

Isle of Man Post Office

Report and financial statements

For the period ended 31 March 2024

Isle of Man Post Office

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Isle of Man Post Office

Officers and Professional Advisers

Headquarters

Spring Valley Industrial Estate
Douglas
Isle of Man
IM2 1AA

Board Members

Mr S Peters MHK – Chairman
Mrs D Kelsey MLC – Vice Chair
Mr C Allen
Mr J D Hollis
Mr C Mitchell

Chief Executive Officer

Mr S Kneen

Principal Bankers

Isle of Man Bank
East Region
2 Athol Street
Douglas
Isle of Man
IMI IJA

Principal Advocates

HM Attorney General
Attorney General's Chambers
Ground Floor, Belgravia House
Circular Road
Douglas
IMI IAE

Auditor

Grant Thornton Limited
3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IMI IJD

Isle of Man Post Office

Chairman's Statement

I am proud to report that the business performed strongly during 2023/2024, the fifth consecutive year the business has made a positive financial return. This is testament to our valued customers and the efforts of all colleagues for their unwavering commitment, diligence and enthusiasm during an exceptionally busy year. While we report a profit, the year has not been without significant challenges, most notably high inflation, the removal of the dedicated mail aircraft, and evolving relationships with commercially focussed delivery partners. Whilst our results speak for themselves, the Board remain cognisant of material challenges, such that the medium term outlook remains uncertain, a situation which underpins the importance of seeing through on delivery of our strategic objectives.

I was pleased to present our Island Plan to Tynwald in November 2023, which highlighted IOMPO's continued progress and our strategic plans, including initiatives to become a greener organisation, aligned to the Isle of Man Government climate change obligations for public sector bodies.

July 23 saw IOMPO reach a significant milestone, 50 years since independence from the British postal service. Our anniversary was marked in a number of ways during the year with colleagues, both past and present, customers, suppliers and local residents alike. From a dedicated exhibition at the Manx Museum to a treasure hunt and staff event, to a design a post box competition, there was lots going on. All these events were an opportunity for us to celebrate our journey over the last fifty years while recognising the important contribution the business makes to the community and economy. It has also been an opportunity for us as a Board to reflect on the foresight and adaptability that has been instrumental in navigating the evolving and increasingly competitive postal market, particularly in parcel delivery, where recent investments in automation have positioned us well for further growth. It is without question that through the decades, it has been our agility in adapting to changes in the postal industry, technology and our customers' needs that has ensured the business has been successful and remained proudly self-funding.

As a customer driven organisation we remain committed to delivering our strategy to transform the business for our future financial sustainability, making strides to improve our green credentials and continuing to innovate to meet the shifting needs of our valued customers and stakeholders far beyond 2024.

Finally, I wish to express my sincere thanks to the Board, Executive Team and all colleagues at the Post Office for their ongoing support and commitment to this thriving business, and I look forward to what is set to be another busy year ahead, focussed on our vision to be the Island's leading trusted delivery partner.

Stu Peters MHK
Chairman, Isle of Man Post Office

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Chief Executive Officer's Report

This year Isle of Man Post Office (IOMPO) report a profit of £2.58m, a £2.04m increase on the prior period profit of £0.54m. The increase in headline turnover from £24.2m to £25.4m, relates substantially to a £1.3m increase from our core Mails division, reflecting a double-digit increase in inbound parcel volumes, albeit offset by the continuation of letter volume decline. The increase in parcel volume is attributable to the continued growth of e-commerce, the release of capacity restrictions following the cessation of the dedicated mail aircraft, and restored retailer confidence following the resolution of the long running industrial dispute at Royal Mail, our key partner for inbound delivery volume. Pleasingly, this volume growth was accommodated without materially increasing personnel costs, through use of capacity from falling letter volumes, and more pertinently, from efficiencies gained from our new parcel processing automation, which expedites sortation and allows our delivery colleagues to spend more time on delivery.

Other key contributory factors to our increased profit for the year were a £0.75m reduction in the current service cost of defined benefit pension scheme, driven by changing actuarial assumptions, and a £0.54m increase in interest income on our cash reserves, reflecting the sustained higher interest rates throughout the period.

A key project for the Mails division saw major changes to logistics arrangements with the cessation of Royal Mail's dedicated aircraft between the UK and the Island. The transition of substantially all mail between our respective islands to the ferry and the subsequent business process changes was a complex project impacting many areas of our business. We were pleased to be able to positively respond to this change for our customers, maintaining a guaranteed next-day service for priority mail to the UK via a scheduled airline, and introducing Royal Mail's popular 'Tracked 48' product for commercial and account customers sending packets and parcels to the UK via our 'Click & Dispatch' service. Both of these new services were introduced in response to extensive consumer research, undertaken to ensure we continue to provide the range of products and services our valued customers require in the most financially responsible and environmentally sustainable way. A significant environmental benefit will be derived from the withdrawal of the dedicated aircraft, reducing the carbon footprint in the region of 600 tonnes of CO² per year.

Whilst we welcomed the return to normality, and the consequential upturn in parcel volumes following resolution of Royal Mail's industrial relations issues, we are cognisant that Royal Mail's Board have recently recommended acceptance of a takeover bid to their shareholders. This process has some way to run, and the outcome is unclear, however any transition may present risks to our business, and we will work tirelessly to maintain a mutually beneficial relationship, ensuring both parties can sustain their public service obligations whilst operating in commercially. To that end, the Department for Enterprise (our sponsoring department) have made representations to the UK Government Secretary of State, and our Chairman to the UK postal regulator, seeking safeguards to protect the Island's status as a domestic jurisdiction, to maintain the frequency of mail receipt to the Island, and delivery of locally originating mail in the UK, and to protect service quality between our respective islands.

Our new parcel sortation machine, the only one on Island, is now fully operational. I thank the various teams across the business for their dedication, adaptability and perseverance as we have introduced new procedures, working practices and delivery duties. This significant investment in new equipment has allowed us to streamline our processes, handle greater volumes whilst creating efficiencies, improve our customer service, and give us access to invaluable data to inform future decision-making.

Towards the end of the financial year, the Board approved a new fleet strategy, which focuses on transitioning to a low emission fleet of delivery vehicles, and the improved visibility and control of maintenance costs. As a logistics business traversing our Island six days a week, our diesel vehicles are our largest source of carbon emissions, such delivery of this new strategy over the five years to 2028 will represent a significant reduction in the business's carbon footprint, and a major step in achieving our public sector climate change obligations. Concurrently with this, we are upgrading our electrical infrastructure to facilitate the installation of a solar panel array to maximise the opportunities for renewable energy generation from our infrastructure.

Over recent years, notwithstanding a continued decline in demand, our Board has been content to sustain and subsidise the network of sub-Post Offices run by independent retailers, and to that end, we have welcomed new partners on limited term contracts in Peel, Port Erin, Governor's Hill and Westmoreland Road over the last year. During 2023/2024 we aligned the majority of sub-Post Office contracts to the period we expect our key agency partners, the Department of Infrastructure (driving and vehicle licensing) and the

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Chief Executive Officer's Report (continued)

Social Security Division of Treasury (payment of pensions and benefits in cash) to require IOMPO counter services. We are working closely with these partners, and our operating assumption is that they will cease to require IOMPO counter services in the near term. Consequently, our Board is now planning more definitively for an orderly transition to more accessible and convenient community postal only services. During 2024/2025, we will trial 'Post-Lite', our innovative light footprint counter solution allowing retail partners to sell postage and offer parcel pick up and drop off services, as well as implementing 'Online Postage' our new convenient solution allowing customers to self-serve 24/7, with an option to have items collected from their doorstep.

Our Business Solutions division continued to perform well, making a valuable contribution to the business's overall profitability. The division provides a reliable, quality driven service for our commercial customers who continue to value importance of physical mail, notwithstanding the irreversible trend of digitisation. The division proudly maintained its ISO accredited status for Quality Management and Information Security; the high water mark for businesses handling commercial and personal data.

A wide variety of stamp issues were produced by our Stamps and Coins division, from 150th anniversary of the Isle of Man Steam Railway, Birds of Prey, Manx Winter Wildlife, the 200th anniversary of the RNLI to a tribute to singer, songwriter, multi-instrumentalist and producer Maurice Gibb CBE. The division was also appointed to supply all stamp issues released since April 2023 for Ascension Island, British Antarctic Territory, Falkland Islands, South Georgia and Sandwich Islands and Tristan da Cunha to the philatelic trade on a worldwide basis. We were delighted that these postal administrations placed their trust in us, and we look forward to building on existing links and strong relationships in the future for the benefit of philately worldwide.

From a governance perspective, we have established two new Executive committees:

- the ICT Steering Committee to provide strategic guidance and oversight for the effective management and governance of IT initiatives within the organisation; and
- the Environmental Sustainability Committee to oversee and guide environmental initiatives and sustainability practices within the organisation.

IOMPO submitted its first public sector climate return, summarising our green initiatives during the preceding financial year, and providing a benchmark for comparison going forward. As a business that is committed to reducing its carbon footprint, we are proud to have our own climate change agenda, aligned to the Isle of Man Climate Change Plan 2022-2027. Consideration of environmental factors in our decision-making process has become an integral part of our decision-making. The shift to more sustainable operations is evident across the postal and logistics industry, aligned to the increasingly evident requirements of our key commercial customers, and consistent with our public sector obligations.

While our 2023/2024 financial performance is exceptional, it is essential to recognise that IOMPO's commercial activities subsidise our ability to fulfil our statutory duties under the Post Office Act. As our Chairman observes, the outlook remains uncertain, and as such, the results for 2023/2024 should not be seen as a benchmark for a level of sustainable profit. E-commerce growth is expected to slow, and there remains a number of material uncertainties on the horizon that will need careful management, and a clear focus on delivery of our strategy. Despite these challenges, I am confident and enthusiastic about our direction of travel as we evolve our key commercial and strategic relationships with a keen focus on responding to the needs of our customers and local stakeholders. The entire team at IOMPO can take pride in our achievements; I thank the Board for their support, and all my colleagues at IOMPO for what we have collectively accomplished this year.

Following Tynwald approval of the Isle of Man Government budget for 2024/2025, IOMPO expects to receive a Direction from Treasury to pay a levy of £500,000 in respect of its trading for the period ended 31 March 2024, and accordingly we have provisioned for this sum at the period-end.

Simon Kneen
Chief Executive Officer, Isle of Man Post Office

Isle of Man Post Office

Statement of Internal Control

Introduction

The Isle of Man Post Office is constituted as a Statutory Board of Tynwald under The Post Office Act 1993. This report is made by the Isle of Man Post Office to Isle of Man Government Treasury in accordance with the requirements of the Isle of Man Government's Corporate Governance Principles and Code of Conduct ("the Code").

Responsibilities of the Board and the Accounting Officer

The Board consists of a Chairman, a Vice Chairman, and three other Board members. The Board controls the strategy, policies, and key financial and operational matters within the Isle of Man Post Office. It is the Board's responsibility to ensure that the work of the Accounting Officer and the other Executive Directors supports the strategy and policies approved by the Board.

As Accounting Officer, the Chief Executive of the Isle of Man Post Office is responsible for implementing and maintaining systems of corporate governance, internal control and risk management, that:

- ensure compliance with legislation and other regulations;
- safeguard money, ensure that it is properly accounted for and that it is used economically, efficiently and effectively; and
- support the achievement of the strategy and policies approved by the Board.

In discharging this responsibility, the Chief Executive works with the other Executive Directors to put in place arrangements for the governance of the Isle of Man Post Office's affairs and the stewardship of resources, in accordance with the Code.

Corporate Governance

There are two key elements of the corporate governance framework: firstly, the workings of the Board, and its sub-committees; and secondly, the corporate governance environment itself. These are described below.

Board

The Chairman and other members of the Board are appointed by the Council of Ministers, subject to approval by the Court of Tynwald; the Chairman and Vice Chairman are either a Member of the House of Keys or a Member of the Legislative Council.

The Board has a schedule of powers reserved for its approval, which includes non-delegated and delegated powers to be exercised by the Board itself, members of the Board sub-committees and the Chief Executive. The Board of the Isle of Man Post Office approves its "Schedule of Reserved and Delegated Responsibilities" within its own corporate governance documentation to enable the day-to-day operations of the business.

Board meetings are held routinely throughout the year with other meetings taking place as and when necessary, and the Chief Executive, Executive Directors and the Personal Assistant to the Chief Executive (acting as "Secretary to the Board") attend such meetings. The Board receives, and can request, reports from the Chief Executive, Executive Directors and Senior Managers on financial and operational matters, and the Secretary to the Board captures any actions and maintains minutes of proceedings on behalf of the Board that are approved at the next meeting.

Board sub-committees

Audit and Risk Committee ("ARC")

The ARC generally meets quarterly and consists of two members of the Isle of Man Post Office Board. The meetings are normally attended by the Chief Executive, the Finance Director, the Head of Procurement and Compliance, the Senior Risk and Compliance Officer, and the Secretary to the Board. As a provider of internal audit services, Isle of Man Government Treasury's Director of Audit Advisory (or their delegate), and a representative of the external auditor, are also invited to attend meetings.

The ARC ensures that the business maintains a systematic approach to risk management. It reports to the Board on issues concerning corporate governance, risk, internal control, financial reports and associated information issued by the Isle of Man Post Office. It is also the principal point of contact for the internal and external auditors.

The ARC is active in embedding risk management practices through regular comprehensive reviews of each individual department's approach to risk management. These reviews have helped to develop a wider understanding of the nature and criticality of risks affecting the Isle of Man Post Office.

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Statement of Internal Control (continued)

The ARC is responsible for reviewing the current top risks faced by the business and reporting them to the Board, and where appropriate Senior Managers are invited to attend meetings to assist the members in their deliberations.

Remuneration Committee

The Remuneration Committee is a sub-committee of the Board and consists of two members of the Isle of Man Post Office Board. The Committee makes recommendations to the Board on Executive Directors' (including Chief Executive's) pay and conditions, and to act as an appellate body for Executive appraisals and to address any matters directed by the Board.

Corporate Governance environment

Corporate governance at the Isle of Man Post Office revolves around an effective environment of attitudes, behaviours and processes that aim to support the delivery of the long-term strategy, goals and objectives established by the Board.

A corporate governance framework has been developed which contains a number of documents detailing Board policies and operational procedures in relation to financial and operational management; internal control and risk management (including information risk); organisational capability and capacity; people management and standards of conduct, and management of health, safety and the environment.

The management framework provides a structure for documenting policies, procedures, delegated duties, roles and responsibilities, activities, standards and guidelines. This is additional to divisional and department structures, authorities and organisational arrangements, activities, processes and records maintained within each service area, which when taken together with the framework, create the environment of good corporate governance, risk management and internal control.

Internal Control and Risk Management

The Isle of Man Post Office has a system of internal control and risk management that is designed to enable it to assess its performance in these areas and determine, where appropriate, relevant actions to improve the control environment.

The system of internal control is based on ongoing processes designed to:

- Identify the principal risks to the achievement of the organisation's strategic aims and objectives
- Identify the principal risks associated with the organisation's operational activities
- Consistently evaluate the nature and extent of the above risks and agree appropriate mitigating controls
- Provide assurance that key risks are being managed efficiently, effectively and economically and that existing controls are robust
- Ensure adherence throughout the organisation to Isle of Man Post Office policies and relevant legislation.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Isle of Man Post Office is committed to an effective risk management approach that protects business operations and stakeholders affected by its operations. The risk management process ensures consistency to the assessment, monitoring and reporting of risks, according to Board approved policies.

The Isle of Man Post Office has established risk registers at operational and strategic levels; issues arising from these registers form part of the standing agenda at operational and Board meetings. The identification, evaluation and management of risk is a line management responsibility, with Board guidance as appropriate.

The Chief Executive and Executive Directors identify, evaluate and monitor corporate and strategic risks, and monitor risks at an operational level via divisional and departmental managers. Each divisional and departmental manager has the appropriate delegated authority and resources to manage risks to a reasonable level. The Senior Risk and Compliance Officer meets regularly with the divisional and departmental managers to update the risk registers.

The management of the organisation's most significant current and emerging risks is subject to Board oversight. A high-level summary of the current top risks faced by the business is presented quarterly to the Board, with any newly identified risks being brought to the Board's attention at the earliest opportunity. This summary includes a heat map depicting the risks in pictorial format, and accompanying narrative detailing the risks, the

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Statement of Internal Control (continued)

existing mitigation or controls, and any proposed improvement actions, together with assigned responsibilities and expected implementation dates.

Improvements made to the system of Internal Control during the period

In accordance with best practice, the systems of internal control across the Isle of Man Post Office are subject to continuous review and improvement. Some of the most significant improvements made to the Isle of Man Post Office management of risk over this period have been:

Risk Management - Improvements Made During The Period (2023 – 24)	
Improvement	Details of Improvement
Mails	<ul style="list-style-type: none"> Improved coverage of CCTV across IOMPO counters Initiated the HR and operational information dashboard project, enhancing data and tools for management controls
Corporate	<ul style="list-style-type: none"> Embedded the auto payables system, increasing automation and lessening the risks of manual errors
Stamps and Coins	<ul style="list-style-type: none"> Commenced development of an ecommerce solution to remove bespoke interfaces and improve business efficiencies
Retail	<ul style="list-style-type: none"> Restructured Retail division, enhanced controls and introduced management and operational efficiencies
Business Solutions - Mailroom	<ul style="list-style-type: none"> Implemented new and improved controls for ISO 27001:2022 Appointed new external ISO certification auditor
Corporate	<ul style="list-style-type: none"> Procured accounting, CRM, and HR systems, to modernise business processes, improve access to data, and enhance records management controls

Risk Management - Improvements Planned For The Forthcoming Period (2024 – 25)	
Improvement	Details of Improvement
Corporate	<ul style="list-style-type: none"> Go-live of automated anti-money laundering checks linked to the sale of foreign currency around the counters
Stamps and Coins	<ul style="list-style-type: none"> Go-live with the ecommerce solution to remove bespoke coding/interface complexities and improve business efficiencies.
Corporate	<ul style="list-style-type: none"> Implementation of HR and e-Learning systems, modernising business processes, access to data, and records management Outsourcing of pensioner payroll to specialist provider
Corporate	<ul style="list-style-type: none"> Implementation of accounting, CRM and workflow systems to modernise business processes, access to data, and records management

Internal Audit

The Isle of Man Post Office outsources certain aspects of its internal audit activities to the Audit Advisory Division of Treasury. The ARC is responsible for the approval of the annual Audit and Compliance Plan, which includes the internal audit work outsourced to Audit Advisory Division. A service level agreement is in place to ensure effective delivery of the service. The Isle of Man Post Office Senior Risk and Compliance Officer works closely with the Audit Advisory Division and is responsible for reporting the audit findings to the ARC and for ensuring any follow up actions are executed. The Senior Risk and Compliance Officer is also charged with oversight of the business's risk management processes.

The internal audit plan is structured against an agreed assurance framework (see below) that is designed to provide enhanced assurance over the effectiveness of the controls and processes used to ensure the organisation's strategic plan objectives are progressed and achieved.

Assurance Framework

As part of the continuous assessment process, the Isle of Man Post Office has developed an annual review procedure that involves Executive Directors and Senior Managers completing self-assessment questionnaires on internal control, risk management and corporate governance arrangements within the business. A formal assurance framework for the business was established following a co-ordinated assessment of all forms of assurance available to the Board and its ARC. This framework continues to be revised and updated. The assurance framework is designed to a systematic mechanism to ensure the adequacy and operation of existing key controls and systems to manage the major risks.

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Statement of Internal Control (continued)

The Isle of Man Post Office's annual Audit and Compliance Plan is an integral part of the above framework, providing appropriately focused supplementary or independent assurance. Audit needs are determined according to the strength, independence and criticality of each of the current assurances.

In undertaking their review, managers have considered each of the following operating risks:

- Business Continuity
- Performance Management
- Finance
- Financial Compliance
- Procurement
- Information Management
- Value for Money
- Human Resources
- Change Management
- Health & Safety
- Environment
- Corporate Governance

The Executive Directors submit an assurance certificate to the Chief Executive on the adequacy of the control environment for the areas of the business for which they are responsible. The Chief Executive reviews the results of these assessments before being presented to the ARC.

External Assurances of Effectiveness

Further independent assurance is gained from a number of external reviews as below:

Division	Name of Review Organisation	Review Undertaken	Date Completed
Business Solutions Mailroom	World Certification Services	Surveillance Audit / transfer ISO 27001:2013 / ISO 9001:2015	November 2023
All	Nine commercial clients	Detailed assurance activities and audits on our range of services	Thirty four completed during the reporting period of 2023-2024

Management Review Meetings

The Executive Directors meet with divisional and departmental managers either bi-monthly or quarterly to formally review their business unit and departmental financial and operational performance.

Report on Internal Control and Corporate Governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage, rather than eliminate, the risk of failure to achieve objectives. As previously stated, they can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Isle of Man Post Office's Internal Control and Corporate Governance arrangements are adequate and operated effectively during the period ended 31 March 2024.

Simon Kneen
Chief Executive Officer

Date:

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Statement of Responsibilities of the Board and the Responsible Financial Officer

The Isle of Man Post Office is constituted under the Post Office Act 1993 as a Statutory Board of Tynwald. The Chairman and Chief Executive Officer are responsible for preparing their Statement and Report, respectively. The Board is responsible for approving the Chairman's Statement and the Chief Executive Officer's Report, the Statement of Internal Control and preparing the financial statements, in accordance with applicable law and regulations.

The Audit Act 2006 requires the Board to prepare financial statements for each financial period, which meet the requirements of the Accounts and Audit Regulations 2018, made under the Audit Act 2006. The regulations require the Board to prepare the financial statements in accordance with UK Accounting Standards including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, as applicable to an Isle of Man entity.

The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Entity and of the profit or loss of the Entity for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Entity's transactions and disclose with reasonable accuracy at any time the financial position of the Entity and enable them to ensure that the financial statements comply with the Accounts and Audit Regulations 2018 made under the Audit Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Entity and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Entity's website.

The Accounts and Audit Regulations 2018 also require the Responsible Financial Officer to ensure that:

- the accounting control systems are observed;
- the accounting records are maintained in accordance with proper practices that are kept up to date;
- the accounts are prepared in accordance with the Accounts and Audit Regulations 2018 and any other statutory requirements applicable; and
- the accounts and relevant accounting records presented for inspection are sufficient for inspection purposes.

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Certificate of the Tynwald Auditor General

In accordance with section 3(1) of the Audit Act 2006 I have appointed Grant Thornton Limited to audit the accounts of the Isle of Man Post Office for the period ended 31 March 2024.

In accordance with section 3(1A) of the Audit Act 2006 I have undertaken the following procedures to satisfy myself as to the adequacy of the work undertaken by the appointed auditor:

- reviewed the draft and any revised statement of accounts;
- reviewed the draft audit strategy document prepared by the appointed auditor;
- reviewed the draft report to those charged with governance prepared by the appointed auditor;
- reviewed the proposed independent auditor's report prepared by the appointed auditor;
- provided feedback to the appointed auditor as appropriate; and
- considered the responses of the appointed auditor to feedback provided.

Stephen Warren
Tynwald Auditor General / Ard Scruteyder Tinvaal

2nd Floor
Prospect House
27-29 Prospect Hill
Douglas
Isle of Man
IMI IET

Date:

Isle of Man Post Office

Report of the Independent Auditor, Grant Thornton Limited, to the Board Members of Isle of Man Post Office

Opinion

We have audited the financial statements of the Isle of Man Post Office, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows for the period ended 31 March 2024, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice.

In our opinion, Isle of Man Post Office's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Isle of Man Post Office as at 31 March 2024 and of its financial performance and cash flows for the period then ended; and
- have been properly prepared in accordance with the requirements of the Accounts and Audit Regulations 2018 made under the Audit Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Isle of Man Post Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Isle of Man, including the FRC's Ethical Standard, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Isle of Man Post Office Board Members' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Isle of Man Post Office's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Isle of Man Post Office Board Members with respect to going concern are described in the relevant sections of this report.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Chairman's Statement, Chief Executive Officer's report and the Statement of Internal Control. The Isle of Man Post Office Board Members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In accordance with section 6(2) of the Audit Act 2006, we are required to include a statement in our audit report providing particulars where in relation to the accounts we:

- are not satisfied as to any of the matters specified in section 4(1) of the Audit Act 2006; or
- consider that any matter specified in section 4(2) of the Audit Act is contrary to law; or
- consider that the relevant body has failed in any respect mentioned in section 4(3) of the Audit Act 2006.

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Report of the Independent Auditor, Grant Thornton Limited, to the Board Members of Isle of Man Post Office (continued)

With regard to section 4(3) of the Audit Act 2006, recommendations in respect of internal controls matters identified during the course of our audit are reported to the Isle of Man Post Office in a separate controls report.

Except as noted above, we have nothing to report in respect of the matters we are required to report by exception.

Responsibilities of management and those charged with governance for the financial statements

The Responsible Financial Officer is responsible for ensuring that:

- the accounting systems are observed;
- the accounting records are maintained in accordance with proper practices and are kept up to date;
- the accounts of the Isle of Man Post Office are prepared in accordance with the Accounts and Audit Regulations 2018 and other applicable law; and
- the accounts and relevant accounting records presented for inspection are sufficient for inspection purposes.

As explained more fully in the Statement of Responsibilities of the Board, the Isle of Man Post Office Board Members are responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as Isle of Man Post Office Board Members determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Isle of Man Post Office Board Members are responsible for assessing the Isle of Man Post Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Isle of Man Post Office or to cease operations, or has no realistic alternative but to do so.

The Isle of Man Post Office Board Members are responsible for overseeing the Isle of Man Post Office's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibilities under the Audit Act 2006 include the following:

- consideration of whether the internal organisation of the Isle of Man Post Office and the internal controls maintained by it, are such to ensure the proper management of the finances of the body and economy and efficiency in the use of its resources; and
- consideration of whether the Isle of Man Post Office has complied with all principles prescribed by the Council of Ministers as directed by Treasury.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Isle of Man Post Office and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Post Office Act 1993, employment law and health and safety law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Accounts and Audit Regulations 2018 made under the Audit

Isle of Man Post Office

Report of the Independent Auditor, Grant Thornton Limited, to the Board Members of Isle of Man Post Office (continued)

Act 2006. The Audit engagement principal considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and the board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Isle of Man Post Office's regulatory and legal correspondence and review of minutes of board meetings during the period to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by management in their significant accounting estimates, including retirement benefit assets and the fair value of property
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Isle of Man Post Office Board Members, as a body. Our audit work has been undertaken so that we might state to the Isle of Man Post Office's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Isle of Man Post Office and the Isle of Man Post Office's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Douglas
Isle of Man

Date:

Isle of Man Post Office

Income Statement

for the period ended 31 March 2024

	Note	Period ended 31 March 2024 £	Period ended 26 March 2023 £
Turnover	<i>1(b), 2</i>	25,380,342	24,236,192
Cost of sales	<i>1(c)</i>	(17,557,201)	(17,837,639)
Gross profit		7,823,141	6,398,553
Other operating expenditure	<i>1(c)</i>	(6,186,583)	(6,233,417)
Operating Profit		1,636,558	165,136
Interest receivable		787,558	248,651
Net interest on net defined benefit pension asset		154,768	128,260
Profit for the period	3	2,578,884	542,047

The notes on pages 20 to 33 form part of these financial statements.

The Board considers that all results derive from continuing activities.

Isle of Man Post Office

Statement of Comprehensive Income

for the period ended 31 March 2024

	Note	Period ended 31 March 2024 £	Period ended 26 March 2023 £
Profit for the period	3	2,578,884	542,047
Other comprehensive income			
Remeasurement of net defined benefit pension asset	9	(190,255)	(523,937)
Revaluation of freehold land & buildings	4	-	412,323
Total other comprehensive income for the period		(190,255)	(111,614)
Total comprehensive income for the period		2,388,629	430,433

The notes on pages 20 to 33 form part of these financial statements.

The Board considers that all results derive from continuing activities.

Isle of Man Post Office

Statement of Financial Position

as at 31 March 2024

	Note	31 March 2024	26 March 2023
		£	£
Non-current assets			
Fixed assets	1(d), 4	8,196,894	8,652,810
Investments	1(e), 5	40	40
		8,196,934	8,652,850
Current assets			
Stocks	1(g)	169,900	205,299
Trade and other debtors	6	3,226,192	3,403,391
Amounts due from Isle of Man Government	8	10,517	18,820
Short term cash deposit	1(f)	12,732,787	10,010,002
Cash at bank and in hand	1(f)	8,302,744	6,042,160
		24,442,140	19,679,672
Creditors: amounts falling due within one year			
Trade and other creditors	7	(3,193,654)	(2,234,066)
Amounts due to Isle of Man Government	8	(2,651,190)	(1,263,698)
		(5,844,844)	(3,497,764)
Net current assets		18,597,296	16,181,908
Pension scheme asset	9	2,628,842	2,699,685
Net assets		29,423,072	27,534,443
Represented by:			
Reserves	1(k)	29,423,072	27,534,443

The notes on pages 20 to 33 form part of these financial statements.

These financial statements were approved by the Board on

and were signed on their behalf by:

Chairman

Chief Executive Officer

Finance Director

Isle of Man Post Office

Statement of Changes in Equity

for the period ended 31 March 2024

	Note	Period ended 31 March 2024		Period ended 26 March 2023	
		Profit and loss reserve £	Total equity £	Profit and loss reserve £	Total equity £
Balance at start of year		27,534,443	27,534,443	27,104,010	27,104,010
Total comprehensive income for the period					
Profit for the period		2,578,884	2,578,884	542,047	542,047
Remeasurement of net defined pension asset	9	(190,255)	(190,255)	(523,937)	(523,937)
Remeasurement of freehold land and buildings	4	-	-	412,323	412,323
Total comprehensive income for the period		2,388,629	2,388,629	430,433	430,433
Levy payable to Isle of Man Government Treasury	8	(500,000)	(500,000)	-	-
Balance at end of period		29,423,072	29,423,072	27,534,443	27,534,443
The Profit & Loss Reserve is analysed as follows :					
Property revaluation surplus		3,551,090	3,551,090	3,551,090	3,551,090
Net defined benefit pension scheme asset		2,628,842	2,628,842	2,699,685	2,699,685
Retained profit		23,243,140	23,243,140	21,283,668	21,283,668
Total Reserves		29,423,072	29,423,072	27,534,443	27,534,443

Isle of Man Post Office

Statement of Cash Flows

for the period ended 31 March 2024

	Note	Period ended 31 March 2024 £	Period ended 26 March 2023 £
Net cash flow from operating activities	11	4,438,998	4,427,166
Cash flows from investing activities			
Payments to acquire fixed assets		(219,404)	(1,985,079)
Receipts from sales of fixed assets		34,060	62,900
Net cash flow from investing activities		(185,344)	(1,922,179)
Cash flows from financing activities			
Interest received		729,715	248,651
Levy to Isle of Man Government		-	-
Net cash used in financing activities		729,715	248,651
Net increase / (decrease) in cash and cash equivalents		4,983,369	2,753,638
Cash and cash equivalents at start of year		16,052,162	13,298,524
Cash and cash equivalents at end of period		21,035,531	16,052,162

The Isle of Man Post Office does not have any debt; therefore, a reconciliation of net debt has not been presented.

The notes on pages 20 to 33 form part of these financial statements.

Isle of Man Post Office

Notes

(forming part of the financial statements for period ended 31 March 2024)

I Accounting policies

a) Basis of accounting

These financial statements have been prepared in accordance with UK Accounting Standards including Financial Reporting Standard 102: the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as applicable to an Isle of Man entity. The presentation currency of these financial statements is Sterling rounded to the nearest £. They have been prepared in accordance with the Accounts and Audit Regulations 2018 made under the Audit Act 2006 as modified by any Direction issued by Treasury under Section 13 of the Audit Act 2006. These financial statements have been prepared under the historical cost convention, with the exception of land and buildings, which are measured at fair value.

Management are satisfied that the going concern basis for preparation of the financial statements is appropriate.

b) Turnover

Turnover has been accounted for on an accruals basis net of discounts and has been recorded in the Income Statement. Turnover is the value of services provided and goods sold excluding VAT.

Foreign currency sales are included in revenue based on the transaction values of monies exchanged at advertised rates, net of any promotional discounts, on the date of the transactions.

Stage of completion of rendering of services

Amounts earned and not invoiced are included within accrued income, in line with time based costs as and when services are provided, forming the basis of the stage of completion.

c) Expenses

Expenses are accounted for on an accruals basis. The general policy is that no provision is made for any charges which may be incurred in respect of stamps sold, but unused at the statement of financial position date. However, where specific circumstances allow the amount and type of stamps to be clearly identified and an estimate of the likely liability to be made, then a provision is made in accordance with FRS102.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for the period ended 31 March 2024)

I Accounting policies (continued)

d) Tangible fixed assets

Tangible fixed assets (other than land and buildings) are stated at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses.

A full valuation of land and buildings is undertaken every five years. An interim valuation is undertaken at least every three years at the midpoint of the cycle, but more frequently if necessary. The last full valuation was carried out on 26 March 2023. The last mid-point valuation was carried out on 29 March 2020.

The fair value was assessed by a qualified valuer from Isle of Man Government (Treasury), a related party (see note 13), on the basis of the comparison and investment methods of valuation using notional rents where applicable, in accordance with RICS Valuation – Global Standards 2022 (the Red Book).

Gains on revaluation are recognised in Other Comprehensive Income and accumulate in the profit and loss reserve. However, any increase is recognised in the Income Statement to the extent that it reverses a revaluation decrease previously recognised in the Income Statement.

Losses arising on revaluation are recognised in Other Comprehensive Income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Any excess is recognised in the Income Statement.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Post Office assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and accounted for in tangible fixed assets. All other leases are classified as operating leases.

The Post Office assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Land	No Depreciation
Buildings:	
- Freehold (based on the estimated useful remaining life)	10-40 years
- Leasehold	Over period of lease
Motor vehicles	5 years
Office equipment and machines:	
- Letter boxes & safes	5 to 30 years
- Other postal equipment	5 to 10 years
- Office furniture and equipment	5 to 10 years
- Office machines	5 to 10 years
- Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Post Office expects to consume an asset's future economic benefits.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for the period ended 31 March 2024)

I Accounting policies (continued)

e) Investment in associates

The measurement basis for investment in associates is cost. The Post Office's share of profits or losses of associates that would ordinarily be included in the Income Statement and its interest in the net of any associate is not material.

f) Basic financial instruments

Trade and other debtors:

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument. Doubtful debt provisions are raised on long outstanding debts or in the event recoverability is otherwise doubtful, and measured at management's best estimate of the recoverable amount.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

g) Stocks

Commemorative stamp costs are fully written off in the year of issue. Other stock is stated at the lower of cost and net realisable value.

h) Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for the period ended 31 March 2024)

I Accounting policies (continued)

i) Research and Development expenditure

Expenditure on research activities is recognised in the Income Statement as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Post Office intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if it can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

j) Foreign exchange

Transactions in foreign currencies are translated to the Business's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Income Statement.

k) Reserves

Reserves comprise the Profit & Loss Reserve only, which includes all items of 'Comprehensive Income' net of levies paid and payable to Isle of Man Government Treasury (reserves are managed by agreement of Treasury under Section 6(1) of the Post Office Act 1993). Reserves include unrealised gains and losses in respect of property and pension scheme revaluations which are taken into account in the determination of any levies paid and payable.

l) Pension costs

The Isle of Man Post Office operates a defined benefit pension scheme. A defined benefit scheme is a post-employment benefit plan other than a defined contribution plan. The Post Office's net obligation or asset in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Post Office determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments. The discount rate is the yield at the Statement of Financial Position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Post Office's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Post Office recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Changes in the net defined benefit liability or asset arising from employee service rendered during the period and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised as a component of operating profit. Net interest on net defined benefit liability or asset is recognised in

Isle of Man Post Office

I Accounting policies (continued)

l) Pension costs (continued)

the Income Statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit asset'.

The Isle of Man Post Office also operates a defined contribution pension scheme. Contributions payable are charged to the Income Statement.

m) Heritage assets

Heritage assets are not recorded at value in the Statement of Financial Position, unless the Board believes that there is sufficient ongoing business benefit accruing to justify the cost of revaluing assets.

n) Provisions for liabilities

Provisions are recognised when Isle of Man Post Office has a material present obligation (legal or constructive) as a result of a past event, it is probable that the Post Office will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Post Office recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

o) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant accounting estimates relate to the pension liability and property valuation, whereby specialists are used to determine the most appropriate estimate (notes 4 & 9).

The accounting policies set out in this note, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

2 Turnover

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Mails	16,814,032	15,528,888
Retail Counters *	5,358,457	5,445,260
Stamps & Coins	978,052	1,031,596
Business Solutions - Mailroom	2,229,801	2,230,448
	<u>25,380,342</u>	<u>24,236,192</u>

* Retail Counters turnover includes gross foreign exchange sales of £3,892,526 (2023: £3,973,304).

3 Total profit for the period

Total profit for the period is arrived at after charging/(crediting):

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Auditor's remuneration	17,600	17,600
Depreciation (note 4)	675,320	757,102
Loss on revaluation land & buildings	-	29,929
Pension - defined benefit current service cost (note 9)	925,154	1,649,507
Pension - defined benefit interest on scheme liabilities (note 9)	(154,768)	(128,260)
Employee Remuneration (excl Pension)	10,809,646	10,423,773
Rentals payable under operating leases (note 10)	148,508	141,630
Accommodation (excl depreciation & rentals under op leases)	486,325	384,867
Retail network support payments	470,113	456,191
Retail network - other direct costs	441,058	468,273
Foreign exchange currency purchases	3,616,756	3,659,865
Logistics costs	3,742,419	3,678,771
Stamps & Coins - other direct costs	263,628	303,664
Business Solutions - Mailroom - other direct costs	161,426	162,857
Irrecoverable VAT	345,978	305,109
Information & Communication Technology Costs	377,505	395,015
Bank Charges	144,515	139,234
Plant & Machinery (excl depreciation)	652,250	553,962
	<u>652,250</u>	<u>553,962</u>

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

4 Fixed assets

	Land & Buildings	Motor Vehicles	Office Equipment & Machines	Total
	£	£	£	£
Cost or valuation:				
At 26 March 2023	6,655,262	2,424,193	6,418,827	15,498,282
Additions	-	186,531	32,873	219,404
Disposals	-	(279,553)	(386,013)	(665,566)
At 31 March 2024	6,655,262	2,331,171	6,065,687	15,052,120
Accumulated depreciation:				
At 26 March 2023	(480,262)	(1,489,343)	(4,875,867)	(6,845,472)
Charge for the year	(152,100)	(287,487)	(235,733)	(675,320)
Disposals	-	279,553	386,013	665,566
At 31 March 2024	(632,362)	(1,497,277)	(4,725,587)	(6,855,226)
Net book value:				
At 31 March 2024	6,022,900	833,894	1,340,100	8,196,894
At 26 March 2023	6,175,000	934,850	1,542,960	8,652,810

At the prior year end Land and buildings were revalued to fair value by a qualified professional valuer from Isle of Man Government (Treasury), a related party (see note 13), in accordance with the Royal Institute of Chartered Surveyors Professional Standards and Guidance, Global Standards 2022 (the Red Book). Post Office Headquarters was revalued upwards by £412,323 and reported entirely in the Statement of Other Comprehensive Income given there was a revaluation surplus over historic cost prior to the revaluation. This was not the case for the Barleyfields property, where a downward revaluation of £29,929 was recognised in the Income Statement.

The carrying amount of land & buildings reported at valuation, that would have been recognised had these assets been carried under the cost model is £2,471,810 (2023: £2,623,910).

The net book value of land and buildings is detailed below:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Land	1,612,000	1,612,000
Freehold Buildings	4,410,900	4,563,000
	6,022,900	6,175,000

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

5 Investment in associates

As part of the acquisition of property at Barleyfields, Isle of Man Business Park, the Post Office acquired 40 shares of Isle of Man Business Park (No 4) Management Company Limited, a company incorporated in the Isle of Man, representing 40% of the issued capital of the company. The principal activity of the company is the management of the shared element of the property acquired. The Board has taken the decision not to include the Post Office's share of profits or losses of associates or its interest in their net assets in these accounts, as in its view the results would be immaterial.

6 Trade and other debtors

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Trade debtors (gross)	2,624,940	2,607,579
Less provision for doubtful debts	(11,618)	(1,644)
Trade debtors (net)	<u>2,613,322</u>	<u>2,605,935</u>
Other debtors	416,804	584,997
Prepayments and accrued income	<u>196,066</u>	<u>212,459</u>
	<u><u>3,226,192</u></u>	<u><u>3,403,391</u></u>

7 Trade and other creditors

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Trade creditors, other creditors and accruals	2,758,145	1,774,594
Agency creditors	207,688	223,818
VAT	74,670	81,135
Philatelic subscriber balances	<u>153,150</u>	<u>154,519</u>
	<u><u>3,193,653</u></u>	<u><u>2,234,066</u></u>

8 Amounts due from and amounts due to Isle of Man Government (excluding trade debtors and creditors)

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
<i>Due from Isle of Man Government comprises:</i>		
Treasury department	<u>10,517</u>	<u>18,820</u>
<i>Due to Isle of Man Government comprises:</i>		
Agency creditors	2,151,190	1,263,698
Levy payable to Treasury department	<u>500,000</u>	<u>-</u>

All balances are interest free, unsecured and payable/repayable on demand.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

9 Pension scheme

The Isle of Man Post Office operates a funded defined benefit pension scheme, The Isle of Man Post Office Superannuation Scheme ("the Scheme"), providing benefits based on final pensionable pay. Contributions to the scheme are determined by a firm of independent actuaries employed by the Trustees. A full actuarial valuation of the Scheme was undertaken as at 31 March 2023 by a qualified independent actuary.

The actuarial assumptions used to calculate scheme liabilities under FRS102 are as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	%	%
Discount rate	5.00%	4.75%
Salary increase rate	2.95%	2.75%
Pension increases:		
- CPI linked	2.70%	2.50%
- CPI min 0%, max 3%	2.30%	2.20%
- CPI min 0%, max 2.5%	2.05%	2.00%
RPI Price inflation rate	3.10%	3.00%
CPI Price inflation rate	2.70%	2.50%

Assumptions regarding life expectancy of members are based on published statistics and mortality tables. The life expectancies at age 65 utilised in the actuarial assumptions are as follows:

	MALE		FEMALE	
	31-Mar 2024	26-Mar 2023	31-Mar 2024	26-Mar 2023
Current pensioners aged 65	21.7	22.2	24.2	24.6
Future pensioners now aged 45	23.0	23.5	25.6	26.0

The expected return on scheme assets is the best estimate of returns expected over the period from dividends, interest and capital gains, taking into account the expected returns for individual asset categories.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

9 Pension scheme (continued)

Amounts recognised in the Statement of Financial Position

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	£'000	£'000
Equities	27,573	32,233
Property	9,740	10,456
Other*	36,532	30,642
	<hr/>	<hr/>
Fair value of scheme assets	73,845	73,331
Present value of funded liabilities	(71,216)	(70,631)
	<hr/>	<hr/>
Net defined benefit asset	2,629	2,700
	<hr/>	<hr/>

* "Other" assets at 31 March 2024 comprised Liability Driven Investments of £20,085,657 (£14,886,404 at 26 March 2023), Direct Lending at £9,576,659 (£10,215,273 at 26 March 2023) and net current assets of £6,869,969 (£5,540,317 at 26 March 2023).

The scheme does not invest in the employer's own financial instruments, including property or other assets owned by the employer.

Changes in present value of the funded liabilities:

	Period ended 31 March 2024	Period ended 26 March 2023
	£'000	£'000
At beginning of period	70,631	99,067
Current employer service cost	677	1,280
Employee contributions	488	529
Interest cost	3,261	2,864
Actuarial movements	171	(29,129)
Benefits paid (including expenses)	(4,012)	(3,980)
	<hr/>	<hr/>
At end of period	71,216	70,631
	<hr/>	<hr/>

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

9 Pension scheme (continued)

Changes in fair value of the scheme assets:

	Period ended 31 March 2024 £'000	Period ended 26 March 2023 £'000
At beginning of period	73,331	102,867
Interest income on scheme assets	3,415	2,993
Employer contributions	890	945
Employee contributions	488	529
Return on scheme assets in excess of interest income	(19)	(29,653)
Benefits paid (including expenses)	(4,260)	(4,350)
	<hr/>	<hr/>
At end of period	73,845	73,331

Amounts recognised in the profit for the period

	Period ended 31 March 2024 £'000	Period ended 26 March 2023 £'000
Current service cost (including expenses)	925	1,649
Net interest on net defined benefit liabilities	(155)	(128)
	<hr/>	<hr/>
Total expense recognised in income statement	770	1,521

Amounts recognised in other comprehensive income (OCI)

	Period ended 31 March 2024 £'000	Period ended 26 March 2023 £'000
Return on scheme assets in excess of interest income	(19)	(29,653)
Experience gains and (losses) on liabilities	(3,100)	(3,226)
Changes in assumptions	2,929	32,355
	<hr/>	<hr/>
Total (losses)/gains recognised in OCI	(190)	(524)

Actual return on scheme assets

	Period ended 31 March 2024 £'000	Period ended 26 March 2023 £'000
Actual return on assets	(3,396)	(26,661)

Defined contribution scheme

Employer contributions of £46,200 (2023: £28,010) were payable to defined contribution pension schemes during the period. The creditor with respect to these contributions at the period end was £nil (2023: £nil).

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

10 Capital and lease commitments

a) There are capital commitments as at 31 March 2024 of £0 (2023: £136,539).

b) Future commitments under non-cancellable operating leases as lessee (all relating to Land and Buildings) are as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Total payable:		
Within one year	156,181	147,808
In the second to fifth years inclusive	51,823	103,218
Over five years	-	-
	<hr/> 208,004 <hr/>	<hr/> 251,026 <hr/>

c) The operating lease expense for the period (all relating to Land and Buildings) was as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Total	148,508	141,630

d) Future receivables under non-cancellable operating leases as lessor (all relating to Land and Buildings) are as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Total receivable:		
Within one year	21,313	19,052
In the second to fifth years inclusive	73,141	-
Over five years	-	-
	<hr/> 94,454 <hr/>	<hr/> 19,052 <hr/>

e) The operating lease income for the year (all relating to Land and Buildings) was as follows:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Total	20,828	19,375

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

11 Reconciliation of operating profit to net cash flow from operating activities

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Operating Profit	1,636,558	165,136
Depreciation charges	675,320	757,101
Loss on revaluation	-	29,930
Net gain on sale of tangible fixed assets	(34,060)	(62,900)
Defined benefit scheme - current service cost in excess of contributions	35,356	704,165
Decrease / (increase) in stocks	35,399	(15,580)
Decrease in debtors	235,042	2,735,980
Net increase in amounts owed to Isle of Man Government	895,795	138,129
Increase / (decrease) in creditors	959,588	(24,795)
	<hr/>	<hr/>
Net cash flow from operating activities	4,438,998	4,427,166
	<hr/> <hr/>	<hr/> <hr/>

* Current Service cost £925k (2023: £1,649k) less £890k (2023: £945k) regular contributions.

12 Salaries

Remuneration of members, officers and employees of the Post Office has been paid within the following bands:

	Period ended 31 March 2024	Period ended 26 March 2023
	Number	Number
£50,000 - £74,999	16	13
£75,000 - £99,999	1	2*
£100,000 - £124,999	2	2
£125,000 - £149,999	1	1

* includes one limited term appointment

Changes to the number of members, officers and employees in the above bands occurred as a consequence of incremental adjustments to remuneration. Overall senior management team headcount remained unchanged.

13 Related party transactions

The Isle of Man Post Office is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence it, or to be controlled or influenced by the same. Disclosure of these transactions allows the readers to assess the extent to which the Post Office might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

The Board considers that the main related parties are:

- The Trustees of the Isle of Man Post Office Superannuation Scheme ("the Scheme"). Employer pension contributions and expenses met by IOMPO and recharged to the Scheme are disclosed in Note 9. The balance due from the Scheme to IOMPO at the period end is £172,088 (2023: £219,211).
- Members of the Board and Senior Management of IOMPO - disclosed in aggregate below.

In accordance with FRS102 Section 33, as IOMPO is included in the consolidated financial statements of the Isle of Man Government ("the Group"), transactions between IOMPO and other consolidated Group entities are not required to be disclosed. Non-trading balances with Group entities are disclosed in Note 8.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for period ended 31 March 2024)

13 Related party transactions (continued)

Remuneration of key management personnel (inclusive of pension scheme contributions and employers National Insurance payments) was:

	Period ended 31 March 2024	Period ended 26 March 2023
	£	£
Board Members and Executive Directors	<u>487,666</u>	<u>467,754</u>

14 Heritage assets

The Isle of Man Post Office owns a number of heritage assets that are not included in the statement of financial position at 31 March 2024 or 26 March 2023. The assets comprise:-

- 1) A collection of paintings, representing the original artwork for stamps produced during the 1970s and 1980s.
- 2) A memorial World War 1 plaque designed by Archibald Knox
- 3) A memorial World War 2 plaque

These assets were purchased historically. It is the view of the Board that the costs incurred to reliably value these assets on an on-going basis, even if such values could be obtained, would be disproportionate to any additional benefits derived by the Post Office and users of the accounts.

15 Post balance sheet events

The Board are not aware of any material post balance sheet events requiring disclosure in the financial statements.