JERSEY POST INTERNATIONAL LIMITED

BUSINESS REVIEW 2020

Jersey Post Group

www.jerseypost.com

Contents

Directors, Officers and Advisors

Directors of Jersey Post International Limited

Alan Merry
Non-Executive Chairman

Tim Brown
Chief Executive Officer

Tim Barnes
Finance Director

Susan Barton
Non-Executive

Aaron Chatterley
Non-Executive

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

Martin Magee
Non-Executive

Helen Hatton
(appointed 20 May 2020)
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
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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 is currently the Strategy and Development Director, with a remit focused on business improvement.

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 Chairman until he took over as Chief Executive Officer on 1 July 2014.

Tim Barnes
Finance Director

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.

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Gavin Macrae
Senior Independent Non-Executive Director

Senior 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 and is also Non-Executive Chairman of Aberdeen Standard Capital Offshore Strategy Fund Limited. 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 recognized 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.

"It is very satisfying to see Jersey Post being successful and punching above its weight in what is a very competitive international market."

Alan Merry
Chairman

Chairman's Statement

Alan Merry
Chairman

When I was writing my statement last year, we had just entered the first phase of lockdown and therefore it was no surprise that our plans for the year were quickly overtaken by the impact of Covid-19. It was a very worrying period with the first financial re-forecast for the year indicating that the impact of the pandemic could lead to the business incurring a significant loss and nobody really knew what bearing the pandemic would have on the industry.

Our primary focus, both here in Jersey and internationally, was on playing our part in keeping people and businesses 'connected'. The changes were dramatic and instant: the volume of letters fell away, parcel volumes increased by 71%, there were significantly fewer flights and boats, 20% of our people were self-isolating and all of our customers faced their own set of challenges. The team had to make operational changes on an almost daily basis to ensure that there was no disruption to the delivery of our core services. A very stark example was the increase in the number of parcels, which for our postal team meant that it felt like managing the 'Christmas peak' for most of the year.

On top of all these challenges, the team did a superb job of stepping up to support the Island community with additional initiatives including issuing free 'thank you' cards, delivering prescriptions, free advertising for businesses and managing the conveyance of Covid-19 tests to the UK.

Given these unprecedented circumstances, I am therefore delighted to report a very positive set of results with turnover increasing to £68m, a 27% improvement on 2019, with gross profit growing by 24% to £10.2m delivering an EBITDA of £3,882k (2019 : £2,416k). However, these excellent results mask a number of significant 'peaks and troughs' across the business caused primarily by the impact of the pandemic, but also other factors such as Brexit.

turnover
27%

gross profit
24%

The trends we have seen over the last few years accelerated during the pandemic and are unlikely to slow down. The decline in traditional core business continues, our retail network suffering from reduced footfall, the increase in parcel traffic and the inexorable move towards digital services are all here to stay. However, our strategy of building on our strengths enabled us to support the Island and not only weather the storm, but also take advantage of the opportunities.

Despite all the challenges faced throughout the year, it was encouraging to see our diversification strategy continue to add real value to the business. We acquired the remaining shares in GePS (our first international investment) and that, along with good levels of growth in most of our other international businesses, generated 40% of our turnover. Our investment in Parcel Monkey, an online 'send your parcel' platform, also saw significant growth in both the UK and the US. Our credentials in the international logistics market were confirmed by winning a $multi-million, five-year contract with United Sates Postal Service for deliveries from the US to Latin America. This level of contribution from our international network is critical to our ability to fund both the delivery and ongoing investment in products and services for the Island.

On-island, our digital business, Vaiie, continued to innovate and develop its capabilities throughout the year and the Board remains optimistic about its potential to provide high-quality, digital services to our customers on and off the Island. It is excellent to see this capability being recognised through the team's successful bid to work with the Government of Jersey on the development of their new digital ID solution. We look forward to more success in the future.

We also saw progress on a range of other opportunities to work collaboratively with the Government of Jersey. While it can often take some time for these to come to fruition, we are developing a better joint understanding of areas where Jersey Post is capable of providing services that would benefit the Island. With the right level of commitment, this can only improve over time.

We maintained our investment programme with the acquisition of Fetch.je and Woodside Logistics. These both complement our existing strategy of supporting local businesses and will enable us to create better solutions by building on the skills, experience and technology that exist elsewhere in the Group.

The quality of the Jersey Post team has continued to develop, not just here in Jersey, but also elsewhere across the world. Their enthusiasm, professionalism, creativity and sheer hard work throughout the pandemic is quite humbling. The Board is rightfully proud of how the team has continued to provide a high-quality service to all our customers despite the personal challenges they may have faced. In Jersey, we know from feedback, that our people have certainly 'gone the extra mile' to support the Island and they are a credit to themselves and to the business.

Despite all the challenges of 2020, our strategic plan is still on course: our global logistics network is growing and making an invaluable contribution to the business and this has now been enhanced by the progress of Vaiie, the provision of services to Government and the recent on-island acquisitions. While our primary focus remains on delivering great products and services to the Island, it is also very satisfying to see Jersey Post being successful and punching above its weight in what is a very competitive international market. While we are certain we will continue to face more challenges going forward, we have learned a great deal through the adversity of 2020, have confidence in the strategy we have adopted and, more importantly, in the team's ability to deliver.

12 May 2021

Strategic Report

2020 is a story of huge challenges, perseverance, great ingenuity and ultimately success.

Introduction

Looking at our Report and Accounts does not give a complete representation of the enormity of the challenges that the business went through in 2020, the huge sacrifice and commitment of colleagues and the support of stakeholders across the board. In many ways, everyday was like Christmas peak and trends that had been happening over years accelerated over weeks. Maintaining connectivity between tens of thousands of customers across 194 countries was a tremendous achievement. We are therefore proud of what the whole Jersey Post team across the globe achieved in keeping people and businesses connected.

At the Group level we saw revenue growth of 27% in the year; a level not seen since the height of the fulfilment business in the late 2000s, and twice that of 2013, our lowest point. We improved our profit position, generated cash and demonstrated that our strategy of diversification enabled us to weather the storms of 2020. However, the last year has also demonstrated our susceptibility to global trends in declining physical retail, move to more online communication and the challenges from global factors such as trade wars, Brexit and increasing international rules and regulations.

When Covid-19 and lockdowns hit towards the end of March 2020 there were concerns over the financial stability of the Group. There were known impacts in terms of the closing of retail, the lack of foreign travel and its impact on foreign exchange business which were somewhat predictable, and we have yet to see any recovery in these areas. However, it is hard to remember now that the sustainability of eCommerce, much of it reliant on air freight, was also questioned. In April 2020, distribution centres closed for fear of being unable to protect colleagues from the spread of Covid-19. Airlines stopped flying almost overnight with huge surcharges imposed for remaining flights, and those available being cancelled or delayed. Indeed, some postal authorities closed their borders for weeks on end delaying traffic. Parcels sat in inbound warehouses in destination countries waiting to be processed. Businesses around the globe, including Jersey Post, often found over 20% of their workforce absent shielding, isolating or sick. Locally, our postmen and women could be contacted whilst on their round to be told to stop and self-isolate. We, along with others in the industry, feared that cross border eCommerce would seize up and despite demand, not be able to operate.

We also know that our customers feared for their own survival as businesses closed offices and moved to remote working; consumers turned to online shopping to fulfil basic requirements as physical shopping was restricted. Businesses were looking for instant answers to their logistics challenges and we were there to provide solutions. These ranged from our team seeking air freight solutions out of Heathrow 24/7; to providing a comprehensive logistics solution to testing in Jersey and being responsible for getting samples to the UK and to test centres. Later on, we took over the consolidation of supplies and logistics support to the in-island test facility. We helped sustain people and businesses through lockdown in Jersey by providing free solutions to 21 businesses to enable them to work online and securely from home. We delivered food, medicines, and other essentials to people helping to keep them connected and safe: we helped make lockdown possible.

We could not have achieved this without the dedication and commitment of our colleagues across the world.

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What Jersey Post did for the community during Covid-19:

- Delayed the price increase by six months;
- Issued 'Thank You' cards that could be sent free to acknowledge an individual or business that had gone the extra mile;
- Supported local businesses by issuing a free directory of businesses still open and offering home delivery;
- Provided 21 businesses with free portal technology to support remote working;
- Delivered prescriptions and other essentials;
- Transported tests to the UK and supported the Island test facility;
- Delivered essential government communication including the £100 spend cards;
- During a difficult year, provided support to Holiday for Heroes in Jersey;
- Continued to sponsor the Jersey Island Games team and Jersey Cricket.

> **"In many ways, everyday was like Christmas peak and trends that had been happening over years accelerated over weeks."**

Strategic Report Cont.

Quality of Service

Looking to Jersey, we saw changes to conveyancing with ferry sailings reduced, and the mail plane arriving later and leaving earlier. This presented huge operational challenges in processing and delivering mail and parcels on time. We also split our operational teams into two shifts to reduce the number of people in our sorting centre at any one time to enable social distancing. We have continued to do this into 2021. The health and welfare of our colleagues and customers is always paramount.

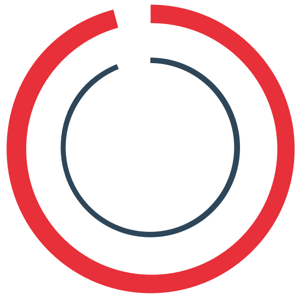
The challenges we faced were more than replicated in the UK with Royal Mail having to close some of its offices and often facing significant challenges to their own operations and logistics. Customers here in Jersey experienced this everyday as mail and parcels coming via Royal Mail took longer to get here and longer to be delivered in the UK. Again, this is something we continue to see and are in discussions with Royal Mail to work together to improve. As a first step we have been able to put the evening flight time back by an hour.

Despite these challenges, we were proud of the support we have had from customers here in Jersey who have recognised the efforts, especially of our postmen and women, that we have taken to keep Jersey connected.

Our survey results reflect this:

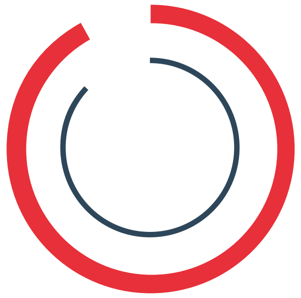
How would you rate Jersey Post's post office network?

2020 - 88%
2021 - 89%



How would you rate the service provided by your postman/woman?

2020 - 94%
2021 - 96%



How would you rate Jersey Post's delivery service?

2020 - 87%
2021 - 92%

> **"The health and welfare of our colleagues and customers is always paramount."**

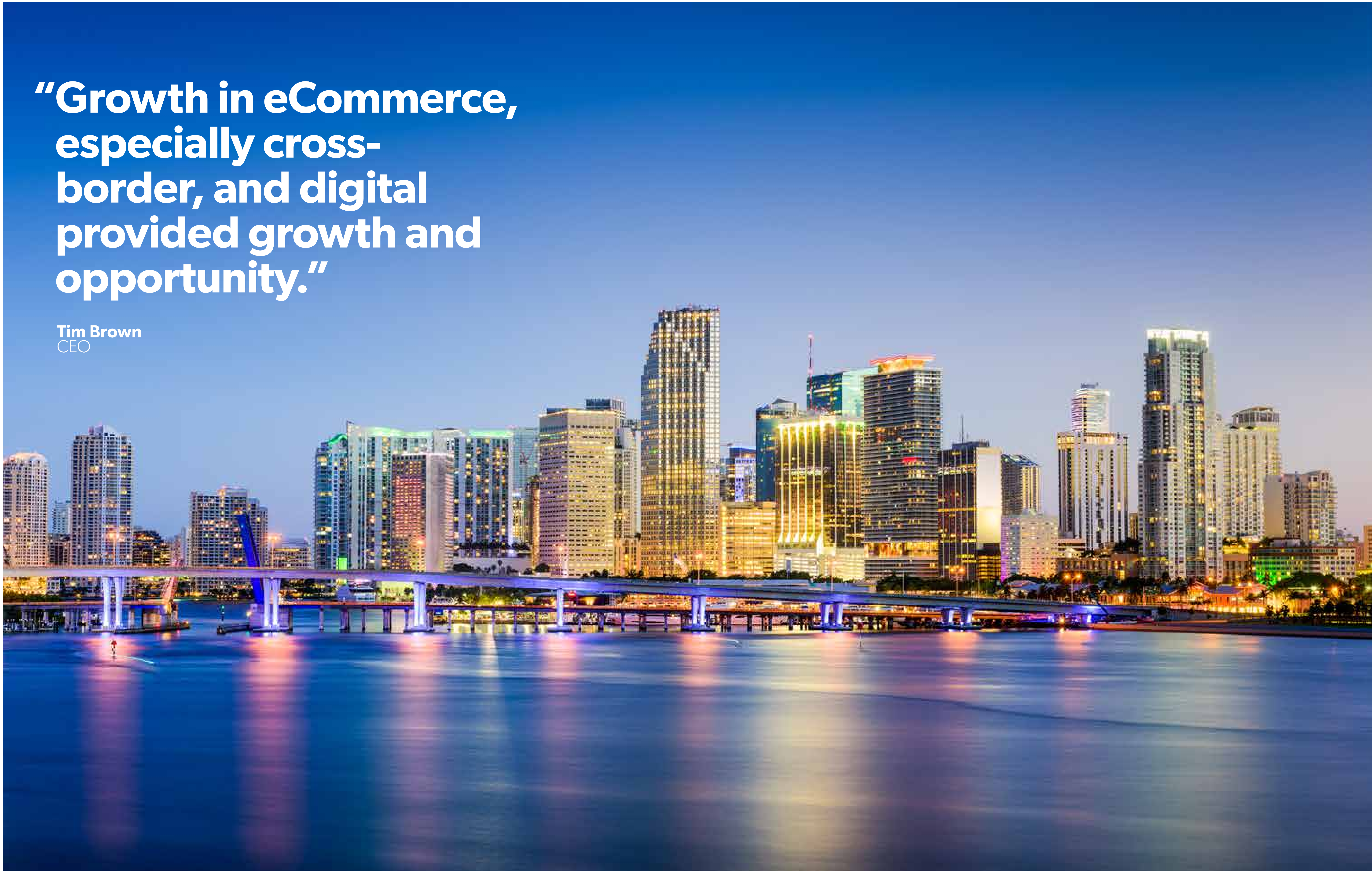
Our colleagues

During 2020, we looked to support colleagues in terms of health and welfare; maintaining pay for those self-isolating, increasing overtime payments given the huge increase in workloads, paying special bonuses reflecting the incredible effort colleagues made, including a special **"Have a night in on us"** initiative. Colleagues working in support and office functions also played their part by covering shifts to support their operational colleagues.

Despite the challenges, colleagues responded well to our 2020 survey:

On a scale of 1-10 how happy were you at work:

Would you recommend Jersey Post as a good place to work:



"Growth in eCommerce, especially cross-border, and digital provided growth and opportunity."

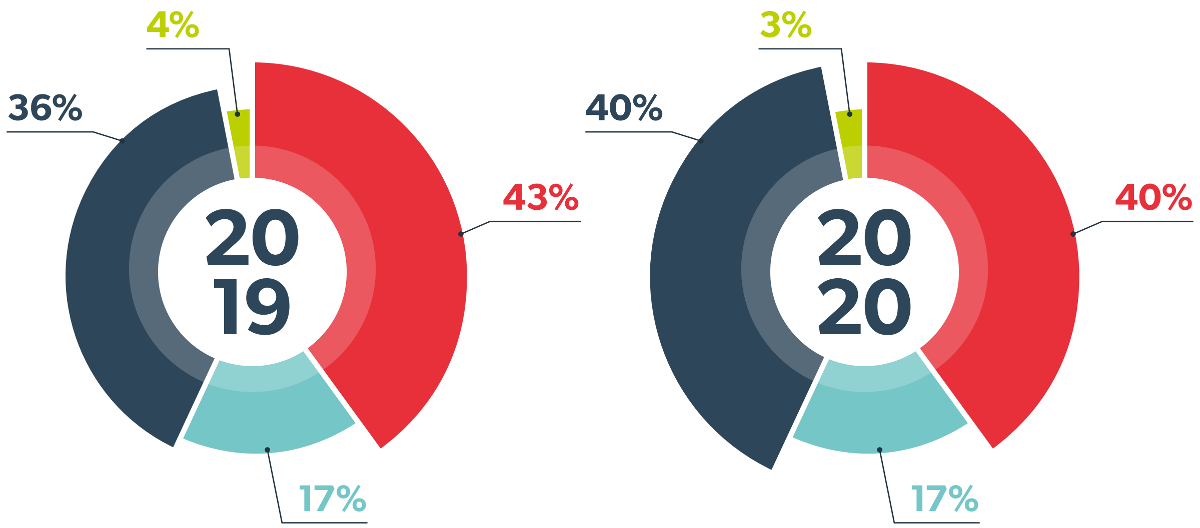
Tim Brown
CEO

Strategic Report Cont.

The business mix

Whilst we can look back with some pride on our achievements, at the end of 2020 the business is permanently different to that of before the pandemic. The underlying trend of declining letter volumes that we have mentioned in every Business Review for the last ten years accelerated in 2020. However, the gradual increase in packets and parcels over the years grew significantly in 2020. Our diversification strategy into eCommerce and digital put us in the right places at the right times, and without them we would be facing a much different and more difficult task today

Between 2014 and 2019, annual revenue generated by the postal business had declined from 60% of total revenue to 43%. In 2020, this declined to 40% despite the increase in parcel traffic. Our global logistics business was non-existent in 2014 but represented 36% in 2019 and 40% in 2020. Today, including the in-island fulfilment business, our logistics business represents 57% of total revenue.



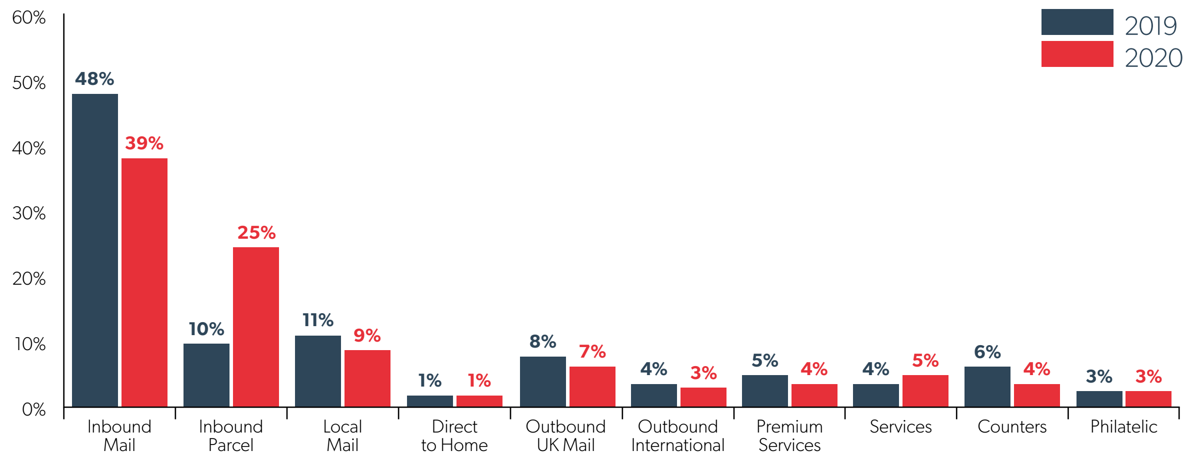
Postal Jersey Logistics Global Logistics Vaiie

Across all business streams just over a third of revenue originates in Jersey, and is the destination for 40% of revenue. A growing percentage (40% in 2020) of revenue relates to business that starts and finishes outside of the island.

Source of revenue by:	Origin % 2020 (2019)	Destination % 2020 (2019)
Jersey	**36** (41)	**40** (41)
UK	**49** (53)	**15** (20)
Europe	**1** (2)	**27** (24)
North America	**14** (4)	**6** (6)
Far East	**0** (0)	**3** (2)
Rest of World	**0** (0)	**9** (7)

Postal

Within our postal business, some 39% (down from 48% in 2019) is inbound mail or letters. Inbound parcels grew as a percentage of revenue from 10% in 2019 to 25% in 2020. Paradoxically, we still saw a net 10% fall in postal volume year on year: the 20% fall in letter volume more than offsetting the growth in parcel volume.



The increase Jersey Post experienced in the growth in parcels is only a subset of the growth across the Island with at least seven other parcel carriers in Jersey.

During 2020, the postal business had to cope with the significant increase in inbound parcels for delivery whilst protecting the health and welfare of our colleagues and customers. Parcel volumes increased to Christmas peak levels and remained there for much of the year. The infrastructure for parcels is significantly different than that for letters. For example, our letter sorting machine can sort between 40,000 and 55,000 letters an hour. Our parcel sorting machine sorts up to 4,500 parcels an hour. High levels of absenteeism due to Covid-19 and backfilling new colleagues to meet the increased demand was a strain on ensuring quality of service was maintained.

Not only did our operational colleagues commit to high levels of overtime with colleagues working in support covering at least one shift a week, we also worked with a local hotel chain to take on its colleagues who were not able to work during lockdown.

One of many impacts was the decline in retail counter business where revenue fell by 30% and after years of making a small contribution, our retail network made a significant loss. The impact of travel bans reduced foreign exchange business almost to zero and the fall in retail footfall hit post offices too. Unfortunately, we have not seen this recover in quarter one 2021 and this area of the business remains a concern.

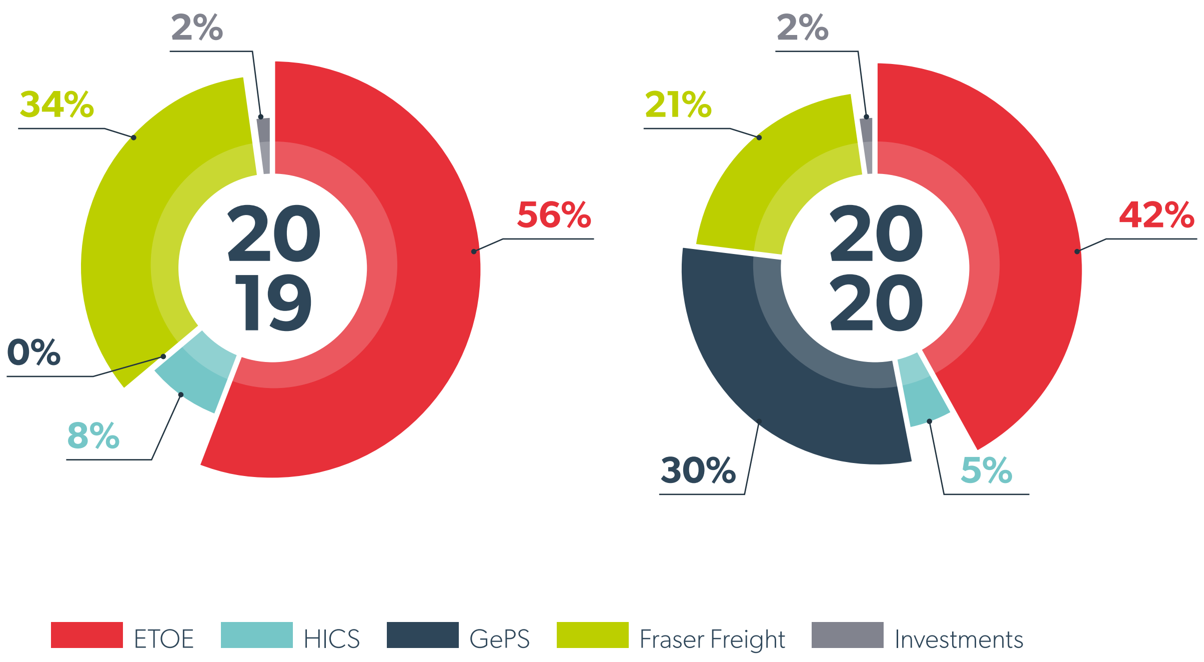
As can be seen from the numbers above, we bring in five and a half times more mail from Royal Mail on the mail plane than we send out in revenue terms. In weight, we despatch around one and a half tonnes on a plane that can take up to 11 tonnes. The result is that the cost of flying mail is significantly more expensive for Jersey Post than it is for Royal Mail. We continue to look at more cost-effective solutions.

The challenge for the future is to continue to invest in transformation. Over the last five years we have invested over £7m into the postal business into automation, systems and IT, the environment (we have the biggest electric fleet in Jersey), customer service and new products. As the business continues to change, the need for investment continues as we transform the business from a letter business that happens to deliver parcels, to a parcels business that also delivers letters.

Strategic Report Cont.

Global Logistics

Our global logistics business provides logistics support to eCommerce export businesses around the world, but principally out of the UK and US, with the main destinations being Europe, Australia and Latin America. We also provide warehousing, fulfilment, European road freight and customs clearance.



In 2020, we saw a 50% growth in our global logistics business, partly driven by completing the 100% acquisition of Global E-Parcels Ltd in the US which specialises in supporting outbound from the US eCommerce market. However, the underlying driver of growth was the general acceleration of cross border eCommerce and at times, the market was only limited by the availability of air freight.

Following our acquisition of GePS, this business saw considerable growth. We also provided international services to a number of larger players such as Whistl in the UK, Asendia (owned by La Poste and Swiss Post) and Fedex.

Our Portsmouth based freight company, Fraser Freight, saw significant challenges particularly into and out of Europe. As this began to ease later in the year, it bounded back strongly supporting customers such as TaylorMade Golf, Airbus and British Aerospace.

Elsewhere, with our investments we saw mixed trading although overall they improved revenue and contribution to the Group. Our investment in APG, which specialises in eCommerce logistics into Latin America, had a strong end to the year winning a five-year, $87m dollar contract with the United States Postal Service and also started working with UPS and Fedex. DAI, specialising in eCommerce logistics to Australia from the US and UK, also benefitted from the growth in cross border eCommerce. However, our business in Hong Kong continued to suffer the challenges of US-China trade wars, Covid-19 and political unrest.

Our associate Parcel Monkey, which provides a market-place platform for parcels for individuals and small businesses, followed market trends and saw significant growth in the UK and US.

An additional challenge for 2020 were preparations for Brexit; not just our own, but also supporting our customers. Our businesses in the UK provided support to major clients to minimise the impacts. However, new rules and processes, non-compliance and unpreparedness by many other hauliers and customers caused knock-on impacts on the ease or otherwise of exporting and importing with the EU. We have seen this begin to settle down towards the end of quarter one in 2021.

The prospects for 2021 continue to be strong although the impacts of Covid-19 on air freight availability, changing rules in Europe and across the world and exchange rate volatility are ever present. There is some caution over whether the growth seen in 2020, and so far sustained into 2021, will fall back as retail returns to normal. Evidence from the ending of lockdown in the UK in the summer of 2020 and in Jersey, including the Government's spending initiative, suggests that overall retail sales are still significantly below what would have been expected from the pre-Covid-19 trends.

Jersey Logistics

Jersey has had a history of a strong outbound fulfilment industry with the likes of Play.com, Tesco and Amazon. Prior to the ending of LVCR into the UK in 2012, the bulk of this was outbound to the UK. The UK Government's decision in 2012 had three impacts: businesses moved fulfilment from Jersey to countries such as Switzerland and Aland against whom the UK Government had taken no action, ceased trading, or switched to selling into markets in Europe and the US. At the time we saw a 60% fall in volume, but a core industry has remained and steadily grown and was a beneficiary of the increased demand in cross-border eCommerce in 2020. One of these companies, Onogo, is ranked well within the top 1% of sellers on Amazon USA, Spain, Germany, UK and France: a great success for a Jersey-owned and based company.

However, much of this business is into Europe and the US and was impacted by the challenges with air freight availability, surcharges and cancellations, together with Covid-19 related border restrictions into Europe. The year also saw the first significant increase in rates for postal authorities around the world following changes to the international approach agreed at the Universal Postal Union meeting in Geneva in 2019 and supported by the UK Government. Jersey Post continues to work on bilateral agreements with worldwide postal authorities and commercial alternatives to address some of these price challenges. Despite these, Jersey Post was able to support the growth of the fulfilment Jersey-based businesses.

During the year, Jersey Post acquired a start-up Jersey-based marketplace platform, Fetch.je. Not only does this platform support local businesses, a key objective of Jersey Post, but along with our investment in Woodside Logistics (completed in quarter one 2021), our final mile capabilities and access to warehouse and fulfilment management systems (from our partnership with investment Parcel Monkey) this will enable Jersey Post to offer end-to-end eCommerce logistics solutions from marketplace through to delivery to customers in Jersey.

Strategic Report Cont.

Vaiie

Our digital business developed from our mailing house business, now focusses on supporting organisations in their digital transformation through enhancing, securing and digitising their practices and processes. It does this through building portal-based solutions for communications, financial controls and document distribution supporting remote collaboration and digital archiving. During the first lockdown in 2020, Vaiie provided this service free to 21 organisations in Jersey to enable them to continue to operate and work remotely safely.

Its RegTech business supports onboarding, address verification and authentication. It also provides the ability for organisations to verify customer identity using ID authentication, facial recognition and liveness checking. It was chosen by the Government of Jersey to develop a new digital ID verification tool enabling citizens to access government services online. This is expected to go live in quarter two 2021.

Vaiie continues to provide communication management offering print and digital solutions. Its print associated business was hit by the general decline in physical communication and letters that was seen by our postal business.

Summary

2020 demonstrated more than ever that the traditional core business that focussed on letters and retail counters is in decline. Rates of decline accelerated during the pandemic. However, growth in eCommerce, especially cross-border, and digital provided growth and opportunity. The year was also one where our importance in providing services to the people and businesses of Jersey has never been more critical. The connectivity we give on a day-to-day basis is essential; be it a letter from a loved one, access to essential goods and prescriptions, supporting local testing and even giving individuals access to a digital world. Not only do we connect the people of Jersey with each other and the world, we are that connection between the physical and digital worlds.

We recognise our primary purpose is to connect the people and businesses of Jersey.

Tim Brown
CEO
12 May 2021

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 five Non-Executive and two Executive Directors with Alan Merry as the Chairman.

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. Aaron Chatterley and Gavin Macrae were re-appointed at the AGM on the 9 July 2020. 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, 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 Chairman, 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 2019	**4**	**8**	**4**	**3**	**2**
Alan Merry	4	8	—	3	2
Tim Brown	4	8	—	—	—
Tim Barnes	4	8	—	—	—
Susan Barton	4	8	4	—	—
Aaron Chatterley	4	8	—	—	2
Gavin Macrae	4	8	4	3	—
Martin Magee	4	8	4	3	—
Helen Hatton*	3*	6*	—	—	1*

* Helen Hatton appointed 20 May 2020

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. An independent external board assessment has commenced and will be reviewed during 2021.

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 2020. Other members during the year were Susan Barton and Gavin Macrae. The meetings are attended by invitation by the external auditor, the Chief Financial Officer and, from time to time, other senior executives.

At its meeting on 7 April 2021, the Committee received and reviewed the Company's 2020 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 and GePS
- Holding value of investments in A2B, Parcel Monkey, DAI and APG.

The Audit Committee considered whether the 2020 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 12 May 2021.

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 2019 with two new appointments made since then. In line with best practice, the Board has commissioned an independent external party to review its effectiveness. The outcome of this assessment will be factored into plans for Board development and future recruitment of Non-Executive Directors.

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. No Director plays any role in the determination of his/her own remuneration. The Memorandum of Understanding with the Treasury & Resources Minister requires any changes to the level of remuneration paid to Non-Executive Directors to be agreed, in advance, by the Minister. The Committee also monitors the levels of remuneration for members of the Executive Management Team of the Company.

The remuneration of the Directors of the Group for the financial year ended 31 December 2020 is set out below, together with comparatives for 2019:

	Salary/Fees £'000	Bonuses[3] £'000	Benefit in Kind[1] £'000	2020 Total £'000	2019 Total £'000
Executive Directors					
Tim Brown	229[2]	75	6	310	269
Tim Barnes	146	59	22	227	184
Total	**375**	**134**	**28**	**537**	**453**
Non-Executive Directors					
Alan Merry	40	—	—	40	40
Susan Barton	20	—	—	20	15
Aaron Chatterley	20	—	—	20	15
Donal Duff	0	—	—	0	20
Chris Evans	0	—	—	0	5*
Martin Magee	25	—	—	25	3*
Gavin Macrae	25	—	—	25	25
Helen Hatton	13*	—	—	13*	0
Total	**143**	—	—	**143**	**123**

*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.
[3] For 2019 the directors' bonuses exclude any amounts relating to the financial performance of the business.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

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	Tim Barnes
Jersey Heritage - Chairman	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 2020 for the above three schemes was £954,066 (2019: £608,790).

Sports and Social

During 2020, the Company provided £19,652 (2019: £20,036) 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 £17,343 (2019: £17,498).

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) 23.14% (23.51% in 2019) 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 2.31% more than female employees (2019: 5.02%). However, at management levels male employees are paid 17.34% more than female employees (2019: 16.82%). 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.

Statement of Corporate Governance Cont.

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 but set out below are the five key risk categories that the Board has identified as being the most significant, although they are not in any order of priority.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

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. This diversification into complementary markets brings with it a broader spread of risk which the Group is conscious of and manages day-to-day by ensuring our businesses act with integrity in the markets in which 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 customer base, which spreads the risk associated by having 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 and therefore 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 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 secure management 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

Both 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 Governmental risk including trade wars and sanctions which can impact the ability of our partners to trade effectively with each other to different degrees.

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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 do not have the resources of a financial services business, but we can and do 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 a declining postal business to 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 choose to, or to have access to the office (when allowed) to work, all whilst being completely compliant with 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 has a significant carbon footprint, so it is important that we do our utmost to reduce this impact. For example, we were the first large business to roll out a greener vehicle fleet in Jersey. 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 an active 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 has included, Macmillan Jersey, Les Amis and Holidays for Heroes raising around £20,000 a year for these good causes. There is a risk that failing to recognise our place within the community and our Corporate Social Responsibility 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 community 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. Government 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
12 May 2021

"Our primary focus, both here in Jersey and internationally, was on playing our part in keeping people and businesses 'connected'."

Alan Merry
Chairman

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 2020.

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 Chairman's Statement and the Strategic Report on pages 8-20.

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 £nil will be recommended by the Directors for 2020 at the AGM to be held on 7 June 2021 (2019: £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. An employee survey was carried out again in 2020.

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 24 and 25.

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

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 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 service 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 Covid-19 pandemic is 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 given its support to the group securing funding and bank facilities 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 2023.

Annual General Meeting

The AGM will be held at the Postal Headquarters, Rue des Pres, St Saviour on 7 June 2021.

Directors

The Directors of the Company are listed on page 3.

Independent Auditors

Menzies LLP were appointed and acted as independent auditors for the year ended 31 December 2020. A resolution to appoint Menzies LLP as independent auditors for the year ending 31 December 2021 will be proposed at the AGM on 7 June 2021.

This statement was approved by the Board of Directors of Jersey Post International Limited on 12 May 2021 and was signed on their behalf by:

Tim Barnes
Company Secretary
12 May 2021

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

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

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.

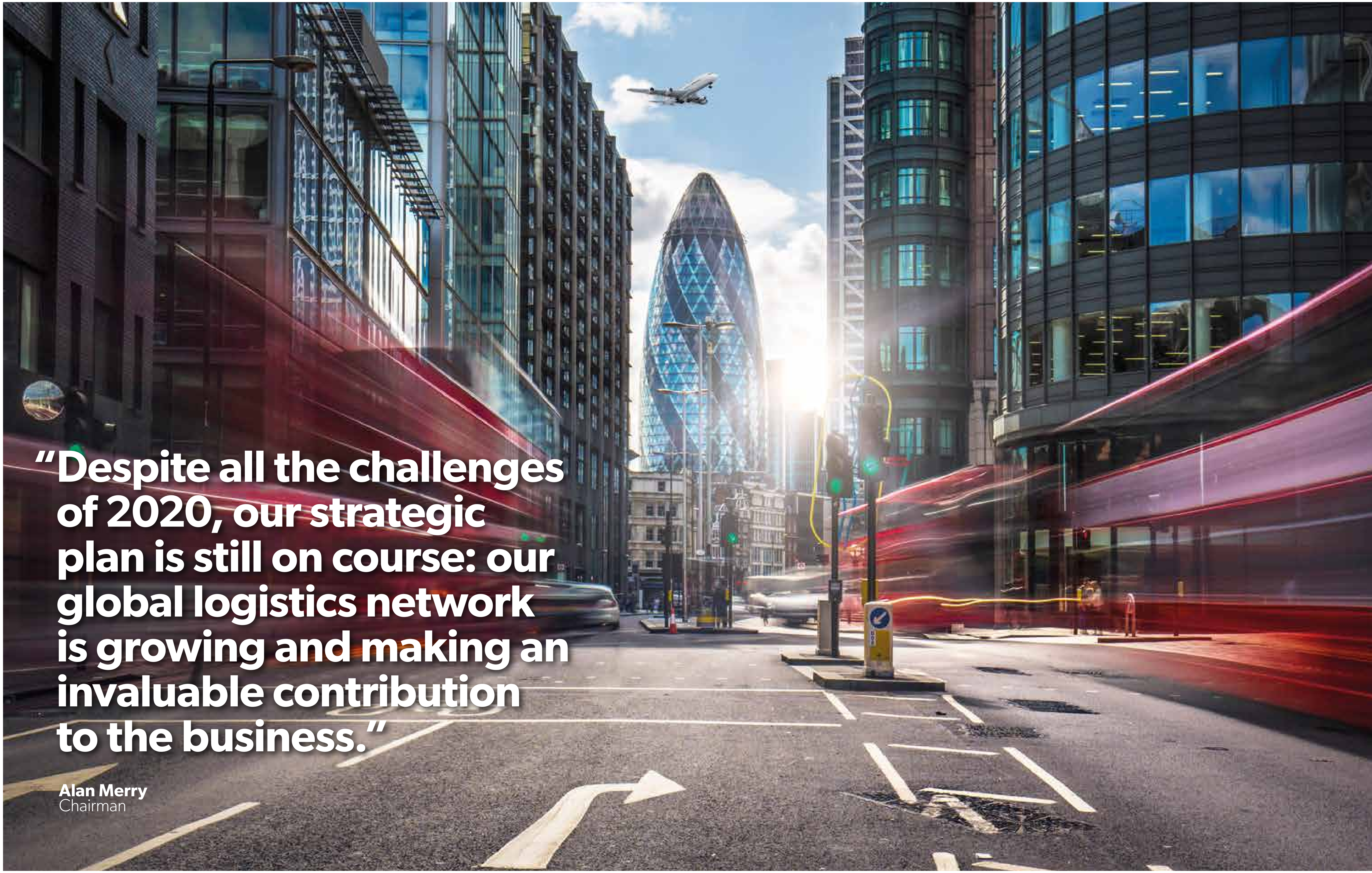
Our responsibility is to report to you our opinion on the consistency of the summary Financial Statements with the full annual Financial Statements and the Director's Report.

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 2020.

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

Statutory Auditor
12 May 2021



"Despite all the challenges of 2020, our strategic plan is still on course: our global logistics network is growing and making an invaluable contribution to the business."

Alan Merry
Chairman

Consolidated Income Statement

Year Ended 31 December	Note	2020 £'000	2019 £'000
Turnover	2	68,124	53,607
Cost of Sales		(57,947)	(45,393)
Gross Profit		**10,177**	**8,214**
Administrative expenses		(10,577)	(9,663)
Release of provision		-	-
Operating (Loss)	3	**(400)**	**(1,449)**
Other non-operating income		112	95
Foreign exchange (loss)/gain		235	26
Interest and Dividends Receivable	5	188	207
Net movement on investments	6	(420)	263
(Loss) on ordinary activities before taxation		**(285)**	**(858)**
Taxation	7	(152)	(75)
Loss for the year		**(437)**	**(933)**

Consolidated Statement of Comprehensive Income

Year Ended 31 December	Note	2020 £'000	2019 £'000
Loss for the year		(437)	(933)
Total comprehensive income for the year		**(437)**	**(933)**

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

Consolidated Statement of Financial Position

Year Ended 31 December	Note	2020 £'000	2019 £'000
Fixed Assets			
Tangible assets	8	9,707	9,913
Intangible assets	9	1,390	1,011
Goodwill	10	1,438	817
Investments	11	3,797	5,339
Total Fixed Assets		**16,332**	**17,080**
Current Assets			
Inventories	12	124	146
Debtors	13	13,808	11,156
Equity investments	6	2,422	2,747
Cash and cash equivalents		17,416	13,781
Total Current Assets		**33,770**	**27,830**
Creditors			
Amounts falling due within one year	14	(30,209)	(24,372)
Net Current Assets		**3,561**	**3,458**
Total assets less current liabilities		**19,893**	**20,538**
Creditors: Amounts falling due after one year	15	(41)	(172)
Deferred Tax	16	(240)	(317)
Net Assets		**19,612**	**20,049**
Capital and Reserves			
Ordinary Share Capital	20	5,000	5,000
Retained earnings		14,612	15,049
Total Equity		**19,612**	**20,049**

The basis of preparation of these Financial Statements is set out on page 44, and the notes on pages 44-65 form an integral part of these Financial Statements.

The Financial Statements were authorised and approved for issue by the Board of Directors on 12 May 2021 and were signed on its behalf by:

Tim Brown
Chief Executive Officer
12 May 2021

Tim Barnes
Finance Director
12 May 2021

Consolidated Statement of Changes in Equity

Year Ended 31 December 2020	Note	Share Capital £'000	Retained Earnings £'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**

Year Ended 31 December 2019	Note	Share Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2019		**5,000**	**16,032**	**21,032**
Total comprehensive income for the year		-	(933)	(933)
Dividends	22	-	(50)	(50)
Balance as at 31 December 2019		**5,000**	**15,049**	**20,049**

Consolidated Statement of Cash Flows

Year Ended 31 December 2019	Note	2020 £'000	2019 £'000
Net cash generated from operating activities before tax	**28**	**6,375**	**611**
Taxation paid		**(51)**	**(488)**
Net cash generated from operating activities after tax		**6,324**	**123**
Cash flows from investing activities			
Purchases of tangible assets	8	(1,460)	(1,065)
Purchases of intangible assets	9	(558)	(495)
Proceeds from disposals of tangible assets		-	44
Purchase of subsidiaries		(901)	-
Purchases of current asset investments		-	(221)
Purchase of unquoted equity investments	11	(36)	(131)
Proceeds from disposals of current assets investments	6	-	83
Interest received	5	91	57
Other non-operating income		-	-
Dividends received on investments	5	97	150
Net cash used in investing activities		**(2,767)**	**(1,578)**
Cash flows from financing activities			
Dividends paid	22	-	(50)
Net cash used in financing activities		**-**	**(50)**
Net (decrease)/increase in cash and cash equivalents		**3,557**	**(1,505)**
Cash and cash equivalents at beginning of year		13,781	15,260
Foreign exchange gain on cash and cash equivalents		78	26
Cash and cash equivalents at end of year		**17,416**	**13,781**
Cash and cash equivalents comprise:			
Cash at bank and in hand		7,903	4,409
Short-term deposits		9,513	9,372
Cash and cash equivalents		**17,416**	**13,781**

"Our global logistics business provides logistics support to eCommerce businesses around the world."

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 2020

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 10 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 Statements 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 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.

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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

	2020 Revenue	2019 Revenue
Postal & Logistics	40,713	32,590
Global Logistics	25,281	18,841
Digital	2,130	2,176
Turnover Total	**68,124**	**53,607**

3. Operating Profit for the year

	2020 £'000	2019 £'000
Operating profit for the year is stated after charging the following:		
Auditor's remuneration: - Audit	70	68
- Non-Audit	6	1
Depreciation of tangible assets	1,566	1,590
Amortisation of intangible assets	252	372
Amortisation of goodwill	1,977	1,480
Pension cost	1,294	1,204
Foreign exchange (loss)/gain included in Cost of Sales (see note 1.13)	-	-

4. Staff Costs

	2020 £'000	2019 £'000
Staff costs (including Directors) consist of:		
Wages and salaries	16,648	14,575
Employer Social Security costs	911	778
Employer pension contributions	1,294	1,204
Total	**18,853**	**16,557**

4. Staff Costs Cont.

Employees

	2020 No.	2019 No.
The average number of full-time equivalent staff (FTE) (including executive Directors) employed by the Group during the year was:		
Operations	318	312
Administration and central functions	61	54
Total	**379**	**366**

Directors

	2020 £'000	2019 £'000
The Directors' emoluments were as follows:		
Total salaries and short-term benefits	522	430
Total post-employment benefits	15	23
Total	**537**	**453**

Highest paid Director

	2020 £'000	2019 £'000
The highest paid Director's emoluments were as follows:		
Total salaries and short-term benefits	310	260
Total post-employment benefits	-	9
Total	**310**	**269**

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:

	2020 £'000	2019 £'000
Salaries and other short-term benefits	1,411	1,114
Post-employment benefits	96	107
Total	**1,507**	**1,221**

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

Notes to the Financial Statements Cont.

5. Interest and Dividends Receivable

	2020 £'000	2019 £'000
Bank and loan interest receivable	91	57
Dividends receivable	97	150
Total	**188**	**207**

6. Net movement on Investments

	2020 £'000	2019 £'000
Net realised (loss)/gain	-	(38)
Unrealised (loss)/gain	(420)	301
Net movement on Investments	**(420)**	**263**

	2020 £'000	2019 £'000
Proceeds from sales of investments made during the year	-	83
Original cost of investments sold during the year	-	(121)
(Loss)/gain realised on investments sold during the year	**-**	**(38)**

	2020 £'000	2019 £'000
Opening balance	2,747	2,346
Additions	95	221
Disposals	-	(121)
(Loss)/gain on re-measurement to fair value	(420)	301
Market value	**2,422**	**2,747**

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7. Taxation

	2020 £'000	2019 £'000
Jersey/UK income tax		
Current charge	68	99
(Credit)/Charge in respect of prior years	-	7
Total current tax charge for the year	**68**	**106**
Deferred Taxation		
Charge/(credit) for the year taken to the income statement	84	(7)
Charged to the income statement in respect of prior period	-	(24)
Total deferred tax charge for the year	**84**	**(31)**
Total tax charge for the year	**152**	**75**

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:

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	**(285)**	**(858)**
Tax on profit on ordinary activities at 20%	**(57)**	**(172)**
Factors affecting tax charge for the year		
Fixed asset timing differences	-	-
Difference on unrecognised deferred tax asset	-	-
Expenses not deductible for tax purposes	415	412
Losses taxed at 0%	(101)	(259)
Losses utilised in the year	-	-
(Gains)/losses not taxable	(105)	101
Adjustment in respect of prior years	-	(7)
	209	247
Total current income tax charge for the year	**152**	**75**

Notes to the Financial Statements Cont.

7. Taxation Cont.

	2020 £'000	2019 £'000
Deferred Taxation		
Total deferred taxation balance at 1 January	(317)	(348)
Credited/(charged) to income statement	77	7
Deferred tax on acquisitions	-	-
(Charge)/Credit to the income statement in respect of prior periods	-	24
Total deferred tax balance at 31 December	**(240)**	**(317)**

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% (2019: 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% (2019: 20%).

8. Tangible Assets

	Freehold land & buildings £'000	Improvements to leasehold property £'000	Plants, vehicles & equipment £'000	Total £'000
Cost				
At 1 January 2020	10,068	202	8,635	18,905
Reclassify assets	-	-	(93)	(93)
Additions	444	-	1,016	1,460
Disposals	-	-	(100)	(100)
At 31 December 2020	**10,512**	**202**	**9,458**	**20,172**
Accumulated Depreciation				
At 1 January 2020	3,844	64	5,084	8,992
Reclassify assets	-	-	(15)	(15)
Annual charge	485	24	1,057	1,566
Disposals	-	-	(85)	(85)
At 31 December 2020	**4,329**	**88**	**6,041**	**10,458**
Net book value				
At 31 December 2020	**6,183**	**114**	**3,417**	**9,714**
At 31 December 2019	6,224	138	3,551	9,913

Included within the total net book value of £9,714,000 are assets held under hire purchase arrangements totalling £203,250 (2019:£267,405).

Notes to the Financial Statements Cont.

9. Intangible Assets

	Software £'000	Total £'000
Cost		
At 1 January 2020	3,668	3,668
Reclassify assets	93	93
Additions	558	558
Disposals	(25)	(25)
At 31 December 2020	**4,294**	**4,294**
Accumulated amortisation		
At 1 January 2020	2,657	2,657
Reclassify assets	15	15
Annual charge	252	252
Disposals	(13)	(13)
At 31 December 2020	**2,911**	**2,911**
Net book value		
At 31 December 2020	**1,383**	**1,383**
At 31 December 2019	1,011	1,011

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 2020	2,361	2,361
Additions	1,320	1,320
Impairment	(55)	(55)
At 31 December 2020	**3,626**	**3,626**
Accumulated Depreciation		
At 1 January 2020	1,544	1,544
Annual charge	644	644
At 31 December 2020	**2,188**	**2,188**
Net book value		
At 31 December 2020	**1,438**	**1,438**
At 31 December 2019	817	817

JERSEY POST INTERNATIONAL LIMITED — BUSINESS REVIEW 2020

Notes to the Financial Statements Cont.

11. Investments

	Cost b/f £'000	Additions £'000	Impairment £'000	Cost c/f £'000
Associates	6,849	36	(140)	6,745
Joint Ventures	15	65	(48)	32
Total	**6,864**	**101**	**(188)**	**6,777**

	Amortisation £'000	Amounts transferred to Goodwill £'000	Group's share of Profit and Loss £'000	C/f Book Value £'000
Associates	(3,227)	(363)	610	3,765
Joint Ventures	-	-	-	32
Total	**(3,227)**	**(363)**	**610**	**3,797**

12. Inventories

	2020 £'000	2019 £'000
Philatelic stamp inventory	86	105
Shop inventory	18	19
Operational stamp inventory	20	22
Total	**124**	**146**

13. Debtors

	2020 £'000	2019 £'000
Net trade debtors	10,835	8,286
Other debtors	1,686	1,865
Agency debtors	299	159
Fair Value of derivative instruments	-	-
Prepayments and accrued income	988	846
	13,808	**11,156**

14. Creditors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade creditors	6,277	1,703
Other creditors	1,110	575
Obligations under finance leases and hire purchase contracts	83	59
Other tax and social security	242	194
GST and VAT	471	190
Corporation tax	140	75
Accruals and deferred income	21,355	20,719
Fair Value of derivative instruments	406	503
Deferred consideration on acquisition	125	354
	30,209	**24,372**

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 £7,200 (2019: £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 £7,550 (2019: £14,750).

15. Creditors

	2020 £'000	2019 £'000
Amounts falling due after more than one year		
Obligation under finance lease and hire purchase	41	130
Deferred consideration on acquisition	-	42
	41	**172**

Notes to the Financial Statements Cont.

16. Deferred Tax

	2020 £'000	2019 £'000
The provision for deferred tax consists of the following deferred tax liabilities		
Accelerated capital allowances	240	317
	240	**317**

17. Finance Lease Obligations

	2020 £'000	2019 £'000
The future minimum finance lease payments are as follows:		
Not later than one year	84	75
Later than one year and not later than five years	41	114
Later than five years	-	-
	125	**189**

18. Operating Lease Commitments

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

	2020			2019		
	Land & Buildings £'000	Other £'000	Total £'000	Land & Buildings £'000	Other £'000	Total £'000
Not later than 1 year	1,163	10	1,173	1,426	11	1,437
2-5 years	2,450	15	2,465	698	25	723
Over 5 years	-	-	-	63	-	63
Total	**3,613**	**25**	**3,638**	**2,187**	**36**	**2,223**

The total operating lease expense to the Group in the year was £1,220,954 (2019:£1,131,124).

19. Financial Instruments

	2020 £'000	2019 £'000
Derivatives		
- Forward foreign currency contracts	(406)	(503)

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

	2020 £'000	2019 £'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.

Notes to the Financial Statements Cont.

22. Dividends Paid and Payable

During the year dividends of £nil (2019: £49,500) were paid to the shareholder.

	2020 £'000	2019 £'000
Declared and paid during the year:		
Final dividend	-	50
Special dividend	-	-
	-	**50**
Proposed for approval by the shareholder at the AGM:		
Final dividend	**-**	**-**

23. Ultimate and Immediate Controlling Party

The ultimate and immediate controlling party is the States of Jersey Investments Ltd, 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 £1,587,549 (2019: £1,136,327) and purchases of £1,652,127 (2019: £1,962,763) were made to departments in 2020. As at 31 December 2020, the amount owing to the Government of Jersey was £186,440 and the amount owed from the Government of Jersey was £206,820 (31 December 2019: £nil and £206,180 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, Chairman, is a Consultant.

Sales to Associates include A2B Limited £16,764 (2019: £201,282), Global e-Parcel Solutions LLC £4,007,540 (2019: £2,327,801), GTS £390,921 (2019: £1,220,101), DAI £143,720 (2019: £177,965) and Parcel Monkey £896 (2019: £nil). As at 31 December 2020 the amount owed by Associates is A2B Limited £(1,965) (2019: £16,101), Global e-Parcel Solutions LLC £1,121,573 (2019: £836,309), GTS £nil (2019: £196,640), DAI £59,444 (2019: £64,160) and Parcel Monkey £131 (2019: £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 £200,000 were made. The amount outstanding at 31 December 2020 was £195,000.

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 2020, 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

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 24-25 and in note 4.

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. The Group has committed to loan Parcel Monkey Holdings Limited, an Associate, up to £500,000 of which £100,000 is currently advanced.

Notes to the Financial Statements Cont.

28. Cashflow workings	2020 £'000	2019 £'000
Loss after tax	**(437)**	**(933)**
Taxation	152	75
Net movement on investment	420	(263)
Other non-operating income	(112)	(95)
Interest and dividend receivable	(188)	(207)
Foreign Exchange (loss)/gain	(235)	(26)
Operating Loss	**(400)**	**(1,449)**
Depreciation charge	1,566	1,590
Gain/(Loss) on disposal of fixed assets	(27)	(3)
Amortisation charge	2,229	1,878
Other non-operating income	112	95
Release of provision	-	-
(Increase)/Decrease in Inventory	22	202
(Increase)/Decrease in Debtors	(2,652)	(737)
Increase/(Decrease) in Creditors	5,525	(965)
Increase/(Decrease) in Provisions	-	-
Net cash in from operating activities	**6,375**	**611**

Analysis of Net Cash /(Debt)	At 1 January 2020	Cash Flows	Other non-cash changes	At 31 December 2020
Cash at bank and in hand	13,781	3,635	-	17,416
Bank overdrafts	-	-	-	-
Debt due after one year	-	-	-	-
Debt due within one year	-	-	-	-
Related derivatives	-	-	-	-
Finance leases	(189)	-	-	(189)
Liquid Investments	5,339	(214)	(1,328)	3,797
Net Cash / (Debt)	**18,931**	**3,421**	**(1,328)**	**21,024**

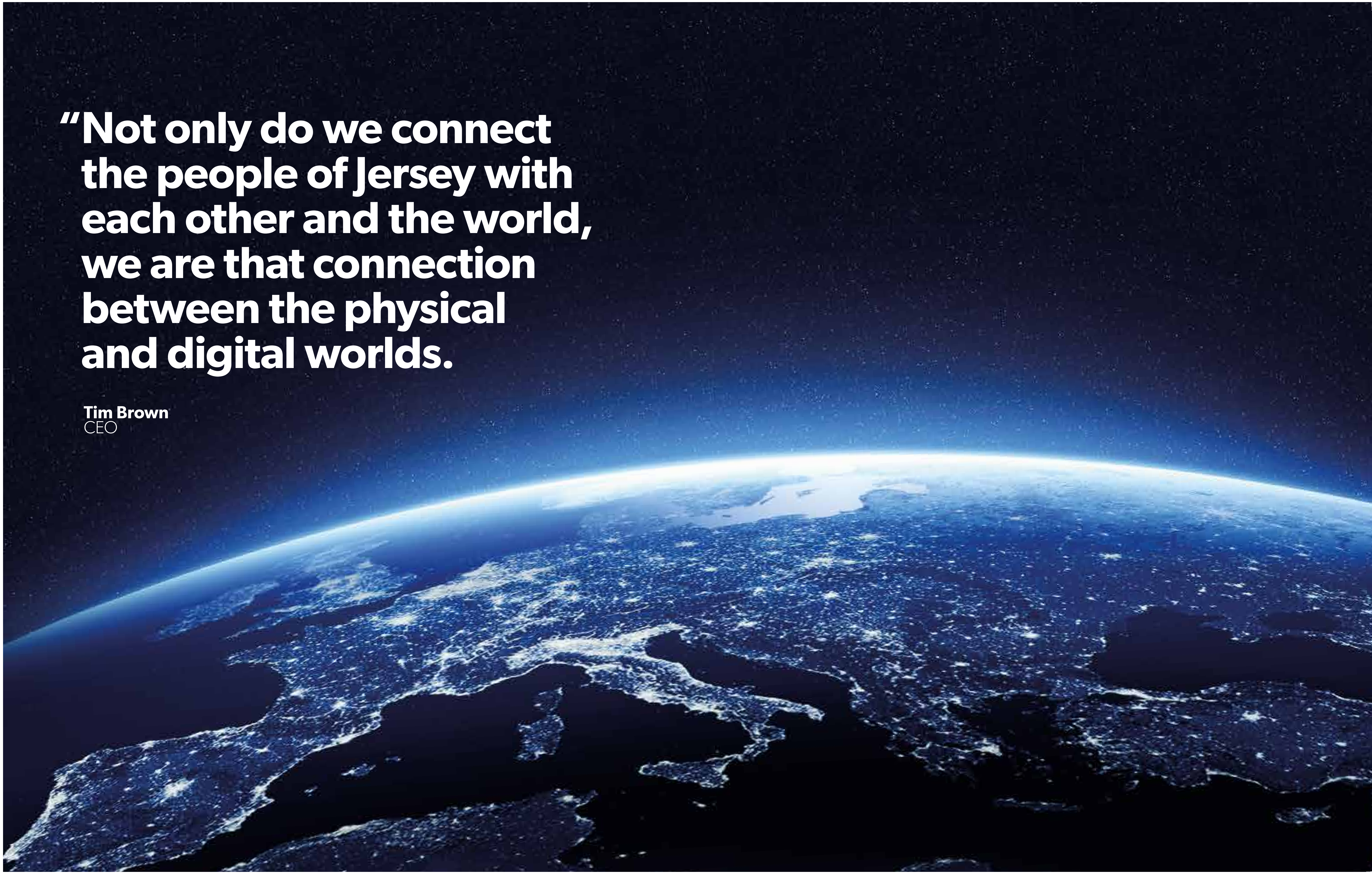
29. Events after the Reporting Period

In line with the Strategic Business Plan on 1 April 2021, we completed the purchase of 100% of Woodside Logistics Limited a Jersey business with facilities also in UK and Guernsey specialising in on and off-island logistics.

Five Year Summary

	Units	2020	2019	2018	2017	2016
Balance Sheet						
Shareholder's funds	£'000	**19,612**	20,049	21,032	21,990	20,990
Profit & Loss Account						
Gross Turnover*	£000	**72,982**	57,159	55,462	53,132	42,356
Net Turnover*	£000	**68,124**	53,607	52,510	48,056	39,940
Operating (loss)/profit	£000	**(400)**	(1,449)	467	1,639	1,318
Gross margin	%	**14.9%**	15.3%	17.2%	17.6%	17.7%
Operating (loss)/profit	%	**(0.6)%**	(2.7)%	0.5%	3.1%	3.1%
(Loss)/Profit before tax	£000	**(285)**	(858)	165	2,302	2,404
EBITDA	£000	**3,882**	2,416	3,426	4,345	3,679
Dividend payable to Shareholder on the basis of the year's financial performance	£000	**-**	-	50	691	722
Operational statistics						
Mail volumes	million	**27**	29	31	33	34
Number of post offices	number	**20**	21	21	21	21
Cost of a local stamp	pence	**54**	52	50	49	48
Cost of a UK stamp	pence	**70**	67	65	63	60
Number of staff (FTEs)	number	**376**	366	357	357	337
Staff costs	£million	**18.9**	16.6	15.6	14.9	14.0
Average cost of employee	£000	**50**	45	44	42	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.



"Not only do we connect the people of Jersey with each other and the world, we are that connection between the physical and digital worlds.

Tim Brown
CEO

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