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From one world to another



Summary Regulatory Financial Statements 2017



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These Summary Regulatory Financial Statements are an extract from the 2017 Regulatory Financial Statements.

Financial Summary and Business Review

Income Statement for Universal Service Mails Business Segment

	USO		Non USO		Total Mails	
	2017	2016	2017	2016	2017	2016
Volumes ('000s)	291,792	331,759	198,298	235,347	490,090	567,106
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	342,814	328,383	220,148	218,599	562,962	546,982
Expenditure	(368,453)	(369,721)	(217,221)	(209,571)	(585,674)	(579,292)
Profit/(Loss)	(25,639)	(41,338)	2,927	9,028	(22,712)	(32,310)

USO Performance

An Post is designated in the Postal legislation as the National Postal Universal Service provider. This involves the fulfilment of an every working day mail service to every household in the country.

There are significant costs associated with the provision of the USO, many of which are fixed in nature. In 2017 the USO loss recorded is €25.6m. In Ireland, this is funded by revenue from other income streams. In March 2017 legislation was changed to allow An Post move tariffs to better reflect the cost of providing the USO.

USO Volumes and Revenues

Domestic and International Outbound stamped and metered volumes are derived from revenue based on a Sampling Plan. This plan was designed by PricewaterhouseCoopers in accordance with the relevant standard (IS:EN 13850:2012).

Mails revenue in 2017 is 2.9% higher than 2016, mainly due to increased prices, offset by the continued decline in traditional mail volumes.

Price

The price for mail services was increased on 13th April 2017. The basic stamp price was increased to €1 and other prices were adjusted accordingly. This followed legislation that removed the Price Cap Mechanism and provided increased freedom on pricing to the Postal operator.

Industry Trends

Global trends in volume decline continued in 2017. USO volumes declined by 12% with non-USO services declining by 16%. The USO volume decline was driven mainly by a further reduction in letter volumes partly offset by a significant increase in parcel volumes.

A significant increase in losses on the delivery of inbound international traffic was experienced mainly due to two significant factors:

- Movements in foreign exchange rates, particularly the SDR rate movement.
- Increase in traffic from outside of the EEA, at lower UPU rates. For example, traffic from China increased by almost 20% in 2017.

These losses are likely to increase into the future, as non-EEA volumes grow, until the below cost UPU rates are addressed or funding is provided to offset the significant gap between UPU rates and cost orientated tariffs.

Brexit is likely to have a significant impact for An Post if a hard Brexit is implemented. The final conditions of Brexit are not known at this date. The implications are likely to result in changes to movement of volume flows to/from the UK. As the UK is An Post's main trading partner the impact is most likely to be significant.

KPIs

KPI	Performance in 2017	Performance in 2016
Operating result		
Profit/(loss) as a percentage of revenue	4.4%	(2.0%)
Staff costs as a percentage of total operating costs	58.9%	58.2%
Postmasters' costs as a percentage of total operating costs	8.4%	8.7%
Other operating costs as a percentage of total operating costs	32.7%	33.1%
Cash at bank and in hand (€'000) ¹	70,490	16,086
Financial and liquidity measures		
Group Asset Turnover ratio	1.70	1.93
Group current ratio	1.01	0.91
Staff – Average Full Time Equivalents (FTE)		
Company	9,127	9,190
Subsidiaries	778	738
Group	9,905	9,928
Mails business		
Core mail volumes	(8.0%)	(5.2%)
Customer Service		
Written complaints	25,628	22,341
Telephone enquiries	684,572	616,718

Operating profit as a percentage of revenue

The trading results for the financial year 2017 show a significant improvement from 2016. The profit before pension interest and taxation excluding one off items of €8.4m compares favourably with a loss of €12.4m in the prior year. Group revenue increased from €825.2m in 2016 to €840.0m in 2017. Mails and Parcels revenue in 2017 at €542.3m, was €15.6m higher than in 2016. The mix in the revenue continues to change with traditional mail volume declining, offset by price increases and the addition of increased added value mail services.

Cash at bank and in hand

Net cash at bank and in hand was €70.5m at 31st December 2017. A significant property disposal of a facility at Cardiff Lane in Dublin took place in the early part of 2017. A replacement facility was simultaneously provided so that the city centre mail continued to be serviced with no disruption. The cash proceeds from this transaction of €35m, (€24m after the payment of capital gains tax) will be applied by the Group in executing its future strategy.

Premier Lotteries Ireland whose investors are An Post, the Ontario Teachers' Pension Plan and the An Post Pension Plan is the operator of the National Lottery licence for a period of twenty years. The investment is meeting the targets set and we expect the investment will continue to prove its worth to the Group in the years ahead. An equity dividend of €9m was received and recorded in the 2017 financial statements.

In December 2017 having regard to the Services of General Economic Interest it provides, An Post received a loan of €30m from the Minister for Finance to assist in the restructuring of the Company. The loan is for a 5 year term with the potential for a 2 year extension.

Financial and liquidity measures

The movements in these liquidity measures are mainly driven by the increase in Cash at bank and in hand (see above).

Customer Service, written and telephone enquiries

This increase in enquiries is linked to the roll-out of new and enhanced services such as AddressPal and the increase in parcel services, driven particularly by on-line shopping. Customers have shown a great interest in these new services and this has contributed to a significant level of enquiries to Customer Services and greater use of these new and enhanced services.

¹ Netting off for Amounts held in trust, Company Cash at bank and in hand at 31st December 2017 is €70.5m.



Financial Review

	2017 €'000	2016 €'000
Revenue	840,002	825,237
Operating costs	(835,210)	(839,348)
Finance income (excluding pension interest)	4,136	2,162
Finance costs (excluding pension interest)	(521)	(494)
Profit/(Loss) before non recurring items, pension interest and taxation	8,407	(12,443)
Net Assets (Excluding Pension Liability)	230,398	187,059
Net Assets (Including Pension Liability)	175,332	(96,322)

Revenue

Group revenue increased from €825.2m in 2016 to €840.0m in 2017. Mails and Parcels revenue increased by €15.6m (2.9%) in 2017, mainly due to the introduction of cost orientated tariffs in the domestic and outbound international market segments. This was partly off-set by a decline in total volumes.

Costs

Change programme implementation continued over the course of the year. There are plans for further cost efficiencies. The reduction in labour FTE in the business since the commencement of decline in mail volumes in 2008 has reached over 2,000. Efficiency improvements year on year have been achieved whilst the Quality of Service is improved and the number of delivery points increased.

Total mails costs increased by €6.4m (1.1%) in 2017. This cost increase was driven mainly by the increase in labour costs resulting from the Labour Court Recommendation implemented by An Post in 2017.

Outlook

The Group financial results for 2017 are encouraging. The improvement in profits before pension interest and taxation by €20.8m to €8.4m in the year, along with the benefit of one off transactions in respect of the Cardiff Lane sale and the receipt of the PLI equity dividend have stabilised the finances of the Group. The Group will proceed to implement the new strategic direction and rationalisation. All of this will be addressed to ensure that there is a solid foundation for future of the national postal service.

USO Performance

	Total USO 2017	Total USO in 2016
Volumes ('000s)	291,792	331,759
	€'000	€'000
Revenue	342,814	328,383
Total Expenditure	368,453	369,721
Profit/(Loss) for the year	(25,639)	(41,338)

USO Performance

USO losses reduced significantly in 2017. In particular, domestic USO losses reduced from €22.2m to €3.3m. However, USO losses experienced on the delivery of inbound international traffic increased as volumes from non-EEA countries increased.

USO Volumes and Revenues

USO volumes continue to decline (12% in 2017). Volume decline is experienced across all market segments with a 14% decline in domestic USO volumes, a 10% decline in inbound volumes and a 4% decline in outbound volumes. The inbound volume decline shows a change in the mix of inbound volumes between EEA and non-EEA origin traffic. For example, the overall 10% decline in USO volumes includes an almost 20% increase in traffic from China.

USO revenues increased by €14.4m (4%) in 2017. An analysis by market segment shows an increase of €12.3m (6%) in domestic USO revenue, a €7m (11%) decline in inbound international revenue and a €9.1m (15%) increase in outbound international revenue. This highlights the impact of low UPU rates for inbound traffic which are not set by An Post.

An Post Letter volumes continue to decline, this is in line with the experience of other Postal Operators. In 2017 USO letter volumes decreased by c.37m items or 13%, this is in line with forecast underlying volume reductions along with the impact of the price increase implemented in April 2017. Future volume decreases are expected to continue.

An Post Registered volumes increased by c.1m items or 14% in 2017. This growth is largely due to increases in Registered traffic from Asian countries, particularly China. This large growth has also been experienced by other operators as online traffic from Asia to EU and other areas grows. This growth is expected to continue into the near future. (See details included in the Financial Summary and Business Review, "Industry Trends")

Price

In April of 2017, prices in the Universal Services area were increased to better reflect the cost of providing these services. The increases implemented moved the first price point on the domestic letter service from 72c to €1, still below the European average. Prices in the Mails Non USO area were also increased in April 2017. On 4th April 2018, a general price increase was implemented but the first price point on the domestic letter service remained at €1.

Cost

USO costs reduced by €1.3m (0.3%) in 2017. Change programme implementation continued over the course of the year. There are plans for further cost efficiencies. The reduction in labour FTE in the business since the commencement of decline in mail volumes in 2008 has reached over 2,000. Efficiency improvements year on year have been achieved whilst the Quality of Service is improved and the number of delivery points increased.

Capex

A significant property disposal of a facility at Cardiff Lane in Dublin took place in the early part of 2017. A replacement facility was simultaneously provided so that the city centre mail continued to be serviced with no disruption. The cash proceeds from this transaction of €35m, (€24m after the payment of capital gains tax) will be applied by the Group in executing its future strategy. Fixed asset additions in the year include investments in new DSU premises at Kinsale and Clifden and in upgrading mail centre sorting equipment.

USO Profit/(Loss) by Market Segment

Profit/(Loss) (€'000)	Total USO 2017	Total USO 2016
Domestic	(3,324)	(22,245)
Inbound International	(25,753)	(15,651)
Intra-Community	(13,925)	(7,560)
Rest of World	(11,828)	(8,091)
Outbound International	3,438	(3,442)
Profit/(Loss)	(25,639)	(41,338)



Statement of Directors' Responsibilities

The Board of An Post is responsible for the preparation of Regulatory Financial Statements as required by the Communications Regulation (Postal Services) Act, 2011 ('the Act') and the Accounting Direction issued by ComReg ('the Direction').

These Regulatory Financial Statements have been prepared in accordance with the Regulatory Accounting Principles and Basis of Preparation set out on pages 8 and 9.

The Directors confirm that, in preparing the Regulatory Financial Statements:

- The Regulatory Financial Statements have been prepared using accounting systems operating on the basis of objectively justifiable cost accounting principles that assign cost and revenue data to products
- Costs and revenues have been directly allocated to products as far as practicable. Common operational costs that cannot be directly assigned are attributed to products using appropriate cost drivers as required in the Direction. In line with the activity based costing approaches, estimates are required and have been applied. Where there is no obvious driver to assign overhead costs to products, a general allocator is used to assign the costs
- The Regulatory Financial Statements, in all material respects, fairly present the profits and losses attributable to the individual services in accordance with the Regulatory Accounting Principles and Basis of Preparation set out on pages 8 and 9, and have been properly prepared in accordance with the Regulatory Accounting Principles and Basis of Preparation.
- The Regulatory Financial Statements are based on the financial records of the business and have been reconciled to the audited An Post Statutory Accounts

In addition, the Directors are responsible for the design and implementation of procedures and processes appropriate to enable them to prepare Regulatory Financial Statements in accordance with the Regulatory Accounting Principles and Basis of Preparation, which have been designed to meet the requirements of the Act and the Direction. These procedures and processes have been documented in the Accounting Manual.

Signed on behalf of the Board of An Post

Dermot Divilly, Chairperson

David McRedmond, Director

24 May 2018

Report on the Summary Regulatory Financial Statements

Independent Auditors' Report to the Directors of An Post ("the Company") and the Commission for Communications Regulation ("ComReg", "the Regulator")

Opinion

In our opinion, the Summary Regulatory Financial Statements are consistent, in all material respects, with the audited Regulatory Financial Statements, in accordance with the Basis of Preparation.

The Summary Regulatory Financial Statements, which are derived from the audited Regulatory Financial Statements of the company for the year ended 31 December 2017, comprise:

- Income statement for Universal Service and Mails Business Segment;
- Income statement for each Business Segment;
- Statement of unit revenue, cost and profit/(loss) details for each USO service;
- Balance sheet;
- Summary Income Statement for Mails Business Segment – USO;
- Summary Income Statement for each Universal Service – USO; and
- The notes to the Regulatory Financial Statements on pages 26 and 27.

The Summary Regulatory Financial Statements are derived from the audited Regulatory Financial Statements which have been prepared by the directors of the company based on the Regulatory Accounting Principles and Basis of Preparation set out on pages 8 and 9 to the Summary Regulatory Financial Statements, which are designed to meet the requirements of the Communications Regulation (Postal Services) Act 2011 and the 2017 Accounting Direction issued by ComReg ("the Basis of Preparation").

The Summary Regulatory Financial statements are prepared to assist the company to meet the regulatory reporting requirements of ComReg. As a result, the Summary Regulatory Financial Statements may not be suitable for another purpose. Our report is intended solely for the Company and ComReg and should not be distributed to or used by parties other than the Company or ComReg. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and ComReg, for this report, or for the opinions we have formed.

Summary Regulatory Financial Statements

The Summary Regulatory Financial Statements do not contain all the disclosures required by the financial reporting framework. Reading the Summary Regulatory Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Regulatory Financial Statements and the auditor's report thereon.

The Audited Regulatory Financial Statements and Our Report

We expressed an unmodified audit opinion on the audited Regulatory Financial Statements in our report dated 24 May 2018.

Director's Responsibility for the Summary Regulatory Financial Statements

The directors are responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the Basis of Preparation and for such internal control as management determines is necessary to enable the preparation of regulatory financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion as to whether the Summary Regulatory Financial Statements are consistent in all material respects with the audited Regulatory Financial Statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), "Engagements to Report on Summary Financial Statements".

Deloitte Chartered Accountants, Statutory Audit Firm

Deloitte & Touche House
Earlsfort Terrace
Dublin 2
24 May 2018

Regulatory Accounting Principles and Basis of Preparation

Obligation to produce the Regulatory Financial Statements

The legal background to the accounting requirements placed on An Post as a Universal Services Provider is contained in the following two documents:

- Section 31 of the Communications Regulation (Postal Services) Act, 2011 ('the Act')
- Direction on the Accounting systems of An Post issued by ComReg on 20 January 2017 (the 'Direction')

General

The Regulatory Financial Statements are based on the financial records of the business and are reconciled to the operating profit and the Balance Sheet as reported in the An Post Statutory Accounts on which the Auditors have expressed an unqualified opinion. The Regulatory Financial Statements have been prepared in accordance with the accounting policies as set out on pages 38 to 44 of the An Post Statutory Accounts 2017 unless otherwise stated.

The Regulatory Accounts have been prepared adopting the following principles:

- Policies as documented in the Accounting Manual, which reflects the requirements of the Direction
- Accounting Policies for the Income statements are consistent with EU IFRS as applied in the An Post Statutory Accounts

In cases of conflict the principles as documented in the Accounting Manual prevail.

Basis of Preparation of Summary Regulatory Financial Statements

The Summary Regulatory Financial Statements are an extract from the 2017 Regulatory Financial Statements. They have been prepared for publication in line with Section 31 of the Communications Regulation (Postal Services) Act 2011 ('the Act'). The form and content of these Summary Regulatory Financial Statements have been agreed with ComReg and include:

- Income Statement for Universal Service and Mails Business Segment
- Income Statement for each Business Segment
- Summary Income Statement for Mails Business Segment
- Summary Income Statement for each Universal Service
- Notes to Summary Regulatory Financial Statements

Accounting Manual

An Post prepares and submits an Accounting Manual to ComReg on an annual basis in line with the requirements set down by ComReg in the Direction.

Under the Direction, An Post is required to:

- document in an Accounting Manual the procedures and policies being used in the preparation of its Regulatory Financial Statements

- document in the Accounting Manual the procedures undertaken to establish the processes used to identify revenues and mail volumes, by service
- review the Accounting Manual annually
- make the Accounting Manual subject to review by a competent body as and when required by ComReg

Accounting Records

Processes have been developed and estimates have been applied in determining the assignment of costs and revenues to products. The records are not those that would exist if each of the Services was carried on by a separate business.

This is consistent with the records supporting the production of previous Regulatory Financial Statements.

General Principles

Income Statements by product have been prepared by applying activity based costing methods and principles to the financial records of the business to assign costs. The resulting statements present the fully allocated costs of products.

Costs have been directly assigned to products as far as practicable. Common operational costs that cannot be directly assigned are attributed to products using appropriate cost drivers in line with the Direction. Where no appropriate driver is identified, costs are allocated to products using a general allocator. As with any activity based costing methodology, estimates and judgements are required and have been applied in order to comply with the requirements of the Direction.

The Regulatory Financial Statements have been prepared on a consistent basis from year to year.

Income Statements

Revenue is made up of external income plus internally recognised income for core services (supplied within the Company). Revenue is assigned directly to the appropriate product, with the exception of stamp and meter revenue. Stamp and meter revenue is assigned to An Post products by applying a statistical analysis of mail stream characteristics. The revenue from value added products is calculated from the volumes recorded by the Track and Trace system.

Postage income is recognised as sales are made, with an adjustment for stamps sold and unused, and balances in postage meter machines unused at the year end.

Adjustments in production of the Regulatory Accounts

2017 revenue in the Regulatory Financial Statements has been adjusted to exclude prior year terminal dues settlements of €2m.

Volumes

Volumes are a key driver in the allocation of costs.

Revenue derived traffic methodology, based on reported revenues and sampling, have been used as the basis for measuring domestic and outbound international stamped

and metered traffic volumes. The Sampling Plan is designed to meet the requirements of the Accounting Direction. Results of the calendar year 2017 Real Mail Study (RMS) have been applied in the production of these accounts. The results of the 2017 RMS statistical sample are accurate to +/- 1% at the 95% Confidence Level.

Non stamped and metered traffic (namely account traffic volumes) are primarily sourced from billing or track and trace systems.

Inbound international traffic volumes are determined by applying a statistically derived items per kilo (IPK) to the weight of mail received from international destinations.

Operating costs

For the purposes of the Regulatory Financial Statements, pay and non pay costs are separately identified and within each heading are further categorised between Revenue Collection, Collection, Outward Sorting, Transport, Inward Sorting and Preparation and Delivery.

Activity analysis

The hours worked by operational staff in performing their daily duties are recorded by work activity in a database that reconciles to the payroll system. This facilitates Pay costs to be assigned to activities based on the time spent by staff on specific activities. Other costs have been assigned to activities by the use of appropriate drivers.

Changes in accounting policies, methodologies and estimation techniques

There are no changes on prior year in the accounting policies, methodologies and estimation techniques incorporated in the 2017 Regulatory Financial Statements.

Internal Trading and Transfer Charging

An Post operates in different businesses and internal trading occurs where one business makes use of another's services. Transfer charges are raised for internal trading and eliminated on consolidation. Charges made for core services provided by the Mails business to other parts of the Company are accounted for within revenue, whilst charges incurred by An Post Mails business for other services are accounted for within other operating charges. Inter-company transactions between An Post and its subsidiaries are all accounted for on an arms-length basis. Where the mails business provides a mails service to An Post subsidiary, the charge is based on the appropriate published tariff.

Disposal of property, plant and equipment

Profits and losses on the sale of properties have been assigned to non-letters services (i.e. excluded from the Regulatory Financial Statements total).

Excluded items

Items below (Operating profit/loss – continuing operations) are excluded from the Regulatory Financial Statements.

These items include:

- Exceptional items as noted in the Statutory Accounts
- Other Finance Income (net)
- Taxation

In addition, items included in the Operating profit/loss – continuing operations in the An Post Statutory Accounts are excluded from the Regulatory Accounts if they are not relevant to the accounting period. Where items relating to the immediately preceding year are excluded from the current year, the prior year comparatives will not be re-stated.

Other items may be excluded, following a case by case review, in order to ensure that the Regulatory Financial Statements are in compliance with the Direction. These items will be explained in the Notes to the Accounts.

Comparatives

The restatement of comparative figures is only required in the event of a material error or a material change in accounting policy, as is the case with the Statutory Financial Statements.

Regulatory Accounts by their nature make use of estimation and sampling techniques. Improvements continue to be made in these areas resulting in more robust financial data. Comparatives are not restated as a result of changes in these techniques, except in the case of a material error.

Reconciliation to Statutory Accounts

As certain items are excluded from the Regulatory Financial Statements, a reconciliation of both Revenue and Profit/Loss to the Statutory Accounts is prepared.

Statement of Net Assets

Assets and Liabilities specifically related to one Business Segment are recorded in the Statement of Net Assets of that Business Segment. Assets and Liabilities not wholly and exclusively related to one particular Business Segment are divided between Business Segments based on usage.

Inter company debtors and creditors, netted off in preparing the Statutory Accounts are shown gross in the Statement of Net Assets.

Certain items are not divided between Business Segments, but rather, are shown as reconciling items between the Statement of Net Assets and the Balance Sheet included in the Statutory Accounts. The excluded items are goodwill, investment in joint venture, cash, provision for charges, the pension liability (IAS 19) and other items specifically excluded from the Regulatory Financial Statements. Similarly, the inter company debtors and creditors shown gross in the Statement of Net Assets are excluded to reconcile to the Statutory Accounts.

Cash Flow Statement

A Cash Flow Statement is not included with these Accounts as there is no requirement to do so within the Direction.

Income Statement for Universal Service and Mails Business Segment

	Year Ended 31 December 2017			Year Ended 31 December 2016		
	USO	Non USO	Total Mails	USO	Non USO	Total Mails
Volumes ('000s)	291,792	198,298	490,090	331,759	235,347	567,106
Revenue	€'000	€'000	€'000	€'000	€'000	€'000
Payroll Costs	342,814	220,148	562,962	328,383	218,599	546,982
Non Payroll Costs	267,164	155,236	422,400	268,906	148,163	417,069
Total Expenditure	101,289	61,985	163,274	100,815	61,408	162,223
Total Operating Profit/(Loss)	368,453	217,221	585,674	369,721	209,571	579,292
	(25,639)	2,927	(22,712)	(41,338)	9,028	(32,310)

Note – Volumes stated refer to addressed volumes.

Income Statement for each Business Segment

	Notes	Mails		Retail		Subsidiaries & Other Activities		Inter-Segment Transactions		Adjustments between Regulatory & Statutory Financial Accounts		Group Operating Results – continuing operations (as per An Post's Statutory Financial Accounts)	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
External Revenue	1	542,193	526,440	158,105	161,657	142,619	137,408	–	–	700	1,400	843,617	826,905
Inter-segment revenue		20,769	20,542	33,051	30,414	106,631	106,153	(160,451)	(157,109)	–	–	–	–
Segment Revenue		562,962	546,982	191,156	192,071	249,250	243,561	–	–	–	–	–	–
Expenditure													
Operating Costs													
External costs	2	486,197	475,810	133,436	142,211	216,877	215,227	–	–	(1,300)	6,100	835,210	839,348
Inter-segment costs		99,477	103,482	47,824	38,736	13,150	14,891	(160,451)	(157,109)	–	–	–	–
Total Expenditure		585,674	579,292	181,260	180,947	230,027	230,118	–	–	–	–	–	–
Net Segment Operating Profit/(Loss)	3	(22,712)	(32,310)	9,896	11,124	19,223	13,443	–	–	2,000	(4,700)	8,407	(12,443)

Per Unit Revenue, Cost and Profit/(Loss) details for each USO Service

	Letters		Flats		Packets		Parcels		Registered		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue per unit	€0.77	€0.64	€1.48	€1.38	€3.59	€3.72	€14.03	€10.98	€5.29	€5.09	€1.17	€0.99
Total Cost per unit	€0.86	€0.77	€1.42	€1.33	€4.13	€3.78	€10.66	€10.01	€6.01	€6.06	€1.26	€1.11
Profit/(Loss) per Unit	(€0.09)	(€0.14)	€0.06	€0.05	(€0.54)	(€0.06)	€3.38	€0.97	(€0.72)	(€0.97)	(€0.09)	(€0.12)

Balance Sheet

	Notes	Mails		Other and Excluded Items		Consolidation Adjustments		Group Balance Sheet (as per An Post's Statutory Financial Accounts)	
		2017	2016	2017	2016	2017	2016	2017	2016
Statement of Net Assets		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Non-current assets	4	202,320	197,169	82,102	95,357	–	–	284,422	292,526
Trade and other receivables	5	57,310	28,314	157,661	156,214	(86,496)	(79,568)	128,475	104,960
Cash		–	–	564,974	403,833	–	–	564,974	403,833
Creditors (<1 year)	6	(89,844)	(81,582)	(681,141)	(555,242)	86,496	79,568	(684,489)	(557,256)
Net Current (Liabilities)/Assets		(32,534)	(53,268)	41,494	4,805	–	–	8,960	(48,463)
Creditors (>1 year)	7	(31,474)	(21,302)	(21,158)	(6,892)	–	–	(52,632)	(28,194)
Provisions		–	–	(10,352)	(28,810)	–	–	(10,352)	(28,810)
Pension Liability		–	–	(55,066)	(283,381)	–	–	(55,066)	(283,381)
Net Assets		138,312	122,599	37,020	(218,921)	–	–	175,332	(96,322)
Reconciliation to Equity and Reserves									
Called-up share capital		–	–	68,239	68,239	–	–	68,239	68,239
Other capital reserves		–	–	(494)	474	–	–	(494)	474
Retained earnings & Non-controlling interests		–	–	107,587	(165,035)	–	–	107,587	(165,035)
Total Equity		–	–	175,332	(96,322)	–	–	175,332	(96,322)

Summary Income Statement for Mails Business Segment – USO

All Geographical Segments	Universal Services										Other USO Services – Note 1		Total USO	
	Letters		Flats		Packets		Parcels		Registered		2017		2016	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Volume ('000s)	242,264	278,979	26,888	30,137	12,537	13,745	1,689	1,536	8,414	7,362	–	–	–	–
Year-on-Year % Change in Volumes	(13%)		(11%)		(9%)		10%		14%		–	–	(12%)	
Revenue	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	42,449	42,642	8,530	8,400	19,397	19,406	23,703	16,863	30,592	26,145	3,850	3,696	128,521	117,152
Allocated using Sampling	143,148	134,653	31,261	33,256	25,581	31,730	–	–	12,582	9,972	–	–	212,572	209,611
Total Segment Revenue	185,597	177,295	39,791	41,656	44,978	51,136	23,703	16,863	43,174	36,117	3,850	3,696	341,093	326,763
Inter-segment revenue	340	229	–	–	–	–	–	–	1,377	1,387	4	4	1,721	1,620
Service Revenue	185,937	177,524	39,791	41,656	44,978	51,136	23,703	16,863	44,551	37,504	3,854	3,700	342,814	328,383
Year-on-Year % Change in Revenue	5%		(4%)		(12%)		41%		19%		4%		4%	
Total Direct Costs	25,310	23,541	4,517	4,792	9,646	8,916	3,365	2,824	16,774	16,116	1,092	1,095	60,704	57,284
Total Indirect Costs	123,103	129,796	23,155	24,251	28,322	29,063	9,448	8,403	19,726	16,200	20	30	203,774	207,743
Total Common Costs	59,901	62,856	10,510	11,095	13,779	13,923	5,189	4,153	14,072	12,330	524	337	103,975	104,694
Service Expenditure	208,314	216,193	38,182	40,138	51,747	51,902	18,002	15,380	50,572	44,646	1,636	1,462	368,453	369,721
Year-on-Year % Change in Expenditure	4%		5%		0%		(17%)		(13%)		(12%)		0%	
Net Segment Profit/(Loss)	(22,377)	(38,669)	1,609	1,518	(6,769)	(766)	5,701	1,483	(6,021)	(7,142)	2,218	2,238	(25,639)	(41,338)

Note 1 – Other Services include Redirections, MailMinder & PO Boxes.

Summary Income Statement for Mails Business Segment – Non USO

All Geographical Segments	Total Non USO		Mails Results	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Volume ('000s)	198,298	235,347	490,090	567,106
Revenue	201,100	199,677	329,621	316,829
Directly Attributable	–	–	212,572	209,611
Allocated using Sampling	–	–	542,193	526,440
Total Segment Revenue	201,100	199,677	542,193	526,440
Inter-segment revenue	19,048	18,922	20,769	20,542
Service Revenue	220,148	218,599	562,962	546,982
Total Direct Costs	27,021	32,749	87,725	90,033
Total Indirect Costs	121,972	111,048	325,746	318,791
Total Common Costs	68,228	65,774	172,203	170,468
Service Expenditure	217,221	209,571	585,674	579,292
Net Segment Profit/(Loss)	2,927	9,028	(22,712)	(32,310)

Summary Income Statement for Mails Business Segment – USO continued

All Geographical Segments	Domestic		International Inbound		International Outbound		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Volume ('000s)	210,962	243,921	56,445	62,431	24,385	25,407	291,792	331,759
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	79,387	75,991	3,573	4,403	45,561	36,758	128,521	117,152
Allocated using Sampling	137,437	128,591	53,231	59,364	21,904	21,656	212,572	209,611
Total Segment Revenue	216,824	204,582	56,804	63,767	67,465	58,414	341,093	326,763
Inter-segment revenue	1,721	1,620	—	—	—	—	1,721	1,620
Service Revenue	218,545	206,202	56,804	63,767	67,465	58,414	342,814	328,383
Total Direct Costs	21,368	19,815	7,643	6,953	31,693	30,516	60,704	57,284
Total Indirect Costs	136,420	142,296	50,713	49,083	16,641	16,364	203,774	207,743
Total Common Costs	64,081	66,336	24,201	23,382	15,693	14,976	103,975	104,694
Service Expenditure	221,869	228,447	82,557	79,418	64,027	61,856	368,453	369,721
Net Segment Profit/(Loss)	(3,324)	(22,245)	(25,753)	(15,651)	3,438	(3,442)	(25,639)	(41,338)

Summary Income Statement for Mails Business Segment – USO continued

Domestic segment	Universal Services						Other USO Services – Note 2		Total USO			
	Letters – Note 1		Flats – Note 1		Parcels		Registered		2016		2017	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	
Volume ('000s)	189,060	219,582	14,092	16,614	528	517	3,311	3,112	—	—	210,962	243,921
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue												
Directly Attributable	38,832	39,771	4,841	4,591	4,887	4,467	19,966	16,479	3,850	3,696	79,387	75,991
Allocated using Sampling	110,164	101,093	19,378	19,777	—	—	—	—	—	—	137,437	128,591
Total Segment Revenue	148,996	140,864	24,219	24,368	4,887	4,467	19,966	16,479	3,850	3,696	216,824	204,582
Inter-segment revenue	340	229	—	—	—	—	1,377	1,387	4	4	1,721	1,620
Service Revenue	149,336	141,093	24,219	24,368	4,887	4,467	14,708	17,866	3,854	3,700	218,545	206,202
Total Direct Costs	10,796	9,725	1,530	1,515	562	155	7,169	7,172	1,092	1,095	21,368	19,815
Total Indirect Costs	101,438	107,349	13,791	15,177	2,380	2,021	8,455	7,573	20	30	136,420	142,296
Total Common Costs	46,426	49,071	5,864	6,446	1,232	898	6,011	5,642	524	337	64,081	66,336
Service Expenditure	158,660	166,145	21,185	23,138	4,174	3,074	21,635	20,387	1,636	1,462	221,869	228,447
Net Segment Profit/(Loss)	(9,324)	(25,052)	3,034	1,230	713	1,393	(292)	(2,521)	2,218	2,238	(3,324)	(22,245)

Note 1 – Free postal service for blind and partially sighted persons; Sending books abroad etc. are included under the appropriate category (i.e. letter, flats, packets) above.

Note 2 – Other Services include Redirections, MailMinder & PO Boxes.

Summary Income Statement for Mails Business Segment – Non USO continued

International (Inbound) – Intra EU	Total Non USO		Total International (Inbound) – Intra EU	
	2017	2016*	2017	2016*
Volume ('000s)	622	94	42,776	47,959
	€'000	€'000	€'000	€'000
Revenue				
Directly Attributable	3,140	1,118	6,155	4,701
Allocated using Sampling	–	–	42,513	47,513
Total Segment Revenue	3,140	1,118	48,668	52,214
Inter-segment revenue	–	–	–	–
Service Revenue	3,140	1,118	48,668	52,214
Total Direct Costs	185	234	4,755	4,587
Total Indirect Costs	2,202	318	39,658	37,333
Total Common Costs	1,046	228	18,473	17,516
Service Expenditure	3,433	780	62,886	59,436
Net Segment Profit/(Loss)	(293)	338	(14,218)	(7,222)

* 2016 data is unaudited.

Summary Income Statement for Mails Business Segment – USO continued

International (Inbound) Segment – Rest of World	Universal Services				Registered		Total USO	
	Letters	Flats	Packets	Parcels	2017	2016*	2017	2016*
Volume ('000s)	8,381	2,951	799	130	2,030	1,474	14,291	14,569
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	–	–	–	558	–	–	558	820
Allocated using Sampling	2,316	1,952	2,320	–	4,130	2,154	10,718	11,851
Total Segment Revenue	2,316	1,952	2,320	558	4,130	2,154	11,276	12,671
Inter-segment revenue	–	–	–	–	–	–	–	–
Service Revenue	2,316	1,952	2,320	558	4,130	2,154	11,276	12,671
Total Direct Costs	299	267	42	3	2,462	2,077	3,073	2,600
Total Indirect Costs	4,124	2,248	1,592	536	4,757	3,216	13,257	12,068
Total Common Costs	1,886	1,006	654	243	2,985	2,162	6,774	6,094
Service Expenditure	6,309	3,521	2,288	782	10,204	7,455	23,104	20,762
Net Segment Profit/(Loss)	(3,993)	(1,569)	32	(224)	(6,074)	(5,301)	(11,828)	(8,091)

* 2016 data is unaudited.

Summary Income Statement for Mails Business Segment – Non USO continued

International (Inbound) – Rest of World	Total Non USO		Total International (Inbound) – Rest of World	
	2017	2016*	2017	2016*
Volume ('000s)	53	21	14,344	14,590
	€'000	€'000	€'000	€'000
Revenue				
Directly Attributable	415	256	973	1,076
Allocated using Sampling	–	–	10,718	11,851
Total Segment Revenue	415	256	11,691	12,927
Inter-segment revenue	–	–	–	–
Service Revenue	415	256	11,691	12,927
Total Direct Costs	134	54	3,207	2,654
Total Indirect Costs	196	71	13,453	12,139
Total Common Costs	133	52	6,907	6,146
Service Expenditure	463	177	23,567	20,939
Net Segment Profit/(Loss)	(48)	79	(11,876)	(8,012)

* 2016 data is unaudited

Summary Income Statement for Mails Business Segment – USO continued

International (Outbound) Segment	Letters – Note 1						Flats – Note 1						Universal Services						Registered		Total USO	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	
Volume ('000s)	18,331	18,749	2,492	2,962	2,342	2,578	330	203	890	915	24,385	25,407	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000		
Revenue																						
Directly Attributable	3,617	2,871	3,689	3,809	12,386	12,419	15,243	7,993	10,626	9,666	45,561	36,758										
Allocated using Sampling	16,630	14,926	2,062	2,596	3,212	4,134	–	–	–	–	21,904	21,656										
Total Segment Revenue	20,247	17,797	5,751	6,405	15,598	16,553	15,243	7,993	10,626	9,666	67,465	58,414										
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–	–	–										
Service Revenue	20,247	17,797	5,751	6,405	15,598	16,553	15,243	7,993	10,626	9,666	67,465	58,414										
Total Direct Costs	13,269	12,555	2,053	2,452	9,097	8,670	2,780	2,596	4,494	4,243	31,693	30,516										
Total Indirect Costs	4,501	4,181	1,512	1,563	5,594	5,649	3,636	3,624	1,398	1,347	16,641	16,364										
Total Common Costs	5,631	5,369	1,130	1,287	4,657	4,596	2,408	1,931	1,867	1,793	15,693	14,976										
Service Expenditure	23,401	22,105	4,695	5,302	19,348	18,915	8,824	8,151	7,759	7,383	64,027	61,856										
Net Segment Profit/(Loss)	(3,154)	(4,308)	1,056	1,103	(3,750)	(2,362)	(158)	(158)	2,867	2,283	3,438	(3,442)										

Note 1 – Free postal service for blind and partially sighted persons, sending books abroad etc. are included under the appropriate category (i.e. letters, flats, packets) above.

Summary Income Statement for Mails Business Segment – Non USO continued

International (Outbound) Segment	Total Non USO		Total International (Outbound) Segment	
	2017	2016	2017	2016
Volume ('000s)	3,655 €'000	3,716 €'000	28,040 €'000	29,123 €'000
Revenue	18,232	17,507	63,793	54,265
Directly Attributable	–	–	21,904	21,656
Allocated using Sampling	18,232	17,507	85,697	75,921
Total Segment Revenue	–	–	–	–
Inter-segment revenue	18,232	17,507	85,697	75,921
Service Revenue	18,232	17,507	85,697	75,921
Total Direct Costs	7,889	10,036	39,582	40,552
Total Indirect Costs	5,887	6,086	22,528	22,450
Total Common Costs	4,510	5,034	20,203	20,010
Service Expenditure	18,286	21,156	82,313	83,012
Net Segment Profit/(Loss)	(54)	(3,649)	3,384	(7,091)

Summary Income Statement for each Universal Service – USO

Domestic Letter Services	Fully Paid – Stamped and Labels		Fully Paid – Metered		Freepost/Business Reply Mail		Total – Fully Paid	
	2017	2016	2017	2016	2017	2016	2017	2016
Volume ('000s)	66,563 €'000	76,243 €'000	58,291 €'000	68,541 €'000	7,320 €'000	6,891 €'000	132,174 €'000	151,675 €'000
Revenue	96	70	–	–	6,131	4,726	6,227	4,796
Directly Attributable	61,200	54,810	48,964	46,283	–	–	110,164	101,093
Allocated using Sampling	61,296	54,880	48,964	46,283	6,131	4,726	116,391	105,889
Inter-segment revenue	–	–	30	30	310	199	340	229
Service Revenue	61,296	54,880	48,994	46,313	6,441	4,925	116,731	106,118
Total Direct Costs	6,003	5,248	3,237	3,078	558	408	9,798	8,734
Total Indirect Costs	42,563	44,582	30,816	33,082	3,776	3,242	77,155	80,906
Total Common Costs	19,210	19,990	14,136	15,202	1,794	1,533	35,140	36,725
Service Expenditure	67,776	69,820	48,189	51,362	6,128	5,183	122,093	126,365
Net Segment Profit/(Loss)	(6,480)	(14,940)	805	(5,049)	313	(258)	(5,362)	(20,247)

Summary Income Statement for each Universal Service – USO continued

	Bulk Deferred Delivery		Bulk Delivery Only		Total USO Domestic Letter Services	
	2017	2016	2017	2016	2017	2016
Domestic Letter Services continued						
Volume ('000s)	55,809 €'000	67,004 €'000	1,077 €'000	903 €'000	189,060 €'000	219,582 €'000
Revenue						
Directly Attributable	31,914	34,470	691	505	38,832	39,771
Allocated using Sampling	–	–	–	–	110,164	101,093
Total Segment Revenue	31,914	34,470	691	505	148,996	140,864
Inter-segment revenue	–	–	–	–	340	229
Service Revenue	31,914	34,470	691	505	149,336	141,093
Total Direct Costs	996	989	2	2	10,796	9,725
Total Indirect Costs	23,832	26,278	451	165	101,438	107,349
Total Common Costs	11,080	12,274	206	72	46,426	49,071
Service Expenditure	35,908	39,541	659	239	158,660	166,145
Net Segment Profit/(Loss)	(3,994)	(5,071)	32	266	(9,324)	(25,052)

Summary Income Statement for each Universal Service – USO continued

	Fully Paid – Stamped and Labels		Fully Paid – Metered		Freepost/Business Reply Mail		Total – Fully Paid	
	2017	2016	2017	2016	2017	2016	2017	2016
Domestic Flats Services								
Volume ('000s)	5,262 €'000	5,938 €'000	7,107 €'000	8,804 €'000	689 €'000	686 €'000	13,058 €'000	15,428 €'000
Revenue								
Directly Attributable	2,401	2,131	–	–	1,026	897	3,427	3,028
Allocated using Sampling	7,066	7,075	12,312	12,702	–	–	19,378	19,777
Total Segment Revenue	9,467	9,206	12,312	12,702	1,026	897	22,805	22,805
Inter-segment revenue	–	–	–	–	–	–	–	–
Service Revenue	9,467	9,206	12,312	12,702	1,026	897	22,805	22,805
Total Direct Costs	670	610	679	735	85	71	1,434	1,416
Total Indirect Costs	5,989	6,391	6,520	7,514	584	534	13,093	14,439
Total Common Costs	2,489	2,636	2,787	3,220	263	241	5,539	6,097
Service Expenditure	9,148	9,637	9,986	11,469	932	846	20,066	21,952
Net Segment Profit/(Loss)	319	(431)	2,326	1,233	94	51	2,739	853

Summary Income Statement for each Universal Service – USO continued

	Fully Paid – Stamped and Labels		Fully Paid – Metered		Total – Fully Paid	
	2017	2016*	2017	2016*	2017	2016*
Domestic Parcel Services						
Volume ('000s)	410	404	118	113	528	517
Revenue	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	3,697	3,370	1,190	1,097	4,887	4,467
Allocated using Sampling	–	–	–	–	–	–
Total Segment Revenue	3,697	3,370	1,190	1,097	4,887	4,467
Inter-segment revenue	–	–	–	–	–	–
Service Revenue	3,697	3,370	1,190	1,097	4,887	4,467
Total Direct Costs	490	110	72	45	562	155
Total Indirect Costs	1,918	1,645	462	376	2,380	2,021
Total Common Costs	1,021	728	211	170	1,232	898
Service Expenditure	3,429	2,483	745	591	4,174	3,074
Net Segment Profit/(Loss)	268	887	445	506	713	1,393

* 2016 data is unaudited

Summary Income Statement for each Universal Service – USO continued

	Fully Paid – Stamped and Labels		Fully Paid – Metered		Total – Fully Paid		Total – Fully Paid	
	2017	2016	2017	2016	2017	2016	2017	2016
International (Outbound) Letter Services								
Volume ('000s)	10,372	10,621	3,223	4,122	13,595	14,743	18,331	18,749
Revenue	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	74	72	–	–	74	72	3,617	2,871
Allocated using Sampling	12,870	10,875	3,760	4,051	16,630	14,926	16,630	14,926
Total Segment Revenue	12,944	10,947	3,760	4,051	16,704	14,998	20,247	17,797
Inter-segment revenue	–	–	–	–	–	–	–	–
Service Revenue	12,944	10,947	3,760	4,051	16,704	14,998	20,247	17,797
Total Direct Costs	7,966	7,626	2,675	2,838	10,641	10,464	13,269	12,555
Total Indirect Costs	3,387	3,144	653	727	4,040	3,871	4,501	4,181
Total Common Costs	3,598	3,456	1,054	1,143	4,652	4,599	5,631	5,369
Service Expenditure	14,951	14,226	4,382	4,708	19,333	18,934	23,401	22,105
Net Segment Profit/(Loss)	(2,007)	(3,279)	(622)	(657)	(2,629)	(3,936)	(3,154)	(4,308)

Summary Income Statement for each Universal Service – USO continued

International (Outbound) Flats Services	Fully Paid – Stamped and Labels		Fully Paid – Metered		Total – Fully Paid		IBMS Standard		Total USO Flats	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Volume ('000s)	1,081	1,091	395	710	1,476	1,801	1,016	1,161	2,492	2,962
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	2,275	2,255	–	–	2,275	2,255	1,414	1,554	3,689	3,809
Directly Attributable	1,018	904	1,044	1,692	2,062	2,596	–	–	2,062	2,596
Allocated using Sampling	3,293	3,159	1,044	1,692	4,337	4,851	1,414	1,554	5,751	6,405
Total Segment Revenue	–	–	–	–	–	–	–	–	–	–
Inter-segment revenue	3,293	3,159	1,044	1,692	4,337	4,851	1,414	1,554	5,751	6,405
Service Revenue	1,130	1,131	421	738	1,551	1,869	502	583	2,053	2,452
Total Direct Costs	1,021	978	250	365	1,271	1,343	241	220	1,512	1,563
Total Indirect Costs	682	676	213	354	895	1,030	235	257	1,130	1,287
Total Common Costs	2,833	2,785	884	1,457	3,717	4,242	978	1,060	4,695	5,302
Service Expenditure	460	374	160	235	620	609	436	494	1,056	1,103
Net Segment Profit/(Loss)										

Summary Income Statement for each Universal Service – USO continued

International (Outbound) Packets Services	Fully Paid – Stamped and Labels		Fully Paid – Metered		Total – Fully Paid		IBMS Standard		Total USO Packets	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Volume ('000s)	1,816	1,881	180	330	1,996	2,211	346	367	2,342	2,578
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	11,326	11,204	–	–	11,326	11,204	1,060	1,215	12,386	12,419
Directly Attributable	2,249	2,354	963	1,780	3,212	4,134	–	–	3,212	4,134
Allocated using Sampling	13,575	13,558	963	1,780	14,538	15,338	1,060	1,215	15,598	16,553
Total Segment Revenue	–	–	–	–	–	–	–	–	–	–
Inter-segment revenue	13,575	13,558	963	1,780	14,538	15,338	1,060	1,215	15,598	16,553
Service Revenue	7,438	6,445	686	1,196	8,124	7,641	973	1,029	9,097	8,670
Total Direct Costs	4,836	4,685	347	584	5,183	5,269	411	380	5,594	5,649
Total Indirect Costs	3,891	3,572	327	571	4,218	4,143	439	453	4,657	4,596
Total Common Costs	16,165	14,702	1,360	2,351	17,525	17,053	1,823	1,862	19,348	18,915
Service Expenditure	(2,590)	(1,144)	(397)	(571)	(2,987)	(1,715)	(763)	(647)	(3,750)	(2,362)
Net Segment Profit/(Loss)										

Summary Income Statement for each Universal Service – USO continued

International (Outbound) Parcel Services	Fully Paid – Stamped and Labels		Fully Paid – Metered		Total – Fully Paid	
	2017	2016*	2017	2016*	2017	2016*
Volume ('000s)	153	118	177	85	330	203
Revenue	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	6,980	5,112	8,263	2,881	15,243	7,993
Allocated using Sampling	–	–	–	–	–	–
Total Segment Revenue	6,980	5,112	8,263	2,881	15,243	7,993
Inter-segment revenue	–	–	–	–	–	–
Service Revenue	6,980	5,112	8,263	2,881	15,243	7,993
Total Direct Costs	1,431	1,385	1,349	1,211	2,780	2,596
Total Indirect Costs	2,140	2,305	1,496	1,319	3,636	3,624
Total Common Costs	1,449	1,166	959	765	2,408	1,931
Service Expenditure	5,020	4,856	3,804	3,295	8,824	8,151
Net Segment Profit/(Loss)	1,960	256	4,459	(414)	6,419	(158)

* 2016 data is unaudited.

Notes to the Regulatory Financial Statements

1. Reconciliation of Revenue to the Statutory Accounts

	2017 €m	2016 €m
Mails USO	342.8	328.4
Mails Non USO	220.1	218.6
Consolidation Adjustments	(20.8)	(20.5)
Regulatory Accounts Adjustments*	0.7	1.4
Postage: Letters & Parcels	542.8	527.9
Retail	158.2	161.7
Interest Income & Other Services	142.6	137.3
Revenue Per Statutory Accounts	843.6	826.9
* Regulatory Accounts Adjustments		
Stamp Retailing Commission etc.	(1.3)	(1.0)
Terminal Dues	2.0	2.4
Total	0.7	1.4

2. Reconciliation of Operating Costs to the Statutory Accounts

	2017 €m	2016 €m
Mails USO Per Regulatory Accounts	368.5	369.7
Mails Non USO	217.2	209.6
Regulatory Accounts Adjustments*	(1.3)	6.1
Retail	133.4	142.2
Corporate/ Subsidiaries etc.	117.4	111.7
Operating Costs Per Statutory Accounts	835.2	839.3
* Regulatory Accounts Adjustments		
Stamp Retailing Commission etc.	(1.3)	(1.0)
Impairment Charge – Sorting Equipment	–	7.1
Total	(1.3)	6.1

3. Reconciliation of Profit/(Loss) to the Statutory Accounts

	2017 €m	2016 €m
Mails USO Per Regulatory Accounts	(25.6)	(41.3)
Mails Non USO	2.9	9.0
Retail	9.9	11.1
Regulatory Accounts Adjustments*	2.0	(4.7)
Corporate/Subsidiaries etc.	19.2	13.5
Operating Profit/(Loss) – Continuing Operations	8.4	(12.4)
* Regulatory Accounts Adjustments		
Revenue	(0.7)	(1.4)
Expenditure	(1.3)	6.1
Total	(2.0)	4.7

4. Non Current Assets

	Land & Buildings	Motor Vehicles	Computer & Other Equipment	Total
	€m	€m	€m	€m
Net Book Values as at 31/12/2016	165.3	9.5	22.4	197.2
Additions/ Disposals/ Other	12.9	0.0	6.4	19.3
Depreciation	(6.1)	(2.2)	(5.9)	(14.2)
Net Book Values as at 31/12/2017	172.1	7.3	22.9	202.3

5. Trade and other receivables

	2017 €m	2016 €m
Trade Debtors	51.2	26.1
Inter Group Debtors	0.5	0.3
Prepayments & Accrued Income	5.6	1.9
Total	57.3	28.3

6. Creditors (Amounts falling due within 1 year)

	2017 €m	2016 €m
Trade Creditors	18.3	14.5
Inter Group & Other Creditors	3.7	7.7
Taxation and Social Welfare	11.2	11.1
Accruals	38.2	32.1
Finance Lease – Short Term	4.7	5.2
Deferred Income – Capital Grants	0.1	0.1
Deferred Postage Income	13.6	10.9
Total	89.8	81.6

7. Creditors (Amounts falling due after 1 year)

	2017 €m	2016 €m
Finance Lease – Long Term	13.6	18.3
Government Loan	15.0	0.0
Deferred Income – Capital Grants	2.9	2.9
Total	31.5	21.2

8. Payroll Costs by Cost Type

	2017 €'000	2016 €'000
The aggregate payroll costs and postmasters' costs were as follows:		
Wages and salaries	405,557	406,612
Postmasters: Engaged as Agents	70,063	72,659
Social Insurance Costs	36,302	36,437
Pension costs	50,124	45,866
Total Payroll and Postmasters' Costs	562,046	561,574

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 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 2kgs 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 has decided not to use its power to change the maximum weight limit of 20kg but will keep this under review;
- (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 Communication Regulation (Universal Postal Services) Regulations, S.I. 280 of 2012 which sets out these services is available on www.irishstatutebook.ie or www.comreg.ie.

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

Access to Universal Services

An Post provides access to its services through its network of 50 Company post offices and 1,073 Contract post offices. In addition, some 918 retail premises are licensed to sell postage stamps, as active licensed agents. To facilitate physical access to the service, approximately 5,700 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 are applicable since 4 April 2018.

Ireland & NI	Letters (up to C5)	Large Envelopes	Packets	Parcels
Standard Post	€1.00	€1.80	€3.60	€8.00
	95c if item bears a franking impression	€1.75 if item bears a franking impression	€3.50 if item bears a franking impression	
Registered Post*	€8.00	€8.00	€8.00	€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	Letters (up to C5)	Large Envelopes	Packets	Parcels
Standard Post	€1.50	€2.80	€5.00	GB €22.50 ROW €28.00
Registered Post*	€8.30	€9.50	€12.00	GB €33.00 ROW €40.00

*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 www.anpost.ie).

Note: The Communications Regulation (Postal Services) (Amendment) Act 2017² was passed by the Houses of the Oireachtas on 15 March 2017, this legislation repeals the price cap mechanism set out under Section 30 of the 2011 Act.

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.

²www.irishstatutebook.ie/eli/2017/act/3/enacted/en/print.html

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 taking into account the relevant European standard IS: EN 14012:2003. The table provides, in relation to mail, a breakdown of written complaints received from customers during 2017.

The total continues to represent a minute fraction of the entire mail traffic handled during the year.

Written complaints received from customers	2017	2016
Items lost or substantially delayed	20,399	17,127
Items damaged	1,151	1,390
Items arriving late	971	508
Mail collection or delivery:		
Time of delivery	–	–
Failure to make daily delivery to home or premises	40	36
Collection times/Collection failures	–	1
Misdelivery	866	599
Access to customer service information	2	8
Underpaid mail	–	15
Tariffs for single piece mail/discount schemes and conditions	3	–
Change of address (Redirections)	485	584
Behaviour and competence of postal personnel	41	22
How complaints are treated	–	1
Other (not included in above)	1,670	2,050
Total	25,628	22,341

Included in the total figure are complaints about registered items, which number 6,684, (2016: 5,278).

In 2017, there were 684,572 telephone calls, (2016: 616,718) made to An Post Customer Services. Most of these were routine or general enquiries rather than complaints.

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 retail outlets, and from our Customer Services Centre.

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

Further Information

Additional information in relation to services provided by An Post is available by phoning An Post Customer Services on 01-705 7600, by email at customer.services@anpost.ie, by visiting www.anpost.ie, or by calling into any post office.

Glossary and Explanation of Terms

2017

Year ending 31 December 2017.

2016

Year ending 31 December 2016.

Accounting Manual

The An Post Accounting Manual for the Accounting period commencing 1 January 2017.

Act

Communications Regulation (Postal Services) Act, 2011 (transposing the Directive (as amended)).

Activity Based Costing (ABC)

Activity based costing is a widely used and accepted method of costing products and services based upon the cost of the activities required to produce these outputs. Activity costs are assigned to outputs based upon pre-defined cost drivers. These cost-drivers provide a measure of the intensity or frequency of an activity demanded by a product or service and reflect a cause and effect relationship.

ComReg

Commission for Communications Regulation, designated as the National Regulatory Authority under the Regulations.

Direction

Direction on the accounting systems of An Post (issued by ComReg on 20 January 2017 for accounting periods commencing 1 January 2017).

Directive

EC directive 97/67/EC as amended by 2002/39/EC and 2008/6/EC.

Fully Allocated Cost (FAC)

The summation of direct and indirect costs for products or services such that no costs are left unallocated.

IFRS (EU IFRS)

International Financial Reporting Standards, as adopted by the EU.

Pipeline

The sequence of operational processes that is followed by an item of mail. The full pipeline is: Revenue Collection, Collection, Outward Sortation, Transport, Inward Sortation and Preparation and Delivery.

Postal services

A collective term for USO and other Mails products.

Price Cap Mechanism

Price Cap Mechanism as set out in Section 30 of the Act.

Products and services offered to customers

For a full list of products refer to www.anpost.ie

Regulatory Financial Statements (Regulatory Accounts)

The statements, accounts and reports which specifically refer to the year ended 31 December 2017.

Revenue Derived Traffic

Stamped and Metered volumes derived from reported revenue the results of sampling – a survey of mail formats and profiles.

Sampling Plan

The Sampling Plan designed by PricewaterhouseCoopers in accordance with the relevant standard (IS:EN 13850:2012).

Standard Fill

The average number of mail items by format per container type (e.g. number of letters per tray, number of packets per cage) used in operational volumes counting.

UPU

Universal Postal Union.

USP

Universal Service Provider.

USO

Universal Service Obligation.

Volumes

Volumes refer to addressed mail.

