

Isle of Man Post Office

Report and financial statements

For the year ended 31 March 2025

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 (resigned 1 April 2025)
Mrs K Morphet – Vice Chair (appointed 21 May 2025)
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

It is with great pride that I present the Chairman's Statement for 2024/2025, a year in which the Isle of Man Post Office has once again demonstrated resilience, adaptability, and strong financial performance.

This consistent performance is a direct result of the loyalty and trust of our customers, the dedication of my colleagues, and the strategic oversight from our Board. We continue to make significant progress in delivering our long-term strategy, supported by the Department for Enterprise, ensuring the business remains sustainable and relevant in a rapidly evolving market.

Our retail offering has undergone further evolution this year, reflecting our commitment to innovation and customer service. These enhancements are part of our broader innovation and service excellence and are designed to enhance accessibility and convenience to postal services across the Island. Changes driven by our key commercial agency customers, coupled with evolving compliance standards, will see further change to our retail offering in the near term, as we refocus on maintaining and improving access to postal services.

This year also saw a change in our Board membership, as Diane Kelsey MLC stepped down as Vice Chairman and was succeeded by Kirstie Morphet MLC. On behalf of the Board, I would like to thank Diane for her valued contribution and welcome Kirstie, whose insight and experience will be a great asset as we continue to navigate the challenges and opportunities ahead.

I would like to sincerely thank the Executive Team, the Board, and all our colleagues for their dedication and hard work throughout the year. Their collective efforts have been the driving force behind our achievements.

As we look ahead, I am confident that we are well-positioned to embrace the opportunities and challenges that lie ahead to the benefit of our customers. Together, we will continue to build a resilient, innovative, and customer-focused organisation that delivers lasting value for the Island.

Stu Peters MHK
Chairman, Isle of Man Post Office

Isle of Man Post Office

Chief Executive Officer's Report

Performance and Operational Highlights

As we reflect on the past year, I'm proud of our success, both in terms of financial performance, and how our teams have adapted to change, whilst continuing to serve our valued customers with dedication and care. The postal and retail landscapes continue to evolve, and we've remained focused on what matters most - our customers, our people and our future. For the year ended 31 March 2025, Isle of Man Post Office (IOMPO) reported a profit of £3.85m, a gratifying £1.25m increase on the previous year's £2.6m. Turnover held steady at £25.1m, reflecting our longstanding strategy to grow parcel volume sales to offset inherent letter mail decline. The improvement in profitability stems largely from cost efficiencies, particularly across payroll, actuarially assessed pension charges, and logistics.

Letter volumes fell by 11% during the year, aligned to recent trends, which was partly offset by modest growth in inbound parcels from our UK logistics partners. Notwithstanding, letters continue to outnumber parcels at a ratio of 3:1, and the changing product mix poses relentless challenges to maintaining and improving productivity, and optimising staffing levels. As parcels lie outside the postal monopoly conferred by the Post Office Act, these services are subject to commercial competition, and retaining and winning parcel contracts requires us to stay nimble, commercially driven, and responsive to evolving customer demands for speed and flexibility. During the year we successfully secured new customers for 'last-mile' parcel deliveries, a credible achievement in a highly competitive market. Commercial success underpins our ability to sustain the universal postal service without reliance on central funding.

We take great pride in the quality of service we provide, consistently maintaining high standards across our operations. This is reflected in our exceptionally low complaint rate - just four complaints per 100,000 items handled which highlights the dedication of our teams and the trust our customers place in us.

Strategic Transformation and Innovation

This year has marked a period of significant transformation and strategic progress for our organisation. Despite the ongoing challenges facing the postal and retail sectors, we have remained focused on adapting to change, innovating across our services, and delivering consistent value to our customers and stakeholders. Our commitment to operational excellence, digital transformation, and sustainability continues to guide our direction. We remain firmly committed to our environmental responsibilities and we're proud of the steps we've taken. Our fleet strategy continues to evolve, with a focus on modernisation and sustainability; in the last financial year we purchased 26 electric vehicles. Transitioning our fleet to be greener is a key step in aligning our operations with our environmental values. EVs help us significantly reduce carbon emissions and lower our overall environmental footprint, supporting broader sustainability goals, and cost savings through reduced fuel and maintenance cost. As part of the preparation work for the installation of solar panels at our headquarters, we have upgraded some of the electrical facilities to the latest specification, and commissioned a structural survey of the two buildings identified. A tender exercise covering the solar panels, battery storage and vehicle charging points identified a preferred supplier, with technical designs currently being finalised. Meanwhile we are on course for submitting our third public sector climate return in September which will show a further notable reduction in Scope 1 and 2 emissions of 7.3%, compared to 6.5% in the previous period.

We were thrilled to launch our new 'Online Postage' service which has seen excellent growth in popularity since it was launched in late 2024. The service, which also includes free doorstep collections, offers customers a convenient, flexible alternative to traditional counter services, with more people choosing digital solutions that fit around their busy lives. By making it easier to send mail we're not only enhancing accessibility, but also streamlining our operations to better meet modern delivery needs. This evolution is a key part of our strategy to stay relevant and responsive in a fast-changing postal landscape.

We have followed with interest the acquisition of International Distribution Services Plc, the parent company of Royal Mail, by EP Group. Given IOMPO's close relationship with Royal Mail as designated postal operators within our respective jurisdictions, we were keen to ensure that the interests of the Isle of Man were duly considered throughout the process. We were grateful for the support of the Department for Enterprise, which made formal representations to the UK Secretary of State, and for the engagement of our Chairman with the UK postal regulator. Reassuringly, EP Group has given a formal undertaking to the UK Government to consult with the Crown Dependencies on any proposed changes to the terms governing postal services in our jurisdictions.

Isle of Man Post Office

Chief Executive Officer's Report

Retail and Commercial Services

We recognise that the services delivered through our retail network have long been valued by the community, and any changes to their availability may cause concern. As our commercial partners continue their digital transformation journeys, we are entering a period of transition that will reshape how services are accessed at Post Office counters. The Treasury has confirmed its intention to withdraw the MiCard service by December 2025, followed by the Department of Infrastructure's decision to end vehicle and driving licence services at counters by March 2026. Together, these contracts represent over 70% of non-postal transactions across our network, and their cessation will inevitably necessitate changes to our retail offering. While these changes reflect broader shifts in service delivery, we remain deeply committed to supporting our customers through this transition. Our focus is on maintaining accessible postal services and enhancing digital alternatives such as our Online Postage and Click & Despatch platforms. We will also be launching a customer needs survey to gain deeper insight into their changing needs, informing the future direction of our service strategy.

Our Business Solutions division performed well, surpassing expectations for a division where the majority of its customers are pursuing digitisation journeys. The division has transitioned to the latest information security management (ISO27001) and quality management certification (ISO9001). Maintaining these 'best in class' accreditations provides our customers with comfort that our services meet the highest standards.

Our Stamps & Coins division had a dynamic year, marked by its first exploration of digital stamps in an historic collaboration to digitally frank stamps in lunar orbit. It also released several well-received stamp issues such as a tribute to one of the Island's most celebrated designers Archibald Knox, VE Day 80th Anniversary, Celtic Corvids, 60th anniversary of the Isle of Man Arts Council, and Island Harbours. Notwithstanding the varied programme of activity, the division had a challenging year financially as the traditional collector base continues to reduce. In an effort to broaden the customer base, we successfully launched a Shopify e-commerce site.

Corporate Developments and Outlook

On the corporate front, we have made strong progress in several key areas. We're well advanced with our legacy systems replacement programme, implementing 'SAP Business ByDesign', a cloud-based enterprise solution. The installation will replace the legacy accounting system, with further enhanced functionality for customer relationship management and work flows. We also introduced the 'Access - People HR' portal, a cloud-based HR platform designed to support various aspects of employee administration and improve the efficiency of HR processes staff training and recruitment. Meanwhile, the development of our new corporate website is progressing well and is set to deliver a significantly enhanced user experience when it goes live during 2025/26. With a focus on accessibility and intuitive design, the new platform will make it easier for customers and stakeholders to find the information and services they need quickly and efficiently.

Subsequent to the year end the Board received a formal Direction from Treasury to transfer sums from IOMPO reserves to the general reserves of the Isle of Man. The Direction was expected, and we have provisioned for £500,000 in our financial statements for each of the years ending 31 March 2024 and 2025. The Direction also included a requirement to transfer a sum of £1,000,000 for the year ended 31 March 2026, which will be provisioned accordingly in next year's financial statements.

As we reflect on the past year, we do so with immense pride in what we've achieved together. Through change, challenge, and opportunity, our teams have shown unwavering commitment, creativity, and resilience. Every success we've had whether operational, strategic, or service-driven has been made possible by the dedication of our people. To all our staff, thank you for your hard work and commitment. With a renewed sense of purpose and the momentum of a transformative year behind us, we look forward to building on this progress and continuing our drive for excellence in the year ahead.

Simon Kneen
Chief Executive, 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 existing

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Statement of Internal Control (continued)

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 year

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 Year (2024 – 25)	
Improvement	Details of Improvement
Mails	<ul style="list-style-type: none"> Introduced improvements to enhance controls in relation to the operation of the parcel automation machine.
Corporate	<ul style="list-style-type: none"> Procured accounting, customer relationship management and workflow systems, to modernise business processes, improve access to data, and enhance records management controls
Corporate	<ul style="list-style-type: none"> Implementation of cloud based HR and e-Learning systems, modernising business processes, access to data, and records management Outsourcing of pensioner payroll to specialist provider
Stamps and Coins	<ul style="list-style-type: none"> Commenced development of an ecommerce solution to remove bespoke interfaces and improve business efficiencies

Risk Management - Improvements Planned For The Forthcoming Year (2025 – 26)	
Improvement	Details of Improvement
Corporate	<ul style="list-style-type: none"> Review services and implement additional controls relating to AML/CFT for services covered by the Code.
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
Mails	<ul style="list-style-type: none"> Introduce improvements to enhance controls in relation to the management of stock parts used by the engineering team, when servicing/undertaking repairs to the letter-sorting machine.
Corporate	<ul style="list-style-type: none"> Implement further phases of the HR system to modernise manual business processes and introduce on-line recruitment
Corporate	<ul style="list-style-type: none"> Go-live with accounting, customer relationship management 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 - ISO 27001:2013 / ISO 9001:2015	July 2024
Regulated Services	Financial Services Authority	Inspection	March 2025
All	Nine commercial clients	Detailed assurance activities and audits on our range of services	Fourteen completed during the reporting period of 2024-2025

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 year ended 31 March 2025.

Simon Kneen
Chief Executive Officer

Date:

Isle of Man Post Office

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 year, 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 year. 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.

Isle of Man Post Office

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 year ended 31 March 2025.

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

Independent Auditor's report 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 year ended 31 March 2025, 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 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 2025 and of its financial performance and cash flows for the year then ended; and
- comply with the provisions 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, the Statement of Internal Control and the Statement of Responsibilities of the Board and Responsible Financial Officer. 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.

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Independent Auditor's report to the Board Members of Isle of Man Post Office

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.

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 report.

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

Responsibilities of the Responsible Financial Officer, 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 and the Responsible Financial Officer, management 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, management 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.

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Independent Auditor's report to the Board Members of Isle of Man Post Office

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 Act 2006 and local tax laws. 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 and the risk of fraud in revenue recognition. 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 year ended 31 March 2025

	Note	Year ended 31 March 2025 £	Period ended 31 March 2024 £
Turnover	1(b), 2	25,055,581	25,380,342
Cost of sales	1(c)	(16,166,598)	(17,557,201)
Gross profit		8,888,983	7,823,141
Other operating expenditure	1(c)	(6,118,087)	(6,186,583)
Operating Profit		2,770,896	1,636,558
Interest receivable		922,162	787,558
Net interest on net defined benefit pension asset		158,448	154,768
Profit for the year	3	3,851,506	2,578,884

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 year ended 31 March 2025

	Note	Year ended 31 March 2025 £	Period ended 31 March 2024 £
Profit for the year	3	3,851,506	2,578,884
Other comprehensive income			
Remeasurement of net defined benefit pension asset	9	1,784,895	(190,255)
Revaluation of freehold land & buildings	4	-	-
Total other comprehensive income for the year		1,784,895	(190,255)
Total comprehensive income for the year		5,636,401	2,388,629

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 2025

	Note	31 March 2025 £	31 March 2024 £
Non-current assets			
Fixed assets	1(e), 4	8,415,037	8,196,894
Investments	1(f), 5	40	40
		<u>8,415,077</u>	<u>8,196,934</u>
Current assets			
Stocks	1(h)	175,358	169,900
Trade and other debtors	6	3,630,146	3,226,192
Amounts due from Isle of Man Government	8	3,543	10,517
Short term cash deposit	1(g)	16,555,646	12,732,787
Cash at bank and in hand	1(g)	6,566,275	8,302,744
		<u>26,930,968</u>	<u>24,442,140</u>
Creditors: amounts falling due within one year			
Trade and other creditors	7	(2,865,984)	(3,193,654)
Amounts due to Isle of Man Government	8	(2,570,649)	(2,651,190)
		<u>(5,436,633)</u>	<u>(5,844,844)</u>
Net current assets		21,494,335	18,597,296
Pension scheme asset	9	4,650,061	2,628,842
Net assets		34,559,473	29,423,072
Represented by:			
Reserves	1(l)	34,559,473	29,423,072

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 year ended 31 March 2025

	Note	Year ended 31 March 2025		Period ended 31 March 2024	
		Profit and loss reserve £	Total equity £	Profit and loss reserve £	Total equity £
Balance at start of year		29,423,072	29,423,072	27,534,443	27,534,443
Total comprehensive income for the period					
Profit for the period		3,851,506	3,851,506	2,578,884	2,578,884
Remeasurement of net defined pension asset	9	1,784,895	1,784,895	(190,255)	(190,255)
Remeasurement of freehold land and buildings	4	-	-	-	-
Total comprehensive income for the period		5,636,401	5,636,401	2,388,629	2,388,629
Levy payable to Isle of Man Government Treasury	8	(500,000)	(500,000)	(500,000)	(500,000)
Balance at end of year		34,559,473	34,559,473	29,423,072	29,423,072
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		4,650,061	4,650,061	2,628,842	2,628,842
Retained profit		26,358,322	26,358,322	23,243,140	23,243,140
Total Reserves		34,559,473	34,559,473	29,423,072	29,423,072

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

Isle of Man Post Office

Statement of Cash Flows

for the year ended 31 March 2025

	Note	Year ended 31 March 2025 £	Period ended 31 March 2024 £
Net cash flow from operating activities	11	2,092,743	4,438,998
Cash flows from investing activities			
Payments to acquire fixed assets		(925,131)	(219,404)
Receipts from sales of fixed assets		54,459	34,060
Net cash flow from investing activities		(870,672)	(185,344)
Cash flows from financing activities			
Interest received		864,319	729,715
Levy to Isle of Man Government		-	-
Net cash used in financing activities		864,319	729,715
Net increase in cash and cash equivalents		2,086,390	4,983,369
Cash and cash equivalents at start of year		21,035,531	16,052,162
Cash and cash equivalents at end of year		23,121,921	21,035,531

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 year 31 March 2025)

I Accounting policies

a) Basis of accounting

The Audit Act 2006 requires bodies subject to the Act to make up their financial statements annually to 31 March, or such other date as the Isle of Man Government Treasury may generally or in any special case direct. In 2007 Isle of Man Post Office (IOMPO) was directed “to prepare its financial statements so that its year end falls within seven days of 31 March each year”. Subsequently IOMPO prepared its accounts to the nearest Sunday to 31 March, however with effect from the accounting period commencing 1 April 2024, IOMPO reverted to the default requirement of the Act, and has prepared these financial statements for the year to 31 March 2025.

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.

The financial statements have been prepared on a going concern basis, which assumes that the organisation will continue in operational existence for the foreseeable future. This assessment is based on indicators of financial strength such as consistent actual and forecast profitability, a robust asset base, and positive cash flows ensuring liquidity for day to day operations. The Board have reviewed all relevant factors, including financial and operational performance, and has no reason to believe that the organisation will not continue as a going concern for at least twelve months from the date of approval of these financial statements.

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.

d) Interest Received

Interest income is accrued over time using the effective interest method, based on the principal amount outstanding and the applicable interest rate. Income is recognised when it is earned, not when received, ensuring that it is matched to the period to which it relates. At each reporting date, any interest income that has been earned but not yet received is recognised as interest receivable

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2025)

I Accounting policies (continued)

d) Interest Received (continued)

under current assets. These amounts are reversed in the following period upon receipt or confirmation of payment, to prevent double recognition.

e) 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 next mid-point valuation will be carried out on 31 March 2026.

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 to 7 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	2 to 5 years

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2025)

I Accounting policies (continued)

e) **Tangible fixed assets (continued)**

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.

f) **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.

g) **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.

h) **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.

i) **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 year ended 31 March 2025)

I Accounting policies (continued)

j) 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.

k) 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.

l) 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.

m) 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)

m) 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.

n) 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.

o) 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.

p) 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 year ended 31 March 2025)

2 Turnover

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Mails	16,838,029	16,814,032
Retail Counters *	5,099,235	5,358,457
Stamps & Coins	902,746	978,052
Business Solutions - Mailroom	2,215,571	2,229,801
	<u>25,055,581</u>	<u>25,380,342</u>

* Retail Counters turnover includes gross foreign exchange sales of £3,578,683 (2024: £3,892,526).

3 Total profit for the period

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Auditor's remuneration	19,850	17,600
Depreciation (note 4)	706,988	675,320
Loss on revaluation land & buildings	-	-
Pension - defined benefit current service cost (note 9)	765,379	925,154
Pension - Net interest on net defined benefit pension asset (note 9)	(158,448)	(154,768)
Employee Remuneration (excl Pension)	10,177,826	10,809,646
Rentals payable under operating leases (note 10)	161,688	148,508
Accommodation (excl depreciation & rentals under op leases)	493,386	486,325
Retail network support payments	497,680	470,113
Retail network - other direct costs	390,330	441,058
Foreign exchange currency purchases	3,346,996	3,616,756
Logistics costs	3,618,135	3,742,419
Stamps & Coins - other direct costs	233,863	263,628
Business Solutions - Mailroom - other direct costs	152,418	161,426
Irrecoverable VAT	367,078	345,978
Information & Communication Technology Costs	372,389	377,505
Bank Charges	142,802	144,515
Plant & Machinery (excl depreciation)	<u>646,396</u>	<u>652,250</u>

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

4 Fixed assets

	Land & Buildings	Motor Vehicles	Office Equipment & Machines	Total
	£	£	£	£
Cost or valuation:				
At 31 March 2024	6,655,262	2,331,171	6,065,687	15,052,120
Additions	10,606	539,433	375,091	925,130
Disposals	(33,497)	(357,064)	(93,138)	(483,699)
At 31 March 2025	6,632,371	2,513,540	6,347,640	15,493,551
Accumulated depreciation:				
At 31 March 2024	(632,362)	(1,497,277)	(4,725,587)	(6,855,226)
Charge for the year	(144,945)	(344,695)	(217,348)	(706,988)
Disposals	33,497	357,064	93,138	483,699
At 31 March 2025	(743,810)	(1,484,908)	(4,849,797)	(7,078,515)
Net book value:				
At 31 March 2025	5,888,561	1,028,632	1,497,843	8,415,036
At 31 March 2024	6,022,900	833,894	1,340,100	8,196,894

Land and buildings were revalued as at 26 March 2023 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).

The carrying amount of land & buildings reported at valuation, that would have been recognised had these assets been carried under the cost model is £2,337,471 (2024: £2,471,810).

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Land	1,612,000	1,612,000
Freehold Buildings	4,276,561	4,410,900
	5,888,561	6,022,900

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Trade debtors (gross)	3,005,591	2,624,940
Less provision for doubtful debts	(6,215)	(11,618)
Trade debtors (net)	<u>2,999,376</u>	<u>2,613,322</u>
Other debtors	299,990	416,804
Prepayments and accrued income	330,780	196,066
	<u><u>3,630,146</u></u>	<u><u>3,226,192</u></u>

7 Trade and other creditors

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Trade creditors, other creditors and accruals	2,030,942	2,758,145
Agency creditors	272,760	207,688
VAT	406,019	74,670
Philatelic subscriber balances	156,263	153,150
	<u><u>2,865,984</u></u>	<u><u>3,193,653</u></u>

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
<i>Due from Isle of Man Government comprises:</i>		
Treasury department	<u>3,543</u>	<u>10,517</u>
<i>Due to Isle of Man Government comprises:</i>		
Agency creditors	<u>1,570,649</u>	<u>2,151,190</u>
Levy payable to Treasury department	<u>1,000,000</u>	<u>500,000</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 year ended 31 March 2025)

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:

	Year ended 31 March 2025	Period ended 31 March 2024
	%	%
Discount rate	5.95%	5.00%
Salary increase rate	2.95%	2.95%
Pension increases:		
- CPI linked	2.70%	2.70%
- CPI min 0%, max 3%	2.30%	2.30%
- CPI min 0%, max 2.5%	2.05%	2.05%
RPI Price inflation rate	3.00%	3.10%
CPI Price inflation rate	2.70%	2.70%

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	31-Mar	31-Mar	31-Mar
	2025	2024	2025	2024
Current pensioners aged 65	21.4	21.7	24.0	24.2
Future pensioners now aged 45	22.7	23.0	25.4	25.6

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 year ended 31 March 2025)

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:

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
Equities	13,093	27,573
Property	9,591	9,740
Bonds	14,971	-
Other*	29,744	36,532
	<hr/>	<hr/>
Fair value of scheme assets	67,399	73,845
Present value of funded liabilities	(62,748)	(71,216)
	<hr/>	<hr/>
Net defined benefit asset	4,651	2,629
	<hr/> <hr/>	<hr/> <hr/>

* "Other" assets at 31 March 2025 comprised Liability Driven Investments of £19,960,482 (£20,085,657 at 31 March 2024), Direct Lending at £8,431,812 (£9,576,659 at 31 March 2024) and net current assets of £1,351,431 (£6,869,969 at 31 March 2024).

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:

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
At beginning of year	71,216	70,631
Current employer service cost	562	677
Employee contributions	453	488
Interest cost	3,469	3,261
Actuarial movements	(9,218)	171
Benefits paid	(3,734)	(4,012)
	<hr/>	<hr/>
At end of year	62,748	71,216
	<hr/> <hr/>	<hr/> <hr/>

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

9 Pension scheme (continued)

Changes in fair value of the scheme assets:

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
At beginning of year	73,845	73,331
Interest income on scheme assets	3,628	3,415
Employer contributions	843	890
Employee contributions	453	488
Return on scheme assets in excess of interest income	(7,433)	(19)
Benefits paid (including expenses)	(3,937)	(4,260)
	<hr/>	<hr/>
At end of year	67,399	73,845
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the profit for the year

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
Current service cost (including expenses)	765	925
Net interest on net defined benefit liabilities	(158)	(155)
	<hr/>	<hr/>
Total expense recognised in income statement	607	770
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in other comprehensive income (OCI)

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
Return on scheme assets in excess of interest income	(7,434)	(19)
Experience gains and (losses) on liabilities	147	(3,100)
Changes in assumptions	9,072	2,929
	<hr/>	<hr/>
Total (losses)/gains recognised in OCI	1,785	(190)
	<hr/> <hr/>	<hr/> <hr/>

Actual return on scheme assets

	Year ended 31 March 2025	Period ended 31 March 2024
	£'000	£'000
Actual return on assets	(3,807)	3,396
	<hr/> <hr/>	<hr/> <hr/>

Defined contribution scheme

Employer contributions of £36,832 (2024: restated £36,529) were payable to defined contribution pension schemes during the year. The creditor with respect to these contributions at the year end was £nil (2024: £nil). The comparative figure for employer contributions was reported in the prior period financial statements as £46,200. This was a disclosure error which has no impact on the profit for the prior period or the reserves of the organisation.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

10 Capital and lease commitments

a) There are capital commitments as at 31 March 2025 of £83,556 (2024: £nil).

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Total payable:		
Within one year	134,540	156,181
In the second to fifth years inclusive	-	51,823
Over five years	-	-
	<u>134,540</u>	<u>208,004</u>

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Total	<u>161,688</u>	<u>148,508</u>

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Total receivable:		
Within one year	21,313	21,313
In the second to fifth years inclusive	51,828	73,141
Over five years	-	-
	<u>73,141</u>	<u>94,454</u>

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Total	<u>21,313</u>	<u>20,828</u>

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

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

	Year ended 31 March 2025	Period ended 31 March 2024
	£	£
Operating Profit	2,770,896	1,636,558
Depreciation charges	706,988	675,320
Net gain on sale of tangible fixed assets	(54,459)	(34,060)
Defined benefit scheme - current service cost in(deficit) / excess of contribution:	(77,876)	35,356
(Increase) / Decrease in stocks	(5,459)	35,399
(Increase) / Decrease in debtors	(346,111)	235,042
Net (Decrease) / Increase in amounts owed to Isle of Man Government	(573,567)	895,795
(Decrease) / Increase in creditors	(327,669)	959,588
	<hr/>	<hr/>
Net cash flow from operating activities	2,092,743	4,438,998
	<hr/> <hr/>	<hr/> <hr/>

* Current Service cost £765k (2024: £925k) less 843k (2024: £890k) regular contributions.

12 Salaries

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

	Year ended 31 March 2025	Period ended 31 March 2024
	Number	Number (restated)
£50,000 - £74,999	32	27
£75,000 - £99,999	3	4
£100,000 - £124,999	1	1
£125,000 - £149,999	2	1
£150,000 - £179,999	1	1

The figures for the comparative period have been restated following updated advice from the Tynwald Auditor General regarding the definition of 'remuneration' for the purpose of this analysis. There is no impact on profit and loss or reserves arising from this restatement. Changes to the number of employees in the above bands occurred as a consequence of incremental adjustments to remuneration. Overall management team headcount remained unchanged.

Isle of Man Post Office

Notes (continued)

(forming part of the financial statements for year ended 31 March 2025)

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 £nil (2024: £172,088).

- 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.

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

	Year ended 31 March 2025	Period ended 31 March 2024 (restated - see note 12)
	£	£
Board Members and Executive Directors	<u>522,301</u>	<u>488,243</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 2025 or 31 March 2024. 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

Subsequent to the year end the Board received a Direction under Section 7 of the Post Office Act 1993 from Isle of Man Government Treasury. The Direction requires Isle of Man Post Office to pay to the Treasury the sum of £1,000,000 with respect to the year ending 31 March 2026, due and payable upon the conclusion of that financial year.

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