JERSEY POST INTERNATIONAL LIMITED

BUSINESS REVIEW 2021

Jersey Post Group

www.jerseypost.com

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JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Directors, Officers and Advisors

Directors of Jersey Post International Limited

Alan Merry
Non-Executive Chairman

Tim Brown
Chief Executive Officer

Tim Barnes
Chief Financial Officer

Susan Barton
Non-Executive

Aaron Chatterley
(resigned 1 July 2021)
Non-Executive

Gavin Macrae
(resigned 28 February 2021)
Senior Independent
Non-Executive Director

Martin Magee
Non-Executive

Helen Hatton
(appointed 20 May 2021)
Non-Executive

Karl Moss
(appointed 1 July 2021)
Non-Executive

Company Secretary

Tim Barnes

Independent Auditor

Menzies LLP
Chartered Accountants & Statutory Auditor
3000a Parkway
Whiteley
HANTS / HAMPSHIRE
PO15 7FX

Bankers

HSBC Bank plc
PO Box 14
St Helier
JERSEY
JE4 8NJ

Registered Office

Postal Headquarters
La Rue Grellier, La Rue des Pres Trading Estate,
St Saviour, JERSEY, JE2 7QS

Board of Directors[1]

Alan Merry
Non-Executive Director

Non-Executive, Alan Merry has extensive international senior executive and board-level experience gained across a range of business sectors, including financial services, retail, renewable energy and professional services.

Alan works with boards and executive teams supporting transformational change and focuses on the development of strategy, change management, strategic HR and improving board and organisational effectiveness. Alan worked closely with the Board and executive team on the incorporation of the Ports of Jersey and retired last year from his role as Strategy and Development Director.

Prior to this, Alan was a Director of CPA Global for eight years and, before coming to Jersey, held senior executive roles in the financial services and retail sectors.

Tim Brown
Chief Executive Officer

Tim Brown, a Chartered Director, has over 25 years' experience in the post, parcel and distribution industry. He has worked in senior positions in Royal Mail and DHL Express, was CEO of Postcomm (the UK's postal regulator), provided advice to government and was vice-chair of the European Regulators' Group for Post. Tim first joined the Board as a Non-Executive Director on 1 September 2011 and was the Senior Independent Director and Deputy Chair until he took over as Chief Executive Officer on 1 July 2014.

Tim Barnes
Chief Financial Officer

As a Chartered Global Management Accountant, Tim has a wealth of experience with 20 years in board-level commercial finance roles. Tim has a strong track record of introducing financial integrity into fast-growth commercial businesses and has significant experience with corporate transactions.

Susan Barton
Non-Executive Director

Non-Executive, Sue is a qualified Management Accountant and accredited mediator with over 20 years' experience of the postal and professional services industry having held leadership positions with PA Consulting, Accenture and the UK Post Office. During her career, Sue has worked with many postal operators providing them with strategic, commercial and operational advice. She has most recently been operating as an independent advisor to Accenture supporting their Global Postal Industry team.

[1]Directors listed have served on the board during the year.

Gavin Macrae
Senior Independent Non-Executive Director

Non-Executive, Gavin Macrae has an extensive track record over 30 years of providing strategic and business development advice, interim management and non-executive directorships at board level to a wide range of clients and industry stakeholders. These include organisations as diverse as Digital Europe, Quadient, the UK Ministry of Defence, Postcomm, Royal Mail, TNT and the Universal Postal Union. He is currently Chief Executive Officer of Postal & Logistics Consulting Worldwide (PLCWW), a specialist industry consultancy serving the postal and logistics industry as well as the Founder and Managing Partner of Pine Monkey Associates Ltd., a newly established agency working in the eCommerce and technology arena.

Aaron Chatterley
Non-Executive Director

Non-Executive, Aaron Chatterley is a co-founder of Europe's largest online beauty retailer Feelunique, where he now remains a shareholder and member of the Board. He is also an active investor in several tech and disruptive businesses and is a Non-Executive Director of Digital Jersey. He was voted one of the 50 most powerful people in Online Retail for 2014 by Retail Week, IoD Director of the Year for a Large Organisation 2013 and finalist in the UK Ernst & Young Entrepreneur of the Year 2012.

Martin Magee
Non-Executive Director

Non-Executive, Martin qualified in the Institute of Charted Accountants of Scotland in 1984. He is currently finance director at Jersey Electricity plc which is listed on London Stock Exchange. Martin previously worked in senior finance roles in both the utilities and hotels sectors in listed plc's prior to coming to Jersey in 2002.

Helen Hatton
Non-Executive Director

Non-Executive, Helen is widely recognised as the prime architect of Jersey's financial services industry regulatory regime. She has over 30 years' director-level experience in regulatory, commercial and public bodies, including the Jersey, Isle of Man, Ras Al Khaimah and Anguilla Financial Services Commissions; Sator Regulatory Consulting Limited, BDO Group Limited, Jersey Office of the Information Commission; Registry Trust Limited, and Santander International Plc. Her skills set relates to governance, risk, regulation and complex investigations.

Karl Moss
Non-Executive Director

Non-Executive Karl Moss has spent 20 years actively running or advising a range of eCommerce businesses, including online retailers, ticketing and travel providers, and most recently fulfilment and platform connectivity services. He advises on business strategy, techniques to enhance customer engagement and conversion, and on worldwide fulfilment and logistics. He also has wealth of experience dealing with global marketplaces and how businesses can operate alongside and within them.

“A key strand of our strategy is the investment in global logistics. This now generates 40% of our revenues”

Alan Merry
Chairman

Chairman's Statement

Alan Merry
Chairman

"We saw a 17% growth in revenue to almost £80m

It has been another challenging year yet, ultimately, a successful one. Covid-19 continued to impact all areas of the business and in addition, the team had to respond to the significant challenges posed by unprecedented international supply chain issues, changes to Customs rules along with the realities of Brexit beginning to bite. It is too early to speculate on the impact of the war in Ukraine but there seems little doubt that it will raise new challenges for the industry.

Given these challenges, I am delighted to report that we delivered a 17% growth in revenue to almost £80m and a second year of better than budget performance. EBITDA grew to £5.2m (up from £3.8m) and we are able to pay a divided of £299k to the Shareholder.

The overall trends in the industry that have been reported in previous years have continued and, in some areas, accelerated. Letter volumes fell by some 20%, the parcel market continues to grow and now represents 25% of our Jersey postal revenues. However, reflecting the on-going volatility of the market, the island-based logistics industry has been severely impacted by the changes to Customs regulation and the removal of LVCR in Europe, with a number of major customers closing down their Jersey operations. This one change alone reduced our revenues by £2m over a period of only six months but, more importantly, it sadly led to a loss of jobs in the wider sector.

On a more positive note, we were pleased to announce the acquisition of Woodside Logistics adding to our Island logistics and distribution capability which, along with Fetch.je, gives us the potential to support island-based retailers to market their products and services online.

Our digital business, Vaiie has continued to develop its range of products and services working in partnership with leading international partners and is now ISO27001 certified. We believe that the potential of the RegTech market is significant, and I am also pleased to see that these skills and experience have also been deployed in the development of services with Government. We hope this joint working continues, as it forms an important part of our strategy of continually developing and improving our services to islanders.

Another key strand of our strategy is the investment in global logistics. This now generates 40% of our revenues and it is interesting to note that when you include Jersey, logistics represents 60% of our revenues – this was only 35% five years ago.

We continue to learn, evolve and grow in an ever-changing and very competitive marketplace. One of the major challenges this year has been the move towards in-country fulfilment (driven by global changes in Customs regulation). The Board is pleased to see how the business has flexed to respond to these changes and is confident that global logistics will continue to play a key role in our future success. We have strengthened the leadership team in the UK and are in the process of harnessing the strengths of the individual businesses under one new brand, JPGL. Over time, our US businesses will begin to operate under this new international brand.

As part of this evolution, we are in the process of increasing our investment in one of the US businesses and took the opportunity of crystalising our gains in our investment in Parcel Monkey which was sold in the Autumn. We are alert to other potential international investments to support our strategy however, it will be important to understand the impact of the war in Ukraine before considering further expansion of the international network.

With the on going changes to the make-up of our core business in Jersey, it is clear that the existing Universal Service Obligation (USO), which is based primarily on the traditional letter market, needs to be updated. We look forward to working with the JCRA on the development of a modern USO that reflects what is important to the people of Jersey. Continuing on the subject of regulation, we are pleased to see that JCRA's recent review of the freight market has identified the key issues that prevent or restrict normal competition in the logistics market. The most critical is the lack of warehouse space at the harbour. While we understand that the development of the harbour area by Ports of Jersey will create more warehouse space this will take at least two to three years to materialise. We are concerned that this is too far into the future and would urge the regulator to take decisive steps in the immediate future to open up competition in this marketplace. At a time when rising inflation is impacting on prices for all Islanders, it is even more important that open competition is allowed to play its part in helping to manage these inflationary pressures.»

Chairman's Statement Cont.

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Our primary focus, both here in Jersey and internationally, is on playing our part in keeping people and businesses 'connected'. This has continued to be the case throughout 2021 and we see our role in enabling our customers to continue to operate and grow as a key element of our purpose as business. Our teams across the world have been outstanding in delivering just that. Whether it was supporting businesses through Covid-19 or helping them respond to the burden of new customs regulations, their efforts helped cement the relationships with our customers that are important to our future success. As I have stated before, their enthusiasm, professionalism, creativity and sheer hard work throughout the year have been exceptional. The Board is encouraged to see new talent joining the leadership team both here and internationally, as having the right skills and experience in place is critical to the delivery of our strategy.

"We have continued to refresh the skills and experience of the Board."

We have continued to refresh the skills and experience of the Board. Helen Hatton was appointed in May and brings her extensive experience of regulation, governance and risk management to the business. Helen took on the role of Senior Independent Director later in the year. Aaron Chatterley decided to step down in July due to his other business commitments and I would like to thank Aaron for his invaluable contribution to the Board during his time with us. Karl Moss was appointed in July and we are delighted to have his experience of the e-commerce and fulfilment sectors at the table. Gavin Macrae stepped down from the Board in February, solely due to a potential conflict of interest with one of his other business commitments. I am pleased to say that this conflict did not materialise, and we were pleased to welcome Gavin back to the team in February 2022.

Tim Brown, CEO has announced his intention to retire and will leave the business in the middle of 2022. The Board would like to formally recognise Tim's invaluable contribution to the business over the last 10 years. Although we wish him and his wife, a very happy retirement, we are very sorry to see him go. He has been fundamental to the development and delivery of the strategy and his personal style and values have shaped the very positive culture that is evident throughout the business. Whilst he will be missed, he leaves the business and, more importantly, the team in a strong position and the Board have confidence that the strategy will continue to be delivered into the future. The selection process to appoint a new CEO is well advanced and we expect to be able to make an announcement in the near future.

Alan Merry
5 May 2022

Strategic Report

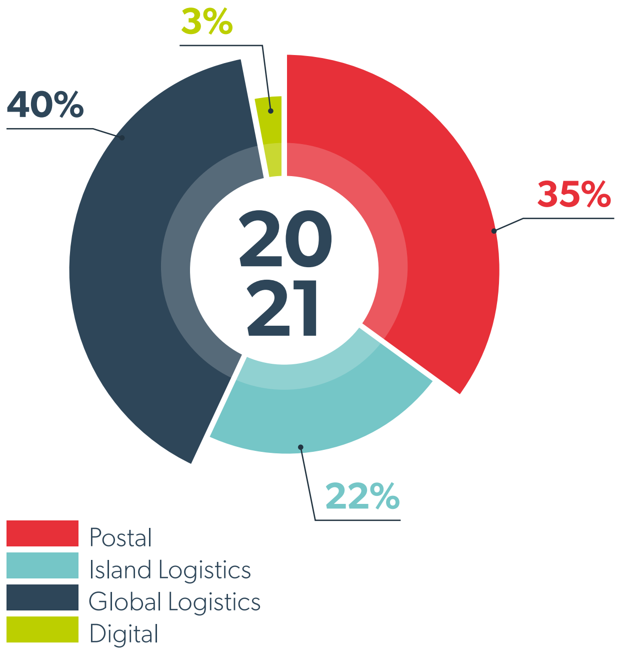
Introduction

In this report last year I talked about the challenges of Covid-19, the impact on our markets, our customers and our staff who literally went the extra mile time and time again. We had high hopes for 2021 that these challenges would reduce, instead we saw a period of slow prolonged attrition. Covid-19 did not let up, the international market became even more challenging, and Brexit finally arrived in January 2021. As a result, new rules and regulations into Europe in July saw eCommerce businesses across the world re-examine their strategies and investment.

Set against these challenges, our policy of diversification and investments enabled us to weather the storms through the year and we saw a 17% growth in revenue to almost £80m; a second year of better than budget performance and a return to profit:

- 35% of revenue being in-island postal business of which parcels account for c25% and growing;
- Our acquisition of Woodside Logistics in 2021 means that our in-island logistics business now represents 22% of turnover (however changes to rules into Europe and hikes in postal parcel rates approved by the UK Government and UPU has forced a lot of traditional in island logistics companies to move fulfilment off the island or to close);
- The international logistics business, launched in 2015, goes from strength to strength and reached 40% of total revenue, now bigger than what was once our core business only six years ago;
- Our emerging digital business serving the onboarding and communication needs of the finance, government and retail sectors stands at 3%.

This transformation of the business shows the success of our diversification strategy:



Jersey Post revenue split by business area. (Island logistics includes Woodside)

Market context

It is clear that world markets have not settled down after 2020 and there will be further changes as the world recovers from coping with Covid-19, the economic challenges from Brexit, EU and USA Customs rules, as well as economic consequences from the pandemic. These economic impacts are also interlinked with political challenges as we have seen played out in Ukraine.

The Russian invasion of Ukraine poses even more significant challenges that are yet to be fully realised. Of primary concern is the impact on Ukraine and its people and at Jersey Post we offer our support and practical help in using our European freight network to deliver urgent equipment to Ukraine.

"Jersey Post continually reviews its strategy to ensure it remains relevant."

Outside of this there are three significant market trends:

- **eCommerce:**
  a. Online shopping continues to increase, and cross border eCommerce is still a significant part of the market;
  b. Tax and duty changes, coupled with challenges on supply chains has led to a resurgence of in region or country fulfilment;
  c. Key growth markets continue to include UK, Europe and USA;
  d. Whilst a key source market remains China, the attractiveness of Hong Kong as a gateway has reduced and other countries such as Vietnam, Thailand and Singapore may become more important;
  e. Significant opportunities continue to be seen in Latin America;
- **Letter decline:** this continued in 2021 and whilst new business such as newspaper deliveries and added value marketing services may help, the underlying trend is down. Universal Service Obligations based on letters is now out of date and a drag on the sustainability of postal authorities;
- **Digitisation:** this continues to be both a challenge and an opportunity:
  a. How people do business has continued to be more and more through digital channels, expecting instant responses, and expecting to do complete transactions on line;
  b. The opportunity to provide digital solutions to business has never been greater especially in the area of digital identity, onboarding and digital communication. The demand from customers, regulators and businesses themselves continues to grow.

Jersey Post continually reviews its strategy to ensure it remains relevant and delivers sustainable growth to support its USO in Jersey.

Strategic Report Cont.

Evolving purpose

As Jersey Post diversifies, its original purpose based upon providing a public service through a universal service obligation to the people and businesses of Jersey, whilst critically important (and sustaining it is the driver for diversification), is no longer sufficient for many of our stakeholders looking for wider services. Therefore, Jersey Post is looking to build on the traditional core but include the new wider dynamics of the group.

A key input has been the stories that emerged, and continue to emerge, from the challenges of the world coping with Covid-19:

- Our Jersey-based postal business, already with a strong ethos of public service was instrumental in people and businesses being able to function effectively during lockdown and provide a connection to e-commerce and the physical world, without which many would have struggled. Our work with PPE, free thank you postcards, business support, Fetch etc kept the Island moving and kept people connected;
- In the UK our European freight business kept its customers going through Covid-19 providing a lifeline. It also provided support and solutions that enabled customers to address the introduction of Brexit and kept them connected to their markets, particularly in Europe;
- Our Customs broker continued to clear goods from all over the world during the biggest supply chain disruptions in recent history, keeping goods flowing and businesses connected with their customers;
- In the US, when air freight ground to halt our US business designed their own solutions to keep its US customers in business and provided additional services to ensure they could address the huge growth in essential cross border e-commerce. This helped ensure its customers remained connected to their end customers;
- Our global logistics business continued to provide conveyance solutions to Jersey and worldwide customers, working through the night to keep the flow of goods and mail moving and looking to alternative solutions as routes ceased or were overwhelmed. This enabled Jersey people and businesses to - stay connected to the world in communication and physical goods: inbound and outbound;
- Our digital business, using its portal solutions provided secure access for business customers to keep trading and working throughout lockdown. Finance businesses in particular continued to be able to do business and connect securely.

From these stories and conversation, it became quite clear that our success was not necessarily about us achieving something directly, but about us helping our customers to operate and stay connected to their families and friends, to essential supplies, or to markets and customers. Each business unit does it in a slightly different way but what we did and how we did it was important.

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Global logistics

Our global logistics business now represents 40% of total revenue and continues to be a source of future growth and value. Whilst cross border has seen substantial pressures from the well-publicised supply chain challenges, this has seen a need to bring forward plans on in-region warehousing and fulfilment services and saw the acquisition of a warehouse in Chicago and new hub at Heathrow.

The consolidation in the UK proceeded with a new MD for the UK being brought in to lead the UK operation. Further consolidation will take place in 2022 and beyond in the US, Australia and Asia as we continue the strategy of creating a truly global logistics capability.

As stated earlier, the key change to the market has been the continuation of supply chain problems, not helped by poor planning by many businesses under-estimating the bounce back from Covid-19 leading to shortages of goods, under supply in logistics capabilities, and increased in costs and sporadic shortages. This is not just a UK issue but a global issue with the same problems seen across Europe and in the US.

These challenges have not been helped by changes in legislation with the US STOP Act and the introduction of IOSS (Import One Stop Shop) into Europe (not connected with Brexit) and Brexit itself.

All creating additional bureaucracy and slowing down supply chains. Many issues have been caused by businesses under preparing for what have been well publicised changes, but there was an expectation, or hope, that they would be delayed. Unfortunately for many they were not.

Indeed, in the UK Jersey Post has benefited greatly from providing guidance and support to our customers in navigating these changes. It was surprising how many large corporates were unprepared.

Our global logistics business has been extremely successful coming out of Covid-19 and the challenges of 2020 and 2021. The challenges for 2022 and beyond are to consolidate our positions, integrate where appropriate, complete our capability and geographic gaps in order to provide a truly global solution to cross border eCommerce.

"Our Global Logistics business now represents 40% of total revenue."

Strategic Report Cont.

Postal

The growth in parcels driven by eCommerce continues. Whilst trends and growth in 2021 were less than forecast the actual numbers of parcels grew and underlying letters fell. Volumes were underpinned by new sources of business such as newspaper delivery and improved direct marketing solutions. We continue to work with Jersey retailers to help them deliver to their customers. The need for transformation continues unabated.

The world in general, and Jersey in particular, has not seen the demand for goods bought online wane. Re-opening of physical retail may have slowed the growth but not reversed it. Changes due to Brexit and IOSS have re-focussed island business on the UK more than in the past, but international cross border still plays an important part of the future.

Our achievements in 2021, designed to improve the service provided and improve capacity for growth in eCommerce, are part of a longer-term strategy to deliver incremental change through continuous improvement and targeted investment in automation and IT. We continue to invest heavily in these areas.

Increasingly now and into the future, our postal business will provide delivery solutions to our customers helping them solve their problems: a significant move away from providing traditional, untailored products for customers to take or leave.

With the measures being taken, we see improvements in capacity for parcel traffic and improvements in quality. However, the changing market does result in greater volatility and less predictability making it harder to plan, resource and deliver. The need for the future is to maintain flexibility and agility in the Island.

A key challenge in both 2020 and 2021 had been the significant financial loss in our counter network caused by a reduction in foreign exchange business, a general fall in retail footfall and high fixed costs, such that it was feared it would become unsustainable. During 2021 significant action has been taken and with the return of outbound travel and changes to our cost structure we are confident that we can return the business performance to a manageable level with a few changes in the coming years.

"The growth in parcels driven by eCommerce continues.

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Island logistics

Jersey Post made progress in 2021 towards its goal of creating end-to-end logistics capability for eCommerce and businesses in Jersey. This ranges from marketplace, through supply, fulfilment and delivery be it in Jersey or worldwide.

The key changes in the market in 2021 which will influence our development going forward are:

- The outbound fulfilment industry has taken steps in 2021 to address rising costs, trade restrictions, new cross-border rules and processes. This has driven the biggest fulfilment business in the Island to move fulfilment to Europe and close its operations. The second biggest has reduced volumes from Jersey and is using increasingly FBA (Fulfilled By Amazon) and other in-country/region fulfilment and at least one fulfilment company has closed down completely. Not only does this result in lost jobs in Jersey, but it also has a significant impact on our profitability to which we need to respond;
- Our acquisition of Woodside Logistics has been well received in the market and we have seen steady growth. The winning of the PPE, Nightingale Wing and lateral flow test storage, fulfilment and delivery work is a testament to the solutions we can offer. Whilst our growth is in ambient, there is a growing demand for us to enter the cool chain market;
- A significant barrier to competition is access to warehouse space at and around the harbour. The Ports of Jersey has only been able to offer Jersey Post limited space on a short-term lease which prohibits growth and investment;
- JCRA conducted a market review with findings published in Spring 2022. The outcome of this review will be important in creating the conditions for fair competition in freight.

The longer-term strategy is to create an integrated logistics business that can serve the needs of Jersey businesses and customers. In doing so, Jersey Post will continue to look for opportunities to fill gaps in services and improve its offering.

Digital

Jersey Post's digital business Vaiie emerged from its long-standing mailing house business, Promail. The decline in printed matter, the move to online coupled with the exploitation of the tools we had for this, drove a need to take the business into a more relevant and growing market. Our skills, technology and customer base in digital communication, data management, verification, portal and vault technology led us towards focussing on these aspects. We established partnerships with leading edge suppliers in the market and have carved out a niche in providing digital and physical solutions built around these that, ultimately, provided a platform to launch into RegTech.

During 2022 and beyond we will strengthen our product offer and solutions and look to work more closely with leading edge partners also in this field in both Jersey and around the world.

Jersey Post continues to invest in its digital business and sees significant opportunity, first in Jersey and then further afield. Working with international partners improves the value of the solution offered and expands the number of markets we can access. In the longer term the creation of a RegTech business gives the Group further choices around continuing to develop value or take the opportunity to release it in the future.

In 2021 our digital business Vaiie gained ISO27001 certification.

Strategic Report Cont.

Our colleagues

Jersey Post employs some 500 people across Jersey, Guernsey, UK and the USA. All our staff are fully employed, we pay the appropriate taxes and contributions, and they have full employment rights. We do not use what has become called "gig economy" staff where the individual is left to pay taxes, social security and into pensions out of their own wages, and where some costs ultimately fall to government and other taxpayers. We are committed to providing fair terms and conditions, providing job security and a place of work where people enjoy working and are willing to recommend us as good employer. In 2021 our survey showed:

Enjoy working here:

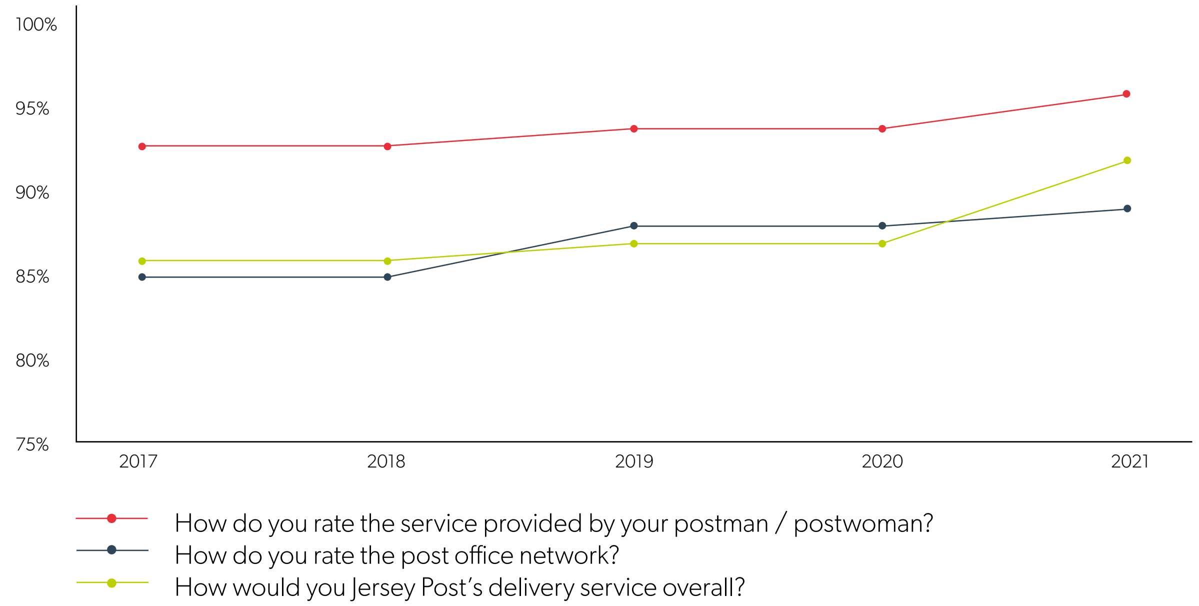
Would recommend us as a good place to work:

From this survey and conversations across the organisation we have launched a new HR strategy that not only covers pay and reward, but includes learning and development, diversity and inclusion and wellbeing. As this strategy is rolled out, we hope our colleagues see our commitment to them, and that they are an important part of our global transformation.

> **"They are an important part of our global transformation."**

Our customers

Every year we conduct a survey of our customers in Jersey to gain an understanding of what they think of us and where we can improve. The results of the latest survey show:



This year's survey results remained largely consistent to previous years. The benchmarking questions continue to give a good overall gauge of customer satisfaction with both the postal delivery service and the post office network.

Overall, there is still huge support for Jersey Post and its workforce and the challenges that have been overcome, most notably the efforts that have been made since the pandemic in order to keep the island connected, and how this has had a fundamental impact on the shape of the business and its operations. The front-line postal workers continue to be highly valued by a wide-cross section of the community and remain an integral element of the organisation and the community as a whole.

Interestingly, in this year's free text responses, there was growing acknowledgement that the wider postal industry has had to change, and continues to do so at dramatic pace, with respondents recognising the issues this causes to services, staff and overall operations. There was high praise for adapting services to meet changing customer requirements through specific parcel services such as SecureDrop and 24/7 Parcel Collections.

Next year we will also be conducting a more detailed Customer Needs Survey that will give greater granularity on the needs of our customer base. The results of this will feed directly into our strategy development and will be shared with both our shareholder, the Government of Jersey and our regulator, JCRA.

Strategic Report Cont.

Environment

Jersey Post is committed to building a sustainable business for employees, customers and the planet. Jersey itself is a place of natural beauty, eclectic history, and a richly diverse community. As a business we value our island environment, with its unique ecology that is also home to a multitude of protected species. With the ongoing impact of climate change, Jersey Post recognises the importance of adopting sustainable practices to mitigate the adverse effects of this phenomenon, particularly as a cross-border eCommerce business. With over 27% of the world's population now shopping online, there is more demand than ever before for international delivery. This demand, however, means increased carbon emissions.

As the largest 'feet on the street' network in Jersey, we understand our role in protecting our Island and its people, and ultimately, we aim to keep our carbon emissions as low as possible. We made strides toward this when we became the first large business in Jersey to roll out a greener vehicle fleet. An electric vehicle emits 95% less carbon, helping us towards our overall goal to be carbon neutral on-island by 2030. With 40% of our business not even touching Jersey, we are also conscious that we need to look at our carbon neutral plans on a global scale, and as such, our target is to be net-zero carbon emissions globally by 2040.

As a postal operator, we have the ongoing challenge to deliver approximately 90,000 items daily in Jersey, which equates to our vans travelling over 675,000 miles per annum. Alongside our electric vehicles, the remainder of our fleet in Jersey now uses Biofuel, which is scientifically proven to be a carbon reducer. We have continued to look at replacement technology throughout the last year, including the adoption of electric bikes to complete mail rounds and LED lighting across our premises. Jersey Post's investment in zero and low-emission vehicles and the installation of energy-efficient equipment across our property is an ongoing programme.

Within the business, we have also taken many environmentally conscious steps, including reducing printed marketing materials, introducing the use of biodegradable elastic bands, removing single-use plastics from our canteen, and we continue to offer accessible recycling bins and battery recycling facilities.

"Jersey Post is committed to building a sustainable business for employees, customers and the planet."

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Throughout 2021, we engaged our people in various strategies to become more energy-efficient and reduce our use of natural resources. Hybrid working was initiated, which reduced employee miles travelled; we also eliminated non-essential business travel with a Microsoft Teams Call first approach. We continued with our ongoing initiatives, including a 'school bus' transporting staff to and from work. We also continued to develop our in-house Eco Team tasked with creating strategies to involve our working community, encouraging them to play their part in protecting our environment and building awareness that will ultimately drive behavioural change across the workforce.

As part of Jersey Post's environmental strategies, we encourage the wider community to take part in our climate saving initiative to reduce 'miles travelled' for missed deliveries. We offer, and have frequently advertised, our alternative delivery services, which help to negate unnecessary travel within Jersey. In 2021, 50% of Jersey households are recorded as using our SecureDrop service, while the remaining residents frequently use our 24/7 parcel locker service, offering over 500 parcel lockers across six locations. Each service plays a vital role in bringing us closer to our commitment to being carbon neutral on-Island by 2030.

For our longer-term plans, having the right data at our fingertips is crucial for achieving carbon footprint reductions. In 2021, we began to calculate our carbon footprint to identify the greenhouses gases emitted by the business, allowing us to prioritise actions to reduce the impact on a rolling programme of continuous improvement. The final phase of our audit in 2022 will record bigger picture emissions from a variety of scopes, including supply and treatment of water, staff commute, mail travel and materials.

Strategic Report Cont.

Financing

Since incorporation, Jersey Post has self-financed its investments both in Jersey and overseas. Even through the period of losing UK LVCR in 2011 when the business revenue was dramatically reduced, it still had sufficient cash to support its trading business. However, faced with the continued terminal decline in mail volumes this would not have continued unless other revenue streams were created. To this end, in 2015, the Board and Shareholder agreed a diversification strategy designed to create alternative revenue streams to protect against the declining core business. Without taking this decision Jersey Post would have been left to manage a declining, loss-making postal service, which ultimately would have required subsidising by the Government.

Instead, having embraced the modernisation and diversification strategy over the last six years we have invested over £8m in modernising the core operations to be more efficient and handle the increased island parcel business. At the same time, we have successfully invested £14m in nine businesses in creating a global network and other complementary businesses. This £22m of investment has all been funded out of cash reserves and profits generated during this period without the need to seek funding from government.

In 2021, we took the opportunity to realise the value created in our investment in Parcel Monkey when it was sold. The profit on this sale is now available to make further investments in Jersey and globally as required.

The business is cash generative with forecast EBITDA improving consistently for the next few years. Through the diversification we have created a different business model that is growing and investable in by the banks, with more opportunity, that is still cash generative and is robust enough to obtain its own financing. To continue with this strategy and continue to self-fund our expansion without government subsidy, we have looked to obtain a rolling credit facility. With the strength of our current balance sheet and the projected EBITDA, banks are comfortable providing this facility.

With the facility in place, it secures the ability for Jersey Post to progress with its future plans.

Summary

The apocryphal curse, "may we live in interesting times", is never more apt than now. For a business to survive it needs clear focus on what it is trying to do, to be sensitive to the changes in markets, trends and rules and regulations, and agile in responding.

Our diversification and transformation have been based on this and give greater capability to weather storms, but there is never any certainty or constant in the business world of today. We as a team, from colleagues across the business and world, through managers and executives and to our Board, understand that we have to be prepared to take difficult decisions quickly, take advantage of opportunities but not recklessly and be relentless on providing service to all our customers wherever they are. Through this we can give our colleagues a secure future in a great place to work.

Tim Brown
CEO
5 May 2022

"Over the last 6 years we have invested over £8m in modernising the core operations to be more efficient"

Statement of Corporate Governance

Introduction

Jersey Post International Limited is committed to maintaining a high standard of Corporate Governance and follows the best practice principles of the UK Corporate Governance Code issued by the Financial Reporting Council ("the Code") where it is appropriate and practical to do so.

The Board

At the time of signing the Financial Statements, the Board comprises six Non-Executive, and two Executive Directors with Alan Merry as the Chair.

In accordance with the Company's Articles of Association, one third of the numbers of Non-Executive Directors are required to retire by rotation annually. Alan Merry and Susan Barton were re-appointed at the AGM on the 7 June 2021. The other Non-Executive Directors have all been appointed or reappointed within the last three years.

The Executive Directors are not subject to retirement by rotation but are subject to a period of notice of termination of employment, as are other members of the Company's senior management.

The Board is responsible to the Company's Shareholder, the States of Jersey Investments Limited, for the proper management of the Company. It meets regularly, normally five to six times per year in person plus regular board calls, to agree and monitor strategy, review trading performance, and manage key risks and business plans, which include revenue and capital budgets for the next three years. Board papers are circulated prior to each meeting in order to facilitate informed discussion.

The Chair, Senior Independent NED, Chief Executive Officer and Chief Financial Officer meet with the Shareholder representative, the Treasury and Resources Minister, at least twice each year.

The following table sets out the number of meetings (including Committee meetings) held during the year under review, and the number of meetings attended by each Director:

Number of meetings attended

	Board	Interim Board Meetings/Calls	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held during 2021	**4**	**7**	**4**	**2**	**2**
Alan Merry	4	7	—	2	2
Tim Brown	4	7	—	2	2
Tim Barnes	4	7	4	—	—
Susan Barton	4	7	4	2	1
Aaron Chatterley*	3	4	—	—	1
Gavin Macrae*	0	1	—	—	—
Martin Magee	4	7	4	2	1
Helen Hatton	4	7	4	—	2
Karl Moss*	2	4	—	—	1

* Aaron Chatterley resigned 1 July 2021, Gavin Macrae resigned 28 February 2021, Karl Moss appointed 1 July 2021

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. An independent external board assessment was completed during 2021. The outcome of this assessment will be factored into plans for Board development and future recruitment of Non-Executive Directors.

Audit Committee

The Audit Committee is charged by the Board with responsibility for reviewing the Annual Report and Financial Statements, and the strategic processes for risk, control and governance throughout the Company. The Committee also advises the Board on the appointment of the external auditor and on the auditor's remuneration, and monitors auditor independence. The Company does not currently have an internal audit function, but the need for internal audit is considered and individual reviews are commissioned.

The Audit Committee was chaired by Martin Magee during 2021. Other members during the year were Susan Barton, Gavin Macrae and Helen Hatton. The meetings are attended by invitation by the external auditor, the Chief Financial Officer and, from time to time, other senior executives who are invited to discuss risk management matters within their own particular area of responsibility.

At its meeting on 5 April 2022, the Committee received and reviewed the Company's 2021 Annual Report and Financial Statements. At this meeting the Committee also received a report from the external auditors summarising the results of their audit of the Financial Statements.

The Committee reviewed, in particular the material accounting and audit judgements which had been made in the Financial Statements. These were:

- The Going Concern principle;
- Taxation disclosures including accounting for deferred taxation;
- UPU SDR accrual;
- Holding value of its subsidiaries Fraser Freight, HICS, GePS and Woodside Logistics
- Holding value of investments in A2B, DAI and APG.

The Audit Committee considered whether the 2021 Annual Report was fair, balanced and understandable, and whether it provided the necessary information for the Shareholder to assess the Company's performance, business model and strategy. The Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable.

The Audit Committee recommended the Annual Report and Financial Statements to the Board for approval at the Board meeting on 5 May 2022.

Nomination Committee

The Nomination Committee is responsible for overseeing the selection and appointment process of Directors to the Board and making recommendations to the Board thereon. When considering future Board appointments, the Nomination Committee pays due regard to issues of diversity. A review of the skill requirement of the Board was completed during 2021 with two new appointments made since then.

Statement of Corporate Governance Cont.

Remuneration Committee

The Remuneration Committee has responsibility for setting remuneration for the Executive Directors of the Company which is sufficient to attract, retain and motivate people of the quality required. It also monitors the levels of remuneration for members of the Executive Management team of the Company. In this context, the Committee has during 2021 initiated a programme of work to review the pay and remuneration principles of the Jersey Post Group, with the aim of ensuring we have a remuneration approach that is aligned across all organisations in our Group and reflects the different markets and geographies in which we operate. This work will complete in 2022 and guide the Committee in its future activities.

The Memorandum of Understanding with the Treasury & Resources Minister provides the Minister with oversight and approval responsibilities in relation to changes to the structure and level of remuneration paid to the Executive Directors of the Company. Therefore, as in previous years, the Committee has worked closely with the Minister and his team providing them with updates on the Committee's programme of work, engaging with their review of their States Owned Entities remuneration policy, and securing their approval as required.

In line with our remuneration policy, the Executive Directors have participated in a Short-Term Incentive Plan (STIP). The parameters of the scheme remain unchanged from previous years, with bonus pay-out being determined by performance related to the delivery of financial performance, customer service and personal objectives. The Committee sets the targets of the scheme annually to ensure they are sufficiently stretching and reflect the Strategic Business Plan. As per our Memorandum of Association this is then submitted to the Minister for approval.

The remuneration of the Directors of the Group for the financial year ended 31 December 2021 is set out below, together with comparatives for 2020. It should be noted, no Director plays any role in the determination of his/her own remuneration.

	Salary/Fees £'000	Bonuses £'000	Benefit in Kind[1] £'000	2021 Total £'000	2020 Total £'000
Executive Directors					
Tim Brown	235[2]	74	6	315	310
Tim Barnes	150	56	25	231	227
Total	**385**	**130**	**31**	**546**	**537**
Non-Executive Directors					
Alan Merry	40	—	—	40	40
Susan Barton	20	—	—	20	20
Aaron Chatterley*	10	—	—	10	20
Karl Moss*	10	—	—	10	0
Martin Magee	25	—	—	25	25
Gavin Macrae*	4	—	—	4	25
Helen Hatton	23	—	—	23	13
Total	**132**	**—**	**—**	**132**	**143**

*Part year

[1] The benefit in kind received by the Executive Directors comprises the contribution payable into the pension schemes and health insurance.
[2] Includes accommodation and pension allowances.

Statement of Corporate Governance Cont.

External Appointments

The Company encourages Executive Directors to diversify their experience by accepting non-executive appointments to companies or other organisations outside the Group. Such appointments are subject to the approval by the Board. At the balance sheet date the external appointments held by Executive Directors, excluding those directly connected with their employment by the Company, were as follows:

Tim Brown
Jersey Heritage - Chairman

Tim Barnes
None

Bonus Schemes

The Company offers an annual bonus scheme to all staff. There are three schemes:

- Staff who are covered under Collective Bargaining;
- Members of the Executive Team;
- All other staff.

The total amount of bonuses earned relating to 2021 for the above three schemes was £1,116,580 (2020: £954,066).

Sports and Social

During 2021, the Company provided £9,387 (2020: £19,652) to the Sports and Social Club which organises events for staff, and the Company also funded the CWU's local branch secretary post at a total cost of £17,981 (2020: £17,343).

Gender Pay

At Jersey Post we value diversity and are committed to building an inclusive culture where everyone can be themselves and do their best work. Although we are not required under government legislation to report our gender pay gap, we believe in gender equality and what the legislation aims to achieve, and therefore monitor our gap carefully. Out of our total employees in Jersey Post (excluding subsidiaries) 22.7% (23.1% in 2020) are women. Whilst we offer set salaries and wages for certain types of jobs, the mix of jobs means that on average male employees are paid 1.1% more than female employees (2020: 2.3%). However, at management levels male employees are paid 18.6% more than female employees (2020: 17.3%). These figures include the salaries of the Executive Directors. We will continue our work to close this representation gap, connecting more women to opportunities, and fostering a culture where we can thrive.

Several factors contribute to gender pay and diversity gaps at an organisational level. We believe that over time, our commitment to fostering inclusion, fairness and flexibility will be reflected in our gender pay gap figures. But it's not just about closing the pay gap - it's about building a strong foundation for individual and organisational growth by ensuring that the people who work for us feel a sense of belonging and that we value everyone for the differences they bring. To this end we have introduced a working policy where everyone has the flexibility to perform their weekly contracted hours from home or in the office or a combination of the two at mutually convenient times.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Internal Control

The Board is responsible for ensuring that there are effective systems of internal control in place to reduce the risk of misstatement or loss, and to ensure that business objectives are met. These systems are designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The key procedures which the Board has established to provide effective control are:

Board Reports
Key strategic decisions are taken at board meetings following due debate and with the benefit of board papers circulated in advance. The risks associated with decisions are a primary consideration in the information presented and discussed by the Board. The Board discusses and approves the Group's strategic direction, plans, objectives, annual budgets and financial forecasts, and the associated risks to achieving these.

Management Structure
Responsibility for operating the systems of internal control is delegated to management and directed and overseen by the Executive Team, chaired by the Chief Executive. This team meets weekly. There are specific matters reserved for decision by the Board and these have been formally documented.

Budgetary Control
Detailed phased budgets are prepared at profit centre level, and the Board receives monthly management accounts showing actual performance against these budgets, with explanations of any material variances.

Human Resources
The Company endeavours to ensure that its employees are able to carry out their duties in a competent and professional manner through its commitment to staff training and development, including performance appraisal.

Risk Management
The business has a risk management policy that defines the roles and responsibilities for identifying and evaluating risk throughout the group. The Board has a responsibility for approving the risk management policy which is reviewed annually. The Board is supported by the audit committee by evaluating the operational risks of the three core business units on a rolling basis throughout the year.

The business manages many risks on a day-to-day basis, set out below are the five key risk categories that the board have identified as being the most significant, although they are not in any order of priority.

Statement of Corporate Governance Cont.

Commercial Sustainability Risk

Over recent years we have diversified the business to avoid the certain decline that would have transpired had we been solely reliant on a declining postal only business. With this diversification into complementary markets brings with it a broader spread of risk which the group is alive to and mange day to day by ensuring our businesses act with integrity in the markets they operate. One of the key risks in this area is anything we do in the group that could impact on our reputation. Inappropriate actions by any business in our group has the potential to reflect negatively on the group as a whole which is avoided by having a culture of doing things right with honesty and integrity.

All our group businesses have a broad range of customers which spreads the risk associated with a few key customers and suppliers. Inevitably as we become more successful some of our customers grow with us which can focus our exposure to them. As part of our account management we actively engage with our customers and suppliers to ensure where possible we are aligned with their plans to ensure we stay relevant to them as their businesses change shape.

Our global presence naturally exposes us to foreign exchange risk and in particular, the SDR (IMF currency). However, we have a hedging strategy that has proved to be a robust even through the turbulent Covid-19 times.

Cyber risk is another ever-emerging and important business risk that needs managing both strategically and tactically. Data breaches, for example, can create unrecoverable consequences for a business both commercially and reputationally. Over the last 12 months we significantly enhanced our resolve in this area and have a program of infrastructure enhancements to better protect our business from failures. We have reviewed our third-party relationships and reduced our vulnerability to single points of failure, as well as moving many aspects to being managed securely in the cloud.

Regulatory and Government Risk

The movement of post, parcels and goods between jurisdictions is regulated by multiple organisations and agencies including the UPU (United Postal Union), RHA (Road Haulage Association) and the many global equivalents. The appropriate parts of our group are all members of the relevant bodies and are set up to comply with appropriate rules and regulations. Where appropriate, we hold industry accreditations for the work we perform. The management teams in our own business and subsidiaries are clear on the importance of operating within the regulatory guidelines.

This risk has been heightened recently with:

- Brexit;
- Covid-19;
- EAD (Electronic Advance Data);
- International anti-bribery and restricted persons legislation.

These have been and continue to be key areas of focus as the rules and regulation have changed and still need settling in.

Closer to home our cash services of MoneyGram and foreign currency are subject to AML/CFT rules and regulations for which JPL is a regulated entity. Although this is a very small part of our business we are required to and do maintain complete and robust systems to monitor transactions to avoid failing to meet these obligations.

On a broader scale the fact we operate in many jurisdictions exposes us to political risk including trade wars and sanctions which can impact the ability of our partners to trade effectively with each other to different degrees.

Our People

- Recruitment, retention and succession
  Like all businesses, one of our key assets is our staff. Not looking out for their needs presents a significant risk to the organisation. Throughout our network, we aim to be a responsible and fair employer. We treat our colleagues fairly and with trust and respect. In Jersey, a large portion of our staff are represented by a union whom we work with closely to avoid any unnecessary fall out. These employees are well represented and receive better terms and conditions than other comparable businesses. Having developed the business from being a declining postal business to being a commercially sustainable global business, we need to develop more initiatives to attract and retain the relevant senior resources to ensure the business can continue to be run and operated in the more diverse global markets we are in.

- Health, safety and welfare
  Investing in our people to ensure their wellbeing has always been important but has been heightened over the last year with the effects of Covid-19. We have seen a transformation in the way people work. At Jersey Post, we have invested in our people to ensure they have a healthy and appropriate workspace and equipment at home if they chose to, or to have access to the office (when allowed) to work, all whilst being completely compliant with all the relevant laws. We have invested significantly in a new office layout to allow for more flexible working with multiple hot desking and breakout areas that all allow for social distancing but also quiet space for private meetings. Providing the right working environment and infrastructure for remote working is key to attracting and retaining the right staff for the organisation.

Environment and Community

Jersey Post prides itself on being aware of the wider environmental impact of our business and how we can do our part to be sustainable. Like many businesses, logistics have a significant carbon footprint so it is important that we do our utmost to reduce the impact. For example, we were the first large business in Jersey to roll out a greener vehicle fleet. Wherever possible we chose electric with over half our fleet now being electric and having the largest fleet of EV's in Jersey. For many years Jersey Post has been a contributor in the community sponsoring the Island Games for six years and Jersey Cricket for three years. Each year the staff and company select a local charity to support which in recent years includes, Macmillan Jersey, Les Amis and Holidays for Heroes, with staff efforts raising about £20,000 a year for good causes. There is a risk that not recognising our place within the community nor recognising our Corporate Social Responsibility requirements, would negatively impact on the perception of the business. We strive to be a good corporate citizen by continuing to support a broad spectrum of activities.

Stakeholder Alignment

Jersey Post is in a fairly unique position of being an independent private business with a public service obligation of providing a universal postal service. It has its own board yet has only one shareholder; the Government. It is important that these relationships are managed to balance the independence of Jersey Post with the reasons the Government retains ownership of this strategic asset. Governments aims and objectives are important to any organisation, but it is important that Jersey Post remains independent. Jersey Post continues to be granted the latitude to operate commercially for the good of the company to support its public service offer, despite a declining postal business and without the need for subsidy from Government.

Tim Barnes
Company Secretary
5 May 2022

Directors' Report

The Board of Directors of Jersey Post International Limited ('JPIL' or 'the Company') present their report on the affairs of JPIL and its subsidiaries ('the Group'), together with the audited Consolidated Financial Statements for the year ended 31 December 2021.

Principal Activity

The principal activities of the Group are that of providing postal services to the Island of Jersey, cross-border eCommerce logistics services and digital communication services.

Going Concern

The Directors have produced forecasts for the next twelve months following the date of signing of these Financial Statements which have satisfied them that the Group will continue to be a going concern and be able to meet its liabilities as they fall due.

The Directors are mindful of Article 8(2)(e) of the Postal Services (Jersey) Law 2004 which states "in so far as it is consistent with paragraph (1), the Economic Development Minister and the Jersey Competition Regulatory Authority [JCRA] shall each have a duty in performing its functions under the Law, to have regard to the need to ensure that persons engaged in commercial activities connected with postal services in Jersey, have sufficient financial and other resources to conduct those activities". Accordingly, the Directors have adopted the going concern basis in preparing the Financial Statements.

Results

Details of the results for the year are set out in the Group Consolidated Income Statement on page 38. A review of the Group's business during the year, and an indication of the likely future development of the business, are provided in the Chair's Statement and the Strategic Report on pages 8-23.

Shareholdings

The 5 million £1 ordinary shares of JPIL are 100% owned by the States of Jersey Investments Limited which is the ultimate controlling party of the Company.

Dividends

An ordinary dividend of £298,500 will be recommended by the Directors for 2021 at the AGM to be held on 23 May 2022 (2020: £Nil).

Employee Involvement

During the year, the policy of providing employees with information about the Group was continued using a variety of media through which employees were encouraged to present their suggestions and views on the Group's performance. A colleague survey was carried out again in 2021.

Disabled Employees

The Group gives full consideration to applications for employment from people with a disability where the requirements of the job can be adequately fulfilled by someone with a disability. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide appropriate training, career development and promotion to employees with a disability.

Board Remuneration

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 26 and 27.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 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, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102").

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with all the above requirements in preparing the Consolidated Financial Statements.

The Directors are responsible for keeping adequate 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 to enable them to ensure that the Financial Statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error 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 Jersey governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Directors’ Report Cont.

Viability Statement

By following the principles of the code, the Directors of Jersey Post International Limited should explain how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and in so doing, express a view about the long-term viability of the Company.

Jersey Post conducts a rigorous strategy and budget setting process. Whilst each board meeting reviews the wider market, strategic risks and opportunities, it dedicates at least one day a year to review where the business is, what challenges it is facing, what new opportunities and risks present themselves, and identify potential key areas of concern. From this, it reviews its existing strategy, amends where necessary and confirms the direction of the business for the next three to five years. From this, a Strategic Business Plan is developed looking three years out with detailed planning for the first year. This plan includes a review of strategic risks and opportunities.

The Plan also provides indicative forecasts for years four and five. The Board presents the outcomes of this process to its Shareholder and provides half yearly updates. Given the dynamics of the market Jersey Post operates in, the Board considers that the timescale is appropriate for the business.

The Strategic Business Plan outlines the main areas of risk, the key commercial one being the decline in its core letters market over the last ten years and the forecast that this will continue in the foreseeable future. Therefore, the Board has continued the strategy that provides for the development of new profitable revenue streams at the same time investing in its core to ensure it continues to deliver a quality service at a profit. Without these new revenue streams, Jersey Post would be in a period of managed decline that could ultimately lead to an unsustainable Universal Service Obligation in Jersey.

The effects of the Covid-19 pandemic are factored into these plans as the immediate and longer-term changes have impacted all areas of the business differently. Furthermore, the Government of Jersey, the Shareholder, declared the post office as an essential service and has given its support to the Group securing external funding to continue further expansion. The Board considers that the strategy it has approved, coupled with the track record of the business in dealing with the historic 70% loss of letter volume including the loss of fulfilment business, gives it a reasonable expectation that the Company will be able to continue in operation and meet its liabilities, including its Universal Service Obligation, over the three-year period ending 31 December 2024.

Annual General Meeting

The AGM will be held at the Postal Headquarters, Rue des Pres, St Saviour on 23 May 2022.

Directors

The Directors of the Company are listed on page 3.

Independent Auditors

Menzies LLP was appointed and acted as independent auditors for the year ended 31 December 2021. A resolution to appoint Menzies LLP as independent auditors for the year ending 31 December 2022 will be proposed at the AGM on 23 May 2022.

This statement was approved by the Board of Directors of Jersey Post International Limited on 5 May 2022 and was signed on their behalf by:

Tim Barnes
Company Secretary
12 May 2021

Independent Auditor’s Report
to the members of Jersey Post International

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Auditor’s Statement
To the Directors of Jersey Post International Limited – we have examined the summary Financial Statements set out on pages 38-65.

Responsibilities
The Directors are responsible for preparing the summary Financial Statements in accordance with applicable Jersey Law.

Our responsibility is to report to you our opinion on the consistency of the summary Financial Statements with the full annual Financial Statements and the Director’s Report.

Our report on the Company’s full annual Financial Statements describes the basis of our opinion on those Financial Statements and on the Director’s Report.

Opinion
In our opinion, the summary financial statements are consistent with the full annual Financial Statements and the Director’s Report of Jersey Post International Limited for the year ended 31 December 2021.

MENZIES LLP
Chartered Accountants & Statutory Auditor
3000a Parkway
Whiteley
HAMPSHIRE

Statutory Auditor
5 May 2022

"It has become quite clear that our success was not necessarily about us achieving something directly but about us helping our customers operate and stay connected."

Alan Merry
Chairman

Consolidated Income Statement

Year Ended 31 December	Note	2021 £'000	2020 £'000
Turnover	2	79,892	68,124
Cost of Sales		(69,143)	(57,947)
Gross Profit		**10,749**	**10,177**
Administrative expenses		(10,163)	(10,577)
Operating Profit/(Loss)	3	**586**	**(400)**
Other non-operating income		112	112
Foreign exchange (loss)/gain		(170)	235
Interest and Dividends Receivable	5	170	188
Net movement on investments	6	297	(420)
Profit/(Loss) on ordinary activities before taxation		**995**	**(285)**
Taxation	7	-	(152)
Profit/(Loss) for the year		**995**	**(437)**

Consolidated Statement of Comprehensive Income

Year Ended 31 December	Note	2021 £'000	2020 £'000
Profit/(Loss) for the year		995	(437)
Total comprehensive income for the year		**995**	**(437)**

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Consolidated Statement of Financial Position

Year Ended 31 December	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	8	9,452	9,714
Intangible assets	9	1,671	1,383
Goodwill	10	843	1,438
Investments	11	1,856	3,797
Total Fixed Assets		**13,822**	**16,332**
Current Assets			
Inventories	12	113	124
Debtors	13	17,600	13,808
Equity investments	6	2,842	2,422
Cash and cash equivalents		17,655	17,416
Total Current Assets		**38,210**	**33,770**
Creditors			
Amounts falling due within one year	14	(31,235)	(30,209)
Net Current Assets		**6,975**	**3,561**
Total assets less current liabilities		**20,797**	**19,893**
Creditors: Amounts falling due after one year	15	(45)	(41)
Deferred Tax	16	(145)	(240)
Net Assets		**20,607**	**19,612**
Capital and Reserves			
Ordinary Share Capital	20	5,000	5,000
Retained earnings		15,614	14,612
Foreign exchange reserve		(7)	-
Total Equity		**20,607**	**19,612**

The basis of preparation of these Financial Statements is set out on page 44, and the notes on pages 44-64 form an integral part of these Financial Statements.

The Financial Statements were authorised and approved for issue by the Board of Directors on 5 May 2022 and were signed on its behalf by:

Tim Brown
Chief Executive Officer
5 May 2022

Tim Barnes
Chief Financial Officer
5 May 2022

Consolidated Statement of Changes in Equity

Year Ended 31 December 2021	Note	Share Capital £'000	Retained Earnings £'000	Foreign Exchange Reserve £'000	Total £'000
Balance as at 1 January 2021		**5,000**	**14,612**	**-**	**19,612**
Total comprehensive income for the year		-	1,002	-	1,002
Foreign exchange difference on re-translation of US subsidiary		-	-	(7)	(7)
Dividends	22	-	-	-	-
Balance as at 31 December 2021		**5,000**	**15,614**	**(7)**	**20,607**

Year Ended 31 December 2020	Note	Share Capital £'000	Retained Earnings £'000	Foreign Exchange Reserve £'000	Total £'000
Balance as at 1 January 2020		**5,000**	**15,049**	**-**	**20,049**
Total comprehensive income for the year		-	(437)	-	(437)
Dividends	22	-	-	-	-
Balance as at 31 December 2020		**5,000**	**14,612**	**-**	**19,612**

Consolidated Statement of Cash Flows

Year Ended 31 December 2020	Note	2021 £'000	2020 £'000
Net cash generated from operating activities before tax	**28**	**(1,277)**	**6,375**
Taxation paid		**(164)**	**(51)**
Net cash generated from operating activities after tax		**(1,441)**	**6,324**
Cash flows from investing activities			
Purchases of tangible assets	8	(1,483)	(1,460)
Purchases of intangible assets	9	(815)	(558)
Proceeds from disposals of tangible assets		17	-
Purchase of subsidiaries		(1,044)	(901)
Purchases of current asset investments		-	-
Purchase of unquoted equity investments	6	-	(36)
Proceeds from disposals of current assets investments		5,005	-
Interest received	5	34	91
Other non-operating income		-	-
Dividends received on investments	5	136	97
Net cash used in investing activities		**1,850**	**(2,767)**
Cash flows from financing activities			
Dividends paid	22	-	-
Net cash used in financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**409**	**3,557**
Cash and cash equivalents at beginning of year		17,416	13,781
Foreign exchange (loss)/gain on cash and cash equivalents		(170)	78
Cash and cash equivalents at end of year		**17,655**	**17,416**
Cash and cash equivalents comprise:			
Cash at bank and in hand		6,720	7,903
Short-term deposits		10,935	9,513
Cash and cash equivalents		**17,655**	**17,416**

"Jersey Post continues to invest in its digital business and sees significant opportunity, first in Jersey and then wider afield."

Tim Brown
CEO

Notes to the Financial Statements

1. Accounting Policies

1.1 General Information
Jersey Post International Limited provides postal services to the Island of Jersey, cross-border eCommerce logistics services and digital communication services.

The Company is incorporated and domiciled in Jersey. The address of its registered office is Postal Headquarters, La Rue Grellier, La Rue des Pres Trading Estate, St Saviour, Jersey JE2 7QS.

1.2 Statement of Compliance
The Consolidated Financial Statements of Jersey Post International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies (Jersey) Law 1991.

1.3 Basis of Preparation
The Consolidated Financial Statements have been prepared on a going concern basis, under the historic cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, in accordance with FRS 102.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies as per note 1.21.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

1.4 Basis of Consolidation
The Consolidated Financial Statements present the results of Jersey Post International Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.5 Going Concern
The Directors have produced forecasts for the next twelve months following the date of signing of these Financial Statements which have satisfied them that the Group will continue to be a going concern and be able to meet its liabilities as and when they fall due.

The Directors are also mindful of Article 8(2)(e) of the Postal Services (Jersey) Law 2004 which states "in so far as it is consistent with paragraph (1), the Economic Development Minister and the Jersey Competition Regulatory Authority [JCRA] shall each have a duty in performing its functions under the Law, to have regard to the need to ensure that persons engaged in commercial activities connected with postal services in Jersey, have sufficient financial and other resources to conduct those activities". Accordingly the Directors have adopted the going concern basis in preparing the Financial Statements.

1.6 Tangible Assets
On a continuing use basis within the business, tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

In accordance with the Postal Services (Transfer) (Jersey) Regulations 2006 which regulated the transfer of the assets, liabilities and rights of Jersey Post to Jersey Post International Limited at 30 June 2006, the freehold land and buildings were re-valued on an existing use basis prior to their purchase by the Group.

The cost of all other tangible fixed assets is their purchase cost, together with any incidental costs on acquisition. Tangible fixed assets with a cost of less than £1,000 are not capitalised.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. Tangible fixed assets are not depreciated until they are available for use.

The lives assigned to major categories of tangible fixed assets are:

Land
Not depreciated

Freehold buildings
10 – 30 years

Computer hardware and software
1 – 5 years

Plant, vehicles and equipment
3 – 10 years

Improvements to leasehold property
Remaining length of the lease

The assets' residual values and useful lives are reviewed and adjusted at the end of each reporting period, where there is indication of a significant change since the last reporting date. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the income statement.

1.7 Intangible Assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from the business are capitalised at cost. Assets are amortised on a straight-line basis over their estimated useful life.

The lives assigned to categories of intangible fixed assets are:

Computer software
3 – 10 years

Amortisation is charged to administrative expenses.

The carrying value of intangible assets is reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred.

1.8 Goodwill
Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value over the net identifiable assets and liabilities acquired. Section 19 of FRS 102 states that goodwill is considered to have a finite useful life and that management needs to make an estimate of the useful life of goodwill. Acquired goodwill is amortised over five years. See note 11 for further details of the assumptions made by management on goodwill.

Notes to the Financial Statements Cont.

1. Accounting Policies Cont.

1.9 Cash and Cash Equivalents
Cash and cash equivalents include cash and short-term deposits which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

1.10 Financial Instruments
The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial Assets
Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at the transaction price. Financial assets that have no stated interest rate and are classified as receivable within one year are initially and subsequently measured at the undiscounted transaction price, in line with the provisions of section 11.14(a) of FRS 102.

Other financial assets, including investments in equity instruments where not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restriction.

Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Financial liabilities that have no stated interest rate and are classified as payable within one year are initially and subsequently measured at the undiscounted transaction price, in line with the provisions of section 11.14(a) of FRS 102.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Hedge Accounting
From time to time the Group enters into forward foreign currency contracts to manage its exposure to foreign exchange currency fluctuations. The fair value hedged derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in the fair value of hedged items and instruments are offset within the profit or loss for the period.

Offsetting
Financial assets and liabilities are offset and the net amounts presented in the Financial Statement only when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

1.11 Inventories
Inventories are stated at the lower of cost and net realisable value. Provisions are made where necessary for obsolete, slow-moving and defective inventories. Costs are measured on purchase price with the expense being recognised in the income statement when the inventory item is sold. Philatelic stock is measured as the cost of production (design and print) and amortised over the life of each stamp issue (two years).

1.12 Provision for Liabilities
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

1.13 Foreign Currencies
Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Financial Statements are therefore presented in Pound Sterling which is the Group's functional and presentation currency.

Transactions in foreign currencies are translated into Pound Sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities expressed in foreign currencies are translated to sterling at the exchange rates ruling at the reporting date. Foreign currency gains and losses are taken to the income statement.

Foreign exchange gains and losses resulting from the settlement of trading transactions in foreign currencies are recognised in 'Cost of sales' in the Consolidated Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are shown on the face of the Consolidated Income Statement as 'Foreign exchange gain/(loss)'.

1.14 Turnover
Group turnover is measured at the fair value of the consideration received or receivable for goods and services supplied for all Group companies, net of value added and sales taxes, post office boxes, business reply licences invoiced in advance and unexpended credit on franking meters. International revenue is recognised at the point of mail despatch. The sale of stamps is based on the cash received and no provision is made for services to be provided in respect of stamps in circulation as the Directors consider this to be immaterial.

Where the Group operates as an agent, only the amounts receivable for the services provided by the Group are recognised within Turnover in the Income Statement. Where the term "Gross Revenues" is used within these Financial Statements, this refers to the turnover figures including Customs clearance charges which are incurred then recharged to customers of the Jersey Post Group.

1.15 Other Non-Operating Income
Other non-operating income represents the value of rental income received and receivable from the lease of a property recognised over the life of the rental agreement.

1.16 Administrative Expenses
Included within administrative expenses is, amongst other costs, the GST expense, support services staff costs and marketing and distribution costs. Administrative expenses are recognised on an accruals basis.

Notes to the Financial Statements Cont.

1. Accounting Policies Cont.

1.17 Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the reporting date. Timing differences are differences between the Group's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

1.18 Pension Costs
The Group operates only defined contribution schemes, though up to the 30 September 2015 it did operate a defined benefit scheme.

Both the Group and employees pay contributions into independently administered funds. The cost of providing these benefits, recognised in the income statement, comprises the amount of contributions payable to the scheme in respect of the year.

1.19 Research and Development
Expenditure on research and development is written off in the period in which it is incurred.

1.20 Related Parties
The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, separate disclosure is necessary to understand the effect of the transactions on the Group Financial Statements.

1.21 Critical Judgements
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Goodwill and Acquisition Costs
The fair value of assets acquired of subsidiaries is shown as net book value at acquisition. The calculation of the deferred consideration involved an estimation of future profits to be generated over a number of years.

Investment in Associates
Where the Group invests in an associate, as part of its global network, the Investment is initially recognised at cost. These investments are subject to equity accounting and therefore their carrying value is adjusted for the Group's share of profit or loss (following the first year of investment), amortisation of the goodwill over five years and any impairments.

Impairment of Assets
On at least an annual basis and when indicators of impairment are present, a review of impairment is conducted on property, plant and equipment, intangible assets as well as any debt owed to the Group. When considering whether impairment is required reference is made to the current value of the asset, useful life of the asset and age of the debt.

International Accruals
Within the creditor figure the Group maintains an accrual in relation to its international trade for amounts owed to other administrations within the Universal Postal Union (UPU). This accrual is calculated in accordance with the Letter Post Article 29 for Terminal Dues. The UPU guidelines specifically states "…The debtor designated operator will not be obliged to accept CN61 detailed accounts that are not sent to it within ten months of the end of the year concerned (RL 239.5)".

Jersey Post has a policy to release provisions for charges once an agreed settlement is made with each administration.

Deferred Tax
In accordance with FRS 102 this has been recognised as a taxation expense in our Income Statement in relation to fixed asset timing differences.

Notes to the Financial Statements Cont.

2. Turnover Analysis

	2021 Revenue	2020 Revenue
Postal & Logistics	41,142	40,713
Global Logistics	36,694	25,281
Digital	2,056	2,130
Turnover Total	**79,892**	**68,124**

3. Operating Profit for the year

	2021 £'000	2020 £'000
Operating profit for the year is stated after charging the following:		
Auditor's remuneration: - Audit	75	70
- Non-Audit	-	6
Depreciation of tangible assets	1,731	1,566
Amortisation of intangible assets	306	252
Amortisation of goodwill	2,158	1,977
Pension cost	1,267	1,294

4. Staff Costs

	2021 £'000	2020 £'000
Staff costs (including Directors) consist of:		
Wages and salaries	19,781	16,648
Employer Social Security costs	886	911
Employer pension contributions	1,267	1,294
Total	**21,934**	**18,853**

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4. Staff Costs Cont.

Employees

	2021 No.	2020 No.
The average number of full-time equivalent staff (FTE) (including Executive Directors) employed by the Group during the year was:		
Operations	395	318
Administration and central functions	65	61
Total	**460**	**379**

Directors

	2021 £'000	2020 £'000
The Directors' emoluments were as follows:		
Total salaries and short-term benefits	531	522
Total post-employment benefits	15	15
Total	**546**	**537**

Highest paid Director

	2021 £'000	2020 £'000
The highest paid Director's emoluments were as follows:		
Total salaries and short-term benefits	315	310
Total post-employment benefits	-	-
Total	**315**	**310**

Key management compensation

Key management includes the Directors and members of senior management.
The compensation paid or payable to key management for employee's services is shown below:

	2021 £'000	2020 £'000
Salaries and other short-term benefits	1,950	1,411
Post-employment benefits	135	96
Total	**2,085**	**1,507**

Notes to the Financial Statements Cont.

5. Interest and Dividends Receivable	2021 £'000	2020 £'000
Bank and loan interest receivable	34	91
Dividends receivable	136	97
Total	**170**	**188**

6. Net movement on Investments	2021 £'000	2020 £'000
Net realised (loss)/gain	-	-
Unrealised (loss)/gain	297	(420)
Net movement on Investments	**297**	**(420)**

	2021 £'000	2020 £'000
Proceeds from sales of investments made during the year	-	-
Original cost of investments sold during the year	-	-
Gain/(loss) realised on investments sold during the year	**-**	**-**

	2021 £'000	2020 £'000
Opening balance	2,422	2,747
Additions	123	95
Disposals	-	-
Gain/(loss) on re-measurement to fair value	297	(420)
Market value	**2,842**	**2,422**

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7. Taxation	2021 £'000	2020 £'000
Jersey/UK income tax		
Current charge	(106)	68
(Credit)/Charge in respect of prior years	11	-
Total current tax charge for the year	**(95)**	**68**
Deferred Taxation		
Charge/(credit) for the year taken to the income statement	44	84
Charged to the income statement in respect of prior period	51	-
Total deferred tax charge for the year	**95**	**84**
Total tax charge for the year	**-**	**152**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of Jersey corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
Profit/(loss) on ordinary activities before taxation	**995**	**(285)**
Tax on profit/(loss) on ordinary activities at 20%	**199**	**(57)**
Factors affecting tax charge for the year		
Fixed asset timing differences	-	-
Difference on unrecognised deferred tax asset	-	-
Expenses not deductible for tax purposes	332	415
Losses taxed at 0%	(392)	(101)
Losses utilised in the year	-	-
(Gains)/losses not taxable	(2)	(105)
Adjustment in respect of prior years	62	-
	-	209
Total current income tax charge for the year	**-**	**152**

Notes to the Financial Statements Cont.

7. Taxation Cont.

	2021 £'000	2020 £'000
Deferred Taxation		
Total deferred taxation balance at 1 January	(240)	(317)
Credited/(charged) to income statement	44	77
Deferred tax on acquisitions	-	-
(Charge)/Credit to the income statement in respect of prior periods	51	-
Total deferred tax balance at 31 December	**(145)**	**(240)**

Income tax expense computations are based on the jurisdictions in which profits were earned at the prevailing rates of tax in the respective jurisdictions. Jersey Post International Limited is subject to Jersey income tax at the standard rate of 0% (2020: 0%). The majority of the Group's profits are reported by Jersey Post Limited, a subsidiary of Jersey Post International Limited. Jersey Post Limited is subject to Jersey income tax at the rate of 20% (2020: 20%).

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8. Tangible Assets

	Freehold land & buildings £'000	Improvements to leasehold property £'000	Plants, vehicles & equipment £'000	Total £'000
Cost				
At 1 January 2021	10,512	202	9,458	20,172
Additions	63	23	1,397	1,483
Disposals	-	-	(392)	(392)
At 31 December 2021	**10,575**	**225**	**10,463**	**21,263**
Accumulated Depreciation				
At 1 January 2021	4,329	88	6,041	10,458
Annual charge	520	27	1,184	1,731
Disposals	-	-	(378)	(378)
At 31 December 2021	**4,849**	**115**	**6,847**	**11,811**
Net book value				
At 31 December 2021	**5,726**	**110**	**3,616**	**9,452**
At 31 December 2020	6,183	114	3,417	9,714

Included within the total net book value of £9,452,000 are assets held under hire purchase arrangements totalling £120,008 (2020:£203,250).

Notes to the Financial Statements Cont.

9. Intangible Assets	Software £'000	Total £'000
Cost		
At 1 January 2021	4,294	4,294
Additions	815	815
Disposals	(221)	(221)
At 31 December 2021	**4,888**	**4,888**
Accumulated amortisation		
At 1 January 2021	2,911	2,911
Annual charge	306	306
Disposals	-	-
At 31 December 2021	**3,217**	**3,217**
Net book value		
At 31 December 2021	**1,671**	**1,671**
At 31 December 2020	1,383	1,383

The useful life of the software is based on its expected utilisation by the Group.

10. Goodwill	Goodwill £'000	Total £'000
Cost		
At 1 January 2021	3,626	3,626
Additions	1,044	1,044
Impairment	(729)	(729)
At 31 December 2021	**3,941**	**3,941**
Accumulated Depreciation		
At 1 January 2021	2,188	2,188
Annual charge	910	910
At 31 December 2021	**3,098**	**3,098**
Net book value		
At 31 December 2021	**843**	**843**
At 31 December 2020	1,438	1,438

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Notes to the Financial Statements Cont.

11. Investments

	Cost b/f £'000	Impairment £'000	Cost c/f £'000	Amortisation £'000
Associates	6,065	(76)	5,989	(4,081)
Joint Ventures	32	-	32	-
Total	**6,097**	**(76)**	**6,021**	**(4,081)**

	Amounts transferred to Goodwill £'000	Group's share of Profit and Loss £'000	Amounts transferred to P&L on Sale £'000	C/f Book Value £'000
Associates	-	1,040	(1,092)	1,856
Joint Ventures	(32)	-	-	-
Total	**(32)**	**1,040**	**(1,092)**	**1,856**

12. Inventories

	2021 £'000	2020 £'000
Philatelic stamp inventory	65	86
Shop inventory	15	18
Operational stamp inventory	33	20
Total	**113**	**124**

13. Debtors

	2021 £'000	2020 £'000
Net trade debtors	15,143	10,835
Other debtors	638	1,686
Agency debtors	110	299
Corporation tax	106	-
Prepayments and accrued income	1,603	988
	17,600	**13,808**

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14. Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade creditors	8,842	6,277
Other creditors	1,976	1,110
Obligations under finance leases and hire purchase contracts	40	83
Other tax and social security	456	242
GST and VAT	15	471
Corporation tax	140	140
Accruals and deferred income	19,623	21,355
Fair Value of derivative instruments	51	406
Deferred consideration on acquisition	92	125
	31,235	**30,209**

Included within accruals and deferred income are grants provided by the Government of Jersey and Jersey Electricity plc which have been received relating to electric vehicles and are being amortised to the Income Statement over the useful life of the assets to which they relate. In the current year £5,800 (2020: £7,200) of this income has been recognised in the Consolidated Income Statement and the balance, at the year end, included within accruals and deferred income is £1,750 (2020: £7,550).

15. Creditors

	2021 £'000	2020 £'000
Amounts falling due after more than one year		
Obligation under finance lease and hire purchase	-	41
Deferred consideration on acquisition	-	-
Bank Loan	45	-
	45	**41**

Notes to the Financial Statements Cont.

16. Deferred Tax

	2021 £'000	2020 £'000
The provision for deferred tax consists of the following deferred tax liabilities		
Accelerated capital allowances	145	240
	145	**240**

17. Finance Lease Obligations

	2021 £'000	2020 £'000
The future minimum finance lease payments are as follows:		
Not later than one year	40	84
Later than one year and not later than five years	-	41
Later than five years	-	-
	40	**125**

18. Operating Lease Commitments

The Group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021			2020		
	Land & Buildings £'000	Other £'000	Total £'000	Land & Buildings £'000	Other £'000	Total £'000
Not later than 1 year	1,681	10	1,691	1,180	10	1,190
2-5 years	3,295	5	3,300	2,208	15	2,223
Over 5 years	1,237	-	1,237	-	-	-
Total	**6,213**	**15**	**6,228**	**3,388**	**25**	**3,413**

The total operating lease expense to the Group in the year was £1,689,884 (2020:£1,220,954).

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2021

19. Financial Instruments

	2021 £'000	2020 £'000
Derivatives		
- Forward foreign currency contracts	(51)	(406)

The Group purchases forward foreign currency contracts to hedge currency exposure on liabilities to be settled in foreign currencies. The fair values of the derivatives held at the balance sheet date are determined by reference to their market values.

20. Ordinary Share Capital

	2021 £'000	2020 £'000
Reconciliation of funded status to balance sheet		
Authorised, issued, allotted and fully paid		
5 million £1 ordinary shares	**5,000**	**5,000**

There is a single class of ordinary shares.

21. Reserves

Retained Earnings - This reserve records accumulated profits and realised losses.

Foreign exchange reserve - This reserve records the difference arising on re-translation of brought forward equity in foreign subsidiaries.

Notes to the Financial Statements Cont.

22. Dividends Paid and Payable

During the year dividends of £nil (2020: £nil) were paid to the Shareholder.

	2021 £'000	2020 £'000
Declared and paid during the year:		
Final dividend	-	-
Special dividend	-	-
	-	**-**
Proposed for approval by the shareholder at the AGM:		
Final dividend	**299**	**-**

23. Ultimate and Immediate Controlling Party

The ultimate and immediate controlling party is the States of Jersey Investments Limited, which owns 100% of the ordinary share capital.

24. Related Party Transactions

Transactions with subsidiaries and associates
The Group provides multi-channel services to a number of different departments of the Government of Jersey. Sales of £1,550,570 (2020: £1,587,549) and purchases of £1,977,011 (2020: £1,652,127) were made to departments in 2021. As at 31 December 2021, the amount owing to the Government of Jersey was £322,698 and the amount owed from the Government of Jersey was £133,586 (31 December 2020: £186,440 and £206,820 respectively). All services provided by the Group to the Government of Jersey are provided on an arm's length basis. These included the Ports of Jersey transactions where Alan Merry, Chair, was a Consultant.

Sales to Associates include A2B Limited £6,119 (2020: £16,764), DAI £108,347 (2020: £143,720) and Parcel Monkey £16 (2020: £896). As at 31 December 2021 the amount owed by Associates is A2B Limited £nil (2020: £(1,965)), DAI £29,725 (2020: £59,444) and Parcel Monkey £nil (2020: £131), APG £77,896 (2020: £nil). During the year, the Group made no loans to Associates. Loans made in prior years are £395,000 (non-interest bearing and payable on demand). During the year repayments of £100,000 were made. The amount outstanding at 31 December 2021 was £nil.

Woodside Logistics trades with Woodside Farms. Sales were £632,035 and purchases were £210,731. Amounts owed by Woodside Farms were £240,056 and amounts owed by Woodside Farms were £5,365. The managing director of Woodside Logistics is also the owner of Woodside Farms.

Under Section 33 FRS 102 the Group have applied the exemption from disclosing related party transactions and balances with companies within the mutual wholly owned Group.

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25. Subsidiary Undertakings

As at 31 December 2021, JPIL was the 100% owner of the equity share capital, either through itself or through its subsidiary undertakings, of the following companies:

Name	Nature of Business
Jersey Post Limited	Postal Operator
Offshore Solutions Limited	Mail Consolidation & Logistics Services
Jersey Post (Broad Street) Limited	Property Holdings
Jersey Post (Rue des Pres) Limited	Property Holdings
Jersey Post (Parishes) Limited	Lease Holdings
Jersey Post Global Limited	Postal Operator
Jersey Post Global UK Limited	Postal Operator
Jersey Post International Development	Postal Operator
Ship2me Limited	Postal Operator
Fraser Freight Limited	Logistics Services
Heathrow Import Clearance Services Limited	Customs Import Broker
Jersey Post Global Logistics Pty ltd	Investment Holdings
Jersey Post Global Logistics Inc	Investment Holdings
OMT (Jersey) Limited	Investment Holdings
Woodside Logistics Limited	Logistics Services
Global eParcel Solutions LLC	Logistics Services

In accordance with Article 105(11) of the Companies (Jersey) Law 1991, the Company is no longer required to prepare separate company only accounts for the Jersey based entities, as consolidated accounts have been prepared. All the above subsidiaries are included in the consolidation.

26. Board Remuneration and Fees

Details of remuneration paid to Directors and related party transactions therewith are disclosed in the Remuneration Committee Report on page 26-27 and in note 5.

27. Other Financial Commitments

Heathrow Imports Clearance Services Limited, a subsidiary undertaking, has a counter indemnity given to its bank of £20,000 in respect of bonds in favour of HM Revenue & Customs for deferred duty and VAT.

Notes to the Financial Statements Cont.

28. Cashflow workings

	2021 £'000	2020 £'000
Profit/(loss) after tax	**995**	**(437)**
Taxation	-	152
Net movement on investment	(297)	420
Other non-operating income	(112)	(112)
Interest and dividend receivable	(170)	(188)
Foreign Exchange (loss)/gain	170	(235)
Operating Profit/(loss)	**586**	**(400)**
Depreciation charge	1,731	1,566
Gain/(Loss) on disposal of fixed assets	(235)	(27)
Gain/(Loss) on sale of investments	(3,913)	
Amortisation charge	2,464	2,229
Impairment of goodwill	729	
Other non-operating income	112	112
Release of provision	-	-
(Increase)/Decrease in Inventory	11	22
(Increase)/Decrease in Debtors	(3,792)	(2,652)
Increase/(Decrease) in Creditors	1,030	5,525
Increase/(Decrease) in Provisions	-	-
Net cash in from operating activities	**(1,277)**	**6,375**

Analysis of Net Cash /(Debt)	At 1 January 2021	Cash Flows	Other non-cash changes	At 31 December 2021
Cash at bank and in hand	17,416	239	-	17,655
Bank overdrafts	-	-	-	-
Debt due after one year	-	(45)	-	(45)
Debt due within one year	-	-	-	-
Related derivatives	-	-	-	-
Finance leases	(80)	40	-	(40)
Net Cash / (Debt)	**17,336**	**324**	**-**	**17,660**

Five Year Summary

	Units	2021	2020	2019	2018	2017
Balance Sheet						
Shareholder's funds	£'000	**20,607**	19,612	20,049	21,032	21,990
Profit & Loss Account						
Gross Turnover*	£000	**86,291**	72,982	57,159	55,462	53,132
Net Turnover*	£000	**79,892**	68,124	53,607	52,510	48,056
Operating profit/(loss)	£000	**586**	(400)	(1,449)	467	1,639
Gross margin	%	**13.5%**	14.9%	15.3%	17.2%	17.6%
Operating (loss)/profit	%	**0.7%**	(0.6)%	(2.7)%	0.5%	3.1%
(Loss)/Profit before tax	£000	**995**	(285)	(858)	165	2,302
EBITDA	£000	**5,156**	3,882	2,416	3,426	4,345
Dividend payable to Shareholder on the basis of the year's financial performance	£000	**299**	-	-	50	691
Operational statistics						
Mail volumes	million	**26**	27	29	31	33
Number of post offices	number	**19**	20	21	21	21
Cost of a local stamp	pence	**54**	54	52	50	49
Cost of a UK stamp	pence	**74**	70	67	65	63
Number of staff (FTEs)	number	**460**	376	366	357	357
Staff costs	£million	**21.8**	18.9	16.6	15.5	14.9
Average cost of employee	£000	**47**	50	45	44	42

*Included within Gross Turnover are amounts relating to customs clearance charges incurred and recharged to our customers. Within the Financial Statements these transactions have been reclassified to reflect that the Group is acting as an agent and not the principal.

"Jersey Post is looking to build on the traditional core but include the new wider dynamics of the group."

Tim Brown
CEO

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