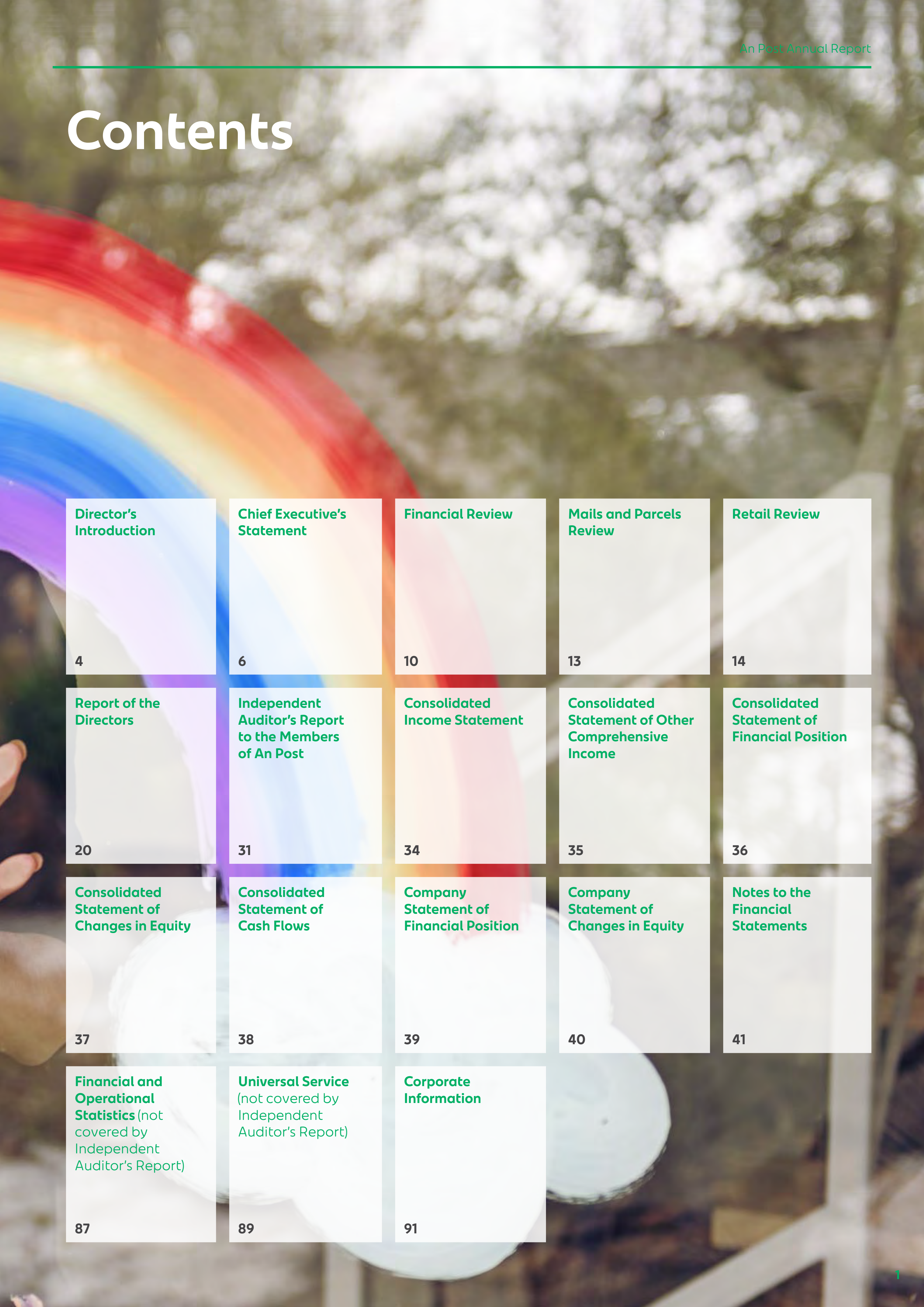
Keeping people connected

Annual Report 2020

an post

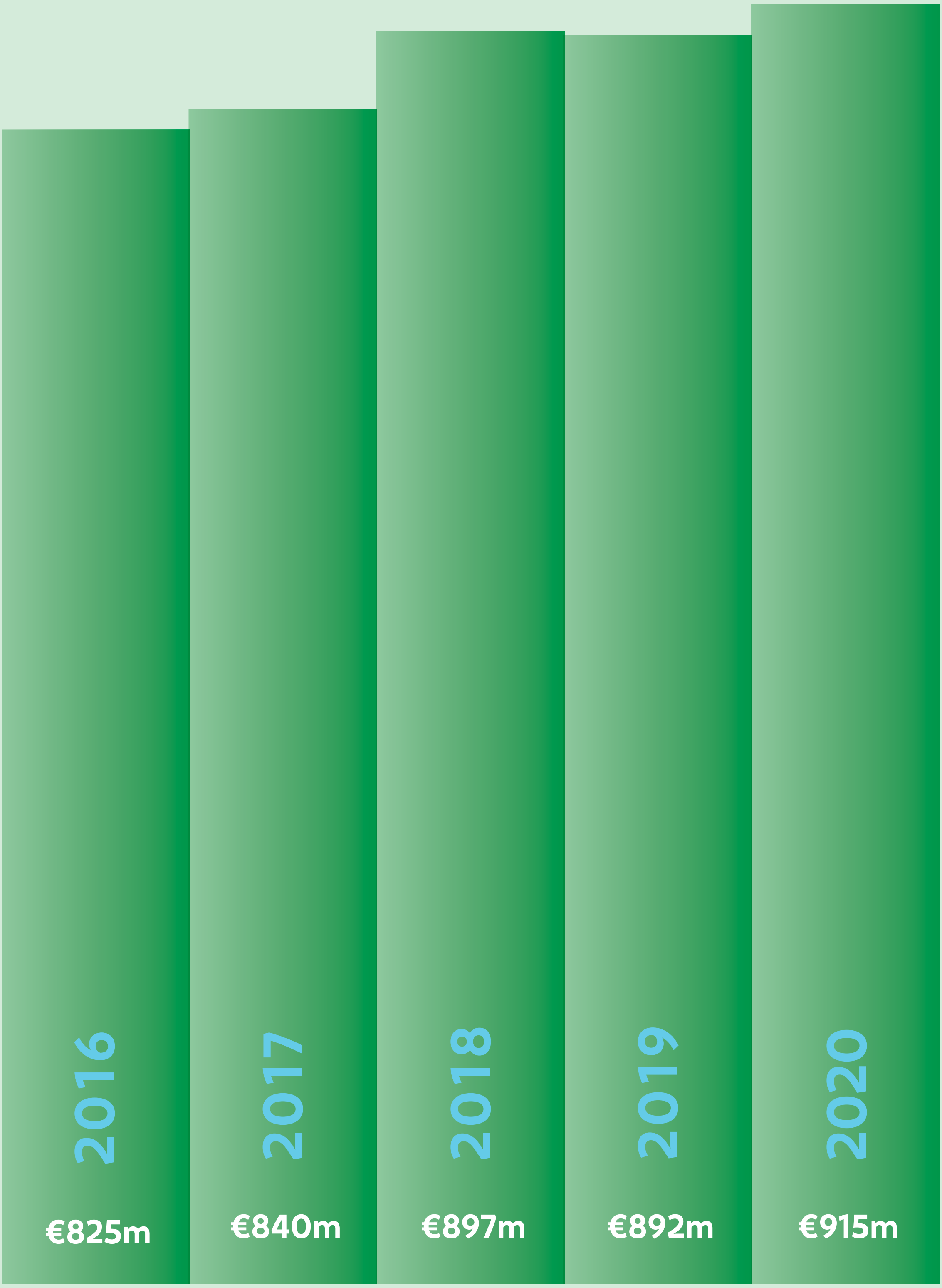
Acting for the common good, now and for generations to come.



Contents

Securing a sustainable future

Revenue



€915m

Revenue for year ended 31 December 2020

€32.5m

Profit before depreciation and amortisation, transformation costs, one off items, net finance income and taxation

€80.7m

Unrestricted cash at 31 December 2020

102%

Funded Pension Scheme as at 31 December 2020

100%

Parcels Volume Up in 2020

97.7%

Quality of Service in 2020*

*in 7 months measured, COVID-19 measures prevented measurement in other months

Director's Introduction

I write this introduction to our Annual Report in a period of unprecedented disturbance in our economy arising from the COVID-19 pandemic. An Post has risen to the challenge and put the common good and the national requirements at the forefront of its response.

Over the course of the past year enhanced services to vulnerable sections of our community were put in place - easier access to social welfare payments being one example. Mailing in a time of limited social interaction was encouraged. Innovations in mailing and encouragement of communication with free postcards distributed to the population were examples of initiatives well received by the population. Periods where Retail was closed were difficult for the population. An Post doubled its efforts to facilitate home delivery and removed much of the pain for the economy by providing enhanced service. In order to aid the economy a price increase announced before the pandemic was postponed thus giving relief to SMEs at a difficult time and the Company bore the burden of this in its own financial results. The public has responded well to the An Post initiatives and the brand is deservedly in good stead with its supporters.

The Company was recognised in the business awards and was named Company of the Year in Ireland in annual awards run by The Irish Times and Business and Finance magazine.

The Board and I are proud of the achievements of the organisation in the period and we reiterate our commitment to the efforts to play a positive role nationally in dealing with the unprecedented circumstances. The Group is reporting a profit before depreciation and amortisation, transformation costs, one-off items, net finance income and taxation of €32.5m for 2020. The results are a testimony to the merit of the work of the employees throughout An Post and the skill and the tenacity of the management team in navigating through 2020.

The strategy and the direction the Board and Management have taken the Company through in the past years facilitated the Group having the capacity to handle 2020 and the strength to look positively to the future. The Board approved a renewed strategy going forward in December 2020. The achievements set out in this Annual Report have been enabled by the clear strategy established in recent years and the Management drive to implement this.

We have a positive working relationship with staff in the organisation thus enabling these achievements. In 2021 the Group will build on what has been established, new and enhanced services for Mails and Parcels and new product offerings in Financial Services will be brought to the market. These developments will further enhance the ability of the Group to ensure a secure financial future.

I want to thank the CEO and his management team, the staff and unions and my fellow Board members who serve the Group so well. I want to acknowledge the very significant contribution of Mr Dermot Divilly, the Chair for An Post from 2015 to 2020 who finished his term of office in December 2020. I want also to acknowledge the contributions of Mr Noel Adamson, Mr Thomas Devlin and Mr Niall Phelan who also completed their terms of office as Directors in December 2020. I welcome Ms Áine Flanagan, Mr Frank Burke, Mr Anthony McCrave and Mr Gerry Sexton who joined the Board and look forward to their contributions in 2021.

I wish to thank the Minister for Environment, Climate and Communications, Eamon Ryan TD and the Minister of State for International and Road Transport and Logistics, Hildegarde Naughton TD, and the officials in their departments for their assistance and support during 2020.

The nation of Ireland continues to deal with the challenging consequences of the COVID-19 outbreak. The management team supported by the Board are implementing plans to deal with this unprecedented international incident. Health and safety is our priority and we will endeavour to support the nation in any aspect of daily life where we can play a part. We will do all in our practical capacity for staff, customers and the nation as a whole.

Carol Bolger
Director
15 April 2021

Board of Directors

1. **Carol Bolger**
2. **Frank Burke**
3. **Deirdre Burns**
4. **Peter Coyne**
5. **Áine Flanagan**
6. **Anthony McCrave**
7. **Pádraig McNamara**
8. **David McRedmond,**
   Chief Executive Officer
9. **William Mooney**
10. **Kieran Mulvey**
11. **Martina O'Connell**
12. **Mary O'Donovan**
13. **Gerry Sexton**
14. **James Wrynn**
15. **Paula Butler**
    Company Secretary

Chief Executive's Statement

2020 Review

In 2020 An Post discovered its soul, the soul of a vital Public Service: it was there to show social solidarity, to be imaginative in responding to citizens' needs, empathetic in every community, resourceful in its self-sufficiency, and industrious to scale the seismic logistical challenges it faced.

Historians will say that 2020 was the most challenging year in the history of the Irish State. We, the citizens will remember the deaths, illness, fear and uncertainty; and the destruction of daily life through lockdowns, physical distancing, school closures, and the end of travel.

But historians will also note the heroism of healthcare workers, and the commitment of those on the frontline, from transport workers, teachers and shop staff to factory workers and delivery workers, amongst others.

I have never been prouder, nor more honoured, to lead An Post in the COVID year. But truth be told: it was the collective effort from a talented and united management team, pushed on by dedicated Union leadership, cheered on by our customers, and ultimately led by brilliant frontline workers who delivered an exceptional service to the nation.

These are 'the things we did':

An Post kept Ireland trading with both networks open everywhere every day

Throughout the lockdowns non-grocery items could only be purchased through home delivery, mainly by An Post. The surge in eCommerce saw volumes increase by up to 300% year-on-year at times (a 100% increase overall in 2020 vs 2019). The stress on our network and employees was immense: at one stage there was a 2km queue of trucks to enter our Dublin Parcel Hub.

The Post Office network, despite COVID, also remained fully open, providing a full range of financial services, vital social welfare payments, and a community base. Maintaining a nationwide cash operation through the pandemic was a major achievement.

The Company showed solidarity with Citizens

Expressed through the initiative to deliver free postcards to every household in the State (since imitated by other countries such as Canada); and by postponing an approved stamp price increase by one year. For businesses An Post introduced a range of special discounts to facilitate Online trading.

We stood up for the elderly and vulnerable

Conscious of our public service, we implemented a whole range of initiatives to help those most disadvantaged and at risk from COVID:

- Checked in weekly on elderly and vulnerable customers, and set up an Online portal for concerned relatives to register customers
- Provided free postage and collection for cocooning citizens
- Organised free newspaper delivery to the elderly
- Operated special opening hours for the elderly at Post Offices
- Arranged free postal delivery and collection to nursing and care homes

Chief Executive's Statement
continued

We looked after our employees

"Decent Work" is a core value for An Post, and responding to the exceptional efforts of our employees, the Company informed by our Unions delivered a range of initiatives to ensure a better workplace. The COVID Committee ensured a rapid supply of PPE, and a constant updating of best practice to minimise the risks of intra-company transmission. The employees agreed an 8 month pay freeze in solidarity with the Company, and were rewarded by a fair pay award of 2.75% for 2021.

The Company also published its second Gender Pay Report (the first company in Ireland to do so). The Gender pay gap has been reduced from 3.7% in 2019 to 1.4% in 2020, getting closer to our zero gap goal.

An Post's transformation accelerated

The Company met the massive surge in eCommerce by installing our second parcel automation at our Dublin Parcel Hub to handle up to 200,000 parcels per day at peak. This €20m investment was designed to meet capacity to 2024 but as these numbers were reached by Christmas 2020 we are designing further capacity now. The development of An Post's digital capability has also been essential to meet consumer demand for eCommerce and is just the start of an ambitious new digital platform.

Building out our Financial Services offering through the Retail business was most evident in the launch of Green Hub, an innovative loan and service bundle for home retro-fitting; and as An Post Money develops its digital offering, new current accounts increased by 33% year-on-year.

Sustainability remained at An Post's core

The Company's commitment to the United Nations' Sustainable Development Goals was evident throughout: the continued rollout of Ireland's largest electric vehicle fleet now visible on all our Cities' streets; the launch of Green Hub for a nationwide retrofitting effort; and a commitment to be carbon neutral by 2030. In addition to the exceptional COVID community initiatives, An Post recognises its centrality to the cultural life of the Nation, both through an ever more successful stamp programme, and a renewal of its sponsorship of the Irish Book Awards.

An Post was commercially successful and self-sufficient

Despite the sharp drop in letter volumes during the first lockdown, An Post managed for the fourth year in a row to increase its revenues (up 2% on 2019), a remarkable success. The unprecedented costs of exceptional public service demand were fully met by the Company without any recourse to State funding or wage subsidy scheme payments. The successful commercial transformation of An Post over the previous three years meant the balance sheet could support the c.€50m costs of COVID (accurately forecast by the CFO in March 2020). Despite the burden of expensive PPE, COVID-related absence, parcel over-trading costs, a postponed price increase, and the collapse of Foreign Exchange sales, An Post still delivered €32.5m profit before depreciation and amortisation, transformation costs, one off items, net finance income and taxation (a trading loss of €10.7m after depreciation and amortisation). Details in the Financial Review.

2021 Preview

From the second half of 2021 we expect that the lexicon of "lockdown", "physical distancing" and "working from home" will be replaced by "recovery", "opening up" and "return to work". The implications on society will be profound and An Post has developed a long term strategy to meet them.

Green Light, An Post's progressive strategy for the recovery, will empower our people, grow our business and help protect our planet. It will both meet and help shape customer demand for services by embracing technology, while ensuring sustainability for the long term. Building on 2020's revenue growth, for the fourth year in a row, the strategy will see:

- Increased profitability through a new logistics network to meet burgeoning demand, and a new sustainable mail delivery service
- A transformed and sustainable Post Office network that will become an even more vital service for consumers and communities
- The development of an advanced digital platform to make eCommerce easy and accessible for everyone, especially out-of-home as consumers return to offices
- Growth of An Post Commerce, to enable Irish businesses to trade and transact here and around the world, and an expansion into new international supply chains
- Better Banking with An Post Money's expanded range of services
- A new expert and lean Corporate Centre "CC2.0"; with new ways-of-working for a post-COVID world.

Conclusion

With the quality of An Post's staff there was never any doubt that in a crisis the Company would live up to its purpose **to act for the common good, now and for generations to come.**

I am delighted that our employees' efforts were recognised by An Post winning both The Irish Times Company of the Year award and the Business & Finance Company of the Year award, an unprecedented double!

I want to thank the board of directors, especially the Chairman Dermot Divilly who retired in December 2020, for expert guidance and support; the leadership from An Post's Unions who were unwavering in their commitment to the national COVID effort; our shareholders in Government for their solidarity through the Pandemic; my management team who led the Company brilliantly through uncharted waters (and for their immense personal support), and all of An Post's staff who redefined the boundaries of public service.

David McRedmond
Chief Executive Officer
15 April 2021

Financial Review

In a year of significant disruption arising from the COVID-19 pandemic the Company has achieved €32.5m profit before depreciation and amortisation, transformation costs, one-off items, net finance income and taxation (a loss of €10.7m after depreciation and amortisation). Increasing the Group turnover to €915.5m from €892.1m is a manifestation of the critical role of the organisation in the economic activity of the country.

COVID-19 Pandemic

The year was impacted by the disturbance from the pandemic in a number of ways. There was a direct cost of €5.9m, providing health and safety equipment for staff to facilitate them continuing in their working environment. This cost included, personal protective equipment, masks and other essential sanitising material. In addition, there were incremental labour costs of €4.8m to facilitate social distancing and cover where COVID-19-related absence was unavoidable, and €2.3m awarded in recognition of outstanding service during the pandemic. There was also an impact from a reduction in business mailing arising from the periods of lockdown for the economy when many businesses were simply not open and therefore not using mail in the normal manner. The footfall in the Post Office network was also impacted by the lockdown periods and a number of products like foreign currency were severely restricted. The Company did not implement an announced price increase in the early part of the year to assist in the economy generally. Taking account of direct costs, the price increase forfeited and the reduction in customers visiting our retail stores, the pandemic disturbance had a negative impact of €50m for the financial year.

Revenue

Group revenue in the year was €915.5m. This is a 2.6% increase on the prior year. It is a result of the success in keeping the networks open in the year and demonstrates a robustness in the industry sector.

Parcel volumes and all aspects of eCommerce delivery were very strong. The revenue from this segment increased in 2020 by over 100%. This is a growth sector with expected increases again forecast in the next financial year. It happened very quickly in 2020 and the operation was capable of meeting the demand. Greater efficiency will be achieved in future years when the operations will be streamlined. The investment in automated parcel sorting machines was essential to facilitate meeting the additional capacity.

Traditional mail volume continued to decline over the year. The full year decline in 2020 versus 2019 was 7.1%. The rate of decline was impacted by the pandemic and business letter mailings were particularly low during the period when businesses were in lockdown. Ireland maintained the service offering throughout the year which assisted greatly with maintaining volume. This was not the pattern in many other nations regrettably where disruption and curtailment of services to a much greater extent was the norm. In reality the e-substitution of mail has been a trend for many years and will continue. This trend was accelerated by the pandemic. The business is organising to right-size the cost base to match this reality.

Revenue generated through the Retail business has seen a change in the year. There has been growth in Financial Service offerings with products like the An Post current account, credit cards and small loans growing. Against this there was an impact from the lockdown particularly on foreign currency transactions and on some other products dependent on footfall in Post Offices. The network maintained its operations and added some very significant services to assist the Government in communicating and servicing the population at a critical time for the economy.

Costs

Group operating costs before exceptional costs were €883m. This is an increase from €812m in 2019. The increase in costs reflects the higher activity in the business and in particular the increase in Parcel deliveries which grew by over 100%.

	2020 €m	2019 €m
Revenue	915.5	892.1
Profit before depreciation and amortisation, one off items, net finance income/(costs) and taxation	**32.5**	**79.6**
Depreciation and amortisation	(43.2)	(37.7)
(Loss)/Profit before one off items, net finance income/(costs) and taxation	**(10.7)**	**41.9**
Exceptional costs (including transformation costs)	(27.3)	(15.3)
Other Income: Profit on disposal of subsidiaries/assets	6.0	40.0
(Loss)/Profit before net finance income/(costs) and taxation	**(32.0)**	**66.6**
Balance Sheet Net assets (before pension asset/liability)	278.7	308.4

Labour is the most significant cost for the Group as it is with all national postal operators. There has been a change in the make-up of the labour cost as we move from being a letter mail business to being a letter mail and parcel logistics operation. There were reductions in some labour elements to reflect the decline in traditional mail and increases in other elements, particularly labour required to service the 100% plus growth in eCommerce parcels.

The nature of the Group is changing with more skills required for some business disciplines like Digital, Marketing, IT, Regulation and Property. These new resources strengthen the business and equip it for the changes in the future. In part this is funded by efficiencies in overhead functions arising from increased use of technology.

Non-pay costs increased as the requirement for equipment and fleet rose in servicing the eCommerce growth and in Financial Services the increased cost of regulatory compliance became a reality. There were additional one-off costs of €13m in the year to deal with the impact of the pandemic. This was mainly expended on personal protective equipment and labour costs to facilitate social distancing and COVID-19 related absence. In the longer term these costs will be non-recurring.

Transformation costs of €5.8m were incurred in the year, as the process of reforming the Group continued. The long term one-off costs associated with the Post Office change, i.e. payments to sign up to new contracts and severance for Postmasters are classified as Transformation Costs.

Profit on disposal of Subsidiaries

At the end of January 2019, the One4all Gift Voucher Shop group was sold to Blackhawk Network, a global financial technology company in a deal which valued the An Post shareholding in One4all voucher business at €54m. A profit on the sale of the subsidiaries of €40m was recognised in 2019. There were certain warranties and conditions that had to be met for a further profit of €5.6m to be achieved. This has now been completed and recorded in the 2020 financial statements.

Subsidiaries and Investments

An Post Insurance and Air Business, our UK subsidiary, performed well in the year. Disturbance in the sectors they trade in arising from the pandemic held them back somewhat financially. Both adapted well and have maintained operations and look positively towards the future.

An Post continues to hold its 10.7% shareholding in Premier Lotteries Ireland, the operator of the National Lottery licence for a period of 20 years up to 2034. The investment is currently valued at €33.9m and it continues to generate results and cash flow in line with our expectations. A dividend of €5m was received in the financial year 2020.

Balance Sheet

The Group Balance Sheet facilitates the Group in planning to implement its strategy. The Group owned cash at 31 December 2020 is €81m.

The European Investment Bank, (EIB), have entered a finance contract with An Post for the provision of a loan facility of €40m to support the implementation of a number of the projects underpinning the Strategic Plan. At December 2020 the Company had drawn down €10m of the agreed €40m loan facility (€9m of this draw down is still repayable) from the EIB. As part of the finance structure the Group has a €30m Government Loan on the balance sheet at the year end.

The surplus on the defined benefit Pension Fund at 31 December 2020 is €103m. There are 17,300 members of the scheme. The Pension Fund had assets under its control of €3,777m at 31 December 2020 with associated actuarially valued liabilities of €3,674m at the same date. The assets of the Pension Fund increased by €240m during 2020. This increase in asset values was partially offset by a €122m increase in actuarially valued liabilities as a consequence of the decline in the discount rate used to measure scheme liabilities.

Conclusion

The Group has the resources and continues to implement an ambitious and forward looking strategy. This refocusing of the Group and the continued implementation of the strategy will ensure the continued success of the business.

Peter Quinn

Peter Quinn
Chief Financial Officer
15 April 2021

Management Board

1. **David McRedmond**
   Chief Executive Officer
2. **Garrett Bridgeman**
   Managing Director An Post Commerce
3. **Paula Butler**
   Chief Admin Officer & Company Secretary
4. **Debbie Byrne**
   Managing Director An Post Retail
5. **Des Morley**
   Chief Digital & Technology Officer
6. **Eleanor Nash**
   Chief People Officer
7. **Peter Quinn**
   Chief Financial Officer
8. **Nicola Woods**
   Chief Transformation Officer

Mails and Parcels Review

Revenue

The Mails and Parcels business had revenue of €655.8m in 2020 compared with €614.4m in 2019.

The arrival of COVID-19 resulted in a change in the mix in revenue during 2020, with strong growth in parcel revenue, a decline in business mail and a marginal increase in stamped mail as more business people worked from home. The growth in overall revenue shows the underlying strength in the core business.

Parcels

The parcel strategy to capture significant market share in the eCommerce business proved critical to 2020 parcel revenue growth. The capacity that had been added to cope with the eCommerce annual peak, was immediately activated to service the increased volumes in April. Weekly eCommerce volumes continued to run 100% higher than 2019, for the remainder of the year. This resulted in additional contract parcel revenues of 89%, in addition to providing a key essential service. The launch of prepaid parcel packaging also proved a huge success with the general public, particularly as they sent gifts to friends and family both at home and abroad during the Christmas period. The peak parcel period from October to December, coincided with additional COVID restrictions, all resulting in volumes of more than 100% on 2019. Additional infrastructure was on-boarded during 2020 to build the capacity to meet the demand.

Traditional Mail

The decline in traditional mails volumes continued in Q1 2020, before suffering a sharp decline in Q2 2020, as businesses using these services were restricted. Q3 saw volumes improve but still in decline versus prior year, followed by a positive Q4 where there was some modest year on year growth in volumes. Overall core mail volumes declined by 7.1%. While business mail was down during 2020, it was supplemented by a strong performance in stamps due to business customers working from home. Free postage-paid postcards were delivered to every home in the state and several successful campaigns were completed during the year encouraging people to stay connected, covering Valentine's Day, Father Ted and U2. All of these campaigns helped stimulate mail volumes.

Pricing

The pricing strategy, a key element of the overall Mails and Parcels strategy, was put on hold in 2020. A price increase planned for Q1 was postponed to support our customers, particular SMEs, as the pandemic unfolded. In addition to delaying any price increase, a range of discounts for SMEs were introduced on our mails and parcel services through our Advantage card loyalty scheme. Pricing will be reviewed again in Spring 2021.

Operating Model

The second automated packet (small parcel) sorting facility which went live in Q4 2020 adding additional processing capacity and allowing for the efficient processing of packet products. In addition, despite the difficult circumstances of operating during the pandemic, ongoing final mile delivery efficiencies were implemented at a number of sites across the country, with postal operatives migrated from bicycles to electric vans and e-trikes. This allowed the business to continue handling the increase in parcel business

The An Post Commerce brand continued to support Irish businesses and communities throughout the pandemic. The business has grown its customer base across all segments from SMEs, large etailers and new international markets, such as China. A new range of digitally enabled services were launched to allow customers easily access An Post Commerce products. The business will build on the success of 2020 and further grow our customer base through the expansion and improvement of our portfolio in the parcels and direct mail areas.

Garrett Bridgeman
Managing Director
An Post Commerce
15 April 2021

Retail Review

The Post Office network is the largest retail chain in Ireland with 939 offices at December 2020, of which 45 are Company operated and 894 are contractor operated.

The Post Office is a vital national infrastructure for communities. An Post is committed to maintaining a strong, nationwide network in communities of 500 plus persons with longer opening hours and an expansion of co-located Post Offices. Throughout the COVID-19 pandemic, An Post and Postmasters defined the essence of public and community service, keeping the network open to ensure the continued distribution of cash to customers and the economy.

Revenue in the Retail business was €151m in 2020 down from €162.9m in 2019 mainly due to the impacts of COVID-19 on key business lines such as Foreign Exchange, social welfare transactions and associated services. COVID has accelerated the electronic payment to social welfare recipients necessitating the acceleration of the transformation strategy to create a sustainable network. This strategy is built around five key principles including co-location, the launch of new products and services to create greater relevancy for the Post Office and attract a new customer base and footfall and an investment in both the physical Post Office network and new omni-channel capability, making it easier for consumers to do business. Significant progress on key strategic initiatives continued during the year to ensure the business is in as strong a position as possible when we emerge from COVID-19.

Network Transformation

62% of all Contract Post Offices are now co-located with other high footfall businesses. New Concept Post Offices opened on Merrion Row and St Andrew St. in Dublin and the GPO Cork and Limerick. Investment in self-service and parcel drop-off capability and new counter technology lay the foundations for efficiencies and an enhanced customer experience.

Financial Services and Community Banking

Core to our transformation strategy is the expansion of the range of Financial Services products under the An Post Money brand. 2020 saw continued investment in our overall Financial Services strategy with a heavy emphasis on our customer digital offering. Our ambition is to provide a full product offering with competitive rates and innovative features, market leading in some instances like on our credit cards and Green Loan, combining our unique human touch through our branch network and the best online and digital experience. In 2021, An Post Money will launch its new and significantly enhanced current account app and desktop capability along with a new kids account targeted at 7 to 15 year olds.

Business performance was impacted in 2020 by the pandemic with COVID-19 reducing footfall and having a detrimental impact on key business lines like credit cards, Western Union and Foreign Exchange, in line with the decline in overseas travel. However, our market entry into personal loans showed a noteworthy increase of 127% in value year-on-year driven by a strong digital offering combined with a market-leading rate. Current accounts saw a 33% increase in account openings year-on-year.

In addition to our An Post Money and State Savings products, we partner with AIB and Ulster Bank to offer community banking services through our network. In 2021, we will expand withdrawal and lodgement services to include Bank of Ireland customers.

Sustainability and Innovation

Embedding Sustainability in everything we do is a key cornerstone of our Company strategy and Brand purpose. 2020 saw the launch of the Green Hub, our sustainable living platform, a one-stop-shop for home retrofitting with low cost financing and grant applications. Whilst COVID-19 has hampered activity we've already seen strong interest from consumers.

Government Services

We are a key point of contact between Irish citizens and Government. An Post ensured payments were made to clients in as safe a way as possible on behalf of the Department of Social Protection throughout the pandemic. Other Government contracts include TV Licences which performed well given the national and local lockdowns that impacted operations during the year. The COVID-19 pandemic has underlined the essential nature of the Post Office network in serving citizens and communities. An Post is well placed and ready to offer a wider range of government services. We look forward to a renewed commitment from Government to the Network to ensure that the utility of the Post Office is fully realised in meeting the needs of communities.

Other Key Services

The Post Office Network also provides other services such as mails and parcels to both consumers and SMEs. Mail services sold through Post Offices saw growth of 11% in the full year as a result of very strong growth in the second half of 2020. Gift Vouchers sold through the Post Office network saw growth of 5.5% in 2020. An Post Mobile connections grew by 13% during the year.

An Post Insurance

An Post Insurance (An Post's insurance intermediary subsidiary) met the challenges of a COVID-19 disrupted year head-on by taking the opportunity to accelerate the switch to web channels and to streamline its business in line with the fall in customer demand for call centre contact. Customer retention in home and motor insurance remained high but switching in the general insurance market was down on recent year norms. The investment through 2020 in new web and digital capability coupled with targeted cost savings will assist the organisation for a likely return to more normal insurance switching patterns in 2021.

The Post Office network has undergone much transformation in the past two years. Against a challenging market, the continued focus on our strategic plan and on innovation to provide world-class products and service to meet the changing needs of consumers and small businesses, while being a responsible citizen remain key.

Debbie Byrne

Debbie Byrne
Managing Director
An Post Retail
15 April 2021

Mails and Parcels

Scaling up to enhance customer service offering and meet market demand.

€655.8m

Mail Revenue increased by €41.4m

2.335m

Delivery points serviced daily

100%

Parcel volumes

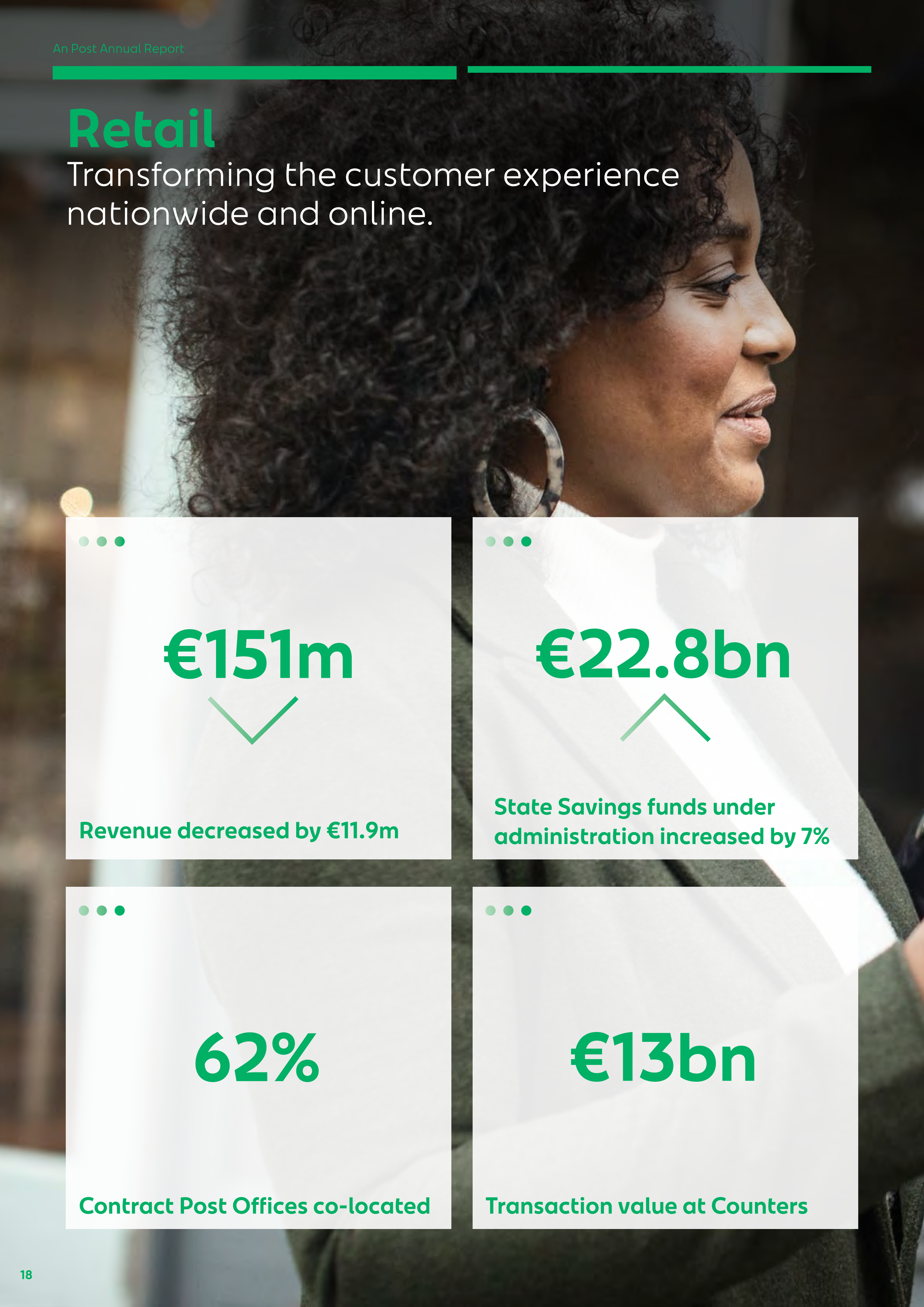
7.1%

Traditional mails decline


Leading with confidence and care
Welcome to the engine room of Irish commerce.
HOPPER 2

Retail

Transforming the customer experience nationwide and online.



€151m

Revenue decreased by €11.9m

€22.8bn

State Savings funds under administration increased by 7%

62%

Contract Post Offices co-located

€13bn

Transaction value at Counters

Report of the Directors

The Directors have pleasure in presenting the Directors' Report together with the audited financial statements of the Group for the year ended 31 December 2020.

1. The Group and its Principal Activities

The Group's principal activity is to operate the national postal service and the network of Post Offices. It also manages a number of commercial enterprises and has an investment in Premier Lotteries Ireland, the National Lottery operator.

2. Results

Details of the results for the year are set out in the consolidated income statement on page 34 and 35 and in the related notes to the financial statements. The directors did not pay an interim dividend (2019: Nil), and do not propose the payment of a final dividend for the year (2019: Nil).

3. Business Review

The profit before depreciation and amortisation, transformation costs, one off items, net finance income and taxation of €32.5m compares very reasonably with the equivalent profit of €79.6m in 2019 given the impact of the COVID-19 pandemic. The review of business for the year is dealt with in greater detail in the Chief Executive Report (page 6) and the Financial Review (page 10).

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPIs), including the following:

KPI	Performance in 2020	Performance in 2019
Operating result		
Profit before depreciation and amortisation, transformation costs, one off items, net finance income/(costs) and taxation as a percentage of revenue	3.6%	8.9%
Staff costs as a percentage of total operating costs	61.3%	61.5%
Postmasters' costs as a percentage of total operating costs	7.0%	8.1%
Other operating costs as a percentage of total operating costs	31.7%	30.4%
Staff - Average Full Time Equivalents (FTE)		
Company	9,730	9,061
Subsidiaries	681	690
Group	10,411	9,751
Mails and parcel business		
Mails and parcel revenue	€655.8m	€614.4m
Core mail volumes decline	(7.1%)	(6.3%)
Retail business		
Social welfare transactions	21.1m	29.5m
BillPay transactions	13.3m	16.0m
TV licences issued	1.43m	1.48m
Investment Products - net fund inflow	€589.9m	€219.5m
Post Office Savings Bank - net fund inflow	€498.9m	€112.1m
Prize Bonds - net fund inflow	€447.6m	€239.6m
Customer Service		
Written complaints/enquiries	48,706	31,357
Telephone enquiries	786,150	680,504

The increase in written and telephone queries reflects the significant impact of the increase in volumes while lockdown closed retail outlets and the disturbance from changes arising from Brexit impact and other VAT and customs changes. We increased our resources dedicated to customer service and information to mitigate the impact for customers.

4. Principal Risks and Uncertainties

The Company continuously reviews the Principal Risks and Uncertainties and the following risks are monitored and mitigation controls put in place.

Brexit impact

Brexit has brought disturbance to the economy and the risk that its outcome may create an economic shock. The impact of changes in customs duties and associated paperwork approval processes are reviewed. The impact from Brexit on inbound international eCommerce packets/ parcels volumes from the UK market could impact the Company performance. We have also had to mitigate against the risk of preparedness for all the regulatory and operational changes required

Inflexible and inefficient cost structure

A significant part of the Company strategy is to achieve efficiency and therefore the risk of not achieving the required level of flexibility and efficiency in our operations within the necessary time frames is critical. Risk of insufficient staff volunteering for exit schemes.

COVID-19 – risk of widespread unavailability of staff

The pandemic has brought unprecedented change to the workplace and increased the risk of widespread unavailability of staff, particularly in Mails Centres, Delivery Offices and Customer Services resulting in the potential for service failures for customers.

Sustainability of the Mails USO

The sustainability of the USO is a constant risk reviewed. Pricing initiatives and mail volumes are both critical to the successful economic model. Risk of delays in mails and parcels pricing initiatives resulting in an inability to sustain the provision of a Universal Service.

Economic collapse/recession

National Postal operators are a key part of the economy. The sustainability of the system is at risk in the event of general economic collapse/recession. The risk to the general economy of living with COVID-19 including negative impact on mail volumes is reviewed constantly.

Stakeholder support – risk of delays to key initiatives

An Post has many stakeholders. This gives rise to potential risk of delays to key initiatives including pricing, investments and funding due to delays or resistance from stakeholders.

Post Office Network – sustainability of individual post offices

Projected reductions in Department of Social Protection volumes/revenue create a risk that there will be unsustainable, lower activity Post Offices and high-rent urban offices, in the absence of a funding mechanism.

IT business change support capability

Risk in the pace of change and the extent of requirements for IT infrastructure and systems exists. The risk being mitigated is to ensure delivery of requirements on a timely basis and manage resource constraints and change delivery processes.

IT security and continuity

Cyber security is an environment risk that is managed in the Company.

Customs 2020 – adverse impact on eCommerce

The implementation of the EU Customs 2020 Programme carries an inherent risk and the impact on brand and reputation as well as volume of business is carefully managed.

New parcels operator

Risk of a significant reduction in revenues arising from a new entrant with a capability to deliver high volumes of packets/ parcels in Ireland.

Packets and Parcels delivery capacity

Risk of being unable to continuously meet the service quality required in the packets and parcels business due to insufficient delivery capacity, including service failure at Christmas and other peak periods.

Financial services regulatory compliance

Central Bank regulations, NTMA regulations, Anti-Money Laundering, payment services directives, and fitness & probity have all provided a challenge and risk to organisations with financial services activity. Risk of increasing regulation on products and staff training requirements.

The directors have analysed these and other risks and appropriate programmes are in place to manage and control them. The Corporate Governance Statement which is incorporated into the Directors' Report, sets out the policies and approach to risks and the related internal control procedures and responsibilities. The directors have also considered going concern as set out in note 1 to the financial statements, and section 14 of the Report of the Directors.

Report of the Directors
continued

5. Directors, Secretary and their Interests

Mr Dermot Divilly, Mr Noel Adamson, Mr Thomas Devlin and Mr Niall Phelan completed their terms of office during 2020. Ms Áine Flanagan was appointed by the Minister to the Board on 22 October 2020, and Mr Frank Burke, Mr Anthony McCrave and Mr Gerry Sexton were appointed by the Minister to the Board on 1 November 2020. There were no other changes in the composition of the Board since the date of the previous report of the directors. The directors and secretary who held office at 31 December 2020 had no interests in the shares, or the debentures of the Company or any Group company at any time during the financial year 2020.

6. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All employees are treated on equal terms as regards training, career development and promotion. An Post is pleased to confirm that its employment of people with disabilities exceeds the target of 3% set under the Disabilities Act, 2005. The employment of people with disabilities for 2020 was 4.6%. In addition, during 2020 the Company also published its second Gender Pay Report. The gender pay gap has been reduced from 3.7% in 2019 to 1.4% in 2020.

An Post is committed to ensuring the highest safety standards and safe practices for its employees, contractors and members of the public, through the prevention of injury, ill health and by applying the high standards which are detailed in the Company's Safety Management System. This commitment is achieved through our compliance with the requirements of the Safety, Health and Welfare at Work Act 2005, the Safety Health and Welfare at Work (General Application) Regulations, 2007 (as amended) and all other relevant statutory provisions and codes of practice. In 2020, there were 1.5 lost time accidents per 100,000 hours worked, an 18% improvement on 2019 figures. An Post is striving for excellence in this area and is continuing to increase awareness among employees and contractors of the necessity for the highest safety standards. Throughout the period of the COVID-19 pandemic, An Post has continued to place the Health, Safety and Welfare of our staff to the forefront. An Post maintain ample supplies of crucial COVID-19 mitigation material and distribute to staff on demand as required.

An Post successfully maintained its accreditation to the Occupational Health and Safety Management System Standard, OHSAS 18001:2007, and is on track to fully transition to the new ISO 45001 safety standard during the first half of 2021. Despite the necessary operational restrictions brought about by the COVID-19 pandemic, over 4,500 employees attended specific safety training courses in 2020, including 4,167 staff trained in manual handling and 424 HGV drivers completed professional driver CPC modules during the year. In addition, 328 drivers undertook E-vehicle familiarisation training.

7. Prompt Payment of Accounts

The policy of An Post is to comply with the requirements of relevant prompt payment of accounts legislation. The Group's standard terms of credit taken, unless otherwise specified in contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

8. Data Protection

Given our respected position as a trusted intermediary, handling significant volumes of personal data, An Post has invested significant resources to ensure that An Post respects personal data protection rights. We are committed to protecting our customers' privacy and have robust protocols in place to investigate any complaints or concerns we receive. A multi-disciplined Data Privacy Office Team, and a network of Data Champions within the organisation, provide data privacy advice and support to all areas of the business. Our framework of technical and organisational measures ensures compliance with the General Data Protection Regulation right across the Group.

9. Treasury Risk Management

The Group's treasury operations are managed in accordance with policies approved by the Board. The Group's financial instruments are limited to cash, term deposits, bank loans/overdrafts and a Government loan, and as such the Group's operational exposure to financial risks are limited. The Group's treasury risk management policy allows for limited foreign exchange hedge positions to be taken but does not include the use of derivatives.

10. Accounting Records

The directors are responsible and have complied with the requirements of Section 281 to 285 of the Companies Act, 2014 with regard to adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the Company's premises at the General Post Office, O'Connell Street, Dublin 1, D01 F5P2.

11. Directors' Compliance Statement

The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations. In addition, the directors confirm that a compliance policy document has been drawn up that sets out policies that are appropriate to the Company, respecting compliance by the Company with its relevant obligations and that appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and during the financial year, the arrangements or structures referred to above have been reviewed.

12. Political Donations

During the financial year ended 31 December 2020, the Group made no political contributions which would require disclosure under the Electoral Act 1997, (2019: Nil).

13. Subsequent Events

There have been no events subsequent to the year end that require disclosure.

14. Going Concern

The Board of Directors have a reasonable expectation that the Group will have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the 'going concern' basis for the preparation of the financial statements. Details are set out in note 1 to the financial statements.

15. Corporate Governance

15.1 Code of Practice for the Governance of State Bodies (2016)

The Board has adopted the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The Company complies with the Code and has procedures in place to ensure compliance with the Code of Practice for the Governance of State Bodies for 2020.

15.2 Board Responsibilities

The work and responsibilities of the Board are set out in the Terms of Reference for the Board. The Company has a schedule of matters specifically reserved for Board decision. Standing items considered by the Board include; declaration of interests, reports from committees, financial reports/management accounts, performance reports, and reserved matters.

In addition to being responsible for the Company keeping adequate accounting records, as required by the Companies Act 2014, Section 32 of the Postal and Telecommunication Services Act 1983 ('the Act') requires the Board to keep, in such form as may be approved by the Minister with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it. In preparing the financial statements, the Board is required to; select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 32 of the Act. The maintenance and integrity of the corporate and financial information on An Post's website is the responsibility of the Board. The Board is responsible for approving the annual plan and budget. An evaluation of the performance of An Post by reference to the annual plan and budget is carried out at each Board meeting. The Board is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors continued

15. Corporate Governance continued

15.2 Board Responsibilities continued

The Board considers that the financial statements give a true and fair view of the financial performance and the financial position of An Post at 31 December 2020.

15.3 Board Structure

The Group is controlled through its Board of directors. The Board's main roles are to oversee the operation of the Group, to provide leadership, to approve strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met. Certain matters are specifically reserved to the Board for its decision. The specific responsibilities reserved to the Board include; setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving the appointment of the Company Secretary; and maintaining satisfactory communication with shareholders.

The Board has delegated the following responsibilities to management; the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

15.4 Board Membership

The Board comprises fifteen directors including the Chairperson, the CEO, five employee directors, one postmaster director and seven non-executive directors. The table below details the date of appointment by the Minister and the appointment period for current members. One vacancy exists at present.

Board member	Role	Date Appointed by Minister	Term (years)
Carol Bolger	Non-Executive director	11/05/2017	5
Frank Burke	Employee director	01/11/2020	4
Deirdre Burns	Non-Executive director	11/05/2017	5
Peter Coyne	Non-Executive director	31/10/2018	5
Áine Flanagan	Non-Executive director	22/10/2020	5
Anthony McCrave	Employee director	01/11/2020	4
Padraig McNamara	Postmaster director	01/01/2019	3
David McRedmond	CEO	03/10/2016	7
William Mooney	Employee director	01/11/2020 (3rd term)	4
Kieran Mulvey	Non-Executive director	16/09/2019	5
Martina O'Connell	Employee director	01/11/2020 (3rd term)	4
Mary O'Donovan	Non-Executive director	31/10/2018	5
Gerry Sexton	Employee director	1 /11/2020	4
James Wrynn	Non-Executive director	15/09/2016 (2nd term)	5

All directors are appointed to the Board by the Minister for Environment, Climate and Communications and their conditions of appointment and fees are set out in writing. The directors go through a fitness and probity governance process that meets the requirements of the Central Bank of Ireland.

Employee directors are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993, for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term, usually five years.

15.5 Key Personnel Changes

Mr Dermot Divilly completed his term of office as Chairperson of the Company in 2020. The Government is in the process of selecting a new Chairperson.

Mr Noel Adamson's, Mr. Tommy Devlin's and Mr. Niall Phelan's terms as employee directors expired in 2020. Mr. Frank Burke, Mr. Anthony McCrave and Mr. Gerry Sexton were elected in their place. In accordance with the Act and following a process undertaken by the Public Appointments Service, the Minister also appointed a non-executive director, Ms. Áine Flanagan.

Given its legal status as a State Company and the responsibility of its principal shareholder in the appointment of directors, the Board believes that it has fulfilled all of the obligations that are required in respect of the appointment of directors.

15.6 Induction and Ongoing Training

On appointment, all new directors take part in an on-boarding programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the Board and principal Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This is supplemented by meetings with key senior executives. Throughout their period in office, the directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the postal industry as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as directors. All directors have access to the advice and services of the Company Secretary.

15.7 The Roles of the Chairperson and Group CEO

The positions of Chairperson and Group CEO are held by different people. The Chairperson leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairperson is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The Chairperson facilitates the effective contribution of all directors and constructive relations between the executive director and the other directors, ensures that directors receive relevant, accurate and timely information and manages effective communication with shareholders.

The Chief Executive Officer has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

The Board through the Chairperson and management, maintain an ongoing dialogue with the Company's shareholders on strategic issues. The Chairperson and the Chief Executive Officer give feedback to the Board on issues raised with them by the shareholders. The directors attend the Annual General Meeting and shareholders are invited to ask questions during the meeting.

The Board has formal procedures in place whereby the Chairperson meets with the non-executive directors without the Chief Executive Officer being present.

15.8 Directors' Independence

Directors have the right to ensure that any unresolved concerns they may have about the running of the Group or about a particular course of action are recorded in the Board minutes. If they have any such concerns, they may, on resignation, provide a written statement to the Chairperson, for circulation to the Board. The directors are given access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as directors.

15.9 Performance Evaluation

The Board has adopted and performed a formal process for the evaluation of its own performance and that of its principal Committees. This includes periodic external performance evaluation. The Board considers that the introduction of any further evaluation of individual directors would be inappropriate given the manner of appointment of directors, the shareholding structure and existing Board procedures.

Report of the Directors continued

15. Corporate Governance continued

15.10 Board Committees

The Board has established the following committees:

1. The Audit and Risk Committee ('ARC') comprises four Board members; the members of the ARC have relevant audit and accounting experience to fulfil their duties. Under its terms of reference, the Committee is to assist the Board in fulfilling its responsibilities by the monitoring of:
   - The financial reporting process;
   - The effectiveness of the Company's system of internal control, internal audit and risk management; and
   - The statutory audit of the Company's statutory financial statements.
   - The effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditor is maintained, including reviewing non-audit services and fees.
   - The review and monitoring of the independence of the statutory auditor and in particular the provision of additional services to An Post.

   In order to maintain the independence of the external auditor, the Audit and Risk Committee has determined policies as to what audit related and non-audit services can be provided by the Group's external auditors and the approval process related to these services. Under these policies, work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value-added benefits to the Group while ensuring that the objectivity and independence of the external auditor is maintained. The members of the ARC are Deirdre Burns (Chair of ARC), Peter Coyne, James Wrynn and Mary O'Donovan. There were ten meetings of the ARC in 2020.

2. The Remuneration Committee comprises three Board members. The Committee acts on behalf of the Board and takes all significant decisions on matters such as remuneration policy, benefits, third party recommendations and related issues. The members of this Committee are: Carol Bolger, David McRedmond and Kieran Mulvey. Mr Dermot Divilly was a member of this Committee until December 2020 and was replaced by Kieran Mulvey when his term as a director expired. The Chief Executive Officer absents himself from meetings when matters relating to his own remuneration are being considered. There were two meetings of the Committee in 2020.

3. The Health and Safety and Security Committee ('HSSC') comprises four Board members. The Committee's principal responsibilities are to monitor the effectiveness of the Company's Safety Management and Security Systems, satisfy itself as to Company compliance with applicable health and safety and security legislation and regulations, ensure incidents are reduced to as low as reasonably practicable. The Committee also monitors the development, implementation and continual improvement of strategies, management systems and processes to ensure that adequate health and safety and security regulations and procedures (including emergency response planning) are in place. The members of this Committee are Carol Bolger (Chair of HSSC), Martina O'Connell, Kieran Mulvey and Frank Burke. There were four meetings of the Committee in 2020.

4. The Strategy Committee comprises four Board members. The Committee's Terms of Reference are to consider and make recommendations to the Board on strategic issues, including recommending the strategic plan to the Board for adoption. In addition, the Committee monitors the implementation by management of the agreed strategic plan, and to propose corrective actions or prioritisation of elements of the plan, if required, during the life of the plan. The current members of this Committee are Carol Bolger, David McRedmond and Deirdre Burns with one vacancy at present. The Committee met once in 2020.

15.11 Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2020 is set out below including the fees and expenses received by each member:

Member	Board	Audit & Risk Committee	Remuneration Committee	Health & Safety & Security Committee	Strategy Committee	Fees 2020 €'000	Fees 2019 €'000
No. of meetings during year	8	10	2	4	1		
Dermot Divilly	7/7		1/1		1/1	29	31
Noel Adamson	6/7			3/3		13	16
Carol Bolger	8/8		2/2	4/4	1/1	16	16
Frank Burke	1/1					3	-
Deirdre Burns	7/8	10/10			1/1	16	16
Peter Coyne	8/8	10/10				16	16
Thomas Devlin	6/7			3/3		13	16
Áine Flanagan	1/1					3	-
Anthony McCrave	1/1					3	-
David McRedmond	8/8		2/2		1/1	-	-
Padraig McNamara	7/8					16	16
William Mooney	7/8					16	16
Kieran Mulvey	8/8		1/1			16	5
Martina O'Connell	7/8			4/4		16	16
Mary O'Donovan	5/8	9/10				16	16
Niall Phelan	6/7					13	16
Gerry Sexton	0/1					3	-
James Wrynn	8/8	6/6				16	16
Total						**224**	**212**

Expenses paid to Directors in 2020 were negligible and have been rounded to €0k (2019: €7k). The comparative figure for 2019 fees excludes the amounts paid to two directors who retired in 2019.

15.12 Statement on Internal Control

Scope of Responsibility

The Board of An Post is responsible for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in An Post for the year ended 31 December 2020 and up to the date of approval of the financial statements.

Capacity to handle risk

An Post has an Audit and Risk Committee (ARC) comprising Board members with financial and audit expertise, one of whom is the Chair. The ARC met ten times in 2020.

An Post has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within An Post's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Report of the Directors
continued

15. Corporate Governance continued

15.12 Statement on Internal Control continued

Risk and Control Framework

An Post has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing An Post and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on a six monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

Documented policies are in place in relation to procurement. These policies are in line with European Union and Irish Government guidelines. Adherence to these guidelines is monitored throughout the year.

Review of Effectiveness

An Post has procedures to monitor the effectiveness of its risk management and control procedures. An Post's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within An Post responsible for the development and maintenance of the internal financial control framework. This investment will continue into 2021. The Board has conducted an annual review of the effectiveness of the internal financial controls for 2020.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2020 that require disclosure in the financial statements.

15.13 Raising Matters of Concern

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action including a review by the Audit and Risk Committee. Reporting channels have been created whereby perceived wrongdoing may be reported via post, telephone and email.

15.14 Disclosures required under the Code of Practice for the Governance of State Bodies

An Post is compliant with the reporting guidelines of the Revised Code of Practice for the Governance of State Bodies (2016). The following statistics relate to the An Post Group for the financial year ended 31 December 2020. The Chairman has written to the Minister for Environment, Climate and Communications with further detailed information.

Employee benefits

Employees' short-term benefits for the Group are categorised into the following bands:

	2020 No. of employees	2019 No. of employees
Less than €50,000	9,912	9,992
Between €50,000 and €74,999	1,779	1,421
Between €75,000 and €100,000	426	308
Over €100,000	135	111

Travel and official entertainment

Costs in respect of travel and official expenditure incurred in the year amounted to €2.313m (2019: €3.605m). This includes travel and subsistence of €0k paid directly to Board members in 2020 (2019: €7,000). The amounts paid to Board members in 2020 were negligible and have been rounded to €0k.

16. Statement of the Directors on compliance with the Regulator's Direction on the Accounting Systems of An Post as required by the Communications Regulation (Postal Services) Act 2011

Under the Communications Regulation (Postal Services) Act 2011, the accounting procedures of An Post are required to be conducted in accordance with directions laid down by ComReg and with certain provisions in the Act.

The directors acknowledge their responsibility for compliance with the accounting provisions of the Act and the following statement describes how An Post applied the relevant provisions of the Act and the Direction for the accounting year beginning on 1 January 2020.

Financial Records and Accounting Systems

The financial records and accounting systems maintained by An Post contain sufficient detail to enable management to ensure that they comply with the accounting provisions of the Direction. Separate accounts are maintained for each of the services within the Universal Service.

Separated Accounts

Segmental profit and loss accounts and statements of net assets will be submitted to ComReg for the year ended 31 December 2020. In compliance with the Direction, a competent body is reviewing these accounts and will issue an opinion on their compliance with the Direction.

Accounting Manual

A detailed accounting manual has been prepared showing the range and scope of data to be collected for the purpose of complying with the Direction and the basis on which the data is to be allocated/apportioned between services.

Statement of Compliance

Based on the above steps and actions, the directors believe that An Post has complied with the relevant provisions of the Act and with the Direction of ComReg in relation to the Accounting Systems of An Post for the year ended 31 December 2020.

17. Directors' Responsibilities Statement in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("relevant financial reporting framework") and the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework. 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

Report of the Directors
continued

17. Directors' Responsibilities Statement in respect of the Directors' Report and the Financial Statements continued

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- comply with applicable IFRS as adopted by the EU and provide additional disclosures when compliance with the specific requirements with IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the parent company 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

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 Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

18. Relevant Audit Information

For the purposes of Section 330 of the Companies Act 2014, the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

19. Auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

15 April 2021

Independent Auditor's Report to the members of An Post

Report on the audit of the financial statements

Opinion on the financial statements of An Post (the 'company')

In our opinion, the group and parent company financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2020 and of the loss of the group and parent company for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The Group Financial Statements:

- The Consolidated Income Statement;
- The Consolidated Statement of Other Comprehensive Income;
- The Consolidated Statement of Financial Position;
- The Consolidated Statement of Changes in Equity;
- The Consolidated Statement of Cash Flows; and
- The related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.

The Parent Company Financial Statements:

- The Company Statement of Financial Position;
- The Company Statement of Changes in Equity;
- The related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework"). The relevant financial reporting framework that has been applied in the preparation of the parent company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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

In auditing the financial statements, we have concluded that the directors' use of the 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 group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the members of An Post continued

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 this regard.

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 otherwise comply with the Companies Act 2014, 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 group and parent 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 group and parent 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors Report does not reflect the groups compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Emer O'Shaughnessy
for and on behalf of
Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

16 April 2021

Consolidated Income Statement

for the year ended
31 December 2020

	Notes	2020 €'000	2019 €'000
Revenue	2	915,503	892,128
Operating costs	3	(882,999)	(812,576)
Profit before depreciation and amortisation, one off items, net finance income/(costs) and taxation		**32,504**	**79,552**
Depreciation and amortisation	4	(43,248)	(37,657)
(Loss)/Profit before one off items, net finance income/(costs) and taxation		**(10,744)**	**41,895**
Exceptional items (including transformation costs)	5	(27,248)	(15,281)
Profit on disposal of assets	6	5,979	40,038
(Loss)/Profit before net finance income/(costs) and taxation		**(32,013)**	**66,652**
Finance income	7	2,798	2,418
Finance costs	8	(2,506)	(2,726)
(Loss)/Profit before taxation	9	**(31,721)**	**66,344**
Taxation credit/(charge)	10	13,718	(23)
(Loss)/Profit for the year		**(18,003)**	**66,321**
(Loss)/Profit for the year attributable to			
Owners of the Company		(18,160)	64,788
Non-controlling interests		157	1,533
		(18,003)	66,321

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

15 April 2021

Consolidated Statement of Other Comprehensive Income

for the year ended
31 December 2020

	Notes	2020 €'000	2019 €'000
(Loss)/Profit for the year		(18,003)	66,321
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension liability - net	24	106,572	11,313
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations - subsidiaries		(953)	979
Total comprehensive income for the financial year		87,616	78,613
Total comprehensive income attributable to			
Owners of the Company		87,459	77,080
Non-controlling interests		157	1,533
		87,616	78,613

Consolidated Statement of Financial Position

at 31 December 2020

	Notes	2020 €'000	2019 €'000
Assets			
Non-current assets			
Intangible assets and goodwill	12	29,177	17,166
Investment property	13	715	715
Property, plant and equipment	14	316,471	319,374
Investments	15	33,949	36,874
Deferred tax asset	16	70	2,356
Pension asset	24	102,523	-
Total non-current assets		482,905	376,485
Current assets			
Trade and other receivables	16	158,338	125,103
Inventories	17	1,871	2,611
Cash at bank and in hand	18	671,177	509,855
Total current assets		831,386	637,569
Total assets		**1,314,291**	**1,014,054**
Equity and reserves			
Called up share capital	25	(68,239)	(68,239)
Other reserves		1,374	421
Retained earnings		(299,154)	(210,742)
Equity attributable to the Company		(366,019)	(278,560)
Non-controlling interests		(1,775)	(1,618)
Total equity		(367,794)	(280,178)
Non-current liabilities			
Capital grants	22	(7,943)	(7,998)
Leases and borrowings	20	(116,604)	(118,033)
Provisions	23	(10,416)	(11,496)
Pension liability	24	(13,434)	(28,228)
Total non-current liabilities		(148,397)	(165,755)
Current liabilities			
Trade and other payables	19	(183,613)	(167,735)
Leases and borrowings	20	(21,198)	(21,079)
Provisions	23	(2,783)	(12,537)
Amounts held in trust	18	(590,506)	(366,770)
Total current liabilities		(798,100)	(568,121)
Total liabilities		(946,497)	(733,876)
Total equity and liabilities		**(1,314,291)**	**(1,014,054)**

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

15 April 2021

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital €'000	Capital conversion reserve fund €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2019	(68,239)	(877)	3,198	(134,200)	(200,118)	(3,889)	(204,007)
Profit for the year	-	-	-	(64,788)	(64,788)	(1,533)	(66,321)
Other comprehensive income:							
Disposal of subsidiaries	-	-	(921)	(441)	(1,362)	3,804	2,442
Remeasurements of defined benefit pension liability - net	-	-	-	(11,313)	(11,313)	-	(11,313)
Translation of foreign operations	-	-	(979)	-	(979)	-	(979)
Balance at 31 December 2019	(68,239)	(877)	1,298	(210,742)	(278,560)	(1,618)	(280,178)
Loss for the year	-	-	-	18,160	18,160	(157)	18,003
Other comprehensive income:							
Remeasurements of defined benefit pension liability - net	-	-	-	(106,572)	(106,572)	-	(106,572)
Translation of foreign operations	-	-	953	-	953	-	953
Balance at 31 December 2020	(68,239)	(877)	2,251	(299,154)	(366,019)	(1,775)	(367,794)

Other reserves per the Statement of Financial Position includes the capital conversion reserve fund and the foreign currency translation reserve.

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	2020 €'000	2019 €'000
Cash flows from operating activities		
(Loss)/Profit for the year	(18,003)	66,321
Adjustments for:		
Depreciation	40,168	35,066
Impairment loss	8,450	-
Amortisation	3,080	2,591
Net finance income/(cost)	292	(308)
Gain on disposals	(5,979)	(40,038)
Tax (credit)/expense	(13,718)	23
Cash paid less than/(in excess) of pension income statement charge	4,480	(7,224)
Capital grant amortised	(280)	(449)
Payments made in relation to provisions, excess over cost	(10,834)	(2,745)
	7,656	53,237
Changes in:		
Trade and other receivables	(37,794)	(9,592)
Inventories	740	267
Trade and other payables	19,587	(10,263)
Cash generated from operating activities	**(9,811)**	**33,649**
Taxes paid	(1,712)	(2,312)
Net cash (used)/generated from operating activities	**(11,523)**	**31,337**
Cash flows from investing activities		
Proceeds from disposals received during year	10,673	41,464
Acquisition of property, plant and equipment	(25,506)	(20,620)
Acquisition of intangible assets	(15,382)	(5,715)
Amounts held in trust	223,736	(36,275)
Proceeds from investment in Premier Lotteries Ireland	4,579	-
Net cash generated/(used) from investing activities	**198,100**	**(21,146)**
Cash flows from financing activities		
Repayment of lease liabilities capitalised	(23,409)	(27,899)
EIB loan drawn down	-	10,000
Government loan and other interest payments	(846)	(563)
EIB loan repaid during the year	(1,000)	-
Net cash used in financing activities	**(25,255)**	**(18,462)**
Net increase/(decrease) in cash and cash equivalents	**161,322**	**(8,271)**
Cash and cash equivalents at beginning of year	509,855	518,126
Cash and cash equivalents at end of year	**671,177**	**509,855**

Company Statement of Financial Position

at 31 December 2020

	Notes	2020 €'000	2019 €'000
Assets			
Non-current assets			
Intangible assets	12	19,394	6,705
Investment property	13	715	715
Property, plant and equipment	14	288,567	288,996
Investments	15	42,918	45,843
Deferred tax asset	16	-	2,212
Pension asset	24	102,523	-
Total non-current assets		454,117	344,471
Current assets			
Trade and other receivables	16	150,199	116,904
Cash at bank and in hand	18	659,478	493,503
Total current assets		809,677	610,407
Total assets		**1,263,794**	**954,878**
Equity and reserves			
Called up share capital	25	(68,239)	(68,239)
Other reserves		(877)	(877)
Retained earnings		(278,187)	(190,645)
Total equity		(347,303)	(259,761)
Non-current liabilities			
Capital grants	22	(2,544)	(2,646)
Leases and borrowings	20	(95,211)	(94,756)
Provisions	23	(10,416)	(11,496)
Pension liability	24	(13,434)	(28,228)
Total non-current liabilities		(121,605)	(137,126)
Current liabilities			
Trade and other payables	19	(182,623)	(158,972)
Leases and borrowings	20	(20,100)	(19,712)
Provisions	23	(1,657)	(12,537)
Amounts held in trust	18	(590,506)	(366,770)
Total current liabilities		(794,886)	(557,991)
Total liabilities		(916,491)	(695,117)
Total equity and liabilities		**(1,263,794)**	**(954,878)**

In accordance with section 304 of the Companies Acts 2014, the company is availing of the exemption from presenting its individual income statement. The result for the Company is a loss of €19.030m (2019: profit €80.514m).

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

15 April 2021

Company Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital €'000	Capital conversion reserve fund €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2019	(68,239)	(877)	(98,818)	(167,934)
Profit for the year	-	-	(80,514)	(80,514)
Remeasurements of defined benefit pension liability - net	-	-	(11,313)	(11,313)
Balance at 31 December 2019	**(68,239)**	**(877)**	**(190,645)**	**(259,761)**
Loss for the year	-	-	19,030	19,030
Remeasurements of defined benefit pension liability - net	-	-	(106,572)	(106,572)
Balance at 31 December 2020	**(68,239)**	**(877)**	**(278,187)**	**(347,303)**

Included in loss for the period was dividends received from group companies of €nil (2019: €12,000k).

Notes to the Financial Statements

for the year ended 31 December 2020

Notes to the Financial Statements

for the year ended 31 December 2020 continued

1. Significant Accounting Policies

The accounting policies set out below have been consistently applied to all years presented in these financial statements, and have for the purposes of the Group financial statements, been applied consistently throughout all Companies in the Group.

Basis of Preparation

Going concern

The 2020 An Post financial statements have been prepared on a going concern basis. This assumes that the Group and Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

Assessment

The Board has given careful consideration to the going concern basis of preparation and is satisfied that it is appropriate for the 2020 financial statements to be prepared on this basis. Key factors considered in arriving at this determination include:

Trading performance

After three years of sustained profitability, the Group's financial performance was adversely affected in 2020 by the COVID-19 pandemic. As noted in the Report of the Directors, the profit before depreciation and amortisation, transformation costs, one off items, net finance income and taxation of €32.5m for the year was a satisfactory performance in the circumstances. The sustained profitability of prior years and assets disposals provided the strength for the Group to manage the disruptive event the pandemic has proven to be.

Cash

The cash resources available to the Group at 31 December 2020 are €80.7m. In line with the implementation of the Group's Strategic Plan, almost €40m was spent on a range of capital expenditure projects such as the Financial Services Ecosystem, Parcels Automation, and other mails equipment infrastructure in 2020. At the same time, the business continues to re-shape its operations and close to €16m of cash was spent on staff exit costs, and the revised postmaster contract. These investments will generate improved financial performance in the future.

Bank Borrowings

The Group has borrowings of €39m at 31 December 2020, €30m of which are in the form of a Government Loan. Only €1m of these borrowings are repayable in 2021. In addition, the Group has access to a short term borrowing facility, should this be required for working capital purposes.

Budgets/Forecasts

The Board has approved an annual budget for 2021. In addition, a rolling five year financial model is updated annually, the most recent version covering a period out to 2026. Although mail volumes are still forecast to decline, the rate of decline is expected to be slower in 2021 than that seen in 2020. The surge in eCommerce in 2020 has resulted in very large increases in parcel volumes during 2020 and further increases, albeit at a slower rate, are expected in 2021 and beyond. These factors combined with the continued focus on cost efficiencies indicate that the Group can increase profitability in 2021 and thereafter.

Pandemic

The Irish economy is expected to be further influenced by the COVID-19 pandemic during 2021. An Post, like many businesses, will be no exception. However, as the vaccines are now being rolled out, it is expected the impact experienced in 2021 will not be as severe as we have seen in 2020.

Conclusion

Having made due enquiries and considering the matters described above, the Board members have a reasonable expectation that the Group will have adequate operational and financial resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Consequently, the Board Members have concluded that the circumstances described above do not represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern.

Reporting entity

An Post (the 'Company') is a designated activity company limited by shares domiciled in Ireland with registered number 98788. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the words 'designated activity company' from its name. The Company's registered office is General Post Office, O'Connell Street, Dublin 1, D01 F5P2.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in postal, distribution and financial services.

In presenting the parent company's financial statements together with the group financial statements, the Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income statements and related notes that form part of the approved Company financial statements.

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by European Union (EU IFRS) and the Companies Act 2014.

The financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2014.

New and amended IFRS Standards that are effective for the current year

The following new standards and interpretations became effective for the Group as of 1 January 2020:

- IFRS 3 Business Combinations - Definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 9 Financial instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted:

- Amendments to IFRS 16 Leases - COVID-19 - Related Rent Concessions. An Post adopted this amendment effective 1 January 2020.

The new standards, interpretations and amendment did not result in a material impact on the Group's results.

New IFRS Standards, amendments and interpretations issued, but not yet effective

IFRS 17 - Insurance Contracts	1 January 2022
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IFRS 3 - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022

The Group is currently assessing the impact of the above standards and amendments. However, the directors do not expect their adoption to have a material impact on the financial statements of the Group in future periods. The standards and interpretations addressed above will be applied for the purposes of the Group's financial statements with effect from the dates listed.

Basis of measurement

Group

These financial statements are prepared on a historical cost basis, except for:

- The net defined benefit pension asset is measured at the fair value of plan assets less the present value of the defined benefit obligation, and the liability associated with the unfunded Postmasters Scheme is measured at fair value (see note 24);
- Investment property is measured at fair value; and
- Financial assets are measured at fair value.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

1. Significant Accounting Policies continued

Basis of measurement continued

Company

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

Functional and presentation currency

These consolidated and Company financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's and 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.

The areas where judgement and estimate have the most significant effects on amounts recognised are:

- Note 24 - measurement of defined benefit obligations: key actuarial assumptions, in particular the discount rate;
- Note 10 - recognition of deferred tax assets: judgement applied in determining availability of future taxable profits against which deferred tax assets can be used;
- Note 15 - accounting for PLI investment, in particular determining the fair value of preference and equity shares; and
- Note 19 - estimation applied in determining deferred revenue in relation to unused stamps/meter loadings.

Basis of Consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed in profit or loss as incurred, except if related to the issue of debt or equity securities.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost and together with the fair value of any consideration received is compared to the derecognised amounts. Any resulting gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition and subsequently, their share of changes in net assets. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its individual liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for non-recurring transactions

The group has adopted an income statement format that seeks to highlight significant items within the group's results for the year. Such items may include: restructuring costs, transformation costs, impairment of assets including material adjustments arising from the re-assessment issues, adjustments to contingent consideration, material acquisition costs, profits/losses on disposals, litigation settlements, legislative changes, gains or losses on DB plan restructuring. Judgement is used by the group in assessing the particular items which by virtue of the scale and nature should be disclosed as a separate line item in the including statement and notes.

Revenue

Revenue reported is net of value added tax. Revenue consists of income from postage, agency services, poundage from remittance services, courier and logistic services, financial services and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, Premier Lotteries Ireland and other bodies. Amounts held in the performance of these agency services are included in amounts held in trust on the statement of financial position. The Group is entitled to interest income on funds held in relation to agency services and as such recognises this as part of revenue.

In respect of revenue relating to mails and parcels, the performance obligation is related to the sale of the stamps or cost of postage and the delivery of mails and parcels. The stamps or cost of postage is a distinct good that is promised to be transferred to the customer within this performance obligation. The performance obligation is satisfied when the stamps or cost of postage is utilised used by the customer and is therefore satisfied at a point in time.

Commission income from the sale of gift vouchers, other cards and financial services products and is recognised when the underlying performance obligations are satisfied, generally at a point in time. Other agency and service revenue is recognised when the underlying performance obligations are satisfied, generally at a point in time.

Where the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group.

Grants

Revenue based grants are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Capital grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

1. Significant Accounting Policies continued

Property, Plant and Equipment continued

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than land, less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years or lease term if shorter
Freehold & long leasehold buildings	20-50
Motor vehicles	5
Operating & computer equipment	3-10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases, less than 12 months in duration and leases of low value assets (such as small items of office equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of identifiable net assets acquired and liabilities assumed. Subsequently, goodwill is tested annually for impairment.

Software

Software has a finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised but is tested for impairment annually at the year end. The estimated useful lives for current and comparative periods are as follows:

	Years
Software	5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-taxation rate.

Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group incurs costs for a related restructuring.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

1. Significant Accounting Policies continued

Income tax continued

(ii) Deferred tax continued

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are derecognised to the extent that it is no longer probable that the related tax benefit will be realised; such derecognised assets are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

Deferred tax has not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The deferred tax liabilities which have not been recognised in respect of these temporary differences are not material as the Group can rely on the availability of participation exemptions and tax credits in the context of the Group's investments in subsidiaries.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Land is assessed at the sale rate. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of a joint venture while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets are measured subsequently in their entirety at either fair value through other comprehensive income, fair value through the profit and loss account or at amortised cost.

Financial assets subsequently measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group includes in this category cash, trade receivables and other receivables.

The Group subsequently measures all other financial assets at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Impairment of financial assets

The Group only holds trade and other receivables at amortised cost, with no significant financing component and which have maturities of less than 12 months and as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The carrying value of interest receivable, receivables on unsettled trades and other short-term receivables, measured at amortised cost less any expected loss, is an approximation of fair value given their short-term nature. The Group did not recognise any impairment during the year ended 31 December 2020.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

1. Significant Accounting Policies continued

Financial instruments

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group includes in this category trade payables and other short-term payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, including the shareholder's loan in Premier Lotteries Ireland, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Revenue

	2020 €'000	2019 €'000
The analysis of revenue is as follows:		
Republic of Ireland		
Postage: Letters and parcels	635,548	591,985
Postage: Elections and referenda	20,277	22,416
Post offices: Agency, remittance and related services	150,980	162,920
Other services	35,313	40,436
	842,118	817,757
United Kingdom		
Mails distribution and related services	73,385	74,371
Revenue	915,503	892,128

3. Operating Costs

	2020 €'000	2019 €'000
The consolidated costs for the Group were as follows:		
Staff and postmasters' costs		
Wages and salaries	446,465	419,056
Postmasters' costs	61,597	65,622
Social insurance costs	43,263	39,655
	551,325	524,333
Pension costs	51,506	41,535
Total payroll and postmasters' costs	602,831	565,868
Other costs:		
Distribution	98,412	84,850
Facilities	21,710	20,416
Operational	78,888	75,261
Administration	81,158	66,181
	280,168	246,708
	882,999	**812,576**

Notes to the Financial Statements

for the year ended 31 December 2020 continued

4. Depreciation and Amortisation

	2020 €'000	2019 €'000
Depreciation	40,168	35,066
Amortisation	3,080	2,591
	43,248	37,657

5. Exceptional Costs (including transformation costs)

	2020 €'000	2019 €'000
Transformation costs	5,798	15,281
Impairment loss - GPO asset writedown	8,450	-
COVID-19 incremental costs	13,000	-
	27,248	15,281

During 2020, the Group continued its work on transforming its activities from an old mails world to a new world of eCommerce and incurred costs of €5,798,000 (2019: €15,281,000) associated with this transition. The transformation costs in 2020 are made up of costs associated with the resizing of the Post Office Network, €816,000, and costs related to voluntary staff exits in the Group, €4,982,000. The transformation costs in 2019 were made up of costs associated with the resizing of the Post Office Network, €9,781,000, and costs in respect of the closure of the Cork Mails Centre, €5,500,000.

Due to the finalisation of plans to move Group headquarters from the GPO in Dublin to a modern office complex and the fact that office accommodation in the GPO remains largely vacant, and unlikely to be re-occupied, the Group assessed the related tangible assets associated with the GPO for impairment and recognised an impairment loss of €8,450,000 with respect to the historic cost of assets in the GPO.

Arising from the COVID-19 pandemic, the Group incurred significant incremental costs in dealing with the crisis. This was made up of €5,900,000 on protective personal equipment and other direct COVID-19 costs, €2,300,000 awarded in recognition of outstanding service during the pandemic and €4,800,000 in exceptional COVID-19 related absence.

6. Disposal of Assets

	2020 €000	2019 €000
Proceeds from disposals of subsidiaries (net of disposal costs)	5,628	51,651
Less: net assets of subsidiaries at their carrying value	-	(14,625)
Add: carrying amount of non-controlling interests	-	3,806
Less: foreign currency translation reclassified on disposal	-	(794)
Profit on disposal of subsidiaries	5,628	40,038
Profit on disposal of tangible assets	351	-
	5,979	40,038

On 31 January 2019, the entire shareholding of TSC Ventures DAC (the company holding the shares in the One4all Gift Voucher group of companies) was sold to Blackhawk Network, a global financial technology organisation. The transaction value was €105m and An Post previously held 53.6% of the shares in TSC Ventures DAC. The sales proceeds recognised in 2020 relate to final contingent consideration deemed receivable at the end of 2020 and actually received in February 2021. This amount was held in Other Debtors at 31 December 2020. During 2020, the amount was held in a special escrow account and was not part of the proceeds recognised in the income statement in 2019.

The profit on disposal of tangible assets of €351,000 arose on the sale of two delivery offices at Muine Bheag and Finglas.

7. Finance Income

	2020 €'000	2019 €'000
Interest on Premier Lotteries Ireland (PLI) loan receivable	2,612	2,394
Fair value movement on PLI equity and preference shares	186	-
Interest on short term deposits	-	24
	2,798	2,418

The Company has an investment in PLI made up of shareholders' loans, equity and preference shares (see note 15). Interest on the shareholders' loans is recognised in the profit and loss as it accrues and amounted to €2,612,000 in 2020. The investment in the PLI equity and preference shares are held at fair value through profit and loss. The investment has been fair valued at 31 December 2020 and a net increase in fair value during the year of €186,000 has been recognised in 2020 (see note 31). The preference dividends due to An Post for 2018 and 2019 of €5m were received in 2020.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

8. Finance Costs

	2020 €'000	2019 €'000
Right of use asset interest cost	1,660	1,663
Net pension interest cost	-	500
Interest on Government loan	304	306
Other interest costs	542	257
	2,506	2,726

9. Loss before Taxation

	2020 €'000	2019 €'000
The loss before taxation is stated after charging:		
Operating lease rentals outside scope of IFRS16:		
Rental of buildings	311	199
Other equipment and motor vehicles	2,243	2,245
	2,554	2,444
Directors' emoluments:		
Fees	224	218
Emoluments - Chief Executive	313	322
	537	540
Expenses paid to Directors		
Travel	-	6
Subsistence	-	1
	-	7
Auditor's remuneration* - Group		
Audit of the group financial statements	342	279
Other assurance services	155	148
Other non-audit services	-	-
	497	427
Auditor's remuneration* - An Post company (included above)		
Audit of entity financial statements	203	168
Other assurance services	155	148
Other non-audit services	-	-
	358	316
The loss before taxation is stated after crediting		
Capital grants amortised	280	449
Profit/(loss) on sale of plant & equipment	43	(4)
	323	445

*Excluding VAT

The amounts shown above as directors' emoluments include only the amounts paid to the directors in the execution of their duties as directors and the salary of the Chief Executive. They do not include the salaries of the employee directors or the remuneration of the postmaster director.

Remuneration of directors, including disclosures in accordance with the Code of Practice for the Governance of State Bodies (the 'Code of Practice') and the Companies Act 2014, is set out below.

The remuneration package of Mr David McRedmond, Chief Executive Officer, which is included in the amounts shown above as directors' emoluments, is as follows.

	2020 €'000	2019 €'000
Basic salary	250	250
Other emoluments:		
Director's fee	-	-
Benefit in kind - expenses grossed up	-	9
Pension contributions paid	63	63
	313	322

In accordance with the Code of Practice, the fees paid to each director were as follows:

	2020 €'000	2019 €'000
Dermot Divilly	29	31
Noel Adamson	13	16
Carol Bolger	16	16
Frank Burke	3	-
Deirdre Burns	16	16
Peter Coyne	16	16
Thomas Devlin	13	16
Áine Flanagan	3	-
Jennifer Loftus	-	3
Anthony McCrave	3	-
David McRedmond (Chief Executive Officer)*	-	-
Padraig McNamara	16	16
William Mooney	16	16
Kieran Mulvey	16	5
Ed Murray	-	3
Martina O'Connell	16	16
Mary O'Donovan	16	16
Niall Phelan	13	16
Gerry Sexton	3	-
James Wrynn	16	16
Total	224	218

*Mr David McRedmond does not receive a director's fee.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

10. Income Tax

A. Amounts recognised in profit or loss

	2020 €'000	2019 €'000
Current tax		
Ireland - Corporation Tax	647	978
Adjustment in respect of prior year	64	(20)
UK - Corporation Tax	-	255
	711	1,213
Deferred Tax		
Origination and reversal of temporary differences	(14,613)	(1,238)
Adjustment in respect of prior year	184	48
	(14,429)	(1,190)
Total tax (credit)/charge	(13,718)	23

B. Reconciliation of effective tax rate

	2020 €000	2019 €000
(Loss)/Profit before taxation	(31,721)	66,344
Tax using the Company's domestic tax rate - 12.5% (2019: 12.5%)	(3,965)	8,293
Tax effects of:		
Non-deductible expenses/income not taxable	602	(4,721)
Income and gains taxed at higher rates	612	559
Tax losses utilised not recognised in prior year	-	(718)
Movement in unrecognised deferred tax	(11,215)	(3,418)
Prior year overprovision	248	28
Total tax (credit)/charge	(13,718)	23

C. Movement in deferred tax balances

Balance at 31 December 2020

	Net Balance at 1 Jan 2020 €'000	Recognised in profit or loss 2020 €'000	Recognised in Other Comprehensive Income 2020 €'000	Net Balance at 31 Dec 2020 asset/(liability) €'000
Property, plant and equipment	(8,002)	2,508	-	(5,494)
Employee benefits	4,375	560	(15,225)	(10,290)
Other provisions	(202)	(180)	-	(382)
Carry forward tax loss (revenue recognition)	3,746	11,543	-	15,289
	(83)	14,431	(15,225)	(877)
Disclosed as Deferred tax assets				70
Deferred tax liability				(947)

A deferred tax asset has been recognised up to the value of the deferred tax liability.

Given the uncertainty over the existence of future taxable profits, a potential deferred tax asset in the Group of €270,000 (2019: €11,784,000) arising from excess losses carried forward has not been recognised.

Balance at 31 December 2019

	Net Balance at 1 Jan 2019 €'000	Recognised in profit or loss 2019 €'000	Recognised in Other Comprehensive Income 2019 €'000	Net Balance at 31 Dec 2019 asset/(liability) €'000
Property, plant and equipment	(8,566)	564	-	(8,002)
Employee benefits	6,830	(839)	(1,616)	4,375
Other provisions	516	(718)	-	(202)
Carry forward tax loss (revenue recognition)	1,563	2,183	-	3,746
	343	1,190	(1,616)	(83)
Disclosed as Deferred tax assets				2,356
Deferred tax liability				(2,439)

Notes to the Financial Statements

for the year ended 31 December 2020 continued

11. Staff and Postmaster Numbers and Costs

The average full time equivalent (FTE) number of persons, excluding postmasters, working in the Group during the year was:

	2020	2019
Operations	9,354	8,700
Corporate	376	361
Total Company employees (FTE)	9,730	9,061
Subsidiaries	681	690
Total Group employees (FTE)	10,411	9,751

The average number of employees working in the Group during the year was:

	2020	2019
Operations	8,113	8,063
Corporate	394	380
Company employees	8,507	8,443
Casual employees	1,022	897
Total Company employees	9,529	9,340
Subsidiaries	697	692
Total Group employees	10,226	10,032

The average number of postmasters engaged as agents was:

	2020	2019
Postmasters: Engaged as agents	853	866

The aggregate payroll and postmasters' costs were as follows:

	2020 €'000	2019 €'000
Wages and salaries	446,465	419,056
Social insurance costs	43,263	39,655
Pension costs	51,506	41,535
Total payroll costs	541,234	500,246
Postmasters: Engaged as agents	61,597	65,622
Total payroll and postmasters' costs	602,831	565,868

In addition, see note 5 for details of Transformation costs associated with costs of resizing the Post Office Network and costs related to voluntary staff exits from the Group.

12. Intangible Assets and Goodwill

Group	Goodwill €'000	Software €'000	Software Asset under development €'000	Total €'000
Cost				
At 1 January 2019	31,525	63,582	-	95,107
Additions	-	5,121	594	5,715
Foreign exchange movement	119	370	-	489
At 31 December 2019	31,644	69,073	594	101,311
Additions	-	5,393	9,989	15,382
Foreign exchange movement	(130)	(361)	-	(491)
At 31 December 2020	31,514	74,105	10,583	116,202
Amortisation and impairment				
At 1 January 2019	24,727	56,663	-	81,390
Charge for year	-	2,591	-	2,591
Foreign exchange movement	-	164	-	164
At 31 December 2019	24,727	59,418	-	84,145
Charge for the year	-	3,080	-	3,080
Foreign exchange movement	-	(200)	-	(200)
At 31 December 2020	24,727	62,298	-	87,025
Carrying amount				
At 31 December 2020	6,787	11,807	10,583	29,177
At 31 December 2019	6,917	9,655	594	17,166

The net carrying amount of intangible assets recognised as right of use assets was €116,000 (2019: €408,000).
Impairment testing for cash generating units (CGUs) containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	2020 €'000	2019 €'000
Air Business & Jordans	2,294	2,424
One Direct	4,493	4,493
	6,787	6,917

The recoverable amounts of these CGUs are based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. A description of the activities of the CGUs is outlined in Note 26.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

12. Intangible Assets and Goodwill continued

The key assumptions used in the estimation of value in use were as follows:

Forecasted cash flows

Forecasted cash flows are based on the budgeted future earnings. The budgeted earnings are based on the 2021 budget approved by the board and projections for 2022 to 2025.

Discount rates

A pre-tax discount rate of 8% (2019: 8%) is applied to the profits of each of the CGUs in the impairment calculation.

Impairments

The foregoing impairment tests did not result in any impairments being recognised for the year ended 2020 (2019: €nil).

Sensitivity

The Group ran sensitivities based on reasonably possible changes in assumptions and these sensitivities would not result in the need to recognise an impairment in 2020 or 2019.

Company	Software €'000	Software Asset under development €'000	Total €'000
Cost			
At 1 January 2019	59,486	-	59,486
Additions	3,601	594	4,195
At 31 December 2019	63,087	594	63,681
Additions	4,791	9,989	14,780
At 31 December 2020	67,878	10,583	78,461
Amortisation and impairment			
At 1 January 2019	55,259	-	55,259
Charge for year	1,717	-	1,717
At 31 December 2019	56,976	-	56,976
Charge for the year	2,091	-	2,091
At 31 December 2020	59,067	-	59,067
Carrying amount			
At 31 December 2020	8,811	10,583	19,394
At 31 December 2019	6,111	594	6,705

13. Investment Property

Group and Company

Reconciliation of carrying amount

	2020 €'000	2019 €'000
Balance at beginning of year	715	715
Change in fair value	-	-
Balance at end of year	715	715

Investment property comprises a commercial property which is leased to a third party. No contingent rents are charged.

Changes in fair value are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

Measurement of fair values

The directors have considered the fair value of the investment property at 31 December 2020. Having regard to recent experience in the location and category of the property the directors believe its value remains unchanged at €715,000.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Additional disclosures in relation to the fair value of the investment property have not been provided as they are not considered material.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

14. Property, Plant and Equipment

Group	Freehold & long leasehold land & buildings €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost				
At 31 December 2018	297,269	12,480	332,040	641,789
Recognition of right of use asset on initial application of IFRS 16	58,196	15,063	468	73,727
Adjusted balance at 1 January 2019	355,465	27,543	332,508	715,516
Additions	8,347	33,587	14,304	56,238
Disposals	-	(200)	(45)	(245)
Foreign exchange movement	809	15	415	1,239
At 31 December 2019	364,621	60,945	347,182	772,748
Additions	7,988	21,222	17,735	46,945
Disposals	(875)	(4,514)	(819)	(6,208)
Foreign exchange movement	(825)	(16)	(398)	(1,239)
At 31 December 2020	370,909	77,637	363,700	812,246
Accumulated depreciation and impairment losses				
At 1 January 2018	111,523	7,309	299,448	418,280
Charged during the year	14,058	11,848	9,160	35,066
Eliminated on disposals	-	(149)	(46)	(195)
Foreign exchange movement	33	8	182	223
At 31 December 2019	125,614	19,016	308,744	453,374
Charged during the year	14,150	15,039	10,979	40,168
Impairment loss	8,450	-	-	8,450
Eliminated on disposals	(740)	(4,429)	(762)	(5,931)
Foreign exchange movement	(61)	(9)	(216)	(286)
At 31 December 2020	147,413	29,617	318,745	495,775
Carrying Amount				
At 31 December 2020	223,496	48,020	44,955	316,471
At 31 December 2019	239,007	41,929	38,438	319,374

At 31 December 2020, the net carrying amount of property, plant and equipment recognised as right of use assets was €98,656,000 (2019: €100,661,000). See note 27 for further details.

Impairment loss

Due to the finalisation of plans to move Group headquarters from the GPO in Dublin to a modern office complex in 2021, and the fact that office accommodation in the GPO remains largely vacant and unlikely to be re-occupied, the Group assessed the related tangible assets associated with the GPO for impairment, and recognised an impairment loss of €8,450,000 with respect to those assets. The impairment loss is shown as part of exceptional items in the income statement.

Mortgage and Charge

Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Further details are set out in note 24.

Company	Freehold & long leasehold land & buildings €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost				
At 31 December 2018	290,781	12,271	309,890	612,942
Recognition of right of use asset on initial application of IFRS 16	35,010	14,855	-	49,865
Adjusted balance at 1 January 2019	325,791	27,126	309,890	662,807
Additions	8,264	33,532	13,257	55,053
Disposals	-	(130)	-	(130)
At 31 December 2019	334,055	60,528	323,147	717,730
Additions	7,988	21,147	15,961	45,096
Disposals	(726)	(4,342)	-	(5,068)
At 31 December 2020	341,317	77,333	339,108	757,758
Accumulated depreciation and impairment losses				
At 1 January 2019	106,894	7,186	283,414	397,494
Depreciation	12,222	11,727	7,370	31,319
Eliminated on disposals	-	(79)	-	(79)
At 31 December 2019	119,116	18,834	290,784	428,734
Depreciation	12,467	14,928	9,500	36,895
Impairment loss	8,450	-	-	8,450
Eliminated on disposals	(591)	(4,297)	-	(4,888)
At 31 December 2020	139,442	29,465	300,284	469,191
Carrying Amount				
At 31 December 2020	201,875	47,868	38,824	288,567
At 31 December 2019	214,939	41,694	32,363	288,996

Company
At 31 December 2020 the net carrying amount of property, plant and equipment recognised as right of use assets was €78,549,000 (2019: €78,012,000). See note 27 for further information.

Impairment loss
Due to the finalisation of plans to move Group headquarters from the GPO in Dublin to a modern office complex in 2021, and the fact that office accommodation in the GPO remains largely vacant and unlikely to be re-occupied, the Group assessed the related tangible assets associated with the GPO for impairment, and recognised an impairment loss of €8,450,000 with respect to those assets. The impairment loss is shown as part of exceptional items in the income statement.

Mortgage and Charge
Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Further details are set out in note 24.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

15. Investments

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Investment in Premier Lotteries Ireland (see A below)	33,949	36,874	33,949	36,874
Shares in subsidiary undertakings (see note 26)	-	-	8,969	8,969
Investment in joint venture (see B overleaf)	-	-	-	-
	33,949	36,874	42,918	45,843

A. Investment in Premier Lotteries Ireland (PLI)

	2020 €'000	2019 €'000
Group and Company		
The investment in PLI is comprised of:		
Investment in equity shares	375	350
Investment in preference shares	8,570	8,409
Loans and receivables		
Shareholder loans	25,004	28,115
	33,949	36,874

In 2014, An Post invested €25m in PLI by way of equity investment, shareholders' loans and preference shares.

Investment in equity shares
The Company holds 10.7% of the equity in the entity, holds two of the eight Board positions and has certain contractual rights. The majority shareholder is Ontario Teachers' Pension Plan and it holds 78.6% of the equity. This shareholder is an experienced Lottery operator. In PLI, the majority shareholder is the primary influencer of the operating and financial policies.

Preference shares
The preference shares entitle the Company to an annual preferential dividend for a period of 20 years from 2014 up to 2034.

Shareholder loans
The shareholder loan is repayable in the period up to 2034 with a rate of interest of 9% per annum.

Movements during 2020
During the year, PLI restructured its reserves which resulted in An Post recording a capital contribution of €5m to PLI, payment of which was offset against the payment of accrued interest on shareholders loans of €5.7m. This reserve restructuring in PLI facilitated An Post receiving a preference dividend of €5m in the year. There were fair value adjustments made to the equity share and preference shares at year end of €4.975m and €5.161m respectively, resulting in a net fair value gain on the overall investment of €0.186m at year end.

IFRS 9 - Financial Instruments
The directors, having considered the rights of An Post and the nature of the involvement of An Post in PLI, determined the appropriate accounting for this investment varies based on each distinct element of the investment, outlined above.

The investment in equity shares and the investment in preference shares are measured at fair value through the profit and loss account. The directors considered the fair value of these investments at 31 December 2020 and a net change in fair value of €186,000 has been recognised through the profit and loss account in 2020. (2019: nil)

The investment in the form of shareholder loans is measured at amortised cost. After applying a 12-month expected credit loss model to this loan, the directors are satisfied that the expected credit loss amount for the current and prior year was not material to the financial statements of the Group.

B. Investment in joint venture

During the year, the Group's share of its joint venture's profit amounted to €Nil (2019: €Nil).

The following table summarises the financial information of The Prize Bond Company DAC as included in its own financial statements

	2020 €'000	2019 €'000
Current assets	21,962	19,471
Current liabilities	(21,962)	(19,471)
Net assets (100%)	-	-
Group's share of net assets (50%)	-	-
Revenue	11,184	10,530
Profit from continuing operations	-	-
Total comprehensive income (100%)	-	-
Group's share of total comprehensive income (50%)	-	-

16. Trade and Other Receivables

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Current assets				
Trade receivables	123,773	99,902	93,268	67,724
Amounts owed by subsidiary undertakings	-	-	18,499	20,221
Amounts owed by joint venture	315	286	315	286
Other debtors	6,300	10,618	6,296	10,613
Prize bonds held	812	812	625	625
Prepayments	27,138	13,485	24,774	11,014
	158,338	125,103	143,777	110,483
Non-current assets				
Amounts owed by subsidiary undertakings	-	-	6,422	6,421
Deferred tax asset	70	2,356	-	2,212
	70	2,356	6,422	8,633
	158,408	127,459	150,199	119,116

Trade and other receivables are measured at amortised cost (less any loss allowance) as the Group's business model is to "hold to collect" contractual cash flows. The Group applies the simplified approach to providing for expected credit losses (ECL) permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying value of trade and other receivables also represents their fair value. Trade receivables are non-interest bearing.

Amounts due from group undertakings are interest free, unsecured and payable on demand.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

17. Inventories

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Finished goods	1,871	2,611	-	-
	1,871	2,611	-	-

Inventory is recorded at the lower of cost or net realisable value in accordance with IAS 2 and related primarily to the value of mobile top ups held by Postpoint Services Limited.

18. Cash at Bank and In Hand

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Cash at bank	317,300	316,489	305,602	300,137
Cash in hand	353,877	193,366	353,877	193,366
	671,177	**509,855**	**659,479**	**493,503**

Analysis of cash and cash equivalents

Group	At beginning of year €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	509,855	161,322	671,177

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Amounts held in trust	590,506	366,770	590,506	366,770

Included in current liabilities at 31 December 2020 was amounts held in trust of €590,506,000: (2019: €366,770,000). The majority of the amounts held in trust relates to funds held on behalf of the Company's clients including the Department of Social Protection. The Company also operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the NTMA, which acts on behalf of the Minister for Finance. The funds are remitted regularly to the NTMA. The assets and liabilities of such savings services vest in the Minister for Finance and accordingly, are not included in these financial statements.

19. Trade and Other Payables

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Trade creditors	42,771	49,394	25,262	30,139
Amounts owed to subsidiary undertakings	-	-	37,361	27,428
Other creditors	13,310	12,486	12,553	12,034
Taxation and social welfare (note 21)	23,431	19,231	21,694	17,730
Accruals	83,506	64,747	72,656	57,870
Capital grants (note 22)	224	449	102	102
Deferred revenue - agency commission	6,063	6,575	-	-
Deferred revenue - unused stamps sold/franking meters	14,308	14,853	12,995	13,669
	183,613	167,735	182,623	158,972

Amounts due to group undertakings are interest free, unsecured and payable on demand. Deferred income in relation to unused stamps and franking machine credit is based on a number of estimation and sampling methods which are reviewed by management in order to make a judgement of the carrying amount of the deferred revenue. Revenue is deferred at the balance sheet date as certain performance obligations have not yet been met. The directors consider that the carrying amount of trade payables approximates to their fair value.

20. Leases and Borrowings

Due within one year

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Right of use asset lease liability	20,198	20,079	19,100	18,712
European Investment Bank loan	1,000	1,000	1,000	1,000
	21,198	21,079	20,100	19,712

Due after one year

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Right of use asset lease liability	78,604	79,033	57,211	55,756
European Investment Bank loan	8,000	9,000	8,000	9,000
Government loan	30,000	30,000	30,000	30,000
	116,604	118,033	95,211	94,756

In December 2017, having regard to the Services of General Economic Interest it provides, An Post received a loan of €30m from the Department of Finance to assist in the restructuring of the Company. The loan is for a 5 year term with the potential for an annual extension on two occasions. It attracts an interest rate of 1% and was provided to execute the Strategic Plan. The loan from the EIB was received in December 2019 and is repayable in quarterly instalments over a 10-year term.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

21. Taxation and Social Welfare

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Corporation tax (receivable)/payable	(1,603)	(263)	(874)	(251)
Deferred tax	947	2,439	712	2,212
Income tax deducted under PAYE	8,894	6,683	8,057	6,065
Pay related social insurance	7,211	5,876	6,844	5,678
Value added tax	6,778	3,346	5,760	2,894
Professional services withholding tax	1,204	1,150	1,195	1,132
	23,431	19,231	21,694	17,730

22. Capital Grants

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
At beginning of year	8,447	8,896	2,748	2,850
Grants received during the year	-	-	-	-
Amortised to income statement	(280)	(449)	(102)	(102)
At end of year	8,167	8,447	2,646	2,748
Transferred to current liabilities	(224)	(449)	(102)	(102)
	7,943	7,998	2,544	2,646

The grants shown on the Company balance sheet were received in the 1990s to help develop mail facilities at various locations around the country. They are amortised to the profit and loss account in line with charges for depreciation for the same buildings. In addition, the Group received support from Government to develop the GPO Witness History Museum in 2016 and this grant is also amortised on a basis consistent with the depreciation of the assets to which the grant related.

23. Provisions

Group

The movements during the year were as follows

	Provision for business restructuring 2020 €'000	Provision for insurance claims 2020 €'000	Total 2020 €'000	Provision for business restructuring 2019 €'000	Provision for insurance claims 2019 €'000	Total 2019 €'000
At beginning of year	10,849	13,184	24,033	14,330	12,448	26,778
Provisions made during the year	1,513	2,500	4,013	5,500	2,500	8,000
Provision released during the year	-	(2,132)	(2,132)	-	-	-
Utilised during the year	(11,236)	(1,479)	(12,715)	(8,981)	(1,764)	(10,745)
At end of year	1,126	12,073	13,199	10,849	13,184	24,033
Current	1,126	1,657	2,783	10,849	1,688	12,537
Non-Current	-	10,416	10,416	-	11,496	11,496
	1,126	12,073	13,199	10,849	13,184	24,033

The provision for business restructuring at 1 January 2019 related to the change programme in the business and the closure of a mails processing centre. During 2019, an additional provision of €5,500,000 was recognised in respect of the closing of the Cork mails centre. The provision for business restructuring at 31 December 2019 relates solely to the closure of the Cork facility as a mails processing centre. This facility closed its mails processing operation on 23 March 2020, and the Group settled this liability during 2020.

The provision for business restructuring made during 2020 of €1,513,000 relates to One Direct (Ireland) Limited and the liability not settled at 31 December 2020 will be settled in 2021. All other provisions except for the €1,126,000 remaining at 31 December 2020 are included in the books of the Company, An Post.

The provision for insurance claims relates to claims under the Group's self-insurance policy. The provision is determined on completion of a case by case assessment. The Group expects to settle the majority of the insurance liability over the next six years.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

24. Pensions

Group and Company

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary. There were no contributions due to the Pension Schemes at 31 December 2020 (2019: €nil). Employer contributions in 2021 are expected to be €45m.

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations, which took account of the changes to the normal retirement age, were carried out at 1 January 2019 using the projected unit credit method and at that date were sufficient to cover 98% of the accrued liabilities. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would exceed salary and pension increases by an average of 0.65% per annum. The actuarial valuation of 1 January 2019 recommended a contribution rate of 14.4% of pensionable remuneration in line with the funding proposal currently in place. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes. The next actuarial valuation will be completed within the year with an as at date of 1 January 2022.

The Company operates a Special Terminations Payments Scheme for Postmasters. This provides a once-off gratuity to Postmasters (at the discretion of the Company), where their contract terminates at any age, or, where in the course of their contract, they pass away leaving a dependent relative or relatives. The amount of the gratuity is one week's remuneration for each year of service up to 15 years, plus two week's remuneration for each subsequent year of service. The overall cap on the gratuity is 1.5 times remuneration. The obligation recognised for this Scheme as at 31 December 2020, included in the table overleaf, amounted to €13.4m (2019: €12.8m)

Funding

The Schemes are subject to an annual valuation under the Pensions Authority Minimum Funding Standard (MFS).The MFS valuation is a check that a scheme has sufficient funds to provide a minimum level of benefits in the event that the scheme is wound-up. In addition, the Schemes are obliged to hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

As at 1 January 2013 the Schemes did not satisfy the Minimum Funding Standard, with a deficit of €311m. Consequently an MFS funding proposal was agreed between the Company, the Trustees and the Staff. This was approved by the Pensions Authority in May 2014. An amendment to the Schemes was submitted to the Department of Public Expenditure and Reform and the Department of Communications, Energy and Natural Resources and was approved in January 2015.

The amendments included an adjustment to the normal retirement age for certain members and to the definition of pensionable pay. The changes agreed to the Schemes have led to an improvement in the Schemes' funding position under MFS. The funding proposal is currently on schedule to satisfy the Pension Authority's Minimum Funding Standard (including the funding standard reserve) by 31 December 2023. At 31 December 2020, an estimated MFS position calculated a surplus of €304m (including the funding standard reserve). The Scheme is very susceptible to equity and bond market movements and a relatively small adverse movement can result in a material change to the funding position. As part of the Funding Proposal the Company pledged a contingent asset which is a portfolio of properties it owns and it signed a resolution assigning these properties, with the approval of the relevant Departments in February 2015, confirming the funding agreement between the parties and the Trustees.

Movement in the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	Fair value of plan assets		Defined benefit obligation		Net defined benefit asset/(liability)	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Balance at 1 January	3,537,612	3,063,512	(3,565,840)	(3,111,392)	(28,228)	(47,880)
Included in profit or loss						
Current service cost	-	-	(49,450)	(40,500)	(49,450)	(40,500)
Past Service Cost	-	-	(1,100)	-	(1,100)	-
Interest (cost)/income	47,500	63,900	(47,500)	(64,400)	-	(500)
	47,500	63,900	(98,050)	(104,900)	(50,550)	(41,000)
Included in OCI						
Remeasurements loss/(gain)						
- Actuarial loss/(gain) arising from:						
Financial assumptions	-	-	(179,600)	(422,600)	(179,600)	(422,600)
Experience adjustment	-	-	63,943	(16,334)	63,943	(16,334)
Return on plan assets	237,454	451,862	-	-	237,454	451,862
	237,454	451,862	(115,657)	(438,934)	121,797	12,928
Other						
Contributions paid by the employer	45,699	44,772	-	-	45,699	44,772
Administrative expenses from plan	(1,000)	(1,000)	1,000	1,000	-	-
Member contributions	4,687	4,273	(4,687)	(4,273)	-	-
Benefits paid-unfunded scheme	-	-	371	2,952	371	2,952
Benefits paid-funded scheme	(94,944)	(89,707)	94,944	89,707	-	-
	(45,558)	(41,662)	91,628	89,386	46,070	47,724
Balance at 31 December	3,777,008	3,537,612	(3,687,919)	(3,565,840)	89,089	(28,228)

Made up of	2020 €'000	2019 €'000
Defined benefit Pension Scheme - net	102,523	(15,373)
Unfunded Postmasters Scheme	(13,434)	(12,855)
	89,089	(28,228)

Notes to the Financial Statements

for the year ended 31 December 2020 continued

24. Pensions continued

Plan assets

Plan assets comprise the following:

	2020 €'000	2019 €'000
Equities: Global development markets	812,900	924,175
Equities: Emerging markets	160,400	140,325
Equities: Total	973,300	1,064,500
Bonds: Euro	2,149,300	1,852,900
Other: includes property, private equity and infrastructure	654,408	620,212
Fair value of pension schemes' assets	3,777,008	3,537,612

Under the Trust Deed, the Trustees have full power to decide investment policy and to administer the funds at their disposal. The monies for investment are allocated to a number of investment managers and they each invest according to guidelines set out in an Investment Management Agreement approved by the Trustees. The investment managers provide detailed reports to the Trustees and investment performance is monitored on a regular basis by the Trustees. The majority of the assets of the Schemes are invested in equities and bonds. The remainder of the assets are invested in alternative asset classes, including property.

Five investment managers manage the following key mandates, which together account for over 80% of the Schemes' assets:

- Passive global developed equity and fixed income mandate - SSGA
- Active fixed interest mandate - PIMCO
- Passive fixed interest mandate - SSGA
- Passive global small cap equity mandate - Irish Life Investment Managers
- Active emerging markets equity mandate - JP Morgan and
- Active emerging markets equity mandate - Heptagon

In addition, the Trustees have property investments with SSGA, IPUT plc, Fidelity International and Patrizia. The Trustees continue to invest in a number of alternative investments - in some cases the investment amount is called down by the manager over a period of time rather than an upfront investment. These investments include infrastructure, forestry, direct lending, private equity and venture capital. The Trustees also hold an investment in Premier Lotteries Ireland Limited, the company operating the National Lottery.

Defined benefit obligation

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	2020	2019
Valuation method	Projected Unit	Projected Unit
Discount rate	1.05%	1.35%
Inflation - CPI	1.60%	1.60%
Pensionable pay inflation	1.50%	1.50%
Increase to pensions in payment	1.50%	1.50%
Pensionable salary increases	1.50%	1.50%

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

The assumptions are equivalent to expecting a 65-year old to live to the following ages:

	2020 Male	2020 Female	2019 Male	2019 Female
Life expectancy at 65				
Current Pensioners - aged 65	86.7	88.6	86.6	88.5
Future Pensioners - aged 40	89.0	90.8	88.9	90.7

At 31 December 2020, the weighted average duration of the defined benefit obligation in the primary scheme was 16.7 years (2019: 16.6 years).

ii. Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020 €m	2020 €m	2019 €m	2019 €m
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	(154.0)	160.7	(148.6)	155.1
Future salary/pension growth (0.25% movement)	155.7	(149.4)	150.7	(144.6)

An increase in the life expectancy assumption of plus 1 year would increase the scheme liabilities by €133.8m.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

An Post Pension Scheme Contingent Asset

Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Under the terms of the mortgage and charge, should a disposal of these property assets occur that meets the terms of the mortgage and charge, the Scheme is entitled to the sale proceeds, or for the assets sold to be replaced by other assets of an equal market value. The maximum amount recoverable by the Trustees of the Scheme under the mortgage and charge is €100 million.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

25. Share Capital and Reserves

Group and Company

	2020 €'000	2019 €'000
Authorised:		
80,000,000 Ordinary Shares of €1.25 each	100,000	100,000
Allotted, called up and fully paid:		
54,590,946 Ordinary Shares of €1.25 each	68,239	68,239

Nature and purpose of reserves

Capital conversion reserve fund

On 14 January 2003, the Company's shares were renominalised from €1.269738 to €1.25 per share and an amount of €877,000 was transferred to a capital conversion reserve fund.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

26. Subsidiaries and Joint Ventures

Subsidiary undertakings held directly by the Company[1]

Name	Nature of Business	% Holding	Registered Office
Printpost Limited	High volume printing	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post Billpost Processing Service Limited	Bill payment processing	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post GeoDirectory DAC	Database services	51%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Arcade Property Company Limited	Property development and letting	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Prince's Street Property Company Limited	Dormant	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Post Consult International Limited	Computer software services	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Post.Trust Limited	Digital certification and security service	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Transpost Limited	Courier and distribution	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Kompass Ireland Publishers Limited	Dormant	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post (NI) Limited	Holding Company	100%	The Soloist Building 1 Lanyon Place, Belfast, BT1 3LP, NI, United Kingdom

[1] In each case, the shares held by An Post are ordinary shares.

Subsidiary undertakings held indirectly through a subsidiary undertaking

Name	Nature of Business	% Holding	Registered Office
Air Business Limited	Distribution and magazine subscription services	100%	The Beacon, Mosquito Way, Hatfield Herts, AL10 9WN, United Kingdom.
One Direct (Ireland) Limited trading as An Post Insurance	Insurance Broker	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Jordan & Co International Limited	Distribution	100%	The Beacon, Mosquito Way, Hatfield Herts, AL10 9WN, United Kingdom.
Postpoint Services Limited	Mobile top ups	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
GPO IEC Limited	GPO Exhibition Centre	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2

Joint ventures held directly by the Company

Name	Nature of Business	% Holding	Registered Office
The Prize Bond Company DAC	Administration of the Prize Bond Scheme	50%	General Post Office O'Connell Street, Dublin 1, D01 F5P2

Air Business Limited and Jordan & Co International Limited are incorporated in and operate in England & Wales. An Post (NI) Limited is incorporated in and operates in Northern Ireland. All other undertakings are incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital. The Prize Bond Company DAC carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The Company has given a guarantee under Section 357 of the Companies Act, 2014 to the following entities in the current year: Post Consult International Limited; Printpost Limited; Post.Trust Limited; Transpost Limited; Prince's Street Property Company Limited; An Post Billpost Processing Services Limited; Kompass Ireland Publishers Limited; One Direct (Ireland) Limited; GPO IEC Limited and Postpoint Services Limited.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

27. Lease Commitments

Lease liabilities associated with right of use assets

Future payments under these leases at year end for the Group and Company were as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Group						
Less than one year	21,803	21,682	1,605	1,603	20,198	20,079
Between one and five years	52,043	49,520	3,944	4,214	48,099	45,306
More than five years	48,490	52,573	17,985	18,846	30,505	33,727
	122,336	123,775	23,534	24,663	98,802	99,112
Company						
Less than one year	20,164	19,729	1,064	1,017	19,100	18,712
Between one and five years	45,658	42,184	2,078	2,172	43,580	40,012
More than five years	14,530	16,859	899	1,115	13,631	15,744
	80,352	78,772	4,041	4,304	76,311	74,468

28. Capital Commitments

Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:

	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
Contracted for	16,495	16,912	15,999	16,184
Authorised but not contracted for	1,573	1,729	1,573	1,729
	18,068	18,641	17,572	17,913

29. Related Parties

Controlling party

The Group was controlled throughout the year by the Minister for Environment, Climate and Communications who holds the entire issued share capital of An Post except for one ordinary share held by the Minister for Finance (which stands transferred to the Minister for Public Expenditure and Reform under the Ministers and Secretaries Act 2011).

Other related party transactions

The Prize Bond Company DAC

Under the terms of a contract with The Prize Bond Company DAC, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €4,578,000 for the year ended 31 December 2020 (2019: €4,120,000). The amount owed by The Prize Bond Company DAC to the Group was €322,000 at 31 December 2020; (2019: €284,000). At 31 December 2020 the Group held €812,000: (2019: €812,000) of Prize Bonds.

An Post GeoDirectory DAC

An Post has a 51% shareholding in An Post GeoDirectory DAC, a company that sells and manages a national database of address and location information. An Post GeoDirectory DAC purchased goods and services to the value of €1,300,000 for the year ended 31 December 2020 from An Post (2019: €1,500,000). An Post purchased goods and services to the value of €20,000 for the year ended 31 December 2020 from An Post GeoDirectory DAC (2019: €24,000). The amount owed by An Post GeoDirectory DAC to the Group was €1,169,000 at 31 December 2020; (2019: €613,000).

GVS Group of Companies

For the month of January 2019, before its disposal, An Post had a 53.6% shareholding in TSC Ventures DAC, the holding company for the Gift Voucher Shop group of companies. These companies are engaged in the sale of retail gift cards in Ireland and the UK. In that time An Post earned commission and sold postal services to the Gift Voucher Shop group of companies to the value of €149,000. An Post purchased services to the value of €8,000 during January 2019 from the Gift Voucher group of companies.

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies on an arm's length basis. The Group also conducts day to day banking services and treasury with banking institutions owned by the State.

Transactions with key management personnel, comprising Executive Directors, Non-Executive Directors and other members of the Groups' Executive Management Committee and connected persons.

	2020 €'000	2019 €'000
Short-term employee benefits	2,312	2,262
Non executive directors' fees	224	215
Post-employment benefits	304	286
	2,840	2,763

In June 2018, Mr David McRedmond, the Group CEO was appointed Non-Executive Chairman of eircom Holdings (Ireland) Limited, a fixed, mobile, and broadband telecommunications company operating in Ireland, that uses the trade name, eir. During 2020, eir provided services to the Group and An Post provided services to eir in the normal course of business. The fees in respect of goods and services provided by eir to the Group to 31 December 2020 were €9,840,000 (2019: €13,747,000). The amount not yet paid by the Group at the year-end was €1,841,000 (2019: €2,089,000). The Group provided services to eir of €4,745,000 during 2020, (2019: €5,702,000) and the amount not yet paid by eir to the Group at the year-end was €1,547,000 (2019: €2,311,000).

Notes to the Financial Statements

for the year ended 31 December 2020 continued

30. Contingencies

There were no contingent liabilities or guarantees at 31 December, 2020 or 2019 which could give rise to material losses other than as disclosed elsewhere in the financial statements of the Group and Company.

31. Financial Instruments - Fair Value and Risk Management

Fair value

A. Accounting classifications and fair values

The Group measures fair values using the following hierarchy of methods:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is calculated as follows:

(i) Freely traded securities shall be valued based on the closing price, or if no sales have occurred, at the last bid price thereon as of the last day of such fiscal quarter or year as applicable. For all other financial instruments the Group determines fair values using valuation techniques.

(ii) Investments may be classified as Level 2 when market information becomes available, yet the investment is not traded in an active market and/or the investment is subject to transfer restrictions, or the valuation is adjusted to reflect illiquidity and/or non-transferability.

(iii) The Group's fair value measurement of the level 3 investments is based on a model which may contain significant unobservable inputs. The relevant model is a net present value technique, derived from the price of a similar investment and or similar market borrowing/lending rates, depending on management's assessment of the most appropriate valuation methodology and inputs for that particular investment.

The table in note 31 part B summarises the quantitative inputs and assumptions used for the investments categorised in Level 3 of the fair value hierarchy as of 31 December 2020. There were no transfers between the fair value hierarchy levels during the years ended 31 December 2020 and 31 December 2019.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair Value			
31 December 2020	Note	Loans and receivables €'000	Other investments €'000	Other financial liabilities €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial assets measured at fair value									
Interest in PLI - equity shares	15	-	375	-	375	-	-	375	375
Interest in PLI - preference shares	15	-	8,570	-	8,570	-	-	8,570	8,570
		-	8,945		8,945				
Financial assets not measured at fair value									
Interest in PLI - shareholder loan	15	25,004	-	-	25,004	-	-	25,004	25,004
Trade and other receivables	16	131,200	-	-	131,200	-	-	-	-
Cash and cash equivalents	18	671,177	-	-	671,177	-	-	-	-
		827,381			827,381				
Financial liabilities not measured at fair value									
Government loan	20	-	-	30,000	30,000	-	-	30,000	30,000
EIB Loan	20	-	-	9,000	9,000	-	-	9,000	9,000
Right of use asset lease liability	20	-	-	98,802	98,802	-	-	98,802	98,802
Trade and other payables	19	-	-	139,587	139,587	-	-	-	-
				277,389	277,389				

Notes to the Financial Statements

for the year ended 31 December 2020 continued

31. Financial Instruments - Fair Value and Risk Management continued

Fair value continued

A. Accounting classifications and fair values continued

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair Value			
31 December 2019	**Note**	**Loans and receivables €'000**	**Other investments €'000**	**Other financial liabilities €'000**	**Total €'000**	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial assets measured at fair value									
Interest in PLI - equity shares	15	-	350	-	350	-	-	340	340
Interest in PLI - preference shares	15	-	8,409	-	8,409	-	-	8,409	8,409
		-	8,759	-	8,759				
Financial assets not measured at fair value									
Interest in PLI - shareholder loan	15	28,115	-	-	28,115	-	-	28,100	28,100
Trade and other receivables	16	111,618	-	-	111,618	-	-	-	-
Cash and cash equivalents	18	509,855	-	-	509,855	-	-	-	-
		649,588	-	-	649,588				
Financial liabilities not measured at fair value									
Government loan	20	-	-	30,000	30,000	-	-	30,000	30,000
EIB loan	20	-	-	10,000	10,000	-	-	10,000	10,000
Right of use asset lease liability	20	-	-	99,112	99,112	-	-	99,112	99,112
Trade and other payables	19	-	-	126,627	126,627	-	-	-	-
				265,739	265,739				

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	2020 €'000	Valuation Technique	Unobservable Inputs
Interest in PLI - equity shares	375	Discounted cash flows technique referenced to third party transactions	Discount rate
Interest in PLI -preference shares	8,570	Discounted cash flows technique referenced to third party transactions	Discount rate

The interest in PLI equity shares were recorded at €350k at 31 December 2019 as the fair value was considered a reasonable approximation of the carrying amount and any impairment would be wholly insignificant to the Group. In 2020, both the equity and preference shares are recorded at their fair value.

Financial instruments not measured at fair value

Type	2020 €'000	Valuation Technique	Unobservable Inputs
Interest in PLI - shareholder loan	25,004	Discounted cash flows technique referenced to third party transactions	Discount rate
Government loan	30,000	Discounted cash flows technique referenced to market borrowing/lending rates	Discount rate
EIB loan	9,000	Discounted cash flows technique referenced to market borrowing/lending rates	Discount rate
Financial lease liability	-	Discounted cash flows technique referenced to market borrowing/lending rates	Discount rate

The shareholders loan to PLI has been measured at amortised cost. The Shareholders loan is considered to have a low credit risk as there is a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

31. Financial Instruments - Fair Value and Risk Management continued

Fair value continued

C. Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

PLI - equity/preference shares	2020 €'000	2019 €'000
Balance at beginning of period	8,759	8,759
Preference dividend received	(5,000)	-
Capital restructuring	5,000	-
Fair value movement through profit and loss	186	-
Balance at end of period	8,945	8,759

In December 2020, a capital restructuring took place in PLI. The impact of this was to increase shareholders' reserves and fund same through accrued interest on shareholder loans. This restructuring facilitated the payment of preference dividends. An Post received a preference dividend payment of €5m in 2020.

Sensitivity analysis

Where the value of financial instruments is dependent on unobservable valuation models, appropriate models and inputs are chosen so that they are consistent with prevailing market evidence. A 100bps increase or decrease in the discount rate of the financial assets under Level 3 held by the Group would not have a significant effect on the carrying value.

Financial risk management

The Group's financial risks are managed within parameters defined formally by the Board. Treasury activity is reported to the Audit and Risk Committee and to the Board. The main financial risks faced by the Group relate to credit, interest, foreign exchange translation and liquidity. The Board agrees policies for managing these risks as summarised below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and from cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. Average credit terms, where given, range from 0 to 45 days.

Included in the Group's trade and other receivables as at 31 December 2020 are balances of €26.9m (2019: €23.0m) which are past due at the reporting date but not impaired.

The aged analysis of these balances is as follows:

	2020 €'000	2019 €'000
Less than 1 month	12,896	11,429
1-3 months	13,119	10,799
4-6 months	560	557
Over 6 months	306	238
	26,881	23,023

The Group's policy for the determination of the impairment allowance for bad debts is based on a line-by-line assessment of the credit risk attached to the individual debtors and an assessment of the resulting requirement for an impairment allowance. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable, including any indicators for impairment (which may include evidence of financial difficulty of the customer, payment default, breach of contract, etc.). Subsequent recoveries of amounts previously impaired are credited to the Income Statement. For the purpose of calculating the impairment allowance, the Group does not take into account the impact of discounting the trade receivables as it is considered not material given the age profile of the Group's trade receivable balances.

Movements in the impairment allowance of trade receivables during the year were as follows:

	2020 €'000	2019 €'000
Balance at beginning of period	6,646	8,196
Impairment loss recognised/(derecognised)	730	(1,269)
Amounts written off	(1)	(281)
Balance at end of period	7,375	6,646

Shareholder's loan to Premier Lotteries Ireland (PLI)
The shareholders loan to PLI has been measured at amortised cost. The shareholders loan is considered to have a low credit risk as there is a low risk of default and the issuer is trading satisfactorily and has a strong capacity to meet its contractual cash flow obligations in the near term. In addition, financial forecasts for PLI have been reviewed to the end of the investment period, namely 2034, and these forecasts support the expectation that the shareholder loan will be repaid. Consequently, the 12-month ECL model is based on a probability of 99% that PLI will not default on its cash flow obligations.

Cash and cash equivalents
The Board establishes the policy in managing credit risk. Exposure is managed by distributing the credit risk, where possible, across banks or other institutions meeting required standards as assessed normally by reference to the major credit rating agencies. The Group held cash and cash equivalents of €671m at 31 December 2020 (2019: €510m).

The Group's cash management policy is as follows:

- Money is only placed on deposit with the institutions as approved by the Board;
- The risk is spread so that there is no more than 40% with any one institution, subject to a maximum of the Board approved limit; and
- Keep the risk profile under review

These policies are regularly monitored to ensure credit exposure to any one financial institution is limited.

Guarantees
The Group's policy is to provide financial guarantees only to subsidiaries. At 31 December 20120 the Group has provided a guarantee under Section 357 of the Companies Act 2014 to a number of its subsidiaries as disclosed in the subsidiary and joint ventures note.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

31. Financial Instruments - Fair Value and Risk Management continued

Financial risk management continued

Liquidity risk continued

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
31 December 2020	**Carrying amount €'000**	**Total €'000**	**2 months or less €'000**	**2 -12 months €'000**	**1 -5 years €'000**	**More than 5 years €'000**
Non-derivative financial liabilities						
Government loan	30,000	30,602	-	304	30,298	-
EIB loan	9,000	9,264	-	1,055	4,155	4,054
ROUA lease liabilities	98,802	122,336	3,991	17,812	52,043	48,490
Trade and other payables	139,587	139,587	139,587	-	-	-
	277,389	301,789	143,578	19,171	86,496	52,544

		Contractual cash flows				
31 December 2019	**Carrying amount €'000**	**Total €'000**	**2 months or less €'000**	**2-12 months €'000**	**1-5 years €'000**	**More than 5 years €'000**
Non-derivative financial liabilities						
Government loan	30,000	30,906	-	304	30,602	-
EIB loan	10,000	10,325	-	1,061	4,181	5,083
ROUA lease liabilities	99,112	123,775	3,737	17,946	49,519	52,573
Trade and other payables	126,627	126,627	126,627	-	-	-
	265,739	291,633	130,364	19,311	84,302	57,656

Market risk

Foreign exchange risk

Foreign currency translation exposure arises from the retranslation of overseas subsidiaries' income statements and statements of financial position into Euro. In addition, the Group are exposed to currency transaction risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Group Companies. This arises primarily on transactions with international postal operators. The Group does not currently use derivatives to manage this risk. The Group will continue to review this. A reasonably possible change in foreign exchange rates would not have a material impact on the financial statements.

Interest rate risk

The Group's interest rate risk arises from amounts held on deposit, term loans and the shareholder loan to Premier Lotteries Ireland. The Group does not currently use derivatives to manage this risk. The Group will continue to review this. A reasonably possible change in interest rates would not have an impact on the financial statements.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

Nominal amount	2020 €'000	2019 €'000
Fixed-rate instruments		
Financial assets		
Interest in PLI - shareholder loan	25,004	28,115
Financial liabilities		
Government loan	(30,000)	(30,000)
European Investment Bank loan	(9,000)	(10,000)
	(13,996)	(11,885)
Variable rate instruments		
Financial assets		
On call deposits	317,300	316,489
	317,300	316,489

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2020 continued

31. Financial Instruments - Fair Value and Risk Management continued

Market risk

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below in relation to the funds held by the Group. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase €'000	100 bp decrease €'000
31 December 2020		
Financial assets		
Variable rate instruments	3,055	(3,055)
Cash flow sensitivity - net	3,055	(3,055)
31 December 2019		
Financial assets		
Variable rate instruments	2,822	(2,822)
Cash flow sensitivity - net	2,822	(2,822)

The impact on equity net of tax of a reasonably possible change of 100 basis points in interest rates is not materially different from the profit or loss impact shown above.

32. Subsequent Events

There have been no significant events since the balance sheet date and the date of approval of these financial statements that would require adjustment of the financial statements.

33. Board Approval

The financial statements were approved by the Board of Directors on 15 April 2021.

Financial and Operational Statistics

(not covered by Independent Auditor's Report)

Consolidated Income Statement

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Revenue	915,503	892,128	896,954	840,002	825,237
Operating costs	(882,999)	(812,576)	(835,827)	(814,750)	(808,935)
Depreciation and amortisation	(43,248)	(37,657)	(23,479)	(20,460)	(30,413)
(Loss)/Profit before transformation costs, one off items, net finance income/(cost) and taxation	(10,744)	41,895	37,648	4,792	(14,111)
Net finance income/(cost)	292	(308)	3,098	(1,015)	(1,962)
Transformation costs	(5,798)	(15,281)	(13,974)	-	-
One off items	(15,471)	40,038	-	45,824	415
(Loss)/Profit before taxation	(31,721)	66,344	26,772	49,601	(15,658)

Consolidated Statement of Financial Position

	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Non-current assets	380,382	376,485	274,215	284,422	292,526
Net current assets/(liabilities)	33,286	69,448	29,781	8,960	(48,463)
Other non-current liabilities	(134,963)	(137,527)	(52,109)	(62,984)	(57,004)
Net assets excluding pension asset/(liability)	278,705	308,406	251,887	230,398	187,059
Pension asset/(liability)	89,089	(28,228)	(47,880)	(55,066)	(283,381)
Net assets/(liabilities) including pension asset/(liability)	367,794	280,178	204,007	175,332	(96,322)
Capital and reserves	367,794	280,178	204,007	175,332	(96,322)

Ratios

	2020	2019	2018	2017	2016
(Loss)/Profit before transformation costs, one off items, net finance income/(cost) and taxation as % of revenue	(1.17%)	4.70%	4.20%	0.57%	(1.71%)
Staff and postmasters' costs as % of operating costs	68.27%	69.64%	67.93%	68.98%	69.42%
Current assets as % of current liabilities	104.17%	112.22%	103.74%	101.31%	91.30%

Financial and Operational Statistics

(not covered by Independent Auditor's Report) continued

Mail

	2020	2019	2018	2017	2016	2015
Core mail volume index (2015=100) (note 1)	70.1	75.5	80.6	87.2	94.8	100.0

Note 1: This index reflects changes in core mail revenue. It excludes the impact of changes to published tariffs, income from foreign administrations, and variations arising from elections or referenda in each year.

System Size

	2020	2019	2018	2017	2016	2015
Mails network:						
No. of delivery points (millions)	2.335	2.312	2.284	2.263	2.249	2.248
No. of motor vehicles (ex. short term hires)	2,855	3,036	2,805	2,792	2,776	2,758
No. of electric vehicles	776	166	-	-	-	-
No. of electric cargo trikes	169	47	-	-	-	-
Post office network:						
Company post offices	45	45	45	50	50	51
Contract post offices	894	907	967	1,073	1,075	1,079
Postal agencies	87	92	96	104	111	121
	1,026	1,044	1,108	1,227	1,236	1,251

	€m	€m	€m	€m	€m	€m
Savings Services (note 2)						
Value of Funds at 31 December	22,765	21,228	20,657	20,416	20,119	19,453
Activity for year						
Post Office Savings Services						
Savings Bank deposits	1,151	993	1,079	1,064	1,060	1,018
Savings Bank withdrawals	(653)	(880)	(889)	(863)	(904)	(926)
Savings Certificates issued	1,281	1,704	1,780	1,023	1,168	1,132
Savings Certificates repaid	(1,074)	(865)	(2,403)	(1,055)	(1,347)	(1,470)
Instalment Savings issued	93	89	100	96	97	97
Instalment Savings repaid	(88)	(101)	(100)	(102)	(105)	(104)
Savings Bonds issued	654	718	886	714	1,116	1,345
Savings Bonds repaid	(726)	(1,129)	(1,317)	(1,258)	(1,849)	(2,289)
National Solidarity Bond issued	1,101	804	921	598	991	1,054
National Solidarity Bond repaid	(879)	(501)	(412)	(435)	(322)	(208)
Department of Social Protection						
Welfare benefits paid during the year	6,756	7,125	7,380	7,615	7,997	8,418

	2020 000's	2019 000's	2018 000's	2017 000's	2016 000's	2015 000's
BillPay Volumes	13,255	16,033	17,025	17,977	19,760	22,895
TV Licences Issued	1,433	1,481	1,481	1,463	1,445	1,438

Note 2: The assets and liabilities of the Savings Services vest in the Minister for Finance and accordingly are not included in the financial statements of the Company.

Universal Service

(not covered by Independent Auditor's Report)

The Communications Regulation (Postal Services) Act 2011 ('the Act') was enacted in August 2011.

Requirements of the Universal Service Obligation ('USO')

Under Section 17 of the Act, An Post is designated as the Universal Postal Service Provider for a period up until August 2023.

Under Section 16 of the Act, "Universal Postal Service" means that on every working day, except in such circumstances or geographical conditions deemed exceptional by ComReg, there is at least:

(i) one clearance, and

(ii) one delivery to the home or premises of every person in the State or, as ComReg considers appropriate, under such conditions as it may determine from time to time, to appropriate installations.

The following services are provided:

(a) the clearance, sorting, transport and distribution of postal packets up to 2kg in weight;

(b) the clearance, sorting, transport and distribution of postal parcels to a weight limit to be specified by order of ComReg (or in the absence of this 20kg) - ComReg decided to use its power to reduce the maximum weight limit of 20kg to 10kg in 2019;

(c) the sorting, transportation and distribution of parcels from other Member States of the European Union up to 20kg in weight;

(d) a registered items service;

(e) an insured items service within the State and to and from all countries which, as signatories to the Universal Postal Convention of the Universal Postal Union, declare their willingness to admit such items whether reciprocally or in one direction only; and

(f) postal services free of charge to blind and partially sighted persons.

As required by Section 16(9) of the Act, in July 2012 ComReg made regulations specifying the services to be provided by An Post relating to the provision of the universal postal service. The Communications Regulation (Universal Postal Service) Regulations 2012 to 2019 (SI No. 280/2012; SI No. 534/2018; and SI No. 149/2019), which set out these services, are available on www.irishstatutebook.ie or www.comreg.ie.

The terms and conditions of Universal Services are available on www.anpost.com

Access to Universal Services

An Post provides access to its services through its network of 45 Company Post Offices and 894 Contract Post Offices. In addition, some 1,167 retail premises are authorised to sell postage stamps, as active agents. To facilitate physical access to the service, approximately 5,684 post boxes, including meter post boxes and those located in Delivery Service Units, are distributed widely throughout the State. There are 43 designated acceptance points for bulk mail services.

Tariffs

The following is a summary of the prices for standard services weighing up to 100g which were applicable from 8 November 2019.

	Ireland & NI	
	Standard Post	**Registered Post***
Letters (up to C5)	€1.00 95c if item bears a franking impression	€8.00
Large Envelopes	€2.00 €1.95 if item bears a franking impression	€8.20
Packets	€3.80 €3.70 if item bears a franking impression	€8.20
Parcels	€9.00	€13.00

*The fee payable for the basic registered service covers compensation up to a maximum of €320. Further compensation (non Universal Service) up to a limit of €1,500 is available for €4.50 and up to a limit of €2,000 for €5.50 based on declared value at time of posting.

	International Destinations	
	Standard Post	**Registered Post***
Letters (up to C5)	€1.70	€8.70
Large Envelopes	€2.90	€9.90
Packets		
GB	€5.50	€12.50
EUR	€6.00	€13.00
ROW	€7.00	€14.00
Parcels		
GB	€21.00	€28.00
EUR	€28.00	€35.00
ROW	€29.00	€36.00

*Availability of service dependent on postal administration in destination country. Compensation up to €320 in GB; €150 in Europe; €100 for parcels and €35 for letters outside Europe. A full list of current USO tariffs is available in the Guide to Postal Rates (see https://www.anpost.com/).

Universal Service

(not covered by Independent Auditor's Report) continued

Quality of Service

International

The quality performance standard for the delivery of intra-Community cross-border mail was laid down in the Postal Directives (97/67/EC, as amended) and is included in Schedule 3 of the Act. The quality standard for postal items of the fastest standard category is as follows:

D+3: 85% of items; D+5: 97% of items, where D refers to the day of posting.

Domestic

The Act requires ComReg to set quality-of-service standards for domestic universal service mail which must be compatible with those for intra-Community cross-border services. ComReg have set a quality-of-service target for domestic single piece priority mail as follows:

D+1: 94% D+3: 99.5%, where D refers to the day of posting.

Customer Complaints

An Post is required to maintain records of customer complaints in compliance with European standard IS: EN 14012:2003. The table provides, in relation to mail, a breakdown of written complaints received from customers during 2020.

Written complaints received from customers	2020	2019
Items lost or substantially delayed	39,446	24,928
Items damaged	1,673	1,313
Items arriving late	3	367
Mail collection or delivery:		
Failure to make daily delivery to home or premises	28	23
Collection times/Collection failures	1	5
Misdelivery	2,590	1,364
Tariffs for single piece mail/discount schemes and conditions	-	6
Change of address (Redirections)	650	487
Behaviour and competence of postal personnel	16	71
Underpaid mail	6	-
Other (not included in above)	3,663	2,793
Total	48,076	31,357

Included in the total figure are complaints about registered items, which number 8,774 (2019: 7,961).

In 2020, there were 786,150 telephone calls, (2019: 680,504) made to An Post Customer Services. Most of these were routine or general enquiries rather than complaints. In addition, there was a total of 155,337 webchats for the year (2019: N/A).

ComReg has issued Guidelines for Postal Service Providers on Complaints and Redress Procedures (see ComReg document 14/06 on www.comreg.ie). An Post Complaint and Dispute Resolution Procedures are set out in 'Getting it Sorted', which is available on our website, in larger Post Office outlets, and from our Customer Services Centre.

We also have a Customer Charter, containing specific pledges to customers regarding our services, which is available on our website; https://www.anpost.com .

Further Information

Additional information in relation to services provided by An Post is available at www.anpost.com/Help-Support, by phoning An Post Customer Services on 01-705 7600, by email at www.anpost.com/contactus, by completing an online enquiry form at https://forms.anpost.ie/enquiry, by writing to An Post Customer Services, General Post Office, O'Connell Street Lower, Freepost, Dublin 1, D01 F5P2 or by calling into any Post Office.

Corporate Information

Registered Office	General Post Office O'Connell Street Dublin 1 D01 F5P2
Solicitors	Matheson 70 Sir John Rogerson's Quay Grand Canal Dock Dublin 2 D02 R296
	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576
Bankers	Bank of Ireland 2 College Green Dublin 2 D02 VR66
Auditors	Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 D02 AY28
Registered Number	98788
Company Type	An Post is a Designated Activity Company limited by shares

Notes

anpost.com

FSC
www.fsc.org