

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Guernsey Post Limited – Annual Report and Accounts' dated 24 October, 2019, they are of the opinion:-

1. To note the Annual Report and Accounts of Guernsey Post Limited for the year ended 31st March 2019.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

24th October, 2019

Dear Sir

1 Executive Summary

- 1.1 The Annual Report and Accounts of Guernsey Post Limited are hereby presented to the States.

2 Guernsey Post – Annual Report and Accounts

- 2.1 Under the terms of Section 8 of the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, the States' Trading Supervisory Board (STSB) is required to submit Guernsey Post's Annual Report and Accounts to the States for their consideration.
- 2.2 Guernsey Post's Annual Report and Accounts for the year ended 31st March, 2019, are therefore appended to the policy letter.
- 2.3 The Company made an operating profit of £1,368,000 for the financial year ended 31st March, 2019, compared to £1,269,000 for the previous year.

3 Compliance with Rule 4

- 3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 3.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She

has advised that there is no reason in law why the Propositions should not to be put into effect.

- 3.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Board.
- 3.4 In accordance with Rule 4(5), the Propositions relate to the duties of the STSB to carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board.

Yours faithfully

P T R Ferbrache
President

J C S F Smithies
Vice-President

J Kuttelwascher
Member

S J Falla MBE
Non-States Member

J C Hollis
Non-States Member



**Annual Report and Financial Statements
for the year ended 31 March 2019**

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Directors:

Simon Milsted (Chairman)
(appointed 24 September 2018)
 Andrew Duquemin
(retired 24 September 2018)
 Boley Smillie (Chief Executive)
 Steve Sheridan (Finance)
 Jill Thomas (Commercial)
 Steve Hannon (Non-Executive)
(retired 24 September 2018)
 Stuart Le Maitre (Non-Executive)
 Richard Digard (Non-Executive)
 Peter Shaefer (Non-Executive)
(appointed 28 November 2018)
 Mark Dunster (Non-Executive)
(appointed 28 November 2018)

Auditor:

Deloitte LLP
 Regency Court
 Glatigny Esplanade
 St Peter Port
 GUERNSEY
 GY1 3HW

Actuaries:

BWCI Consulting Limited
 Actuaries and Consultants
 PO Box 68
 Albert House
 South Esplanade
 St Peter Port
 GUERNSEY
 GY1 3BY

Registered Office:

Envoy House
 La Vrangue
 St Peter Port
 GUERNSEY
 GY1 1AA

Company Number:

38693



CHAIRMAN'S STATEMENT

“The Board continues to approach all aspects of our business activities with the ambition of providing the highest quality value for money services, all of which, I believe, are at the core of our success. The financial effect of the ongoing decline in traditional mail demands that we are innovative in the pursuit of efficiencies, together with establishing a clear agenda for continued development and growth.”

ANOTHER BUSY YEAR

At the outset and on behalf of the Board, I would like to express our sincere thanks to my predecessor Andrew Duquemin, who retired as Chairman in September 2018. Andrew joined the Board as a Non-Executive Director in 2007 and was then appointed Chairman in 2015. During Andrew's time on the Board, the Company successfully dealt with a number of business defining challenges, including the liberalisation of the parcels market, the loss of low value consignment relief and the reform of the Company's pension scheme. The fact that the Company successfully navigated through that period, whilst continuing to deliver excellent financial results, is a tribute to Andrew's considered guidance and leadership.

In my first year as Chairman of Guernsey Post, I am pleased to present the financial statements for the year ended 31st March 2019. Despite another challenging period for the postal industry as a whole, our efforts resulted in a healthy operating profit for the Company of £1.4m and profit before tax of £1.9m.

The Board continues to approach all aspects of our business activities with the ambition of providing the highest quality value for money services, all of which, I believe, are at the core of our success. The financial effect of the ongoing decline in traditional mail demands that we are innovative in the pursuit of efficiencies, together with establishing a clear agenda for continued development and growth. We continue to design products and services that are relevant in the context of our customers' changing purchasing habits and that are expected from a modern efficient postal service.

Our agenda for growth is demonstrated perfectly in the highly competitive parcels market. We have again enjoyed strong organic growth in the last year whilst, at the same time, developing new and successful partnerships with UK carriers. Our success in this sector is underpinned by the service enhancements that we have launched. Our new **Safeplace** service and, in particular, the introduction of our letter box **smart tag** have greatly improved our ability to provide convenience to our customers. The letter box **smart tag** works in conjunction with our handheld scanners

using state of the art communication technology to provide our postal staff with important information about alternative delivery preferences. This has significantly reduced both the number of customer visits to our mail collection counter and the need for costly redeliveries. Our **smart tag** project is an excellent example of our drive to improve choice and service to our customers. There are yet further enhancements on the way.

Over the past year, the Board has continued the expansion into electric powered vehicles, which has recently resulted in our home delivery fleet now being 100% electric. The transition from diesel to electricity has resulted in our CO2 production falling by over 50% in the past three years. In financial terms, the gains are equally remarkable in terms of cost savings in servicing, maintenance and fuel.

Following recent planning approval, in conjunction with Guernsey Electricity, we will be commencing work on installing the largest solar array in the Channel Islands on the roof of Envoy House. The electricity generated by this installation will enable the business to achieve a carbon neutral footprint in relation to its delivery operations. In this regard, we are also delighted to have been recognised for our achievements at the UK Motor Transport Association Awards, in which we were announced as winners of the prestigious 2019 'Low Carbon Award'.

During the past year, Guernsey Post has also successfully retained its Investors in People Gold level standard, remaining one of the top accredited organisations across the UK. This continues to be a great privilege and a direct acknowledgement to the hard work and collective commitment of our management, staff and our unions in continually adapting and improving the way we work.

Guernsey Post continues to play an active part in the wider community. This year, the Company has helped support the Channel Islands Air Search through its BATIF Bureau de Change business and has again been a committed and proud supporter of the St Peter Port Christmas Lights Charity, St James, the Saffery Rotary Walk and the Guernsey Literary Festival. All are much valued and worthwhile causes within our island community directly benefiting from our financial and practical support.

DIVIDEND

In the context of the overall financial position of the business, combined with strong underlying operational performance, the Board is pleased to propose an ordinary dividend in respect of the year ended 31 March 2019 of £560k.

Furthermore, in view of the current strength of the Company's balance sheet, its disciplined capital investment policy and healthy liquidity levels, the Company is pleased to propose a further one-off special dividend of £500k in respect of the same period.

THE BOARD

Peter Shaefer and Mark Dunster joined the Board during the last financial year and they bring with them significant commercial, financial, legal and regulatory skills and experience.

Peter is a Member of the Chartered Institute of Public Finance and Accountancy and the Institute of Directors and holds a number of executive and non-executive positions. Peter's skills include managing strategic change, project management, corporate governance and risk management.

Mark is a partner at Carey Olsen, specialising in litigation, compliance and financial regulatory matters and acts as both an executive and non-executive director on a number of companies. Mark undertakes a wide variety of commercial and civil litigation work and advises institutions on corporate governance structure and regulatory matters, including anti-money laundering, data protection, and employment law.

This year, the Company will be saying goodbye to Stuart Le Maitre. Stuart has served the Board for the past 8 years, during which time he held the position of Chairman of the Nominations and Remunerations Committees. During his tenure, Stuart's contribution has been invaluable and instrumental to the continued success of the Company, for which my fellow Board members and I would like to place on record our sincere gratitude.

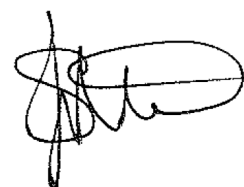
THE FUTURE

The outlook for the year ahead and beyond remains challenging, in the context of the sustained and negative impact of digital substitution on our core revenues and underlying profitability.

The challenges we face as a postal business are not unique to Guernsey, with mail volumes continuing to see annual double digit declines globally. Expected growth in our parcel delivery sector, both organically and through the securing of new delivery contracts, should go some way to offsetting core volume decline. But only 'some way'. We recognise the need to do more to secure our position as a premier postal service.

The Board remains fully committed to ensuring Guernsey Post is well equipped to meet the challenges ahead and will continue to pursue its strategy of identifying and exploiting growth and diversification opportunities in both new and existing markets. The Company is continuing its investment in technology to enhance existing and develop new and innovative communication and transactional channels to maintain its 'Best in Class' customer service.

In conclusion, I must again make special mention to our highly committed and professional workforce who continue to set us apart within the community and, indeed, our industry. Our team at every level within our business continue to be a key factor in enabling Guernsey Post to achieve its excellent performance, financial and otherwise, over the past twelve months.



S J Milsted, *Chairman*
July 2019



Guernsey Post, Smith Street Collection.

Business Review for the Year

OUR RESULTS

Guernsey Post is pleased to report an operating profit of £1.4m for the year ended 31 March 2019, an increase on the prior year profit performance of £0.1m (8%).

PROFIT AND LOSS

Turnover for the year was £30.7m, an increase of £0.6m (2%) in the year. Underlying growth in the Company's bulk customer business, was partially offset by a reported decline in core letter and parcel revenues in the year.

Expenditure for the year was £29.3m, an increase of £0.5m (2%) on the prior year.

Direct costs of £13.8m, associated with servicing revenues, were well managed, experiencing an increase of less than 1% in the year.

Staff related expenditure for the year was £12.5m, representing an increase of just £0.4m on prior year, notwithstanding a small uplift in the number of full-time equivalent employees.

Depreciation costs increased by £0.2m during the year, due to the ongoing upgrade of the Company's transport fleet, complimented by the transition from diesel to electrically powered vehicles.

Profit on ordinary activities before Taxation for the year was £1.9m, an identical result when compared to the prior year.

BALANCE SHEET

Shareholders' funds were £23.5m, an increase of £0.7m in the year. The Company continues to operate with a strong Balance Sheet and a healthy liquidity position. At the year end, the Company reported a cash balance of £1.1m, alongside separate short-term investment balances held with States Treasury of £11.1m and £4.0m of current assets, supported by a £11.9m fixed assets base. Reported current liabilities and provisions were £4.4m and £0.1m, respectively.

CASHFLOW STATEMENT

The Company had net inwards cash movements of £0.4m during the year, with net cash generated from operations contributing £2.0m in the year.

The primary cash flow adjustments related to £1.1m paid out in dividends during the year, £0.4m in investment returns on funds invested by the States Treasury on the Company's behalf and £0.2m on taxation paid in the period.

Capital spend in the year was £0.8m, the primary investment being £0.6m in the replacement and increase of the vehicle fleet as part of our ongoing fleet replacement programme and the Company's wider combined letters and parcels delivery strategy. A further capital investment of £0.2m was made in respect of upgrading the Company's IT infrastructure.

“
Guernsey Post is pleased to report an operating profit of £1.4m for the year ended 31st March 2019
”

OPERATIONAL SUMMARY

The total number of mail items handled during the year was approximately 39m, a reduction from 41m in the prior year. Notwithstanding growth in inward parcel volumes, total inward mail delivered was down 6% on prior year, impacted by the ongoing decline seen in inward letters volumes.

Total outward mail was up 2% on prior year, primarily because of an increase in outward bulk volumes during the period, alongside pleasing growth in the volumes of special delivery products.

With the exception of mail posted in the UK but delivered in Guernsey and mail posted in Guernsey but delivered in Jersey, elements of which were both outside of our control, quality of service performance results for the year have exceeded the set targets and continue to be a demonstration of our commitment in ensuring a timely delivery of mail across our network.



BOARD PROFILE



Simon Milsted
CHAIRMAN

On qualification as a Chartered Accountant in 1982, Simon Milsted joined the London City office of Price Waterhouse, during which time he was engaged on a series of special assignments for the Bank of England. Two consecutive assignments took him to the West Country, following which, he moved his young family westwards transferring permanently to Price Waterhouse's Bristol office.

In 1988, Simon co-founded an independent firm of Chartered Accountants that soon became one of the fastest growing and most well respected independent firm of advisers in the South West, bringing a high level of specialist and consulting advice to the owner-managed business community across the region.

In 1995, Simon invested in, and became non-executive chairman of, the BSI Group, a business process outsource specialist in the business travel sector, which became the European leader in its field. Simon has held office as Regional President of the Institute of Chartered Accountants in England and Wales, sat on a number of Government sponsored business support bodies and was a governor and non-executive treasurer of a leading South West public school.

Since his move to Guernsey in 2010, Simon has pursued an active engagement with businesses and not for profit organisations on the Island, both in an advisory capacity and as principal.



Boley Smillie
CHIEF EXECUTIVE

Born and raised in Guernsey, Boley Smillie joined Guernsey Post in 1991 straight from his secondary education at La Mare de Carteret School. The subsequent years have seen him gain a wide range of experience in different roles, rising through the ranks of the Company. Initially employed as a Clerical Assistant, he moved to Customer Services, then on to Logistics before being promoted to Head of Letters and Parcels in 2004. He became Operations Director in 2007 and an Executive Director in April 2010. In

July 2010, he was appointed interim Chief Executive before taking the role on a permanent basis in September 2010.

During this time, he has added to his hands on experience by undertaking a number of professional qualifications, including certificates in marketing, business and finance. Most recently, he was awarded the certificate in Company Direction from the Institute of Directors.



Steve Sheridan
FINANCE DIRECTOR

Steve Sheridan was born and educated in Nottingham, before work opportunities brought him to Guernsey in 1993.

He has over 20 years experience in accountancy and financial control, holding a number of senior roles for a variety of firms within Insurance, Fiduciary, Retail and the Banking industries. He qualified in 2004 before joining All in Black as their Financial Controller and General Manager. During his time in this role, he was successful in creating an effective management reporting solution for the business, out of which a number of key rationalisation initiatives were undertaken.

His next role took him to Credit Suisse, where he

held a variety of positions, one of which was part of a project team tasked to ensure the successful deployment of their Financial Accounting function to its offices in India. More latterly, Steve was employed within the Private Banking and Asset Management Division, where he held the position of Head of Financial Management for the Channel Islands.

Steve brings with him a wealth of accountancy and financial control knowledge, as well as a strong commercial acumen.

Steve was appointed Finance Director with Guernsey Post in early 2014.



Stuart Le Maitre
NON-EXECUTIVE

Stuart Le Maitre was born and educated in Guernsey. Following a brief period of employment at the Guernsey Post Office, he studied in Bristol and obtained a degree in Education and a post graduate qualification in careers guidance. He held a senior position in the Careers Service at Buckinghamshire County Council for five years before returning to join the Civil Service in Guernsey, where he held senior positions for the next 20 years. During this time, his responsibilities included the development and oversight of departments responsible for industrial relations and employment legislation, trading standards and consumer affairs, health and safety in the work place and initiatives to support the development of the non-finance sector of the Island's economy. Having worked on the development of the regulatory framework for

the Bailiwick of Guernsey and the establishment of the Office of Utility Regulation, he was also involved in the commercialisation of the States' Trading Utilities.

On leaving the Civil Service, Stuart undertook a variety of consultancy assignments and in 2006 was appointed as Chief Operating Officer with responsibility for the set up phase of a new local mobile telephone Company. More recently, he held the position of Chief Executive of the Medical Specialist Group in Guernsey until he resigned from this post in June 2013. He has recently taken up the position of Douzaine Representative for the Vale Parish and holds other local board positions. Stuart was appointed Deputy Industrial Disputes Officer in January 2017.



Richard Digard
NON-EXECUTIVE

Richard Digard is a career journalist, editor and newspaper management specialist who has extensive experience at director level of running the Channel Islands' two daily newspapers plus other titles and digital publications.

Locally born and educated at Elizabeth College and Coventry University, Richard became the first news editor of the Guernsey Press and Star in 1987. He was appointed Marketing Manager at Sun Alliance International Life in 1994, where he ran its marketing division, serving teams in the UK, Europe, Africa and the Far East.

He returned to the Guernsey Press and Star in 1997, and was appointed Editor in 2000. He subsequently joined the Board of the Guernsey Press Co. Ltd and then Guiton Publishing, a group board committee

responsible for the strategic direction and performance of its two Channel Islands newspapers. These experiences include a strong trading background with a hands-on approach to the challenges and opportunities created for established industries by new technology.

Since retirement in 2014, he has been a member of the Independent Review Panel appointed by the States to consider States Members' remuneration and served as a Member of the States Scrutiny Management Committee until early 2017. Richard is also a non-executive Director of a locally-based captive insurance company and has been a douzenier of the Vale Parish since 2016.



Jill Thomas
COMMERCIAL
DIRECTOR

Jill grew up in the East Midlands, graduating from Aston University with a Combined Honours Degree in French and Business.

After leaving University, Jill worked for 12 years within various divisions of the Coats Viyella Group, both in the UK and Paris, primarily managing procurement and product development for the textile group.

Jill then moved to a corporate uniform company based in Oxfordshire, as their Head of Procurement in 2001. She was promoted to Procurement Director

and, in 2005, took on the role of Managing Director which she held until she moved to Guernsey with her husband in 2009.

With more than 20 years experience in commercial businesses, Jill joined Guernsey Post in 2010, initially managing BATIF, Guernsey Post's foreign exchange division. The following year, Jill took on responsibility for retail services and post office counters. Jill's remit was increased to include key customers and customer service in 2013 and she was appointed to the Board in July 2017.

BOARD PROFILE



Peter Shaefer
NON-EXECUTIVE

Although born and raised in the North West of England, Peter has worked and lived in many countries including Holland, Switzerland, France and now Guernsey. He is a Member of the Chartered Institute of Public Finance and Accountancy and the Institute of Directors and holds a degree in Geology with Industrial Management from the University of Liverpool. He currently holds a number of executive and non-executive positions including Chairman of PRTM AG (a global luxury baggage company) and is a non-executive Director of Guernsey Electricity Limited.

Peter has enjoyed a varied career, including:

- * The global beauty company, Coty Inc, which he joined in 2000 and culminated in his appointment as Senior Vice President of Business Transformation in 2014 with responsibility for overseeing a company-wide reorganisation and restructuring programme.

His previous roles with Coty Inc included CFO Europe and Asia and Senior Vice President, Business Development, with responsibility for Mergers & Acquisitions and accelerating international development;

- * Japan Tobacco International, undertaking a number of roles across the globe, including General Auditor and Senior Finance Director;

- * The oil industry, working in a variety of finance and audit roles;

- * The Audit Commission, where he qualified as a Chartered Accountant.

Peter's skills include managing strategic change and international development, project management, corporate governance and risk management, developing business and financial strategy and financial planning and analysis.



Mark Dunster
NON-EXECUTIVE

Advocate Dunster is a partner at Carey Olsen specialising in litigation, compliance and financial regulatory matters. He undertakes a wide variety of commercial and civil litigation work and advises institutions on regulatory matters, including anti-money laundering, data protection, employment law, e-Gambling and renewable energy.

In 1994, Mark was called as a barrister and practised in London before returning to his native Guernsey, where he qualified as an advocate in 1997. He has been a partner at Carey Olsen since 2001 and became a Notary Public in 2006.

Mark acts as both an executive and non-executive director on a number of Guernsey (and non-Guernsey) companies in sectors as wide as trust and fiduciary services, electronic gaming, credit card payment processing, commercial real estate and investment holding.

Mark is a current member of the States of Guernsey legislative review committee, advising on the

implementation and drafting of new laws and ordinances. He is also the past Chairman of the Guernsey Association of Compliance Officers and the former Chairman of the Guernsey Bar Association.

Between 2004 and 2008, Mark was a member of Guernsey's Health and Social Services Department. He was formally Connétable of St Pierre du Bois and is now a Douzenier for that Parish.

Mark has a breadth of commercial experience with some very large and complex organisations. This experience includes reviews of corporate governance structures, developing strategy and evaluating the deployment of capital and resources between competing opportunities. He holds the Institute of Directors Chartered Director status.

Corporate Governance Report

COMPLIANCE

Guernsey Post Limited's corporate governance arrangements are based on the proportionate application of good practice principles in corporate governance, predominantly those contained within the UK Corporate Governance Code published in July 2018 ('the Code'), where relevant. Guernsey Post is committed to the development of a sustainable and profitable business that benefits all stakeholders, which includes achieving the highest standards of corporate governance for our Shareholder, the States of Guernsey.

Guernsey Post has signed a Memorandum of Understanding with the States' Trading Supervisory Board that sets out the rights, expectations and duties of both parties and includes the requirement to comply with best practice on corporate governance. Guernsey Post has continued to work on its corporate governance programme during the financial year ended 31 March 2019, and the achievements are summarised in this report.

THE BOARD

DIRECTORS

The Board's role is to provide entrepreneurial leadership of the Company within a prudent and effective framework of risk management and internal control. The Board is responsible for setting and implementing strategy, allocating the necessary human and financial resources to meet the Company's objectives and monitoring the performance of management against those objectives. The Board is collectively accountable for the success of the Company, sets its values and standards and takes decisions objectively in the interests of the Company, its Shareholder and other stakeholders.

Non-Executive Directors help to develop and challenge the Company's strategy. They evaluate the performance of management and monitor the reporting of performance. They consider the integrity of financial information and the strength of financial controls and risk management systems. They oversee executive remuneration and play the main role in the appointment, removal and succession planning for Executive Directors.

Matters referred to the Board are governed by a scheme of delegated authorities that provides the framework for the decisions to be taken by the Board, those which must be referred back to our Shareholder and those which can be delegated to Committees of the Board, or senior management.

There were eight board meetings held during 2018/19. If a Board member cannot attend a meeting, he or she receives a copy of the agenda and the accompanying papers in advance of the meeting and is invited to comment on the matters to be discussed.

The names of the members of the Board Committees are set out on pages 12-13, (*16-17) together with details of their background. The Board Committees have authority to make decisions according to their terms of reference.

CHAIRMAN AND CHIEF EXECUTIVE

Guernsey Post has a non-executive Chairman and a Chief Executive. There is a clear division of responsibility between these two positions. Simon Milsted, the Chairman, is responsible for the running of the Board and Boley Smillie, the Chief Executive, is responsible for the running of the Company's business.

Simon Milsted spends, on average, one day per week in his role as Chairman. He holds a number of other external Directorships but the Board considers that his external Directorships do not make conflicting demands on his time as Chairman.

Stuart Le Maitre is the Senior Independent Director and is also available to talk to our Shareholder, if it has any issues or concerns.

BOARD BALANCE AND INDEPENDENCE

Throughout the year, the Company has had a balance of independent Non-Executive Directors on the Board, who ensure that no one person has disproportionate influence. All the Non-Executive Directors bring with them significant commercial experience from different industries, which ensures that there is an appropriate balance of skills on the Board.

There are currently five Non-Executive Directors and three Executive Directors on the Board.

APPOINTMENTS TO THE BOARD

Recommendations for appointments to the Board are the responsibility of the Nominations Committee. The appointment of Non-Executive Directors has to be ratified by the States of Deliberation.

The Nominations Committee meets 2-3 times a year to consider the balance of the Board, job descriptions and objective criteria for Board appointments and succession planning.

INFORMATION AND PROFESSIONAL DEVELOPMENT

For each scheduled Board meeting, the Chairman and the Company Secretary ensure that, during the week before the meeting, the Directors receive a copy of the agenda for the meeting, financial, strategic and operating information and information on any other matter which is to be referred to the Board for consideration. The Directors also have access to the Company Secretary for any further information they require. In the months where there is no scheduled Board meeting, the Directors receive the prior month and cumulative Company financial and operating information.

All newly appointed Directors participate in an extensive internal induction programme that introduces the Director to the Company and includes visits to key stakeholders. The Company Secretary gives guidance on Board procedures and corporate governance.

The Company Secretary, who is appointed by the Board and is also the Finance Director and an Executive Director, is responsible for ensuring compliance with Board procedures. This includes recording any concerns relating to the running of the Company, or proposed actions arising therefrom that are expressed by a Director in a Board meeting. The Company Secretary is also Secretary to the Remuneration and Nomination Committees. The Company Secretary is available to give ongoing advice to all Directors on Board procedures, corporate governance and regulatory compliance.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Attendance during the year for all Board and Board committee meetings is given in the table below:

ATTENDANCE AT BOARD COMMITTEE MEETINGS (A)				
	Board	Audit and Risk Management Committee	Nominations Committee	Remuneration Committee
Boley Smillie	8/8			
Steve Sheridan	8/8			
Jill Thomas	8/8			
Steve Hannon (retired 24 September 2018)	4/4		2/2	2/2
Andrew Duquemin (retired 24 September 2018)	3/4			
Simon Milsted	7/8			
Stuart Le Maitre	8/8		2/2	2/2
Richard Digard	8/8	2/2		
Peter Shaefer (appointed 28 November 2018)	2/2	1/1		
Mark Dunster (appointed 28 November 2018)	2/2			

(A) The first figure represents attendance and the second figure the possible number of meetings e.g. 7/8 represents attendance at 7 out of a possible 8 meetings. Where a Director stepped down from the Board, or a Board Committee, during the year, or was appointed during the year, only meetings before stepping down, or after the date of appointment, are shown.

Non-Executive Directors and determines remuneration levels and specific packages appropriate for each Executive Director, taking into account the Company's annual salary negotiations. No Director is permitted to be present when his own remuneration is being discussed, or to vote on his own remuneration. The Remuneration Committee considers that the procedures in place provide a level of remuneration for the Directors, which is both appropriate for the individuals concerned and in the best interests of the Shareholder.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The intention of the Annual Report is to provide a clear assessment of the performance and financial position of Guernsey Post Limited. The Company has a comprehensive system for reporting financial results to the Board. An annual budget is prepared and presented to the Board for approval. During the year, monthly management accounts, including balance sheet, cash flow and capital expenditure reporting, are prepared with a comparison against budget and prior year. Forecasts are revised half yearly in the light of this comparison and are also reviewed by the Board.

PERFORMANCE EVALUATION

The Board undergoes a regular evaluation of its performance. The evaluation consists of a confidential questionnaire, which is independently assessed and facilitated by different organisations, and a report is then submitted to the Board, followed by an open discussion facilitated by the Chairman.

ELECTION AND RE-ELECTION OF DIRECTORS

Guernsey Post Limited's Articles state that a Non-Executive Director should be proposed for re-election, if he or she has been appointed to the Board since the date of the last Annual General Meeting ('AGM'), or proposed for re-election, if he or she has held office for more than three years at the date of the notice convening the next AGM. The Board ensures that each Non-Executive Director submits himself, or herself, for re-election by the Shareholder at least every three years.

Non-Executive Directors serve the Company under letters of appointment, which are generally for an initial three year

term. Their appointment is also ratified by the States of Deliberation.

In accordance with the Articles of Association, Simon Milsted and Stuart Le Maitre are due to retire by rotation. Simon, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting. Stuart has indicated that he wishes to step down from the Board at the forthcoming Annual General Meeting.

REMUNERATION

The Board recognises the importance of Executive Directors' remuneration in recruiting, retaining and motivating the individuals concerned. Executive Directors' remuneration consists of basic salary, benefits in kind, bonus and retirement benefits. Fees for the Chairman and Non-Executive Directors are determined by the States' Trading Supervisory Board, and, at the request of those Board members, had remained unchanged from 2010 until April 2017. Since then, fees for Non-Executive Directors have been subject to bi-annual review.

The Remuneration Committee, which is chaired by Stuart Le Maitre, consists of two

INTERNAL CONTROL AND RISK MANAGEMENT

All Directors are responsible for establishing and maintaining an effective system of internal control. Whilst all elements of risk cannot be eliminated, the system aims to identify, assess, prioritise and, where possible, mitigate the Company's risks. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the Board with reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded and that material errors and irregularities are either prevented, or detected, within a timely period.

In 2012, the Audit & Risk Management Committee considered the need for an internal audit function and concluded that the financial position, size and complexity of the Company could not justify the expense, which the Board ratified. The Board is happy to continue relying on the strength of the internal control environment through updates on

risk management and internal control, health and safety reports, AML and CFT compliance, monthly management information and representations from the Executive Team. This approach is further complimented by external third party assurance reviews where and when appropriate.

AUDIT & RISK MANAGEMENT COMMITTEE AND AUDITOR

The Board has delegated responsibility to the Audit & Risk Management Committee for reviewing an effective system of internal control and compliance, accurate external financial reporting, fulfilling its obligations under the law and the Code, and managing the Company's relationship with the Company's external auditor. The Committee members comprise independent Non-Executive Directors. Peter Shaefer, who is a qualified accountant, was appointed as the Chairman of the Audit & Risk Management Committee and the Board is satisfied that Peter has recent and relevant financial experience to enable the duties of the Committee to be fully discharged. Richard Digard is the other member of the Audit & Risk Management Committee.

The Company placed the audit out to tender during 2018, with the recommendation of the Audit and Risk Management Committee being to appoint Deloitte as the Company's Auditors. This recommendation was approved by the Board and ratified by the Shareholder at the Annual General Meeting held on 24 September 2018.

The Committee meets at least once a year with representatives of the Company's external auditor, and the Chief Executive and the Finance Director also attend the meetings.

SHAREHOLDER RELATIONS

The Board believes that good communication with the Shareholder is a priority. There have been regular quarterly meetings between the Chairman, Chief Executive and the Finance Director of Guernsey Post, and senior staff of the States' Trading Supervisory Board. The Company presents its strategic plan to our Shareholder for approval every year.

Following changes to the Constitution of the States of Deliberation, with effect from 1 May 2016, the role of Shareholder representative passed to the States' Trading Supervisory Board.

The Chairman and Senior Independent Director are available to meet with our

Shareholder should there be unresolved matters that our Shareholder believes should be brought to its attention. The Executive Team and the Non-Executive Directors meet with our Shareholder at the Annual General Meeting ('AGM').

The date of the AGM is agreed with our Shareholder and notice of ten working days is given. The AGM is chaired by Guernsey Post, with presentations made by the Executive Team to facilitate awareness of the Company's activities and its financial performance. Our Shareholder is given the opportunity to ask questions of the Board and the Chairman of each board committee during the AGM.

COMMITTEES OF THE BOARD AND MAIN TERMS OF REFERENCE

In addition to regular scheduled Board meetings, the Company operates through various Board Committees, of which the membership and main terms of reference are set out below (except the Audit & Risk Management Committee, which is outlined above).

Stuart Le Maitre is the Chairman of the Nominations Committee, supported by Steve Hannon, until his retirement on 24 September 2018, and then Mark Dunster. The main terms of reference of this Committee are to regularly review the structure, size and composition of the Board and to make recommendations on the role and nomination of Directors for appointment to the Board, Board Committees and as holders of any executive office, as well as ensuring that appropriate succession plans are in place for the Board and the Executive Team. The Committee met twice in 2018/19 and all members of the Committee were present.

Stuart Le Maitre is also the Chairman of the Remuneration Committee, supported by Steve Hannon until his retirement on 24 September 2018, and then Mark Dunster. The main terms of reference of this Committee are to determine and agree with the Board the remuneration policy for the Company's Executive Team, to approve the design of, and determine targets for, any performance related pay schemes operated by the Company and to determine the policy for, and scope of, pension arrangements for each Executive Director. The Committee met twice in 2018/19 and all members of the Committee were present.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their annual report, together with the financial statements, for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of a postal service for the Bailiwick of Guernsey through a postal network and retail counter operation in accordance with the licence awarded to it by the Channel Islands Competition and Regulatory Authority ('CICRA') (formerly the Office of Utility Regulation) and the marketing of its postage stamps and other philatelic products to stamp collectors worldwide.

SIGNIFICANT EVENTS

There were no significant events of note during the 2018/19 financial year.

RESULTS

The results for the year are shown in the profit and loss account on page 16 (*23)

DIVIDEND

The Directors recommend a dividend of £560k based upon the profits for the year ended 31 March 2019 (2018: £600k).

In addition, the Directors recommend a one off special dividend of £500k (2018: £500k).

FIXED ASSETS

Fixed asset movements for the year are disclosed in note 6 to the financial statements.

DIRECTORS

The Directors of the Company, who served throughout the year and at the date of this report, were as follows:

A Duquemin (retired 24 September 2018)

B Smillie

S Sheridan

J Thomas

S Hannon (retired 24 September 2018)

S Le Maitre

S Milsted (appointed Chairman
24 September 2018)

R Digard

P Shaefer (appointed 28 November 2018)

M Dunster (appointed 28 November 2018)

No Director has an interest, either beneficially or non beneficially, in any shares of the Company (2018: no interest

beneficially, or non beneficially).

In accordance with the Articles of Association, Simon Milsted and Stuart Le Maitre are due to retire by rotation. Simon, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting. Stuart has indicated that he wishes to step down from the Board at the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company Law, the Directors 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the

corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

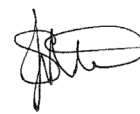
The Company placed the audit out to tender during 2018, with the recommendation of the Audit and Risk Management Committee being to appoint Deloitte as the Company's Auditors.

This recommendation was approved by the Board and ratified by the Shareholder at the Annual General Meeting held on 24 September 2018.

Deloitte have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



B Smillie
Chief Executive



S J Milsted
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUERNSEY POST LIMITED

Report on the audit of the financial statements

OPINION

In our opinion the financial statements of Guernsey Post Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and

- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast

significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 or apparent material misstatements, 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 respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives 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 our 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies (Guernsey) Law, 2008 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP,

St Peter Port, Guernsey

22 July 2019

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Turnover		30,683	30,118
Expenses	2	(29,315)	(28,849)
Operating Profit		1,368	1,269
Other income			
Investment returns		387	441
Interest income		3	1
Rental income		121	120
Revaluation of Investment Property	7	(25)	25
Profit on ordinary activities before taxation		1,854	1,856
Tax credit on profit on ordinary activities	3	8	131
Profit for the financial year		1,862	1,987
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,862	1,987

All activities derive from continuing operations

The notes on pages 20 to 29 (* 27-39) form an integral part of these financial statements

* These page numbers refer to the original Financial Statement documents approved by the auditors.

BALANCE SHEET

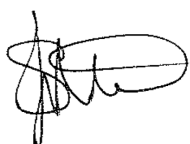
At 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Intangible fixed assets	5	-	-
Tangible fixed assets	6	10,780	10,816
Investment property	7	975	1,000
Investment in subsidiaries	8	-	-
Debtors greater than one year - Deferred tax	10	178	170
		11,933	11,986
Current assets			
Cash at bank and in hand		1,126	1,868
Balances with States Treasury	11,15	11,081	9,906
Debtors	9	3,756	3,015
Stock		203	245
		16,166	15,034
Creditors: Amounts falling due within one year	12	(4,458)	(3,934)
Net current assets		11,708	11,100
Total assets less current liabilities		23,641	23,086
Provisions	16	(93)	(300)
Net assets		23,548	22,786
Capital and reserves			
Shareholder's capital	13	7,886	7,886
Profit and loss account		15,662	14,900
		23,548	22,786

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2019.
They were signed on its behalf by:



B Smillie
Chief Executive



S J Milsted
Chairman

The notes on pages 20 to 29 (* 27-39) form an integral part of these financial statements.

* These page numbers refer to the original Financial Statement documents approved by the auditors.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Shareholders Capital	Profit and Loss Account	Total Equity
	£,000	£'000	£'000
Balance at 1 April 2017	7,886	14,477	22,363
<i>Total comprehensive income for the year</i>			
Profit for the year	-	1,987	1,987
Total comprehensive income for the year	-	1,987	1,987
Dividends	-	(1,564)	(1,564)
Total contributions by and distributions to owners	-	(1,564)	(1,564)
Balance at 31 March 2018	7,886	14,900	22,786
Balance at 1 April 2018	7,886	14,900	22,786
<i>Total comprehensive income for the year</i>			
Profit for the financial year	-	1,862	1,862
Total comprehensive income for the year	-	1,862	1,862
Dividends	-	(1,100)	(1,100)
Total contributions by and distributions to owners	-	(1,100)	(1,100)
Balance at 31 March 2019	7,886	15,662	23,548

The notes on pages 20 to 29 (* 27-39) form an integral part of these financial statements.

* These page numbers refer to the original Financial Statement documents approved by the auditors.

CASH FLOW STATEMENT

For the year ended 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Operating activities			
Profit for the financial year		1,862	1,987
Adjustments for:			
Depreciation and amortisation		842	737
Profit on disposal of fixed assets		(18)	(3)
Interest receivable and similar income		(511)	(562)
Revaluation of investment property		25	(25)
Write off of fixed assets to P&L		-	25
Taxation		(8)	(131)
Decrease / (increase) in stocks		41	(58)
(Increase) / decrease in debtors		(580)	509
Increase / (decrease) in creditors		320	(141)
Net cash generated from operations		1,973	2,338
Interest received		3	1
Rent received		121	120
Tax Paid		(162)	(191)
		(38)	(70)
Net cash inflow from operating activities		1,935	2,268
Investing activities			
Purchase of tangible fixed assets		(806)	(568)
Investment returns		386	504
Proceeds from sale of tangible fixed assets		18	3
Net cash outflow from investing activities		(402)	(61)
Cash flows from financing activities			
Dividend paid	4	(1,100)	(1,564)
Net cash outflow from financing activities		(1,100)	(1,564)
Net increase in cash and cash equivalents		433	643
Increase in cash balances		433	643
Cash and cash equivalents at 1 April		11,774	11,131
Cash at bank and investments held as at 31 March		12,207	11,774
Represented by:			
Balances with States Treasury		11,081	9,906
Cash		1,126	1,868
		12,207	11,774

The notes on pages 20 to 29 (* 27-39) form an integral part of these financial statements.

* These page numbers refer to the original Financial Statement documents approved by the auditors.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

1. Significant accounting policies

Reporting entity

Guernsey Post Limited (the "Company") commenced trading on 1 October 2001 and is registered in Guernsey. The Company's registered address is Envoy House, La Vrangue, St Peter Port, Guernsey, GY1 1AA. The Company is governed by the provision of the Companies (Guernsey) Law, 2008. The principal activity of the Company is the provision of Postal Services throughout the Bailiwick.

Basis of accounting

The financial statements give a true and fair view, comply with the Companies (Guernsey) Law, 2008 and were prepared in compliance with the UK Accounting Standards, including FRS 102- The Financial Reporting Standard applicable in the UK and Ireland. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:-

- Note 3 - Taxation - Basis for determining classification of Regulated and Non Regulated profits
- Note 6 - Tangible Fixed Assets - Depreciation - determination of depreciation policy for tangible fixed assets
- Note 16 - Provisions - dilapidations

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to amounts reported in the financial statements for the year ending 31 March 2019 is included in the following notes:-

- Note 7 - Investment Property - determination of fair value of investment property
- Note 10 - Deferred Tax - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Note 16 - Provisions - dilapidations - reinstatement obligations related to the Smith Street leasehold property

Basis of measurement

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Turnover

Sales of stamps and the crediting of franking machines are accounted for on a receipt of funds basis and no provision is made for postal

services expected to be provided for stamps in circulation, as the Directors deem this to be immaterial. All other income from goods and services supplied are accounted for on an accruals basis.

Other income

Rental income is recognised on a straight line basis over the term of the lease. Interest and investment income is recognised in the Profit and Loss Account on an accruals basis.

Expenses

Postal operations expenses are charged as incurred. No provision is made for any charges which may be incurred in handling, or delivering, mail in respect of stamps and franking machine credits sold but unused at the Balance Sheet date.

Taxation

The Company, as a Guernsey Utility Company regulated by the Channel Islands Competitor and Regulatory Authority (CICRA), is subject to the higher rate of income tax of 20% on its regulated income and 0% on its non regulated income. The basis of assessment to Guernsey tax continues to be on an actual current year basis. Income from Guernsey land is also subject to the higher rate of income tax of 20%.

Deferred Taxation

Provision for deferred taxation is made in full on timing differences which result in an obligation at the Balance Sheet date to pay tax at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Dividends

Dividends paid are recognised when the obligation to pay has been established and once approved by the Board.

De-recognition of assets

Non-financial assets are removed from the Balance Sheet, either on disposal, or when they are withdrawn from use and no future economic benefits are expected from their use. In this event, any carrying amount is written off to the Profit and Loss Account.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In the event that there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Profit and Loss Account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2018

1. Significant accounting policies - continued

Stock

The cost of definitive stamps, including the non-value indicator self-stick range, is written off over the expected sales life of each type of stamp, which is unlikely to exceed three years. The cost of Commemorative stamps, which are only available for one year, are fully written off in the year of issue.

Other stocks are valued at the lower of cost and net realisable value.

Intangible assets - goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is ten years. An impairment review is carried out every year and any necessary provision is recognised in the Profit and Loss Account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life. A full year's depreciation is charged in the year of acquisition, whilst none is charged in the year of disposal.

There are periodic reviews of fixed assets and any adjustments required will be recognised in the Profit and Loss Account, as and when identified.

	Estimated useful life in years	Depreciation %per annum
Freehold Land	N/A	Nil
Buildings	8 - 50	2 - 12.5
Plant and Equipment	15	6.67
Furniture & Fittings	3 - 13	7.7 - 33.3
Postal Machinery	8 - 15	6.67 - 12.5
Motor Vehicles	5 - 10	10 - 20

Basic Financial Instruments

Cash at bank and in hand comprises cash balances, call deposits and short and medium term investments held with the States of Guernsey Treasury.

Debtors are initially recognised at transaction price less attributable transaction costs. Doubtful debts are recognised when collection of the full amount is no longer probable, with the amount of the expected loss recognised in the Profit and Loss Account. These are monitored on an ongoing basis.

Creditors are initially recognised at transaction price.

Investment in subsidiary

The investment in subsidiary is stated at fair value through the Profit and Loss Account. In accordance with FRS 102 section 9.3 (g) and

section 244 of the Companies (Guernsey) Law, 2008, the Company does not prepare consolidated financial statements.

Foreign currency

Foreign currency held in any bank account is translated at the exchange rate prevailing at the Balance Sheet date. In the event of any gains or losses arising, these are taken to the Profit and Loss Account at the time of translation. All foreign trading transactions are translated into sterling using the prevailing rate on the date of the transaction.

Pension costs

From 1 August 2016, the Company established a new defined contribution pension scheme, for which all eligible staff had the option of joining. Both the Company and its employees pay contributions into this independently administered fund. The cost of providing these benefits is recognised within the Profit and Loss Account, and comprise both the amount of contributions payable to the scheme and associated scheme administration costs for the year.

Investment property

The Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the Profit and Loss Account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligations and the amount has been readily estimated. Changes in the estimated timing or amount of the expenditure are recognised in the Profit and Loss Account when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

2. Expenses

	31 March 2019 £'000	31 March 2018 £'000
Direct costs	13,752	13,693
Staff costs	11,065	10,918
Directors' remuneration	677	606
Other staff expenditure	795	605
Support costs	2,184	2,290
Depreciation	842	684
Amortisation of goodwill	-	53
Total	29,315	28,849

Pension scheme payments made into the defined contribution scheme, included within the staff costs heading, were £1,112k (2018: £1,104k)

Average full time equivalent employee numbers for the period were as follows:

	31 March 2019	31 March 2018
Operational staff, including postal workers, post office counter staff and philatelic production staff	178	179
All other staff	55	51
Total	233	230

NOTES TO THE FINANCIAL STATEMENTS

year ended 31 March 2019

3. Taxation

	Note	31 March 2019 £'000	31 March 2018 £'000
Current year tax		-	-
Prior year tax		-	(141)
Deferred tax credit for the year	10	(8)	10
Total		(8)	(131)

Guernsey Post Limited, as a Guernsey Utility Company regulated by the Channel Islands Competition and Regulatory Authority (CICRA), is subject to the higher rate of income tax of 20% on its regulated income and 0% on its non regulated income. The basis of assessment to Guernsey tax continues to be on actual current year basis.

Income from Guernsey land is also subject to the higher rate of income tax of 20%

The actual tax credit differs from the expected tax charge computed by applying the higher rate of Guernsey income tax of 20% as follows:

	31 March 2019 £'000	31 March 2018 £'000
Profit on ordinary activities before taxation	1,854	1,856
Tax at 20%	371	371
Effects of adjusting items:		
Timing differences	10	(11)
Sundry adjustment to prior years' tax	-	(141)
Disallowed expenses	3	7
Rate differences on current tax	(444)	(434)
Non-utilised losses	60	67
Adjustment for pension costs	-	-
Current tax credit	-	(141)
Deferred tax - pension deficit	-	-
Deferred tax - timing differences	(8)	10
Profit and loss taxation credit	(8)	(131)

Sundry adjustment to prior year's tax relates, in part, to the recovery of overpaid tax from 2018 year of charge

4. Dividends on equity shares

Amounts recognised as distribution to equity holders in the period.

	31 March 2019 £'000	31 March 2018 £'000
Final dividend of 13.9p per share paid in this financial year in respect of the year ended 31 March 2018	1,100	1,564

(Final dividend paid last year in respect of the year ended 31 March 2017: 19.8p per share).

The Board is proposing a final dividend of £560k in respect of the year ended 31 March 2019. (2018: £600k).

The Board is also proposing a one off special dividend of £500k in respect of the year ended 31 March 2019 (2018: £500k)

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

5. Intangible fixed assets

	31 March 2019	31 March 2018
	Goodwill	Goodwill
	£'000	£'000
Opening cost	543	543
Opening accumulated amortisation	(543)	(490)
Opening carrying amount	-	53
Amortisation charge for the year	-	(53)
Closing carrying amount	-	-
Represented by:		
Closing cost	543	543
Closing accumulated amortisation	(543)	(543)
Total	-	-

The goodwill arose on the acquisition of the trade and net assets of BATIF Bureau de Change Limited in 2008 and was fully amortised as at 31 March 2018.

6. Tangible fixed assets

	Motor Vehicles	Land & Buildings	Plant & Equipment	Postal Machinery	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening cost as at 1 April 2018	1,783	11,661	2,662	2,289	1,985	20,380
Opening accumulated depreciation as at 1 April 2018	(1,127)	(3,129)	(2,662)	(1,276)	(1,370)	(9,564)
Opening Carrying amount as at 1 April 2018	656	8,532	-	1,013	615	10,816
Additions	559	12	-	1	234	806
Depreciation	(245)	(186)	-	(187)	(224)	(842)
Disposals - Cost	(239)	-	-	-	(10)	(249)
Disposals - Accumulated Depreciation	239	-	-	-	10	249
Closing carrying amount as at 31 March 2019	970	8,358	-	827	625	10,780
Represented by:						
Closing cost as at 31 March 2019	2,103	11,673	2,662	2,290	2,209	20,937
Closing accumulated depreciation as at 31 March 2019	(1,133)	(3,315)	(2,662)	(1,463)	(1,584)	(10,157)
	970	8,358	-	827	625	10,780

Freehold land with a cost of £2,505,000 (2018: £2,505,000) is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

7. Investment property

	Market Value 31 March 2019	Market Value 31 March 2018
Reconciliation of carrying amount	£'000	£'000
Balance at 1 April	1,000	975
Change in fair value	(25)	25
Balance at 31 March	975	1,000

Investment property comprises a single property, which is leased to tenants, comprising part residential and part commercial occupancy. Leases for the residential tenants are reviewed annually, whereas the commercial tenant is subject to a 20 year lease with triennial reviews.

Changes in fair value are recognised as gains in profit and loss and included in 'Other Income'. All gains or losses are unrealised.

The fair value of the investment property was determined by an external independent property valuer with recognised professional qualifications and recent experience in the location and category of the property being valued on 28 March 2019. The valuation was undertaken by Wing Lai, MRICS, and Joanna Watts, MRICS, from Watts and Co. Limited.

8. Investment in subsidiaries

	31 March 2019	31 March 2018
	£'000	£'000
BATIF Bureau de Change Limited	-	-
Balance at 31 March	-	-

On 1 April 2008, the Company acquired 100% of the issued share capital of BATIF Bureau de Change Limited, which consists of 100 fully paid up £1 shares. Upon acquisition, the trade and net assets of BATIF Bureau de Change Limited were transferred to Guernsey Post Limited and BATIF Bureau de Change Limited changed to a dormant company. Guernsey Post Limited pays the administration costs for this company.

9. Debtors

	31 March 2019	31 March 2018
	£'000	£'000
Trade debtors	3,170	2,358
Other debtors	8	15
Prepayment and accrued income	289	515
Tax debtors	289	127
Total	3,756	3,015

NOTES TO THE FINANCIAL STATEMENTS

year ended 31 March 2019

10. Deferred Tax

	Deferred taxation - Accelerated Capital Allowances £'000	Total £'000
At 1 April 2018	170	170
Credit to profit and loss account	(8)	(8)
At 31 March 2019	178	178

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. As a Guernsey Utility Company regulated by CICRA, Guernsey Post Limited is subject to tax at 20% on its regulated income and 0% on its non-regulated income. Income from Guernsey land is also subject to the higher rate of income tax of 20%

11. Balance with States Treasury

The Treasury Department of the States of Guernsey is engaged to invest the company's liquid funds in excess of its daily requirements and uses a broad range of investments in which to do so. The investment fund retains a proportion of liquid assets which are made available on call. Variable returns are allocated to the fund dependent upon investment performance.

12. Creditors

	31 March 2019 £'000	31 March 2018 £'000
Amounts falling due within one year		
Trade creditors	2,566	1,826
Other creditors	837	744
Provisions (See Note 16)	202	730
Accruals and deferred income	820	601
Rental income paid in advance	33	33
Total	4,458	3,934

Of the £2,566k of Trade Creditors, £2,109k is owed to Royal Mail as part of our ongoing contracted arrangements with them (2018: £1,251k)

NOTES TO THE FINANCIAL STATEMENTS

year ended 31 March 2019

13 . Shareholder's capital

31 March 2019
£'000

31 March 2018
£'000

Authorised

40,000,000 ordinary shares of £1 each

40,000

40,000

No of shares

£'000

Allotted and fully-paid

7,886,258

7,886

Opening share capital at 1 April 2018

7,886,258

7,886

As at 31 March 2019

7,886,258

7,886

100% of the shares of the Company are owned beneficially by the States of Guernsey.

Shareholder's capital - represents the nominal value of shares that have been issued.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

14. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 31 March 2019 £'000	Land and buildings 31 March 2018 £'000
Less than one year	90	89
Between one and five years	47	128
More than five years	-	-
	137	217

Leases of land and buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

The Company leases two properties in St Peter Port to run one of its retail outlets and also its foreign exchange business. In addition, the company leases property to fulfil its postal operation in Alderney.

15. Related party transactions

The Company is wholly owned and ultimately controlled by the States of Guernsey.

Through the normal course of its business activity, the Company both purchases from and provides services to its Shareholder, or entities, under the controlling influence of the Shareholder body. These entities include States Trading Companies, companies whose equity is wholly owned by the States, States Departments and Committees operated by the States. All such transactions have been on an arm's length basis. The total value of the sales for the year ended 31 March 2019 amount to £737,916 or 2.4% of total turnover (2018: £615,170 or 2.1%). The total value of purchases for the year amounted to £840,315 or 2.9% of total expenses (2018: £829,278 or 2.9%) .

The States also provides, through its Policy & Resources Department, management of the Company's liquid funds in excess of short term needs. At 31 March 2019, the balance held was £11,081,309 (2018: £9,905,705).

Director's remuneration is shown in note 2.

NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2019

16. Provisions

	Pension Liability	Dilapidations	Total
	£'000	£'000	£'000
Balance at 1 April 2018	937	93	1,030
Provision released during the year	(734)	-	(734)
Provision reversed during the year	(1)	-	(1)
Balance at 31 March 2019	202	93	295
Non-current	-	93	93
Current	202	-	202
	202	93	295

Pension liability

The pension liability provision relates to deferred commitments associated with, and intrinsic to, the successful exit of the States of Guernsey Public Servants Pension Scheme from 31 July 2016 and will be fully extinguished by 31 July 2019.

Dilapidations

This provision is in respect of the reinstatement obligations related to the Smith Street leasehold property and will be utilised within two years.

Contingent obligations - Financial Guarantee Contracts

Guernsey Post has financial guarantee contracts in place with States of Guernsey Customs and Excise and HM Revenue and Customs for £20,000, and £200,000, respectively. These contingent obligations are in place to provide security in the event that import and export duties paid to Guernsey Post from its customer base are not subsequently paid on to the respective authorities. Guernsey Post does not carry any liability to either the States of Guernsey Customs and Excise, or HM Revenue and Customs, in the event that customers directly withhold payment of import and export duties to Guernsey Post.

17. Subsequent events

There have been no significant events between the year-end and the date of approval of these financial statements, which would require a change to, or disclosure in, the financial statements.



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