Company has one interest rate swap in place at the year end; £30 million fixed at 0.4% (excluding the margin on the underlying debt instrument) until October 2021. The floating rate at 31 March 2017 was paying a weighted average margin of 1.37% above one month LIBOR, the fixed rate debt was paying a margin of 1.5%. The Group's policy on risk management is set out in the Report on Corporate Governance on page 66 and in note 18.

	31 March 2017 £000	31 March 2016 £000
Bank borrowings	**145,000**	150,000
Unamortised loan arrangement fees	**(1,365)**	(1,245)
	143,635	148,755

Maturity profile of financial liabilities

	2017 Financial liabilities £000	2016 Financial liabilities £000
Between one and two years	**–**	–
Between two and five years	**145,000**	150,000
Gross financial liabilities	**145,000**	150,000

The fair value of interest rate derivatives at 31 March 2017 was an asset of £297,000 (2016: liability of £315,000). See note 18 for detail of the interest rate profile of financial liabilities.

33. FINANCIAL INSTRUMENTS

The disclosure relating to the Company's financial instruments are detailed in note 18 to the Group financial statements. These disclosures are relevant to the Company's bank borrowings and derivative financial instruments. In addition, the Company has trade and other payables of £3,137,000 in the current year (2016: £3,075,000), which are held at amortised cost in the financial statements.

34. RELATED PARTY TRANSACTIONS

Included within these financial statements are amounts owing from Group undertakings of £481,188,000 (2016: £528,015,000), including intercompany interest receivable of £3,585,000 (2016: £4,249,000).