

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS**

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Guernsey Post Limited – Annual Report and Accounts' dated 21 October, 2021, they are of the opinion:-

1. To note the Annual Report and Accounts of Guernsey Post Limited for the year ended 31<sup>st</sup> March 2021.

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

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS**

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

21<sup>st</sup> October, 2021

Dear Sir

**1 Executive Summary**

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

**2 Guernsey Post – Annual Report and Accounts**

- 2.1 Under the terms of Section 8 of the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, the States' Trading Supervisory Board (STSB) is required to submit Guernsey Post's Annual Report and Accounts to the States for their consideration.
- 2.2 Guernsey Post's Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2021, are therefore appended to the policy letter.
- 2.3 The Company made an operating profit of £2,787,000 for the financial year ended 31<sup>st</sup> March, 2021, compared to £1,383,000 for the previous year.
- 2.4 The relationship between the STSB and the company has continued to develop since the role of shareholder passed to the Board in 2016. The evolution of this relationship has included the introduction of formal quarterly shareholder meetings attended by members of both the STSB and the Guernsey Post Board. The quarterly meetings provide an opportunity to review financial and KPI performance for the year to date. They also provide an important opportunity to: firstly, review the company's strategic and business plans and its performance against them; secondly, ensure the STSB understands the key risks facing the business and the steps the company is taking to address them; and,

thirdly, examine opportunities where both parties can work together to promote the interests of the company, the States and the wider community.

### **3 Compliance with Rule 4**

3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

3.2 In accordance with Rule 4(1):

- a) The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 (as amended) requires the Proposition to be put to the States;
- b) The Annual Report and Accounts have been submitted by Guernsey Post Limited;
- c) The Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications;
- d) There will be no additional financial implications to the States of Guernsey of carrying the proposal into effect.

3.3 In accordance with Rule 4(2):

- a) The Proposition relates to the duties of the STSB to carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board;
- b) The Proposition above has the unanimous support of the Board.

Yours faithfully

P J Roffey  
President

C N K Parkinson  
Vice-President

N G Moakes  
Member

S J Falla CBE  
Non-States Member

S J Thornton  
Non-States Member



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**Directors:**

Simon Milsted (Chairman)  
Boley Smillie (Chief Executive)  
Steve Sheridan (Finance)  
Jill Thomas (Commercial)  
Richard Digard (Non-Executive)  
Peter Shaefer (Non-Executive)  
Mark Dunster (Non-Executive)  
Paula Williams (Non-Executive)  
(appointed 02 February 2021)

**Auditor:**

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

**Registered Office:**

Envoy House  
La Vrangue  
St Peter Port  
GUERNSEY  
GY1 1AA

**Company Number:**

38693



# CHAIRMAN'S STATEMENT

*“ I have been humbled to witness how deep the duty to serve our community runs through the organisation at a time when our services have never been more important to the people of the Bailiwick. ”*

### AN UNPRECEDENTED YEAR

I wish to start this report by expressing my sincere gratitude to the entire team at Guernsey Post Limited for their unwavering commitment during a period of unrelenting and unprecedented challenges posed by the COVID-19 pandemic. I have been humbled to witness how deep the duty to serve our community runs through the organisation at a time when our services have never been more important to the people of the Bailiwick.

As the COVID-19 pandemic unfolded, we took swift and decisive action, altering our patterns of working to safeguard the health and wellbeing of our employees and customers, in addition to being fully aligned with the directives issued by the Government and Public Health.

By establishing several satellite delivery sites across the Island, we ensured our teams continued to operate safely and in line with social distancing requirements. Having taken these measures, alongside the implementation of our remote working plan for our office staff, our core mail service provision remained fully operational. Indeed, many of these contingency measures have remained in place throughout the year and ensured a continued focus on safety during some difficult times, including the second lockdown.

Operational changes to our Retail opening times were also implemented to allow safe working for employees and which better reflected the changing demands of our customers during the year.

### MAIL VOLUMES

Guernsey Post Limited has seen a trend of decline in traditional letter and large letter volumes in the preceding years; however, the arrival and impact of COVID-19 on the core operations of Guernsey Post Limited, its customer base and the postal industry more broadly was nothing short of unprecedented.

As the pandemic took hold and working from home arrangements began to be enforced in the Bailiwick, an acceleration of the core mail decline was evident as businesses adopted new communication methods. The rate of decline in traditional letter

volumes has been over 20% in the past year alone, which we expect for the most part is irreversible.

In contrast, however, parcel volumes saw significant increases as consumers shifted from physical store purchases to online orders in periods of lockdown, with increases of over 30% on the previous year, albeit from a smaller base.

During the challenging weeks of both lockdowns, we naturally worked hard so far as was permitted by the Public Health Department, with considerable success, to accommodate the needs of our major bulk mailing customers who were facing particular challenges of their own during this troubled time.

### DIVERSIFICATION

A key focus of the Board remains the growth and diversification of revenue streams, and this has never been more important than in this financial year.

Guernsey Post Limited has embarked on several strategies in the year to complement the strengths of the business, including being awarded the **CI Lottery** distribution business for Guernsey, a service which has now been successfully operational for over a year and one which compliments the core account management and delivery skills our business has been built upon.

In response to the global pandemic, many retailers quickly adapted their businesses to online and home delivery. Working in partnership with retailers, Guernsey Post Limited swiftly established **IsleDeliver**, a specialist delivery service, which employs a dedicated team offering timed delivery solutions. In addition to securing a number of local retailers, we are continuing to seek to grow and further diversify. As an example, sales within the chilled meal box market has proved very successful during the past year.

### ACQUISITION

Our most notable element of diversification in the period was the acquisition of **HR Air**, a Channel Islands and UK based freight company. As a business we pride ourselves on embracing new opportunities and innovation, and the acquisition of a fully dedicated freight business with offices beyond our shores will

offer many exciting opportunities to further strengthen and improve our service to the Island's population and business community.

The acquisition of HRAir also marks another significant milestone in Guernsey Post Limited's strategy to diversify its business. Guernsey Post Limited is no different to many postal authorities all over the world who are seeking to broaden revenue streams to offset the declines in existing markets and this acquisition will represent an opportunity for both companies to better address the future with confidence.

## ENVIRONMENTAL AND COMMUNITY INITIATIVES

We are delighted to have been ranked first in the independent brand reputation survey for the third consecutive time, ahead of some noteworthy organisations. This award was particularly pleasing considering the assessment criteria of being regarded trustworthy, associated with good quality and recognition for making a positive contribution to the local community, all of which are attributes that are deeply engrained within our core values.

Our community focused approach continues to remain integral to us, and we have been pleased to support several initiatives again this year including our ongoing support for Alderney's local radio station, which is a not-for-profit organisation and fundraising efforts for Alderney's Football Club, both of which are important contributors to community life in Alderney.

We are also pleased to have been able to assist the St Peter Port Christmas Lights Charity for the fourth year running, with fundraising through our Door2Door service generating 50% of the target the charity needs to cover the cost of running the lights. The lights undoubtedly create a festive atmosphere and helps support the local retail sector with increased footfall.

This year, we have again worked closely with The Guernsey Literary Festival, St James' Concert Hall, the 76th Liberation Celebrations and the Saffery Rotary Walk.

We are also pleased to have been ranked first for 'caring about the environment' by the Independent Brand Reputation Survey, alongside which we are proud to be one of the founding members of The Guernsey Green Forum, which seeks to represent a wide variety of sectors who share a belief that business has a critical part to play in reaching the islands' environmental and sustainability goals.

## DIVIDEND

In the context of the overall financial position of the business, combined with strong underlying operational performance, the Board is pleased to propose an ordinary dividend in respect of the year ended 31 March 2021 of £1.3m.

The Board also keeps under constant review the health of the Company's Balance Sheet in the context of our Universal Service Obligations, the inherent commercial risks within our industry and the future demands of our strategy. Such factors require that the Board seeks to maintain a disciplined capital investment policy and an appropriate level of liquidity. Subject to these necessary business disciplines, Guernsey Post Limited also wishes to fully play its part in supporting the States of Guernsey financially through its investment shareholding, particularly in the challenging times that are currently being faced

## THE BOARD

I am pleased to welcome Paula Williams to the Board as a Non-Executive Director, bringing with her significant commercial, financial, corporate governance and regulatory expertise. With over 20 years' experience in business transformation roles based in London, Australia, New Zealand and Guernsey, Paula will bring a broad range of valued skills to the Board.

## OUTLOOK

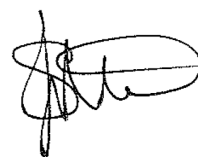
The outlook for the coming year is set to be challenging and difficult to forecast, with the full effects of the economic changes caused by the COVID-19 pandemic not yet known. With containment measures likely to continue to impact economic and customer activity in the short term and with businesses having now adjusted to the impact of lockdown restrictions by relying on alternative forms of communication, the accelerated decline of traditional mail volumes is not expected to be reversed even when we finally see a return to post pandemic normality.

Conversely, it is expected that parcel volumes will continue to see growth, albeit at more modest rates. With parcels now accounting for an ever-increasing portion of mail volumes handled, further investment in parcel automation has become a strategic priority for the business as an enabler to drive increased efficiency, build capacity for growth and to remain competitive in the light of continual pricing challenges.

Over the following year and beyond, the business will also see significant price increases levied on our contract with Royal Mail for mail conveyed to the UK and internationally, with the latter being as a result of wider reforms to the charging mechanisms applied by other countries. Despite our best efforts in keeping costs to our customers as low as possible, these impending contract changes will inevitably impact future tariff rates.

Considering these challenges, the Board remains committed to identifying and growing the other non-postal sectors of our business to further supplement our core activities. In this regard, the Board remains entrepreneurial and opportunistic in identifying further diversification opportunities that complement the core skill set of the Company, whilst not compromising Guernsey Post Limited's standing as a premier postal service, providing a best in class service to the community.

In concluding my report, I should advise that this report will also represent my last as Chairman and Non-Executive Director of Guernsey Post Limited. During my time as Non-Executive Director, the Company has faced many defining challenges, and I am extremely grateful to my fellow Directors and the entire employment team for their friendship, support and unwavering commitment to the Company and our customers alike during this time. In handing over my responsibilities to my future successor, I do so in the knowledge that the Board has a robust strategic plan in place and a clear understanding of the actions and initiatives that will be required over the coming years to ensure continued and sustainable success.



S J Milsted, *Chairman*  
26 July 2021



# Business Review for the Year

## OUR RESULTS

Guernsey Post Limited is pleased to report an operating profit of £2.8m for the year ended 31 March 2021, which is an increase of £1.4m from the prior year operating profit performance.

Shoal Bay Holdings Limited and HR Air Ltd in March 2021 of £3.4m (2020: Nil).

Capital spend in the year was £0.6m (2020: £1.1m), the primary investment being £0.4m in the replacement of the vehicle fleet.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**Turnover** for the year was £41.5m, an increase of £9.7m (31%) in the year. The Group recorded strong performance in all business areas, particularly bulk customer business and parcel revenues.

**Expenditure** for the year was £38.7m, an increase of £8.3m (27%) on the prior year.

Direct costs of £20.8m, associated with servicing revenues increased by £6.4m (44%) in the year, the increase being primarily attributable to contractual and conveyance costs.

Staff related expenditure for the year was £14.1m, an increase of £1.5m (12%). The number of reported full-time equivalent employees being 269.

Depreciation costs at £0.9m decreased slightly in the period. Amortisation of goodwill in the year related to the recent acquisition of Shoal Bay Holdings Limited and its subsidiary HR Air Ltd.

**Profit on ordinary activities before Taxation** for the year was £4.3m, an increase of £2.9m when compared to the prior year. This increase in profit before tax is partially (£1.6m) due to higher than anticipated investment returns on funds invested by the States Treasury on the Group's behalf, with the remainder of the growth in profitability (£1.4m) being attributable to strong business performance during the year.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group continues to operate profitably with a strong Balance Sheet and a healthy liquidity position. Shareholders' funds were £26.9m, an increase of £2.9m in the year, in part attributed to the acquisition of Shoal Bay Holdings Limited and its subsidiary HR Air Ltd.

At the year end, the Group reported a cash balance of £2.8m (2020: £5.7m), alongside separate short-term investment balances held with States Treasury of £8.3m (2020: £5.3m) and £5.2m (2020: £4.3m) of current assets, supported by a £14.9m (2020: £11.9m) fixed assets base.

Reported current liabilities and provisions were £4.3m (2020: £3.2m).

## CONSOLIDATED STATEMENT OF CASH FLOWS

The Group had net inward cash movements of £0.2m during the year (2020: cash outflow of £1.2m), with net cash generated from operations contributing £3.9m (2020: £0.4m) in the year.

The primary cash flow adjustments related to £1.4m paid out in dividends during the year (2020: £1.1m), £1.5m investment returns (2020: £45k investment loss) and costs relating to the acquisition of

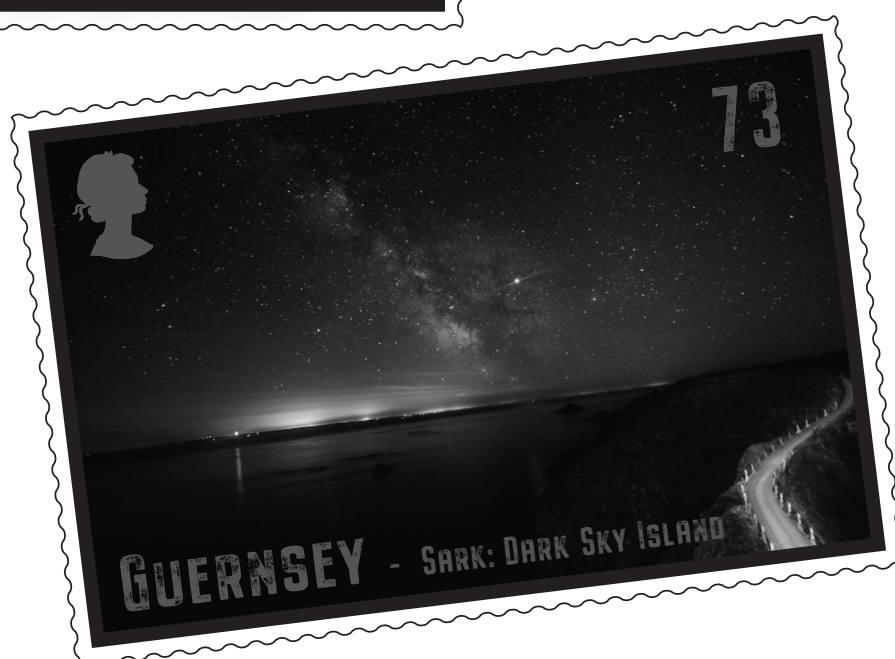
“*Guernsey Post Limited is pleased to report an operating profit of £2.8m for the year ended 31st March 2021*”

## OPERATIONAL SUMMARY

The total number of mail items handled during the year was approximately 50m, which was an increase of 10.6m items (27%) on the prior year. Notwithstanding growth in inward parcel volumes from the UK, Jersey and international destinations, total inward mail delivered was down 11% on prior year, impacted by the ongoing decline seen in inward letters volumes.

Total outward mail was up 50% on prior year, primarily because of an increase in outward bulk volumes during the year and unprecedented demand for over the counter retail postal services as a result of the impact of the pandemic on the postal preferences of our customers.

Quality of service performance results for the year have not met the set targets during the period, as a result of the unprecedented operational challenges faced by postal jurisdictions throughout the pandemic and associated lockdowns, including changes to the timing of mail arriving on island, as ports adjusted their operational hours, mail sorting operations being split over 5 sites to ensure safe working operations and, at times, a significant reduction in staff availability due to staff having to shield and take periods of self-isolation.



## BOARD PROFILE



**Simon Milsted**  
CHAIRMAN

Before moving to Guernsey in 2010, Simon Milsted had a very active career in the UK in both the professional and commercial sectors. On qualification as a Chartered Accountant in 1982, Simon joined the corporate reconstruction department of Price Waterhouse's City of London office.

On leaving Price Waterhouse some 7 years later, Simon moved to the West Country and has since been engaged in a wide variety of commercial situations both in an advisory capacity and as principal. He has experience in many industry sectors including food, business travel, process outsourcing, financial services, insurance and logistics. He has also enjoyed a large and varied corporate finance experience over this time.

Throughout his career, Simon has sat on a number of representative bodies of his profession and Government sponsored support agencies. He now lends his experience to a number of Guernsey charity organisations and maintains a number of non-executive board roles on the island.

Since joining Guernsey Post in September 2009, Simon has sat on the Pension, Audit and Risk Committees and in September 2018 was invited to become chairman of the Group.



**Boley Smillie**  
CHIEF EXECUTIVE

Born and raised in Guernsey, Boley Smillie joined Guernsey Post Limited in 1991 from his secondary education at La Mare de Carteret School. The subsequent years saw him gain a wide range of experience in different roles, rising through the ranks of the Company. Boley became Operations Director in 2007 and was appointed as an Executive Director in April 2010. In September 2010, Boley was promoted to the role of Chief Executive.

During his time as Chief Executive, Boley has successfully led the company through a number of significant challenges, ranging from the consequential impact of the abolition of low value consignment relief, to the restructuring of the business designed to maximise the growth opportunities in

e-commerce. Boley has added to his hands-on experience by undertaking a number of professional qualifications in marketing, business and finance.

In 2021, Boley led negotiations on the acquisition of the freight and logistics business, HR Air Ltd, a significant milestone in Guernsey Post Limited's diversification strategy. Boley was subsequently appointed as a Director of the Company.

Boley is also the Non-Executive Chairman of Guernsey Mind, an advisor on the Guernsey Ports Board and is Deputy Industrial Disputes Officer.



**Steve Sheridan**  
FINANCE DIRECTOR

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

Steve has over 25 years' experience in accountancy and financial control roles, having held a number of senior positions within the insurance, fiduciary, banking and commercial sectors. On qualification as an Accountant in 2004, Steve joined a Channel Island based retail business as their Financial Controller and General Manager.

During his time in this role, he was successful in developing an effective management reporting structure helping to drive business performance and associated rationalisation and restructuring initiatives.

Steve also spent a number of years working for Credit

Suisse (Guernsey) Limited in a variety of financial accounting and project roles, one of which included being part of a project team tasked with the full deployment of its local financial accounting function to India. More latterly, Steve was employed within the Private Banking and Asset Management Division, where he held the position of Head of Financial Management for the Channel Islands.

Steve was appointed Finance Director with Guernsey Post Limited in early 2014 and holds the Institute of Directors Diploma in Company Direction.

Steve was appointed as a Director of HR Air Limited in March 2021.



**Jill Thomas**  
COMMERCIAL  
DIRECTOR

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

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

Jill then moved to a corporate uniform company based in Oxfordshire, as their Head of Procurement in 2001. She was promoted to Procurement Director and, in 2005, took on the role of Managing Director which she

held until she moved to Guernsey with her husband in 2009.

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



**Richard Digard**  
NON-EXECUTIVE

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

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

He returned to the Guernsey Press and Star in 1997 and was appointed Editor in 2000. He subsequently joined the Board of the Guernsey Press Co. Ltd and then Guiton Publishing, a group board committee responsible for the strategic direction and performance of its two Channel Islands newspapers.

These experiences include a strong trading background with a hands-on approach to the challenges and opportunities created for established industries by new technology.

Since retirement in 2014, he has been a member of the Independent Review Panel appointed by the States to consider States Members' remuneration and served as a Member of the States Scrutiny Management Committee until early 2017. Richard is also a Non-Executive Director of a company acting as trustees of a Guernsey-based pension scheme and with delegated responsibilities for a Jersey-based scheme. He has also been a Douzenier of the Vale Parish since 2016.

## BOARD PROFILE



**Peter Shaefer**  
NON-EXECUTIVE

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

Peter has enjoyed a varied career, including:

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

Asia and Senior Vice President, Business Development, with responsibility for Mergers & Acquisitions and accelerating international development;

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

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

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

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



**Mark Dunster**  
NON-EXECUTIVE

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

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

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

Mark is the past Chairman of the Guernsey Association of Compliance Officers and the former Chairman of the Guernsey Bar Association.

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

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



**Paula Williams**  
NON-EXECUTIVE

Originally from New Zealand, Paula and her family moved to Guernsey in 2012. As an experienced Management Consultant, Paula has over 20 years of experience in business transformation in London, Australia, New Zealand and Guernsey. Paula has an MBA in Strategic Management from Henley Business School, the Institute of Directors Diploma in Company Direction and experience working with businesses to improve company performance.

Paula has been a Non-Executive Director for 5 years for the Channel Islands Co-operative Society and President for 18 months. As Managing Director for Island Consortium, Paula is actively involved in working with other businesses to meet their regulatory training requirements. In her spare time, Paula is also Chair of the Bailiwick of Guernsey Scout Association, which won the Queens Award for Voluntary Service in 2019.



# Corporate Governance Report

## COMPLIANCE

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

Guernsey Post Limited has signed a Memorandum of Understanding with the States' Trading Supervisory Board that sets out the rights, expectations and duties of both parties and includes the requirement to comply with best practice on corporate governance. Guernsey Post Limited has continued to work on its corporate governance programme during the financial year ended 31 March 2021, and the achievements are summarised in this report.

## THE BOARD

### DIRECTORS

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

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

Matters referred to the Board are governed by a scheme of delegated authorities that provides the framework for the decisions to be taken by the Board, those which must be

referred to our Shareholder and those which can be delegated to Committees of the Board, or senior management.

There were ten board meetings held during 2020/21. If a Board member cannot attend a meeting, he or she receives a copy of the agenda and the accompanying papers in advance of the meeting and is invited to comment on the matters to be discussed.

The names of the members of the Board Committees are set out on pages 12-13 (\*16-18), together with details of their background. The Board Committees have authority to make decisions according to their terms of reference.

### CHAIRMAN AND THE CHIEF EXECUTIVE

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

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

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

### BOARD BALANCE AND INDEPENDENCE

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

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

### APPOINTMENTS TO THE BOARD

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

The Nominations Committee meets 1-2 times a year to consider the balance of the Board, job descriptions and objective criteria for Board appointments and succession planning.

## INFORMATION AND PROFESSIONAL DEVELOPMENT

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

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

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

# CORPORATE GOVERNANCE REPORT

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

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

ATTENDANCE AT BOARD COMMITTEE MEETINGS (A)				
	Board	Audit and Risk Management Committee	Nominations Committee	Remuneration Committee
Boley Smillie	10/10			
Steve Sheridan	9/10			
Simon Milsted	10/10			
Richard Digard	10/10	1/1		
Jill Thomas	9/10			
Peter Shaefer	10/10	1/1		
Mark Dunster	10/10		1/1	2/2
Paula Williams	3/3			

(A) The first figure represents attendance and the second figure the possible number of meetings e.g. 9/10 represents attendance at 9 out of a possible 10 meetings. Where a Director stepped down from the Board, or a Board Committee, during the year, or was appointed during the year, only meetings before stepping down, or after the date of appointment, are shown.

During the transitional period from Non-Executive Directors retiring from the Board and their successors being appointed, if any sub-committee of the Board found itself inquorate, any decisions proposed by such sub-committees would be referred to the main Board meeting for ratification.

## PERFORMANCE EVALUATION

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

## ELECTION AND RE-ELECTION OF DIRECTORS

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

Non-Executive Directors serve the Group under letters of appointment, which are generally for an initial three-year term. Their appointment is also ratified by the States of Guernsey.

In accordance with the Articles of Association, Simon Milsted and Peter Shaefer are due to retire by rotation. Peter Shaefer, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting.

## REMUNERATION

The Board recognises the importance of Executive Directors' remuneration in recruiting, retaining, and motivating the individuals concerned. Executive Directors' remuneration consists of basic salary, benefits in kind, bonus, and retirement benefits. Fees for the Chairman and Non-Executive Directors are determined by the States' Trading Supervisory Board.

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

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

The intention of the Consolidated Annual Report is to provide a clear assessment of the performance and financial position of Guernsey Post Limited. The Group has a comprehensive system for reporting financial results to the Board. An annual

budget is prepared and presented to the Board for approval. During the year, monthly management accounts, including the Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and capital expenditure reporting, are prepared with a comparison against budget and prior year. Forecasts are revised half yearly in the light of this comparison and are also reviewed by the Board.

## INTERNAL CONTROL AND RISK MANAGEMENT

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

The Audit & Risk Management Committee has previously considered the need for an internal audit function and concluded that the financial position, size, and complexity of the Group could not justify the expense, which the Board ratified. The Board is happy to continue relying on the strength of the internal control environment through updates on risk management and internal control, health and safety reports, AML and CFT compliance, monthly management information and representations from the Executive Team. This approach is further complimented by external third-party assurance reviews where and when appropriate.

## AUDIT & RISK MANAGEMENT COMMITTEE AND AUDITOR

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

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

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Committee considers that it has acted in accordance with its term of reference, ensuring:

- The independence, objectivity and effectiveness of external auditors.
- The Group has appropriate controls and measures in place to mitigate against material risks to its business.
- The integrity of the financial statements. Reviewing significant financial reporting issues and judgements they contain.
- Whistle blowing arrangements are in place.
- Going concern and viability of the Group.
- Recommended distribution of profits appropriately reflects the solvency of the Group.

The Committee recommends that the Board approve the Group's financial statements for the 12 month period ended 31 March 2021, including the independent auditors report and unqualified opinion of Deloitte LLP to these financial statements.

## SHAREHOLDER RELATIONS

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

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

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

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

## COMMITTEES OF THE BOARD AND MAIN TERMS OF REFERENCE

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

Mark Dunster is the Chairman of the Nominations Committee, supported by Paula Williams, with effect from her appointment to the Board in February 2021. The main terms of reference of this Committee are to regularly review the structure, size, and composition of the Board and to make recommendations on the role and nomination of Directors for appointment to the Board, Board Committees and as holders of any executive office, as well as ensuring that appropriate succession plans are in place for the Board and the Executive Team. When considering future Board appointments, the Nominations Committee pays due regard to issues of diversity, including gender. The Committee met once in 2020/21 and only Mark Dunster of the Committee was present at this meeting and any decisions requiring ratification in such circumstances were taken to a full Board meeting.

Mark Dunster is also the Chairman of the Remuneration Committee, supported by Paula Williams, with effect from her appointment to the Board in February 2021. The main terms of reference of this Committee are to determine and agree with the Board the remuneration policy for the Group's Executive Team, to approve the design of, and determine targets for, any performance related pay schemes operated by the Group and to determine the policy for, and scope of, pension arrangements for each Executive Director. The Committee met twice in 2020/21 and only Mark Dunster of the Committee was present and any decisions requiring ratification in such circumstances were taken to a full Board meeting.



# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors present their consolidated annual report, together with the financial statements, for the year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The Group's principal activities are the provision of a postal service for the Bailiwick of Guernsey through a postal network and retail counter operation in accordance with the license awarded to it by the Guernsey Competition and Regulatory Authority ('GCRA') and the marketing of its postage stamps and other philatelic products to stamp collectors worldwide.

Through the acquisition of Shoal Bay Holdings Limited and HR Air Ltd in the year, the Group also expanded its principal activities to cover freight and courier services between Guernsey, Jersey and the UK, as well as warehousing and distribution services.

## SIGNIFICANT EVENTS

On 11 March 2020, the World Health Organisation ('WHO') declared COVID-19, the disease caused by novel coronavirus, a global pandemic.

As case numbers rose in the Bailiwick of Guernsey, the islands were placed under lockdown twice in the period – firstly in March 2020 and again in January 2021, severely impacting both Guernsey Post Limited, and the majority of its customers.

The States of Guernsey reviewed working arrangements for locally based businesses and classified Guernsey Post Limited as an essential business, which was permitted to remain open. To enable this to be done in a safe and secure manner, modifications to standard operations were swiftly implemented, including:-

- Entering into short term leases on four properties to allow the postal operation to be split geographically across the island, thereby allowing postal workers to operate safely in line with Public Health guidelines;
- Shifting to a working from home arrangement for all non-essential members of staff;
- Reduction in operational hours for retail stores;
- Closure of BATIF, the Group's foreign currency bureau; and
- Cancellation of some 'non-core' services, including the distribution of lottery tickets and the circularisation of 'Door 2 Door' advertising flyers.

By taking these measures, Guernsey Post Limited was able to maintain substantially all of its core services throughout periods of restricted movement. The effect COVID-19 had on these core services was mixed, with both positive and negative changes experienced across our service lines.

The impact on traditional mail volumes, in

particular, was pronounced, with significant acceleration in letter volume declines. To offset this, parcel and packet volumes grew significantly in the year, reflecting the change in consumer habits as more customers were forced to source goods online during periods of lockdown.

Notwithstanding the impact on core mail volumes caused by COVID-19, Guernsey Post Limited has continued in its pursuit of growth and diversification opportunities central to Guernsey Post Limited's core competencies. Within the period, Guernsey Post Limited established two new service offerings as part of this initiative:-

- IsleDeliver - a local delivery service primarily fulfilling groceries and perishable items for retailers within the Bailiwick of Guernsey; and
- Channel Island Lottery Distribution – storage and distribution of lottery tickets to local retailers on behalf of the States of Guernsey.

Furthermore, on 19 March 2021, Guernsey Post Limited acquired 100% ownership of the Channel Islands and UK based freight company, HR Air Ltd and its holding company, Shoal Bay Holdings Limited. The company has operations based in Guernsey, Jersey and the United Kingdom (Heathrow) providing services to global freight and logistics companies, including air and sea freight, consignment collection services and distribution and delivery services.

Both Guernsey Post Limited and HR Air operate independently; however, the financial results of HR Air from the date of acquisition are included in this report.

## RESULTS

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 18 (\*25).

## DIVIDEND

The Directors recommend a dividend of £1.3m based upon the profits for the year ended 31 March 2021 (2020: £444k, excluding special dividend of £1m).

## FIXED ASSETS

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

## DIRECTORS

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

Simon Milsted  
Boley Smillie  
Steve Sheridan  
Jill Thomas  
Richard Digard  
Peter Shaefer  
Mark Dunster  
Paula Williams (appointed 02 February 2021)

No Director has an interest, either beneficially or non beneficially, in any shares of the Group (2020: no interest beneficially, or non beneficially).

In accordance with the Articles of Association, Simon Milsted and Peter Shaefer are due to retire by rotation. Peter Shaefer, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DISCLOSURE OF INFORMATION TO AUDITORS

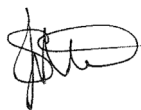
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Group's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself,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

## AUDITORS

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



B Smillie  
Chief Executive



S J Milsted  
Chairman

# INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the consolidated financial statements

### OPINION

In our opinion the consolidated financial statements of Guernsey Post Limited and its subsidiaries (the group):

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the consolidated financial statements which comprise:

- the consolidated profit and loss account and other comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 16.

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

### BASIS FOR OPINION

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

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies (Guernsey) Law, 2008 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the

organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the revenue recognition of Bulk and Southbound customers, and our specific procedures performed to address it included are described below:

- assessing the design and implementation of key controls identified around bulk revenue and southbound revenue process;
- obtaining independent third-party confirmation from Royal Mail (with respect to southbound revenue) and a sample of the largest bulk customers;
- agreeing revenue to invoices and bank statements on sample basis for the remaining bulk population;
- inspecting a sample of receipts as per the bank statements and tracing these to supporting documentation and the general ledger for the remaining bulk population to ensure that revenue recorded is complete; and
- obtaining a month-on-month breakdown of southbound and bulk revenue streams and undertaking graphical analysis to analyse the trends to ensure they are in line with our expectations and understanding of the business.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in respect of these matters.

### USE OF OUR REPORT

This report is made solely to the group's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed..

Deloitte LLP,  
St Peter Port, Guernsey  
2 August 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	31 March Consolidated 2021 £'000	31 March Company only 2020 £'000
<b>Turnover</b>	1	<b>41,494</b>	31,765
<b>Expenses</b>	2	<b>(38,707)</b>	(30,382)
<b>Operating Profit</b>		<b>2,787</b>	1,383
<b>Other income / (losses)</b>			
Investment returns / (losses)		1,522	(45)
Interest income		-	5
Rental income		97	122
Revaluation of Investment Property	7	(100)	(15)
<b>Profit on ordinary activities before taxation</b>		<b>4,306</b>	1,450
<b>Tax credit on profit on ordinary activities</b>	3	<b>31</b>	31
<b>Profit for the financial year</b>		<b>4,337</b>	1,481

All activities are derived from continuing operations

The notes on pages 22 to 32 (\*29 to 45) form an integral part of these financial statements

\* These page numbers refer to the original Financial Statements document approved by the auditors.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

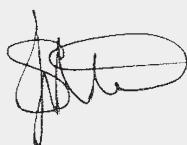
At 31 March 2021

	Notes	31 March 2021 Consolidated £'000	31 March 2020 Company Only £'000
<b>Non-current assets</b>			
Tangible fixed assets	6	10,358	10,706
Goodwill	5	3,396	-
Investment property	7	860	960
Debtors greater than one year - Deferred tax	9	240	209
		<b>14,854</b>	11,875
<b>Current assets</b>			
Cash at bank and in hand	1	2,843	5,717
Balances with States Treasury	10,14	8,338	5,259
Debtors	8	4,907	4,133
Stock		263	213
		<b>16,351</b>	15,322
<b>Creditors: Amounts falling due within one year</b>	11	<b>(4,343)</b>	(3,228)
<b>Net current assets</b>		<b>12,008</b>	12,094
<b>Total assets less current liabilities</b>		<b>26,862</b>	23,969
<b>Provisions greater than one year</b>	15	-	-
<b>Net assets</b>		<b>26,862</b>	23,969
<b>Capital and reserves</b>			
Shareholders' capital	12	7,886	7,886
Retained earnings		18,976	16,083
		<b>26,862</b>	23,969

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 July 2021.  
They were signed on its behalf by:



**B Smillie**  
Chief Executive



**S J Milsted**  
Chairman

**The notes on pages 22 to 32 (\*29 to 45) form an integral part of these financial statements.**

\* These page numbers refer to the original Financial Statements document approved by the auditors.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Shareholder's Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
<b>Balance at 1 April 2019</b>	7,886	15,662	<b>23,548</b>
Profit for the financial year	-	1,481	<b>1,481</b>
Dividends	-	(1,060)	<b>(1,060)</b>
<b>Total contributions by and distributions to owners</b>	-	1,060	<b>1,060</b>
<b>Balance at 31 March 2020</b>	7,886	16,083	<b>23,969</b>
<b>Balance at 1 April 2020</b>	7,886	16,083	<b>23,969</b>
Profit for the financial year	-	4,337	<b>4,337</b>
Dividends	-	(1,444)	<b>(1,444)</b>
<b>Total contributions by and distributions to owners</b>	-	(1,444)	<b>(1,444)</b>
<b>Balance at 31 March 2021</b>	7,886	18,976	<b>26,862</b>

The notes on pages 22 to 32 (\*29 to 45) form an integral part of these financial statements.

\* These page numbers refer to the original Financial Statements document approved by the auditors.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 Consolidated £'000	2020 Company Only £'000
<b>Operating activities</b>			
Profit or loss for the financial year		4,337	1,481
Adjustments for:			
Depreciation and amortisation		932	963
Profit on sale of tangible fixed assets		(13)	(72)
Rental income		(97)	(122)
Interest and similar (income) / expense		(1,522)	40
Revaluation of investment property		100	15
Taxation		(31)	(31)
(Increase) in stocks		(50)	(10)
(Increase) in debtors		(388)	(531)
increase / (decrease) in creditors		620	(1,323)
<b>Net cash generated from operations</b>		<b>3,888</b>	<b>410</b>
Interest received		-	5
Rent received		97	122
Tax received / (paid)		31	154
<b>Net cash inflow from operating activities</b>		<b>4,016</b>	<b>691</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(619)	(1,118)
Investment return / (loss)		1,522	(45)
Acquisition of Subsidiary		(3,432)	-
Proceeds from sale of tangible fixed assets		162	301
<b>Net cash outflow from investing activities</b>		<b>(2,367)</b>	<b>(862)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	4	(1,444)	(1,060)
<b>Net cash outflow from financing activities</b>		<b>(1,444)</b>	<b>(1,060)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>205</b>	<b>(1,231)</b>
Increase / (decrease) in cash balances		205	(1,231)
Cash and cash equivalents at 1 April		10,976	12,207
<b>Cash at bank and investments held as at 31 March 2021</b>		<b>11,181</b>	<b>10,976</b>
<b>Represented by:</b>			
Balances with States Treasury		8,338	5,259
Cash		2,843	5,717
		<b>11,181</b>	<b>10,976</b>

The notes on pages 22 to 32 (\*29 to 45) form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

### 1. Significant accounting policies

#### Reporting entity

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

#### Basis of consolidation

On 19 March 2021, Guernsey Post Limited acquired 100% of the ordinary share capital of Shoal Bay Holdings Limited and its subsidiary HR Air Ltd. ("the Subsidiaries" and all together "the Group").

These Group financial statements consolidate the financial statements of the Company and the Subsidiaries up to 31 March 2021. The results of the Subsidiaries acquired are consolidated for the periods from, or to the date, on which control passed to Guernsey Post Limited.

Where necessary adjustments are made to the financial statements of the Subsidiaries to bring them in line with the policies used by Guernsey Post Limited, all intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### Basis of accounting

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

#### Going Concern

These financial statements are prepared on a going concern basis.

After making enquiries and reviewing the Group's forecasts and projections, taking account of reasonably possible changes in trading performance in light of current economic conditions, the UK's withdrawal from the EU and the impact of COVID-19, which all may have an impact on the volume of mail handled by the Group, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

#### Use of judgements and estimates

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

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

##### a. Judgements

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

- Note 1 - Business combinations - Basis for determining the value and recoverability of goodwill, amortisation period and the basis

for consolidation

- Note 3 - Taxation - Basis for determining classification of regulated and non regulated profits

- Note 15 - Provisions - dilapidations

##### b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to amounts reported in the financial statements for the year ended 31 March 2021 is included in the following notes:-

- Note 1 - Tangible Fixed Assets - determination of useful economic life of fixed assets

- Note 1 - Business combinations - determination of the amortisation period of goodwill

- Note 7 - Investment Property - determination of fair value of investment property

- Note 9 - Deferred Tax - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

#### Basis of measurement

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

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

#### Turnover

Sales of stamps are accounted for on a receipt of funds basis and no provision is made for postal services expected to be provided for stamps in circulation, as the Directors deem this to be immaterial. All other income from goods and services supplied are accounted for on an accruals basis.

#### Other income

Rental income is recognised on a straight line basis over the term of the lease. Interest and investment income is recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

#### Expenses

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

#### Taxation

Income tax expense computations are based on the jurisdictions in which profits were earned at the prevailing rates of tax in the respective jurisdictions. The majority of the Group's profits are reported by Guernsey Post Limited (the "Company").

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

# NOTES TO THE FINANCIAL STATEMENTS

year ended 31 March 2021

## 1. Significant accounting policies - continued

### Deferred Taxation

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

### Dividends

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

### De-recognition of assets

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

### Provisions

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

### Impairment of non-financial assets

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

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

### Stock

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

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

### Tangible fixed assets

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

There are periodic reviews of fixed assets and any adjustments required will be recognised in the Consolidated Statement of Comprehensive Income, as and when identified.

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

### Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is recognised in impairment of intangible fixed assets in the Consolidated Statement of Comprehensive Income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

### Amortisation

Goodwill was acquired as part of the acquisition of Shoal Bay Holdings Limited on the 19 March 2021 (see note on business combinations for more information). Amortisation is being applied on a straight line basis of 10 years.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

### 1. Significant accounting policies - continued

#### Basic Financial Instruments

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

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

Creditors are initially recognised at transaction price. Debtors and creditors due within one year continue to be measured after their initial recognition at the undiscounted amount of cash or other consideration expected to be paid or received.

#### Foreign currency

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

#### Pension costs

From 1 August 2016, Guernsey Post Limited has an established defined contribution pension scheme, for which all eligible staff are required to join. Both Guernsey Post Limited and its employees pay contributions into this independently administered fund. The cost of providing these benefits is recognised within the Consolidated Statement of Comprehensive Income, and comprise both the amount of contributions payable to the scheme and associated scheme administration costs for the year.

#### Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the Consolidated Statement of Comprehensive Income.

#### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

On 19 March 2021, Guernsey Post Limited acquired 100% of the ordinary share capital of Shoal Bay Holdings Limited for a total consideration of £4.9m paid in cash, £0.25m of which being deferred until September 2021.

Shoal Bay Holdings Limited (Incorporated in Jersey) acts as a holding Company to HR Air Ltd (incorporated in Jersey), owning 100% of the ordinary share capital of HR Air Ltd.

The principal activity of HR Air Ltd. is to provide courier, freight, warehousing and distribution services from sites in Guernsey, Jersey and the UK.

HR Air Ltd. provides complimentary services to Guernsey Post Limited and is a well established business with strong customer relations, an experienced workforce and the acquisition provides the opportunity to establish synergies and economies of scale through the business combination.

The business combination has resulted in the recognition of Goodwill of £3,425,000. The following table summarises the consideration transferred and the amounts for assets and liabilities recognised after the business combination:

Consideration	£'000
Cash	4,946
<b>Amounts for assets and liabilities recognised</b>	
Tangible fixed assets	85
Trade and other receivables	417
Cash and cash equivalents	1,264
Trade and other creditors	(245)
<b>Total identifiable net assets</b>	<b>1,521</b>
<b>Goodwill</b>	<b>3,425</b>

# NOTES TO THE FINANCIAL STATEMENTS

year ended 31 March 2021

## 2. Expenses

	31 March 2021 £'000	31 March 2020 £'000
Direct costs	20,807	14,372
Staff costs	12,713	11,314
Directors' remuneration	855	712
Other staff expenditure	556	540
Support costs	2,648	2,379
Operating Lease payments	196	102
Depreciation	903	963
Amortisation of goodwill	29	-
<b>Total</b>	<b>38,707</b>	<b>30,382</b>

Pension scheme payments made into the defined contribution scheme, included within the staff costs heading, were £1,140k (2020: £1,117k)

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

	31 March 2021	31 March 2020
Operational staff, including postal workers, post office counter staff and philatelic production staff	184	179
All other staff	85	55
<b>Total</b>	<b>269</b>	<b>234</b>

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

**3. Taxation**

	Note	<b>31 March 2021 £'000</b>	31 March 2020 £'000
Current year tax		-	-
Prior year tax		-	-
Deferred tax credit for the year	9	<b>(31)</b>	(31)
<b>Total</b>		<b>(31)</b>	(31)

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

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

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

	<b>31 March 2020 £'000</b>	31 March 2019 £'000
Profit on ordinary activities before taxation	<b>4,306</b>	1,450
Tax at 20%	<b>861</b>	290
<b>Effects of adjusting items:</b>		
Timing differences	<b>36</b>	41
Disallowed items	<b>23</b>	(10)
Rate differences on current tax	<b>(1,189)</b>	(410)
Non-utilised losses	<b>269</b>	89
Current tax credit	-	-
Deferred tax - timing differences	<b>(31)</b>	(31)
<b>Profit and loss taxation credit</b>	<b>(31)</b>	(31)

# NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

## 4. Dividends on equity shares

Amounts recognised as distribution to equity holders in the period:

	<b>31 March 2021 £'000</b>	31 March 2020 £'000
Final dividend of 18.3p per share paid in this financial year in respect of the year ended 31 March 2020	<b>1,444</b>	1,060

(Final dividend paid last year in respect of the year ended 31 March 2019: 13.4p per share).

The Board is proposing a final dividend of £1.3m in respect of the year ended 31 March 2021. (2020: £444k) excluding special dividend of £1m).

## 5. Goodwill

	Goodwill £'000	<b>Total £'000</b>
<b>Cost</b>		
As at 1 April 2020	-	-
Acquisitions through business combinations	3,425	<b>3,425</b>
As at 31 March 2021	3,425	<b>3,425</b>
<b>Accumulated amortisation and impairment</b>		
As at 1 April 2020	-	-
Amortisation charge for the year	(29)	<b>(29)</b>
As at 31 March 2021	(29)	<b>(29)</b>
<b>Carrying amount</b>		
As at 31 March 2020	-	-
As at 31 March 2021	3,396	<b>3,396</b>

The goodwill was recognized as part of the acquisition of Shoal Bay Holdings Limited on 19 March 2021, as detailed in Note 1 - Business Combinations.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

**6. Tangible fixed assets**

	Motor Vehicles	Land & Buildings	Plant & Equipment	Postal Machinery	Furniture & Fittings	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	<b>£'000</b>
Opening cost as at 1 April 2020	2,095	12,018	2,662	2,295	2,360	<b>21,430</b>
Opening accumulated depreciation as at 1 April 2020	(1,053)	(3,553)	(2,662)	(1,646)	(1,810)	<b>(10,724)</b>
Opening Carrying amount as at 1 April 2020	1,042	8,465	-	649	550	<b>10,706</b>
Additions	465	5	-	23	126	<b>619</b>
Assets acquired in business combinations	52	-	-	-	33	<b>85</b>
Depreciation	(319)	(210)	-	(184)	(190)	<b>(903)</b>
Disposals - Cost	(264)	-	-	-	-	<b>(264)</b>
Disposals - Accumulated Depreciation	115	-	-	-	-	<b>115</b>
<b>Closing carrying amount as at 31 March 2021</b>	<b>1,091</b>	<b>8,260</b>	<b>-</b>	<b>488</b>	<b>519</b>	<b>10,358</b>
Represented by:						
Closing cost as at 31 March 2021	2,663	12,023	2,662	2,318	2,594	<b>22,260</b>
Closing accumulated depreciation as at 31 March 2021	(1,572)	(3,763)	(2,662)	(1,830)	(2,075)	<b>(11,902)</b>
	<b>1,091</b>	<b>8,260</b>	<b>-</b>	<b>488</b>	<b>519</b>	<b>10,358</b>

Freehold land with a cost of £2,505,000 (2020: £2,505,000) is not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

## 7. Investment property

	Market Value 31 March 2021	Market Value 31 March 2020
Reconciliation of carrying amount	£'000	£'000
Balance at 1 April	960	975
Change in fair value	(100)	(15)
Balance at 31 March	860	960

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

Changes in fair value are recognised as gains/losses in the Consolidated Statement of Comprehensive Income within 'Other Income / (Losses)'. All gains or losses are unrealised.

The fair value of the investment property was determined by an external independent property valuer with recognised professional qualifications and recent experience in the location and category of the property being valued on 31 March 2021. The valuation was undertaken by Wing Lai, MRICS, and Joanna Watts, MRICS, from Watts Property Consultants Limited.

## 8. Debtors

	31 March 2021	31 March 2020
	£'000	£'000
Trade debtors	4,443	3,710
Other debtors	14	11
Prepayment and accrued income	314	276
Tax debtors	136	136
	4,907	4,133



## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

**9. Deferred Tax**

	<b>Deferred taxation - Accelerated Capital Allowances</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2020	209	<b>209</b>
Credit to profit and loss account	31	<b>31</b>
At 31 March 2021	240	<b>240</b>

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

**10. Balance with States Treasury**

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

**11. Creditors**

	<b>31 March 2021</b>	31 March 2020
	<b>£'000</b>	£'000
Amounts falling due within one year		
Trade creditors	<b>1,499</b>	1,405
Other creditors	<b>1,057</b>	691
Provisions (See Note 15)	<b>299</b>	137
Accruals and deferred income	<b>1,474</b>	960
Rental income paid in advance	<b>14</b>	35
	<b>4,343</b>	3,228

Of the £1,499k of Trade Creditors, £790k is owed to Royal Mail as part of our ongoing contractual arrangements with them (2020: £1,034k)

**12. Shareholder's capital**

	<b>31 March 2021</b>	31 March 2020
	<b>£'000</b>	£'000
<b>Authorised</b>		
40,000,000 ordinary shares of £1 each	<b>40,000</b>	40,000
	No of shares	£'000
<b>Allotted and fully-paid</b>	7,886,258	7,886
Opening share capital at 1 April 2020	7,886,258	7,886
As at 31 March 2021	7,886,258	7,886

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

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

# NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

## 13. Operating Leases

**Non-cancellable operating lease rentals are payable as follows:**

31 March 2020	Land and buildings 31 March 2021	Land and buildings 31 March 2021
£'000		£'000
Less than one year	172	144
Between one and five years	476	105
More than five years	1,531	-
	<b>2,179</b>	<b>249</b>

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

The Group leases two properties in St Peter Port; 'Smith Street' to run one of its retail outlets and 'North Plantation' to run its Business Hub and BATIF Bureau de Change. In addition, the Group leases property to fulfil its postal operation in Alderney and warehouse spaces in Jersey and Guernsey for the use of HR Air Ltd.

The lease on the Smith Street property expired at the end of June 2021, at which stage the property was returned to the landlord.

As a result of Covid-19 and the two lockdowns that resulted locally, Guernsey Post Limited took out short term leases on a number of properties for operational reasons and to allow postal workers to operate safely in line with public health guidelines. The leases for four properties were each for an initial six month period with options to renew on a recurring six monthly basis. At the current Balance Sheet date, the Group retained leases on two of these properties which were due to expire in June and August 2021.

## 14. Related party transactions

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

Through the normal course of its business activity, the Group makes both purchases from and provides services to its Shareholder, or entities, under the controlling influence of the Shareholder body. These entities include States Trading Companies, companies whose equity is wholly owned by the States, States Departments and Committees operated by the States. All such transactions have been on an arm's length basis. The total value of the sales for the year ended 31 March 2021 amount to £1,031,797, or 2.5% of total turnover (2020: £639,729, or 2.0%). The total value of purchases for the year amounted to £3,241,359, or 8.4% of total expenses (2020: £983,131, or 3.2%), the increase being largely attributable to the CI Lottery distribution contract for Guernsey which was awarded to Guernsey Post Limited in May 2021.

The States also provides, through its Policy & Resources Department, management of the Group's liquid funds in excess of short term needs. At 31 March 2021, the balance held was £8,337,850 (2020: £5,259,521).

Director's remuneration is shown in note 2.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2021

**15. Provisions**

	<b>Dilapidations</b>	<b>Deferred Consideration</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2020	137	-	<b>137</b>
Provision (released) / made during the year	(88)	250	<b>162</b>
Balance at 31 March 2021	49	250	<b>299</b>
Non-current	-	-	-
Current	49	250	<b>299</b>
	49	250	<b>299</b>

**Dilapidations**

This provision is in respect of the reinstatement obligations related to the Smith Street leasehold property. The lease on this property terminated in June 2021, therefore this will be utilised within the next financial year.

**Deferred Considerations**

The purchase of Shoal Bay Holdings Limited on 19 March 2021 included £250,000 of deferred consideration payable by 19 September 2021.

**Contingent obligations - Financial Guarantee Contracts**

Guernsey Post Limited has financial guarantee contracts in place with the States of Guernsey Customs and Excise and HM Revenue and Customs for £20,000 and £100,000, respectively. In addition, HR Air Ltd has financial guarantee contracts in place with HM Revenue and Customs for £30,000 and Customs and Immigration Services for £1,000. These contingent obligations are in place to provide security in the event that import and export duties paid to Guernsey Post Limited and HR Air Ltd from their customers are not subsequently paid on to the respective authorities. The Group does not carry any liability to either the States of Guernsey Customs and Excise, HM Revenue and Customs or Customs and Immigration, in the event that customers directly withhold payment of import and export duties to Guernsey Post Limited.

**16. Subsequent events**

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

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