



Contents

Financial Summary and Business Review	2
Group Financial Review	5
USO Performance	6
Statement of Directors' Responsibilities	8
Report on the Summary Regulatory Financial Statements	9
Regulatory Accounting Principles and Basis of Preparation	10
Income Statement for Universal Service and Mails Business Segment	15
Income Statement for each Business Segment	15
Per Unit Revenue, Cost and Profit/(Loss) Details for each USO Service	16
Balance Sheet	16
Summary Income Statement for Mails Business Segment	17
Summary Income Statement for each Universal Service	23
Notes to the Regulatory Financial Statements	29
Universal Service	31
Glossary and Explanation of Terms	34

Financial Summary and Business Review

Income Statement for Universal Service Mails Business Segment

Mails

	USO		Non USO		Total Mails	
	2018 '000	2017* '000	2018 '000	2017* '000	2018 '000	2017* '000
Volumes ('000)	269,907	295,717	224,754	198,314	494,661	494,031
	2018 €'000	2017* €'000	2018 €'000	2017* €'000	2018 €'000	2017* €'000
Revenue	354,626	342,721	258,492	220,241	613,118	562,962
Expenditure	363,957	368,716	230,548	216,958	594,505	585,674
Profit/(Loss)	(9,331)	(25,995)	27,944	3,283	18,613	(22,712)

*Due to improvements to measurement techniques some 2017 data has been restated.

There is a profit in the total mails business, for the first time in a number of years, further sustaining the provision of the USO. Total mails operating profit (3%) remains at a level below that required for ongoing investment into the business. This will be addressed as the Strategic Plan for the business is continues to be implemented.

In preparing the Regulatory Financial Statements, the business continuously seeks to improve the sources of data used as the basis for the accounts. Arising from these improvements, there are instances where prior year figures may vary and, in some cases, need to be restated to facilitate year on year comparisons of volumes and revenues. The 2017 results have been restated for this purpose.

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 2018 the USO loss recorded is €9.3m, a significant improvement on the €26m loss in 2017. In Ireland, this is funded by revenue from other income streams.

The headline domestic stamped letter unit cost has continued to increase, driven mainly by volume decline, moving from €1.01 (2017) to €1.05 (2018). This represents a 4% increase in unit costs compared to a 12% decrease in volumes. This is a positive movement achieved by An Post in the key cost volume ratio.

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).

USO Mails revenue in 2018 is 3.5% higher than 2017, due to increased prices, offset by the continued decline in traditional mail volumes.

Price

The price for mail services was increased on 4th April, 2018. The basic stamp price remained the same at €1. The international standard letter rate increased from €1.35 to €1.50 and other prices were adjusted accordingly. Rates for business mail increased on average by 10% in 2018.

Financial Summary and Business Review continued

Industry Trends

Global trends in volume decline continued in 2018. USO volumes declined by 9%, driven by a further reduction in letter volumes. This decline was partially offset by increasing packet volumes. Non-USO volumes increased by 13% as a result of significantly increased parcel volumes and additional mailings for the presidential election and referenda.

An Post continues to experience international inbound volume growth. The significant losses experienced on the delivery of inbound international traffic in 2017 continued in 2018, with packet traffic from China increasing by 27% in 2018. Although losses, on Fully Allocated Costs (FAC), continue to grow, we expect the upcoming UPU Extraordinary Congress to increase packet rates significantly, thereby addressing an element of the losses incurred. In the absence of progress on this issue at UPU level, these losses will increase into the future as non-EEA volumes grow, unless funding is provided to offset the significant gap between UPU rates and cost orientated tariffs.

The final conditions of Brexit are not known at the time of reporting. It is likely to result in changes to volume flows to and from the UK. As the UK is the foreign administration to which An Post has the most significant exposure, the impact could be significant. This issue is being kept under close review by senior management in the Company.

KPI's

KPI	Performance in 2018	Performance in 2017
Operating result		
Profit before transformation costs, pension interest and taxation, excluding one off items	4.6%	1.0%
Staff costs as a percentage of total operating costs	58.1%	58.9%
Postmasters' costs as a percentage of total operating costs	8.1%	8.4%
Other operating costs as a percentage of total operating costs	33.8%	32.7%
Cash at bank and in hand (€'000) ¹	95,539	70,490
Financial and liquidity measures		
Group Asset Turnover ratio	1.29	1.70
Group current ratio	1.04	1.01
Staff - Average Full Time Equivalentents (FTE)		
Company	8,930	9,127
Subsidiaries	793	778
Group	9,723	9,905
Mails and Parcel business		
Mails and Parcel revenue (excluding elections and referenda)(€'000)	580,448	542,346
Core mail volumes ²	(7.6%)	(8.0%)
Customer Service		
Written complaints	30,214	25,628
Telephone enquiries	746,614	684,572

¹ Netting off for Amounts held in trust, Company Cash at bank and in hand at 31st December 2018 is €95.5m.

² Core mails volumes are derived from total mails revenue excluding changes to published tariff, income from foreign administrations, parcels and variations arising from elections or referenda in each year.

Financial Summary and Business Review continued

Group Profitability

The trading results for the financial year 2018 show a significant improvement from 2017. The Group profit before transformation costs, pension interest and taxation, excluding one off items of €41.2m compares favourably with a profit of €8.4m in the prior year. Group revenue in the year was €897m, up €57m (6.8%) on the 2017 level. This strong performance in the revenue line was driven by the full year impact of the price adjustments made in 2017, significantly increased packets and parcel volumes, the volumes generated from the presidential election and referenda; a small increase in retail revenue and continued strong performance in our subsidiary companies. Traditional mail volumes continued to decline over the year.

Cash at Bank and in Hand

Net cash at bank and in hand was €95.5m at 31 December, 2018 increased from €70.5m at December, 2017. The post year end cash position has been further improved following the disposal of shares in the Gift Voucher Shop (GVS) business, yielding additional cash for investing in the future of An Post.

Other Group Balance Sheet Items

An Post holds a 10.7% shareholding in Premier Lotteries Ireland, the operator of the National Lottery licence for a period of 20 years up to 2034. This investment is valued at €34.5m and it continues to generate income and cash flow in line with expectations.

There is a Government Loan of €30m on the balance sheet, as there was at the prior year end.

Financial and Liquidity Measures

The movements in liquidity measures reflect the increase in cash at bank and in hand reflecting more profitable trading.

Customer Service, Written and Telephone Enquiries

The increase in enquiries is linked to the roll-out of new and enhanced services and the significant increase in parcel services, driven particularly by online shopping.

Group Financial Review

	2018 €'000	2017 €'000
Revenue	896,954	840,002
Operating costs	(859,306)	(835,210)
Finance income (excluding pension interest)	4,577	4,136
Finance costs (excluding pension interest)	(979)	(521)
Profit before transformation costs, pension interest and taxation, excluding one off items	41,246	8,407
Net Assets (Excluding Pension Liability)	251,887	230,398
Net Assets (Including Pension Liability)	204,007	175,332

Revenue

Group revenue increased from €840m in 2017 to €897m in 2018. This strong performance was driven by the full year impact of the implementation of cost orientated tariffs in the domestic and outbound international market segments commenced in 2017; significantly increased packets and parcels volumes and the volumes generated from the presidential election and referenda. This was partially off-set by the fall in traditional mail volumes, with a 7.6% rate of decline in 2018 reflecting prior year experience (8%). Similar rates of decline are being recorded across the postal sector internationally (Royal Mail reported a decline rate of 7% in their latest reports). The financial cost of this volume decline was €31m in 2018.

Costs

Group operating costs before transformation costs, of €859.3m were up €24.1m from €835.2m in 2017. This increase is made up of increased payroll and postmaster costs of €6.7m and additional non pay costs of €17.4m. This increase in payroll costs was driven by labour inflation costs of €7.0m in the year with a 1.5% increase having been implemented in May 2018 and additional costs of servicing the presidential election and referenda, offset by a reduction in the annual usage of Full Time Equivalent (FTE's) due to the re-alignment of labour hours to adjust to the decline in traditional mails volumes. The increases in non pay costs reflect costs of additional activity in both the Company and its subsidiaries, costs associated with the implementation of the Strategic Plan, investment in the brand, as well as some general price inflation.

Outlook

The financial results for 2018 are extremely positive and have built on the encouraging return to profitability in 2017. This, along, with the disposal of assets, has enabled the Group to accumulate sufficient resources to execute the new strategic direction and rationalisation programme. These projects are essential to the continued success of the business in the medium term.

USO Performance

	Total USO 2018	Total USO 2017*
Volumes ('000s)	269,907	295,717
	€'000	€'000
Revenue	354,626	342,721
Total Expenditure	363,957	368,716
(Loss) for the year	(9,331)	(25,995)

*Due to improvements to measurement techniques some 2017 data has been restated

USO Performance

USO losses reduced significantly in 2018. In particular, domestic USO made a profit of €20.0m in 2018 compared to a profit of €3.1m in 2017. 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 (9% in 2018). Volume decline is still being experienced in the Domestic (13%) and International Outbound (17%) market segments. The inbound volume increased by 11% but shows a change in the mix of inbound volumes between EEA and non-EEA origin traffic. For example, the overall 11% increase in USO volumes includes an almost 27% increase in traffic from China.

The domestic mail proportion of USO traffic has continued to decrease, from 78% in 2014 to 69% in 2018, with International Inbound accounting for 23% and the remaining 8% International Outbound.

USO revenues increased by €11.9m (3.5%) in 2018. This arises due to a decrease of €1.1m (0.5%) in domestic USO revenue, a €13.6m (24%) increase in inbound international revenue and a €0.6m (1%) decline in outbound international revenue. The domestic and international outbound revenues declined at a lower rate to volumes as a result of the price increases in April, 2018 and April, 2017.

Letter volumes account for 81% of USO mail volumes. As is the experience of other postal operators, significant decline in letter volumes continues. In 2018, USO letter volumes decreased by 27.8m items, or 11%. This is in line with forecast and is expected to continue in the future.

Registered volumes increased by 1m items (11%) in 2018. This growth is largely due to increases in registered traffic from Asian countries, particularly China. This large growth has also been experienced by other postal operators as online traffic from Asia grows. This trend was noted in the prior year and is expected to continue into the near future.

Price

On 4 April, 2018, a general price increase was implemented, however the first price point on the domestic letter service remained at €1. The prices of certain Universal Services were increased to better reflect the cost of providing these services. The increases implemented moved the first price point on the international letter service from €1.35 to €1.50, still remaining below the European average. Prices in the Mails Non USO area were also increased in April, 2018.

Cost

USO costs decreased by €4.8m (1.3%) in 2018. 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 has been maintained and the number of delivery points increased.

USO Performance continued

Capex

Fixed asset additions in the year include investments in new the parcel hub at the DMC campus, an upgrade to Skibbereen DSU and investment in parcels automation equipment.

USO Profit/(Loss) by Market Segment

	Total USO 2018 €'000	Total USO 2017* €'000
Market Segment		
Domestic	20,016	3,093
Inbound International	(29,374)	(25,084)
Intra-Community	(12,548)	(15,250)
Rest of World	(16,826)	(9,835)
Outbound International	27	(4,004)
(Loss) for the year	(9,331)	(25,995)

*Due to improvements to measurement techniques some 2017 data has been restated

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 10 to 14.

The Directors acknowledge their responsibility for compliance with the accounting provisions of the Act and the following describes how An Post applied the relevant provisions of the Act and the Direction in preparing the Regulatory Financial Statements:

- > Financial Records and Accounting Systems - These 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 Obligation.
- > Separated Accounts - Segmental profit and loss accounts and statements of net assets have been prepared for submission to ComReg for the year ended 31 December 2018. In compliance with the Direction, a competent body has reviewed these accounts and issued 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.
- > The Regulatory Financial Statements are based on the financial records of the business and have been reconciled to the audited An Post Statutory Accounts

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 2018.

Signed on behalf of the Board of An Post

Dermot Divilly, Chairperson
David McRedmond, Director

Date: 27 June 2019

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, and 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 2018, 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;
- > Summary Income Statement for each Universal Service; and
- > The notes to the Regulatory Financial Statements on pages 29 to 30.

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 10 to 14 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 5 July 2019.

Directors' Responsibility for the Summary Regulatory Financial Statements

The directors are responsible for the preparation and fair presentation of the Summary 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."

Emer O'Shaughnessy

For and on behalf of

Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House

Earlsfort Terrace

Dublin 2

Date: 5 July 2019

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 40 to 49 of the An Post Statutory Accounts 2018 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.

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.

Regulatory Accounting Principles and Basis of Preparation continued

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

2018 revenue in the Regulatory Financial Statements has been adjusted to exclude prior year terminal dues settlements of €2m and an impairment loss of €2.7m.

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 2018 Real Mail Study (RMS) have been applied in the production of these accounts. The results of the 2018 RMS statistical sample are accurate to +/-0.83% 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

The changes in accounting policies incorporated in the 2018 Group Statutory Financial Statements have no impact on the 2018 Regulatory Financial Statements.

The following new standards and interpretations became effective for the Group as of 1 January 2018:

- > IFRS 9 - Financial Instruments
- > IFRS 15 - Revenue from Contracts with Customers
- > IFRIC 22 - Foreign Currency Transactions and Advanced Consideration

The new standards and interpretations did not result in a material impact on the Group's results and have no impact on the 2018 Regulatory Financial Statements.

Regulatory Accounting Principles and Basis of Preparation continued

Changes in Accounting Policies, Methodologies and Estimation Techniques continued

ComReg requires that where the figures for the previous financial year are not comparable (because, for example, of some change in accounting policy or some other reason (as may be applicable)), the figures for the preceding financial year shall be adjusted with full details provided on any adjustment.

The preparation of these accounts requires a certain level of estimation, based on available data, of revenue transfers between predefined products and services to accurately reflect volumes and revenue.

A number of changes have been made in completing the 2018 Regulatory Financial Statements that improve the quality of the data presented. The prior year has been restated for changes to methodologies and estimation techniques in relation to outbound parcel volumes and counter automation revenues for part or fully paid transactions.

Outbound International Parcels

During 2018, while reviewing the data sources for the calculation of Outbound International Parcel volumes, it was decided to use data available from the UPU and the IPC of items scanned as delivered in foreign destinations. This is a more accurate source compared to the previous source (operational data) and this data was used in the completion of the 2018 Regulatory Financial Statements. In order to ensure appropriate comparability, the prior year figures have been restated to reflect this improved methodology. The impact on the 2017 Regulatory Financial Statements is a reduction of €9.5m in the stamped and metered revenue categorised as relating to Outbound International Parcels and reduction of 0.19m in the volume of items recognised in this category. This results in a €7.9m reduction in the profits recognised as arising from USO International Outbound Parcel Services. The €9.5m in revenue previously attributable to Outbound International Parcels was subsequently allocated to all other products that pick up a share of stamped and metered revenue in line with the normal revenue allocation methodology. The overall impact of this change was that USO Domestic Segment recorded a profit of €3.1m (€3.3m loss previously) and USO International Outbound Segment records a loss of €4.0m (€3.4m profit previously).

Counter Automation

In preparing the 2018 Regulatory Financial Statements, an assessment of the revenue and volumes derived from customers purchasing mail products at the counter using stamps printed from the An Post Counter Automation system was undertaken. This review highlighted instances where customers affix a stamp or a meter frank on an item, in part payment for a service, and then purchase a top up at the counter for the remaining amount due. An element of stamped revenue should therefore be allocated to those products and this has been done for 2018 as it more accurately reflects the substance of the transaction at the Counter. For consistency, the prior year comparator has been adjusted to take account of this issue with €0.9m in revenue allocated to stamp labels to ensure accurate allocation of total revenue for the volumes being used.

A similar issue was identified with respect to registered items, fully or partly paid with stamped or metered indicia before being handed in at a post office counter and recorded on the Counter Automation system. The 2018 Regulatory Financial Statements have been prepared using this up to date information and the prior year revenues for registered items have been restated. The impact in 2017 is an increase in revenue for Domestic Registered of €3.7m and an increase in profits of €3.4m allocated to this stream. The corresponding reductions in revenues and profits are spread over the large number of other products in line with the normal revenue allocation methodology and do not have a material impact on any one product

Regulatory Accounting Principles and Basis of Preparation continued

Other Changes

During 2018 the contract packet activity was reclassified within the non USO segment product group. Previously, the volumes, revenues and costs of this contract were classified in non USO Published Bulk Products but have now been reclassified as non USO Parcels. The volume for this contract in 2017 was 2.1m items with a revenue of €5.9m. The prior year comparator has not been adjusted for this reclassification.

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.

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.

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.

Disposal of Property, Plant and Equipment

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

Regulatory Accounting Principles and Basis of Preparation continued

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
- > 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.

As described above the prior year has been restated for changes to methodologies and estimation techniques in relation to outbound parcel volumes.

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 2018		Year Ended 31 December 2017*	
	Total USO	Non USO	Total USO	Non USO
Volumes ('000s)	269,907	224,754	494,661	198,314
	€'000	€'000	€'000	€'000
Revenue	354,626	258,492	613,118	220,241
Payroll Costs	261,759	161,594	423,353	154,973
Non Payroll Costs	102,198	68,954	171,152	61,985
Total Expenditure	363,957	230,548	594,505	216,958
Total Operating Profit/(Loss)	(9,331)	27,944	18,613	3,283
			Total Mails	Total Mails
			494,661	494,031
			€'000	€'000
			342,721	562,962
			267,427	422,400
			101,289	163,274
			368,716	585,674
			(25,995)	(22,712)

*Due to improvements to measurement techniques some 2017 data has been restated.

Note - Volumes stated refer to addressed volumes.

Income Statement for each Business Segment

	Notes	Mails		Retail		Subsidiaries & Other Activities		Inter-Segment Transactions		Adjustments between Regulated & Statutory Financial Accounts		Group Operating Results - continuing operations (as per An Post's Statutory Financial Accounts)	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
External Revenue	1	592,572	542,193	159,524	158,105	147,356	142,619	-	-	1,100	700	900,552	843,617
Inter-segment revenue		20,546	20,769	33,272	33,051	97,677	106,631	(151,495)	(160,451)	-	-	-	-
Segment Revenue		613,118	562,962	192,796	191,156	245,033	249,250	-	-	-	-	-	-
Expenditure													
Operating Costs:													
External costs	2	497,555	486,197	147,605	133,436	217,746	216,877	-	-	(3,600)	(1,300)	859,306	835,210
Inter-segment costs		96,950	99,477	40,434	47,824	14,111	13,150	(151,495)	(160,451)	-	-	-	-
Total Expenditure		594,505	585,674	188,039	181,260	231,857	230,027	-	-	-	-	-	-
Net Segment Operating Profit/(Loss)	3	18,613	(22,712)	4,757	9,896	13,176	19,223	-	-	4,700	2,000	41,246	8,407

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

	Letters		Flats		Packets		Parcels		Registered		Total	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Revenue per unit	€0.85	€0.77	€1.69	€1.50	€3.24	€3.65	€11.01	€9.70	€6.05	€5.73	€1.31	€1.16
Total Cost per unit	€0.89	€0.85	€1.52	€1.40	€3.99	€4.09	€10.60	€11.49	€5.90	€6.03	€1.35	€1.25
Profit/(Loss) per Unit	(€0.04)	(€0.08)	€0.17	€0.10	(€0.75)	(€0.44)	€0.41	(€1.79)	€0.15	(€0.30)	(€0.04)	(€0.09)

*Due to improvements to measurement techniques some 2017 data has been restated.

Balance Sheet

	Notes	Mails		Other and Excluded Items		Consolidation Adjustments		Group Balance Sheet (as per An Post's Statutory Financial Accounts)	
		2018	2017	2018	2017	2018	2017	2018	2017
Statement of Net Assets		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Non-current assets	4	194,517	202,320	79,698	82,102	-	-	274,215	284,422
Trade and other receivables	5	53,697	57,310	145,500	154,130	(93,873)	(86,496)	105,324	124,944
Inventories		-	-	2,878	3,531	-	-	2,878	3,531
Assets Classified as Held for Sale		-	-	206,249	564,974	-	-	206,249	-
Cash		-	-	512,541	564,974	-	-	512,541	564,974
Creditor (<1 year)	6	(102,467)	(89,844)	(598,816)	(681,141)	93,873	86,496	(607,410)	(684,489)
Liabilities Classified as held for sale		-	-	(189,801)	(189,801)	-	-	(189,801)	-
Net Current (Liabilities)/Assets		(48,770)	(32,534)	78,551	41,494	-	-	29,781	8,960
Creditors (>1 year)	7	(21,013)	(31,474)	(20,723)	(21,158)	-	-	(41,736)	(52,632)
Provisions for Charges		-	-	(10,373)	(10,373)	-	-	(10,373)	(10,352)
Pension Liability		-	-	(47,880)	(55,066)	-	-	(47,880)	(55,066)
Net Assets		124,734	138,312	79,273	37,020	-	-	204,007	175,332
Reconciliation to Equity and Reserves									
Called-up share capital		-	-	68,239	68,239	-	-	68,239	68,239
Other capital reserves		-	-	(2,321)	(494)	-	-	(2,321)	(494)
Retained earnings & Non-controlling interests		-	-	138,089	107,587	-	-	138,089	107,587
Total Equity		-	-	204,007	175,332	-	-	204,007	175,332

Summary Income Statement for Mails Business Segment - USO

All Geographical Segments	Universal Services										Total USO			
	Letters		Flats		Pockets		Parcels		Registered		Other USO Services (Note 1)		2018	2017*
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	217,828	245,609	26,905	27,526	14,181	12,683	1,613	1,485	9,380	8,414	-	-	269,907	295,717
Year-on-Year % Change in Volumes	(11%)		(2%)		12%		9%		11%				(9%)	
Revenue	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	38,514	42,761	8,912	8,829	20,103	19,975	17,757	14,408	36,342	34,377	3,880	3,848	125,508	124,198
Allocated using Sampling	146,231	145,662	36,432	32,378	25,806	26,312	-	-	18,974	12,450	-	-	227,443	216,802
Total Segment Revenue	184,745	188,423	45,344	41,207	45,909	46,287	17,757	14,408	55,316	46,827	3,880	3,848	352,951	341,000
Inter-segment revenue	210	340	-	-	-	-	-	-	1,465	1,377	-	4	1,675	1,721
Service Revenue	184,955	188,763	45,344	41,207	45,909	46,287	17,757	14,408	56,781	48,204	3,880	3,852	354,626	342,721
Year-on-Year % Change in Revenue	(2%)		10%		(1%)		23%		18%		1%		3%	
Total Direct Costs	22,823	25,359	4,263	4,537	7,731	9,676	3,853	3,295	17,225	16,772	752	1,098	56,647	60,737
Total Indirect Costs	113,601	123,276	25,148	23,440	33,249	28,383	8,528	8,959	22,297	19,864	1	20	202,824	203,942
Total Common Costs	56,642	60,113	11,378	10,650	15,570	13,835	4,723	4,808	15,804	14,108	369	523	104,486	104,037
Service Expenditure	193,066	208,748	40,789	38,627	56,550	51,894	17,104	17,062	55,326	50,744	1,122	1,641	363,957	368,716
Year-on-Year % Change in Expenditure	8%		(6%)		(9%)		(0%)		(9%)		32%		1%	
Net Segment Profit/(Loss)	(8,111)	(19,985)	4,555	2,580	(10,641)	(5,607)	653	(2,654)	1,455	(2,540)	2,758	2,211	(9,331)	(25,995)

*Due to improvements to measurement techniques some 2017 data has been restated.

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

Summary Income Statement for Mails Business Segment continued - Non USO

All Geographical Segments	Total Non USO		Mails Results	
	2018	2017*	2018	2017*
Volume ('000s)	224,754	198,314	494,661	494,031
Revenue	€'000	€'000	€'000	€'000
Directly Attributable	239,621	201,193	365,129	325,391
Allocated using Sampling	-	-	227,443	216,802
Total Segment Revenue	239,621	201,193	592,572	542,193
Inter-segment revenue	18,871	19,048	20,546	20,769
Service Revenue	258,492	220,241	613,118	562,962
Total Direct Costs	26,651	27,155	83,298	87,892
Total Indirect Costs	133,599	121,599	336,423	325,541
Total Common Costs	70,298	68,204	174,784	172,241
Service Expenditure	230,548	216,958	594,505	585,674
Net Segment Profit/(Loss)	27,944	3,283	18,613	(22,712)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for Mails Business Segment continued - USO

All Geographical Segments	Domestic		International Inbound		International Outbound		Total	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	187,392	215,087	62,477	56,445	20,038	24,185	269,907	295,717
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	82,315	84,191	5,464	3,573	37,729	36,434	125,508	124,198
Allocated using Sampling	142,430	141,632	64,961	53,231	20,052	21,939	227,443	216,802
Total Segment Revenue	224,745	225,823	70,425	56,804	57,781	58,373	352,951	341,000
Inter-segment revenue	1,675	1,721	-	-	-	-	1,675	1,721
Service Revenue	226,420	227,544	70,425	56,804	57,781	58,373	354,626	342,721
Total Direct Costs	20,565	21,651	8,393	7,597	27,689	31,489	56,647	60,737
Total Indirect Costs	125,331	137,921	61,634	50,252	15,859	15,769	202,824	203,942
Total Common Costs	60,508	64,879	29,772	24,039	14,206	15,119	104,486	104,037
Service Expenditure	206,404	224,451	99,799	81,888	57,754	62,377	363,957	368,716
Net Segment Profit/(Loss)	20,016	3,093	(29,374)	(25,084)	27	(4,004)	(9,331)	(25,995)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for Mails Business Segment continued - USO

Domestic segment	Universal Services				Other USO Services (Note 2)				Total USO	
	Letters (Note 1)	Flats (Note 1)	Packets (Note 1)	Parcels	Registered	Other USO Services (Note 2)			2018	2017*
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	166,278	192,427	14,959	14,705	2,319	4,116	517	3,319	3,311	215,087
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue										
Directly Attributable	35,328	39,133	5,183	5,065	7,325	7,374	5,290	25,309	23,724	82,315
Allocated using Sampling	112,383	112,895	23,980	20,331	6,067	8,406	-	-	-	142,430
Total Segment Revenue	147,711	152,028	29,163	25,396	13,392	15,780	5,290	25,309	23,724	225,823
Inter-segment revenue	210	340	-	-	-	-	-	1,465	1,377	1,721
Service Revenue	147,921	152,368	29,163	25,396	13,392	15,780	5,290	26,774	25,101	226,420
Total Direct Costs	10,486	10,853	1,595	1,560	186	225	542	7,004	7,170	20,565
Total Indirect Costs	91,567	101,862	15,851	14,154	6,911	10,560	2,104	8,897	8,702	125,331
Total Common Costs	43,261	46,722	6,791	6,031	2,731	4,122	1,087	6,269	6,086	60,508
Service Expenditure	145,314	159,437	24,237	21,745	9,828	14,907	3,733	22,170	21,958	206,404
Net Segment Profit/(Loss)	2,607	(7,069)	4,926	3,651	3,564	873	1,557	4,604	3,143	20,016

*Due to improvements to measurement techniques some 2017 data has been restated.

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.

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

Summary Income Statement for Mails Business Segment continued – Non USO

Domestic Segment	Total Non USO		Total Domestic Segment	
	2018	2017*	2018	2017*
Volume ('000s)	220,616	194,100	408,008	409,187
	€'000	€'000	€'000	€'000
Revenue				
Directly Attributable	217,342	179,444	299,657	263,635
Allocated using Sampling	-	-	142,430	141,632
Total Segment Revenue	217,342	179,444	442,087	405,267
Inter-segment revenue	18,871	19,048	20,546	20,769
Service Revenue	236,213	198,492	462,633	426,036
Total Direct Costs	18,175	18,891	38,740	40,542
Total Indirect Costs	125,423	113,165	250,754	251,086
Total Common Costs	64,745	62,375	125,253	127,254
Service Expenditure	208,343	194,431	414,747	418,882
Net Segment Profit/(Loss)	27,870	4,061	47,886	7,154

*Due to improvements to measurement techniques some 2017 data has been restated.

*Includes Other Services e.g. Firms Collections, Passport Express, Publisher Services.

Note 1 – Contract packets included in Non USO Published Bulk Products in 2017, reclassified as Parcels in 2018. 2017 volume was 2m items.

Summary Income Statement for Mails Business Segment continued – USO

International (Inbound) Segment – Total	Universal Services						Total USO			
	Letters		Flats		Packets		Parcels		Registered	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	36,737	34,873	9,450	10,304	10,126	6,224	948	831	5,216	4,213
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue										
Directly Attributable	18,399	16,189	9,541	9,918	18,047	14,674	5,464	3,573	18,974	12,450
Allocated using Sampling	18,399	16,189	9,541	9,918	18,047	14,674	5,464	3,573	18,974	12,450
Total Segment Revenue	36,798	32,378	19,082	19,836	36,094	29,348	10,928	7,146	37,948	24,900
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Service Revenue	36,798	32,378	19,082	19,836	36,094	29,348	10,928	7,146	37,948	24,900
Total Direct Costs	1,458	1,226	780	914	319	331	108	24	5,728	5,102
Total Indirect Costs	17,651	16,995	7,426	7,769	21,185	12,263	3,344	3,448	12,028	9,777
Total Common Costs	8,394	7,774	3,359	3,482	8,796	5,053	1,604	1,576	7,619	6,154
Service Expenditure	27,503	25,995	11,565	12,165	30,300	17,647	5,056	5,048	25,375	21,033
Net Segment Profit/(Loss)	(9,104)	(9,806)	(2,024)	(2,247)	(12,253)	(2,973)	408	(1,475)	(6,401)	(8,583)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for Mails Business Segment continued - Non USO

	International (Inbound) - Intra EU		Total Non USO		Total International (Inbound) - Intra EU	
	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	662	623	662	623	47,874	42,927
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue						
Directly Attributable	3,213	3,212	3,213	3,212	7,883	6,227
Allocated using Sampling	-	-	-	-	46,464	40,886
Total Segment Revenue	3,213	3,212	3,213	3,212	54,347	47,113
Inter-segment revenue	-	-	-	-	-	-
Service Revenue	3,213	3,212	3,213	3,212	54,347	47,113
Total Direct Costs	190	190	190	190	5,036	4,734
Total Indirect Costs	1,953	2,210	1,953	2,210	41,717	39,450
Total Common Costs	950	1,070	950	1,070	20,022	18,437
Service Expenditure	3,093	3,470	3,093	3,470	66,775	62,621
Net Segment Profit/(Loss)	120	(258)	120	(258)	(12,428)	(15,508)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for Mails Business Segment continued - USO

	International (Inbound) Segment - Rest of World		Universal Services								Total USO	
	2018	2017*	Letters	Flats	Packets	Parcels	Registered	2018	2017*	2018	2017*	
Volume ('000s)	5,497	8,289	8,289	1,526	5,356	138	774	2,749	2,030	15,266	14,141	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Revenue												
Directly Attributable	-	-	-	-	-	794	-	-	-	794	558	
Allocated using Sampling	2,765	2,832	2,832	1,280	6,049	-	1,300	8,403	5,585	18,497	12,344	
Total Segment Revenue	2,765	2,832	2,832	1,280	6,049	794	1,300	8,403	5,585	19,291	12,902	
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	
Service Revenue	2,765	2,832	2,832	1,280	6,049	794	1,300	8,403	5,585	19,291	12,902	
Total Direct Costs	219	292	292	125	169	4	41	3,018	2,457	3,547	3,053	
Total Indirect Costs	2,642	4,040	4,040	1,200	11,205	486	1,525	6,337	4,709	21,870	13,012	
Total Common Costs	1,256	1,848	1,848	543	4,653	233	629	4,015	2,963	10,700	6,672	
Service Expenditure	4,117	6,180	6,180	1,868	16,027	735	2,195	13,370	10,129	36,117	22,737	
Net Segment Profit/(Loss)	(1,352)	(3,348)	(3,348)	(588)	(9,978)	59	(895)	(4,967)	(4,544)	(16,826)	(9,835)	

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for Mails Business Segment continued - Non USO

International (Outbound) Segment	Total Non USO		Total International (Outbound) Segment	
	2018	2017*	2018	2017*
Volume ('000s)	3,340	3,539	23,378	27,724
Revenue	€'000	€'000	€'000	€'000
Directly Attributable	18,247	18,115	55,976	54,549
Allocated using Sampling	-	-	20,052	21,939
Total Segment Revenue	18,247	18,115	76,028	76,488
Inter-segment revenue	-	-	-	-
Service Revenue	18,247	18,115	76,028	76,488
Total Direct Costs	8,179	7,939	35,868	39,428
Total Indirect Costs	5,816	6,024	21,675	21,793
Total Common Costs	4,385	4,619	18,591	19,738
Service Expenditure	18,380	18,582	76,134	80,959
Net Segment Profit/(Loss)	(133)	(467)	(106)	(4,471)

*Due to improvements to measurement techniques some 2017 data has been restated.
Note 1 - Bulk Mail Including IBMS Extra and IBMS DSA.

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	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	56,791	64,445	63,873	71,87	6,599	7,187	121,451	135,505
Revenue	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable	122	102	-	-	6,303	6,087	6,425	6,189
Allocated using Sampling	57,497	59,240	53,655	53,655	-	-	112,383	112,895
Total Segment Revenue	57,619	59,342	53,655	53,655	6,303	6,087	118,808	119,084
Inter-segment revenue	-	-	30	310	210	310	210	340
Service Revenue	57,619	59,342	53,685	53,685	6,513	6,397	119,018	119,424
Total Direct Costs	5,144	5,847	3,474	544	514	544	9,642	9,865
Total Indirect Costs	37,441	40,798	33,332	3,668	3,399	3,668	72,833	77,798
Total Common Costs	17,220	18,468	15,312	1,746	1,665	1,746	34,235	35,526
Service Expenditure	59,805	65,113	52,118	5,958	5,578	5,958	116,710	123,189
Net Segment Profit/(Loss)	(2,186)	(5,771)	1,567	439	935	439	2,308	(3,765)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

Domestic Letter Services continued	Bulk Deferred Delivery		Bulk Delivery Only		Total USO Domestic Letter Services	
	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	44,217	55,845	610	1,077	166,278	192,427
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue						
Directly Attributable	28,462	32,253	441	691	35,328	39,133
Allocated using Sampling	-	-	-	-	112,383	112,895
Total Segment Revenue	28,462	32,253	441	691	147,711	152,028
Inter-segment revenue	-	-	-	-	210	340
Service Revenue	28,462	32,253	441	691	147,921	152,368
Total Direct Costs	842	986	2	2	10,486	10,853
Total Indirect Costs	18,484	23,618	250	446	91,567	101,862
Total Common Costs	8,907	10,992	119	204	43,261	46,722
Service Expenditure	28,233	35,596	371	652	145,314	159,437
Net Segment Profit/(Loss)	229	(3,343)	70	39	2,607	(7,069)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

Domestic Flats Services	Fully Paid - Stamped and Labels		Fully Paid - Metered		Freepost/Business Reply Mail		Total - Fully Paid	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	5,582	5,208	7,949	7,788	630	676	14,161	13,672
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	2,719	2,540	-	-	1,188	1,076	3,907	3,616
Allocated using Sampling	8,558	6,840	15,422	13,491	-	-	23,980	20,331
Total Segment Revenue	11,277	9,380	15,422	13,491	1,188	1,076	27,887	23,947
Inter-segment revenue	-	-	-	-	-	-	-	-
Service Revenue	11,277	9,380	15,422	13,491	1,188	1,076	27,887	23,947
Total Direct Costs	629	659	828	725	70	82	1,527	1,466
Total Indirect Costs	6,901	5,865	7,811	7,032	587	565	15,299	13,462
Total Common Costs	2,867	2,441	3,399	3,011	265	255	6,531	5,707
Service Expenditure	10,397	8,965	12,038	10,768	922	902	23,357	20,635
Net Segment Profit/(Loss)	880	415	3,384	2,723	266	174	4,530	3,312

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

Domestic Flats Services continued	Bulk Deferred Delivery		Bulk Delivery Only		Total USO Domestic Flats Services	
	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	742	960	56	73	14,959	14,705
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue						
Directly Attributable	1,192	1,350	84	99	5,183	5,065
Allocated using Sampling	-	-	-	-	23,980	20,331
Total Segment Revenue	1,192	1,350	84	99	29,163	25,396
Inter-segment revenue	-	-	-	-	-	-
Service Revenue	1,192	1,350	84	99	29,163	25,396
Total Direct Costs	68	94	-	-	1,595	1,560
Total Indirect Costs	520	650	32	42	15,851	14,154
Total Common Costs	246	305	14	19	6,791	6,031
Service Expenditure	834	1,049	46	61	24,237	21,745
Net Segment Profit/(Loss)	358	301	38	38	4,926	3,651

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

Domestic Packets Services	Fully Paid - Stamped and Labels		Fully Paid - Metered		Freepost/Business Reply Mail		Total - Fully Paid	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	1,430	2,586	784	1,348	105	182	2,319	4,116
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	6,798	6,773	-	-	527	601	7,325	7,374
Allocated using Sampling	1,292	2,986	4,775	5,420	-	-	6,067	8,406
Total Segment Revenue	8,090	9,759	4,775	5,420	527	601	13,392	15,780
Inter-segment revenue	-	-	-	-	-	-	-	-
Service Revenue	8,090	9,759	4,775	5,420	527	601	13,392	15,780
Total Direct Costs	97	171	82	45	7	9	186	225
Total Indirect Costs	4,562	6,952	2,095	3,196	254	412	6,911	10,560
Total Common Costs	1,776	2,700	852	1,258	103	164	2,731	4,122
Service Expenditure	6,435	9,823	3,029	4,499	364	585	9,828	14,907
Net Segment Profit/(Loss)	1,655	(64)	1,746	921	163	16	3,564	873

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

	Fully Paid - Stamped and Labels		Fully Paid - Metered		Total - Fully Paid	
	2018	2017*	2018	2017*	2018	2017*
Domestic Parcel Services						
Volume ('000s)	403	410	114	118	517	528
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue						
Directly Attributable	4,073	3,906	1,217	1,141	5,290	5,047
Allocated using Sampling	-	-	-	-	-	-
Total Segment Revenue	4,073	3,906	1,217	1,141	5,290	5,047
Inter-segment revenue	-	-	-	-	-	-
Service Revenue	4,073	3,906	1,217	1,141	5,290	5,047
Total Direct Costs	461	653	81	92	542	745
Total Indirect Costs	1,716	2,115	387	508	2,104	2,623
Total Common Costs	836	1,074	251	321	1,087	1,395
Service Expenditure	3,014	3,842	719	921	3,733	4,763
Net Segment Profit/(Loss)	1,059	64	498	220	1,557	284

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

	Fully Paid - Stamped and Labels		Fully Paid - Metered		Total - Fully Paid		Total USO Letters	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
International (Outbound) Letter Services								
Volume ('000s)	9,042	10,042	2,187	3,531	11,229	13,573	14,813	18,309
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue								
Directly Attributable	75	85	-	-	75	85	3,186	3,628
Allocated using Sampling	12,550	12,458	2,899	4,120	15,449	16,578	15,449	16,578
Total Segment Revenue	12,625	12,543	2,899	4,120	15,524	16,663	18,635	20,206
Inter-segment revenue	-	-	-	-	-	-	-	-
Service Revenue	12,625	12,543	2,899	4,120	15,524	16,663	18,635	20,206
Total Direct Costs	7,044	7,926	1,823	2,720	8,867	10,646	10,879	13,280
Total Indirect Costs	3,483	3,255	510	704	3,993	3,959	4,383	4,419
Total Common Costs	3,440	3,549	762	1,086	4,202	4,635	4,987	5,617
Service Expenditure	13,967	14,730	3,095	4,510	17,062	19,240	20,249	23,316
Net Segment Profit/(Loss)	(1,342)	(2,187)	(196)	(390)	(1,538)	(2,577)	(1,614)	(3,110)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

International (Outbound) Flats Services	Fully Paid - Stamped and Labels		Fully Paid - Metered		Total - Fully Paid		IBMS Standard		Total USO Flats	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	1,115	1,068	570	433	1,685	1,501	811	1,016	2,496	2,517
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue										
Directly Attributable	2,468	2,350	-	-	2,468	2,350	1,261	1,414	3,729	3,764
Allocated using Sampling	1,372	985	1,539	1,144	2,911	2,129	-	-	2,911	2,129
Total Segment Revenue	3,840	3,335	1,539	1,144	5,379	4,479	1,261	1,414	6,640	5,893
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Service Revenue	3,840	3,335	1,539	1,144	5,379	4,479	1,261	1,414	6,640	5,893
Total Direct Costs	916	1,128	532	432	1,448	1,560	440	503	1,888	2,063
Total Indirect Costs	1,244	1,008	401	268	1,645	1,276	226	241	1,871	1,517
Total Common Costs	706	678	304	223	1,010	901	218	236	1,228	1,137
Service Expenditure	2,866	2,814	1,237	923	4,103	3,737	884	980	4,987	4,717
Net Segment Profit/(Loss)	974	521	302	221	1,276	742	377	434	1,653	1,176

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

International (Outbound) Packets Services	Fully Paid - Stamped and Labels		Fully Paid - Metered		Total - Fully Paid		IBMS Standard		Total USO Packets	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Volume ('000s)	1,324	1,800	142	197	1,466	1,997	270	346	1,736	2,343
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue										
Directly Attributable	11,748	11,541	-	-	11,748	11,541	1,030	1,060	12,778	12,601
Allocated using Sampling	696	2,177	996	1,055	1,692	3,232	-	-	1,692	3,232
Total Segment Revenue	12,444	13,718	996	1,055	13,440	14,773	1,030	1,060	14,470	15,833
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Service Revenue	12,444	13,718	996	1,055	13,440	14,773	1,030	1,060	14,470	15,833
Total Direct Costs	5,783	7,446	653	699	6,436	8,145	790	975	7,226	9,120
Total Indirect Costs	4,451	4,775	339	375	4,790	5,150	363	410	5,153	5,560
Total Common Costs	3,344	3,879	323	341	3,667	4,220	376	440	4,043	4,660
Service Expenditure	13,578	16,100	1,315	1,415	14,893	17,515	1,529	1,825	16,422	19,340
Net Segment Profit/(Loss)	(1,134)	(2,382)	(319)	(360)	(1,453)	(2,742)	(499)	(765)	(1,952)	(3,507)

*Due to improvements to measurement techniques some 2017 data has been restated.

Summary Income Statement for each Universal Service continued - USO

	Fully Paid -- Stamped and Labels		Fully Paid - Metered		Total - Fully Paid	
	2018	2017*	2018	2017*	2018	2017*
International (Outbound) Parcel Services						
Volume ('000s)	116	106	32	20	148	126
Revenue	€'000	€'000	€'000	€'000	€'000	€'000
Directly Attributable						
Allocated using Sampling	5,392	4,804	1,611	984	7,003	5,788
Total Segment Revenue	5,392	4,804	1,611	984	7,003	5,788
Inter-segment revenue	-	-	-	-	-	-
Service Revenue	5,392	4,804	1,611	984	7,003	5,788
Total Direct Costs	2,504	2,123	699	403	3,203	2,526
Total Indirect Costs	2,450	2,431	630	457	3,080	2,888
Total Common Costs	1,321	1,102	711	735	2,032	1,837
Service Expenditure	6,275	5,656	2,040	1,595	8,315	7,251
Net Segment Profit/(Loss)	(883)	(852)	(429)	(611)	(1,312)	(1,463)

*Due to improvements to measurement techniques some 2017 data has been restated.

Notes to the Regulatory Financial Statements

1. Reconciliation of Revenue to the Statutory Accounts

	2018 €m	2017 €m
Mails USO	354.6	342.7
Mails Non USO	258.5	220.2
Consolidation Adjustments	(20.5)	(20.8)
Regulatory Accounts Adjustments*	1.1	0.7
Postage: Letters & Parcels	593.7	542.8
Retail	159.5	158.2
Interest Income & Other Services	147.3	142.6
Revenue Per Statutory Accounts	900.5	843.6
*Regulatory Accounts Adjustments Stamp Retailing Commission etc.	(0.9)	(1.3)
Terminal Dues	2.0	2.0
Total	1.1	0.7

2. Reconciliation of Operating Costs to the Statutory Accounts

	2018 €m	2017 €m
Mails USO Per Regulatory Accounts	364.0	368.5
Mails Non USO	230.5	217.2
Regulatory Accounts Adjustments*	(3.6)	(1.3)
Retail	147.6	133.4
Corporate/Subsidiaries etc.	120.8	117.4
Operating Costs Per Statutory Accounts	859.3	835.2
*Regulatory Accounts Adjustments Stamp Retailing Commission etc.	(0.9)	(1.3)
Impairment Charge - Sorting Equipment	(2.7)	-
Total	(3.6)	(1.3)

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

	2018 €m	2017* €m
Mails USO Per Regulatory Accounts	(9.3)	(26.0)
Mails Non USO	27.9	3.3
Retail	4.7	9.9
Regulatory Accounts Adjustments*	4.7	2.0
Corporate/Subsidiaries etc.	13.2	19.2
Operating Profit/(Loss) - Continuing Operations	41.2	8.4
*Regulatory Accounts Adjustments Revenue	(1.1)	(0.7)
Expenditure	(3.6)	(1.3)
Total	(4.7)	(2.0)

*Due to improvements to measurement techniques some 2017 data has been restated.

Notes to the Regulatory Financial Statements continued

4. Non Current Assets

	Land & Buildings	Motor Vehicles	Computer & Other Equipment	Total
	€m	€m	€m	€m
Net Book Values as at 31/12/2017	172.1	7.2	23.0	202.3
Additions/Disposals/Other	2.8	0.1	6.5	9.4
Depreciation	(6.2)	(2.2)	(8.8)	(17.2)
Net Book Values as at 31/12/2018	168.7	5.1	20.7	194.5

5. Trade and other receivables

	2018 €m	2017 €m
Trade Debtors	49.7	51.2
Inter Group Debtors	0.4	0.5
Prepayments & Accrued Income	3.6	5.6
Total	53.7	57.3

6. Creditors (Amounts falling due within 1 year)

	2018 €m	2017 €m
Trade Creditors	21.0	18.3
Inter Group & Other Creditors	4.6	3.7
Taxation and Social Welfare	12.7	11.2
Accruals	40.5	38.2
Finance Lease - Short Term	11.5	4.7
Deferred Income - Capital Grants	0.1	0.1
Deferred Postage Income	12.1	13.6
Total	102.5	89.8

7. Creditors (Amounts falling due after 1 year)

	2018 €m	2017 €m
Finance Lease - Long Term	3.3	13.6
Government Loan	15.0	15.0
Deferred Income - Capital Grants	2.7	2.9
Total	21.0	31.5

8. Payroll Costs by Cost Type

	2018 €'000	2017 €'000
The aggregate payroll costs and postmasters' costs were as follows:		
Wages and salaries	413,250	405,557
Postmasters: Engaged as Agents	69,659	70,063
Social Insurance Costs	38,162	36,302
Pension costs	47,667	50,124
Total Payroll and Postmasters' Costs	568,738	562,046

Universal Service

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 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 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.com.

Access to Universal Services

An Post provides access to its services through its network of 45 Company post offices and 967 Contract post offices. In addition, some 818 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.

Universal Service continued

Tariffs

The following is a summary of the prices for standard services weighing up to 100g which are applicable since 25 February 2019.

Ireland & NI	Letters (up to C5)	Large Envelopes	Packets	Parcels
Standard Post	€1.00 95c if item bears a franking impression	€2.00 €1.95 if item bears a franking impression	€3.80 €3.70 if item bears a franking impression	€8.00
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
			GB (Great Britain) EUR (Europe) ROW (Rest of World)	GB (Great Britain)EUR (Europe) ROW (Rest of World)
Standard Post	€1.70	€2.90	GB €5.50 EUR €6.00 ROW €7.00	GB €22.00 EUR €28.00 ROW €29.00
Registered Post*	€8.70	€9.90	GB €12.50 EUR €13.00 ROW €14.00	GB €29.00 EUR €35.00 ROW €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 www.anpost.com).

Note: The Communications Regulation (Postal Services) (Amendment) Act 2017¹ 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.

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.

¹www.irishstatutebook.ie/eli/2017/act/3/enacted/en/print.html

Universal Service continued

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 2018. The total continues to represent a minute fraction of the entire mail traffic handled during the year.

Written complaints received from customers	2018	2017
Items lost or substantially delayed	24,551	20,399
Items damaged	1,144	1,151
Items arriving late	1,320	971
Mail collection or delivery:		
Failure to make daily delivery to home or premises	37	40
Collection times/Collection failures	4	-
Misdelivery	1,222	866
Access to customer service information	2	2
Tariffs for single piece mail/discount schemes and conditions	1	3
Change of address (Redirections)	387	485
Behaviour and competence of postal personnel	34	41
How complaints are treated	1	-
Other (not included in above)	1,511	1,670
Total	30,214	25,628

Included in the total figure are complaints about registered items, which number 7,879, (2017: 6,684).

In 2018, there were 746,614 telephone calls, (2017: 684,572) 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.com.

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.com, or by calling into any post office.

Glossary and Explanation of Terms

2018

Year ending 31 December 2018

2017

Year ending 31 December 2017

Accounting Manual

The An Post Accounting Manual for the Accounting period commencing 1 January 2018.

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 on or after 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.com

Regulatory Financial Statements (Regulatory Accounts)

The statements, accounts and reports which specifically refer to the year ended 31 December 2018.

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 (Inter Governmental Agreement governing international rates)

USP

Universal Service Provider

USO

Universal Service Obligation

Volumes

Volumes refer to addressed mail.

