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Report of the Directors

The directors have pleasure in submitting their eighteenth annual report together with the audited financial statements of the Group for the year ended 31 December, 2001, in fulfilment of their obligations under the Companies Acts, 1963 to 2001.

1. The Group and its Principal Activities

The Company operates the national postal service and money transmission services and provides agency services for Government Departments, the National Treasury Management Agency, An Post National Lottery Company and other bodies.

One ordinary share is held by the Minister for Finance and the remainder of the issued share capital is held by the Minister for Public Enterprise.

Details of the activities carried on by subsidiary and associated undertakings, together with the information required by Section 158 of the Companies Act, 1963, are given in note 23 to the financial statements.

2. Results

Details of the results for the year are set out in the consolidated profit and loss account on page 43 and in the related notes to the financial statements. The directors do not propose the payment of a dividend for the year.

3. Development of the Business and Important Events

The information required by Regulation 37 of the European Communities (Companies: Group Accounts) Regulations, 1992, is included in the information given on pages 4 to 27.

4. Directors, Secretary and their Interests

Mr. William Hogan retired from the Board on 17 July, 2001. Ms. Alice O'Flynn retired from the Board on 20 May, 2002 on completion of her term of office, and was re-appointed for a second term on 27 May, 2002. Mr. Paul Kavanagh was appointed to the Board on 27 May, 2002. The directors and secretary who held office at 31 December, 2001 had no interests in the shares in, or debentures of, the Company or any Group Company.

5. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All persons are treated on equal terms as regards training, career development and promotion.

The Group is committed to the highest standards of safety and health practices in order to meet the requirements of the Safety, Health and Welfare at Work Act, 1989. A safety and health manager co-ordinates the policies outlined in the Group's Safety Statement, which is designed to ensure a safe place and system of work for all Group employees.

6. Prompt Payment of Accounts Act

The policy of An Post is to comply with the requirements of the Prompt Payment of Accounts Act, 1997. The Group's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 45 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the Act.

During the year, a total of 818 payments made by An Post with a value of €3,012,000 were paid late, under the terms of the Act, by an average of 30 days, due to delays in the processing of invoices or confirmation of acceptance of goods and services. These payments constituted 2% by value of all payments to suppliers for goods and services during the year. Interest of €27,000 has been paid in respect of these payments.

The Group continually reviews its administrative procedures in order to assist in minimising the time taken for invoice query and resolution.

7. Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by engaging accounting personnel with appropriate expertise and by engaging adequate resources to the finance function. The books of account of the Company are maintained at the Company's premises at General Post Office, O'Connell Street, Dublin 1.

8. Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

Stephen O'Connor, Chairman

John Hynes, Director

31 May, 2002

Tuarascáil na Stiúrthóirí

Tá áthas ar na stiúrthóirí a ochtú tuarascáil bhliantúil déag a chur i láthair mar aon le ráitis airgeadais iniúchta an Ghrúpa don bhliain dár chríoch 31 Nollaig, 2001, i gcomhlíonadh a ndualgais de réir Achtanna na gCuideachtaí, 1963 go 2001.

1. An Grúpa agus a Phríomhgníomhaíochtaí

Oibríonn an Comhlacht an tseirbhís náisiúnta poist agus seirbhísí aistrithe airgid agus cuireann seirbhísí gníomhaireachta ar fáil do Ranna Rialtais, Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta, Comhlacht Chrannchur Náisiúnta An Post agus comhlachtaí eile.

Tá gnáthscair amháin i seilbh an Aire Airgeadais agus is ag an Aire Fiontar Poiblí atá an chuid eile den scairchaipiteal eisithe.

Tá sonraí de ghníomhaíochtaí na bhfochuideachtaí agus na ngnólachtaí gaolmhara, mar aon leis an t-eolas a theastaíonn Alt 158 d'Acht na gCuideachtaí, 1963, tugtha i nóta 23 de na ráitis airgeadais.

2. Torthaí

Tá sonraí de thorthaí na bliana leagtha amach sa chuntas daingnithe brabúis is cailteannais ar leathanach 43 agus sna nótaí atá ag dul leis na ráitis airgeadais. Ní mholann na stiúrthóirí go n-íocfar díbhinn don bhliain.

3. Forbairt an Ghnó agus Cora Tábhachtacha

Tá an t-eolas a iarrtar faoi Rialachán 37 de Rialacháin na gComhphobal Eorpach (Cuideachtaí: Cuntais Ghrupaí), 1992, curtha san áireamh leis an bhfaisnéis a thugtar ar leathanaigh 4 go 27.

4. Stiúrthóirí, Rúnaí agus a Leasanna

D'éirigh William Hogan Uasal den Bhord ar 17 Iúil, 2001. D'éirigh Alice O'Flynn Uasal den Bhord ar 20 Bealtaine, 2002 ar chríochnú a téarma oifig, agus d'athcheapadh ar an bhord í ar 27 Bealtaine, 2002. Ceapadh Paul Kavanagh Uasal ar an Bhord ar 27 Bealtaine, 2002. Ní raibh aon leas ag na na stiúrthóirí nó ag an Rúnaí a bhí i seilbh oifige ar an 31 Nollaig, 2001, i scaireanna nó i ndintíúir na Cuideachta ná aon Chuideachta den Ghrúpa.

5. Fostaithe

Is fostóirí comhionannais í an Chuideachta. Tugtar aird chothrom agus iomlán ar gach iarratas ar fhostaíocht, ag féachaint mar is cóir do mhianach agus do chumas an iarrthóra agus do riachtanais an phoist atá i gceist. Pléitear go cothrom le gach duine maidir le hoiliúint, forbairt ghníomhréime agus ardú ceime.

Tá an Grúpa tiomnaithe chun an caighdeán is airde, ó thaobh cleachtais sábháilteachta agus sláinte de, a leannúint chun riachtanais an Achta um Shábháilteacht, Sláinte agus Leas ag an Obair, 1989 a shásamh. Déanann bainisteoir sábháilteachta agus sláinte comhordú ar na polaisaithe a leagtar síos i Ráiteas Sábháilteachta an Ghrúpa, atá leagtha amach chun ionaid agus modhanna oibre slán a chinntiú do fhostaithe An Ghrúpa.

6. An T-Acht um Íoc Pras Cuntas

Tá sé mar pholasáí ag An Post riachtanais an Acht um Íoc Pras Cuntas, 1997 a chomhlíonadh. Is iad na gnáth 45 lá, na téarmaí creidmheasa a ghlacann an Grúpa, muna luaitear a mhalairt i socraithe sainiúla conarthacha. Tá srianta inmheánacha airgeadais cuí i bhfeidhm le dualgais agus freagrachtaí shoiléir san áireamh agus trí thuirisciú míosúil agus breithniú ar chleachtais íocaíochta. Tugann na bealaí oibre seo dearbhú atá réasúnta gan a bheith iomlán maidir le teip ábhartha i gcomhlíonadh an Achta.

I rith na bliana d'íoc An Post 818 íocaíochtaí de luach €3,012,000, a bhí 30 lá mall ar mheán faoi théarmaí an Achta, mar thoradh ar mhoilleanna i láimhseáil sonraisc nó i ndeimhniú go bhfuarthas earraí nó seirbhísí. Bhí sna híocaíochtaí seo ná 2% de luach iomlán na n-íocaíochtaí go léir le soláthraithe earraí agus seirbhísí i rith na bliana. Íocadh ús de €27,000 maidir leis na híocaíochtaí seo.

Déanann an Grúpa athbreithniú i gcónaí ar a bhealaí oibre chun an méad ama a ghlacann sé chun sonraisc a fhiosrú agus a chríochnú a laghdú.

7. Taifid Chuntas

Creideann na stiúrthóirí gur chomhlíonaigh siad na riachtanais faoi Alt 202 d'Acht na gCuideachtaí, 1990 maidir le leabhair chuntas trí fhoireann cuntasaiochta leis na cáilíochtaí cearta a fhostú agus trí go leor achmhainn a úsáid san fheidhmeannas airgeadais. Coimeádtar leabhair chuntas na Cuideachta ar bhall áitribh na Cuideachta san Ard Oifig an Phoist, Sráid Uí Chonaill, Baile Átha Cliath 1.

8. Na Hiniúcháirí

Leanfaidh KPMG, Cuntasóirí Cairte, i seilbh oifige de réir Alt 160(2) d'Acht na gCuideachtaí, 1963.

Ar son an Bhoird

Stiophán Ó Conchubhair, Cathaoirleach

Seán Ó hEidhin, Stiúrthóir

31 Bealtaine, 2002

Corporate Governance

Maintaining high standards of corporate governance remains a priority for the directors of An Post. The Combined Code, published in June, 1998 by the Committee on Corporate Governance, and the subsequent Turnbull Guidance on the application of the Code are the foundations on which their corporate governance policy is based.

Principles of Good Corporate Governance

The directors are accountable to the shareholders for good corporate governance and the following statement describes how the relevant Principles of Good Governance set out in the Combined Code are applied in An Post.

Board of Directors of An Post

All directors of An Post are appointed to the Board by the Minister for Public Enterprise and their conditions of appointment and fees are set out in writing. Employee directors are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993 for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term, usually five years.

The Board of Directors comprises eight non-executive directors, the Group Chief Executive Officer, five employee directors and one postmaster director. The positions of Chairman and Group Chief Executive Officer are held by different persons.

Given its status as a State company, its shareholding structure and the appointment of the directors by the Minister, the Board believes that the criteria normally used by the board of a listed company in considering the independence of its directors do not apply to An Post. The directors have also concluded, for the same reasons,

that it is not appropriate to designate one of their members other than the Chairman as the senior independent director.

The Board takes the major strategic decisions and retains full and effective control while allowing operating management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

The performance of the Group is closely monitored at all times. The Board meets on a monthly basis and management supplies the Board with comprehensive information each month to enable it to discharge its duties.

Certain matters are specifically reserved to the Board for its decision. Each director brings independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

Each director receives appropriate training on appointment to the Board. All directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual directors may, if necessary, take independent professional advice at the Group's expense.

Directors' Remuneration

Fees for directors are determined by the Minister for Public Enterprise.

The remuneration of the Group Chief Executive Officer is determined in accordance with the procedures issued by the Department of Public Enterprise for determining the

remuneration of Group Chief Executive Officers of Commercial State Bodies under its aegis and is subject to the approval of the Remuneration Committee of the Board of An Post and the Minister for Public Enterprise. A proportion of the Group Chief Executive Officer's remuneration is performance related and, in this way, is linked to Group or individual objectives.

The remuneration of the five employee directors is determined in accordance with the staff remuneration practices of An Post.

The remuneration of the postmaster director is determined in accordance with the remuneration arrangements for postmasters.

Relations with Shareholders

The Board and management maintain an ongoing dialogue with the Group's shareholders on strategic issues.

Accountability and Audit

Internal Control

An ongoing process exists for identifying, evaluating and managing the significant risks faced by the Group. This process, which is based on the Combined Code Guidance for directors issued by The Institute of Chartered Accountants in England and Wales (the Turnbull Guidance), is periodically reviewed by the Board and has been in place throughout the accounting period and up to the date the financial statements were approved.

The directors acknowledge that they are responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness of internal control. In particular, it has evaluated the significant risks affecting the business and the policies and procedures by which these risks are managed.

Management is responsible for the identification and evaluation of significant risks and for the design and implementation of appropriate internal controls. These risks are assessed on an ongoing basis and are derived from a variety of external and internal sources. Management reports regularly to the Board on the key risks inherent in the business and on the way in which these risks are managed. Management also reports to the Board on significant changes in the Group's businesses and on any risks associated with these changes. The process used to identify and manage key risks is an integral part of the internal control environment.

The essential features of the Group's system of internal control are as follows:

- A clear focus on business objectives as determined by the Board after consideration of the statutory responsibilities and risk profile of the Group's business.
- A defined organisational structure - with clear lines of responsibility, delegation of authority and segregation of duties - designed to foster a beneficial control environment.
- A risk management process which considers the strategy and development of individual businesses in the context of the Group's annual budget process when financial plans and performance targets for each business are set and reviewed by the Board in the light of the Group's overall objectives.
- A report and control system which ensures that individual businesses report to the Board on an

Corporate Governance

continued

ongoing basis on their progress in achieving objectives. The system of reporting covers operational and financial performance, occurs on a timely and regular basis and ensures that budgetary variances are examined and addressed promptly.

- An internal audit function which monitors compliance with policies and the effectiveness of internal control in the Group's businesses. The working of the internal audit function is focused on the areas of greatest risk to the Group.
- A Board level committee, the Audit and Security Committee, which approves internal audit plans and deals with significant control issues raised by the internal or external auditors.

Audit and Security Committee and Auditors

The Board maintains an objective and professional relationship with the Group's auditors. The Audit and Security Committee, a formally constituted committee of the Board, is comprised of two non-executive directors and an employee director. Its written terms of reference clearly define its authority and duties.

The Committee meets periodically with the internal auditors and the external auditors to discuss the Group's internal accounting controls, the internal audit function, the choice of accounting policies, the external audit plan, the statutory audit report, financial reporting, security issues and other related matters. Both the internal and external auditors have full and unrestricted access to the Committee.

Going Concern

The directors have reviewed the Group's business plan and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Code of Best Practice

The directors are pleased to report that the Group has been in compliance with the Code of Best Practice provisions of the Combined Code relevant to the Group throughout the financial year under review except where otherwise stated above and except that the disclosures made in these financial statements relating to directors' emoluments and pension information are those required under the Irish Companies Acts, 1963 to 2001.

The Group also complies with the provisions of the Government Guidelines for State Bodies.

On behalf of the Board

Stephen O'Connor, Chairman
John Hynes, Director

31 May, 2002

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of the Board

Stephen O'Connor, Chairman
John Hynes, Director

31 May, 2002

Report of the Independent Auditors to the Members of An Post

We have audited the financial statements on pages 40 to 64.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the annual report. As described on page 37, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the Company's balance sheet is in agreement with the books of account and report to you our opinion as to whether

- the Company has kept proper books of account
- the report of the directors is consistent with the financial statements
- at the balance sheet date, a financial situation existed that may require the Company to hold an extraordinary general meeting on the grounds that the net assets of the Company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We review, at the request of the directors, whether the voluntary statement on pages 34 to 36 reflects the Group's compliance with the seven provisions of the Combined Code that the Irish Stock Exchange specifies for review by Auditors, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company at 31 December, 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper returns adequate for our audit have been received from branches of the Company not visited by us. In our opinion, proper books of account have been kept by the Company and the balance sheet of the Company at 31 December, 2001 is in agreement therewith.

In our opinion, the information given in the report of the directors on pages 30 and 31 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 45, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December, 2001 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.



Chartered Accountants
Registered Auditors
1 Stokes Place
St. Stephen's Green
Dublin 2

31 May, 2002

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board as promulgated by The Institute of Chartered Accountants in Ireland.

2. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (except An Post National Lottery Company) made up to the end of the financial year. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal.

The sole activity of An Post National Lottery Company is the operation of the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986 and the surplus generated each year is entirely attributable to the National Lottery Fund which is managed and controlled by the Minister. Accordingly, An Post does not participate in the surplus generated by An Post National Lottery Company and neither is it entitled to exercise any rights over the assets of that company. On this basis, in accordance with the provisions of Financial Reporting Standard No. 2 'Accounting for Subsidiary Undertakings' and the European Communities (Companies: Group Accounts) Regulations, 1992, the consolidated financial statements do not

incorporate the financial statements of An Post National Lottery Company. Separate financial statements of An Post National Lottery Company were published on 28 February, 2002.

Associated undertakings are accounted for under the equity method of accounting.

3. Turnover

Turnover comprises the value of all services provided including income from postage, agency services, poundage from remittance services, courier and logistic services, consultancy services, financial services, rents and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, An Post National Lottery Company and other bodies.

4. Postage Income

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

5. Grants

Revenue based grants are credited to the profit and loss account to offset the matching expenditure.

Capital grants received and receivable under EU assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Capital grants are treated as deferred income and amortised to the profit and loss account on a basis consistent with the depreciation policy of the related tangible fixed assets.

6. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Certain security equipment in sub-post offices and furniture and fittings, together with other minor items, are charged to the profit and loss account in the year in which the expenditure is incurred. All other purchases of tangible fixed assets are capitalised.

Freehold and long leasehold land are not depreciated. Depreciation on other tangible fixed assets is charged to the profit and loss account on a straight line basis so as to write off those assets, adjusted for estimated residual value, over the expected useful life of each category. The remaining useful lives of the assets and their residual values are reviewed on a regular basis.

Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month of retiral.

The estimated useful lives are as follows:

	<i>Years</i>
<i>Freehold & long leasehold buildings</i>	<i>20 - 50</i>
<i>Interest in GPO</i>	<i>50</i>
<i>Motor vehicles</i>	<i>5</i>
<i>Computer & other equipment</i>	<i>4 - 10</i>

7. Leased Assets

Where an asset is acquired under a finance lease, the capital element of the asset is included in tangible fixed assets and amortised over the shorter of the lease term and the life of the asset. The outstanding capital element of the leasing obligation is included in creditors. The interest element is written off over the primary period of the lease.

Rental payments under operating leases are dealt with in the profit and loss account in the year to which they relate.

8. Goodwill

Goodwill arising on acquisitions, representing the excess of the purchase price over the fair value of the net identifiable assets or liabilities acquired, is capitalised and amortised to the profit and loss account on a straight line basis over its expected useful life of ten years. The carrying value of goodwill is reviewed annually and provision is made for any impairment in value.

9. Taxation

Corporation tax is based on the taxable profit for the year.

Provision is made for deferred tax, using the liability method, to recognise timing differences between profits stated in the financial statements and profits computed for taxation purposes only where, in the opinion of the directors, there is a reasonable probability that a liability to taxation will crystallise in the foreseeable future. The amount not provided is disclosed in the notes to the financial statements.

Accounting Policies

continued

10. Pensions

All pension entitlements of staff are funded through either defined benefit or defined contribution superannuation schemes.

The costs of the defined benefit schemes, which are determined by an actuary by reference to a funding plan and funding assumptions, are charged to the profit and loss account so as to spread them over the anticipated working lives of employees with the Group. The regular pension cost is expressed as a substantially level proportion of current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of the current employees. To the extent that the pension cost is different from the cash contributions to the pension schemes, a provision or prepayment is recognised in the balance sheet.

The costs of the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Retirement gratuities are payable under normal circumstances to postmasters engaged as agents and to certain non-pensionable employees. The costs are dealt with in the profit and loss account so as to spread them over the anticipated years of service with the Group.

11. Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist. All exchange differences are dealt with in the profit and loss account.

12. Savings Services

The Company operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the National Treasury Management Agency, which acts on behalf of the Minister for Finance.

The funds are remitted regularly to the National Treasury Management Agency and the assets and liabilities of such savings services vest in the Minister for Finance and, accordingly, are not included in these financial statements.

Consolidated Profit and Loss Account

for the year ended 31 December, 2001

	<i>Notes</i>	2001 €'000	2000 €'000
Turnover	2	624,924	572,908
Operating costs	3	(630,774)	(562,969)
Goodwill amortisation	9	(837)	(159)
Operating (loss)/profit		(6,687)	9,780
Exceptional items	4	-	34,560
(Loss)/profit on ordinary activities before taxation	5	(6,687)	44,340
Tax on (loss)/profit on ordinary activities	6	(1,521)	(7,571)
(Loss)/profit on ordinary activities after taxation		(5,166)	51,911
Minority interests		(176)	(23)
(Loss)/profit for the financial year	7	(5,342)	51,888
Profit and loss account at beginning of year		207,551	155,663
Profit and loss account at end of year		202,209	207,551

The Group had no recognised gains or losses in the financial year or the preceding financial year other than those dealt with in the consolidated profit and loss account.

On behalf of the Board

Stephen O'Connor, Chairman

John Hynes, Director

Consolidated Balance Sheet

at 31 December, 2001

	<i>Notes</i>	2001 €'000	2000 €'000
Fixed Assets			
Intangible assets	9	7,374	8,211
Tangible assets	10	240,867	198,954
Financial assets	11	-	-
		248,241	207,165
Current Assets			
Debtors	12	50,741	29,074
Cash at bank and in hand	13	155,216	212,365
		205,957	241,439
Creditors: Amounts falling due within one year	14	(157,169)	(147,992)
Net Current Assets		48,788	93,447
Total Assets less Current Liabilities		297,029	300,612
Creditors: Amounts falling due after more than one year	16	(5,117)	(5,813)
Provisions for Liabilities and Charges	17	(33,492)	(31,212)
Net Assets		258,420	263,587
Capital and Reserves			
Called up share capital	18	56,418	56,418
Profit and loss account		202,209	207,551
Shareholders' Funds - Equity	19	258,627	263,969
Minority Interests - Equity		(207)	(382)
		258,420	263,587

On behalf of the Board

Stephen O'Connor, Chairman

John Hynes, Director

Company Balance Sheet

at 31 December, 2001

	Notes	2001 €'000	2000 €'000
Fixed Assets			
Tangible assets	10	217,792	177,217
Financial assets	11	8,773	8,773
		226,565	185,990
Current Assets			
Debtors	12	68,270	45,739
Cash at bank and in hand	13	148,776	207,964
		217,046	253,703
Creditors: Amounts falling due within one year	14	(149,314)	(141,414)
Net Current Assets		67,732	112,289
Total Assets less Current Liabilities		294,297	298,279
Creditors: Amounts falling due after more than one year	16	(3,913)	(4,582)
Provisions for Liabilities and Charges	17	(33,492)	(31,212)
Net Assets		256,892	262,485
Capital and Reserves			
Called up share capital	18	56,418	56,418
Profit and loss account		200,474	206,067
Shareholders' Funds - Equity	19	256,892	262,485

On behalf of the Board

Stephen O'Connor, Chairman

John Hynes, Director

Consolidated Cash Flow Statement

for the year ended 31 December, 2001

	<i>Notes</i>	2001	2000
		€'000	€'000
Net cash (outflow)/inflow from operating activities (below)		(5,918)	21,307
Returns on investments and servicing of finance	20	(260)	(163)
Taxation	20	(10,558)	(3,507)
Disposal of investments	20	-	81,886
Capital expenditure	20	(63,826)	(49,666)
Acquisition of subsidiary undertakings	20	-	(8,773)
Cash (outflow)/inflow before use of liquid resources		(80,562)	41,084
Management of liquid resources	20	(278,502)	(37,426)
(Decrease)/increase in cash in the year		(359,064)	3,658

Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

Operating (loss)/profit		(6,687)	9,780
Depreciation		27,060	23,307
(Profit) on sale of tangible fixed assets		(797)	(273)
Movement in provisions for liabilities and charges		2,280	546
Capital grants amortised		(97)	(564)
Goodwill amortised		837	159
Interest payable		260	163
(Increase)/decrease in operating debtors		(20,853)	471
(Decrease) in operating creditors		(7,921)	(12,282)
Net cash (outflow)/inflow from operating activities		(5,918)	21,307

Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the year	21	(359,064)	3,658
Cash outflow from increase in liquid resources	21	278,502	37,426
Change in net funds resulting from cash flows	21	(80,562)	41,084
Net funds at beginning of year	21	203,090	162,006
Net funds at end of year	21	122,528	203,090

Notes to the Financial Statements

for the year ended 31 December, 2001

1. STATUS OF COMPANY

The Company is a limited liability company, incorporated under the Companies Acts, 1963 to 1983. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the word 'Limited' from its name.

2. TURNOVER	2001	2000
	€'000	€'000

All turnover arises in the Republic of Ireland and an analysis by business activity is as follows:

Letter Post: Letters	396,900	365,526
Letter Post: Elections and referenda	2,322	192
Post Offices: Agency, remittance and other services	107,637	105,214
SDS	78,009	74,668
Other services	29,535	15,980
Interest income	10,521	11,328
	624,924	572,908

In the opinion of the directors, fuller compliance with the disclosure requirements of SSAP 25 'Segmental Reporting' would be seriously prejudicial to the Group's interests.

3. OPERATING COSTS

	2001	2000
	€'000	€'000
Staff and postmasters' costs (note 8)	439,955	387,838
Other costs:		
Distribution	37,670	30,551
Accommodation	17,703	16,799
Operational	69,080	63,611
Administration	39,306	40,863
Depreciation	27,060	23,307
	630,774	562,969

4. EXCEPTIONAL ITEMS	2001	2000
	€'000	€'000
Profit on disposal of investments	-	51,412
Profit on disposal of property	-	2,194
Business restructuring	-	(19,046)
	-	34,560

Notes to the Financial Statements

continued

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001	2000
	€'000	€'000
The (loss)/profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
Fees	191	114
Other emoluments	472	451
Pension contributions	54	47
Auditors' remuneration	209	176
Operating lease rentals:		
Rental of buildings	5,840	4,023
Other	2,862	3,153
Interest payable on bank facilities repayable within one year and similar charges	260	163
and after crediting:		
Capital grants amortised	97	564

The remuneration package of the Group Chief Executive Officer, which is included in the amounts shown above as directors' emoluments, was as follows:

Director's fee	13	6
Basic salary	239	213
Non-pensionable performance related bonus	21	23
Taxable benefits, including the use of a company car	12	18
	285	260
Pension contributions	34	30
	319	290

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	€'000	€'000
Corporation tax (repayable)/payable at 20% (2000: 24%)	(1,521)	10,205
Deferred capital gains tax	-	(17,776)
	(1,521)	(7,571)

The full potential liability for deferred corporation tax not provided for in the financial statements in respect of all timing differences was €nil (2000: €nil).

7. (LOSS)/PROFIT FOR THE FINANCIAL YEAR	2001	2000
	€'000	€'000
(Loss)/profit after tax in the holding company	(5,593)	49,911
Profit after tax in subsidiary undertakings	251	1,977
Share of result after tax in associated undertakings	-	-
	(5,342)	51,888

A separate profit and loss account for An Post has not been prepared because the conditions laid down in Section 3(2) of the Companies (Amendment) Act, 1986 have been satisfied.

8. STAFF NUMBERS AND COSTS	2001	2000
The average number of persons working in the Group during the year was as follows:		
Headquarters	609	586
Savings/remittance services	354	353
Inspection	57	62
Postmen/postwomen	4,457	4,435
Postal sorters	1,121	1,118
Post office clerks	1,170	1,216
Other grades	749	739
Temporary	860	676
Subsidiary companies	286	206
Total Group employees	9,663	9,391
Postmasters: Engaged as agents	1,719	1,783

The aggregate payroll costs of these persons were as follows:		
	2001	2000
	€'000	€'000
Wages, salaries and postmasters' costs	379,493	337,655
Social welfare costs	22,311	18,275
Other pension costs	38,151	31,908
	439,955	387,838

Notes to the Financial Statements

continued

9. INTANGIBLE ASSETS - Goodwill

Group	
Cost	€'000
At 31 December, 2000	8,370
Additions	-
At 31 December, 2001	8,370
Amortisation	
At 31 December, 2000	159
Charged during the year	837
At 31 December, 2001	996
Net Book Value	
At 31 December, 2001	7,374
At 31 December, 2000	8,211

10. TANGIBLE FIXED ASSETS

Group	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Computer & other equipment €'000	Total €'000
Cost					
At 31 December, 2000	131,520	16,095	30,218	144,955	322,788
Additions	23,160	3,556	7,160	35,434	69,310
Disposals	(95)	-	(4,213)	(2,151)	(6,459)
At 31 December, 2001	154,585	19,651	33,165	178,238	385,639
Accumulated Depreciation					
At 31 December, 2000	20,384	5,306	15,684	82,460	123,834
Charged during year	2,655	402	5,899	18,104	27,060
Eliminated on disposals	-	-	(3,971)	(2,151)	(6,122)
At 31 December, 2001	23,039	5,708	17,612	98,413	144,772
Net Book Value					
At 31 December, 2001	131,546	13,943	15,553	79,825	240,867
At 31 December, 2000	111,136	10,789	14,534	62,495	198,954

10. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Computer & other equipment €'000	Total €'000
Cost					
At 31 December, 2000	109,161	16,095	30,146	140,961	296,363
Additions	23,033	3,556	7,085	32,718	66,392
Disposals	(95)	-	(4,140)	(2,151)	(6,386)
At 31 December, 2001	132,099	19,651	33,091	171,528	356,369
Accumulated Depreciation					
At 31 December, 2000	17,400	5,306	15,638	80,802	119,146
Charged during year	2,292	402	5,887	16,923	25,504
Eliminated on disposals	-	-	(3,922)	(2,151)	(6,073)
At 31 December, 2001	19,692	5,708	17,603	95,574	138,577
Net Book Value					
At 31 December, 2001	112,407	13,943	15,488	75,954	217,792
At 31 December, 2000	91,761	10,789	14,508	60,159	177,217

Group and Company

The depreciable element of freehold & long leasehold land & buildings amounts to:

Group €131,014,000 (2000: €111,713,000), Company €114,687,000 (2000: €95,514,000).

Notes to the Financial Statements

continued

11. FINANCIAL FIXED ASSETS

	Group		Company	
	2001 €	2000 €	2001 €	2000 €
Shares in subsidiary undertakings, at cost	102	102	8,772,539	8,772,539
Interest in associated undertakings, at cost	163	63	163	63
	265	165	8,772,702	8,772,602

The movements on financial fixed assets were as follows:

Shares in subsidiary undertakings

At beginning of year	102	102	8,772,539	674
Additions	-	-	-	8,771,865
At end of year	102	102	8,772,539	8,772,539

Interest in associated undertakings

At beginning of year	63	63	63	63
Additions	100	-	100	-
At end of year	163	63	163	63

In the opinion of the directors, the value of the shares, none of which is listed, is not less than their carrying amount.

12. DEBTORS

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Amounts falling due within one year				
Trade debtors	36,953	21,608	30,073	16,565
Amounts owed by subsidiary undertaking not consolidated	539	1,430	539	1,430
Amounts owed by other subsidiary undertakings	-	-	17,533	16,554
Amounts owed by associated undertakings	281	134	281	134
Other debtors	917	775	807	726
Corporation tax repayable	1,492	-	2,283	-
Prepayments and accrued income	10,559	5,127	9,485	4,236
	50,741	29,074	61,001	39,645
Amounts falling due after more than one year				
Amounts owed by subsidiary undertakings	-	-	7,269	6,094
	50,741	29,074	68,270	45,739

13. CASH AT BANK AND IN HAND

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Cash at bank	10,359	21,141	3,920	16,743
Cash in hand	135,189	103,019	135,188	103,016
	145,548	124,160	139,108	119,759
Term deposits	516,975	238,473	516,975	238,473
Less: Amounts held in trust	(507,307)	(150,268)	(507,307)	(150,268)
	155,216	212,365	148,776	207,964

Notes to the Financial Statements

continued

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Bank overdrafts (partly secured)	32,688	9,275	32,117	7,970
Trade creditors	30,317	25,306	23,661	20,933
Amounts owed to subsidiary undertakings	-	-	1,491	2,021
Other creditors	4,458	6,053	3,854	5,476
Taxation and social welfare (note 15)	11,232	21,723	10,742	20,359
Accruals	62,435	68,607	61,439	67,656
Deferred income - capital grants (note 16)	102	106	73	77
Deferred postage income	15,937	16,922	15,937	16,922
	157,169	147,992	149,314	141,414

Bank overdrafts represent the total borrowings of the Group and Company and these are repayable on demand. Certain of the borrowings of a subsidiary are secured on the trade debtors of that subsidiary.

15. TAXATION AND SOCIAL WELFARE

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Corporation tax	-	10,587	-	9,840
Income tax deducted under PAYE	5,659	6,603	5,579	6,285
Pay related social insurance	4,395	3,027	4,231	2,962
Value added tax	653	844	407	611
Professional services withholding tax	525	662	525	661
	11,232	21,723	10,742	20,359

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Deferred income - capital grants	4,062	4,155	2,858	2,924
Trade creditors	1,055	1,658	1,055	1,658
	5,117	5,813	3,913	4,582

The movements on grants were as follows:

At beginning of year	4,261	4,825	3,001	3,535
Receivable during year	-	-	-	-
Amortised to profit and loss account	(97)	(564)	(70)	(534)
At end of year	4,164	4,261	2,931	3,001
Transferred to creditors: amounts falling due within one year	(102)	(106)	(73)	(77)
	4,062	4,155	2,858	2,924

17. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company

	2001 €'000	2000 €'000
Pensions and similar obligations (note 22)	14,446	12,166
Business restructuring	19,046	19,046
	33,492	31,212

The movements during the year were as follows:

	Pensions and similar obligations €'000	Business restructuring €'000	Total €'000
At beginning of year	12,166	19,046	31,212
Charge for year	3,522	-	3,522
Utilised during year	(1,242)	-	(1,242)
At end of year	14,446	19,046	33,492

Notes to the Financial Statements

continued

18. SHARE CAPITAL

Group and Company

	2001 €'000	2000 €'000
Authorised:		
Ordinary Shares of IRE1 each	63,487	63,487
Allotted, called up and fully paid:		
Ordinary Shares of IRE1 each	56,418	56,418

19. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Group		Company	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000
Shareholders' funds at beginning of year	263,969	212,081	262,485	212,574
(Loss)/profit for the financial year	(5,342)	51,888	(5,593)	49,911
Shareholders' funds at end of year	258,627	263,969	256,892	262,485

The entire shareholders' funds comprise equity interests.

20. GROSS CASH FLOWS

	2001 €'000	2000 €'000
Returns on investments and servicing of finance		
Interest paid	(260)	(163)
Taxation		
Corporation tax paid	(10,558)	(3,507)
Disposal of Investments	-	81,886
Capital expenditure		
Purchase of tangible fixed assets	(65,638)	(52,754)
Disposal of tangible fixed assets	1,134	3,088
Grants received	678	-
	(63,826)	(49,666)
Acquisition of subsidiary undertakings	-	(8,773)
Management of liquid resources (note a)		
Increase in term deposits	(278,502)	(37,426)

Note a: Liquid resources comprise term deposits with a maturity notice period of more than one day.

21. ANALYSIS OF NET FUNDS

	At beginning of year €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	124,160	21,388	145,548
Bank overdrafts	(9,275)	(23,413)	(32,688)
Amounts held in trust	(150,268)	(357,039)	(507,307)
		(359,064)	
Term deposits	238,473	278,502	516,975
Total	203,090	(80,562)	122,528

Notes to the Financial Statements

continued

22. PENSIONS AND SIMILAR OBLIGATIONS

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by that standard. FRS 17 (Retirement Benefits) will not be mandatory for the Group until the year ended 31 December 2003. Prior to this, phased transitional disclosures are required by the standard and, to the extent not given in (a), are set out below in (b).

(a) Pension commitments

Pension entitlements of staff are met by payments to externally funded defined benefit or defined contribution superannuation schemes which are vested in independent trustees, appointed by the Company, for the sole benefit of employees and their dependants.

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations were carried out at 1 January, 1999 using the attained age method. The valuations showed that the market value of the assets of the schemes was €833,000,000 which was sufficient to cover more than 100% of the accrued liabilities, based on current pensionable remuneration, and 100% of the accrued liabilities allowing for expected future increases in pensionable remuneration. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would be 1.5% higher than the annual increase in pensionable remuneration. Contributions to the schemes were at a rate of 14.3% (2000:14.3%) of pensionable remuneration. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes.

The defined contribution scheme was established for certain employees of An Post's subsidiary undertakings. Employer contributions to this scheme during the year were at rates varying between 5% and 9% of pensionable remuneration.

Retirement gratuities

Retirement gratuities are payable under normal circumstances to postmasters engaged as agents and to certain non-pensionable employees. The cost of providing these benefits is unfunded, but provision is made for the estimated capital cost to the Group of such arrangements based on independent actuarial advice. The most recent actuarial valuation was at 1 January, 1997. The principal actuarial assumption was that the annual compound rate of return applied would be 1.5% higher than the annual compound rate of general remuneration growth. The actuarial report is not available for public inspection.

22. PENSIONS AND SIMILAR OBLIGATIONS continued

Amounts in financial statements

The total pension and retirement gratuity cost for the year ended 31 December, 2001 was €38,151,000 (2000: €31,908,000).

An amount of €5,745,000 is included in prepayments (2000: €1,492,000) representing the difference between the amounts paid directly by the Group on behalf of the defined benefit schemes and the amounts recognised as cost.

An amount of €22,000 is included in accruals (2000: €46,000) representing contributions payable to the defined contribution scheme at 31 December, 2001.

An amount of €14,446,000 (2000: €12,166,000) is included in Provisions for Liabilities and Charges in respect of retirement gratuities payable to postmasters engaged as agents and to certain non-pensionable employees.

(b) FRS 17 Retirement benefits

The valuations of the defined benefit schemes used for the purpose of FRS 17 have been based on the most recent actuarial valuations as identified above and updated by the independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities at the balance sheet date. Scheme assets are stated at their market value at the balance sheet date.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

Valuation method	Projected Unit
Discount rate	6.00%
Inflation rise	2.50%
Increase to pensions in payment	4.25%
Pensionable salary increases	4.25%

The long term expected rates of return at 31 December 2001 were:

Equities	7.75%
Bonds	5.50%
Other	6.75%

Notes to the Financial Statements

continued

22. PENSIONS AND SIMILAR OBLIGATIONS continued

The market value of the assets of the pension schemes at 31 December, 2001 was:

	€'000
Equities	1,111,000
Bonds	426,000
Other	89,000
<hr/>	
Total market value of pension schemes' assets	1,626,000
Present value of pensions schemes' liabilities	(1,531,000)
<hr/>	
Net surplus in pension schemes	95,000
Deferred tax	(12,000)
<hr/>	
Net pension asset	83,000
<hr/>	

Group

Net assets

	2001 €'000
Net assets excluding pension asset	258,420
Net pension asset	83,000
<hr/>	
Net assets including pension asset	341,420
<hr/>	

Reserves

Profit and loss reserve excluding pension asset	202,209
Net pension asset	83,000
<hr/>	
Profit and loss reserve including pension asset	285,209
<hr/>	

23. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

<i>Name</i>	<i>Nature of Business</i>	<i>% Holding</i>	<i>Registered Office</i>
Subsidiary undertakings held directly by the Company			
An Post National Lottery Company	Operation of the National Lottery	80%	General Post Office, O'Connell Street, Dublin 1
Arcade Property Company Limited	Property development and letting	100%	General Post Office, O'Connell Street, Dublin 1
Post Consult International Limited	Computer software services	100%	General Post Office, O'Connell Street, Dublin 1
Precision Marketing Information Limited	Provision of marketing data and database services	51%	General Post Office, O'Connell Street, Dublin 1
Prince's Street Property Company Limited	Property development and letting	100%	General Post Office, O'Connell Street, Dublin 1
Printpost Limited	High volume printing	100%	General Post Office, O'Connell Street, Dublin 1
Post.Trust Limited	Digital certification and security services	100%	General Post Office, O'Connell Street, Dublin 1
J.M.C. Vans Trans Limited	Courier and distribution	100%	General Post Office, O'Connell Street, Dublin 1
Ranaco Limited	Courier and distribution	100%	General Post Office, O'Connell Street, Dublin 1
Waldermar Limited	Courier and distribution	100%	General Post Office, O'Connell Street, Dublin 1
Subsidiary undertakings held indirectly through a subsidiary undertaking			
An Post Direct Limited	Financial services	100%	General Post Office, O'Connell Street, Dublin 1
An Post Direct Management Services Limited	Financial services	100%	General Post Office, O'Connell Street, Dublin 1

Notes to the Financial Statements

continued

23. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS continued

<i>Name</i>	<i>Nature of Business</i>	<i>% Holding</i>	<i>Registered Office</i>
Associated undertakings held directly by the Company			
The Prize Bond Company Limited	Administration of the Prize Bond Scheme	50%	College House, Townsend Street, Dublin 2
Wizard Direct Stationery Company Limited	Stationery Suppliers	50%	General Post Office O'Connell Street, Dublin 1

The above undertakings are all incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital.

An Post National Lottery Company carries on the business of operating the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986. 20% of the issued share capital is held by the Minister for Finance.

The Prize Bond Company Limited carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The following subsidiaries will avail of the filing exemption available under Section 17 of the Companies (Amendment) Act, 1986, whereby they will annex the financial statements of An Post to their annual returns:

Post Consult International Limited; Printpost Limited; Post.Trust Limited; J.M.C. Vans Trans Limited; Ranaco Limited; Waldermar Limited.

24. LEASE COMMITMENTS

	2001		2000	
	Land & buildings	Other	Land & buildings	Other
	€'000	€'000	€'000	€'000
Annual commitments under non-cancellable operating leases were as follows:				
Group				
Expiring within one year	88	768	124	259
Expiring after one year and before five years	763	1,594	316	2,226
Expiring after five years	3,967	-	2,918	-
	4,818	2,362	3,358	2,485

Company				
Expiring within one year	88	768	124	270
Expiring after one year and before five years	763	1,453	316	2,132
Expiring after five years	3,981	-	3,117	-
	4,832	2,221	3,557	2,402

Lease commitments of the Company include commitments to subsidiary undertakings. There were no material finance lease commitments either at 31 December, 2001 or which were due to commence after that date.

25. CAPITAL COMMITMENTS

Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:

	Group		Company	
	2001	2000	2001	2000
	€'000	€'000	€'000	€'000
Contracted for	45,346	36,464	45,346	36,464
Authorised but not contracted for	2,452	60,066	2,452	60,066
	47,798	96,530	47,798	96,530

Notes to the Financial Statements

continued

26. RELATED PARTY DISCLOSURES AND CONTROLLING PARTY

Transactions with related undertakings

An Post National Lottery Company

The Group provides An Post National Lottery Company, an undertaking not consolidated, with management and delivery services. Such services are carried out on an arm's length basis or, where appropriate, in accordance with the terms of the licence granted by the Minister for Finance to operate the National Lottery. The Company also provides agency services to An Post National Lottery Company whereby the Company makes sales and pays prizes on behalf of An Post National Lottery Company in accordance with the standard terms and conditions and remuneration structure common to all of An Post National Lottery Company's agents. Group turnover for the year includes €6,252,000 (2000: €5,738,000) in respect of services provided to An Post National Lottery Company. These amounts are inclusive of a management fee of €3,229,000 (2000: €2,972,000) payable to the Company in accordance with the terms of the licence to operate the National Lottery.

The costs of staff working in An Post National Lottery Company are recharged from An Post at cost and amounted to €3,767,000 for the year ended 31 December, 2001 (2000: €3,701,000).

The amount owed by An Post National Lottery Company to the Company was €539,000 at 31 December, 2001 (2000: €1,430,000).

The Prize Bond Company Limited

Under the terms of a contract with The Prize Bond Company Limited, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €1,185,000 for the year ended 31 December, 2001 (2000: €1,115,000). The amount owed by The Prize Bond Company Limited to the Company was €281,000 at 31 December, 2001 (2000: €134,000).

Controlling party

The Group was controlled throughout the year by the Minister for Public Enterprise who holds the entire issued share capital of An Post except for one ordinary share which is held by the Minister for Finance.

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies.

27. CONTINGENCIES

Group and Company

There were no contingent liabilities or guarantees at 31 December, 2001 in respect of which material losses are expected.

28. BOARD APPROVAL

The financial statements were approved by the Board of Directors on 31 May, 2002.

Value Added Statement

for the year ended 31 December, 2001

VALUE ADDED	2001		2000
	€'000		€'000
Turnover (excluding interest)	614,403		561,580
Less: Bought in materials and services (exclusive of value added tax)			
Distribution costs	34,713		27,283
Accommodation costs	14,353		13,627
Operational costs	65,964		60,330
Administration costs	35,000	150,030	35,710
			136,950
	464,373		424,630
Add: Interest (net)	10,261		11,166
Equity minority interests	(176)		(23)
Exceptional items	-		34,560
	474,458		470,333

HOW APPLIED

To Employees and Postmasters:			
Wages, salaries, other pension costs and postmasters' remuneration		417,644	369,563
To Central and Local Government:			
Employer's pay related social insurance	22,311		18,275
Rates	2,532		2,193
Non-recoverable value added tax	10,937		12,519
Corporation tax	(1,521)	34,259	(7,571)
		451,903	394,979
Retained in the business:			
Goodwill	837		159
Depreciation	27,060		23,307
(Loss)/profit for the financial year	(5,342)	22,555	51,888
		474,458	470,333

Five Year Financial Summary

	2001 €'000	2000 €'000	1999 €'000	1998 €'000	1997 €'000
CONSOLIDATED PROFIT & LOSS ACCOUNT					
Turnover	624,924	572,908	538,634	494,319	468,146
Operating costs	(631,611)	(563,128)	(525,245)	(483,785)	(450,460)
Operating (loss)/profit	(6,687)	9,780	13,389	10,534	17,686
Exceptional items	-	34,560	136,190	-	-
Share of results of associated undertakings	-	-	-	-	-
(Loss)/profit before taxation	(6,687)	44,340	149,579	10,534	17,686

CONSOLIDATED BALANCE SHEET

Fixed assets	248,241	207,165	158,969	136,873	128,018
Net current assets/(liabilities)	48,788	93,447	86,363	(37,645)	(35,400)
Other liabilities	(38,609)	(37,025)	(33,656)	(15,704)	(15,490)
	258,420	263,587	211,676	83,524	77,128
Capital and reserves	258,627	263,969	212,081	83,661	77,265
Minority interests - equity	(207)	(382)	(405)	(137)	(137)
	258,420	263,587	211,676	83,524	77,128

	2001	2000	1999	1998	1997
RATIOS					
Operating (loss)/profit as % of turnover	(1.07%)	1.71%	2.49%	2.13%	3.78%
Operating (loss)/profit as % of average shareholders' funds	(2.56%)	4.11%	15.10%*	13.09%	24.14%
Staff and postmasters' costs as % of operating costs	69.75%	68.89%	69.25%	69.42%	68.63%
Current assets as % of current liabilities	131.04%	163.14%	160.99%	68.35%	70.85%

* adjusted for the sale during 1999 of discontinued operations.

Operational Statistics

	2001	2000	1999	1998	1997
MAIL					
Traffic index (1996 = 100) (note 1)	143.2	136.6	126.7	116.9	107.9
Tariff index (1996 = 100) (note 2)	100.0	100.0	100.0	100.0	100.0
Tariff index adjusted for inflation (1996 = 100) (note 2)	87.8	91.2	95.3	96.6	98.6
Letter Post items delivered (millions)	779.8	733.6	705.4	669.8	646.6
Letter Post items per capita	203.1	193.7	188.4	180.8	176.6

Note 1: This index excludes traffic from Elections, Referenda, Flotations and Foreign Administrations in each year.

Note 2: This index reflects changes to published tariffs for all weight steps and it covers all services.

It is adjusted for inflation by dividing by the Consumer Price Index.

SYSTEM SIZE

No. of delivery points (millions)	1,482	1,410	1,341	1,313	1,296
Post office network:					
Company post offices	96	97	97	97	96
Sub-post offices	1,687	1,817	1,816	1,814	1,818
	1,783	1,914	1,913	1,911	1,914
Other company premises	54	52	48	48	45
No. of motor vehicles	2,901	2,643	2,479	2,389	2,275

PERSONNEL (Staff numbers at 31 December)

Headquarters	607	611	576	560	475
Savings/remittance services	357	351	355	300	264
Inspection	51	63	64	65	50
Postmen/postwomen	4,427	4,486	4,327	4,160	4,045
Postal sorters	1,104	1,137	1,066	926	888
Post office clerks	1,136	1,204	1,230	1,201	1,246
Other grades	763	734	737	728	729
Temporary	1,085	635	677	635	609
Subsidiary companies	309	235	108	192	139
Total Group employees	9,839	9,456	9,140	8,767	8,445
Postmasters: Engaged as agents	1,687	1,751	1,816	1,814	1,818

Operational Statistics

continued

	2001 €m	2000 €m	1999 €m	1998 €m	1997 €m
VALUE OF SAVINGS SERVICES FUNDS					
at 31 December (note 1)	4,806	4,998	5,260	5,419	5,183
COUNTERS: Business Value					
Postal Services					
Sales of postage stamps (note 2)	98	109	101	97	93
Remittance Services					
Money and postal orders issued	666	575	562	550	537
Post Office Savings Service					
Savings bank deposits	624	401	350	292	264
Savings bank withdrawals	498	354	321	287	278
Savings certificates issued	211	208	184	371	270
Savings certificates repaid	648	579	340	273	237
Instalment savings issued	68	61	70	75	72
Instalment savings repaid	136	105	84	53	44
Savings bonds issued	233	243	216	173	201
Savings bonds repaid	461	533	475	215	152
Pensions, Allowances and Social Welfare Benefits					
Child benefits paid	707	488	446	437	428
Unemployment benefits paid	847	814	904	962	975
Old age pensions paid	983	888	824	796	767
Widows/orphans pensions paid	652	589	551	527	501
Other allowances	1,828	1,751	1,632	1,554	1,461
Other					
Miscellaneous	1,275	1,091	882	822	752
	2001	2000	1999	1998	1997
	000's	000's	000's	000's	000's
BILLPAY VOLUMES	13,730	12,232	10,658	9,808	8,878
TV LICENCE SALES	1,097	1,057	1,038	1,016	990

Note 1: The assets and liabilities of the Savings Services vest in the Minister for Finance and, accordingly, are not included in the financial statements of the Company.

Note 2: This figure represents only sales of stamps for cash across the counter. The balance of mails service income is made up of postage meter machines and other bulk payment arrangements.