

# Annual Review

for the 52.5 weeks ended 30 March 2008



# Officers and Professional Advisers

## Headquarters

Spring Valley Industrial Estate  
Douglas  
ISLE OF MAN  
IM2 1AA

## Board Members

Mr E A Crowe MLC – Chairman, appointed 17 June 2008  
Mrs P M Crowe – Chairman, to 17 June 2008  
Mr C G Corkish MBE MHK – Vice Chairman  
Mr C D Pemberton  
Mr M Bathgate  
The Ven B Partington OBE

## Chief Executive

Mr A W Chacksfield

## Principal Bankers

Isle of Man Bank  
2 Athol Street  
Douglas  
ISLE OF MAN  
IM1 1JA

## Principal Advocates

HM Attorney General  
Attorney General's Chambers  
3rd Floor, St Mary's Court  
Douglas  
ISLE OF MAN  
IM1 1EU

## Auditors

KPMG Audit LLC  
Heritage Court  
PO Box 93  
Douglas  
ISLE OF MAN  
IM99 1HN

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## A Message from the Chairman

As a Statutory Board of Government, the core business of Isle of Man Post Office is to function as the public postal operator of the Island.

# Chairman's Statement

As the recently appointed Chairman it gives me great pleasure in reporting on the development of the business for the 52.5 weeks ended 30 March 2008. Although new to the position I am pleased to be part of a very enterprising and dynamic organisation, which makes a valuable contribution both financially, and in social terms, to our Community.

This year witnessed the first full year of implementation of the new strategic plan for the Isle of Man Post Office. The full year result is encouraging and reflects the hard work of all members and staff of the Isle of Man Post Office throughout the year.

This result is all the more pleasing when considered in the context of the overall postal market, where substantial change is already being driven by developments in technology and consumer demands. Our strategic plan recognises these changes and continues to stress the need for ongoing innovation in our products and increased customer responsiveness to enable us to succeed in this changing environment. The Board is confident it can meet these challenges.

Our focus for the coming year must be to continue to look for profitable new revenue opportunities which support and build upon our core services, whilst maintaining excellent customer service. The Board is pleased with progress across all areas of the business, Mails and Parcels, the Retail Network, Philatelic Bureau, Licensing and in particular Integrated Mailing Solutions which continues to introduce new and innovative services to handle and process our customers mailing, printing and document management requirements. It is interesting to note that all of the services we provide are complementary to each other.

We must continue to generate sufficient revenue to ensure long term sustainability and growth, and continue the process of building a commercial, innovative and customer responsive culture within the business.

This is also the first year we have published a statement of internal control. The Isle of Man Post Office has had an audit committee now for some five years and it is pleasing to be able to report the progress we have made to implement the principles of good corporate governance and risk management within the organisation.

The Board would like to thank all members and staff of the Post Office for their hard work and dedication during the year. The Board also wishes to record its appreciation for the work of the outgoing Chairman, Mrs P M Crowe, whose stewardship included this financial year.

**Alan Crowe MLC**  
Chairman

Right: Alan Crowe MLC, Chairman



# Chief Executive's Report

## Our results

The Isle of Man Post Office grew its revenues by 10% during the year lifting them from £20.9m to £23.1m. The resultant profit for the period grew by a very satisfactory 89% from £1.05m to £1.98m.

These results enabled the Business to increase its year on year contribution to the general revenue of the Island by 89% from £471k to £892k and to increase its transfer to reserves by the same percentage from £576k to £1.09m.

Much of the business improvement came from the introduction of a strategic plan that re-structured the business into six business units and gave it a clear sense of direction.

## Our business

The Isle of Man Post Office operates under the Post Office Act 1993. It is a gateway to the world for all residents, businesses and visitors, providing mail, parcel, philatelic, retail and associated value added services. In addition it is a conduit for agreed Government services to the Island's community.

To provide the above the Business is divided into six business units each focusing on different segments of the market:

- **Our Mails Business Unit** meets our statutory obligation to provide a universal service for letter post for the Isle of Man. It has a very close and long standing relationship with Royal Mail who provide both our service to and from the UK, as well as our international services.

Mails had an excellent year contributing significantly to the improved results shown above. Its flagship products are the courier "special delivery product" between the IOM and the UK with its superb service level and economic pricing and its bespoke same day delivery product.

- **Our Parcels Business Unit** meets our statutory obligation to provide a universal service for parcels for the Isle of Man. This service operates in competition with other parcel carriers. It has a good working relationship with Parcelforce who provide services to and from the UK, as well as our international service. It has number of large Home Shopping customers. The results from Parcels are disappointing given the growth of e-commerce.
- **Our Retail Business Unit** provides our network of Crown Post Offices and Sub-Post Offices. They had a promising year reducing their traditional losses through tight cost control and a substantial expansion in Foreign Exchange. Much work is currently being undertaken to introduce Postal Kiosks that will further improve efficiency as well as reduce queuing time.
- **Our Philatelic Business Unit** had an excellent year starting with a huge boost from sales of its memorabilia products during the 100th Anniversary of the TT. It produced 9 beautiful new stamp issues including one to commemorate the 90th Anniversary of the Royal Air Force. We received letters from both the Chief of The Defence Staff and the Chief of the Air Staff congratulating us on these beautiful stamps.
- **Our Integrated Mailing Solutions Business Unit** has also had a successful year. It has restructured in order



Left: A W Chacksfield, Chief Executive

to accommodate growth. It provides services to complement our other Business Units adding value to them. Its services include Mail Opening, Printing, Fulfilment, Scanning and Data Capture, Stationery and Franking. We are very excited with the potential of this Business Unit which has some very large customers in the pipeline.

- **Our Vehicle Licensing Business Unit** provides the Island's community with vehicle, driving and dog licences. It is tightly run in order to keep costs down but still provides an Island wide facility through our retail network.

## Our Service Delivery

In order to provide clear direction to our service delivery during the year the Isle of Man Post Office developed a simple vision which is supported by a set of Corporate Social values.

### Our vision

**“The Isle of Man Post Office will be a successful, innovative and socially responsible Postal Services provider, achieving excellence in all that it does”**

**We will be mindful of our Corporate Social Responsibilities by:**

- Treating our customers with respect by placing them at the centre of our decision making process
- Dealing with our customers in an open and honest manner, ensuring our tariffs are easy to understand

- Conducting our business with integrity to the highest ethical standards
- Ensuring all confidential data is protected in line with the highest international standards
- Being a good “corporate citizen” and ambassador for the Island
- Respecting the environment within which we operate, recognising the importance of the Island's traditions and heritage
- Treating each other with fairness and respect, providing equal opportunities for everybody and encouraging innovation and creativity.

## Our Commitment

The Isle of Man Post Office is committed to playing its part in both supporting the development of the Islands economy and its social well being. Our staff continue to play the key role in this commitment and I take this opportunity to express my gratitude for their hard work and commitment during the 2007/2008 financial year.

A W Chacksfield  
Chief Executive

## Our Vision

**“The Isle of Man Post Office will be a successful, innovative and socially responsible Postal Services provider, achieving excellence in all that it does”**



## The Postal Service

“As a small business we rely on the postal service. Not only is it always on time, it’s also excellent value – and our postman is very friendly and pleasant to deal with.”

Mike Carney, Carrick Financial Services, Port Erin

## Delivering the Goods

In 2007-08 Isle of Man Post Office handled 46 million letters and posted over 200,000 guaranteed parcels and packets to addresses in the UK and overseas. That's a lot of mail, and our performance over the year proves that quality can go hand in hand with quantity with 95% of local to local mail being delivered next day.

Quality remains a priority for both Isle of Man Post Office and Royal Mail and it was disappointing that during the year service between the Island and the UK was disrupted for a significant period when Royal Mail was hit by a series of stoppages over pay. These issues have been resolved and service levels improved.

Another priority is value. Despite a price increase, standard next day mail from the Island is just 31p, which is cheaper than the UK, Jersey and Guernsey or anywhere else in Europe. The guaranteed and insured next day Special Delivery service, starting from only £4.60 Special Delivery is far better value than couriers.

## The Bigger Picture

Growth in global mail volumes has flattened out over the last few years and some streams have now started to go into decline. As delivery of mail is our core business, we are heavily exposed to this trend, with each 1% decrease in volume hitting profits to the tune of over £100,000. The UK market has been fully liberalised since 2006 and in that time has seen dramatic falls in its posted volumes, with work being lost to competitors. Mail from businesses on the Island but destined for addresses in the UK and overseas is vulnerable to this competition and in these days of electronic transfer of data mail can be printed and introduced to the postal system almost anywhere in the world.

But that can work to our advantage too and that is why we're looking to develop links with other partners and to provide a truly one stop shop for customers who want a Post Office that offers a comprehensive range of mailing related services. Literally just through a door from the Mail Centre sorting office is IMS (Integrated Mailing Solutions). They provide printing, enveloping, document management and scanning services with unprecedented and continuous access to the mail network. Lots of businesses on the Island have found out how much value it adds to their operation to put work into IMS.

## Changing Markets, Changing Customers

In view of the issues affecting our core business, we have been working hard to broaden our customer base. Our market share in areas outside delivery of letters has increased again over the year – for example, with parcels, packets and premium delivery services. The internet shopping and eBay boom means we are now delivering a diverse range of items to people's homes, from CDs to tyres and clothes to vacuum cleaners. We seek to add to the long running major contract we have with one of the UK's largest home shopping companies.

This has seen us working with new customers, both in the domestic and commercial Sectors, on the Island and in the UK. As long as people want it moved, we'll move it for them.

**“Do you provide your Postmen with a special diet or pill? Without exception they are all so polite, pleasant, smiling, cheerful, helpful and considerate.”**

**Mrs R, Vicarage Park, Douglas**



# Integrated Mailing Solutions

Integrated Mailing Solutions (IMS) has developed into the largest mailing division on the Island. It is a fully commercial division of Isle of Man Post Office competing in an increasingly competitive market place both on and off the Island.

It provides a range of services including mail opening, printing, fulfilment, scanning and data capture, franking and stationery supply. IMS works with Isle of Man, UK and global based clients.

The division has vast experience and unrivalled expertise in delivering the most efficient and cost effective mailing support services.

## Providing Peace of Mind

IMS guarantees quality and security that is second to none. IMS is located in secure premises with CCTV coverage and access to all work areas is strictly controlled.

Every job is covered by a service level agreement and all work is carried out to the highest levels of confidentiality and security.

For added security, all of the systems operate on a dedicated network which is isolated from the general business systems. It operates with an off-site mirror and back up service. Additionally the systems are subject to regular penetration testing by independent and trusted external agencies such as the National Computer Centre (NCC).

**“Our office would have no hesitation in endorsing IMS as a system of best practise.”**

Isle of Man Data Protection Office

## Business Continuity

A business continuity strategy is an essential requirement for all organisations.

IMS can support and enhance companies in house resources as and when required and provide a back up service on a contractual basis. This gives customers a seamless support in the event of an emergency, ensuring that their mailing service to clients is maintained – whatever happens.

## Growth and expansion

Over the past year IMS has developed and grown its document scanning and data capture services, with the capacity and expertise to process any type of data.

Our document scanning service can process anything from account opening forms to questionnaires and collate typed or handwritten data and return to clients in a format of their choice. IMS also undertakes numerous back scanning projects.

With a growth in these services along with an expanding customer base, IMS enjoyed a 10% increase in turnover in 07/08 compared with the previous year.





## Outstanding Service Award 2008

With an internationally dispersed customer base and a reputation for superior service, it's vital that we despatch our year-end statement as quickly as possible. IMS have been able to process a record number of statements in record time and I am delighted to award them with our 'outstanding service award'

Nationwide International, 2008

# Parcels

In the year ended 31 March 2008, over 300,000 parcels were delivered locally and nearly 20,000 parcels exported to both the UK and Internationally. As we service both the residential and business markets, we handle many deliveries on behalf of several major third party parcel carriers and have recently introduced a state of the art tracking system to capture shipment details. We have invested in the latest technology from Skillweb to enable a track and trace service of its parcels and packets delivered throughout the Isle of Man. Isle of Man postal delivery workers have been equipped with mobile devices incorporating barcode scanners and a touch screen to capture customer signatures.

## Flexible solution

Isle of Man Post Office selected Skillweb's 2020ePOD solution following a tender process, where it reviewed several other competitive products. Skillweb's solution most closely matched our organisation's needs and was also priced competitively.

## Streamlined proof of delivery

When deliveries are carried out and the customer signs the screen on the handheld device, the details of the shipment are transmitted to file servers hosted by Skillweb that store the information. This data is then also sent on to third party carriers, to provide proof of delivery in the Island. Similarly, all collections taken at the counter and passed on behalf of other carriers are tracked through the Post Office's point of sale systems. Details are sent via the Skillweb solution to the parcel carrier systems.

## Improved customer service

The new system has enabled us to provide an improved service to customers. The Customer Services Team has access to real-time delivery information and is able to update customers exactly on the stage of their delivery.

We wanted to develop our service to meet today's customer expectations – to be able to respond quickly to enquiries with the latest information. Skillweb's solution has enabled us to give a much better customer service.

## Business benefits

The new solution has also resulted in considerable business benefits. Using just one system has improved efficiencies, both in the time taken to process delivery information and the reduction on manual inputting of data. Previously paper receipts or dockets were used for proof of delivery which required a lot of collating and administration, particularly for larger account customers and partners. Now paper trails have been eliminated and the reconciliation of accounts is both more accurate and faster.





## Improved Customer Service

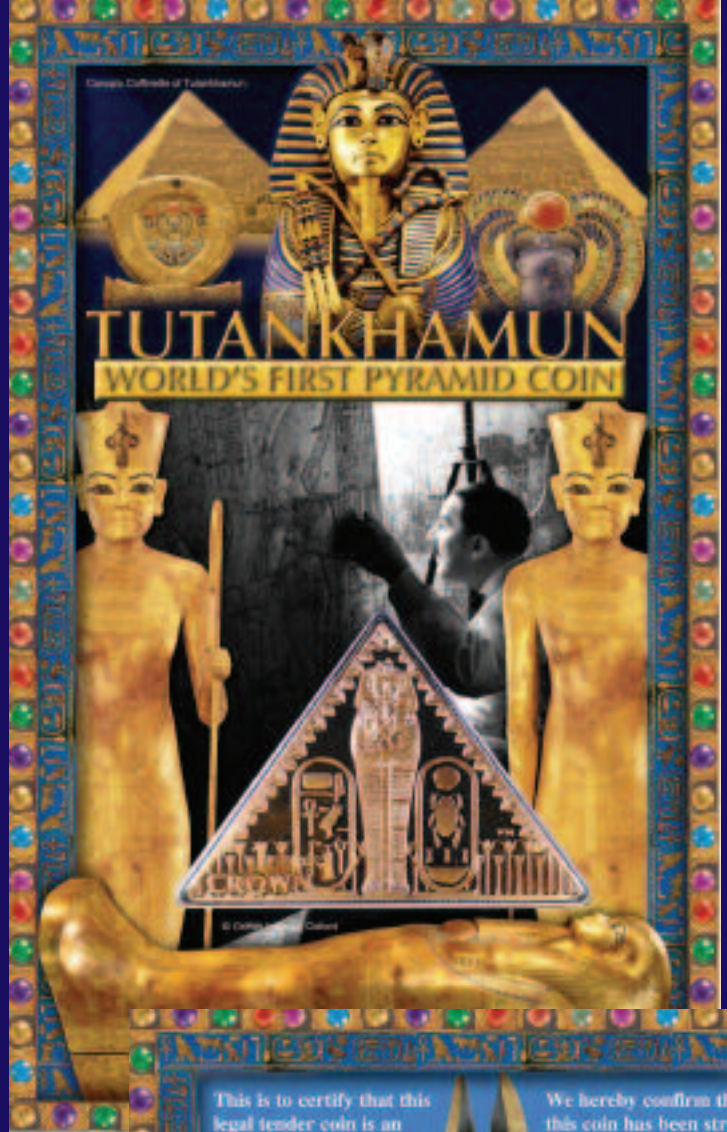
“The Customer Services Team has access to real-time delivery information and is able to update customers exactly on the stage of their delivery.”

Best Business Research

# Isle of Man Stamps

“Balancing the demands for opening up new markets while maintaining the support of existing ones is a challenge which all postal administrations are facing in the 21st century. Isle of Man Stamps and Coins is one of those which stands out as meeting this challenge very effectively.”

Hugh Jeffries, Editor, Gibbons Stamp Monthly



Left: The first ever Pyramid Coins

Centre: The World Scout Jamboree and Centenary stamps

Far right top: Isle of Man TT Centenary Year Book

Far right bottom: Manx Connections with Northern Canada stamps

Isle of Man Stamps and Coins is internationally renowned for quality products, innovative design and outstanding value. 2007/2008 confirmed our high standing in the world of stamps and collectables with an award from the readers of "The Canadian Connection" for our stamp issue Manx Connections with Northern Canada. We also received an invitation from the Scout Association to be the sole supplier of postal material at the World Scout Jamboree which took place at Hylands Park in Essex during August 2007. The Jamboree coincided with the Centenary of Scouting and brought people of all ages together from virtually every country in the world. As well as sales exceeding all our expectations, to be part of it was a real privilege for the staff of the Isle of Man Post Office.

June 2007 saw thousands of TT Fans watch the Races from vantage points around the Island. The Bureau formed partnerships with many private businesses including Marks and Spencer PLC (126 stores) whereby our official merchandise was sold under licence. Most product lines sold out in record breaking time, including our most expensive item ever produced the TT Signature Print Limited edition of 100 copies RRP £550.00.

The success of the TT and the World Scout Jamboree retailing activity would not have been possible without the tremendous support and co-operation we received from all departments of the Isle of Man Post Office. Frequently staff at all levels across the Business and staff representatives were required to be flexible and go above and beyond the call of duty in order to ensure a positive result.

Isle of Man Stamps and Coins help to promote the Island's culture and heritage across the globe, while eight of the year's nine stamp themes drew heavily on a Manx connection in the text, four of the new issues related directly to the Island in the stamp artwork. These include the artwork of Norman Sayle, Maps of the Isle of Man and Manx Viking History.

The web is an increasingly important source of business for Isle of Man Stamps, to this end we established joint marketing activities with firms such as Duke Marketing, Motor Cycle News and SEPAC (a group of small European postal administrations of which Isle of Man Stamps and Coins is a member).

As the Treasury appointed representative for Isle of Man Coins we have liaised with Pobjoy Mint to produce a wide range of themes during 2007/2008, however no-one could have envisaged the world wide success of the first ever Pyramid Coin produce in November 2007. As supplies reached the Island they sold out the same day. The coins were featured on national TV, Radio, and Press.



# The Post Office Network

“When one customer was asked what they liked about the service, they simply said ‘everything’.”

## Best Business Research

The post office network is about much more than just stamps. Offering more than 25 counter services in 29 post offices around the Island, our services range from DHSS payments to mobile top-ups with many of our branches also incorporating the local shop.

The post office in fact plays a vital role in helping to maintain community values. In particular, our sub postmasters provide invaluable support to the elderly and more vulnerable members of the community.

At the same time, this first-hand local knowledge means we get direct feedback from customers and know very quickly how well a particular product or service is being received.

# The Destination for Foreign Currency

This year's big success story from our retail network is our commission free Foreign Currency service offered at every post office around the Island. We have made it easier and cheaper to access foreign currency with excellent exchange rates and a full range of currency available. Both our Regent Street branch in Douglas, and our Court Row branch in Ramsey keep Euros and Dollars in stock with all other currencies available to order. Orders can also be taken for all currencies at every sub-Post Office for convenient collection permanently giving our customers quick and easy access to our popular service.

# Identifying and meeting our Customers' needs

Using results from our Counters Retail Network research undertaken in 2006, we have been looking at ways to improve our service delivery throughout the entire network. We are therefore delighted to be trialling Postal services kiosks, initially in our Regent street office over the next year with the intention for these to be rolled out if successful. These will help reduce queues at peak times such as lunch hours and form part of our commitment to create a commercial, innovative and customer responsive culture.

# More in Store

We recognise the importance of providing services to meet the needs of our customers which is why we now offer a range of banking services from a number of Island banks including Barclays, Bank of Scotland and Bradford and Bingley. We are continuously thinking about new services we can offer through our post office network to help improve our range available to Island residents.



# People to People

“Knowledgeable and helpful”

“Easy to deal with”

“Polite and capable”

“Eager to please”

“Very efficient”

“Amazingly cheerful and pleasant”

Customer comments on Isle of Man Post Office staff,  
Best Business Research

Isle of Man Post Office is all about people. With a reputation built on trust, we believe in building long-term, mutually beneficial relationships with commercial and domestic customers alike.

Our commitment to people applies within the business too. Employing 405 staff in six locations, we invest in specialist training and development to help each individual

realise their full potential. Wherever possible we promote from within, giving individuals the opportunity to play a meaningful part in our long-term success.

All this results in exceptional dedication and loyalty on the part of our staff. Around half of our staff have been with us for more than 10 years, while we currently have two staff members with 50 years' service each.

Our people are both employees and customers, which helps to foster a genuine interest and pride in everything they do.

As well as making an impact on our business, this high level of personal involvement makes a real difference within the community. Our Post Persons, for example, will keep an eye out for elderly people living alone.

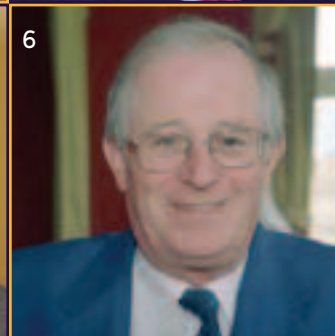
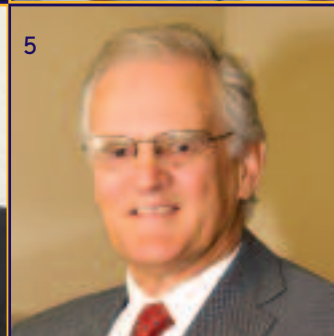
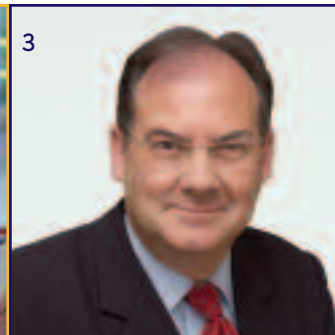
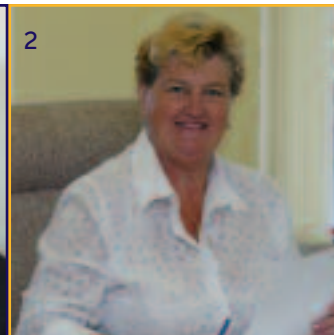
Despite difficult conditions in the postal business as a whole, our people have risen to the challenge, making 2007/08 an exciting year for Isle of Man Post Office. We look forward to reporting on many more important new developments this time next year.

## Board Members

1. Mr E A Crowe MLC  
– Chairman, appointed 17 June 2008
2. Mrs P M Crowe  
– Chairman, to 17 June 2008
3. Mr C G Corkish MBE MHK  
– Vice Chairman
4. Mr C D Pemberton
5. Mr M Bathgate
6. The Ven B Partington OBE

## Chief Executive

7. Mr A W Chacksfield



These two pages give an overview of Isle of Man Post Office's financial performance for the 52.5 weeks ending 30 March 2008. For the full version of our accounts, please call 01624 698400 or download a copy by visiting our website at [www.iompost.com](http://www.iompost.com)

## Profit and Loss Account

for the 52.5 weeks ended 30 March 2008

	52.5 weeks ended 30 March 2008 £	52 weeks ended 28 March 2007 £
Total income	23,050,415	20,943,105
Total expenditure	(17,357,738)	(16,307,318)
Gross profit	5,692,677	4,635,787
Other operating expenditure	(4,759,756)	(4,394,708)
Operating profit	932,921	241,079
Interest income	1,049,221	805,634
Total profit for the period	1,982,142	1,046,713
Unappropriated profit brought forward	-	-
Profit available for appropriation	1,982,142	1,046,713
Contribution to Isle of Man Government Treasury	(891,964)	(471,021)
Profit after contribution	1,090,178	575,692
Transfer to reserves	(1,090,178)	(575,692)
Unappropriated profit carried forward	-	-

The Board considers that all results derive from continuing activities.

# Balance Sheet

as at 30 March 2008

	£	2008 £	£	2007 £
<b>Fixed assets</b>		<b>8,198,860</b>		8,884,916
<b>Current assets</b>				
Stocks	146,218		86,756	
Debtors	3,313,267		3,562,048	
Amounts due from Isle of Man Government	37,733		57,102	
Short term deposit	3,303,452		3,478,676	
Cash at bank and in hand	11,402,430		8,442,479	
	<b>18,203,100</b>		15,627,061	
<b>Creditors: amounts falling due within one year</b>				
Other creditors	2,924,102		3,190,343	
Amounts due to Isle of Man Government	5,057,866		3,910,957	
	<b>7,981,968</b>		7,101,300	
<b>Net current assets</b>		<b>10,221,132</b>		8,525,761
<b>Pension scheme liability</b>		<b>(785,291)</b>		(490,647)
<b>Net assets</b>		<b>17,634,701</b>		16,920,030
<b>Represented by:</b>				
Reserves		<b>17,634,701</b>		16,920,030

These financial statements were approved by the Board on 30 July 2008 and were signed on their behalf by:

**Alan Crowe**  
Chairman

**A W Chacksfield**  
Chief Executive

**David Catlow**  
Finance Director

**Postal Headquarters**  
Spring Valley Industrial Estate  
Douglas  
ISLE OF MAN  
IM2 1AA

**Telephone**  
+44 (0)1624 698400

**Email**  
[customer.services@iompost.com](mailto:customer.services@iompost.com)

**Web**  
[www.iompost.com](http://www.iompost.com)

