Post Office Limited

Annual Report & Consolidated Financial Statements

2024/25

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POST
OFFICE

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Within this document, the term 'postmaster' is representative of the entire network, including Independent Postmasters, Strategic Partners and Directly Managed Branches.

Strategic Report

The Strategic Report for Post Office comprises the Chair's Foreword, Chief Executive's Statement and Financial and Business Review.

Chair's Foreword

When I joined Post Office at the start of this financial year it was clear we needed to reset the business culturally and commercially.

In November 2024 I announced our ambition for a *New Deal for Postmasters* that would deliver financial sustainability and strengthen the voice of postmasters across the organisation. We began reshaping the business that same day to establish a smaller yet highly experienced Leadership Team. We committed our full support to the Post Office Horizon IT Inquiry ("POHIT Inquiry"), and we redoubled our efforts to accelerate payments delivered through the redress schemes.

We have since onboarded three additional Non-Executive Directors ("NEDs") to support our mission, bringing expertise in technology, transformation and public service, alongside two new elected postmaster NEDs, succeeding Saf Ismail and Elliot Jacobs, to whom I'm grateful for their contribution. And despite a year that saw a decrease in revenue, prioritising postmaster remuneration with a top-up payment meant remuneration increased by 3% versus 2023/24 and we have set an ambition for an increase across the coming year.

Transformation of Post Office is not something the Board or Management can deliver alone. It will require the partnership of all our stakeholders, and we are committed to working with the Government, postmaster representative groups, trade unions, and our many commercial and civic partners to create this step change.

It is the reason we want to reset our relationship with the banks and with mails carriers so we can innovate for customers and for communities. It is why we established a new Consultative Council in January 2025 to discuss key Board topics with postmaster and strategic partner representatives, so Board decisions are informed by their perspectives. It is why we set up a new Postmaster Panel to review operational processes and why we welcome dialogue with the unions on future growth opportunities. Both the Council and Panel are independent of Post Office, with chairs from the postmaster community; this is crucial to delivering the change the business needs.

In June 2025, the Chancellor committed to providing government funding for our Transformation Plan. This commitment reflects confidence in our plan and in the new Leadership Team. It means we can continue our progress in reducing costs, share more of our revenues with postmasters and modernise the services we provide in every community in the UK.

As we look ahead to 2026/27, following public consultation on the Green Paper on the Future of Post Office, we look forward to a policy framework that enables us to continue fulfilling our vital social role at the same time as improving our commercial position. We have some exciting new developments coming down the line and I am confident we will see the continuation of real change for Post Office, and that our postmasters and strategic partners will begin to see the benefits of our bold plan to deliver a more sustainable future for the business.

Finally, I want to acknowledge on behalf of Post Office the profound impact we know that the Post Office Horizon IT Scandal had on so many postmasters and to thank Sir Wyn Williams for the lessons he has clearly set out in his Volume One report for us to learn. Although we have accelerated payment of redress and paid £382 million through the Horizon Shortfall Scheme ("HSS"), Overturned Convictions ("OC") scheme, Suspension Remuneration Review ("SRR") and Post Office Process Review ("PPR") schemes this financial year, that only serves to underline the huge human cost of past Post Office actions. It is my sincere commitment to all our stakeholders that we continue to reform Post Office until it is the trusted organisation we need it to be.

Nigel Railton
Chair
28 November 2025

Chief Executive's Statement

Introduction

The 2024/25 financial year marked a transitional period for Post Office, and I was privileged to be appointed to lead the organisation on an acting basis through its future transformation in October 2024, having joined as Chief Operating Officer in July. A significant milestone was securing Government support for our 5 year Transformation Plan and the funding commitment to deliver the first three years of change. 2025/26 will be a foundational year for the Plan, putting in place key leadership capability and committing to major network and technology modernisation so that we can deliver against its five goals, to:

- Strengthen our commercial offer
- Ensure the network is fit-for-purpose
- Transform technology and data
- Deliver a new operating model
- Reset relationships with stakeholders

Our network, operating model and stakeholders

This year we set our intention to be a fully franchised network and to reshape our central organisation to make an early impact in reducing costs and therefore improving remuneration across our branch network. I want to recognise the contribution of colleagues who have left Post Office through this process and their professionalism as we make necessary changes for the future.

I have benefitted hugely from the time I've spent in branches, and I have made clear our ambition to work in closer partnership and dialogue with postmasters and partners. Our townhalls have been opened to the network and we have developed new forums for engagement like the Consultative Council which discusses key Board topics to improve the representation of postmaster and partner views in decision making.

We need a transparent, entrepreneurial and inclusive culture for our transformation to succeed, and I'm pleased that our journey of culture change has begun through new Behaviours and leadership development that promote curiosity and accountability. Righting wrongs of the past and learning the lessons of the Horizon IT scandal has been in the forefront of my mind this year. We have accelerated redress and committed to a long-lasting programme of reform and restorative justice.

Strengthening our commercial performance, tech and data

The markets in which we operate are highly competitive and we saw a slight revenue decline this year. This underlies the importance of our transformation plans to reach new customers with new solutions. However, we were able to increase postmaster and partner remuneration in both absolute terms and as a proportion of overall revenue.

Our mails and parcels business generated revenue of £313 million (2024: £319 million), a slight decrease on the prior year reflecting the challenging environment. The market continues to shift towards pre-paid parcels and away from counter sales, which impacts our revenue mix. Encouragingly, our parcel volumes remain strong, giving us confidence in the future and reinforcing the need to innovate and build on our position as a trusted multi-carrier mails channel.

Securing agreement on Banking Framework 4 ("BF4") is crucial for one of our major product sets and I'm pleased to have signed that agreement with all the participating banks shortly after the end of the financial year. This helps make sure the value of the work that our network undertakes to support banking customers is fully recognised through increased remuneration and helps us invest further in technology, like note counters, which improves our service for postmasters and customers. BF4 is an important development and rounds off a successful year of growth in our banking services. As access to cash services continues to centralise into Post Offices, this trend is reflected in our performance, with banking and ATM revenue increasing to £309 million (2024: £285 million).

Our financial services, insurance, travel money and payment services saw a drop in revenue in the year to £203 million (2024: £236 million), though much of this fall was driven by our Financial Services business which felt the impact of falling interest rates, hitting profitability in our credit portfolio. However, there were notable successes within this, including higher-than-expected volumes in credit cards and commission income from our savings portfolio exceeded expectations, despite operating in a tightening market.

In insurance, revenue remained flat year-on-year. Travel insurance performed strongly, with sales exceeding one million policies for the second consecutive year, reflecting continued growth through our optimised digital channels. In contrast, general insurance (motor and home) sales declined, impacted by significant rate pressures in the market driven by supply chain inflation.

Our Travel Money business had a solid year, delivering £39 million revenue (2024: £39 million) and I'm pleased to see us retain our position as the market leader. While overall customer numbers remained in line with the previous year, purchasing behaviours and channel preferences continued to evolve. More customers chose to add a Prepaid Travel Money Card to their holiday wallets alongside cash, and a growing number of online customers opted for Home Deliver when purchasing Travel Money online.

Across retail, government services and identity services, we saw revenue of £38 million (2024: £62 million). The year-on-year reduction in revenue reflects Post Office stepping back from providing a channel for the National Lottery. This was the right decision for postmasters, enabling them to contract directly with the National Lottery and retain a greater share of revenue from this product. In government services and ID, we continue to provide a cost-effective way for our clients to reach customers who want a face-to-face transaction.

Post Office looks ahead to the 2025/26 financial year with renewed purpose and a clear roadmap for transformation. With continued collaboration, transparency, and investment, Post Office is poised to reinvent itself as a modern, resilient, and community-driven organisation which delivers for all our stakeholders. As I emphasised at the postmaster conference: '*It needs to pay to be a postmaster*' and that will be achieved through serving the everyday needs of modern customers and communities in terms of products, technology, environment and service.

Neil Brocklehurst
Chief Executive Officer
28 November 2025

Financial and Business Review

Overview

The Group reported a profit before taxation of £154 million for the financial year ended 30 March 2025 (2024: £612 million loss). The return to profitability is driven by the timing of Government funding recognised in relation to Remediation Matters[1] settlements, rather than an improvement in the Group's underlying trading performance.

During the year, £525 million (2024: £193 million) of Government funding was recognised in respect of exceptional items. This included £101 million (2024: £117 million) for operational costs associated with Remediation Matters and POHIT Inquiry, and £393 million (2024: £76 million) of funding related to Remediation Matters settlements. This settlement funding reflects the value of offers accepted by claimants during the financial year, which allowed the Group to recognise the associated Government funding (see note 1 to the financial statements for further information on accounting policies).

Exceptional costs for the financial year totalled £266 million (2024: £816 million). This includes a £171 million (2024: £745 million) net charge to exceptional costs arising from the re-estimation of the HSS provision, £58 million (2024: £36 million) of operating costs relating to Remediation Matters, and £47 million (2024: £82 million) of costs associated with the POHIT Inquiry.

The Group also recognised fixed asset impairments of £120 million (2024: £143 million), following an updated assessment of the Group's asset base and trading outlook. These impairments have been determined in accordance with the relevant accounting standard, which requires the exclusion of certain future benefits from the assessment. As such, the impairment assessment does not reflect the anticipated full benefits of our Transformation Plan, which is aimed at securing the long-term sustainability of the business.

Trading Loss

The Group reported a trading loss[2] of £12 million for the financial year (2024: £22 million trading profit), representing a £34 million year-on-year decline. The loss was driven by a combination of declining revenue streams, which more than offset the growth in banking services, alongside continued cost base pressures. These costs remained broadly flat year on year at £906 million (2024: £915 million) despite falling revenue and reflect both the Group's operational cost base and postmaster remuneration payments.

Revenue from the Mails business declined by £6 million, driven by a fall in Royal Mail products. However, good progress was made in non-Royal Mail products and services such as Pick Up Drop Off ("PUDO") services, delivering £14 million more revenue than the prior year, partially offsetting the Royal Mail decline.

Banking services income continued to grow, increasing by £25 million year-on-year. This growth was driven by the expansion of Banking Hubs and the continued closure of high street bank branches, which reinforced the Group's role in providing community access to banking.

The Group's mortgages, savings, loans and credit card business line experienced reduced profitability due to a number of these products being linked to interest rates, which have been impacted by the Bank of England base rate cuts. Of these products, commission related to the Group's partnership with Bank of Ireland was most affected, with a £21 million decrease compared to 2023/24. This trend is expected to continue into the next financial year, creating ongoing pressure on interest-linked product margins.

The Group also ceased selling lottery products in January 2024, making 2024/25 the first full financial year without these offerings. This resulted in a £19 million reduction in revenue and approximately £4 million reduction in trading profit compared to 2023/24.

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[1] Remediation Matters incorporates all activity associated with righting the wrongs of the past including the Horizon Shortfall Scheme ("HSS"), Overturned Convictions ("OC"), Suspension Remuneration Review ("SRR") and Post Office Process Review ("PPR"). See notes 1 and 4 of the Group financial statements for further details.

[2] Trading (loss) / profit is an alternative performance measure as defined in note 23 to the financial statements.

Trading (loss) / profit	2025 £m	2024 £m	Variance £m	Variance %
Revenue*	**871**	912	(41)	(4)
Costs (Note 1)	**(906)**	(915)	9	(1)
Share of profit from joint venture	**23**	25	(2)	(8)
Trading (loss) / profit* (Note 2)	**(12)**	22	(34)	(155)

Profit / (loss) for the financial year				
Profit / (loss) before tax*	**154**	(612)	766	(125)
Profit / (loss) after tax*	**92**	(414)	506	(122)

* The primary KPIs used by the Group to assess its performance are revenue, trading (loss) / profit, profit / (loss) before tax and profit / (loss) after tax, all of which are detailed in this report.

Note 1 – Excludes exceptional items, investments, impairment, finance costs, depreciation and amortisation.

Note 2 – Alternative performance measure being operating profit before exceptional items, funding for exceptional items, depreciation, amortisation, impairment, investment spend, investment funding, profit on disposal of fixed assets and Network Subsidy Payment. See note 23 to the financial statements.

Net Liabilities

The profit after tax of £92 million (2024: loss of £414 million) recognised in the financial year has reduced the Group's net liabilities position, which totalled £1,116 million as at the balance sheet date (2024: £1,210 million). The impact of being in a net liabilities position has been assessed and considered as part of the going concern review in note 1 to the financial statements.

While the net liabilities position remains significant, it reduced materially during the year, primarily due to the ongoing administering of Remediation Matters cases - most notably the HSS and OC schemes – where offers accepted during the year enabled the Group to recognise associated Government funding.

The Group discloses contingent assets in these financial statements relating to funding not yet drawn but made available by Government to fund Remediation Matters settlements. However, the Group will only recognise an asset when the quantum for each specific claim settlement becomes virtually certain, being the point at which an offer is accepted. As such, it prevents the recognition of significant funding assets, which would otherwise materially reduce the net liability position. As settlements are agreed with claimants, any corresponding funding will be recognised, offsetting the income statement impact of previously recognised provisions, to the extent they are funded by Government.

The impact of the recognition of Government funding was partially offset by material fixed asset impairments of £120 million (2024: £143 million) recognised during the year, reflecting ongoing challenges in the trading outlook and excluding future capital expenditure and investment plans, adding to impairments recognised in prior years.

Revenue

The Post Office business is organised into four commercial pillars: (1) Mails; (2) Retail, Government and Identity Services; (3) Banking Services and ATMs; and (4) Financial Services, Insurance, Travel Money, and Payment Services. Revenue earned by the subsidiary, Post Office Management Services Limited ("POMS"), is included within the Insurance line. These divisions and their performance are detailed on the following pages.

	2025 £m	2024 £m	Variance £m	Variance %
Revenue				
Mails – Royal Mail	**287**	307	(20)	(7)
Mails – Non-Royal Mail	**26**	12	14	117
Mails	**313**	319	(6)	(2)
Retail & Gift Cards	**8**	27	(19)	(70)
Government Services	**26**	30	(4)	(13)
Identity Services	**4**	5	(1)	(20)
Retail, Government & Identity Services	**38**	62	(24)	(39)
Banking Services	**281**	256	25	10
ATMs	**26**	27	(1)	(4)
Voucher Encashment	**2**	2	-	-
Banking Services & ATMs	**309**	285	24	8
Mortgages, Savings, Loans & Credit Cards	**51**	72	(21)	(29)
Insurance	**58**	59	(1)	(2)
Travel Money	**39**	39	-	-
International Money Transfer	**29**	36	(7)	(19)
Payment Services	**26**	30	(4)	(13)
Financial Services, Insurance, Travel Money & Payment Services	**203**	236	(33)	(14)
Other (note 1)	**8**	10	(2)	(20)
Total Revenue	**871**	912	(41)	(4)

Note 1 - Includes Supply Chain income of £8 million (2024: £10 million), which arises predominantly from the warehousing of Royal Mail stock and the transport of high value mails.

Mails

Mails revenue, which includes the sale of parcel labels, Special Delivery, and home shopping returns as well as other mails products provided by Royal Mail, Parcelforce, DPD, Amazon, Evri and DHL, decreased by £6 million to £313 million (2024: £319 million). The reduction was driven by an expected decline in traditional Mails products, such as Royal Mail labels, partially offset by growth in non-Royal Mail products such as PUDO services.

Retail & Gift Cards

Retail and gift cards revenue, representing physical items sold over the counter, decreased by £19 million to £8 million (2024: £27 million). The reduction reflects the withdrawal of lottery products from January 2024.

Government Services

Government services revenue, which includes services from His Majesty's Passport Office ("HMPO"), DVLA services and UK Visas and Immigration residency permits, decreased by £4 million to £26 million (2024: £30 million). The decline was primarily driven by changes in Government immigration policy and a shift towards online services, which impacted volumes.

Banking Services & ATMs

Overall, this revenue stream, which includes customer banking deposits and withdrawals over the counter, increased by £24 million to £309 million (2024: £285 million). Deposits revenue was up £12 million, driven by higher overall volumes and value of deposits. Revenue from Cash Access UK in relation to Banking Hubs increased by £7 million to £11 million with 49 new Banking Hubs opened during the year. The fixed fee element of the banking framework, being based on activity levels over a 12-month rolling period, increased by £4 million. Banking withdrawals revenue increased by £2 million, however ATMs revenue decreased by £1 million and Voucher Encashment revenue was flat year on year.

Mortgages, Savings, Loans & Credit Cards

Combined mortgage, savings, loan and credit cards revenue decreased by £21 million to £51 million (2024: £72 million). This was predominantly due to lower incentive commission from Bank of Ireland and reflects the impact of interest rate reductions throughout the year.

Insurance

Insurance revenue, covering travel, life and general insurance policy cover, decreased by £1 million to £58 million (2024: £59 million). Growth in travel insurance was offset by weaker trading within life and general insurance, where trading conditions were challenging.

Travel Money

Travel money revenue remained stable at £39 million (2024: £39 million). Post Office remains a leading presence in the travel market, although greater competition has been seen over the last year.

International Money Transfer

International money transfer revenue, which includes Western Union, Postal Orders and MoneyGram products decreased by £7 million to £29 million (2024: £36 million). The reduction was due to cessation of MoneyGram services.

Payment Services

Payment services revenue, which includes bill payment transactions and revenue earned by the Payzone brand, decreased by £4 million to £26 million (2024: £30 million). The reduction was mainly due to non-recurring Payout voucher schemes and shrinking energy volumes.

Joint Venture

Post Office has a joint venture with the Bank of Ireland with each party holding 50% of First Rate Exchange Services Holdings Limited (“FRESH”). FRESH is the holding company of First Rate Exchange Services Limited (“FRES”), which is the joint venture operating company. The principal activity of FRES is the supply of foreign currency exchange and FX note wholesaling in the UK to Post Office and others. FRESH continues to be a profitable area of the Group’s business, with Post Office’s share of post-tax profits from the joint venture being £23 million (2024: £25 million).

Costs

Total trading costs decreased slightly to £906 million (2024: £915 million), reflecting targeted cost savings across core functions, despite difficult wider economic impacts.

People costs, excluding amounts capitalised or recognised in investment spend, remained broadly flat at £201 million (2024: £200 million), with inflationary pay increases of between 1.5% and 3%, depending on grade, offsetting savings due to a lower headcount.

Postmaster Remuneration

Postmaster remuneration, which includes payments made to Payzone brand agents of £3 million (2024: £3 million), increased by £10 million to £426 million (2024: £416 million). This increase was primarily driven by a top-up payment of £20 million made in December 2024 and the launch of a new operational incentive scheme, which resulted in a further £8 million of remuneration. These more than offset the impact of the exit of the Lottery contract where the latter allowed postmasters and Strategic Partners to contract directly, and receive a greater share of revenue, from the lottery operator.

Exceptional Items

Exceptional items are significant, one-off items which require separate disclosure in the income statement due to their material size and nature. An overall exceptional expense of £266 million (2024: £816 million) was recognised in the year. The exceptional expense primarily consists of Remediation Matters related legal and scheme running costs totalling £58 million (2024: £36 million), a material net charge for the re-estimation of the HSS provision totalling £171 million (after the impact of discounting), together with costs associated with the POHIT Inquiry totalling £47 million (2024: £82 million). Additionally, an exceptional uplift (excludes amounts charged to finance costs) to the IR35 provision totalling £14 million (2024: £72 million) has been recognised. The prior year exceptional expense was impacted by the significant net uplift to the HSS provision totalling £745 million related to the announcement of fixed sum offers.

Exceptional related items are explained further below and are detailed in notes 1 and 4 to the financial statements.

POHIT Inquiry

Phases 5, 6, 7 and closing statements of the POHIT Inquiry, led by Sir Wyn Williams, occurred in the financial year and the business incurred £47 million (2024: £82 million) on related legal and running costs, which have been funded by Government since 1 April 2023. In the prior year, additional hearings took place to determine and understand disclosure failings and a disclosure remediation exercise followed to address them, resulting in additional costs.

Remediation Matters Running Costs

During the financial year, £58 million (2024: £36 million) of Remediation Matters running costs were incurred. These costs have been funded by Government since 1 April 2023, with Government funding in place until 31 March 2026; refer to the going concern section in note 1 to the financial statements for further details and consideration post 2025/26.

Horizon Shortfall Scheme

As part of the settlement reached with the claimants in the Post Office Group Litigation in 2019, Post Office agreed to establish a remediation scheme open to postmasters who had not participated in the Group Litigation but who had experienced similar issues relating to shortfalls indicated by previous versions of the Horizon system. The agreement to establish this scheme in December 2019 was deemed to be the triggering event on which to recognise a provision. In line with the requirements of IAS 10, developments occurring in relation to the scheme up until the point of signing these financial statements are reflected in the accounting estimates made as at the balance sheet date, as adjusting events after the reporting date. On 9 October 2025, Government and Post Office announced that the HSS will close to new applications on 31 January 2026.

A provision of £671 million (2024: £814 million) has been retained in respect of the HSS, after adjusting for discounting of £16 million (2024: £36 million) to bring the provision to present value and unwinding of the discount of £31 million (2024: £nil) recognised as a finance cost in the year, in accordance with the requirements of IAS 37.

During the year, a material uplift of £187 million (2024: £781 million) was recognised, primarily reflecting a higher than expected number of eligible claimants following the extension of the qualifying tenure date to September 1996 and the expansion of mail-outs to potential claimants. The scheme made material progress during the financial year with settlements of £345 million (2024: £58 million) made to scheme claimants.

The provision represents management’s best estimate of the potential future payments associated with the claims received and those expected. The provision requires a number of significant estimates and assumptions by management, with significant uncertainty regarding the volume and amounts of claims that may be received.

Government funding agreements for the scheme are in place until 31 March 2027. Post Office funded the first £87 million of settlements, with all remaining settlements expected to be funded by Government. The £87 million settlement level was exceeded in 2023/24 and Government is now providing funding for settlements, with £360 million of funding recognised in 2024/25 (2024: £41 million).

Further details regarding Government funding and associated assumptions are available within the going concern section in note 1 to the financial statements. Additionally, details regarding the accounting estimates made by management in deriving the HSS provision value are included in the critical accounting estimates section in note 1 to the financial statements.

Overturned Convictions

In March 2020, following two High Court judgments which were handed down in March 2019 and December 2019, the Criminal Cases Review Commission ("CCRC") announced its decision to refer a number of historical convictions of postmasters, branch managers and/or branch assistants to the relevant appeal courts to decide if these convictions should be overturned on the grounds of abuse of process.

Between the CCRC's announcement in March 2020 and 27 August 2024, the appellate courts (which includes the Court of Appeal (Criminal Division) ("CACD"), the Southwark Crown Court, the Scottish High Court and the Court of Appeal in Northern Ireland*)* overturned 111 convictions, of which Post Office was the prosecutor for 99 (together, "the Appeals"). On 24 May 2024 the Post Office (Horizon System) Offences Act 2024 (the "Act") was passed which resulted in the mass overturning of Horizon related convictions in England, Wales and Northern Ireland. The Scottish Parliament enacted the Post Office (Horizon System) Offences (Scotland) Act 2024 for the same purpose to cover Scotland.

All those whose convictions were quashed by the Acts will be entitled to apply for payments in redress directly from Government. Until June 2025 individuals whose convictions were overturned in the Appeals continued to receive payments in redress from the Group, along with any individuals who were not postmasters and were prosecuted but not convicted or who received formal cautions. From June 2025 the responsibility for administering these payments was formally transferred to DBT.

At the financial year end, a provision of £88 million (2024: £121 million) has been retained in respect of OC. This represents management's latest and best estimate of the potential future payments associated with civil claims which may be received and assessed across the whole population of potential claimants, being the remaining 111 known claimants whose convictions were overturned in the Appeals up to end of August 2024, and future potential claimants who were not postmasters and were prosecuted but not convicted or who received formal cautions.

The provision requires a number of significant estimates and assumptions by management, principally relating to the potential settlement amounts, with the estimates taking into account settlements made to date, ongoing progress with claims currently being assessed as part of the OC process and the Government's announcement on 18 September 2023 regarding an option of a £600,000 upfront sum offer.

The reduction in the provision year on year is primarily due to a combination of settlements totalling £28 million (2024: £26 million) and releases of £9 million (2024: £101 million release) driven primarily by postmasters who opted for the upfront offer.

Historically, Government committed up to £780 million to fund OC redress payments, a level that exceeds the Group's current estimated liability over the life of the scheme, and at the point of signing, remains in place with no fixed end date. It is anticipated that the funding will not be required as the Shareholder is settling the liabilities directly with the claimants through the HCRS scheme.

Further details regarding Government funding, associated assumptions and the transfer of the scheme to DBT are available within the going concern section in note 1 to the financial statements. Additionally, details regarding the accounting estimates made by management in deriving the OC provision value are included in the critical accounting estimates section in note 1 to the financial statements.

Suspension Remuneration Review

Before March 2019, postmasters did not receive remuneration during the period of any contract suspension. This was deemed an unfair contract term in the Common Issues Judgment and Post Office has subsequently changed this policy, resulting in postmasters being remunerated during a period of suspension. In 2021/22, a decision was taken by the Directors to provide redress to those postmasters impacted. During the 2022/23 financial year the SRR was launched and redress to affected current and former postmasters began. On 9

October 2025, Government and Post Office announced that the SRR would close to new claims on 31 January 2026.

A provision of £10 million (2024: £28 million) has been retained at the balance sheet date, representing management's best estimate of potential future payments to be made to postmasters to provide redress for unpaid remuneration during a suspension. The provision requires a number of estimates and assumptions by management, with the level of estimation uncertainty increased as a result of the period of time for which the previous policy was in operation.

The reduction in the provision year on year is due to a combination of settlements of £9 million (2024: £6 million) being made during the year and revisions in the assumptions underpinning the estimated payout, totalling a release of £9 million (2024: £30 million). These revisions were informed by the scheme's continued progress and emerging trends, including the anticipated impact of the Government announcement that the scheme will close to new applications on 31 January 2026, leading to a net decrease in expected cases. Further details regarding the provision estimate can be found in the other areas of judgement and accounting estimates section of note 1 to the financial statements.

Government funding to cover payments made in respect of SRR is in place until 31 March 2027, up to a maximum of £116 million. The funding will be recognised at the point the settlement amount becomes virtually certain, being when an offer is accepted.

Further details regarding Government funding and associated assumptions are available within the going concern section in note 1 to the financial statements. Additionally, details regarding the accounting estimates made by management in deriving the SRR provision value are included in the other areas of judgement and accounting estimates section in note 1 to the financial statements.

Post Office Process Review

As part of ongoing internal reviews into Post Office's products, policies and processes following the Common Issues Judgment, it has been identified that some of these may have detrimentally impacted postmasters financially because of the way they were designed or delivered. On 8 November 2023, the Group announced on its corporate website that it planned to establish a review to provide redress to postmasters affected (the Post Office Process Review, or "PPR"). On the same date, the Government announced its intentions to support Post Office with funding to cover the cost of redress to postmasters affected.

A PPR pilot scheme was launched in July 2024 and ran throughout the remainder of the financial year, with the full launch of the PPR scheme following in May 2025.

A provision of £12 million (2024: £18 million) has been retained at the balance sheet date, representing management's best estimate of potential future payments to be made to postmasters to provide redress for a range of product, process and policy issues which detrimentally impacted postmasters.

Government funding to cover payments made in respect of PPR is in place until 31 March 2027, up to a maximum of £81 million. The funding will be recognised at the point the settlement amount becomes virtually certain, being when an offer is accepted.

Further details regarding Government funding and associated assumptions are available within the going concern section in note 1 to the financial statements. Additionally, details regarding the accounting judgements made by management in deriving the PPR provision are included in the other areas of judgement and accounting estimates section in note 1 to the financial statements.

Exceptional Funding

Total exceptional funding of £525 million (2024: £193 million) was recognised during the financial year in relation to Government funding associated with exceptional items. Funding totalling £393 million (2024: £76 million) related to funding settlements as part of the HSS, OC and SRR. A further £101 million (2024: £117 million) was recognised in respect of legal fees and running costs associated with Remediation Matters and the POHIT Inquiry. In addition, £31 million (2024: £nil) of funding was recognised to cover Corporation Tax associated with Remediation Matters.

Employment Legislation (IR35)

HMRC are conducting a review of Post Office's off-payroll working arrangements. A provision totalling £101 million (2024: £72 million) has been retained at the balance sheet date. In forming this estimate, management has considered the latest views presented by HMRC and the Shareholder.

HMRC have set out their latest estimated position, and, taking into account ongoing funding discussions with the Shareholder, the Group has aligned its provision with this view. Settlement of the matter is currently expected during 2025/26. Further details regarding the assumptions made by management deriving this provision are included in the other areas of judgement and accounting estimates in note 1 to the financial statements.

Impairment

An impairment assessment was carried out at the balance sheet date in respect of cash generating units ("CGU") by comparing the carrying amount of each CGU to its recoverable amount. The recoverable amount is determined based on the higher of an asset or CGU's value in use and, where supportable, fair value less cost of disposal ("FVLCOD").

Analysis performed indicates the carrying value of the assets of the Post Office Limited CGU exceeds the recoverable amount based on current forecasts when ignoring investment plans and future capital expenditure intended to enhance or improve performance, which have been excluded from the value in use calculation in accordance with IAS 36. Consequently, a partial impairment of the Post Office Limited CGU has been recognised, incurring an impairment charge of £120 million (2024: £132 million) in the year. This includes £45 million (2024: £48 million) related to intangible assets and £75 million (2024: £84 million) related to property, plant and equipment.

The joint venture investment and freehold land and buildings, which are part of the Post Office Limited CGU, have not been impaired on the basis that the FVLCOD of these individual assets exceeds the carrying value. No other assets are deemed to have a FVLCOD.

The position of all CGUs will be revisited annually in line with accounting standards. If the outlook improves in future years leading to the recoverable amount being higher than the carrying value, previously recognised impairments will be reversed and the CGU carrying value will be increased to its recoverable amount.

In the prior year, an impairment of £11 million was recognised in relation to software assets where the carrying value exceeded the recoverable amount. In the current year, no individual assets were identified as impaired prior to the CGU-level impairment assessment. While the decision to change the Horizon replacement strategy was taken during the year, constituting an impairment trigger, work remained ongoing at the balance sheet date to determine which elements of the existing programme could continue to be used or repurposed within the revised strategy and therefore continue to generate future economic benefits. Accordingly, these assets were included within the wider CGU impairment assessment at the balance sheet date.

Investment and Capital Spend

The table below sets out investment funding received from Government and investment spend recognised in the consolidated income statement, together with capital expenditure, to show the Group's total net investment after capital spend position:

	2025 £m	2024 £m
Investment funding	**85**	130
Investment spend		
Business transformation	**(7)**	(13)
Network programmes	**(11)**	(4)
IT transformation	**(35)**	(42)
Severance	**(20)**	-
Total investment spend	**(73)**	(59)
Net investment funding	**12**	71
Capital spend		
Property, plant and equipment	**(71)**	(72)
Intangible assets	**(47)**	(61)
Total capital spend	**(118)**	(133)
Net investment spend after capital spend	**(106)**	(62)

Investment Funding

Investment funding of £85 million (2024: £130 million) was received from the Department for Business and Trade ("DBT"). Of this, £20 million (2024: £90 million) was received for transformation activities as part of the three-year funding agreement with Government from April 2022 to 31 March 2025. An additional £65 million (2024: £40 million) has been recognised in the year in relation to funding to support the transformation of IT infrastructure, specifically the Horizon replacement programme, as part of a funding agreement with DBT extending to March 2025. See going concern section in note 1 to the financial statements for information on future funding.

Investment Spend

Total investment spend increased from £59 million in 2023/24 to £73 million in 2024/25, with the majority of spend relating to programmes to transform IT infrastructure, including the Horizon replacement programme, a severance programme as part of the transformation plan aimed at creating a long-term sustainable business, and network programmes to ensure the network is fit for purpose. During the year, the previous Horizon replacement strategy was discontinued, and management has committed to a revised approach to deliver a new replacement solution going forward.

Capital Spend

In addition, £118 million (2024: £133 million) was incurred in capital spend, primarily on IT transformation projects including IT hardware, as disclosed in notes 9 and 10 to the financial statements.

Cash Flow

Cash and cash equivalents amounted to £457 million (2024: £617 million) at the year-end. There was a net cash outflow during the year of £160 million (2024: £67 million inflow).

Operating activities resulted in a net cash inflow of £91 million (2024: £141 million outflow). While the Group incurred significant outflows associated with investment spend and exceptional costs during the year, they were more than offset by funding received from Government, resulting in an associated net operating inflow of £95 million (2024: £36 million outflow). This inflow of Government funding related to funding Remediation Matters settlements, legal and running costs associated with RM settlements, investment funding and funding of corporation tax liabilities associated with Remediation Matters. The Group recognised £63 million (2024: £96 million) of accrued Government funding for Remediation Matters, POHIT Inquiry and the Horizon replacement programme, which was received after the year-end.

Working capital movements resulted in a net cash outflow of £31 million (2024: £156 million). This was primarily driven by a material reduction in payables, which more than offset the favourable movement in receivables. Receivables contributed a net inflow of £55 million (2024: £73 million outflow), reflecting lower accrued Government funding at year end and a reduction in client receivables. The latter was influenced by the year end timing, with the prior year end date falling on the calendar month end (31 March). Payables decreased by £81 million (2024: £95 million), with the movement largely due to a reduction in client payables, impacted by timing of payments across Banking, Payout and Government Services around year-end.

Investing activities resulted in a net cash outflow of £85 million (2024: £80 million), driven largely by £118 million (2024: £134 million) invested in tangible and intangible assets. A significant portion of this spend related to the Horizon replacement programme. This programme was discontinued during the year following management's decision to adopt a revised strategy to deliver a new solution. Proceeds from the sale of property, plant and equipment were £1 million (2024: £25 million), reflecting the absence of large asset disposals in the year. The prior year benefited from three sale and leaseback transactions. Dividends received from the Group's joint venture investment totalled £30 million (2024: £29 million). The joint venture continues to be a valuable and consistent source of cash generation for the Group, underpinned by good performance in the foreign currency exchange and wholesale market.

Financing activities resulted in a net cash outflow of £166 million (2024: £288 million inflow), primarily due to a net repayment of £131 million (2024: £310 million drawdown) on the Working Capital Facility at the financial year-end. In addition, £5 million (2024: £7 million) was repaid on the DBT fixed-term loan, which will be fully repaid by March 2027.

Post Office seeks to minimise the amount drawn down on the Working Capital Facility from DBT ("the facility") in order to reduce its interest costs. The facility is limited to a maximum of £950 million (2024: £950 million); the unused facility at the end of the year was £340 million (2024: £209 million). The maximum drawn down under the facility during the year was £850 million in January 2025 and the maximum drawn down at a period end was £825 million in July and August 2024. The facility is available at one day's notice. In December 2024, Government agreed to renew both the £950 million Working Capital Facility and the £50 million Same Day Facility, extending both facilities to 31 March 2028. The Group did not need to utilise the £50 million Same Day Facility at any point during the financial year up to the point of signing these financial statements.

A covenant, known as Security Headroom, exists within the facility. This covenant is in place to ensure there is sufficient collateral in the form of cash and other assets to cover the borrowings under the facility. The total value of the defined assets, comprising cash and near cash items (being trade and other receivables), should be equal to or greater than the total borrowings under the facility at each monthly reporting period end. At year-end, headroom on this covenant sat at £145 million (2024: £215 million), the decrease was driven by an adverse movement in payables at year-end and self-funded investment spend. No breaches in headroom occurred in the year and no breaches are forecast under management's base case scenario in the going concern period, see note 1 to the financial statements.

The facility from the Government has restrictions regarding the purpose for which it can be used and, together with borrowing limits contained in the Articles of Association, the Group has constraints imposed on it regarding the availability of external borrowing.

The Bank of England Note Circulation Scheme

The continued participation in the Note Circulation Scheme ("NCS") assures that Post Office has an adequate supply of banknotes to meet customer demand across its network and provides a mechanism which enables Post Office to hold Bank of England owned notes. At the end of the year £248 million (2024: £240 million) of Bank of England owned notes were held. See note 22 to the financial statements for further details on the NCS.

Taxation

The Group recognised a tax charge of £62 million (2024: £198 million credit) for the financial year. This comprises a corporation tax charge of £14 million (2024: £1 million credit), and a deferred tax charge of £48 million (2024: £197 million credit). The deferred tax charge mainly represents the utilisation of brought-forward tax losses and the reduction in the deferred tax asset to reflect the expected use of those losses over the coming years. As a result, the Group's deferred tax asset at the year-end was £154 million (2024: £202 million). See critical accounting estimates in note 1 to the financial statements for further details on the recognition of deferred tax assets.

Pensions

Post Office operates a defined contribution scheme – the Post Office Pension Plan. The income statement charge for the year in relation to the defined contribution scheme was £17 million (2024: £15 million). Net cash payments made in 2024/25 relating to regular pension contributions amounted to £16 million (2024: £16 million). Post Office also participated in one defined benefit plan during the year, being the Royal Mail Pension Plan ("RMPP"), which is independent of the Royal Mail section of the RMPP. The RMPP is closed to new members, closed to future accrual and is fully funded.

Further detail on Post Office's pension schemes can be found in note 18 to the financial statements.

Hive-up of Payzone Bill Payments

During the year, the trade and net assets of Payzone Bill Payments Limited were transferred to Post Office Limited at book value of £3 million, completing the transaction that began in 2023/24, following the creation of distributable reserves. As a result of the transfer, the carrying value of the investment was reduced to £nil at the balance sheet date (2024: £3 million). Payzone Bill Payments remains a wholly owned subsidiary of Post Office Limited and is in the process of being voluntarily liquidated. The Payzone brand continues to be a key part of the Group's operations.

Section 172(1) Statement

The disclosure of the S172(1) statement is included within the Governance section on pages 37 to 41.

Preetha McCann
Chief Finance Officer
28 November 2025

Governance

Corporate Governance

Post Office is wholly owned by the Department for Business and Trade (“DBT”). DBT holds a special share in Post Office, the rights of which are enshrined within Post Office’s Articles of Association.

DBT, as sole Shareholder, does not have responsibility for the day-to-day running of Post Office but it has certain reserved powers under Post Office’s Articles of Association for which the Shareholder’s prior consent is required. The DBT Minister with responsibility for Post Office writes to the Chair annually to set out the Shareholder’s objectives for Post Office and expectations on the areas of priority. Post Office works with the Shareholder Representative, UK Government Investments (“UKGI”), as the first point of contact with the Shareholder. Through DBT’s Policy and Funding Team, DBT advises Post Office on relevant policy, including setting clear strategic objectives and network requirements to deliver government policy objectives. The DBT team also manages requests for government funding and supports the associated business-case approval process for projects and programmes of high-strategic importance. DBT, as the sole Shareholder, also has various appointment and approval rights in relation to the Board under Post Office’s Articles of Association. Performance reporting and assurance is provided to the Shareholder, as required, including in formal Quarterly Shareholder Meetings. As detailed below, Lorna Gratton, Director at UKGI, is the Shareholder Representative Non-Executive Director on Post Office Board.

The Shareholder Relationship Framework Document, the current version of which is effective from 11 July 2025, while not legally binding , describes certain parameters within which Post Office is expected to operate, certain obligations with which Post Office is expected to comply (or have regard), and certain aspects of the relationship between DBT, UKGI and Post Office, and how it is expected that these parties will interact with each other.

Corporate Governance Overview 2024/25

Post Office maintains standards of corporate governance appropriate to its ownership structure and is committed to continuous improvement. Guidance on observance of standards of good corporate governance is set out in the Shareholder Relationship Framework Document. While not a listed company, Post Office seeks to comply with the UK Corporate Governance Code (“UKCGC”) and, where necessary, sets out where there is non-alignment between provisions of the UKCGC and Post Office’s corporate governance. Post Office also has regard to the principles of the Corporate Governance Code for Central Government Departments, as appropriate. Post Office’s reporting for 2024/25 is aligned to the provisions of the 2018 UK Corporate Governance Code; for 2025/26, Post Office will report against the updated 2024 Code, where that is applicable to financial years beginning on or after January 2025.

Post Office keeps corporate governance arrangements under review to ensure they remain in line with relevant legal and regulatory changes, as well as generally accepted principles of good corporate governance. Examples of where governance arrangements differ for Post Office from those set out in the UKCGC and the Corporate Governance Code for Central Government Departments are principally where alternative governance arrangements apply or because Post Office is not listed, not a Central Government Department nor an Arm’s Length Body. An external governance review was commissioned in 2023/24, an overview on which was provided in last year’s annual report and accounts and is touched on again in this year’s; please refer to page 19.

Board membership during 2024/25 and up to the date of signing, is set out on pages 21 to 23. Under the UKCGC, at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent. For a number of months towards the end of 2024/25, more than half the Board were not considered to be independent, mainly during a period of handover between the departing and new postmaster Non-Executive Directors and on appointment of the two Executive Directors. However, the appointment of three new Non-Executive Directors, all of whom are independent, has brought the Board back in alignment with this aspect of the UKCGC.

In relation to Board sub-committee membership and UKCGC compliance, the Shareholder Representative Non-Executive Director, Lorna Gratton, serves as a member on all of the Board sub-committees, including the Audit, Risk and Compliance Committee ("ARC"), the Nominations Committee ("NomCo") and the Remuneration Committee ("RemCo"). Sara Barlow, postmaster Non-Executive Director, is a member of RemCo and NomCo and Brian Smith, postmaster Non-Executive Director, is a member of the ARC. During their tenure, former postmaster Non-Executive Directors, Saf Ismail and Elliot Jacobs, were members of NomCo and ARC respectively.

The Shareholder Representative Non-Executive Director and the postmaster Non-Executive Directors are not considered to be independent. However, the Shareholder Representative Non-Executive Director's role includes the provision of assurance to the Shareholder and membership on all of the Board's sub-committees also allows each of the committee Chairs the ongoing ability to engage with the Shareholder, via the Shareholder Representative Non-Executive Director, on significant matters relating to their areas of responsibility. The involvement of the postmaster Non-Executive Directors, means that ARC, RemCo and NomCo can also draw directly on the firsthand experience and community of knowledge of key stakeholders. The majority of committee members on ARC, RemCo, and NomCo are independent Non-Executive Directors and Post Office is therefore compliant under provision 17 of the UKCGC in relation to NomCo membership, and is satisfied that it has good reason, in support of well-informed decision-making, not to comply in full with provisions 24 and 32 of the UKCGC, which stipulate that only independent Non-Executive Directors should be members of the ARC and the RemCo.

Post Office Directors are not subject to annual re-election, as provided for under the UKCGC; this reflects Post Office's Articles of Association, where the appointment and re-appointment of Directors requires Shareholder approval. Further, Board members, are subject to an annual performance appraisal conducted by the Chair, with the Chair's appraisal conducted by the Senior Independent Director.

External Governance Review

As noted in last year's Annual Report and Accounts, during 2024/25, Post Office commissioned an external governance review to assess the effectiveness of Post Office's enterprise and operational governance structures and processes. The review was undertaken by Grant Thornton LLP ("Grant Thornton") who issued its final report in June 2024 setting out a number of strategic recommendations around:

- Producing a long-term vision and strategy for Post Office.
- Resetting the relationship with the Shareholder regarding roles, responsibilities and authority, in order to provide greater clarity on accountability and improve the pace of decision-making.
- Exploring the optimal corporate governance structure to enable effective strategic execution.

On the whole, the Board accepted the recommendations from the Grant Thornton Governance Review at its meeting in July 2024, noting at the time that a number were dependent upon the outputs from the Strategic Review. Since then, progress has been tracked at Board meetings on a regular basis and at the time of writing this Governance Statement, the recommendations have been substantially completed. Where actions remain open, these are primarily where there are dependencies on later phases of Post Office's Transformation Plan and/or where there are external dependencies, most notably the Government's Green Paper consultation on the future of Post Office.

Board of Directors

The Chair of the Board and the Shareholder Representative Non-Executive Director are appointed by the Shareholder. Executive and Independent Non-Executive Directors are appointed by the Board subject to the prior written consent of the Shareholder. The postmaster Non-Executive Directors are appointed by the Board subject to the prior written consent of the Shareholder and following an election process open only to serving postmasters. Non-Executive Directors are usually appointed for an initial term of three or four years with scope to renew for a second term or subsequent period, subject to the approval of the Shareholder. The appointment period of the Shareholder Representative Non-Executive Director is determined by the Shareholder. Set against the context of Post Office's ownership structure as a wholly owned company, Directors are not subject to annual re-election, although as noted under the section on 'Other routine Board performance activities', they are subject to an annual appraisal process under which their continued effectiveness is assessed.

At the point of signing, the Board of Directors comprised:

- a Non-Executive Chair;
- the Shareholder Representative Non-Executive Director;
- six independent Non-Executive Directors (one of whom is designated the Senior Independent Director);
- two postmaster Non-Executive Directors; and
- two Executive Directors.

Non-Executive Directors are not employees of Post Office; they provide services under the terms of an individual letter of appointment, signed ahead of the commencement of their directorship.

The current Board membership at the point of signing is as below.

Nigel Railton

Chair of the Board, Chair of the Nominations Committee and member of the Remuneration Committee.

Joined the Board 24 May 2024

Simon Jeffreys

Independent Non-Executive Director, Chair of the Audit, Risk and Compliance Committee, member of the Nominations Committee and member of the Transformation Committee.

Joined the Board 23 March 2023

Amanda Burton

Independent Non-Executive Director and Chair of the Remuneration Committee, member of the Nominations Committee, member of the Audit, Risk and Compliance Committee and member of the Remediation Committee.

Joined the Board 27 April 2023

Lorna Gratton

Shareholder Representative Non-Executive Director, member of the Audit, Risk and Compliance Committee, member of the Remuneration Committee, member of the Nominations Committee,

Andrew Darfoor

Independent Non-Executive Director, Senior Independent Director, Chair of the Transformation Committee, member of the Audit, Risk and Compliance Committee and member of the member of the Remediation Committee and member of the Transformation Committee.

Joined the Board 12 May 2023

Nominations Committee.

Joined the Board 20 June 2023

Brian Smith

Postmaster Non-Executive Director, member of the Audit, Risk and Compliance Committee and member of the Remediation Committee.

Joined the Board 4 December 2024

Sara Barlow

Postmaster Non-Executive Director, member of the Remuneration Committee, member of the Nominations Committee and member of the Transformation Committee.

Joined the Board 28 January 2025

Emma Branch

Independent Non-Executive Director, Chair of the Remediation Committee and member of the Transformation Committee.

Joined the Board 28 January 2025

Richard Hawkins

Independent Non-Executive Director, member of the Audit, Risk and Compliance Committee and member of the Transformation Committee.

Joined the Board 4 March 2025

Jonathan Slater

Independent Non-Executive Director and member of the Remuneration Committee.

Joined the Board 21 May 2025

Neil Brocklehurst

Group Chief Executive Officer

Joined the Board as an Executive Director 20 December 2024

Preetha McCann

Group Chief Financial Officer

Joined the Board as an Executive Director 20 December 2024

John Dillon

General Counsel and Company Secretary

Appointed as Company Secretary 14 April 2025

Board departures during the year ended 31 March 2025, and up until the date of signing, are shown below:

Elliot Jacobs

Postmaster Non-Executive Director, member of the Audit, Risk and Compliance Committee and member of the Transformation Committee.

Joined the Board 3 June 2021

Left the Board 3 June 2025

Nick Read

Group Chief Executive Officer

Joined the Board as an Executive Director 16 September 2019

Left the Board 31 January 2025.

Brian Gaunt

Independent Non-Executive Director, Interim Chair of the Remediation Committee and member of the Remuneration Committee.

Joined the Board 25 January 2022

Left the Board 28 January 2025

Saf Ismail

Postmaster Non-Executive Director and member of the Nominations Committee.

Joined the Board 3 June 2021

Left the Board 3 December 2024

Ben Tidswell

Former Independent Non-Executive Director and Senior Independent Director

Joined the Board 27 July 2021

Left the Board 9 July 2024

Alisdair Cameron

Group Chief Finance Officer

Joined the Board as an Executive Director 28 January 2015

Left the Board 24 June 2024

Independence

Simon Jeffreys, Amanda Burton, Andrew Darfoor, Richard Hawkins, Emma Branch and Jonathan Slater are independent Non-Executive Directors; Nigel Railton was deemed independent on appointment. Lorna Gratton is not an independent Non-Executive Director as she is the Shareholder Representative Non-Executive Director. Our postmaster Non-Executive Directors, Sara Barlow and Brian Smith, are serving postmasters, and as such, are not independent Non-Executive Directors. Neil Brocklehurst and Preetha McCann hold Executive Director roles and, as such, are not independent directors.

Ben Tidswell left the Board in July 2024, Brian Gaunt left the Board in January 2025; during their tenure they were both considered to be independent Non-Executive Directors. Saf Ismail left the Board in December 2024 and Elliot Jacobs left the Board in June 2025; as postmaster Non-Executive Directors, neither were independent.

Former Chief Executive Officer, Nick Read, left the Board in January 2025 and former Chief Financial Officer, Alisdair Cameron, left the Board in June 2024; during their tenure, both were Executive Directors and so were not independent.

Conflicts of Interest

In accordance with the Companies Act 2006, the Articles of Association give the Directors power to authorise conflicts of interest.

The postmaster Non-Executive Directors periodically stated their ongoing conflict of interest in being practising postmasters. No other Directors had a material interest in any contract of significance with Post Office or any of its subsidiaries.

The Shareholder Relationship Framework Document also provides that where there is potential for a perceived conflict of interest between Board membership and the Shareholder function, the Shareholder Representative Non-Executive Director should recuse themselves from the relevant Board decision and that the appointment letter for the Shareholder Non-Executive Director should contain provisions specifically on the approach to conflicts of interest (including perceived conflicts of interest).

A Register of Interests is maintained for all Directors, and summary biographies are listed on Post Office's Corporate website (https://corporate.postoffice.co.uk/en/governance/our-structure/our-board/) for each Board member. If a Director wishes to take up a further external appointment, they must first receive approval from the Chair, who will consider any potential conflict of interest or any impact on the Board member's time commitment.

Post Office has arranged appropriate Directors' and Officers' liability insurance in respect of legal action against Directors of Post Office and its subsidiaries and a deed of indemnity is in place for each of the Directors.

Roles and responsibilities

The Board is responsible for setting Post Office's strategic aims, putting in place leadership to deliver the strategy, maintaining appropriate oversight of the management of the business, reporting to the Shareholder and determining Post Office's vision, values and organisational culture.

The Board is accountable to DBT, the sole shareholder, for the performance of Post Office, and is required to seek consent from DBT for certain matters, as set out in the Articles of Association. The Shareholder is briefed regularly on the performance of the business and the progress made towards delivering the Shareholder's objectives, including at quarterly accountability meetings. The Shareholder Relationship Framework Document sets out the responsibilities of each party, an updated version of which was published in July 2025.

The Board is also responsible for oversight of legal and regulatory compliance, delivery of the strategy, providing constructive challenge to Post Office's executive management and communicating with all stakeholders. The Board has a schedule of matters reserved for its decision and has approved Terms of Reference for its committees, which are available on Post Office's website.

The Board reviews the strategy and approves the annual budget required to deliver the strategic objectives annually. The Board regularly reviews reports on performance against the annual budget and receives business reports from senior management. Directors are briefed on matters to be discussed at Board and Committee meetings by papers distributed in advance of meetings, as well as management presentations.

The executive management considers all papers ahead of submission to the Board at its Executive Committee meetings, or in other relevant fora with the appropriate delegated authority. This ensures that Board materials are carefully reviewed and are only authorised for onward submission to the Board if executive management is satisfied with the content. The Chair reviews the Board pack before issue to the Board to ensure clarity and quality and that all matters to be considered have been included. There is also a dedicated slot on each Board agenda for Directors to provide feedback on Board meetings and papers, and the Chair has continued to encourage sharper and appropriately focused papers so that Directors receive timely, clear and pertinent information.

The Board is also responsible for considering certain matters raised under the 'Speak Up' policy and for maintaining oversight on the volume and type of Speak Up matters reported. The Speak Up policy provides for concerns to be raised on an anonymous basis and provides a number of reporting routes – including by phone or secure online portal both operated via an independent provider. The 'Speak Up' policy also recognises that, on occasion, external reporting to a regulator may be appropriate. The Non-Executive Director Speak Up Champion, Amanda Burton, ensures that a positive speak up culture is proactively encouraged throughout Post Office and that the arrangements are challenged and assessed for areas of continuous improvement and best practice. The Non-Executive Director Speak Up Champion is also an additional point of escalation for feedback or concerns raised about the Speak Up function.

In setting the risk appetite for Post Office, the Board has established a framework to manage and mitigate risk. The Board takes guidance from its ARC in its oversight of risk management. During the year, ARC received reports from the Compliance Director, the Director of Internal Audit, the then Group Director of Assurance and Risk and the General Counsel, as well as from operational management and the External Auditors. Further detailed information on the management of risk within Post Office, together with identification of enterprise risks and their impacts, can be found in the Management of Risk section on pages 58 to 66.

Under the Articles of Association, and in line with the provisions of the UKCGC, the Company Secretary's appointment and removal is a matter for the Board. The Board approved the appointment of John Dillon as Company Secretary in April 2025. All Directors have an open channel of communication with the Company Secretary, who is responsible for advising the Board on corporate governance matters.

The key responsibilities of the Chair include:

- Ensuring Post Office's strategy is formulated clearly and well understood both internally and externally.
- Ensuring that the Board devotes sufficient time and attention to the matters within its remit.
- Helping to ensure that the Board has the information necessary to fulfil its role.
- Fostering an open, inclusive discussion which challenges executives, where appropriate.
- Reporting to the main Board on the Nominations Committee's activities.
- Maintaining and developing a productive relationship with the Chief Executive Officer.
- Evaluating the performance of the Board, individual Non-Executive Directors and the Chief Executive Officer

  Acting as a focus for the accountability of Post Office, for example, engaging with Government ministers on significant issues.

The key responsibilities of the Senior Independent Director include:

- Working closely with the Chair, acting as a sounding board and providing support.
- Acting as an intermediary for other Directors, as and when necessary.
- Being available to the Shareholder to address any concerns or issues.
- Meeting with the Non-Executive Directors, at least annually, to review the Chair's performance.
- Carrying out succession planning for the Chair's role.

The key responsibilities of the Chief Executive Officer include:

- Implementing the strategy and developing and delivering the strategic objectives agreed with the Board.
- Communicating throughout Post Office the strategic objectives and the values and ensuring that these are achieved in practice.
- Leading Post Office and managing it within the authorities delegated by the Board.
- Reporting regularly to the Board with appropriate timely and quality information so the Board can discharge its responsibilities effectively.
- Informing and consulting the Chair on all matters of significance to the Board so that the Chair and the Board can properly discharge their responsibilities.
- Recommending to the Board significant operational changes and major expenditure where these are beyond the Chief Executive Officer's delegated authority.
- Assigning responsibilities clearly to senior management and overseeing the establishment of effective risk management and control systems.
- Recruiting, developing and retaining a strong management team.
- Evaluating the performance of the Executive management team, including the Chief Financial Officer.

Key focus of the Board in 2024/25

On his appointment as Interim Chair in May 2024, Nigel Railton commissioned a Strategic Review to inform the strategic direction, central objectives and key priorities as Post Office looks to continue to change and transform and meet the needs of postmasters, customers, the Shareholder and wider stakeholders. That review has informed an ambitious five-year Transformation Plan, under which commercial, operational, technological, cultural, and reputational challenges will be addressed to deliver a new deal and longer-term financial sustainability for postmasters.

In their forewords on pages 4 and 5 to 6, the Chair and Chief Executive Officer set out the vision for a transformed Post Office, one which delivers a 'new deal' for postmasters and secures the long-term sustainability for the business.

Under the Transformation Plan, the Board is focused on the following five strategic imperatives:

Strengthening the Commercial Offer, with key initiatives centred on:

- Negotiating and delivering Banking Framework 4, alongside opening more Post Office operated Banking Hubs, extending banking services and facilitating more banking automation in branch.
- Transforming Post Office's mails and parcels offering.
- Fostering the growth of Post Office's insurance business, enabled by digital optimisation.

Ensuring the Network is Fit-For-Purpose, with key initiatives centred on:

- Consulting on, and taking forward, a DMB exit programme.
- Delivering a new deal for postmasters with increased and fairer remuneration.
- Taking forward a longer-term commitment to more wholesale remuneration and contract reform.

Transforming Technology & Data, with key initiatives centred on:

- Maintaining continuity of Horizon services in the shorter term.
- Delivering a Horizon replacement solution in the medium to longer term.
- Rolling out replacement and new branch technology, reducing the cost to serve for postmasters and improving the customer experience.

Delivering a new Operating Model, with key initiatives centred on:

- Attracting, developing and maintaining talent and capability within Post Office.

- Facilitating the effective and credible delivery of an ambitious change agenda.
- Reducing central Post Office costs by maintaining robust cost management and delivering savings and efficiencies through an organisational design programme.

Resetting Stakeholder Relationships, with key initiatives centred on:

- Fulfilling Post Office's obligations in relation to the POHIT Inquiry, learning the lessons and preparing to take forward the POHIT Inquiry recommendations.
- Ensuring the fast payment of full and fair redress under the remediation schemes administered by Post Office.
- Strengthening and formalising the arrangements for postmaster engagement to ensure the first-hand experience of serving postmasters informs policy and decision-making from the earliest stages.

Government funding for 2024/25 and 2025/26 is aligned to Post Office's transformation plans. After 2025/26, while the position remains subject to confirmation of further Government funding, as well as the outcome and policy decisions that result from the Government's Green Paper consultation on the future of Post Office, in the longer term, Post Office expects to be operating with significantly reduced costs, sharing even more of our revenues with postmasters and providing modernised services in communities across the UK. An overview of how the Board has taken into account stakeholder interests in its discussions and decision-making is set out in the S172(1) statement at pages 37 to 41.

Board and Committee Meetings in 2024/25

Board Meetings

During 2024/25, the Board met 18 times (including additional meetings held either in person or virtually). A record of Directors' attendance at the Board and its Committees is set out in the table below, shown as a share of the number of meetings aligned to Directors' Board and Committee appointments.

Director	Board	Board (Additional)	Audit, Risk & Compliance Committee	Nominations Committee	Remuneration Committee	Remediation Committee	Transformation Committee (Note 1)
Chair							
Nigel Railton (Note 2)	9/9	8/8		11/11	6/7	4/8	
Non-Executive Directors							
Amanda Burton (Note 3)	9/9	7/9	1/1	11/11	8/8	2/2	
Sara Barlow (Note 4)	2/2	2/2		1/1	1/1		1/1
Emma Branch (Note 5)	2/2	2/2				2/2	1/1
Andrew Darfoor (Note 6)	9/9	8/9	7/8	1/1			5/5
Lorna Gratton	9/9	9/9	8/8	11/11	8/8	10/12	5/5
Brian Gaunt (Note 7)	8/8	6/7			6/7	10/10	
Richard Hawkins (Note 8)	1/1	0/0	1/1				0/0
Saf Ismail (Note 9)	4/7	3/7		5/10			
Elliot Jacobs	8/9	9/9	7/8				4/5
Simon Jeffreys	8/9	9/9	7/8	11/11			
Brian Smith (Note 10)	2/2	2/2	1/1			1/1	
Ben Tidswell (Note 11)	4/4	1/1		3/3	2/2	3/3	
Executive Directors							
Neil Brocklehurst (Note 12)	2/2	2/2					
Preetha McCann (Note 13)	2/2	2/2					
Nick Read (Note 14)	4/8	1/7					
Alisdair Cameron (Note 15)	0/1	0/1					

Note 1: The Transformation Committee was previously named the Investment Committee.
Note 2: Nigel Railton was appointed to the Board as Interim Chair on 24 May 2024; his role as substantive Chair commenced on 25 May 2025. Nigel was a member of the Remediation Committee from 10 July 2024 to 25 February 2025.
Note 3: Amanda Burton was appointed as a member of ARC and the Remediation Committee in January 2025.
Note 4: Sara Barlow was appointed to the Board on 28 January 2025 and as a member of the Transformation Committee, RemCo and NomCo.
Note 5: Emma Branch was appointed to the Board on 28 January 2025 and as Chair of the Remediation Committee and a member of the Transformation Committee.
Note 6: Andrew Darfoor was appointed as Senior Independent Director in July 2024. He was appointed as a member of NomCo in January 2025.
Note 7: Brian Gaunt was appointed as Interim Chair of the Remediation Committee effective 10 July 2024. Brian Gaunt stepped down from the Board on 28 January 2025.

Note 8: Richard Hawkins was appointed to the Board on 4 March 2025 and as a member of ARC and the Transformation Committee.
Note 9: Saf Ismail stepped down from the Board in December 2024.
Note 10: Brian Smith was appointed to the Board on 4 December 2024, as a member of ARC in January 2025 and as a member of the Remediation Committee in February 2025.
Note 11: During 2024/25, Ben Tidswell was nominated to Chair Board and NomCo meetings between 1 April 2024 and 23 May 2024, before Nigel Railton was appointed as Interim Chair from 24 May 2024, at which point he also assumed the role as Chair of NomCo. Ben stepped down from the Board on 9 July 2024.
Note 12: Neil Brocklehurst undertook the CEO role on an interim basis during 2024/25; he was appointed as an Executive Director in December 2024.
Note 13: Preetha McCann undertook the CFO role on an interim basis during 2024/25; she was appointed as an Executive Director in December 2024.
Note 14: Nick Read stepped down from the Board on 31 January 2025.
Note 15: Alisdair Cameron stepped down from the Board on 24 June 2024.

Board Committees

To assist in the execution of its corporate governance responsibilities, the Board has established five committees which deal with specific topics requiring independent oversight. The ARC; the NomCo; the Remuneration RemCo; the Remediation Committee; and the Transformation Committee. The Remediation and the Transformation Committees were established by Post Office to provide tailored oversight in line with their respective remits, and as such, are not routine Committees as required under standard corporate governance. Each Committee is chaired by an independent Non-Executive Director, with membership drawing on relevant expertise and balancing the perspectives of the Shareholder and Post Office's wider stakeholder community.

The Board retains overall oversight but delegates responsibilities and authorities to its committees to operate within Terms of Reference for each committee approved by the Board. The Terms of Reference for all committees are reviewed annually to assess that each committee has discharged its duties effectively in accordance with the Terms of Reference.

The Terms of Reference for the committees, established in line with the requirements of the UKCGC, are available on Post Office's website.

During 2024/25, in response to a recommendation in the Grant Thornton external governance review, the interim Chair agreed that members of the Board should have access to the materials of all committees and have an open invitation to attend all committees as observers, subject to their availability.

Audit, Risk and Compliance Committee (ARC)

Role

The duties and responsibilities of the ARC are included in the Terms of Reference which are available on Post Office website.

Membership during 2024/25

Simon Jeffreys, Chair
Lorna Gratton
Andrew Darfoor
Amanda Burton, joined January 2025
Brian Smith, joined January 2025
Richard Hawkins, joined March 2025
Elliot Jacobs, Former member Until June 2025, when he stepped down from the Board

The work of the ARC in 2024/25

In the lead-up to signing the 2023/24 ARA, ARC maintained oversight over critical accounting estimates and judgements and also considered the principal and strategic risks, going concern assumptions, taxation matters and provisions for the HSS, OC, SRR and PPR, and having done so, concluded that they were appropriate.

ARC approved the annual Audit Plans 2024/25 for the Internal and External Auditors, and provided approval as appropriate for the fees for the non-audit activity undertaken by the External Auditors. In the case of non-audit activity, ARC was assured that the proposed activity was permissible under the Ethical Standards applicable to Other Entities of Public Interest and that there were suitable safeguards in place to ensure the independence of the External Auditor, including in the case of material non-audit activity, the separation of teams performing the work.

Reports were provided at each of its scheduled meetings on assurance, risk, and internal audit. Two separate reports were received on legal risks and five reports on Speak Up. ARC received an update from the Chair of Post Office Insurance ARC at each scheduled meeting.

Deep dives during the year were conducted in relation to data protection risks, mails, identity services, banking and strategic partners. ARC received updates on cyber security and artificial intelligence, alongside an update on remediation matters risks, a report from the Data Protection Officer and an annual report from the Money Laundering Reporting Officer.

The reports on deep dives, risk reviews, internal audits and controls reviews were discussed with management when they were received by ARC. These reports and updates identified opportunities to enhance controls which, in some cases, were necessary to bring net risk exposure to within risk appetite. At each meeting, ARC and management reviewed the progress being made in relation to the completion of agreed actions.

The following policies were reviewed and approved by ARC during the course of the year: Anti-Bribery and Corruption; Financial Crime; Speak Up; Anti-Money Laundering and Counter Terrorism Financing; Business Continuity Management; Employee Vetting Requirements; HMRC Fit and Proper Standard; Business Change Management; Cyber and Information Security; Postmaster Onboarding; Postmaster Training; Postmaster Network Transaction Corrections; Postmaster Contract Management; Postmaster Account Support; Postmaster Accounting Dispute Resolution; Network Cash and Stock Management; Network Monitoring and Branch Operational Support; Postmaster Complaint Handling; Data Protection; Health & Safety; Treasury; Conflicts Of Interest; Enterprise Risk Management Policy; and the Group Legal Policy.

The Modern Slavery Act Transparency Statement was also approved (as required on an annual basis) for recommendation to the Board, as was the renewal of the Insurance Policies for the period 1 November 2024 to 31 October 2025.

The Board considers that the ARC's members have broad commercial knowledge and extensive business leadership experience. The current Chair of the ARC, Simon Jeffreys, is a qualified Chartered Accountant. The directors' biographies are listed on Post Office's Corporate website *(https://corporate.postoffice.co.uk/en/governance/our-structure/our-board/)*. The Board is satisfied, therefore, that there is an appropriate mix of business and financial experience and expertise across the membership.

The CEO, CFO, General Counsel and the then Group Risk & Assurance Director, Internal Audit Director and Head of Risk, or their nominated deputy or interim, attended meetings of the ARC. The ARC Chair held regular separate meetings with each of these individuals during the year. The External Auditor was invited to, and attended, all meetings of the ARC.

ARC members held separate meetings with the Internal Audit Director and with the External Auditors without management. The internal audit function is co-sourced with Deloitte LLP and Forvis Mazars LLP. The current External Auditor, PricewaterhouseCoopers LLP ("PwC"), has been in place since 2019; PwC was re-appointed as auditor in 2024/25, following a competitive tender. ARC has satisfied itself in relation to the independence and effectiveness of the External Auditor, including in relation to pre-approved non-audit activities. The financial year ended 30 March 2025 was the first year for which Chris Hibbs served as the Senior Statutory Auditor following the retirement of his predecessor.

The ARC reviewed and approved revisions to its Terms of Reference during the year. An internally facilitated review of the committee's performance was undertaken for 2024/25, following an externally facilitated review for 2023/24. ARC considered the feedback and agreed the recommendations on the steps to be taken to improve and enhance overall effectiveness and performance at its meeting in June 2025.

Further detailed information on the management of risk within Post Office can be found in the Management of Risk section on pages 58 to 66.

External auditor - assessment of effectiveness and independence of the external audit process

To assess the effectiveness and independence of the external audit process, the auditor is asked, on an annual basis, to set out the steps that it has taken to ensure objectivity and independence. The auditor's performance, behaviour and effectiveness during the exercise of its duties are monitored during the year by the ARC. The ARC considered an annual independent Audit Quality Review report by the Financial Reporting Council ("FRC"), that monitors audit quality of the major audit firms in the UK and discussed with the external auditor the results of its own quality control review. PwC presented its detailed audit plan for the 2024/25 financial year at the March 2025 ARC meeting. ARC also reviewed PwC's policies and procedures including quality assurance procedures and independence and concluded that they were satisfactory.

The outcome of these reviews and discussions with the Senior Statutory Auditor were that the Committee is satisfied that PwC has a suitable culture, control environment and risk framework to enable it to deliver a high-quality audit.

In assessing the quality of the audit, the Committee considered areas where the auditor had demonstrated professional scepticism and challenged management. They noted that this had been demonstrated around the going concern basis, the valuation of intangible assets and the provisions for the HSS, OC, SRR and PPR schemes. In addition, the Committee held meetings with the external auditor in private.

Taking into consideration all the above and its review and discussions with the key parties the Committee concluded that the external auditor had delivered a quality audit for the financial year ended 31 March 2024.

The fees paid to the Auditor in the year were as follows:

	2025	2024
	£'000	£'000
Audit Services	**1,917**	1,543
Non-audit Services	**149**	166
Percentage of Audit Services	**8%**	11%

Nominations Committee (NomCo)

Role

The duties and responsibilities of the NomCo are included in the Terms of Reference, which are available on Post Office's website.

Membership during 2024/25

Nigel Railton, Chair, from May 2024
Lorna Gratton
Amanda Burton
Simon Jeffreys
Andrew Darfoor, from January 2025
Sara Barlow, from January 2025
Ben Tidswell, Former member Chaired NomCo meetings between 1 April 2024 and 23 May 2024
Saf Ismail, Former member Until December 2024, when he stepped down from the Board

The Group CEO and Group Chief People Officer also attended certain NomCo meetings at the invitation of the NomCo Chair.

The work of NomCo in 2024/25

During 2024/25, NomCo invested considerable time in considering Board succession and associated recruitment and appointment matters with Alisdair Cameron, Ben Tidswell, Saf Ismail, Brian Gaunt and Nick Read stepping down from the Board in this period. Elliot Jacobs stepped down from the Board in June 2025. Nigel Railton, Brian Smith, Sara Barlow, Emma Branch, Richard Hawkins, Neil Brocklehurst and Preetha McCann were all appointed to the Board in 2024/25. Jonathan Slater was appointed to the Board in May 2025.

NomCo also considered and made recommendations to the Board in respect of appointments to the Board sub-committees, to reflect the Board membership changes and to ensure the requisite knowledge and skills were maintained through appropriate membership.

Succession planning requirements for Post Office's subsidiaries and joint venture were considered during the 2024/25 period with the NomCo approving appointments to Post Office Management Services Limited Board and the FRESH board.

Succession planning and organisational design requirements for Post Office's Executive were also considered by NomCo in 2024/25, with the focus on critical roles and having the necessary capabilities to deliver Post Office's strategic and operational objectives.

Green Park and Gatenby Sanderson were engaged by POL as external search consultants during the year; NomCo was satisfied that both providers had a demonstrable track record in the field and were not otherwise connected with Post Office nor with any individual director.

NomCo reviewed and approved revisions to its Terms of Reference during the year and an internally facilitated performance review was undertaken for 2024/25. The Committee considered the feedback in relation to its performance and agreed the recommendations on the steps to be taken to improve and enhance overall effectiveness and performance at its meeting in June 2025.

Remuneration Committee (RemCo)

Role

The duties and responsibilities of the RemCo are included in the Terms of Reference which are available on Post Office's website.

Membership during 2024/25*

Amanda Burton, Chair
Nigel Railton
Lorna Gratton
Sara Barlow
Brian Gaunt, Former member Until January 2025, when he stepped down from the Board.
Ben Tidswell, Former member Until July 2024, when he stepped down from the Board

*Members who joined RemCo in 2025/26 were: Jonathan Slater.

In accordance with the Terms of Reference, the CEO may attend meetings, at the invitation of the RemCo Chair, to discuss matters relating to the remuneration of the Group Chief Finance Officer ("CFO") and other members of the Executive and wider remuneration matters. The Group Chief People Officer and CFO are also regular attendees at RemCo meetings at the invitation of the Chair. RemCo recognises, however, the need to manage any potential conflicts of interest and upholds the principle that no individual may be involved in discussions concerning their own remuneration.

The work of RemCo in 2024/25.

The Remuneration Committee Chair's Statement for 2024/25 is set out at pages 42 to 54 and includes more detail on the key decisions taken by RemCo during the year and the key areas of focus.

During 2024/25, RemCo business included:

- The design and metrics for the 2024/25 Short Term Incentive Plan (STIP) and the 2024-27 Long-Term Incentive Plan (LTIP), as well as agreed updated rules for both schemes.
- The outturn for the 2023/24 STIP and the 2021-2024 LTIP (payments for the STIP were made in December 2024, after final sign-off of the 2023/24 Annual Report and Accounts).

- The Directors' Remuneration Report for inclusion in the 2023/24 Annual Report and Accounts.
- Updates to the Committee's Terms of Reference to ensure the continued effectiveness of the Committee.
- The remuneration packages for several members of the Executive (permanent and interim) and other senior management.
- Board Committee Chair fees.
- Group subsidiary company Chair fees and fee principles.
- Annual colleague engagement survey results.
- Annual performance review and annual pay review.

Looking further ahead, RemCo agreed the framework for Post Office's future STIP and LTIP schemes, with particular regard to the context provided by the outcome from the Strategic Review and the resulting change agenda. Central to the considerations was the need to ensure alignment to the Transformation Plans which would see Post Office transform commercially, operationally, technologically and culturally and deliver a new deal and longer-term financial sustainability for postmasters.

During the year, the Committee appointed Korn Ferry as its new remuneration advisers, taking over from Willis Towers Watson in November 2024. Willis Towers Watson continued to provide pension actuary services, but neither they nor Korn Ferry were otherwise connected with Post Office or with any individual directors.

An internally facilitated performance review was undertaken for 2024/25, following an externally facilitated review for 2023/24. RemCo considered the feedback and agreed the recommendations on the steps to be taken to improve and enhance overall effectiveness and performance at its meeting in June 2025.

Remediation Committee

Role

The duties and responsibilities of the Remediation Committee are included in the Remediation Committee's Terms of Reference, which are available on Post Office's website.

Membership during 2024/25*

Emma Branch, Chair From 28 January 2025
Lorna Gratton
Amanda Burton From 28 January 2025
Brian Smith From 25 February 2025
Nigel Railton, Former member Until February 2025, when he stepped down from the Committee.
Brian Gaunt, Former Interim Chair Until January 2025, when he stepped down from the Board
Ben Tidswell, Former Chair Until July 2024, when he stepped down from the Board

The Group General Counsel, the Group Chief Finance Officer and external counsel to Post Office may also attend meetings at the invitation of the Committee Chair.

Work of the Remediation Committee in 2024/25

During 2024/25, the Remediation Committee continued to oversee the administration of the remediation schemes administered by Post Office.

Horizon Shortfall Scheme (HSS)

In its oversight of the administration of the HSS, the Remediation Committee:

- Acknowledged the Government's announcement (13 March 2024) that it was extending the £75,000 Fixed Sum Offer ("FSO") – originally for claimants in the GLO scheme operated by Government – to all eligible claimants in the HSS and oversaw operational and process enhancements to expedite the rollout of the FSO.
- Considered HSS claim outcomes within their Terms of Reference as recommended by the HSS Independent Advisory Panel.
- Considered recommendations to the Board on precedent setting matters and any other matters escalated to the Remediation Committee for decision.
- Endeavoured to ensure at all times that offers received by postmasters were fair and consistent and issued as swiftly as possible. The HSS will remain open to applications until 31 January 2026.

Overturned Convictions (OC)

In its oversight of the administration of OC, the Remediation Committee:

- Continued to oversee claims for redress made by those who had their convictions overturned and continued to consider policies and principles underpinning claim assessments.
- Continued to monitor the transition of the Post Office administered Overturned Convictions process into the Government administered Horizon Convictions Redress Scheme ("HCRS") ahead of the transfer, which came into effect on 3 June 2025.

Criminal Case Appeals

In its oversight of the management of Criminal Case Appeals, the Remediation Committee:

- Continued to consider advice from external counsel in order to finalise the position in relation to ongoing Horizon related appeals, albeit the volumes in this space had reduced significantly in comparison to previous years given the mass exoneration of convicted postmasters by virtue of the Post Office (Horizon System) Offences Act 2024 and Post Office (Horizon System) Offences (Scotland) Act 2024 being passed into law.
- Remained committed to working with the Criminal Cases Review Commission ("CCRC") on any criminal appeal matters, including those relating to Capture. The CCRC has subsequently referred its first Capture-related appeal case to the Court of Appeal (Criminal Division) in October 2025.

Suspension Remuneration Review (SRR)

In its oversight of the administration of the SRR, the Remediation Committee:

- Continued to oversee the provision of redress to postmasters who were suspended before March 2019 and not remunerated during their period of suspension.

Post Office Process Review (PPR)

In its oversight of the administration of PPR, the Remediation Committee:

- Oversaw proposals for the implementation of a financial redress scheme for postmasters deemed to have suffered detriment following a review of Post Office products, policies and processes in view of the Common Issues Judgment.
- Maintained visibility over a pilot phase launched in July 2024 ahead of the planned full operationalisation of the PPR scheme (subsequently launched in May 2025).

In all matters considered, the Remediation Committee took an approach that was transparent and promoted fair outcomes for claimants overall. In doing so, the Remediation Committee reviewed and approved revisions to its Terms of Reference on 18 March 2025 and continued to consider recommendations made by, and matters and feedback arising out of, the POHIT Inquiry, where relevant.

An internally facilitated performance review was undertaken for 2024/25. The Remediation Committee considered the feedback in relation to its performance and agreed the recommendations on the steps to be taken to improve and enhance overall effectiveness and performance at its meeting in May 2025.

Transformation Committee

Role

The duties and responsibilities of the Transformation Committee (established as the Investment Committee initially) are included in the Committee's Terms of Reference, which are available on Post Office's website.

Membership during 2024/25*

Andrew Darfoor, Chair
Lorna Gratton
Elliot Jacobs
Sara Barlow From 28 January 2025
Emma Branch From 28 January 2025
Richard Hawkins From 4 March 2025

*Members who joined the Transformation Committee in 2025/26 were: Simon Jeffreys

Work of the Transformation Committee in 2024/25

During 2024/25, Transformation Committee business included:

- Strategic change programme reviews.
- Change Activity Dashboard reports on the progress and performance of key strategic change projects.
- Deep-dive project reviews.
- 2025/26 Spending Review business cases.
- 2025/26 Transformation Plan governance.
- Post Office's transformation planning to 2030.

During 2024/25, the Committee refreshed the focus for its work to provide Board-level strategic oversight of Post Office's transformation roadmap and plan and to ensure continued alignment to the strategic priorities and pillars, the Annual Business Plan and Annual Plan and Budget, as well the longer-term strategic outlook. In undertaking this role, the Board agreed that the Committee should have delegated authority to approve budgeted change spend above £15m, up to £50m. The Committee's Terms of Reference were updated to reflect its renewed focus.

An internally facilitated performance review was undertaken for 2024/25. The Committee considered the feedback in relation to its performance and agreed the recommendations on the steps to be taken to improve and enhance overall effectiveness and performance at its meeting in May 2025.

Board and Committee Performance Review

In line with good corporate governance practice, Post Office undertakes an annual review of the effectiveness of its Board and Committees. An externally facilitated review typically takes place every third year. The reviews provide assurance on effectiveness and performance, but more importantly, they inform a continual process of self-improvement and highlight areas for further development and enhancement.

An externally facilitated review was conducted for 2023/24, so an internal evaluation was undertaken for 2024/25. The Board and Committee questionnaires were based as much as possible on the last internally facilitated review in 2022/23, to allow for comparison and was completed by Non-Executive Directors, Executive Directors as well as standing invitees, comprising members of the Executive Team and other senior leaders, as relevant to each governance fora.

The feedback on the Board's performance was presented at its meeting in April 2025, and each of the Board sub-committees reviewed their performance at subsequent meetings, as noted under the reports on their work.

Review findings and next steps

Overall, the feedback reflected a Board that was working well and operating effectively. Looking ahead, the feedback noted that the Board would need to strike the right balance between strategic leadership and operational oversight responsibilities. The responses also highlighted the good relationships that were being built between the Board and the Executive and an improving culture of openness. Board members and the Executive had a shared understanding of the strategic priorities and the need for an ambitious change agenda.

Other areas highlighted as being particularly positive, centred on:

- The additional skills and experience recent Board appointments had brought.
- The move towards greater flexibility and pragmatism in relation to risk.
- The unique value the Shareholder and postmaster Non-Executive Directors brought in sharing their respective perspectives; in the case of the postmaster Non-Executive Directors the Board was able to benefit from their first-hand experiences as serving postmasters.
- The improvements to the quality of papers and presentations.
- The significant efforts to re-set relationships with postmasters.

Other areas highlighted for improvement/action, centred on:

- The need to manage a larger Board to maintain effective and timely decision-making.
- The need for more decision-making to be delegated to Executive management.
- The need to make sure key information was included and sufficiently highlighted in Board papers.
- The need to be to more customer-centric.
- The need for a more commercial and cost-conscious mindset, as well as a less risk-averse appetite (at Board, Executive and throughout Post Office).

The Board discussed the findings, noting the areas of strength and agreeing the areas where there was more to do to improve performance.

Building on the internal review, the Chair went on to commission Dr Tracy Long, from Boardroom Review, to undertake a tailored external Board performance review in the summer of 2025. The commissioning of this work aligned to the Chair's permanent appointment, the appointment of two new postmaster Non-Executive Directors, the appointment of three new independent Non-Executive Directors and the permanent appointment of the Chief Executive Officer and his executive team. Dr Long's review findings were very much in keeping with the internal review.

The key areas of strength on which to build, centred on:

- The Board's alignment on shared short-term priorities and the consideration of key risk factors in decision-making.
- The establishment of a new leadership team which was bringing renewed energy.
- The effective relationship between the Chair, SID and CEO and broader elements of effective governance.

The key areas of challenge requiring further focus and development, centred on:

- Developing a longer-term strategy and managing the inherent tensions between POL's social and commercial imperatives (with a risk appetite framework aligned to value creation and longer-term sustainability).

- Establishing a compelling narrative for POL's transformation journey and being clear on expected behaviours.
- Optimising individual and collective contribution at the Board and making effective use of Board time.

The Board welcomed Dr Long's report and agreed the recommendations for inclusion in an action plan and agreed that, together with the findings from the internal review, they would help ensure the Board was able to continue to improve its performance and enhance its effectiveness.

Other routine Board performance activities

More generally, the Chair (including in his interim capacity), undertook a number of other routine activities and initiatives to ensure the Board was able to continue to operate and perform effectively, including:

- Holding feedback sessions at the end of each Board with Non-Executive Directors, without Executive Directors in attendance, to hear their perspective on how the Board went and on quality of the papers and presentations.
- Undertaking annual appraisals for the Chief Executive Officer and Non-Executive Directors.
- Encouraging contributions from all members of the Board – Independent Non-Executive Directors, postmaster Non-Executive Directors, the Shareholder Non-Executive Director and Executive Directors.

The Chair's annual appraisal for 2024/25 was led by the Senior Independent Director; during 2024/25, Nigel Railton undertook the Chair role on an interim basis, before his appointment as the substantive Chair from May 2025.

In addition to the annual Board and Committee reviews, the Board received an annual governance report from the Deputy Company Secretary, under which it reviewed the Matters Reserved to the Board, the Delegated Authorities Matrix, Committee Terms of Reference and Directors' interests.

Section 172(1) Statement

Directors' statutory duties are set out in the Companies Act 2006, s172(1) of which requires Directors to act in a way that they consider would, in good faith, most likely promote the success of the company for the benefit of its members as a whole. In so doing, s172(1)(a) to (e) sets out that Directors should have regard to:

a) the likely consequences of any decisions in the long term;

b) the interest of employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of operations on the community and environment; and

e) the desirability to maintain a reputation for high standards of business conduct.

Set against the context that Post Office has a sole Shareholder, Section 172(1)(f), which sets out the need to act fairly as between members of the company, is not directly applicable to Post Office. However, the Board nevertheless takes a balanced view in its decision-making and considers both the interests of the Shareholder and those of the wider stakeholder community who are impacted by what Post Office does and how it does it.

A summary of the key stakeholder interests to which the Board has regard in its decision-making is set out below, noting the different ways in which Post Office engages with key stakeholder groups to understand their needs and expectations and to hear how they are affected by the decisions Post Office takes. An overview of some principal strategic discussions and decisions during the year is set out in a table at the end of this statement, noting the strategic aims and aligning decision-making to the relevant section 172(1) (a) to (e) considerations.

Stakeholder interests

- **Postmasters** – remediating and learning the lessons from the Horizon IT scandal and delivering a new deal, with fairer and improved remuneration for postmasters and with Post Offices continuing as viable, sustainable and profitable businesses, are firm priorities. Together, these provide a backdrop to Board discussions and a lens through which decision-making is tested and scrutinised.
- Post Office engages with postmasters in a number of ways to communicate, to seek their feedback, to understand their perspectives and to inform thinking across a number of relevant strategic and operational matters, including by having postmaster Non-Executive Directors on the Board, conducting postmaster surveys, by direct engagement in branch, via Branch Hub, through postmaster participation on specific projects and initiatives and through postmaster representative bodies, including the newly established Postmaster Panel and Consultative Council.
- **Customers** – the Board considers the implications decisions will have on customers, in terms of accessibility of services, the range of products and services Post Office provides and the quality of those products and services.
- Post Office engages with customers in a number of ways to communicate, to understand their perspectives and to inform thinking about Post Office products and services, including through customer surveys.
- **Employees** – the Board remains mindful of the effect of its decisions on employees, including issues relating to morale and staffing, and makes sure that workplace policies and practices are fair and staff well-being is supported. The Board's oversight includes the appointment of one of the independent Non-Executive Directors, currently Amanda Burton, as 'Speak Up' Champion and its consideration of 'Speak Up' matters when required. During 2024/25, the Board continued to be conscious of the prevailing backdrop of the challenges Post Office continued to face as it sought to address past failings and the intense scrutiny it was under, both from the ongoing POHIT Inquiry and wider external interest. The backdrop of Post Office's change agenda and, as part of that, wide-ranging organisation design changes, is also a key presence in relevant discussions at the Board.
- Post Office engages with staff in a number of ways to communicate, seek their feedback and understand their perspectives, including by running staff engagement surveys, holding weekly staff briefings sessions, via Post Office's intranet, through all staff email bulletins and as part of other routine engagement, for example between staff and their line managers and via intra-team and intra-function engagement.
- **Partners and suppliers** – the Board makes sure that Post Office works to high standards of business conduct, with appropriate policies, governance and procedures in place for entering into and managing contracts for the supply of goods and services, together with values and standards expected when dealing with third parties. During the year, the Board also approved Post Office's Modern Slavery Statement, a copy of which is on Post Office corporate website. We adhered to the Payment Practices requirements, averaging paying circa 95% of our invoices within 30 days over the financial year.
- **Community and the environment** – the impact of Post Office's operation on the community is a key consideration for the Board given the social purpose of Post Office and the provision of services to all members of the community. The impact of Post Office's operation on the environment is set out in further detail in the Streamlined Energy and Carbon Reporting section on pages 78 to 80.
- **Our Shareholder, DBT** – Post Office is wholly owned by DBT.; DBT does not have responsibility for the day-to-day running of Post Office, however it has certain reserved powers under Post Office's Articles of Association for which the Shareholder's prior consent is required. DBT advises Post Office on relevant policy, including setting clear strategic objectives and network requirements to deliver government policy objectives. The DBT team also manages requests for government funding and supports the associated business-case approval process for projects and programmes of high-strategic importance. The Shareholder Relationship Framework Document describes certain parameters within which Post Office is expected to operate, certain obligations with which Post Office is expected to

comply, and certain aspects of the relationship with DBT and UKGI. A revised Shareholder Relationship Framework Document was published in July 2025.

A Shareholder Representative Non-Executive Director sits on the Board (appointed by DBT) and also sits on all the Board sub-committees. The DBT Minister who has responsibility for Post Office writes to the Chair setting out the Shareholder's objectives for Post Office and expectations on the areas of priority, and this letter is shared with the Board. Performance reporting and assurance is provided to the Shareholder, as required, including in formal Quarterly Shareholder Meetings; the Chair and the CEO also meet with DBT Ministers and senior officials regularly, as required.

Principal strategic discussions and decisions

Transformation	Key stakeholders	Relevant section 172(1) considerations informing decisions
Strategic aims: • Post Office to transform and address commercial, operational, technological, cultural, and reputational challenges. • Post Office to deliver a 'new deal' for postmasters, increasing annual postmaster income by £250 million by 2030. • Post Office to achieve lasting financial stability. *Key decisions/discussions:* • In July 2024, the Board discussed its longer- term vision and strategic ambition for transforming Post Office at its annual strategy awayday. • In September 2024, the Board approved the final Strategic Plan to 2030 and agreed it should form the basis of its Spending Review submission to Government. • Underlying elements of the Transformation Plan were discussed during the year, some of which were at an earlier stage of planning and some of which were further developed. In the case of the latter, examples included the Board's confirmation of its support for Post Office's strategic approach to Banking Framework 4 negotiations and providing a steer on Post Office's strategic approach to the Banking Hub contract negotiations. • In December 2024, the Board approved an advance payment	• Postmasters/ Strategic Partners. • Employees. • Suppliers. • Customers. • Wider stakeholders, including the communities in which Post Offices trade. • DBT.	• The likely consequences of any decisions in the long term • The interest of employees. • The need to foster the company's business relationships with suppliers, customers and others. • The impact of operations on the community and environment. • The desirability to maintain a reputation for high standards of business conduct.

<table>
<tr><td>from the 2025/26 postmaster remuneration budget to be paid in 2024/25 and then approved an uplift covering April and May 2025 at an additional meeting in February 2025.
• The Chair's foreword on page 4 and the Chief Executive's statement on pages 5 and 6 set out the strategic vision and long-term aims in more detail and an overview of the Board's key strategic priorities during 2024/25 is set out on pages 26 and 27.</td><td></td><td></td></tr>
<tr><td>Postmaster Redress and Remediation</td><td>Key stakeholders</td><td>Relevant section 172(1) considerations informing decisions</td></tr>
<tr><td>Strategic aims:
• Postmasters to receive full, fair and timely financial redress for wrongdoing, harm and losses caused most significantly by the Horizon IT scandal.
• Post Office to fully cooperate with the POHIT Inquiry.

Decisions/discussions:
• During the year, the Board and the Remediation Committee received and discussed regular comprehensive reports on the work to remediate and pay redress to impacted postmasters across the different schemes.
• During the year the Board received and discussed regular updates on Phases 5 to 7 of the POHIT Inquiry.
• Specific discussions and decisions at the Board included:
  o The need to ensure timely redress and embed more automation in redress processing.
  o Witness evidence at the POHIT Inquiry and the topics and approach in relation to Post Office's written and oral closing statements.
• More detail about the schemes</td><td>• Postmasters – current and former.
• Employees.
• Wider stakeholders including the POHIT Inquiry.
• DBT.</td><td>• The likely consequences in the long term.
• The interest of employees.
• The need to foster the company's business relationships with suppliers, customers and others.
• The impact of operations on the community.
• The desirability to maintain a reputation for high standards of business conduct.</td></tr>
</table>

and the work of the Remediation Committee in particular is set out on pages 32 to 35. • Post Office's evidence and its written and oral submissions to the Inquiry are a matter of public record and can be found on the [POHIT Inquiry website](https://www.postofficehorizoninquiry.org.uk/). https://www.postofficehorizoninquiry.org.uk/		
Horizon Replacement and new Post Office Branch Technology	**Key stakeholders**	**Relevant section 172(1) considerations informing decisions**

Strategic aims:
• The maintenance and continuity of Horizon services.
• The replacement of Horizon.
• The replacement and introduction of new branch technology.
 	
Key decisions/discussions:
• In September 2024, the Board:
  ○ Agreed that the Strategic Platform Modernisation Programme and Horizon replacement solution should be re-assessed in line with the Strategic Plans.
  ○ Approved a multi-source approach for Horizon-support services.
• In November 2024, the Board approved a 12-month contract extension with Fujitsu; since then, the Board has received regular updates on the potential for a further final contract extension and the associated exit strategy.
• During the year, the Board discussed (and approved, where required) key elements of the Branch Technology Refresh programme under which Post Office was delivering modern and reliable technology into branches, including copper to cable installation, counter hardware, self-service kiosks, note counters and portable counter devices.
	• Postmasters/ Strategic Partners.
	• Employees.
	• Suppliers.
	• Customers.
	• Wider stakeholders, including the communities in which the Post Offices trade.
		• The likely consequences of any decisions in the long term.
		• The interest of employees.
		• The need to foster the company's business relationships with suppliers, customers and others.
		• The impact of operations on the community and environment.
		• The desirability to maintain a reputation for high standards of business conduct.

In summary, the Directors are satisfied that, having had regard (amongst other matters) to the matters set out in section 172, they have acted in a way that they consider, in good faith, would be most likely to promote the success of Post Office for the benefit both of the Shareholder and of Post Office's wider stakeholder community.

Remuneration Committee Chair's Statement

Introduction

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Report for the 2024/25 financial year. As the Chairman outlined in his foreword and the CEO in his statement earlier in this report, this is a transformative year for Post Office. We have a bold new vision and have commenced on a five-year Transformation Plan. Alongside this, Post Office acknowledges the impact that the Horizon IT Scandal and the past actions of Post Office have had on our postmasters and other stakeholders. Post Office remains committed to ensuring there is fast and fair redress for those impacted whilst continuing to strengthen postmasters' voices and the financial sustainability of the business, as outlined in the New Deal for Postmasters announced in November 2024. It is against this backdrop that the Remuneration Committee made its remuneration decisions for 2024 including setting the remuneration of the new Executive Directors going forwards.

Governance and operation of the Remuneration Committee

The Remuneration Committee remains resolute in its commitment to operate within a strong governance framework, making timely decisions that promote good outcomes for the future success and sustainability of Post Office for the benefit of all stakeholders.

I explained in last year's Remuneration Report that the recommendations from the external governance review from Simmons and Simmons and my own findings from the Transformation Incentive Scheme Review have been implemented and that work to embed the recommendations from Grant Thornton on improving the effectiveness of the Committee was ongoing. I am pleased to report that these have now been implemented and fully incorporated into standard committee practice.

We continue to consider how we can enhance further the effectiveness, operation and transparency of the Committee and, to this end, this year the Committee has specifically extended an invitation to all Non-Executive Directors (NEDs) to attend Committee meetings and provided access to all Committee papers. In addition, Sara Barlow (Postmaster NED) was appointed to the Remuneration Committee in January 2025 to provide her perspective as a postmaster on senior remuneration matters.

Matters considered by the Committee in 2024/25:

- Outturns for STIP 2023/24 and LTIP 2021-24
- Annual pay review 2024
- Designs for STIP 2024/25 & 2025/26 and LTIP 2024-27 & 2025-28
- The Committee's Terms of Reference were reviewed and amended accordingly
- A Committee effectiveness review was conducted to ensure the Committee remains effective in its stewardship of Executive remuneration
- Appointment of new Remuneration Committee advisers, Korn Ferry
- Remuneration for new Executive Directors.

Appointment of new Executive leadership and remuneration reporting for 2024/25 Financial Year

2024/25 was a busy year with some key remuneration decisions as a result of a number of changes within the Company's Executive team.

The Board was delighted with the appointment of Neil Brocklehurst as Chief Executive Officer (CEO) and Preetha McCann as Chief Financial Officer (CFO). Both Neil and Preetha joined Post Office in July 2024, Neil as Chief Operating Officer, and subsequently Interim CEO, and Preetha as Interim CFO. The remuneration packages were reviewed and approved by the Committee as well as the shareholder and Chief Secretary to the Treasury.

The Committee agreed that the 2024/25 Remuneration Report should focus on the remuneration outcomes for Neil Brocklehurst and Preetha McCann given they were the two key executives in 2024/25, with supplementary information provided in respect of the former CEO, Nick Read, and former CFO, Alisdair Cameron.

Remuneration decisions for 2024/25

The Committee reviewed the benchmarking information provided by Korn Ferry and agreed that the shape of the remuneration for the new CEO and CFO should be redesigned. This meant that they receive a higher base salary than the previous CEO and CFO, but lower variable incentive amounts. The total remuneration for the new CEO and CFO remains within the overall maximum that could have been achieved by the previous CEO if all STIP and LTIP targets were met.

Accordingly, Neil Brocklehurst was appointed with total potential remuneration at stretch of £819,000 effective from 5 April 2025 when he was appointed permanent CEO. Preetha McCann as CFO was appointed with a total potential remuneration at stretch of £673,400. Further details are provided later in the report.

The STIP 2024/25 was approved by the Committee in April 2024 focusing on delivering for postmasters, through effective cost control, mails and banking revenue (the key drivers of postmaster remuneration) and in-branch product diversification. Colleague engagement was also a focus for the senior leadership through the STIP.

On a formulaic basis all the targets, except for colleague engagement, have been met at between 83% and 140% of target performance. However, the Remuneration Committee agreed during the year that the STIP outturn would be assessed by reference to wider organisational and external factors. This included the ability to work to a budget and not solely by reference to the specific line items detailed in the cost control metric. When assessing the overall business performance, operating costs were slightly adverse to budget, and so the Committee exercised its discretion in reducing the outcome of the financial cost control metric to zero. This resulted in an overall STIP payment to the CEO and CFO of 62.1% of target and 15.5% of salary. Without Committee discretion the outcome would have been an overall STIP payment of 19.7% of salary.

Neil Brocklehurst has voluntarily surrendered any STIP payment for 2024/25 recognising that his incentive outcome should take account of the wider performance of the business and noting that there is more to do to improve postmaster pay. Noting Neil has surrendered his STIP payment due to him, the Committee and the Board wish, nevertheless, to specifically recognise his strong performance and that of the rest of his Executive Team during the year.

The Committee also reviewed the outcome of the 2022-25 LTIP, noting that none of the targets have been met, with no payment made to participants. The current CEO and CFO were not participants in the 2022-25 LTIP.

The Committee set targets for the LTIP 2024-27 in May 2024 with three equally weighted measures designed to drive improvements in postmaster satisfaction, leadership effectiveness and customer volumes in branches. The CEO and CFO are eligible to participate in this 2024-27 LTIP, prorated to their date of joining the business.

Nick Read was paid contractual salary only relevant to his period of employment during 2024/25. Alisdair Cameron received £489,600 payment for the contractual payment for his 12 month notice period and retirement on the grounds of ill health. He received his pro-rated salary and benefits relevant for his period of employment 2024-25. There were no STIP or LTIP payments made in respect of 2024/25 to either of the former Executive Directors.

Looking forward to 2025/26

The 2025/26 STIP focuses on key deliverables for the first year of the ambitious transformation plan being undertaken with equally weighted targets for revenue, delivery of a new operating model and improvements in postmaster and colleague engagement.

The Committee spent time during 2024/25 carefully reviewing the structure of our LTIP and agreed some changes to the way the plan is operated to ensure that the 2025-28 LTIP is effective in supporting the delivery of the transformation plan over the next three years.

To ensure all members of the senior leadership team are focused solely on our transformation deliverables over the next three financial years, the 2025-28 LTIP will be the only LTIP granted. There will not be a future LTIP grant for 2026 and 2027. The Committee's objective in moving to this structure is to avoid overlapping performance periods which risk detracting from the transformation delivery over the next three years. There is no change in LTIP award levels with the Executive Directors target opportunity remaining at 25% of salary per year. The targets for this plan cover three critical areas of our transformation.

- Providing postmasters with additional and sustainable remuneration.
- Growing our banking & digital revenues.
- Delivery against our Technology & Data requirements through an effective Horizon replacement programme & Customer data platform.

Conclusion

2025/26 is set to be a pivotal year as we commence a significant period of transformational change and I, along with my fellow Committee members look forward to supporting the Company's new leadership team in driving this change.

Amanda Burton
Chair of the Remuneration Committee
28 November 2025

Directors’ Remuneration Policy

Summary

The Committee is responsible for setting the remuneration packages for the Executive Board members (CEO and CFO), as well as the other members of the Executive team.

The Post Office remuneration strategy is based on the following:

- attracting, motivating and retaining the right talent within an agreed policy to lead and deliver the strategic plan.
- using incentives appropriately to reward the achievement of strategic business goals and promote the long-term viability of the organisation.
- reinforcing a culture of sustainable performance, partnership and mutual ways of working; and
- providing a transparent approach to the disclosure of pay.

The 2018 UK Corporate Governance Code sets out a number of provisions for best practice remuneration policy. We have aligned our policy with these provisions.

How policy aligns with the Code provisions

Clarity	This report provides a comprehensive account of the Committee’s objectives and decisions over the year. We also maintain an extensive and continuous dialogue with the Shareholder on all matters related to the remuneration of our Executive Directors.
Simplicity	We aim for simplicity in the structure of remuneration and how it is communicated so that it is easy to understand for both participants and external stakeholders.
Risk	Executive Directors are subject to malus and claw back in the STIP and LTIP. This provides for the reduction or return of all or part of bonus payments in the event of misstatement of the financial statements, error, gross misconduct, or instances where the Executive Director has contributed to serious reputational damage of the company, a material corporate failure or some other exceptional event. Additionally, the Committee has the absolute discretion to make adjustments, including a downward adjustment, to any bonus payment due under any scheme if it considers such adjustment to be appropriate having taken into account all relevant factors.
Predictability	As Post Office is not able to pay in shares, there is no risk of excessive gains within our incentives. The upside of incentives is capped to avoid any “windfall gains.” The range of possible values of rewards to individual Executive Directors is set out in the scenario charts on page 47.
Proportionality	A meaningful portion of an Executive Director’s overall total reward is linked to performance. The potential upside is in line with conservative market practice and is capped.
Alignment to Culture	Our remuneration framework includes a consideration of how individuals have demonstrated our Behaviours. These Behaviours are critical to our cultural transformation and underpin how we operate as a business: “working in partnership as one team”.

Executive Directors: Key elements policy

The following table sets out the key elements of the Remuneration Policy that applies to the new Directors (the CEO and CFO) for 2025/26 and future years. The specific measures and targets for the incentive plans for the Executive Directors requires consent from the Shareholder each year.

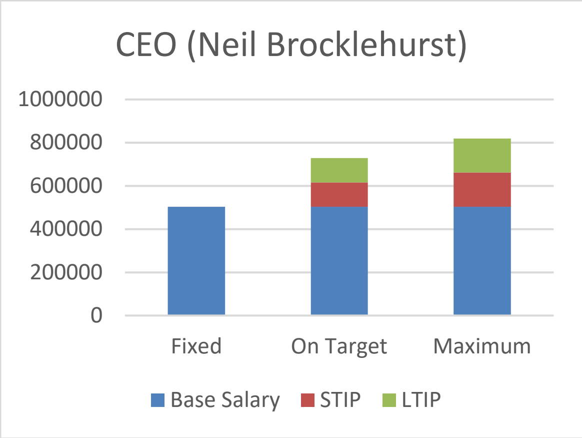
Element and link to strategy	Operation	Potential	Implementation in FY 25/26
Base Salary **To recruit and reward individuals based on their skills and for the responsibilities required.**	Salaries are normally reviewed on an annual basis, ordinarily in July. When determining base salary increases for Executives, the Committee takes into account: • individual capability and performance. • internal comparisons within POL • POL business performance; and • market data on comparable roles.	There is no formal cap set on salaries. Any increase in Executive Directors’ salaries will typically be no more than that applied to the wider workforce, will take account of the increases in the public sector, wider market trends and requires Shareholder consent	Base salaries as at 5 April 2025: CEO **(Neil Brocklehurst)**: £450,000 CFO **(Preetha McCann):** £370,000
Benefits	In line with Government guidance for senior employees, there are no benefits provided other than pension (see below).	Not applicable	Not applicable

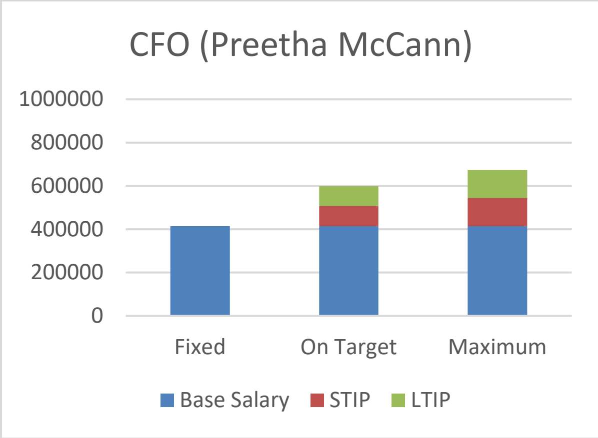
Element and link to strategy	Operation	Potential	Implementation in FY 25/26
Pension **To provide market aligned pension contribution**	In line with Government guidance for senior employees, Executive Directors may participate in the Post Office Pension Plan at the same levels of contribution as the wider workforce.	No more than the workforce rate of 12%.	No more than the workforce rate of up to 12%
Short-Term Incentive Plan (“STIP”) **A discretionary payment to reinforce and reward improved in-year financial, operational and personal performance.**	STIP awards are made annually. The metrics and target ranges are set annually with the Remuneration Committee and approved by the Shareholder, as part of the annual business and budget planning cycle. These are described in the Directors’ Remuneration Report. The target STIP award is based on a business scorecard, including financial and non-financial measures. This outcome is then modified with a personal multiplier, based on individual performance against objectives which are approved by the Board. Company measures are defined at Threshold, Target and Maximum payment levels.	Maximum opportunity under the STIP as % of salary for different levels of performance are as follows: **CEO (Neil Brocklehurst):** Threshold: 12.5% Target: 25% Maximum: 35% **CFO (Preetha McCann):** Threshold: 12.5% Target: 25% Maximum: 35%	STIP opportunity aligned to Policy. Performance measures & weightings: • Revenue 20% • Delivery of new operating model 20% • Strategic Network Delivery 20% • Postmaster engagement 20% • Colleague engagement 20%
Long-Term Incentive Plan (“LTIP”) **To reward and retain key executives and senior managers on the achievement of strategic longer-term targets linked to the development and growth of a sustainable business.**	LTIP grants are paid in cash to the extent that performance targets are met over a three-year performance period. LTIP performance measures may include company-level financial and non-financial metrics defined at Threshold, Target and Maximum levels. There is no individual component or multiplier for the LTIP. Performance measures for the LTIP support the Post Office Strategic Plan that is agreed with the Shareholder. The performance targets are set by the Remuneration Committee, approved by the Shareholder and are set out in the Directors’ Remuneration Report.	Maximum opportunity under LTIP as % of salary per annum for different levels of performance are as follows: **CEO (Neil Brocklehurst):** Threshold: 15% Target: 25% Maximum: 35% **CFO (Preetha McCann):** Threshold: 15% Target: 25% Maximum: 35%	LTIP opportunity aligned to Policy. Performance measures and weightings are set out later in this Remuneration Report. The award for 2025-26 Financial Year is in respect of a three-year performance period starting 2025-26 Financial Year with no further awards being made in respect of the Financial Years 2025-26, 2026-27, and 2027-28.

Illustrations of application of remuneration policy

The charts below show the potential value for the operation of the Remuneration Policy for the Executive Directors for 2025/26 remuneration from the 5 April 2025 under the following scenarios:

- Fixed pay only (salary and pension and no STIP or LTIP pay-out).
- On-target performance (fixed pay plus STIP and LTIP paying out at a target level on an annualised basis).
- Maximum (fixed pay plus maximum STIP and LTIP on an annualised basis).





Notes:
Base salary includes basic salary of £450,000* plus pension £54,000

Target STIP £112,500* and Target LTIP £112,500 – both at 25%. Total potential full-year remuneration is £729,000

Maximum that can be achieved is capped at 35% for both STIP and LTIP – total of £819,000.

(*the illustrations above relate to salary as at 5 April 2025)

Notes:
Base salary includes basic salary of £370,000* plus pension £44,400

Target STIP £92,500* and Target LTIP £92,500 – both at 25%. Total potential full-year remuneration is £599,400

Maximum that can be achieved is capped at 35% for both STIP and LTIP – total of £673,400.

(*the illustrations above relate to salary as at 5 April 2025)

Policy on payment for loss of office

Item	Policy
Fixed pay	Payments in lieu of notice of salary only. Payments in lieu of notice are not pensionable.
STIP	The default position is that any outstanding STIP will lapse on termination of employment. However, in certain prescribed 'good leaver' circumstances, the awards remain subject to performance conditions measured to, and paid after, the end of the performance period, and reduced pro rata to reflect the portion of the period the individual was employed. The definition of good leaver status is set out in the scheme rules.
LTIP	The default position is that any outstanding awards will lapse on termination of employment. However, in certain prescribed 'good leaver' circumstances, the awards remain subject to performance conditions measured to, and paid after, the end of the performance period, and reduced pro rata to reflect the period the individual was employed as a proportion of the performance period. The definition of good leaver status is set out in the scheme rules.
Change of control	There are no enhanced provisions on a change of control.

Policy on recruitment

The remuneration package for a newly appointed or promoted Executive Director is normally set in accordance with the terms of the remuneration policy of Post Office in force at the time of appointment and is subject to approval by the Shareholder.

Non-Executive Directors: Key elements of the remuneration policy

The remuneration framework for the Non-Executive Directors requires consent from the Shareholder. Post Office's Articles of Association provide that the aggregate total of Non-Executive Director remuneration may not exceed £470,000 per annum. The Chair is paid a single fee which is to cover all duties (including chairing the Nomination Committee). The fee for the Chair is determined by the Shareholder and is set with consideration to the time commitment for this role and the responsibility it holds. The Non-Executive Directors are paid a basic fee together with additional fees for chairing Board Sub-Committees or the role of Senior Independent Director. The fees are reviewed by the Remuneration Committee and approved by the Shareholder. Non-Executive Directors do not participate in any variable remuneration or receive any other benefits.

The fees for Non-Executive Director roles are set out in the table below and have not been changed from those that applied for 2023/24:

	2025/26	2024/25
Chair	£150,000	£150,000
Senior Independent NED additional fee	£5,000	£5,000
Non-Executive Directors base fee	£35,000	£35,000
Chair of Audit, Risk and Compliance Committee, Chair of Remediation Committee, Chair of Remuneration Committee and Chair of Transformation Committee additional fee	£10,000	£10,000

Annual Remuneration Report (unaudited)

Single figure table for current Executive Directors

Actual FY 2024/25 figures

2024/2025[1]	Salary	Acting up Allowance	Benefits[4]	Pension[4]	Total Fixed Pay	STIP[5]	LTIP[6]	**Total Remuneration**
Neil Brocklehurst[2]	£204,167	£66,333	-	£18,375	£288,875	£0	-	**£288,875**
Preetha McCann[3]	£277,500	-	-	£32,375	£309,875	£43,135	-	**£353,010**

[1]Neil Brocklehurst and Preetha McCann were both appointed as Executive directors in the 2024/2025 financial year. As such, no prior year direct comparison is available.

[2]Joined business on 01/07/2024 as Interim Chief Operating Officer, for which he received a base salary equivalent to £350,000 per annum, he was promoted to Acting CEO from 01/09/2024 where he received his base salary with an additional acting up allowance equivalent to £113,713 per annum. The amount shown in the single figures table relates to salary from the date he was promoted to acting CEO to the end of the financial year, including the acting up allowance he received from September until the end of the financial year and the pro-rated employer pension contributions.

[3]Joined the business on 01/07/2024 as Interim Chief Financial Officer, for which she received a base salary equivalent to £370,000 per annum. The amount shown in the single figure table relates to the salary from the date she joined to the end of the financial year, and the pro-rated employer pension contributions.

[4] In accordance with Shareholder policy, neither the CEO nor CFO receive any additional benefits outside of employer pension contributions, made in-line with the contributions applicable to Post Office Pension Plan. The CEO is receiving 9% employer contribution, and the CFO receives 12% employer contribution directly into the Post Office Pension Plan.

[5]The CEO has surrendered his 2024/25 STIP entitlement.

[6] Because they were appointed in FY2024-25 the CEO and CFO were not granted an 2022/2025 LTIP award.

Remuneration Outcomes 2024/25

STIP 2024/25

The 2024/25 STIP comprises both financial and non-financial metrics in line with the strategic priorities of the business and with the aim of driving improved outcomes for postmasters.

The scheme had two gateway metrics; firstly; Network Availability – 11,500 Branches (subject to any waiver from the Shareholder). Secondly, following the 23/24 STIP design there was an individual gateway metric that colleagues had to have completed all assigned mandatory compliance training by the year-end to be eligible for an award under the scheme. Each of the main scheme metrics has three performance levels set which correspond to Threshold, Target and Maximum pay-out levels. Payment is calculated on a straight-line basis between threshold and target, and target and maximum, where applicable. The design of the STIP 2024/25 has a strong alignment to views and needs of postmasters, colleagues and our shareholder. The outcome of these measures is shown below.

Factor	Weighting	Measure	Threshold	Target	Max	Outcome	Vesting (% of target)	Vesting (% of salary)
Colleague Engagement	25%	Improvement in all-colleague engagement survey score	**65%**	**68%**	**71%**	**49.40%**	**0%**	**0%**
Financial - Cost Control	20%	Achievement of the 2024/25 cost challenge. Deliver £21.2m saving vs operating costs	£19.1m	£21.2m	£23.3m	**£20.5m**	**0%**	**0%[1]**
Financial - Mails Revenue	20%	Branch Revenue. Mails target £303.9m (Mails trading £270.2m - excluding Annual Fee & Mail work + PUDO £33.7m)	£273.5m	£303.9m	£364.7m	**£300.2m**	**94%**	**4.70%**
Financial - Banking Revenue	20%	Branch Revenue. Banking revenue target (Banking Trading £165.8m - excludes framework fee, Bank Hub CAU K and EBO CAUK)	£149.2m	£165.8m	£199.0m	**£175.5m**	**112%**	**5.58%**
Business Transformation - Product Diversification	15%	Non-RMG transactions growth target transaction volumes from continued roll-out of non-RM carrier propositions.	36.2m	42.2m	50m	**53m**	**140%**	**5.25%**
Total (post RemCo discretion)							**62.12%[1]**	**15.53%**

[1]The Remuneration Committee agreed during the year that the 2024/25 STIP payments would be assessed by reference to wider cost controls and not solely by reference to the specific line items detailed in the cost control metric. When assessing the overall business performance, operating costs were adverse to budget, and so the Committee exercised its discretion in reducing the outcome of the financial cost control metric to zero.

Following the Committee's determination of the outcome, the CEO has decided to voluntarily waive his bonus payments for the year, in recognition of the wider performance of the business and noting that there is more to do to improve postmaster pay.

Individual performance

Individual performance impacts on the final award made to individuals, based on an assessment of performance against objectives. The end of year performance rating drives a personal performance multiplier, which is applied to the overall outcome of the scheme metrics. In light of his decision to surrender any award in relation to STIP 2024/5, no multiplier is applicable to the CEO. The CFO's performance against objectives was assessed as on-target and as a result there was no change to the overall outcome of the scheme metrics, with the CFO multiplier being 1.

Outstanding interests in LTIP

The CEO and CFO both participate in the 2024-27 LTIP with a pro-rated award from the date of their joining the Post Office. No current or former Executive Director has any outstanding interests in the 2023-26 LTIP award.

LTIP 2024-2027

In common with previous LTIP schemes, for 2024-2027 there is the same Network Availability gateway metric of 11,500 branches as at the end of the scheme period (31st March 2027). The metrics detailed below are all equally weighted and focused on building on the metrics in LTIP 23/26.

Factor		Threshold	Target	Max
Customer	Weekly branch customer session; 12 month rolling weekly average including all PUDO; to be measured March 27	9.54m	9.85m	10m
Postmaster Perspective	Average from the results of Q B1 and B7 in the Quadrangle survey (Jan 2026)	28%	30%	34%
Culture	Improvements in aggregated engagement score for 2 key leadership questions from colleague engagement survey. Baseline 36.5%	51%	56%	64%

LTIP 2025-2028

In common with previous LTIP schemes, for 2025-2028 there is the same Network Availability gateway metric of 11,500 branches as at the end of the scheme period (31st March 2028).

Weighting	Measure
New Deal for Postmasters (33.3%)	Deliver against the plan to provide postmasters with an additional and sustainable £250m remuneration p.a., by 2030
Sustainable Propositions (33.3%)	16.6% - Growing our banking revenue 16.6% - Achieve enhanced projected Digital revenues by March 2028
Technology and Data (33.3%)	Delivery against Technology & Data pillar To be measured against a six-point balanced scorecard

Remuneration of the CEO over time

The table below shows the total remuneration of the CEO over ten financial years with a breakdown of the elements of remuneration in each year, showing the level of incentive paid under each relevant scheme relative to target opportunity (note this is not a percentage of salary).

Year ending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Remuneration	619	671	718	717	475	415	816	573	436	495
Salary	250	250	255	255	415	415	415	436	436	464
TIS (% of target)	N/A	N/A	N/A	N/A	N/A	N/A	98%	N/A	N/A	N/A
STIP (% of target)	77%	99%	96%	71%	32%	N/A	101%	105%	N/A	0%
LTIP (% of target)	59%	62%	80%	100%	N/A	N/A	104%	N/A	NA	0%

From 2016-2019 the CEO remuneration data relates to Paula Vennells.

The 2020 figure is an annualised figure relating to Nick Read for comparison purposes. Nick Read worked 54% of the year due to starting on 16 September 2019.

The 2021 figure excludes any STIP payment as the 2021/22 scheme was replaced with a deferred bonus scheme (TIS) which paid out in March 2022.

The 2022 Total Remuneration value is restated to reflect the element of the TIS which was repaid (£54k) by Nick Read.

The 2022 LTIP payment for the 2019-22 plan is prorated in line with Nick Read's start date.

There was no LTIP vesting in 2023 as no LTIP was granted in 2020.

No incentive awards were paid to the CEO Nick Read in 2024 (or 2025) due to his resignation from Post Office in September 2024.

The 2025 Total Remuneration figure is the annualised remuneration including the annualised base salary of £350,000, annualised non-pensionable acting up allowance of £113,713 and equivalent annual employer pension contribution of £31,500 for the current CEO Neil Brocklehurst as approved by the Committee. The STIP outcome is 62.1% of target although the CEO surrendered his entitlement. The LTIP vesting was 0% as the CEO did not participate in this award, joining during 2024-25 (and the vesting outcome was in any event, 0%).

CEO pay ratio

In line with our commitment to transparency, we provide information below on our CEO pay ratio. This has been calculated using Option A under the relevant regulatory requirements.

	Total remuneration		
2024/25	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
CEO single figure remuneration	495,000	495,000	495,000
Pay ratio	16:1	13:1	9:1
Employee total pay and benefits	30,250	37,000	58,000

The CEO remuneration that we have used is the annualised figures of the current CEO Neil Brocklehurst using the total single figure remuneration for the year ended 30 March 2025. This includes annualised salary and pension and the annualised non-pensionable acting up allowance, noting that Neil Brockenhurst joined the business on 1 July 2024. The single figure table earlier in this report shows the actual amount the CEO received in 2024/25 and does not therefore show a full 12 months of remuneration.

The total pay and benefits for Post Office employees at P25, P50 and P75 has been determined using the calculated full-time equivalent ("FTE") basic pay, including assumptions for fixed allowances, taxable benefits, accrued incentives and the default defined contribution employer pension contribution for the year ended 30 March 2025.

By way of comparison, Korn Ferry, Post Office's Remuneration Committee advisor, has provided the median UK CEO pay ratio in the FTSE 250 at 36:1.

The table below shows the P50 ratio information each year since this figure was first reported in 2020/21.

	2021/22 P50 (median)	2022/23 P50 (median)	2023/24 P50 (median)	2024/25 P50 (median)
CEO single figure remuneration	£816,000	£573,000	£436,000	£495,000
Pay ratio	25:1	17:1	12:1	13:1

The 2021/22 CEO pay ratio has been restated from the 2021/22 Annual Report and Accounts, to reflect the reduction in the CEO's total remuneration, taking into account the total value repaid under the TIS bonus.

Payments to former Directors

Set out below is the table of remuneration for our former CEO and CFO.

Single figure table for former Executive Directors

		Salary	Benefits[3]	Pension[3]	Total Fixed Pay	STIP	LTIP[4]	Total Remuneration
Nick Read[1]	2024/2025	£363,125	-	-	£363,125	£0	£0	£363,125
	2023/2024	£435,750	-	-	£435,750	£0	£0	£435,750
Alisdair Cameron[2]	2024/2025	£42,500	£4,174	£10,625	£57,299	£0	£0	£57,299
	2023/2024	£195,840	£8,428	£48,982	£253,250	£72,432	£12,852	£338,534

[1]Nick Read resigned on 18 September 2024 and gave 6 months' notice. He stepped down from the board of directors on the 31st January 2025 leaving the business on the 4th April 2025. Pay figures in the table above therefore relate to the period up to the 31st January 2025. As a result of his resignation, he forfeited his rights to be considered for an STIP and LTIP payment in 2023/4 and 2024/25.

[2]Alisdair Cameron left the business on 21 June 2024 and therefore was not eligible for a bonus in respect of 2024/25. Fixed Pay figures relate to the period up to his date of leaving.

[3]Nick Read did not take the pension benefit and did not have any benefit entitlements. Alisdair Cameron's benefits include car allowance, private medical insurance and annual health screening pro rated to his period of employment.

[4]LTIP 2022/25 failed to meet targets and no payments were made under the scheme.

Contractual Payment to Nick Read.

Following his resignation from the board of directors effective 31 January 2025, Nick Read received his contractual salary of £72,625 covering his period of employment between 31st January 2025 until his last day of service on 4th April 2025. His total in year remuneration for 2024/25 was £435,750.

Payment for Loss of Office to Alisdair Cameron

Alisdair Cameron received £489,600 payment comprising of a contractual payment for his 12 month notice period and retirement on the grounds of ill health. He received his pro-rated salary and benefits relevant for his period of employment 2024-25 as detailed in the single figure table above.

Non-Executive Directors

The table below shows the remuneration of Non-Executive Directors for the year ended 30 March 2025 and the comparative figures for the year ended 31 March 2024.

Name	Annualised fees 2025 (note 1) £	Actual fees 2024/25 £	Total Actual Fees paid 2023/24 £
Nigel Railton (note 2)	150,000	137,500	0
Andrew Darfoor (note 3)	50,000	48,629	34,306
Amanda Burton (note 4)	45,000	45,000	41,750
Benjamin Tidswell (note 5)	50,000	13,710	50,242
Brian Gaunt (note 6)	45,000	33,805	35,000
Brian Smith (note 7)	35,000	11,384	0
Elliot Jacobs (note 8)	35,000	35,000	35,000
Emma Branch (note 9)	45,000	7,984	0
Lorna Gratton (note 10)	0	0	0
Richard Hawkins (note 11)	35,000	2,634	0
Sara Barlow (note 12)	35,000	6,210	0
Sarfaraz Ismail (note 13)	35,000	23,616	35,000
Simon Jeffreys (note 14)	45,000	45,000	45,000

Note 1: Annualised Fees - Taken as at 30 March 2025

Note 2: Nigel Railton, Chairman joined the board on 1 May 2024

Note 3: Continued as Non-Executive Director on 10 July 2024 Salary amended to £50,000 broken down by £35,000 NED fee, £10,000 Chair fee and £5,000 SID fee

Note 4: Amanda Burton, continued as Chair of Remuneration Committee

Note 5: Benjamin Tidswell, Non-Executive Director stood down from the board as of 9 July 2024

Note 6: Brian Gaunt, Non-Executive Director stood down from the board on 28 January 2025

Note 7: Brian Smith, Non-Executive Director joined the board on 4 December 2024

Note 8: Elliot Jacobs, Non-Executive Director joined the board on 3 June 2021 and stood down from the board on 3 June 2025

Note 9: Emma Branch, Non-Executive Director joined the board on 28 January 2025, NED fee £35,000 and Chair fee £10,000 combined to pay £45,000

Note 10: There is no remuneration payable for this role

Note 11: Richard Hawkins, Non-Executive Director joined the board on 4 March 2025

Note 12: Sara Barlow, Non-Executive Director joined the board on 28 January 2025

Note 13: Sarfaraz Ismail, Non-Executive Director stood down from the board on 3 December 2024

Note 14: Simon Jeffreys continued as Chair of the Audit, Risk and Compliance Committee

Service Contracts

Each of the Executive Directors has a signed contract with Post Office. Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The service contracts contain provisions for early termination.

	Date of service contract	Notice period
CEO	5th April 2025 (Interim CEO appointment 1st September 2024)	6 months
CFO	1st July 2024 (Interim CFO appointment 1st July 2024)	6 months

The Chair and Non-Executive Directors have letters of appointment. Dates of the Directors' letters of appointment are set out below:

Name	Date of joining the Board	Date of leaving the Board	Notice Period
Nigel Railton	01 May 2024		3 months
Andrew Darfoor	20 June 2023		6 months
Amanda Burton	27 April 2023		6 months
Benjamin Tidswell	27 July 2021	09 July 2024	
Brian Gaunt	25 January 2022	28 January 2025	
Brian Smith	04 December 2024		6 months
Elliot Jacobs	03 June 2021	03 June 2025	
Emma Branch	28 January 2025		6 months
Lorna Gratton	12 May 2023		3 months
Richard Hawkins	04 March 2025		6 months
Sara Barlow	28 January 2025		6 months
Sarfaraz Ismail	03 June 2021	03 December 2024	
Simon Jeffreys	23 March 2023		6 months

Copies of the service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

Amanda Burton
Chair of the Remuneration Committee
28 November 2025

Equity, Diversity & Inclusion

Creating a culture where everyone feels they belong is fundamental at Post Office and goes beyond setting Equity, Diversity & Inclusion (ED&I) targets and stretching ourselves to meet and exceed them. We must ensure that our inclusive approach and inclusion by design is upheld throughout the business. In this section of the report, we explain how Post Office is working to create a fair and inclusive workplace for everyone, and improving our gender and ethnicity pay gaps.

Equity, Diversity and Inclusion Policy

ED&I at Post Office goes beyond meeting the minimum legal requirements. Post Office is full of talented, committed people and we aim to create an environment where difference of thought, experience and background is encouraged, an environment where everyone has opportunities to grow regardless of gender, race, sexuality, disability, or other characteristics. And we want our people to trust that any decisions made are based on merit and fairness and our processes support the elimination of bias.

ED&I Targets

Between 2020 and 2024, Post Office worked towards specific representation goals: 50% women, 14% colleagues from underrepresented ethnic backgrounds, 5% Disabled colleagues, and 5% LGBTQ+ colleagues across the total workforce. By the end of 2024, we had exceeded our targets for women and colleagues from underrepresented ethnic backgrounds, demonstrating meaningful progress in these areas. However, we fell just short of our goals for LGBTQ+ and disabled representation.

While we continue to monitor progress against these targets across all categories, our approach is now evolving. We are shifting focus towards more mature and nuanced measures of inclusion, specifically looking at representation across key stages of the colleague lifecycle and within pay bands. This will enable us to better understand and address equity in career progression and reward.

We understand the challenges we face at Senior Leadership level, as shown in the table below, and continue to ensure that representation continues to be an ongoing commitment.

Our performance against our targets was mixed but showed some positive changes which is encouraging. Summary data is shown in the table below:

	Colleague Group	2024/25	2023/24	2022/23	2021/22
Gender (data shows percentage female)	All Colleagues	52.2%	52.4%	52.7%	52.5%
	Executive Team	33%	12.5%	11.1%	20.0%
	Senior Leadership Population	28.9%	35.4%	36.5%	34.0%
	Senior Managers	40.3%	41.7%	42.8%	40.7%
	Middle Managers	49.8%	47.6%	46.8%	47.9%
	NEDs	31%	20%	18%	33.3%
Colleagues from underrepresented ethnic backgrounds	All Colleagues	24.5%	23.2%	22.9%	20.0%
	Executive Team	11%	0.0%	0.0%	0.0%
	Senior Leadership Population	7.9%	10.8%	11.1%	5.7%
	Senior Managers	17.3%	15.3%	15.8%	14.3%
	Middle Managers	20.5%	19.8%	19.7%	17.8%
	NEDs	15%	20%	9%	22.0%

* Data as at 5 June 2025

Due to organisational redesign over the past year, we've seen some areas improve and some marginal declines in other areas. Organisational design at Post Office will continue throughout 2025/26 and once the structure and diverse makeup of the organisation is finalised and understood, plans will be made to progress and stabilise our diverse workforce.

Our particular focus going forward will be the Senior Leadership population and Executive Team as there is still a significant gap between our overall figures and our representation at the most senior levels.

Our activity in 2024/25

ED&I Events – We have an agreed ED&I calendar in place across the business, developed in collaboration with our four ED&I networks. Together, we work proactively to recognise and celebrate key dates and events that are central to the identity and lived experiences of our colleagues. This shared approach helps foster a more inclusive culture and ensures that our celebrations are meaningful, representative, and co-owned. on celebrating key dates and events central to the identify and experience of our colleagues. The events that we recognise range from large international events such as International Women's Day, Black History Month, Pride and Mental Health Awareness week and religious celebrations like Ramadan and Passover to more local or specific days.

Diversity Newsletter – We publish an ED&I Newsletter every quarter, this newsletter is distributed to all colleagues and showcases our work, shares information, signposts resources, and publicises upcoming diversity-related events both at Post Office and elsewhere.

ED&I Objective – Every employee has been mandated to document at least one objective that is ED&I related. The ED&I team worked with the executive team and has given guidelines on the ED&I objective, asking for it to contribute to improve the culture of inclusion and belonging at Post Office. This includes:

- Take on a substantial role in one of the Post Office ED&I Networks
- Make a Post Office process more inclusive / accessible
- Make a Postmaster or Customer more inclusive / accessible
- Tangibly improve team inclusion and belonging

Information and Understanding – We maintain a Diversity Dashboard which presents a clear picture across our whole workforce, our leadership team, promotions and new hires. We published our 2024 Equality Pay Gap report in April 2025. The pay gap is a measure of the difference in the average pay of men and women, or people from ethnic minorities across our entire organisation, regardless of the nature or level of their work.

Pay Gap reporting – Our mean gender pay gap has improved since last year, moving from 15% in 2023 to 13.5% in 2024. Our overall mean ethnicity pay gap is 7% in 2024, down from 8% in 2023.

Our pay gaps reflect the lack of diversity at senior levels in our organisation. We encourage you to read our full Diversity Pay Gap report on our website for more information.

Diversity Dashboard – The Diversity Dashboard is a graphic representation and summary of Post Office Diversity Data. The data is extracted from our HR system 'Success Factors' and is updated monthly. This is data that employees have given us voluntarily (and have given us permission to use anonymously).

Information can be filtered by department and pay band, which helps identify gaps, track success and with forward planning. It also helps with our completing of legal reporting.

Some examples of the data that the dashboard shows us:

- Percentage of employees with characteristics- gender, ethnicity, sexual orientation, religion and disability
- Detailed information on gender and ethnicity (due to the increased disclosure rates) which shows us pay bands and departments
- Hiring, promotions and leavers trend analysis for 12 months (can be filtered by department) for gender and ethnicity – high-level analysis for sexual orientation and disability
- In some instances, we are also able to split out Black, Asian, Mixed and Other for deeper ethnicity representation analysis

Employee Diversity Network Groups – We continue to support colleague-led networks. These include:

- Affinity: our gender equality and women's empowerment network

- Prism: supports our LGBTQ+ community
- Complexions: supporting our colleagues from Diverse Ethnic Backgrounds
- Be:You: supporting colleagues with disability, neurodiversity and wellbeing

Post Office Behaviours – We continue to embed our new **Post Office behaviours**; threading ED&I through the new behaviours and communicating this with colleagues:

- Be Curious- Ask the questions you think need to be asked and push for the truth if you ever think it's missing
- Move it forward- Keep momentum, pushing things closer to completion, and encourage others to do the same
- Own the outcome- Take responsibility, run with it and see it through
- Back each other- We support each other and embrace diversity to build an inclusive culture

Updated ED&I Strategy – Positioning our updated and ambitious ED&I strategy for 2024-2028: Deepening our commitment to become a truly inclusive and safe place for all.

We will consider data from the dashboard and employee survey and focus on accountability, capability and embedding ED&I throughout Post Office.

Unconscious Bias and end-of-year reviews – This year the ED&I team analysed function end-of-year review scores to check for any unconscious bias trends, the ED&I team trained the team running the calibration sessions about different types of unconscious bias and, how it can impact individuals and how to identify potential unconscious bias in results.

Looking forward

As we look to the year ahead, our focus is on embedding ED&I as a strategic driver of organisational culture and performance.

Following the launch of our five-year ED&I strategy (2024–2028), we are now moving into delivery—prioritising data-led decision-making and ensuring ED&I is integrated across all colleague touchpoints. This includes applying an inclusion lens to the full colleague lifecycle, from attraction and recruitment through to development, progression, and retention. We are also introducing real-time bias prompts to support inclusive decision-making at key moments.

We remain committed to amplifying colleague voice through our four active colleague networks, each with executive sponsorship. These networks are now supported by cross-network working groups focused on areas such as data, policy, treasury, and events—ensuring ED&I is embedded in both our culture and our operations.

Our ambition is to build inclusion into the foundations of our organisation, making it a core enabler of our annual business plan and long-term strategic objectives. This work is essential to creating a workplace where all colleagues feel valued, supported, and able to thrive—ultimately strengthening our service to postmasters, customers, and communities across the UK.

Management of Risk

Overview and Culture

Post Office continues to operate in a complex and challenging environment that is shaped by legacy issues, operating in a competitive marketplace, as well as the impacts of significant transformation in the organisation. We recognise that our past failings, particularly those associated with the Horizon system and the impact on Postmasters, continue to influence our risk profile today and will continue to do so in the future. Addressing this legacy through transparent engagement, redress commitments, enhanced accountability, and responding to the findings of the Public Inquiry remains central to rebuilding trust in Post Office.

During the year we advanced a major programme of organisational design ("OD") to strengthen leadership accountabilities, streamline internal structures, and support the delivery of our revised strategy. This has placed pressures on colleagues and processes as the organisation adapts, but is required to develop a lean, efficient business model supported by clear accountabilities and strengthened capabilities. In transforming Post Office, a key priority has been to enhance the role of the second line assurance functions, which centres around providing appropriate challenge, clearer guidance, and transparent assessment of first line operations, whilst allowing the business to make operational decisions to deliver business objectives.

Our existing risk management framework (agreed in 2021) remained in operation throughout the year; however, we recognise that it needs updating to meet the challenges of a more complex business environment. As such, the Board have approved a comprehensive review of the legacy risk management framework, which will seek to identify improvements to ensure activities will meet the requirements of our new target operating model and continue to leverage best practice principles as outlined in the Orange Book and is consistent with ISO 31000 - Risk Management. Specific focus will be given to enhancing capabilities in strategic risk identification, demonstrating more robust analysis and evaluation of risks, and ensuring greater interconnectivity of our combined assurance activities.

The outcome of this review will result in recommended actions to be delivered through 2025/26, on which we will provide a detailed update in our next annual report.

Our Approach to Risk Management

Current Framework

Throughout the reporting period, our existing risk management framework provided the basis for identifying, assessing, and managing risks across the business. Risks were recorded by functions in our central Governance, Risk & Compliance ("GRC") system, assessed for likelihood and impact, and monitored against the Board's defined risk appetite.

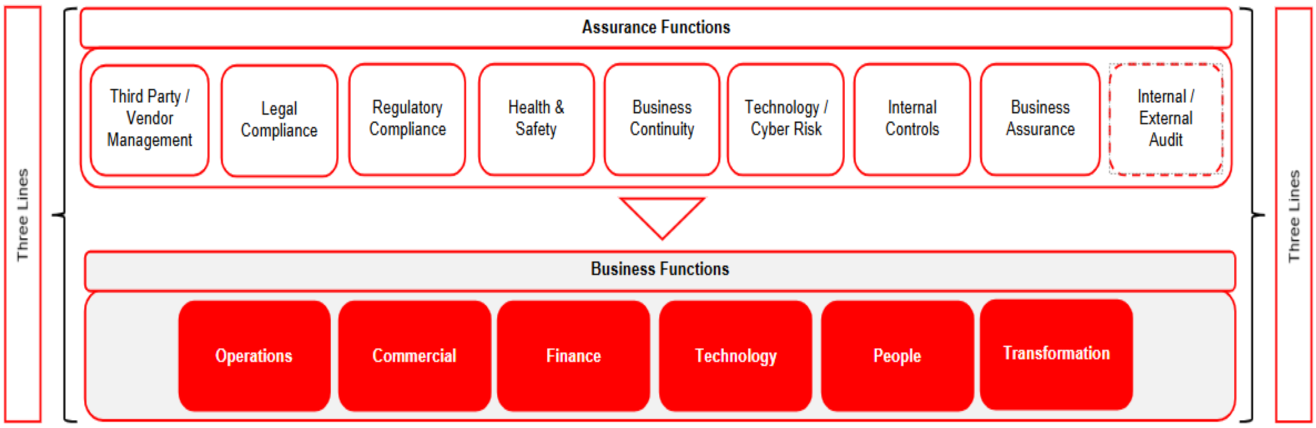
Identify Risk	• Recorded by each business function into a central GRC solution • Risk mapping to identify new or emerging themes
Assess	• Determining the likelihood of the identified risk • Evaluating the potential impact
Respond	• Agreeing proportionate actions to manage the identified risks • Identifying existing controls
Monitor	• Review the effectiveness of controls • Maintaining continued oversight and tracking

The framework operates in line with good practice principles and supports Board oversight through the Board ARC and the Executive Risk & Compliance Committee ("RCC").

The Three Lines

Post Office continues to apply the internationally recognised Three Lines Model, which sets clear roles and responsibilities for managing risk and assurance activities across the organisation. Each line is essential to ensuring risks across our business are owned, challenged, and independently reviewed by the appropriate oversight function:

- **First Line** – Business Ownership
  - Day-to-day management of risks resides in the functions and departmental teams.
  - Responsible for identifying risks within their activities, designing and operating effective controls, and ensuring adherence to policy.
  - Functions and departments are accountable for risk decisions and for escalating issues in a timely way.
- **Second Line** – Oversight and challenge
  - The functions that specialise in risk, compliance, and assurance activities. They provide the policies, tools, and frameworks that guide and support the business in managing risk.
  - Responsible for proactive challenge, oversight, and advice to ensure that first line controls are proportionate, consistent, and aligned with Post Office's risk appetite.
- **Third Line** – Independent assurance
  - Internal Audit provides independent evaluation of governance arrangements and the effectiveness of both first and second line control activities.
  - In maintaining its independence and reviewing activities in the first and second lines, they report their findings to the ARC.



Risk Culture

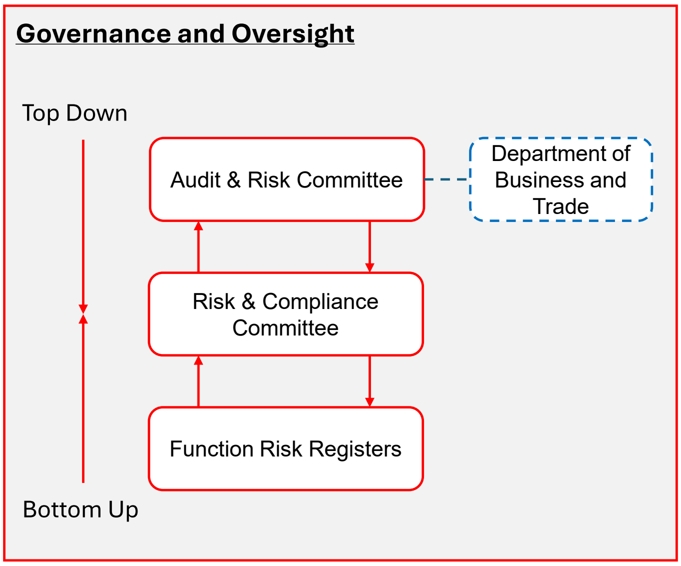
Strengthening our risk culture remains central to our Group assurance strategy. The Executive team continue to set the tone from the top and promote transparency, accountability, and the integration of risk thinking into day-to-day decision making.

Governance and Oversight

The Board accepts overall accountability for risk management and the system of controls, with oversight and application of assurance activities across the business. The Board determines the nature and extent of risk Post Office is willing to take in pursuit of its strategic objectives, which is underpinned by the articulation of risk appetite.

Risk is identified through bottom-up (first line) processes and are first reviewed by the RCC, which monitors ownership, ensures controls are in place, and escalates concerns where necessary. From there, risks are reported into the ARC, which provides independent oversight of the effectiveness of risk management and internal controls environment, and challenges management on the adequacy of mitigating strategies. The Board reviews the Group risk profile at regular intervals, and no less than quarterly and the Board will consider the potential for emerging risk(s) on an annual basis, at a minimum. The combination of these reviews will inform the annual refresh of our principal risks.

In addition to our internal governance structure, Post Office is subject to independent oversight through our shareholder DBT, and its representative, UKGI, where we report our we Group risk profile to these two entities on regular basis.



Principal Risks

The Board maintains ongoing oversight of the key risks and uncertainties that could affect the group's ability to achieve its strategic objectives. The principal risks relevant to Post Office, as outlined in this section were regularly reviewed throughout 2024/25, to ensure that emerging trends, external developments, and operational changes are appropriately reflected in our risk management framework.

Risk 1: Commercial	Residual Risk Rating Medium
Description & causes We fail to identify new commercial opportunities and to effectively manage commercial partnerships, supply chains, contractual requirements, changing consumer preferences and banking requirements, potentially leading to the withdrawal of products and services. **Key drivers**: • Increasing money laundering through our branch network. • Changes to the Universal Service Obligations (USO) requirements • Ineffective management of commercial partnerships	**Mitigating strategy** • Continue to explore new opportunities from a brand and customer perspective, and new developments within the digital space. • Regular training and awareness on prevention of money laundering risks and threats. • Ongoing commitment to improve the outcomes of Commercial contract management. • Strategic Planning & Market Monitoring - Regular review of market trends, competitor activity, and consumer preferences to inform commercial strategy. • Governance of Partnerships & Contracts - Formal oversight of key commercial relationships, including due diligence, performance monitoring, and contract management. • Product & Service Portfolio Review - Ongoing evaluation of offerings to ensure alignment with customer needs and regulatory requirements • Monitoring of financial and legal obligations to ensure continued access to banking services and market participation. • Commercial Risk Oversight - Executive-level ownership of principal commercial risks, supported by regular reporting and escalation protocols.

Risk 2: Cyber Security	Residual Risk Rating High
Description & causes We fail to prevent unauthorised and/or inappropriate access to Post Office systems, potentially exposing confidential data and a loss of service for postmasters, Post Office employees and our customers. **Key drivers:** • Inability to prevent cyber or ransomware attacks. • Inability to recover from a cyber-attack.	**Mitigating strategy** • Progressed Cyber Security Maturity Programme. • Access Management & Authentication - Implementation of multi-factor authentication (MFA), role-based access controls, and regular access reviews. • Network & System Security - Deployment of firewalls, intrusion detection/prevention systems (IDS/IPS), and endpoint protection across critical infrastructure. • Data Protection & Encryption - Use of encryption for data at rest and in transit, alongside secure data storage and handling protocols. • Monitoring & Incident Response - Continuous system monitoring, vulnerability scanning, threat detection, and a formal incident response plan to manage breaches and service disruptions. • Cyber Awareness & Training - Regular training for employees and postmasters on phishing, social engineering, and secure system use. • Third-Party Risk Management - Cybersecurity assessments and contractual safeguards for vendors and partners with system access. • Governance & Oversight - Executive-level accountability for cyber risk, supported by internal audit, risk committees, and regular reporting.

Risk 3: Finance	Residual Risk Rating High
Description & causes We fail to effectively manage the business's finances in accordance with our requirements and financial constraints, potentially leading to a loss of investment from the shareholder, ability to operate a financially viable business and successfully deliver the annual priorities. **Key Drivers:** • Breach of our financial (security & facility) covenant for borrowing facilities. • Investment from shareholder is withdrawn/reduced (going concern). • Liability of tax exposure (IR35) of contingent workforce.	**Mitigating strategy** • Working with our shareholder to ensure the business has access to sufficient funding. • Re-prioritise spending as required. • Implementing cost reduction strategies as required. • Financial Reporting Controls Framework (FRCF) in place and well established. Monthly monitoring through control self-attestations, controls testing, risk assessments. • Performance Monitoring & Forecasting - Annual budgeting and long-term financial planning processes ensure alignment with strategic priorities and funding constraints. • DBT and HMRC engagement strategy to manage consequences associated with non-compliance with IR35 tax obligations.

Risk 4: Health & Safety	Residual Risk Rating Low
Description & causes Risk Post Office and / or its employees are adversely impacted through a health & safety or physical security event, that is likely to be detrimental to business activities. Materialisation of this risk could result in multiple major injuries and / or have an operational impact that is felt across the wider organisation. • Non-compliance with HSE obligations. • Failing to demonstrate effective duty of care in relation to employee occupational health and wellbeing.	**Mitigating strategy** • Audit and inspection programme completed, (aligned to BS ISO45001). • Line managers are provided with guidance on completion of the suite of risk assessments for people and premises. • Health & Safety Management System: Policies and procedures aligned with legal and regulatory standards. • Risk Assessments & Site Audits: Regular reviews of workplace hazards and physical security vulnerabilities. • Training & Awareness: Mandatory health and safety training for employees and contractors. • Incident Reporting & Investigation: Structured processes for capturing, analysing, and responding to safety events. • Occupational Health Support: Programmes to support employee wellbeing and resilience. • Governance Oversight: Executive accountability and board-level monitoring of health and safety performance.

Risk 5: Ineffective Governance	Residual Risk Rating **Medium**
Description & causes We fail to adequately define, communicate, educate and enforce accountabilities and responsibilities at an operational governance level at Post Office potentially reducing transparency of decision making at a corporate governance and operational governance level, leading to a lack of trust and confidence from postmasters, Post Office employees and the shareholder. **Key drivers:** • Ineffective Enterprise Governance Framework (context - compliance with UK Corporate Governance code). • Ineffective Operational Governance (context - clarity of roles and responsibilities, terms of reference).	**Mitigating strategy** • Post Office have commissioned external governance to assess for Post Office's compliance with appropriate standards of governance to improve efficiency and transparency of decision making. • Governance Framework: Defines roles, responsibilities, and decision rights across operational functions. • Governance Forums: Cross-functional oversight supports consistent decisions. • Stakeholder Engagement: Ongoing dialogue promotes transparency and trust. • Enterprise Governance Framework - A formal governance framework is in place, setting out roles, responsibilities, decision rights, and escalation protocols across all levels of the organisation. • Board and Executive Oversight - Governance structures are overseen by the Board and Executive Committee, with clear accountability for operational and strategic decision-making. • Delegation of Authority - A documented Delegation of Authority matrix ensures clarity on decision-making powers and financial approvals across functions. • Policy and Procedure Management - Core governance policies are regularly reviewed, updated, and communicated to ensure alignment with regulatory and organisational expectations.

Risk 6: Information	Residual Risk Rating **High**
Description & causes We fail to maintain robust, suitable and appropriate data/information and to exploit data/information to its full potential, potentially leading to unreliable data, non-compliance with Legal obligations and impacting the trust of postmasters and Post Office employees. **Key drivers:** • Inadequate Data Governance for unstructured data. (context - storage of hardcopy data items). • Inadequate Data Governance for structured data. (context - storage of data within a system).	**Mitigating strategy** • Rolled out a group wide Data Governance Framework: lays out the foundations for Data Governance. (data ownership, data quality, data cataloguing). • Improving maturity of Data Governance activities across the business. • Information Governance Framework: Defines standards for data quality, ownership, and lifecycle management. • Data Quality Controls: Validation, cleansing, and reconciliation processes ensure accuracy and reliability. • Legal & Regulatory Compliance: Policies and monitoring aligned with GDPR and other data protection requirements. • Access & Security Controls: Role-based access and encryption protect sensitive information. • Training & Awareness: Staff education on data handling, privacy, and compliance responsibilities.

Risk 7: Legal	Residual Risk Rating High
Description & causes We fail to meet current, changing or new regulatory and legislative expectations, potentially leading to liability or other loss or failure to take appropriate measures to protect postmasters, Post Office employees and our customers. **Key drivers:** • Failure to maintain confidentiality and preserve legal privilege. • Inability to either retain or attract Legal talent. • Non-compliance with Statutory & Regulatory Requirements.	**Mitigating strategy** • Ongoing engagement with Regulators and Supervisors: ensuring that Post Office is following the correct advice and guidance. • Legal & Regulatory Horizon Scanning: Ongoing monitoring of legislative developments to anticipate and respond to changes. • Compliance Framework: Policies, procedures, and controls aligned with legal obligations and regulatory expectations. • Legal Advisory & Oversight: In-house and external legal counsel provide guidance on compliance and risk exposure. • Training & Awareness: Annual mandatory training and education for branch network and staff on relevant regulatory obligations, legal responsibilities and regulatory updates. • Governance & Escalation Protocols: Clear accountability and escalation routes for legal and regulatory issues.

Risk 8: Operational	Residual Risk Rating High
Description & causes We fail to ensure that our Postmasters have the service and support required to operate an effective service, potentially leading to a decrease in customer satisfaction.	**Mitigating strategy** • Continue to explore new opportunities from a brand and customer perspective, and new developments within the digital space. • Supply Chain management - Diversified strategies and contingency planning to mitigate disruption risks within the branch Network. • Training & Onboarding: Structured programmes to equip Postmasters and staff with the tools and knowledge required to deliver services effectively. • Performance Monitoring: Regular tracking of service levels and customer satisfaction metrics. • Feedback Mechanisms: Channels for Postmasters to raise concerns and contribute to service improvements. • Operational Governance Oversight: Clear accountability for service delivery and escalation of operational risks. • Continuous Improvement: Initiatives to enhance tools, processes, and support based on Postmaster and customer feedback.

Risk 9: People	Residual Risk Rating High
Description & causes We are unable to attract, retain, recognise and reward people commensurate with the workload, pressure and stress, across our workforce, which adversely impact postmasters and Post Office employees. **Key drivers:** • Adverse impact on people's wellbeing. • Ineffective management of the tax status (IR35) of our contingent workforce.	**Mitigating strategy** • Enhanced contract system in place to provide visibility of individuals' employment status. • Policies introduced to manage the correct tax status of contingent workforce. • Workforce Strategy: Talent acquisition, retention, and succession planning aligned with organisational needs. • Reward & Recognition Framework: Competitive pay, benefits, and recognition programmes to support motivation and retention. • Wellbeing & Support Initiatives: Programmes addressing mental health, workload management, and stress reduction. • Employee Engagement: Regular surveys and feedback mechanisms to monitor morale and identify improvement areas. • Learning & Development: Training and career development opportunities to build capability and support progression. • Diversity & Inclusion: Hub, policies and practices that promote an inclusive and supportive workplace culture. • Governance Oversight: Executive accountability for people strategy and workforce-related risks. • Confidential 'speak up' portal available for all colleagues.

Risk 10: Reputation	Residual Risk Rating High
Description & causes We fail to protect the future reputation of Post Office potentially leading to decline in customer base, reduced revenue, decreased shareholder value, causing service disruption to our postmasters, customers and Post Office employees. **Key drivers:** • Lack of public trust due to historical issues. • Devaluation of the Post Office brand commercially. • Failing to appropriately administer the redress schemes and/or act on the POHIT recommendations.	**Mitigating strategy** • Brand Tracking Monitoring: To understand the impact on customer perceptions and impact to brand trust, plus media relations and marketing demonstrating relevance of today's Post Office. • Reputation Management Framework: Governance structures in place to monitor and manage reputational exposure. • Stakeholder Engagement: Active communication with postmasters, customers, employees, and the shareholder to build trust and transparency. • Crisis & Issues Management: Defined protocols for responding to reputational incidents and public scrutiny. • Media & Communications Oversight: Centralised control of messaging and public relations to ensure consistency and accuracy. • Customer Experience Monitoring: Regular tracking of satisfaction and service quality to identify reputational risks early. • Operational Governance: Redress business unit established to run independently of business operations, including separate governance for the redress schemes and review and incorporation of the POHIT findings.

Risk 11: Strategy	Residual Risk Rating High
Description & causes We fail to embed a Strategy which is clearly defined and effective in supporting our delivery of strategic priorities, potentially leading to financial loss, reduced shareholder confidence and the inability to deliver change successfully to our postmasters. **Key drivers:** • Complex programmes may fail to deliver their expected outcome.	**Mitigating strategy** • Continue to embed the Change Excellence framework. • Post Office Strategic review - realigned to place postmaster at the centre of our operations. • Strategic Planning Framework: Formal processes for developing, reviewing, and aligning strategy with organisational priorities. • Executive Oversight: Board and leadership accountability for strategic direction and delivery. • Performance Monitoring: Regular tracking of strategic initiatives against milestones and KPIs. • Stakeholder Engagement: Ongoing dialogue with postmasters, employees, and the shareholder to ensure strategic alignment. • Communication & Cascade: Clear articulation of strategy across all levels to support understanding and execution.

Risk 12: Technology	Residual Risk Rating High
Description & causes We fail to provide robust technology across our branches and administrative sites, potentially causing service disruption to our postmasters, customers and Post Office employees and non-compliance with Legal obligations. **Key drivers**: • Suboptimal Belfast datacentre resilience levels (context - support and maintain Horizon systems). • End of Horizon support agreement. • Inability to replace the copper network with fibre connections. • Branches unable to process Paystation transactions.	**Mitigating strategy** • Horizon Data centre fortification programme underway. • Programme underway to replace the copper network connections. • Second device programme underway to replace Paystation devices in branches. • Technology Strategy & Roadmap: Long-term planning to ensure systems are scalable, secure, and fit for purpose. • Infrastructure Resilience: Investment in reliable hardware, software, and connectivity across all operational sites. • Service Monitoring & Incident Management: Real-time system monitoring and structured response protocols for outages and disruptions. • Change & Release Management: Formal processes to manage system updates and minimise operational impact. • Vendor & Third-Party Oversight: Governance of technology partners to ensure service quality and compliance. • Governance & Assurance: Executive oversight and audit reviews to assess technology performance and risk exposure.

Climate-related Financial Disclosures Report

Introduction

The Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 ("CFD"), require certain public and large private companies to include climate-related disclosures in their annual reports. As a large company, Post Office is subject to these regulations and reports its progress against the mandatory Climate-related Financial Disclosure requirements within this report.

With an extensive network of over 11,500 branches, Post Office is the largest UK retailer. Therefore, we understand the impact that climate change could have on our business. Similarly, we know that we have a responsibility to mitigate and address the impacts of climate change and support the UK Government in achieving its Net Zero target by 2050.

The CFD provides a framework for businesses such as Post Office to assess and manage climate-related risks and opportunities, structured around four key areas: Governance, Risk Management, Strategy and Metrics & Targets. These areas correspond to the fundamental elements of how an organisation should operate when it comes to climate change, and the Group intends to follow this guidance.

This report marks our second year producing a mandatory CFD statement, utilising the framework to assess and manage the Group's climate-related risks and opportunities. In 2024/25, we complied with all eight CFD reporting requirements. As we continue on this journey, we will progress and advance our understanding of climate-related risks and opportunities, and we will enhance the maturity of our disclosure.

Governance

Board Oversight

The Board retains overall responsibility for climate-related governance and oversight. Responsibility for the identification, assessment, and day-to-day management of climate-related risks is delegated to the Environment and Sustainability Steering Group ("ESSG"), with oversight by the Audit and Risk Committee ("ARC"). The Board is kept informed through monthly Group risk reports and quarterly updates provided by the ARC.

In 2024/25, climate change was discussed during one Board meeting in which the Board was provided an update on identified climate-related risks and CFD progress. Board members have access to climate-related risk information throughout the year as part of the Group's broader risk management framework.

The Board considers climate change when reviewing business strategy, action plans, and annual budgets. For example, the Board prioritises funds for energy efficiency projects such as replacing ageing Cash in Transit ("CViT") vehicles with new vehicles that meet the latest Euro 6 emissions standard, purchasing fully electric CViT vehicles and more energy-efficient battery electric cars.

To support the Board in fulfilling its climate-related responsibilities, our third-party ESG specialists, Inspired ESG, held several events, including two separate capacity-building sessions in November 2024. These capacity-building sessions covered climate change, CFD, and the identified climate-related risks and opportunities. The sessions were attended by both the Board and members of the ARC. The Board and the ESSG completed climate training in November 2024.

Audit & Risk Committee (ARC)

The ARC is a subcommittee of the Board with oversight of the Group's risk management and audit processes, including climate-related financial risks. The ARC comprises multiple Board members, including the ARC Chair (a Non-Executive Director), ensuring strong climate-related communication and keeping other Board members informed.

The ARC receives formal quarterly updates on climate risks from the ESSG and includes these within the Group's monthly risk reporting to the Board where appropriate. In 2024/25, the ARC met eight times and reviewed three climate-related reports from the ESSG. In March 2025, the ARC formally approved the Group's Climate Risk Register following a presentation by the Health, Safety, Environment and Business Continuity Director.

Risk and Compliance Committee (RCC)

The RCC is an internal risk committee responsible for overseeing operational risk management, internal controls, assurance, and compliance, including climate-related risks. The RCC meets quarterly and includes senior Executive leaders such as the Chief Finance Officer, Chief Operating Officer, and General Counsel. The Group Risk and Assurance Director attends both the ARC and RCC, encouraging information flow across committees.

The RCC collaborates closely with the ESSG to maintain and review the climate risk register. The committee reviews climate mitigations quarterly and supports the integration of climate risk into the broader corporate risk framework. The RCC also reviewed outcomes from the Group's climate scenario analysis exercise undertaken in 2024/25 (see the Strategy section).

Environment and Sustainability Steering Group (ESSG)

The ESSG is responsible for the annual identification, assessment, and ongoing management of climate-related risks and opportunities. Established in 2021/22 and formally integrated into the governance structure in 2022/23, the ESSG meets monthly and has climate change as a standing agenda item.

The Group's Health, Safety, Environment and Business Continuity Director chairs the ESSG and leads the monitoring of climate-related regulatory developments, working in collaboration with relevant functions such as Property. The ESSG includes subject matter experts ("SMEs") from across the Group and plays a key role in embedding climate risk into strategic and operational decision-making. The Director also delivers quarterly formal updates to the RCC and ARC, outlining risk mitigation efforts and emerging opportunities.

In 2024/25, the ESSG worked with Inspired ESG to conduct climate-related risk identification and capability building. This included climate workshops in August and November 2024 and a capacity-building session in December 2024. The results of this process - including an updated climate risk register - were presented to the ARC and Board in March 2025. Each risk was assigned to an appropriate owner, and all risks are reviewed at least quarterly.

Risk Management

The Group's risk management framework ensures effective identification, assessment, mitigation and communication of risks, including those related to climate. These processes are embedded across the organisation and overseen by established governance structures.

Processes for identifying climate-related risks

In 2024/25, the Group formally adopted a structured methodology for identifying and assessing climate-related risks and opportunities. This marked a significant step forward in maturing our climate risk approach. The process was led by the ESSG with support from external advisors, Inspired ESG. Climate data was submitted on a bi-weekly basis, and three dedicated workshops were held to identify transition risks, physical risks and climate-related opportunities. Scenario analysis was conducted in July 2024 using a combination of qualitative and quantitative data inputs to evaluate a range of climate risk pathways.

Processes for assessing climate-related risks

During the workshops, each identified risk was assessed based on likelihood and potential impact, both rated on a scale of 1 to 5, with 5 representing the highest severity. Scores were adjusted for existing mitigation measures to derive a net risk value. These scores were then multiplied to calculate an overall residual risk score, up to a maximum score of 25.
Transition risks scoring 11 or more and physical risks scoring 6 or more were deemed material and prioritised for mitigation. In total, 19 climate-related risks and five opportunities were identified, with six risks (four transition, two physical) classified as material. Climate-related opportunities were assessed qualitatively by SMEs, of which two were deemed material.

We accept different levels of risk for different aspects and parts of the Group. Our risk appetite is defined by a range of factors, decided by heads of department and agreed with the ARC and RCC.

Processes for managing, mitigating and integrating climate-related risks

A Climate Risk Register was developed to document identified risks and their corresponding mitigations. Each identified climate-related risk is managed in line with the Group's wider risk management framework. Ownership of each risk is assigned to SMEs, who are responsible for implementing mitigation actions and ensuring operational resilience. These risks are managed in line with the Group's broader risk framework.

Climate-related risks are reviewed formally on an annual basis and monitored quarterly by the ESSG. Ad hoc reviews are undertaken when significant changes occur in the external environment or risk profile. The ESSG provides quarterly updates to the RCC, and material developments are escalated through the Group's monthly risk reporting process to the Board.

The 2024/25 reporting year marks the Group's first formal year of comprehensively identifying and assessing climate-related risks. This has been a significant undertaking and represents an important step in embedding climate risk into the Group's wider governance framework. While the Climate Risk Register is not yet integrated into the Group's Corporate Risk Register, broader climate and sustainability risks are embedded in the corporate strategy and a review of integration will be undertaken in 2025/26 to support continued maturity of climate risk management.

Outcome of the Group's risk management process

In March 2025, the ESSG classified climate change as an emerging risk, and this was approved by the ARC. This decision followed the workshops and scenario analysis, which assessed the potential financial and operational impacts of a changing climate across short, medium and long-term time horizons. While no material financial impacts were recorded during 2024/25, the Group acknowledges that this position may evolve as risks crystallise or intensify, thus identifying climate change as an emerging risk. This classification will be reviewed annually to ensure it reflects any changes in the risk's significance.

Strategy

The Group acknowledges its responsibility to effectively manage climate-related risks and opportunities. The tables in this section below provide a description of the specific climate-related risks – both transitional and physical risks – and opportunities that have been identified as having a potentially material impact on the Group over the short, medium and long term.

Climate scenarios have been conducted by the Group exploring potential future climate conditions and their direct and indirect business impacts, including new regulations, market shifts, and extreme weather events.

These assessments were conducted across three time horizons:

- The "short-term" horizon **(2024-2028)** focuses on immediate, high-impact changes, tracking early effects of stricter environmental regulations. This timeframe was selected to highlight near-term regulatory, market and operational shifts that could have immediate financial and strategic implications for the Group. This timeframe aligns with Post Office's enterprising risk mapping. It allows for early detection of risks such as new mandatory reporting requirements or stakeholder-driven changes, enabling the Group to adapt quickly to evolving policies.
- The "medium-term" timeframe **(2029-2038)** was selected as it tracks the impact of stricter climate regulations and stakeholder concerns. Costs such as the transition to low-carbon technology, supply chain adjustments, and shifts in consumer behaviour may become more pronounced within this horizon. Planning for the medium-term will enable Post Office to assess investment decisions, such as infrastructure upgrades or renewable energy integration into operations. We will align our interim carbon reduction targets to this timeframe, so we can drive carbon reductions as soon as possible.
- The "long-term" **(2039-2053)** denotes the impact of stricter environmental regulations and stakeholder concerns. This timeframe was selected to demonstrate the long-term transformation of the climate associated with climate change and how this can impact the Group. This timeframe was also chosen to align with the UK's and Post Office's 2050 net zero target. Planning for the long-term will allow Post

Office to build business resilience against scenarios such as increased extreme weather events, changing resource availability and evolving stakeholder expectations.

Three warming scenarios outlined in the table below, provide a shared framework for understanding potential climate futures and have been used to identify and assess potential climate-related risks and opportunities:

Warming Scenario	Explanation
Below 2°C (Proactive scenario)	This scenario details a collective approach to net zero and climate-conscious businesses. It assumes stringent environmental policies driving low-carbon investment and sustainable market shifts. The Group is well placed to adapt under this scenario, as the Group reports its CFD progress, builds mitigative strategies to enhance the Group's resilience to climate-related risks, and capitalises on the climate-related opportunities it presents.
Between 2-3°C (Reactive scenario	In this scenario, we expect climate adaptation to become a key priority as the climate transforms. Policy actions are expected to be fragmented and uncoordinated, resulting in minimal funding for low-emission technology. Carbon pricing is likely to be utilised within this scenario. The Group continues to build resilience against this scenario by conducting annual scenario analysis and implementing energy efficiency. For example, the risks associated with carbon pricing are being mitigated through our net zero commitment and targets for reduction.
Above 3°C (Inactive scenario)	A "business as usual" approach indicates a scenario with limited to no climate action, resulting in extreme changes to climatic processes. Consequently, businesses will likely experience severe physical impacts of climate change directly through operational issues and indirectly through their value chain. In this scenario, we expect a prioritisation of mitigation strategies. The Group is promoting resilience through this scenario by reporting under the CFD framework and tracking emissions progress.

The Group's material climate-related transition risks identified in 2024/25:

Climate-related Risk	Impact Description	Mitigations
Risk: Carbon Pricing **Time Horizon:** Medium – Long-term (2029 – 2053) **Warming Scenario:** 2-3°C **Likelihood:** 4 **Impact:** 3 **Combined Score:** 12 **Financial Impact:** This may increase the costs of direct emissions.	**Potential** Carbon pricing is a mechanism to attach a tax or cost to Post Office's direct operational emissions to decrease emissions. This risks increasing operational spending for Post Office as compliance costs increase. As a variable cost, it may be difficult for the Group to plan or budget accordingly, and Post Office may incur unexpected expenses. Another potential risk is the increasing cost and services of companies within the Group's supply chain, as suppliers mitigate the risk of the tax to Post Office. Therefore, Post Office may incur additional costs leading to a reduction in revenue.	We are committed to becoming a net zero business by 2050. On this journey, we will reduce our carbon emissions year by year and, therefore, mitigate the risk of carbon pricing. Post Office is committed to driving energy efficiency throughout the Group (see Energy Efficiency Narrative page 67). **Related Metrics & Targets:** Net Zero by 2050. **Related Climate Opportunity:** Resource Efficiency.
Risk: Increased costs of raw materials **Time Horizon:** Medium – Long-term (2029 – 2053) **Warming Scenario:** 2-3°C **Likelihood:** 4 **Impact:** 3 **Combined Score:** 12 **Financial Impact:** The cost of renewable	**Actual** Energy costs fluctuate due to a range of geopolitical factors, including climate. This can present a risk of increasing operational spending and reducing revenue for Post Office. The EU identified high-impact products such as plastic, steel, and ceramics. These products may have a carbon tax associated with them, which can increase Post Office's operational spending and decrease overall profitability within the Group. Post Office may be forced to seek alternative options to these products, which may be more climate or emission-	Post Office is committed to year-on-year improvements in its operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years. A reduction in energy consumption should mitigate the cost of energy, thereby mitigating this risk. Post Office works with Inspired ESG to monitor emerging climate regulations. Proactive horizon-scanning allows for the early adoption of processes and products should they need to be implemented. Post Office monitors market changes and

electricity, raw materials such as plastics and paper may increase.	intensive. This could risk damaging ecological or biodiversity systems, or increase Scope 3 emissions. **Potential** The cost of renewable energy may increase, increasing Post Office's operational spending and decreasing revenue. High-impact products will be forced to decarbonise, and updated processes and technology may be introduced to aid this transition. This cost may be passed to Post Office from suppliers, increasing spending costs and reducing revenue. Alternatively, Post Office can search for cheaper alternatives. However, products may have a reduction in quality, leading to reputational damage and a decrease in sales, which can impact profitability for the Group.	engages with suppliers. **Related Metrics & Targets:** Net Zero by 2050.
Risk: Increased stakeholder concern **Time Horizon:** Short – Medium-term (2024 – 2038) **Warming Scenario:** <2ºC, 2-3ºC **Likelihood:** 4 **Impact:** 3 **Combined Score:** 12 **Financial Impact:** Limited access to finance schemes.	**Potential** As the world transitions to a low-carbon economy, stakeholders are likely to become more invested in climate-related issues and demand more transparency from companies. This presents a risk to Post Office through reputational damage if the Group is unable to effectively manage and disclose its climate impact. This can create financial liabilities such as a reduction or limited access to capital, including green financing schemes. Ineffectively managing the Group's climate impact may also result in climate risks, such as increasing emissions contributing to and accelerating climate change.	Post Office is committed to minimising its impact on the environment. We publish our annual CFD disclosure, communicating our climate strategy and progress to our stakeholders. We will continue to report on our progress annually. This will increase transparency and aim to reduce stakeholder concerns. Post Office has active internal communication channels to monitor stakeholder concerns. Post Office has a net zero commitment and will set formal interim emission reduction targets in 2025/26. This was not conducted in 2024/25 as we have prioritised identifying and assessing climate-related risks for the first time and gathering our Scope 3 data also for the first time. **Related Metrics & Targets:** 100% of Board and ESSG members to undergo climate training. **Related Climate Opportunity:** Resilience.
Risk: Substitute existing products and services with lower emissions alternatives **Time Horizon:** Short – Medium-term (2024 – 2038) **Warming Scenario:** <2ºC, 2-3ºC **Likelihood:** 4 **Impact:** 3 **Combined Score:** 12 **Financial Impact:** High capital expenditures, reduction in profit.	**Potential** As preferences shift to low-carbon alternatives, Post Office may experience customer and competitor pressures for climate-conscious products or services. The inability to meet this expectation may create a risk of reduced market share and profitability as customers switch to competitors. In addition, this presents a climate risk of contributing to climate change as carbon emissions increase. Sourcing or implementing lower-emission products and services may increase operational spending for Post Office, specifically if assets need to be retired early to meet climate targets and equipment is not used to its full life expectancy. Switching to cheaper alternatives may also create reputational risks or increased stakeholder concern,	We are committed to implementing our energy-saving measures in the most efficient approach possible. Therefore, we prioritise a phased approach for low-emission technology such as Electric Vehicles (EVs) (see Energy Efficiency Narrative (Page 67). **Related Metrics & Targets:** Net Zero by 2050.

	which can result in profit losses if Post Office is unable to meet stakeholders' sustainability expectations.	

The Group's material climate-related physical risks identified in 2024/25:

Climate-related Risk	Impact Description	Mitigations
Risk: Heatwaves / Extreme heat **Time Horizon:** Short – Long-term (2024 – 2053) **Warming Scenario:** 2-3ºC, >3 ºC **Likelihood:** 2 **Impact:** 3 **Combined Score:** 6 **Financial Impact:** Increased operational costs to mitigate heat-related risks, decreased profits due to decreased footfall and operational disruptions.	**10/10 of Post Office's sites will experience heatwaves in the short-long term in the Reactive and Inactive scenarios.** **Actual** Extreme heat and heatwaves can pose several risks to human health, safety and productivity, creating additional operational costs on water, ice or air-conditioning for the Group. Local weather warnings may result in reduced footfall and reduced sales and profits. This may also disrupt normal delivery patterns as travel restrictions are imposed. Travel may further be restricted by roads or rails melting and buckling due to extreme temperatures, impacting the supply chain in addition to normal operation, further presenting a risk to revenue. **Potential** Governmental restrictions during extreme heat events may restrict outdoor work, disrupt deliveries and put profits at risk. To maintain optimal temperatures indoors for staff and customers, the Group may face increased demand for cooling processes such as air conditioning, which can increase energy costs and emissions. This presents a financial cost as operational spending increases and a climate risk as increasing emissions contribute to the changing climate. Employees may experience an increase in heat-related illnesses, resulting in an increase in sick days and a decline in productivity, which could impact revenue. Additionally, vehicle drivers may need more breaks due to the heat, which can affect productivity. Increasing temperatures may impact or damage temperature-sensitive products, leading to an increase in customer complaints, which can risk Post Office's reputation and negatively impact profits.	To mitigate the risk of our employees being impacted by extreme heat, we have allowed a more relaxed and comfortable dress code during heatwaves. Drivers are issued water and ice lollies and are allowed to take frequent breaks during peak heat times. Drivers often start their working day earlier during a heatwave to avoid the heat and are asked to return to the depot when temperatures surpass 35ºC. **Related Metrics & Targets:** Net Zero by 2050. **Related Climate Opportunity:** Resource Efficiency.
Risk: Increased severity of flooding **Time Horizon:** Medium – Long-term (2029 – 2053) **Warming Scenario:** >3 ºC **Likelihood:** 5 **Impact:** 2 **Combined Score:** 10	**3 of the 10 Post Office sites are in potential high flood-risk zones. 7 of the 10 Post Office sites are in indirect flood risk zones.** **Actual** **Direct Impacts** Flooding can create significant unexpected financial and resource constraints. Site closures, damage to stock, assets or equipment can increase	Some of our sites, such as the Birmingham site, have flooding defences which have been implemented and are maintained by local councils. We are implementing communication systems to liaise with employees and transmit instructions, alerts, or updates during events such as flooding. For example, we can alert drivers of local

Financial Impact: Increased cost due to damaged stock, assets and equipment, reduced profits due to operation disruption.	expenditure and reduce profitability. Digital infrastructure and electrical systems are also at risk during flooding events, which could result in a shutdown of critical services, leading to lost transactions and revenue. Delivery vehicles are at risk of damage during flooding, which can be expensive to replace or repair. Damage to delivery orders, such as mail or parcels, could lead to increasing customer complaints, which can result in reputational damage or litigation against Post Office, reducing profits. **Indirect Impacts** The indirect impacts of flooding can create significant disruption to the Group, leading to reduced profits through value and supply chain disruption. Flooding on transport networks, roads or train tracks may create disruption for employees commuting or the supply chain. These disruptions may impact productivity or even result in loss of sales reducing revenue. **Potential** Severe or repeated flooding can create damage to structures or buildings leading to increasing operational spend for maintenance, repairs or replacements. Sites located near flood risk zones could face increasing insurance premiums, creating additional operational costs and impacting profitability.	floods, instruct them to avoid driving through inundated areas, and provide updates when the route is safe to proceed. **Related Metrics & Targets:** Net Zero by 2050. **Related Climate Opportunity:** Resilience.

The Group's climate-related opportunities identified in 2024/25:

Opportunity Type	Financial Impact	Impact Description
Resource efficiency **Time Horizon:** Short -Medium Term (2024-2039) **Warming Scenario:** <2°C 2-3°C	Reduction in operating expenses and enhanced asset efficiency.	The Group capitalises on this opportunity by rolling out energy-efficient technologies such as LED lighting, low-emission commercial vehicles, and more efficient EV company cars. These investments will reduce energy consumption, lower costs, and improve operational efficiency. Despite initial capital expenditure, the technologies are expected to deliver rapid payback periods and increase the value and performance of operational assets. We will continue to implement energy efficiency as a priority. **Related Metrics & Targets:** Net Zero by 2050. **Related Climate Risk:** Carbon Pricing, Heatwaves and Extreme Heat.
Resilience **Time Horizon:** Short -Medium Term (2024-2039) **Warming Scenario:** <2°C 2-3°C	Avoided disruption costs, improved operational continuity, and long-term financial stability.	Post Office is strengthening its climate resilience through ongoing climate scenario analysis, supply chain engagement, and integration of adaptive measures. This includes maintaining an updated climate risk register, conducting business continuity assessments, and managing supplier compliance through procurement practices. These actions will minimise the impact of climate-related disruptions and support sustained operational performance across the network. **Related Metrics & Targets:** 100% of Board and ESSG members to undergo climate training. **Related climate risk:** Increased Stakeholder Concern, Increased severity of flooding.

Climate Scenario Results

Transition risks are most significant under a below 2°C scenario, where stricter environmental policies and market shifts are more likely. These developments could lead to increased operational costs for the Group, including potential emissions-related charges, energy or material taxes, price fluctuations and additional capital expenditure. In response, the Group is focused on improving energy efficiency across its portfolio and reducing operational emissions.

Physical risks, such as heatwaves and flooding, have the potential to disrupt the Group's regular operations, including affecting employee working patterns, impacting revenue. However, flooding is likely to be localised, and our widespread branch network and online offering provides resilience and flexibility to maintain operations. Relevant mitigations have also been developed to adequately prepare the Group for periods of extreme heat.

The Group recognises the growing stakeholder expectations around climate disclosures and increasing accountabilities and will continue to report progress through the Group's annual CFD disclosures.

Climate Resilience

Post Office recognises the critical role of climate resilience in managing climate risks effectively. Whilst climate-related risks present challenges, it also drives innovation and resilience. The Group aims to mitigate first and adapt second, enabling us to anticipate, prepare for, and respond to climate change impacts. The Group also seeks to capitalise on climate-related opportunities, where possible, to strengthen our operations, support the transition to a low-carbon economy, and deliver long-term value to stakeholders. The warming scenario table on page 70 outlines Post Office's resilience under proactive, reactive, and inactive warming scenarios. We have tested our business strategy and model under each scenario and have deemed the Group resilient.

Metrics and Targets

We recognise that we are at the early stages of our climate reporting journey, and our disclosure will continue to strengthen as we refine our data collection and reporting processes. In 2024/25, we achieved a key milestone by reporting our Scope 3 emissions for the first time - an important step in understanding our wider climate impact.

The Group has set preliminary climate targets as part of our commitment to environmental management and to support the UK's transition to net zero. These initial targets will be developed further in 2025/26 as we seek to align with our net zero target in 2050 of:

- 90% absolute reduction of emissions from the baseline year (Scope 1 and 2 from a 2019/20 baseline) and (Scope 3 from a 2023/24 baseline)
- the remaining 10% being offset.

Our baseline year for Scope 1 and 2 and Scope 3 differs as we set our Scope 1 and 2 baseline in 2019/20 to align with our carbon reduction plan. As 2023/24 is the first year we have collated our Scope 3 emissions, this will serve as the appropriate baseline year for emissions reductions associated with our value chain.

Target	Metric	Absolute/ Intensity	Future Plans
Net zero by 2050 for Scope 1 and 2 (location-based) (from 2019/20 baseline) and for Scope 3 (from 2023/24 baseline).	% reduction in carbon emissions per year	Absolute	We will set interim targets and further climate KPIs to aid in our emission reductions by 2025/26. An annual reduction for Scope 1 and 2 (location-based) of 3.28% is required to meet the net zero target of 2050. An annual reduction for Scope 3 emissions of 3.60% is required to meet the net zero target of 2050. **Related Climate Risk:** Carbon Pricing, Heatwaves and Extreme Heat, Increased costs of raw materials, Substitute existing products and services with lower emissions alternatives, Increased severity of flooding. **Related Climate Opportunity:** Resource Efficiency.
100% of Board and ESSG members to undergo climate training by 2026/27.	% of Board and ESSG members trained	Absolute	Expand training to senior management in 2025/26 to deepen organisational climate competence and achieve 100% of Board and ESSG members' training by 2026/27. **Related Climate Risk:** Increased Stakeholder Concern. **Related Climate Opportunity:** Resilience.

We are on track to meet our Scope 1 and 2 (location-based) net zero target by 2050. Since our baseline, we have achieved a 44.39% reduction in our Scope 1 and 2 (location-based) emissions. We will continue to reduce our emissions in line with our target and will set interim carbon reduction targets in 2025/26 to further encourage reductions. We are currently behind on our Scope 3 annual reduction target. As this is the first time we have calculated our Scope 3 emissions, we are focused on developing the channels for data collection and will start to take action to reduce Scope 3 emissions in 2025/26, to get back on track with our progress towards net zero.

Carbon Balance Sheet

Understanding the Group's full carbon footprint is crucial to recognising our climate impact and the steps required to manage it. Scope 1 and 2 emissions relate to direct operational emissions, while scope 3 emissions cover our wider value chain.

Scope 3 emissions were calculated using the GHG Protocol methodology. Eleven of the fifteen categories were identified as applicable to the Group and have been quantified using spend-based, activity-based, hybrid and average data approaches, depending on category and data availability. Categories not relevant to the Group were excluded on a justified basis; does not have any upstream assets or properties that are leased (Category 8: Upstream leased assets), does not have any outsourced transportation downstream that is not paid for by Post Office (Category 9: Downstream transportation and distribution), and does not process or manufacture any sold products and require no additional energy for the products it sells (Category 10: Processing of sold products and Category 11: Use of sold products).

Carbon balance sheet.

GHG Emissions Scope	Total 2024/25 emissions (tCO_2e) (Location-based)	Share of total emission (%)	Total 2023/24 emissions (Scope 3 baseline) (tCO_2e) (Location-based)	Year-on-Year % change (from 2023/24)**	Total 2019/20 emissions (Scope 1 and 2 baseline) (tCO_2e) (Location-based)*	Year-on-Year % change (from 2019/20)**
Scope 1	**3,681.88**	**1.53%**	**3,816.53**	**-3.55%**	**5,942.50**	**-38.04%**
Scope 2 (location-based)	**1,587.18**	**0.66%**	**1,843.25**	**-13.89%**	**3,534.03**	**-55.08%**
Scope 3	**235,732.11**	**97.81%**	**235,798.00**	**-0.03%**	**-**	**-**
1: Purchased Goods and Services	32,594.89	13.52%	32,595.40	-0.002%	-	-
2: Capital Goods	27,245.19	11.31%	27,245.19	-0.002%	-	-
3: Fuel- and Energy-related Activities	1,380.76	0.57%	1,421.25	-2.85%	-	-
4: Upstream Transportation and Distribution	3,201.28	1.33%	3,201.28	0.00%	-	-
5: Waste Generated in Operations	57.65	0.02%	24.42	+136.05%	-	-
6: Business Travel	443.85	0.18%	458.37	-3.17%	-	-
7: Employee Commuting	3,421.08	1.42%	3,510.47	-2.55%	-	-
12: End-of-life Treatment of Sold Products	96.63	0.04%	98.37	-1.77%	-	-
13: Downstream Leased Assets	902.31	0.37%	902.04	+0.03%	-	-
14. Franchises	158,191.75	65.64%	158,144.25	+0.03%	-	-
15. Investments	8,196.72	3.40%	8,196.72	0.00%	-	-
Total Scope 1 and 2 (location-based)	**5,269.06**	**2.19%**	**5,659.78**	**-6.90%**	**9,476.53**	**-44.39%**
Total Scope 1, 2 and 3 (location-based)	**241,001.17**	**100.00%**	**241,457.53**	**-0.19%**	**-**	**-**

*This figure comprises only Scope 1 and 2 emissions as Scope 3 emissions have not been calculated for 2019/20.

**The reported Scope 1, 2 and 3 emissions have been rounded to two decimal places. Any year-on-year comparison calculations have been conducted using complete, unrounded figures.

Emissions Commentary

Scope 1 and 2

Our operational emissions (Scope 1 and 2) have decreased in 2024/25. Natural gas emissions have decreased by 62.30% and location-based purchased electricity emissions by 15.05% from 2023/24. This is primarily driven by improved energy efficiency across the Group and site closures. Going forward, Post Office aims to strengthen the relationship with its energy suppliers in order to collect a higher proportion of energy data from suppliers and we aim to put procedures in place to rectify this and improve our data reporting for 2025/26. We will also review the 2024/25 data next year to improve the data quality and confidence levels, and if material, we will restate the 2024/25 figures if we can reduce the percentage estimated to improve comparability for 2025/26.

Transport emissions have increased from 2023/24 due to improved quality of fleet data (Scope 1) and an increased number of EV company cars (Scope 2). Scope 1 and Scope 2 transport emissions (due to EV company cars) have increased by 34.72% and 26.31% respectively, since 2023/24.

Scope 1 and 2 emissions have decreased by 44.39% from our 2019/20 baseline. This is primarily driven by our portfolio consolidation and energy efficiency initiatives (see Energy Efficiency Narrative, page 67).

Our market-based emissions have been calculated using a supplier-specific emissions factor for the first time in 2024/25. Supplier information was not available in 2023/24, therefore, the UK residual grid factor was used.

Scope 3

Our Scope 3 emissions comprise 97.81% of our total footprint. Our emissions for 2024/25 have reduced by 0.19% from our baseline year of 2023/24. This is primarily due to this being the first year we have calculated and reported our Scope 3 emissions. Due to this challenge, Post Office was only able to supply improved or actual data for categories 5, 3 and grey fleet included in category 6.

The most significant source of Scope 3 emissions is Category 14 (Franchises), accounting for 65.64% of our total location-based emissions. Post Office is indirectly responsible for the emissions associated with energy consumption from its franchises. Encouraging franchisees to adopt good practices in their operations, such as installing LED lighting, utilising renewable energy contracts, and moving away from gas heating, which aim to help reduce emissions in 2025/26.

Category 1 (Purchased Goods and Services) is the second highest source of emissions, representing a 13.52% share of total location-based emissions. Over half of Category 1 emissions can be attributed to IT infrastructure and services. Post Office’s third highest source of emissions comes from Category 2 (Capital Goods), equal to 11.31% of total location-based emissions. Capital expenditures, such as furniture and IT equipment, were the biggest contributors to Category 2 emissions. The fourth highest emissions source comes from Category 15 (Investments), accounting for 3.40% of total emissions.

Streamlined Energy & Carbon Reporting

Streamlined Energy & Carbon Reporting (SECR) is a regulatory framework that enhances transparency and accountability in corporate energy use and carbon emissions. It is mandatory for large companies and LLPs to ensure they disclose their environmental impact, aligning with the government's commitment to achieving net zero emissions by 2050.

The report summarises Post Office's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy SECR. This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Under the legislation, Post Office must disclose its energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented for all UK operations.

Post Office is a UK-incorporated business. An operational boundary has been applied for the purposes of the reporting.

Carbon emissions under SECR are categorised as follows:

- **Scope 1**: Consumption and emissions related to direct combustion of natural gas, fuels utilised for transportation operations, such as company vehicle fleets.
- **Scope 2**: Consumption and emissions from indirect emissions relating to the consumption of purchased electricity in daily business operations, including offsite charging of EVs.
- **Scope 3**: Consumption and emissions cover emissions from sources not directly owned by Post Office, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

Post Office Total UK Energy Consumption (kWh).

Utility and Scope	2024/25 Total kWh	2023/24 Total kWh
Scope 1 Total	**16,198,486**	**17,943,104**
Natural Gas (Scope 1)	3,101,222	8,225,054
Transportation (Scope 1)	13,097,264	9,718,050
Scope 2 Total	**7,665,679**	**8,901,378**
Grid-Supplied Electricity (Scope 2)	7,351,740	8,652,867
Transportation (Scope 2)	313,939	248,511
Scope 3 Total	**733,602**	**792,547**
Transportation (Scope 3)	733,602	792,547
Total	**24,597,767**	**27,637,029**

Post Office Total UK Location-Based Emissions (tCO_2e).

Emissions Scope	2024/25 tCO_2e (location-based)	2024/25 tCO_2e (market-based)	2023/24 tCO_2e (location-based)	2023/24 tCO_2e (market-based)
Scope 1 Total	**3,681.88**	**3,681.88**	**3,816.53**	**3,816.53**
Natural Gas (Scope 1)	567.21	567.21	1,504.60	1,504.60
Transportation (Scope 1)	3,114.67	3,114.67	2,311.93	2,311.93
Scope 2 Total	**1,587.18**	**65.00**	**1,843.25**	**3,211.05**
Grid-Supplied Electricity (Scope 2)	1,522.18	0.00	1,791.79	3,159.59
Transportation (Scope 2)	65.00	65.00	51.46	51.46
Scope 3 Total	**169.33**	**169.33**	**182.28**	**182.28**
Transportation (Scope 3)	169.33	169.33	182.28	182.28
Total	**5,438.39**	**3,916.21**	**5,842.06**	**7,209.87**

Post Office's Total UK Emissions Intensity Metrics.

Intensity Metrics	2024/25	2023/24*	2024/25	2023/24*
Total Full Time Equivalent (FTE)	3,604.00	3,719.00	3,604.00	3,719.00

Reporting Method	2024/25 tCO2e per FTE (location-based)	2023/24* tCO2e per FTE (location-based)	2024/25 tCO2e per FTE (Market-based)	2023/24* tCO2e per FTE (Market-based)
All Scopes (1, 2 & 3)	1.51	1.57	1.09	1.94
Percentage change %**	(3.94)		(43.95)	

*Post Office's 2023/24 metric figures have been restated from the previous SECR report due to the updated internal FTE reporting.

**The reported Scope 1, 2 and 3 intensity metrics have been rounded to two decimal places. Any year-on-year comparison calculations have been conducted using complete, unrounded figures.

Methodology (SECR)

Post Office's Scope 1, 2 and 3 consumption and CO2e emissions data have been calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard, GHG Protocol – Scope 2 Guidance, ISO 14064-1 and ISO 14064-2, Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance. Government Emissions Factor Database (DESNZ) 2024 version 1.1 has been used, utilising the published kWh gross Calorific Value (CV) and kgCO2e emissions factors relevant for the reporting period 01/04/2024 – 31/03/2025.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to Post Office. These were calculated on a kWh/day pro-rata basis at the meter level.

Post Office is a UK-incorporated business. An operational boundary has been applied for the purposes of the reporting.

For properties where Post Office is indirectly responsible for utilities (i.e. via a landlord or service charge) or no data is available for the meter, an average kWh/m^2 consumption was calculated at meter level and was applied to the properties with similar operations with no available data; A CIBSE (the Chartered Institution of Building Services Engineers) consumption factor (in kWh) was applied to the floor area to calculate the total estimated consumption at the meter level. These full-year estimations were applied to 48 electricity supplies and 48 gas supplies. All estimations equated to 34.93% of reported consumption. Estimations have increased in 2024/25 due to challenges with accessing Post Office's consumption data from energy suppliers. Going forward, Post Office aims to strengthen the relationship with its energy suppliers to collect a higher proportion of energy data for future reporting.

Market-based emissions have been calculated using an emissions factor of 0.00 tCO_2/kWh for electricity backed by a zero carbon contract. 2024/25 is the first year we have calculated market-based emissions using a supplier-specific emissions factor. This factor was also applied to landlord-managed sites where the supplier has been provided by Post Office.

Restatements have been made for Post Office's previous year metric figure, updated from 3,453.00 to 3,719.00 in 2023/24, to adjust for updated internal FTE reporting.

Energy Efficiency Narrative

Post Office is committed to year-on-year improvements in its operational energy efficiency.

2024/25

The Group continues to enhance energy efficiency across its operations, economically electrifying its fleet by replacing vehicles as leases expire and engines reach the end of their lifespan. LED lighting upgrades are progressing throughout the estate, with this year's focus on the secure warehouse in Scotland, where 100% of external lighting was converted. The Group sources its electricity through EDF's Zero Carbon for Business supply, ensuring it originates from a zero carbon source under the Group's commitment to reduce carbon emissions. The closure of the Swindon depot has contributed to a decrease in overall energy consumption.

2025/26

We are continuing to electrify our fleet where possible. Two additional electric mobile Post Offices entered service this year, substituting diesel vehicles, and further EV chargers will be installed in the coming year to support the expanding electric fleet. A new vehicle leasing contract will facilitate the introduction of electric company cars with greater range, helping to accelerate the transition from internal combustion engine models. An additional £6 million will be used to replace ageing vehicles with cleaner Euro 6 models and the Group's first electric CVITs. These new vehicles will reduce fuel consumption, lower emissions, and improve route efficiency. We are reviewing the use of Building Management Systems (BMSs) to enhance the efficiency of heating, ventilation, and air conditioning across sites and will implement these systems, where appropriate.

Directors' Report

The Directors present the Group Annual Report and Financial Statements and Company Financial Statements for the financial year ended 30 March 2025.

Expected future developments

Expected future developments are detailed in the Chief Executive's statement on pages 5 and 6.

Stakeholder Engagement

Details of stakeholder engagement is included in the S172(1) statement on page 37 to 41 and the Remuneration Committee Chair's Statement on page 42 to 44.

Corporate Governance

Details of corporate governance are included in the Corporate Governance Overview 2024/25 on page 18 and 19.

Results and dividends

The profit after tax for the year was £92 million (2024: £414 million loss). The Directors do not recommend the payment of a dividend (2024: £nil).

Share issues

There was no share issue during the year (2024: nil).

Political contributions

No political contributions were made in the year (2024: £nil).

Research and development

Research and development activities took place during the year in relation to IT transformation projects such as Cyber Security Maturity, PCI compliance and the Horizon replacement programme.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S J Barlow (appointed 28 January 2025)

A J Burton

E Branch (appointed 28 January 2025)

N J Brocklehurst (appointed 20 December 2024)

A C J Cameron (resigned 24 June 2024)

A Darfoor

B Gaunt (resigned 28 January 2025)

L R Gratton

R J Hawkins (appointed 4 March 2025)

S G Ismail (resigned 3 December 2024)

E M Jacobs (resigned 3 June 2025)

S J L Jeffreys

P McCann (appointed 20 December 2024)

N Railton (appointed 24 May 2024)

N J Read (resigned 31 January 2025)

B A Smith (appointed 4 December 2024)

J Slater (appointed 21 May 2025)

B J Tidswell (resigned 9 July 2024)

No Director has a beneficial interest in the share capital of Post Office Limited. The emoluments of Directors are set out in note 6 to the Group financial statements and in the annual remuneration report on pages 48 to 54.

Directors' indemnity

Throughout the financial year to the date of approval of the Directors' report, a qualifying third party indemnity, made by the company, is in force for the benefit of all Directors of the company.

People

Our Colleagues are central to delivering our organisation's vision, strategy and transformation programme, ensuring a fair deal for Postmasters to serve the communities in which we operate. We achieve this by attracting top talent, nurturing their development, and fostering an inclusive culture where everyone has the opportunity to thrive.

Cultural Transformation

By investing in culture, we create stronger more resilient teams that drive long term success. We are on a cultural multi-year journey, with clear incremental wins that will form behaviour patterns and become habitual and sustainable for the future.

Last year we launched our new behaviours which are integral to the continued focus on culture change and transformation, as we write the next chapter in Post Office history and drive a culture of high performance. The behaviours support relationships across the business with postmasters, partners, customers and others. These behaviours are applicable to everyone, regardless of role or grade.

Building an Inclusive Culture

Equity, Diversity and Inclusion (ED&I) continues to be central to Post Office business strategy.

These efforts are aligned with our commitment to fostering a workplace where all individuals feel seen, valued and empowered. ED&I is woven through our procedures and policies and is central to all parts of the employee life cycle. More on this can be found in the Equity, Diversity and Inclusion section on pages 55 to 57.

Disabled employees: We are a Disability Confident Employer (Level 2) and have introduced the requisite changes into our talent acquisition processes. Requests for reasonable adjustments are now included as part of our application forms and there is the option for candidates to contact Post Office prior to application, so that reasonable adjustments can be made.

Gender and ethnicity pay gaps: Our gender and ethnicity pay gaps are detailed in the Equity, Diversity and Inclusion section of the Remuneration Committee Chair's Report on pages 55 to 57.

From October 2024, a new duty on all employers to take reasonable steps to prevent sexual harassment in the workplace came into place. This change in legislation gives Post Office a real opportunity to reflect on our behaviours around sexual harassment and unwanted comments and how to be an ally.

Modern Slavery: Mandatory annual training on modern slavery continues for employees and provides e-learning modules for postmasters. This ensures that Post Office employees visiting branches know what signs to look out for and they can raise any risks that they observe through our internal channels.

Wellbeing: This year we have developed and implemented a comprehensive five-year wellbeing strategy aligned to organisational objectives and colleague needs and communicated these via a number of online and in-person led events. We are proud to announce that Wellbeing support received the highest scores in the annual colleague engagement survey.

Senior Leadership Development: In response to evolving business demands and strategic priorities, we launched a targeted training programme for senior leaders. These initiatives have focused on equipping our leadership with the skills and behaviours necessary to lead with clarity, empathy, and accountability.

Colleague Engagement Survey

'Your voice is important': Each year we encourage our people to participate in the Post Office Colleague Engagement Survey. It is key as we embark on our transformation programme, that we hear thoughts and feelings so that we can act on areas we need to improve and understand the effect that change is having on us. All feedback is completely confidential. The survey is managed by our external partner. Results were shared and local and business- wide engagement action plans for the year ahead created. Ensuring that we stay on track and make necessary improvements.

Post balance sheet events

The Directors would like to draw attention to the following post balance sheet event items:

- Capture software
- Transfer of OC scheme to DBT
- Government funding agreed after the balance sheet date

Further details are provided in note 25 to the financial statements.

Going concern

Having reviewed the expected future cash flows and given careful consideration to the likelihood of the continued support of Government, the Directors are satisfied that the Group (being the group of companies headed by Post Office Limited) is expected to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In forming this conclusion, the Board has placed significant reliance on a Letter of Support provided by its Shareholder (Department for Business and Trade, "DBT"), details of which are outlined below.

In assessing the Group's ability to continue as a going concern, the Board has considered the Group's financial forecasts for the 15 month period from the date of approval of these financial statements ("the going concern period"). This assessment takes into account the Group's business activities, the current and anticipated economic environment, the principal risks and uncertainties, as well as future trading developments. In doing so, two core scenarios have been assessed as part of this process:

Firstly, a base case scenario, which assumes that Government funding is received to cover activities, is described below. It also assumes that future funding not contractually committed at the point of approving these financial statements, but included in the Letter of Support, will be forthcoming. Under the base case scenario, the Company maintains compliance with its Security Headroom covenant (which is a restrictive covenant within the Working Capital Facility provided by its Shareholder) and sufficient liquidity is available throughout the going concern period via this Working Capital Facility.

Secondly, a severe but plausible downside scenario – which models a deterioration in trading performance reflecting lower demand across key product categories, delays in delivery of commercial initiatives, and sustained inflationary and cost-of-living pressures impacting consumer behaviour. This downside also assumes that funding not contractually committed at the point of approving these financial statements, being funding for running the Remediation Matters activities and settling potentially material taxation matters, is not received. In addition, it also assumes that certain unfunded contingent liabilities become payable within the going concern period.

Under this severe but plausible downside scenario, the Group forecasts breaching its Security Headroom covenant part way through the going concern period. Moreover, the Working Capital Facility itself would need to be used for purposes other than that for which it was originally intended, being short-term liquidity, and would also become fully exhausted towards the end of the going concern period, resulting in the Group being unable to meet its liabilities as they fall due. This scenario demonstrates that without additional funding and support being provided by Government to fund certain exceptional and investment activities, including the costs to run the Remediation Matters activities and settle potentially material taxation liabilities, the Group would be unable to meet its liabilities as they fall due.

As outlined in the key accounting estimates section in note 1 of the financial statements, there remains significant estimation uncertainty over certain components of the £781 million (2024: £981 million) of provisions related to Remediation Matters. Contractually committed funding agreements are in place for the HSS, OC, SRR and PPR at the point of signing and, based on current estimates, exceed the forecast level of payments. However, given the significant estimation uncertainty in the HSS provision and the possibility of claims arising that are not covered by committed funding agreements, it is possible – albeit unlikely – for the payments to impacted individuals to exceed funding commitments during the going concern period. In such circumstances, additional funding from Government would be required. In addition, the Shareholder recognises that the Group faces other financial risks including taxation-related risks recognised in the financial statements, which are subject to estimation uncertainty, as well as three contingent liabilities as disclosed in note 20 to the financial statements that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due.

Letter of Support

Given the above, consistent with the prior year, the Shareholder has provided a Letter of Support which has been relied upon by the Board when making its assessment as to whether the Group remains a going concern. The letter confirms that the Shareholder intends to continue to provide financial support to the Group to enable it to meet its liabilities as they fall due for a period of no less than 15 months from the date of approving the 2024/25 financial statements.

In addition, the Letter of Support makes clear that the Shareholder recognises that the Group faces other financial risks (including certain taxation-related risks and contingent liabilities) that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due and therefore has provided assurances that funding will be provided in respect of these matters. However, the Shareholder's Letter of Support does not constitute a financial guarantee and it includes certain caveats making it clear that certain funding may be subject to His Majesty's Treasury ("HMT") consent and the application of the Subsidy Control Act 2022 and consideration of the advisory outcome of the referral process to the Subsidy Advice Unit of the Competition and Markets Authority ("CMA"), where required. Whilst there is no indication that the necessary funding and support will not be forthcoming, the absence of guaranteed committed funding and support at the date of authorisation of the financial statements represents a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The financial statements do not include adjustments that would arise if the Group and Company were unable to continue as a going concern.

Further details regarding the going concern assessment and the associated significant judgements are included in note 1 of the Group financial statements.

Financial instrument risk

The exposure of the Group to market risk, credit risk and liquidity risk has been disclosed in note 17 to the financial statements.

Independent auditors

PricewaterhouseCoopers LLP was reappointed as auditor of the Group for financial year 2025/26 by the Board following a competitive tender in 2024.

Statement of Directors’ responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations

In the case of each director in office at the date the directors’ report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group’s and Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group’s and Company’s auditors are aware of that information.

Neil Brocklehurst
Chief Executive Officer
On behalf of the Board of Directors

(Company Number 2154540) 100 Wood Street, London, EC2V 7ER

28 November 2025

Independent auditors' report to the members of Post Office Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph below:

- Post Office Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 March 2025 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 March 2025; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for qualified opinion

The Group and Company (collectively the "Post Office") have recognised an aggregate provision in respect of the Horizon Shortfall Scheme of £671 million. This provision is subject to significant estimation uncertainty as a large proportion of this provision amount is based on an estimate made by the Directors of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled. Furthermore, Post Office has also recognised a deferred tax asset during the year of £151 million relating to tax losses and allowances that it expects to utilise against future trading profits, due to future Government funding for Remediation Matters being taxable whilst the related settlements are non-deductible, as described in Note 1 to the Consolidated Financial Statements (Critical accounting estimates and judgements in applying accounting policies). We have been unable to obtain sufficient appropriate audit evidence in relation to the estimate made by the Directors of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled, to support an unmodified opinion. Small and reasonable changes to the assumption made could lead to material changes to the value of the provision. Consequently, we have also been unable to obtain sufficient appropriate audit evidence in relation to the valuation of the associated deferred tax asset and the associated taxation charge the Consolidated Income Statement, as the estimated values are intrinsically linked.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 4 of the Consolidated Financial Statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

Without further modifying our opinion on the financial statements, we have considered the adequacy of the disclosure made in Note 1 to the Consolidated Financial Statements and Note 1 to the Company Financial Statements concerning the group's and the company's ability to continue as a going concern. For the Group and Company to continue to meet their liabilities as they fall due, continued funding and support is required from the Government. In particular, the Directors' base case assumes funding will be forthcoming in respect of certain exceptional and investment activities, including costs associated with running the Remediation Matters activities, and settling material taxation liabilities, none of which is contractually committed. Further, in a severe but plausible downside scenario in which this additional Government funding is not forthcoming, the Group and Company will breach the terms and covenants of its borrowing facilities with Government and exhaust those facilities within the going concern period, such that it will not be able to settle its liabilities as they fall due. Accordingly, the Directors have received written assurances from the Department for Business and Trade ('the Shareholder') of its intention to continue to support Post Office, such that it can settle its liabilities as they fall due. However, these assurances do not constitute a financial guarantee, and include certain caveats making clear that certain further required funding will be subject to His Majesty's Treasury ('HMT') consent and, where required, the application of the Subsidy Control Act 2022, and consideration of the advisory outcome of the referral process to the Subsidy Advice Unit of the Competition and Markets Authority ("CMA"), which is outside the control of the Shareholder. These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- assessing the base case budgets and cash flow forecasts prepared by management, including assessing historical forecasting accuracy and also assessing the severe but plausible downside scenario which includes a reduction in trading performance, and Government funding not being received for specific taxation related outflows, or Remediation Matters running costs. We challenged management on their assumptions, including on the severity of their modelled scenario, validating the mathematical accuracy of the model's calculations;
- reviewing the terms and covenants related to funding facilities, corroborating any waivers to signed agreements where these have been obtained;
- corroborating the existence of working capital facilities and committed Government funding to signed agreements;
- evaluating the Letter of Support received from the Shareholder, including considering any caveats and the impact of these on the material uncertainty;
- reviewing the extension to the Horizon IT system support contract signed with Fujitsu covering the going concern period which enables continued operational stability; and.
- reviewing the disclosures made in the Group and Company Basis of Preparation and the Directors' report regarding the material uncertainty.

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

Emphasis of matter - Estimation uncertainty in relation to the Overturned Convictions Provision

Without further modifying our opinion on the financial statements, we draw attention to the estimation uncertainty which is disclosed in relation to the valuation of the Overturned Convictions provision as explained in Note 1 to the Consolidated Financial Statements (Critical accounting estimates and judgements in applying accounting policies). Post Office has recognised a provision of £88 million related to outstanding Overturned Convictions liabilities. Although the Directors have based this provision on their best estimate, there is significant estimation uncertainty in determining the ultimate amount that will be payable. In particular the provision is highly sensitive to assumptions regarding the estimated value of each Overturned Convictions settlement where an offer has yet to be made or accepted as at the date of approval of these financial statements. Changes in this assumption could result in material changes to the valuation of the provision.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Except for the possible effects of the matters described in the Basis for qualified opinion paragraph above, we have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 30 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, except for the possible effects of the matters described in the Basis for qualified opinion paragraph above we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007, Data Protection Act, Employment law and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax laws. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance, management bias in determining significant accounting estimates and misappropriation of cash across the branch network. Audit procedures performed by the engagement team included:

- enquiring with management, internal audit and those charged with governance to understand the relevant laws and regulations applicable to the Group and Company, and their assessment of fraud related risks;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- identifying and testing journal entries using a risk-based targeting approach for unusual account combinations that could impact revenue and Trading Loss;
- challenging assumptions and judgements made by management in determining significant accounting estimates including Remediation Matters related provisions, IR35 liabilities, Branch Loss provision, and the assumptions within the property, plant and equipment and intangible impairment assessments;
- analysed cash in branch balances post year end to confirm appropriate movement and realisation of cash through the network;
- attended a sample of Branch cash counts and assessing the controls in place;
- performed unpredictable procedures specifically designed to address our identified fraud risks; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to the Horizon Shortfall Scheme ("HSS") provision and associated deferred tax asset recognition, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Chris Hibbs

Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
28 November 2025

Consolidated Income Statement

for the 52 weeks ended 30 March 2025 and 53 weeks ended 31 March 2024

	Note	**2025 £m**	2024 £m
Revenue from contracts with customers	2	**871**	912
Costs		**(906)**	(915)
Costs – investment spend	5	**(73)**	(59)
Costs – net exceptional items charge	4	**(266)**	(816)
Total costs		**(1,245)**	(1,790)
Funding for exceptional items	4	**525**	193
Investment Funding	5	**85**	130
Network Subsidy Payment		**88**	50
Depreciation and amortisation	4	**(10)**	(9)
Impairment of fixed assets	4	**(120)**	(143)
Reversal of fixed asset impairments	4	**-**	21
Profit on disposal of property, plant and equipment	4	**1**	24
Share of post-tax profit from joint venture	11	**23**	25
Operating profit / (loss)		**218**	(587)
Operating (loss) / profit before exceptional items	23	**(41)**	36
Finance costs	7	**(64)**	(25)
Profit / (loss) before taxation		**154**	(612)
Taxation (charge) / credit	8	**(62)**	198
Profit / (loss) for the financial year		**92**	(414)

For the financial year ended 30 March 2025, the Group's trading loss was £12 million (2024: £22 million trading profit).

Trading (loss) / profit is one of the Group's key financial measures and is calculated as operating profit / (loss) excluding exceptional items, funding for exceptional items, depreciation, amortisation, impairment, investment funding, investment spend, profit on disposal of fixed assets and Network Subsidy Payment. Further detail is given in note 23 – alternative performance measures.

Consolidated Statement of Comprehensive Income

for the 52 weeks ended 30 March 2025 and 53 weeks ended 31 March 2024

	Note	**2025** **£m**	2024 £m
Profit / (loss) for the financial year		**92**	(414)
Items that will not be reclassified to profit or loss			
Re-measurements on defined benefit surpluses	18	**2**	3
Total other comprehensive income		**2**	3
Total comprehensive income / (expense) for the year		**94**	(411)

Consolidated Statement of Cash Flows

for the 52 weeks ended 30 March 2025 and 53 weeks ended 31 March 2024

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Operating loss before investment spend, investment funding and exceptional items	24	**(53)**	(35)
Adjustment for:			
Share of post-tax profit from joint venture	11	**(23)**	(25)
Depreciation and amortisation	9,10	**10**	9
Impairment of fixed assets – net of reversals	9,10	**120**	122
Profit on disposal of property, plant and equipment	4	**(1)**	(24)
Pension defined contribution charge	18	**17**	16
Pension defined benefit administration charge	18	**1**	-
Other losses		**3**	3
Working capital movements:		**(31)**	(156)
Decrease/(Increase) in trade and other receivables		**55**	(73)
Decrease in trade and other payables		**(81)**	(95)
Increase in inventories		**(1)**	(1)
(Decrease)/Increase in trading provisions		**(4)**	13
Pension contributions paid		**(16)**	(15)
Income taxes paid		**(31)**	-
Net inflow/(outflow) in respect of investment spend and exceptional items:		**95**	(36)
Investment and other exceptional costs		**(548)**	(264)
Investment funding		**108**	90
Funding for exceptional costs		**535**	138
Net cash inflow/(outflow) from operating activities		**91**	(141)
Cash flows from investing activities			
Dividends received from joint ventures	11	**30**	29
Interest received		**2**	-
Proceeds from the sale of property, plant and equipment		**1**	25
Purchase of tangible non-current assets	10	**(67)**	(72)
Purchase of intangible non-current assets	9	**(51)**	(62)
Net cash outflow from investing activities		**(85)**	(80)
Cash inflow/(outflow) before financing activities		**6**	(221)
Cash flows from financing activities			
Finance costs paid		**(14)**	(12)
Lease capital	20	**(14)**	(9)
Lease interest	20	**(2)**	(3)
Fixed term loan repayments	15	**(5)**	(7)
Proceeds from sale and leaseback – rights retained		**-**	9
Net (repayment)/proceeds of borrowings from DBT	15	**(131)**	310
Net cash (outflow)/inflow from financing activities		**(166)**	288
Net (decrease)/increase in cash and cash equivalents		**(160)**	67
Cash and cash equivalents at the beginning of the year	13	**617**	550
Cash and cash equivalents at the end of the year	13	**457**	617

Consolidated Balance Sheet

at 30 March 2025 and 31 March 2024

	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	9	**34**	**38**
Property, plant and equipment	10	**6**	**6**
Investments in joint venture	11	**64**	**71**
Retirement benefit surplus	18	**-**	**1**
Trade and other receivables	12	**11**	**12**
Deferred tax asset	8	**154**	**202**
Total non-current assets		**269**	**330**
Current assets			
Inventories		**2**	1
Trade and other receivables	12	**376**	457
Current tax asset		**11**	-
Cash and cash equivalents	13	**457**	617
Total current assets		**846**	1,075
Total assets		**1,115**	1,405
Current liabilities			
Trade and other payables	14	**(599)**	(689)
Financial liabilities – interest-bearing loans and borrowings	15	**(618)**	(746)
Provisions	16	**(721)**	(441)
Total current liabilities		**(1,938)**	(1,876)
Non-current liabilities			
Other payables	14	**(37)**	(32)
Financial liabilities – interest-bearing loans and borrowings	15	**(34)**	(41)
Provisions	16	**(222)**	(666)
Total non-current liabilities		**(293)**	(739)
Net liabilities		**(1,116)**	(1,210)
Equity			
Share capital	19	**-**	-
Share premium	19	**590**	590
Accumulated losses		**(1,708)**	(1,802)
Other reserves	19	**2**	2
Total equity		**(1,116)**	(1,210)

The notes on pages 96 to 152 form an integral part of the consolidated financial statements.

The financial statements on pages 91 to 152 were approved by the Board of Directors on 28 November 2025 and signed on its behalf by:

N Brocklehurst - Chief Executive Officer

Consolidated Statement of Changes in Equity

for the 52 weeks ended 30 March 2025 and 53 weeks ended 31 March 2024

	Note	Share capital £m	Share premium £m	Accumulated losses £m	Other reserves £m	Total equity £m
At 1 April 2024		**-**	**590**	**(1,802)**	**2**	**(1,210)**
Profit for the year		**-**	**-**	**92**	**-**	**92**
Re-measurement on defined benefit surplus	18	-	-	**2**	-	**2**
At 30 March 2025		**-**	**590**	**(1,708)**	**2**	**(1,116)**

	Note	Share capital £m	Share premium £m	Accumulated losses £m	Other reserves £m	Total equity £m
At 27 March 2023		**-**	**590**	**(1,391)**	**2**	**(799)**
Loss for the year		**-**	**-**	**(414)**	**-**	**(414)**
Re-measurements on defined benefit surplus	18	**-**	**-**	**3**	**-**	**3**
At 31 March 2024		**-**	**590**	**(1,802)**	**2**	**(1,210)**

Notes to the Financial Statements

1. Material Accounting Policies

Financial year

The financial year ends on the last Sunday in March and for this reason these financial statements are made up for the 52 weeks ended 30 March 2025 (2024: 53 weeks ended 31 March 2024).

Basis of preparation

The Group financial statements on pages 91 to 152 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Unless otherwise stated in the accounting policies below, the financial statements have been prepared under the historic cost accounting convention.

The financial statements have been prepared on a going concern basis. This basis is predicated on the assumption that Government will continue to provide support to the Group as required. A material uncertainty has been identified in respect of this assumption, specifically in relation to the reliance placed on a Letter of Support from the Shareholder (Department for Business and Trade, “DBT”) regarding their intention to continue to provide the required financial support. Further details can be found in the going concern assessment on pages 97 to 101.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Post Office Limited is a private company limited by shares incorporated in England and Wales. The Company is incorporated and domiciled in the United Kingdom. The Group consolidated financial statements are presented in sterling and all values are rounded to the nearest £ million except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings as at 30 March 2025 (together ‘the Group’). Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. A separate set of financial statements has been prepared for Post Office Management Services Limited (subsidiary, registered address: 100 Wood Street, London, EC2V 7ER) for the 52 weeks ended 30 March 2025. Payzone Bill Payments Limited (subsidiary, registered address: is C/O Grant Thornton Uk Advisory & Tax LLP 11th Floor Landmark St Peter's Square 1 Oxford St, Manchester, M1 4PB) did not file a separate set of financial statements for the 52 weeks ended 30 March 2025. This is due to the appointment of a voluntary liquidator post year-end, after the net assets and trade were hived-up to its parent, Post Office Limited in May 2024, with the expectation that the entity will complete its liquidation proceedings during 2025/26.

The year-end dates of these subsidiaries are in line with the Company’s. The subsidiaries use consistent accounting policies and their results have been consolidated into the Group financial statements. All intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

New and amended standards

New standards and interpretations adopted

The following accounting standards and interpretations became effective for the current reporting period:

- Amendment to IAS 1 - Non-current liabilities with covenants
- Amendment to IFRS 16 - Leases on sale and leaseback
- Amendment to IAS 7 and IFRS 7 - Supplier finance
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2024);
- Amendments to FRS 101 Reduced disclose framework

The introduction of these standards has not had a material effect on the net assets, results and disclosures of the Group.

New and revised standards and interpretations not applied

There are a number of new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025)
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2026)
- Annual improvements to IFRS – Volume 11 (effective 1 January 2026)
- Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (effective 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027); and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027).

Except for IFRS 18 ‘Presentation and Disclosure in Financial Statements,’ no accounting standards or interpretations have been issued which have an effective date after the date of these financial statements that the Group reasonably expects to have a material impact on the disclosures, financial position, or performance of the Group. At the date of approval of these financial statements, the assessment of the impact of IFRS 18 remains ongoing.

Basis of preparation – going concern (material uncertainty)

Having reviewed the expected future cash flows and given careful consideration to the likelihood of the continued support of Government, the Directors are satisfied that the Group (being the group of companies headed by Post Office Limited) will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In forming this conclusion, the Board has placed significant reliance on a Letter of Support provided by its Shareholder (Department for Business and Trade, “DBT”), details of which are outlined below.

In assessing the Group’s ability to continue as a going concern, the Board has considered the Group’s financial forecasts for a 15 month period from the date of approval of these financial statements (“the going concern period”). This assessment takes into account the Group’s business activities, the current and anticipated economic environment, the principal risks and uncertainties, as well as future trading developments. In doing so, two core scenarios have been assessed as part of this process:

Firstly, a base case scenario - which assumes that Government funding is received to cover activities - is described below. It also assumes that future funding not contractually committed at the point of approving these financial statements, but included in the Letter of Support, will be forthcoming. Under the base case scenario, the Group maintains compliance with its Security Headroom covenant (which is a restrictive covenant within the Working Capital Facility provided by its Shareholder) and sufficient liquidity is available throughout the going concern period via this Working Capital Facility.

Secondly, a severe but plausible downside scenario - which models a deterioration in trading performance reflecting lower demand across key product categories, delays in delivery of commercial initiatives, and sustained inflationary and cost-of-living pressures impacting consumer behaviour. This downside also assumes that funding not contractually committed at the point of approving these financial statements, being funding for running the Remediation Matters activities and settling potentially material taxation matters, is not received. In addition, it also assumes that certain unfunded contingent liabilities become payable within the going concern period.

Under this severe but plausible downside scenario, the Group forecasts breaching its Security Headroom covenant part way through the going concern period. Moreover, the Working Capital Facility itself would need to be used for purposes other than that for which it was originally intended, being short-term liquidity, and would also become fully exhausted towards the end of the going concern period, resulting in the Group being unable to meet its liabilities as they fall due. This scenario demonstrates that without additional funding and support being provided by Government to fund certain exceptional and investment activities, including the costs to run the Remediation Matters activities and settle potentially material taxation liabilities, the Group would be unable to meet its liabilities as they fall due.

Given the above, consistent with the prior year, the Shareholder has provided a Letter of Support which has been relied upon by the Board when making its assessment as to whether the Group remains a going concern. The letter confirms that the Shareholder intends to continue to provide financial support to the Group to enable it to meet its liabilities as they fall due for a period of no less than 15 months from the date of approving the 2024/25 financial statements. In addition, the Letter of Support makes clear that the Shareholder recognises that the Group faces other financial risks (including certain taxation-related risks and contingent liabilities) that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due and therefore has provided assurances that funding will be provided in respect of these matters.

However, the Shareholder's Letter of Support does not constitute a financial guarantee and it includes certain caveats making it clear that certain further required funding will be subject to HMT consent and the application of the Subsidy Control Act 2022 and consideration of the advisory outcome of the referral process to the Subsidy Advice Unit of the CMA, where required. Whilst there is no indication that the necessary funding and support will not be forthcoming, the absence of guaranteed committed funding and support at the date of approval of the financial statements represents a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The financial statements do not include adjustments that would result if the Group were unable to continue as a going concern.

Government has for many years provided what may be termed 'traditional funding', in the form of Network Subsidy Payments to fund loss-making branches that the Group is required to operate in line with Government requirements, and investment funding, being funding for critical investment activities in the business.

As a result of the reducing profitability that has been seen in recent years at the trading level, with continued inflationary cost pressures, subdued economic growth, and changing consumer behaviour, the Group has become increasingly reliant on this Government funding to run a Network in line with Government requirements.

For the purposes of the going concern assessment, this element of Government funding is considered to be in place throughout the assessment period. Funding of £83 million is in place for 2025/26 and is contractually committed, while further funding for 2026/27 has been confirmed through the 2025 Spring Spending Review ("Spending Review") but is not yet contractually committed. The 2026/27 allocation remains subject to approval by DBT, HMT, subject to the requirements of the Subsidy Control Act 2022 and referral to the CMA.

The second element of 'traditional funding' has historically been known as investment funding. From 2025/26, this funding has been replaced by funding for 'Future Technology' and 'Transformation Plan'. While funding has been provisionally set aside for both elements as part of the Spending Review, drawdowns are subject to formal business case processes, with approval required by DBT, HMT, subject to the requirements of the Subsidy Control Act 2022 and referral to the CMA. See separate section on Horizon support and technology replacement.

In addition to this traditional funding, the Group has other 'exceptional funding' commitments in place from

Government which help to support ongoing exceptional costs, in particular funding redress payments to impacted postmasters in relation to Remediation Matters. Where required, these funding commitments have been updated to ensure adequate funding is in place for the going concern period or until the provisions are expected to be fully utilised, whichever is the earlier. The following agreements are contractually committed and in place at the time of approving these financial statements:

- HSS: A discounted provision of £671 million has been retained in 2024/25 (2024: £814 million). The undiscounted value and hence the remaining expected cash outflows total £693 million. Government has extended its commitment to fund assessed HSS settlement costs up to £339 million in aggregate, in line with previous years, with the commitment period now running to 31 March 2027. In addition, following the introduction of the £75,000 Fixed Sum Offer during 2023/24, Government has provided an uncapped commitment to fund all future Fixed Sum Offers, also extended to 31 March 2027. As outlined in the critical accounting estimates section on pages 101 and 102, significant estimation uncertainty around this provision balance remains, however the level of funding agreed is expected to be sufficient.

- OC: A discounted provision of £88 million (2024: £121 million) has been retained at 30 March 2025 in respect of compensation and related costs for individuals whose convictions have been overturned by the courts and individuals who were not postmasters and were prosecuted but not convicted or received a formal caution. The undiscounted value and hence the remaining expected cash outflows total £91 million.

  In June 2025, responsibility for administering the OC scheme formally transferred to the DBT and this is dealt with under the HCRS scheme going forwards. Although DBT has assumed operational responsibility for these claims, the Group retains the present legal obligation for OC liabilities and therefore continues to recognise the OC provision in accordance with IAS 37.

  In 2022/23, Government committed up to £780 million to fund OC redress payments, a level that exceeds the Group's current estimated liability over the life of the scheme, and at the point of signing this remains in place with no fixed end date. It is anticipated that the funding will not be required as the Shareholder is settling the liabilities directly with the claimants through the HCRS scheme.

  The Letter of Support issued by DBT confirms DBT's responsibility to settle OC related claims now being processed through HCRS. It further confirms that the Group will not be required to bear the cost of such claims and should any OC liabilities not be settled under the HCRS scheme, it states that DBT will work with the Group to ensure it has access to sufficient funding to meet those liabilities. Based on these assurances, management considers that any potential change to the funding arrangement does not create a material risk, over and above the disclosed material uncertainty, to the Group's ability to continue as a going concern. As outlined in the critical accounting estimates section on pages 102 to 103, significant estimation uncertainty around this provision balance remains.

  Further to the Post Office (Horizon System) Offences Act 2024 and the Post Office (Horizon System) Offences (Scotland) Act 2024 which resulted in the mass overturning of Horizon related convictions in England, Wales, Northern Ireland and Scotland, Government is providing redress directly to those postmasters exonerated under the Acts and as such no liability is, or has previously been, recognised by the Group in respect of those postmasters.

- SRR: A provision of £10 million has been retained in 2024/25 (2024: £28 million). Government has agreed to fund up to £116 million in relation to SRR claims. The funding agreement is in place until 31 March 2027. As outlined in the other areas of judgement and accounting estimates section on page 105, uncertainty around this provision balance remains, however the Directors believe the level of funding agreed is expected to be sufficient.

- PPR: A provision of £12 million has been retained in 2024/25 (2024: £18 million) in relation to PPR settlements. Government has agreed to fund up to £81 million in relation to PPR claims. The funding agreement is in place until 31 March 2027. As outlined in the other areas of judgement and accounting estimates section on pages 105 and 106, uncertainty around this provision balance remains, however the Directors believe the level of funding agreed is expected to be sufficient.

In addition to the above redress payments, the Board expects that additional funding will be required in relation to additional exceptional costs, both related to Remediation Matters and otherwise. These additional funding requirements, along with the current status of funding agreements, are detailed below and have been carefully considered in the Directors' assessment of the going concern position.

Remediation Matters and POHIT Inquiry operational costs

Until March 2023, the Group funded the operational running costs of the Remediation Matters activities, including HSS, OC, SRR and PPR and the Group's support for the POHIT Inquiry. These activities are recognised as being fundamental in righting the wrongs of the past, ensuring learnings can be taken forward with the objective of preventing similar issues arising in the future and in some cases meeting legal requirements.

It was not, however, envisaged, when the activities began, that the operation and support would take as long or cost as much as they have and will. The continued development of the Remediation Matters activities, alongside the POHIT Inquiry running for longer than anticipated, has led to a significant increase in costs. While these costs are expected to reduce year on year as the POHIT Inquiry completed its final hearings in 2024/25 and the remediation schemes reach conclusion, associated costs are expected to remain significant throughout the going concern period.

The Group has been granted specific Government funding to the end of 2025/26 to meet these costs, as it is not able to fund them from its own resources. Funding beyond 2025/26 is not currently contractually committed, with discussions continuing between the Group and its Shareholder. However, the Directors' going concern assessment assumes that funding in relation to these matters will continue to be provided, subject to ongoing operational agreements being met, with the assumption supported by the Letter of Support provided by the Shareholder.

Horizon support and technology replacement

During the year, management discontinued the existing Horizon replacement strategy, with a new approach agreed shortly after the balance sheet date. The Group is now refining its updated technology strategy, which includes the long-term replacement of the Horizon system. This programme is fundamental to the Group's future operations and to ensuring the lessons from the past are fully embedded. Given the scale and complexity of the Network and the services it supports, the development and rollout of the new technology platform will take several years to complete.

Development activity of this nature would historically have been funded through the Government's traditional investment funding. However, due to the scale of this programme and other business requirements, investment funding has been discontinued and a separate funding arrangement - Future Technology Funding - announced as part of the Spending Review. Significant funding has been provisionally set aside for this purpose through to 2028/29; however, this is not contractually committed beyond 2025/26 and remains subject to the formal business case approval process, approval by DBT, HMT, the requirements of the Subsidy Control Act 2022, and referral to the CMA.

As plans for the replacement programme continue to develop, discussions with Government regarding funding drawdowns are ongoing. The Directors' assessment assumes that Government will continue to provide the necessary financial support to enable these activities to proceed, as supported by the Letter of Support from the Shareholder.

At the point of approving these financial statements, the support contract with Fujitsu, who manage the Horizon IT system, has been extended to 31 March 2027. This extension ensures the provision of appropriate support services throughout the going concern period. Work is ongoing to move away from Fujitsu and move off the Horizon system as soon as possible.

Taxation related liabilities

A provision of £101 million (2024: £72 million) has been retained at the balance sheet date for additional tax and penalties the Group may incur as a result of potential historical inaccuracies associated with employment legislation (IR35).

Furthermore, the Group anticipates continuing making taxable profits during the going concern period, driven principally by the taxation treatment of Remediation Matters funding and redress payouts. Notwithstanding the deferred tax asset recognised in relation to taxation losses and allowances carried forward, these matters could result in significant cash outflows during the going concern period.

The Group is reliant on the financial support of Government to meet these liabilities as they fall due which the Shareholder recognises and has stated within its Letter of Support that it will work with the Group to ensure these liabilities can be met. However, with the exception of corporation tax liabilities funding relating to 2024/25 and 2025/26, this support is not contractually committed.

Contingent liabilities

The Group has disclosed three contingent liabilities which may or may not result in material cash outflows during the going concern period, should a liability crystallise. The first relates to legal proceedings brought by one of the 555 Group Litigation Order claimants, against Post Office Limited. The second relates to potential additional liabilities that may arise as work on Remediation Matters progresses and as the POHIT Inquiry presents its final findings and recommendations. The third relates to the anticipated IR35 settlement with HMRC, for which a suspended penalty is expected. This is likely to include conditions requiring the Group to demonstrate ongoing compliance.

The Shareholder recognises these potential cash outflows and has stated within its Letter of Support that it will work with the Group to ensure that these liabilities can be met should they fall due, however this is not contractually committed.

Working Capital

The Group is restricted in its ability to seek financing from sources outside of Government. As such the Group has significant reliance on Government to continue to provide sufficient financing facilities. During the financial year, the Shareholder agreed to extend the term of both the £950 million Working Capital Facility and the £50 million Same Day Facility for a period of 3 years, with the facilities contractually approved now expiring on 31 March 2028. The Group did not need to utilise the £50 million Same Day Facility at any point during the financial year up to the point of signing these financial statements.

Critical accounting estimates and judgements in applying accounting policies

The Group makes certain estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors. In the future, actual experience may differ from these estimates and assumptions.

In addition, the Group has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. The most significant areas where judgements and estimates are made, and which will most likely have a significant effect on the amounts recognised in the financial statements in the next 12 months, are outlined below.

Critical accounting estimates:

Horizon Shortfall Scheme

In December 2019, Post Office reached an out-of-court settlement with the claimants in the High Court proceedings which were being conducted under the Group Litigation Order dated 22 March 2017. As part of this settlement, Post Office agreed to establish a remediation scheme open to postmasters who had not participated in the litigation but who had experienced similar issues relating to shortfalls associated with previous versions of the Horizon system. This scheme is referred to as the Horizon Shortfall Scheme or HSS. The agreement to establish this scheme was deemed to be a triggering event on which to recognise a provision in the 2019/20 financial statements, and the scheme formally launched on 1 May 2020.

A provision of £671 million (2024: £814 million) has been retained which represents the present value of the estimated payments to be made under the HSS. A provision increase of £187 million (2024: £781 million) was recognised during 2024/25, primarily reflecting a higher expected number of eligible claimants following the extension of the qualifying tenure date to September 1996 and the expansion of mail-outs to encourage all eligible postmasters to come forward. During 2024/25, £345 million (2024: £58 million) of payments were made resulting in utilisation of the provision.

The provision retained represents the present value of management's best estimate of the future payments expected to be made under the scheme. The provision requires a number of significant estimates and assumptions including: the potential scale of eligible claimants who are expected to respond to the mass mail-outs; the proportion of claimants expected to accept the Fixed Sum Offer of £75,000 versus submitting a full assessment claim; and the average settlement value of claims that are not expected to accept the Fixed Sum Offer. Additional uncertainty stems from the evolving nature of the scheme, including the decision by Government and POL to close the scheme to new applications on 31 January 2026.

Management has assumed an overall response rate of approximately 31% to the ongoing mass mailout (2024: 25%–30%) based on the latest run rate adjusted trajectory currently being observed, when factoring in all relevant information such as the announced closure of the scheme to new applicants. Since the introduction of the Fixed Sum Offer, approximately 97% are accepting the Fixed Sum Offer, and across the life of the scheme it is anticipated that Fixed Sum Offers will represent around 99% of all accepted applications. These assumptions remain subject to significant uncertainty and consequently the eventual outcome may differ materially from the amount provided.

Analysis performed over the assumptions used indicates a wide range of possible outcomes which could materially impact the financial statements. If the expected number of claimants to come forward increased/decreased by 5%, as compared to the number assumed in arriving at the provision calculation, the provision would increase/decrease by £13 million. Further, if the estimated average payment value per remaining unaccepted or potential claim, excluding those that are expected to accept the Fixed Sum Offer, increased / decreased by 5%, as compared to the average value assumed in arriving at the provision calculation, the provision would increase/decrease by £7 million.

Government has confirmed it will provide sufficient financial support to Post Office to ensure that the scheme can continue, including its intention to fund the expected running costs of the scheme beyond the balance sheet date based on current expectations of the potential cost. As outlined above, significant uncertainty around the provision balance remains, however it is believed that the level of funding agreed should be adequate, assuming the Government continue to provide financial support. See the going concern section on pages 97 to 101 for further details surrounding Government support.

Overturned Convictions

A provision of £88 million (2024: £121 million) has been retained in respect of OC which represents the present value of the estimated remaining payments for the 111 convictions that have been overturned to date by the courts, and the estimated number of individuals who may come forward who were not postmasters and were prosecuted but not convicted or received formal caution. This represents management's latest and best estimate of the most likely outcome of the potential future payments associated with civil claims which have been and may be received, assessed across the whole population of potential claimants. The provision requires a number of significant estimates and assumptions by management, with the level of estimation risk increased as a result of the complexity of the remaining claims yet to be settled and the number of individuals who were prosecuted, but not convicted, for which redress may be provided. It also takes into account settlements made to date.

Given the spread of potential claim values, and the uncertainty around the number of individuals for which redress will be provided where they were prosecuted, but not convicted or received a caution, there is a significant level of estimation uncertainty. In estimating the provision, management has made two key estimates: the number of claimants to whom payment will be made (a fixed number for overturned convictions, with Government providing redress for all those impacted by the Post Office (Horizon System) Offences Act 2024, but not fixed for those prosecuted but not convicted or cautioned) and the potential average value of payments to be made. The assumptions used are subjective, but represent management's best estimate using the information available, details of settlements and offers made to date and the impact of any decisions and announcements with regards to the process including Government announcements.

The potential outcomes are wide ranging, with analysis indicating the provision could increase or decrease by a material level if key assumptions were altered and could have a further highly material impact on the financial statements. A 10% change in the average level of redress expected per the provision estimate, excluding those who have accepted an offer, would increase / decrease the provision by £9 million. In accordance with paragraph 92 of IAS 37, detailed information in respect of the key assumptions underpinning this provision as required by the standard has been excluded on the grounds that the Directors consider that it would be seriously prejudicial to individual settlement discussions which need to take place on a case-by-case basis.

During 2024/25, £28 million (2024: £26 million) of payments were made resulting in utilisation of the provision and recognition of funding being recognised through exceptional items, as presented in note 4.

Although administration of the OC scheme transferred to DBT in June 2025, the Group retains the present legal obligation for OC liabilities and therefore continues to recognise the provision. Government previously committed up to £780 million to fund OC redress payments, an amount that exceeds the Group's current estimated liability over the life of the scheme. Discussions with DBT are ongoing and may result in the funding commitment being withdrawn now that DBT is administering claims directly. See the going concern section on pages 97 to 101 for further details surrounding Government support.

The costs of operating the above schemes (HSS and OC) are not included within the provisions and are expensed through the income statement as incurred.

Key assumptions used in impairment tests for non-current assets

The Group assesses whether there are any indicators of impairment for all non-current assets at each reporting date as well as if events or changes in circumstances indicate that the carrying value may be impaired. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance compared to historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy of the overall Group; and
- Significant negative micro- or macro-economic trends.

Where appropriate, an impairment loss is recognised in the income statement for the amount by which the carrying value of the asset or cash generating unit ("CGU") exceeds its recoverable amount. The recoverable amount is determined based on the higher of an asset or CGU's value in use and, where supportable, fair value less cost of disposal ("FVLCOD").

The assessment requires the use of significant estimates in regards to forecast cash flows. Board-approved cash flow projections which cover the period to March 2026 have been used as the basis of the value in use calculation. Cash flows have been extended a further two years to March 2028, based on current observable trends and management expectations, removing any significant one-off items. Where applicable, cash flows beyond this period are extrapolated using estimated growth rates. Based on both internal and external factors, the estimated growth rate used in the current year assessment is nil (2024: nil). Where an individual asset included in the CGU can be supported independently by its FVLCOD, that asset would not be impaired below its FVLCOD.

The analysis performed indicates the carrying value of the assets of the Post Office Limited CGU exceed the recoverable amount based on the forecast loss-making position and the level of required capital expenditure to maintain the current asset base, when ignoring investment plans and future capital expenditure that will improve or enhance the CGU, which have been excluded from the value-in-use calculation in accordance with IAS 36. Consequently, a partial impairment of the CGU has been recognised, incurring an impairment charge of £120 million (2024: £132 million) in the year. This includes £45 million (2024: £48 million) related to intangible assets and £75 million (2024: £84 million) related to property, plant and equipment. The joint venture investment and freehold land and buildings, which are part of the CGU, have not been impaired on the basis that the FVLCOD of these individual assets exceeds the carrying value. No other assets are deemed to have a FVLCOD. Refer to notes 9, 10 and 11 for further details.

While the decision to change the Horizon replacement strategy was taken during the year, constituting an impairment trigger, work remained ongoing at the balance sheet date to determine which elements of the existing programme could continue to be used or repurposed within the revised strategy and therefore continue to generate future economic benefits. Accordingly, these assets were included within the wider CGU impairment assessment at the balance sheet date.

Non-current assets in scope of IAS 36, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. There was no reversal of previously recognised impairments in relation to fixed assets during the year (2024: £21 million reversal).

Actuarial assumptions

The costs, assets and liabilities of the pension operated by the Group are determined using methods relying on actuarial estimates and assumptions.

The pension figures are particularly sensitive to changes in assumptions for discount rates, mortality and inflation rates. The Group exercises its judgement in determining the assumptions to be adopted, after discussion with its Actuary and in accordance with published statistics and experience. Refer to note 18 for details of the key assumptions and sensitivity analysis performed.

Pension liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term. Judgement has been applied in determining that for these purposes a high-quality corporate bond constitutes AA rated or equivalent status bonds.

Recognition of deferred tax assets

The Group's deferred tax assets are recognised to the extent that taxable profits are expected to arise in the future against which tax losses and allowances can be utilised. After assessing all available evidence, both positive and negative, it has been determined that future taxable profits are more likely than not. The primary driver of these projected future taxable profits is the non tax deductible nature of Remediation Matters related settlements and the taxable nature of the associated funding from Government, notwithstanding the significant estimation uncertainty associated with these items, outlined in this report. Current forecasts indicate that these losses and allowances will be utilised over the next two years. Consequently, a deferred tax asset of £154 million (2024: £202 million) has been retained in the Group financial statements of which £151 million (2024: £199 million) is recognised in the Company financial statements and £3 million (2024: £3 million) in Post Office Management Services Limited.

In compliance with IAS 12 Income Taxes, the Group assesses the recoverability of its deferred tax assets at each period end. Sensitivities have been run on the same basis as the Remediation Matters related provisions, with a 10% change being considered a reasonably possible change for the purposes of sensitivity analysis. A 10% increase or reduction in settlement funding would result in a £10 million movement in the deferred tax asset currently recognised.

Critical accounting judgements:

Cash generating units ("CGU")

Post Office has determined that it has two CGUs: Post Office Limited and Post Office Management Services Limited. Post Office Management Services Limited is a standalone business with an identifiable asset base and therefore are deemed to be separate CGUs. Post Office runs a national network of branches which provide a distinct retail offering, resulting in a fluid customer base across the network such that if one branch were to close, the customer base is expected to migrate to another, resulting in no overall cash flow impact to the network. Government access criteria, which includes the requirement for Post Office to have branches within

3 miles of 99% of the UK population, amongst other things, drives the unique spread and reach of the network such that loss-making branches form part of the network. In return, Post Office receives the Network Subsidy Payment to partially offset these losses, however the subsidy is not branch-specific, demonstrating that Post Office operates as a national network. In addition, the majority of owned assets are central assets to support the functioning of the network as a whole, with individual branch assets and those assets that can be allocated to a branch on a reasonable and consistent basis, being immaterial. As such the Post Office Limited network as a whole is deemed to be one CGU.

Going concern assumption

A key judgement is required as to whether support will be provided by Government to a level which allows the Group to settle its liabilities as they fall due, incorporating potential future cash outflows in respect of significant one-off items which may or may not occur. The judgement that support will be provided by Government, to the extent no formal guarantees are in place, has been made by management, as outlined within the going concern section from page 97 to 101, and fundamentally impacts the going concern decision made.

Other areas of judgement and accounting estimates:

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. The other areas of judgement and accounting estimates are:

Suspension Remuneration Review

Before March 2019, postmasters did not receive remuneration during the period of any contract suspension. This was deemed an unfair contract term in the Common Issues Judgment and Post Office has subsequently changed this policy, resulting in postmasters being remunerated during a period of suspension.

A provision of £10 million (2024: £28 million) has been retained at the balance sheet date in respect of non-payment of postmaster remuneration during periods of suspension, redressed in the SRR. This represents management's best estimate of the potential future payments to eligible postmasters whose contracts with Post Office Limited were suspended before March 2019. A number of estimates and assumptions have been made in deriving the accounting provision. The primary estimates are the number of eligible postmasters who may receive a payment and the average value of such potential payments.

With £9 million (2024: £6 million) of settlements made in the year, the scheme is now well progressed. In light of the Government announcement that the scheme will close to new applications on 31 January 2026, events and patterns have arisen which have led management to reassess the estimated response rate for potential claimants. The number of expected cases has reduced, resulting in a reduction in the provision. However, the assumptions made remain subjective and therefore the eventual outcome could vary from that which has been estimated. In accordance with paragraph 92 of IAS 37, detailed information in respect of the key assumptions underpinning this provision as required by the standard has been excluded on the grounds that the Directors consider that it would be seriously prejudicial to individual settlement discussions which need to take place on a case-by-case basis.

Government has committed to providing funding for settlement payments through to 31 March 2027 up to a maximum of £116 million. The funding will be recognised at the point the settlement amount becomes virtually certain being when an offer is accepted. See the going concern section on pages 97 to 101 for further details regarding the funding position.

Post Office Process Review

As part of ongoing internal reviews into Post Office's products, policies and processes following the Common Issues Judgment, it has been identified that some of these may have detrimentally impacted some postmasters financially because of the way they were designed or delivered. On 8 November 2023, the Group announced on its corporate website that it planned to establish a process to provide redress to postmasters affected. On the same date the Government announced its intentions to support Post Office with funding to cover the cost of redress to postmasters affected.

A provision of £12 million (2024: £18 million) has been retained at the balance sheet date. PPR encompasses a range of products, policies and processes, with redress activities at a relatively early stage. Consequently, this introduces estimation uncertainty. A number of estimates and assumptions have been made in deriving the accounting provision. The primary estimates are the number of postmasters who may receive a payment and the average value of such potential payments for the impacted products, policies and processes identified. In accordance with paragraph 92 of IAS 37, detailed information in respect of the key assumptions underpinning this provision as required by the standard has been excluded on the grounds that the Directors consider that it would be seriously prejudicial to individual settlement discussions which need to take place on a case-by-case basis.

Government funding to cover payments made in respect of PPR is in place until 31 March 2027, up to a maximum of £81 million. The funding will be recognised at the point the settlement amount becomes virtually certain being when an offer is accepted. See the going concern section on pages 97 to 101 for further details regarding the latest funding position.

The costs of operating SRR and PPR are not included within the provisions and are expensed through the income statement in exceptional items as incurred.

Branch losses provisions

A provision of £15 million (2024: £19 million) has been retained at the balance sheet date. The Group recognises provisions in respect of estimated levels of missing cash and stamps in the branch network which are unidentified as at the balance sheet date, as is common business practice for any retailer. The provision includes an estimate for missing stamp stock, which is held by branches but not owned by the Group and therefore are not recognised as inventory on the balance sheet. However, where such losses occur, the financial liability rests with the Group. As these missing items are unidentified and the levels of cash, stock and stamps held across the branch network are highly material, there is an element of estimation uncertainty within the provision. Refer to note 16 for further details.

CGU impairment review – network subsidy payments

The Network Subsidy Payment ("NSP") is received from Government to contribute to the costs of Post Office making available the network of public post offices that the Secretary of State for DBT considers appropriate. The Post Office Limited CGU impairment review assumes continued provision of the NSP by Government, into perpetuity, in order to maintain the network despite this not being contractually committed.

Off-payroll working (IR35)

HMRC are conducting a review of Post Office's off-payroll working arrangements. A provision of £101 million (2024: £72 million) has been retained. After considering views presented by HMRC during the year and the scale of contractors used by Post Office historically to primarily support change and exceptional activity, it is probable that a cash outflow will occur. In determining the amount provided, management has considered the latest views presented by HMRC and the Shareholder. HMRC have set out their latest estimated position, and, taking into account ongoing funding discussions with the Shareholder, the Group has aligned its provision with this view. This provision comprises the lost tax and associated interest.

HMRC have indicated that penalties will be suspended, and therefore no penalty amount has been recognised. Should a suspended penalty arise, the conditions associated with the suspension would be expected to be achievable and within the Group's control. However, the conditions would create a possible obligation in the event of non-compliance. As the likelihood of any cash outflow is assessed as possible but not probable, no provision has been recognised. The matter is disclosed as a contingent liability in note 20.

Settlement of the matter is currently expected during 2025/26.

Other accounting policies:

Revenue from contracts with customers

The Post Office business is organised into four strategic commercial pillars:

Mails

Mails

The Group provides Mails support services to Royal Mail, Parcelforce, DPD, Amazon and Evri. Each Mails product and service has an associated transaction price. The transaction price may vary due to the volume transacted in the period. Revenue from providing Mails support services is recognised in the accounting period in which the services are rendered. Post Office is the agent for Mails revenue.

Retail, Government & Identity Service

Retail

The Group acts as a selling agent and earns commission on the sale of gift vouchers. The transaction price is a contractual commission rate, which is based on the value of sales in the period. Revenue from the sale of gift vouchers is recognised in the accounting period in which these sales are made. In 2023/24 lottery products were sold with revenue recognised in line with gift vouchers. Lottery products ceased in January 2024.

Government Services

Government services are provided under contract to Government departments, such as the DWP, DVLA and the Home Office. Each Government service has an associated transaction price. Revenue is recognised in the accounting period in which the services are rendered and is based on the transaction price multiplied by the volume of each service provided in the period. Post Office is the agent for Government Services revenue.

Identity Services

Each Identity service has an associated transaction price. Revenue is recognised in the accounting period in which the services are rendered and is based on the transaction price multiplied by the volume of each service provided in the period. Post Office is the agent for Identity Services revenue.

Banking Services & ATMs

Banking Services and ATMs

Through the Banking Framework Agreement, the Group provides over-the-counter banking services, such as withdrawals, deposits and balance enquiries, on behalf of banks. A transaction price is associated with each banking service provided. Revenue is recognised in the accounting period in which the services are rendered and is based on the transaction price multiplied by the volume of each service provided in the period. Post Office is the agent for Banking revenue. In addition, the Banking Framework Agreement provides a fixed-fee element based on activity levels over a 12-month rolling period. Accrued income (a contract asset) is recognised until amounts earned are invoiced.

Financial Services, Insurance, Travel Money & Payment Services

Financial Services

Financial Services products include mortgages, credit cards, savings, travel and banking. The Group earns commission on the sale of these products. The transaction price is a contractual commission rate. This commission rate varies by product and is based on volume or value of products sold in the period as well as the channel of sale, for example online or through the branch network. Revenue is recognised in the accounting period in which the new products are sold. Post Office is the agent for Financial Services revenue.

Insurance

Through its subsidiary, Post Office Management Services Limited, the Group provides general and life insurance intermediation. The transaction price is a contractual commission rate. This commission rate varies by product and is based on the volume or value of products sold in the period as well as the channel of sale, for example online or through the branch network. Revenue is recognised in the accounting period in which the new products are sold. Post Office is the agent for Insurance revenue.

Payment Services

Payment services comprise bill payments. The transaction price is the fee that the Group earns for each bill paid in a branch. Revenue from bill payments is recognised in the accounting period in which the service is rendered and is based on the transaction price multiplied by the volume of bill payments in the period.

Transactional Services (including Travel Money and International Money Transfer*)*

Transaction Services comprise travel money, MoneyGram (ceased during 2024/25), Western Union and Postal Orders. Revenue is recognised in the accounting period in which the services are rendered and is based on the transaction price multiplied by the volume of each service provided in the period. Post Office is the agent for Payment and Transactional Services revenue. In some instances, Transactional Services related revenue is received in advance for a service due to be performed over a period of time. In these cases, the payment is initially recognised as deferred revenue (contract liability), with revenue recognised over the life of the contract, in line with the performance of the service.

Other revenue

Other revenue principally relates to supply chain revenue, predominantly relating to warehousing of Royal Mail stock and transporting high value mails. Revenue is recognised in the accounting period in which the services are rendered and is based on the contractual price agreed with the third party. Post Office is the principal for supply chain revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Accrued and deferred income (contract assets and liabilities)

Income is accrued on the balance sheet for goods and services for which control has transferred to the customer before consideration is due. Accrued income (contract asset) is reclassified as trade receivables when the right to payment becomes unconditional and we have invoiced the customer, because only the passage of time is required before payment is due. Banking, payment and transactional services attract material amounts of accrued income (contract asset).

Deferred income (contract liability) is recognised when we have received advance payment for goods and services that we have not yet transferred to the customer.

Network Subsidy Payment

The Network Subsidy Payment is received from Government and is recognised as other income to match the related costs of making available the network of public post offices that the Secretary of State for Business and Trade considers appropriate. The subsidy is recognised in the financial year in which it relates to. If the subsidy were to exceed the cost of making the network available, the excess would be repaid to Government and the associated income would be derecognised.

Exceptional items

Exceptional items are significant, one-off items which management consider require separate disclosure within the financial statements in order to enhance understanding of the financial performance of the Group. Exceptional items include legal fees and running costs for Remediation Matters and POHIT Inquiry, changes to Remediation Matters related provisions and an estimated cost for additional tax and penalties that the Group may incur as a result of historical inaccuracies related to employment legislation (IR35). Refer to note 4 for further details.

Exceptional funding

Funding received from Government to offset cash outflows to claimants as part of the Horizon Shortfall Scheme, Overturned Convictions, Suspension Remuneration Review and Post Office Process Review is recognised when the quantum for each specific claim settlement becomes virtually certain, being the point at which claims are accepted. Exceptional funding also includes funding for legal fees and running costs associated with

Remediation Matters and the POHIT Inquiry and is recognised when the associated costs are incurred on the basis that at that point the related funding becomes virtually certain. Funding for corporation tax liabilities directly related to the tax treatment of exceptional items is also recognised in exceptional funding. Refer to note 4 for further details.

Investment spend

Investment spend relates to costs associated with significant transformational activities which do not form part of the underlying trading of the business. Refer to note 5 for further details.

Investment funding

Investment funding is received from Government and recognised in the financial year it relates to. The funding is received for transformational activities.

Leases

The Group leases various offices, depots, branches, equipment and vehicles in accordance with IFRS 16.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted to their present value. In accordance with the terms of the lease contract, the Group may exercise extension or termination options as part of ordinary business operations.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Testing for impairment on right-of-use assets is performed on a CGU basis.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Taxation

The amount charged or credited as current income tax is based on the results for the year adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that have been enacted or substantively enacted by the balance sheet date.

Where tax returns remain subject to audit, a provision is made for uncertain tax items where the agreed amount could differ materially from management's estimates. Any such provisions are included within the relevant current and deferred tax carrying amount. See critical accounting estimates section for further details.

Deferred income tax assets and liabilities are recognised for all taxable and deductible temporary differences and unused tax assets and losses except:

- On the initial recognition of goodwill.
- On the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- On the taxable temporary differences associated with investments in subsidiaries and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date against internal profit forecasts to assess the likelihood of their utilisation.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the tax asset is realised or the liability is settled, based on tax rates that have been substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset related current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly to equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

OECD Pillar Two legislation was enacted in the UK on 11 July 2023. The Group is within the scope of Pillar Two for the financial year ending 30 March 2025. As a UK centric group, with an effective tax rate in excess of 15%, management do not expect any material impact from this legislation for year-ending 30 March 2025.

The Group has applied the IAS 12 exception and has not recognised or disclosed deferred tax assets and liabilities related to OECD Pillar Two income taxes in these financial statements.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Under IAS 7 section 22b, proceeds and repayments in relation to the short-term facility are shown as net in the Statement of Cash Flows.

Investments in joint ventures

Investments in joint ventures within the Group's financial statements are accounted for under the equity method of accounting. Under this method the investment is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the joint venture less any impairment in value. The income statement reflects the Group's share of post-tax profits from the joint venture. The joint venture is an integral part of the Group's operations.

Property, plant and equipment

Property, plant and equipment excluding freehold property, long leasehold property and land

Property, plant and equipment is recognised at cost, including attributable costs in bringing the asset into working condition for its intended use. After initial recognition, assets are held at cost less depreciation and any accumulated impairment charges. See pages 103 and 104 for impairment assessment policy.

These assets are depreciated on a straight-line basis over the following useful lives:

	Range of asset lives
Plant and machinery	3 – 15 years
Motor vehicles	3 – 12 years
Fixtures and equipment	3 – 15 years

Freehold property, long leasehold property and land

As with property, plant and equipment, this is recognised at cost, including attributable costs of bringing the asset into working condition for its intended use. These assets have a long useful life and a fair market value. They are depreciated on a straight-line basis over the following useful lives:

	Range of asset lives
Freehold land	Not depreciated
Freehold buildings	Up to 50 years
Long leasehold and short Leasehold	The shorter of the period of the lease, 50 years or the estimated remaining useful life

The remaining useful lives of freehold buildings are reviewed periodically and adjusted where applicable on a prospective basis. Where freehold property and long leasehold includes the fit-out of those properties, the fit-out is depreciated over its useful economic life in line with fixtures and fittings.

Assets in the course of construction are carried at cost, with depreciation charged on the same basis as all other assets once those assets are ready for their intended use.

Leased assets

Long leasehold, short leasehold, motor vehicles and plant and machinery categories include right-of-uses assets. Further detail is included in note 20.

Intangible assets

Intangible assets are stated at cost less accumulated depreciation and impairment.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;

- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. After initial recognition, assets are held at cost less depreciation and any accumulated impairment charges. See pages 103 and 104 for impairment assessment policy.

Research and development

Research expenditure and development expenditure that does not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Software-as-a-service ("SaaS") arrangements

The Group recognises costs incurred in the configuration, customisation and access of cloud-hosted SaaS arrangements in the income statement when the services are received. The Group may incur related costs for the development of software code that enhances the capability of Group controlled software which gives rise to a separately identifiable asset which the Group controls. Where such costs lead to future economic benefit and meet all other recognition criteria for an intangible asset as set out in IAS 38, they are recognised as intangible assets and amortised over the useful economic life of the software.

Intangible assets with a finite useful life:

Intangible assets acquired separately or generated internally are initially recognised at cost. They are amortised on a straight-line basis over the following useful lives:

	Range of asset lives
Software	3 – 6 years
Merchant relationships	5 – 10 years
Brands	15 years

Assets in the course of construction are carried at cost less any accumulated impairment charges, with amortisation commencing once the assets are ready for their intended use.

Goodwill

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is recognised at cost less any accumulated impairment losses. The Group's management undertakes an impairment review annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories include stationery and Royal Mint coin products and are carried at the lower of cost and net realisable value after adjusting for obsolete or slow-moving stock.

Trade receivables

Trade receivables are recognised and carried at original invoice amount. An allowance is made when collection of the full amount is no longer probable. The Group applies the simplified approach in accordance with IFRS 9 to measure this allowance for expected credit losses, grouping trade receivables based on shared risk characteristics and days past due. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand, including cash in the Post Office network and short-term deposits (cash equivalents) with an original maturity date of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents are as defined above, net of bank overdrafts.

The Group holds fiduciary cash balances, these are held on trust on behalf of third parties, see note 13 for details.

The Group holds cash under the Bank of England's Note Circulation Scheme ("NCS"), comprising of; Bond Facility Cash ("Bond") – this is cash that is permanently owned by the Bank of England ("BOE") and is stored in secure vaults at Post Office Limited cash centres; and the Note Recirculation Facility ("NRF") - this is cash that is held securely, either in Post Office NCS cash centres or in the branch network and that is sold to the BOE at the end of each day with a commitment from Post Office Limited to buy it back the next morning. NCS and NRF cash held is not recognised on the Group balance sheet. See note 22 for details.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, where material.

Pensions and other post-retirement benefits

Membership of occupational pension schemes are open to all permanent UK employees of the Group.

The Group is the principal employer of the Post Office Section of the Royal Mail Pension Plan ("RMPP"). RMPP defined benefit plan is closed to new members and closed to future accrual. All members of these plans are contracted out of the earnings-related part of the State pension scheme.

A Memorandum of Understanding was executed in 2016/17 which removed the unconditional right to refund from the RMPP. As a result of these events the surplus relating to this Plan was derecognised.

The pension assets of the defined benefit schemes are measured at fair value. Liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term.

Full actuarial funding valuations are carried out at intervals not normally exceeding three years as determined by the Trustees and actuarial valuations are carried out at each balance sheet date and form the basis of the surplus or deficit disclosed. When the calculation at the balance sheet date results in net assets to the Group, the recognised asset is limited to the present value of any future refunds of the plan or reductions in future contributions to the plan (the asset ceiling). As noted above, the RMPP Plan has been closed and no future refunds will be made to the Group.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Any deferred tax movement associated with the actuarial gains and losses is also recognised in the statement of comprehensive income. As the Group has no right to a future surplus in the RMPP, an equal and opposite adjustment to the asset ceiling is recognised in other comprehensive income. There is no effect on the net assets position of the Group.

The Group was a participating employer within the Royal Mail Senior Executives Pension Plan ("RMSEPP") before the scheme was bought out in June 2022. Post Office's obligations under RMSEPP have now been fully extinguished and the scheme was wound up in April 2024. The Group's share of residual assets, being 7% of the total, were returned in April 2024 after the remaining closure expenses were settled and the deduction of withholding tax

For defined contribution schemes, the Group's contributions are charged to operating profit, as part of people costs, in the period to which the contributions relate.

Bonus plans – short-term incentives

The Group recognises a liability and an expense for bonuses based on a mix of financial and non-financial measures. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Bonus plans – long-term incentives

Long-term incentive awards are made on an annual basis, but not made every year, and are cash settled if performance is achieved over a 3-year cycle. Performance measures are drawn up based on the strategic direction of the Group and agreed with DBT. The Group recognises a liability and an expense for long-term incentives as milestones are hit.

Foreign currencies

The functional and presentational currency of the Group is sterling (£).

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in Consolidated Income Statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Due to the nature of provisions the future amount settled may be different from the amount that has been provided.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax rate. The Group has considered the provisions recognised in the balance sheet and adjusted for the impact of discounting where material to the financial statements.

Costs of operating Remediation Matters related schemes are not included within the provisions and are expensed through the income statement as incurred.

Property provisions

The Group recognises provisions for property contracts that are vacant and onerous. Assumptions are made to determine whether the unavoidable costs of meeting the obligations of a contract exceed the economic benefits expected to be received under it. These include estimates around the future trading performance of the site and cost allocations.

Financial instruments

Initial measurement of financial instruments

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement of financial assets

IFRS 9 divides all financial assets into two classifications – those measured at amortised cost and those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, “FVTPL”), or recognised in other comprehensive income (fair value through other comprehensive income, “FVTOCI”).

The classification of a financial asset is made at the time it is initially recognised. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

Subsequent measurement of financial liabilities

IFRS 9 divides all financial liabilities into two measurement categories: amortised cost and FVTPL. All of the Group’s financial liabilities are measured at amortised cost.

Derecognition of financial assets

A financial asset is derecognised when the Group determines that it has transferred substantially all of the risks and rewards of ownership of the asset.

Derecognition of financial liabilities

A financial liability is removed from the balance sheet when it is extinguished; that is, when the obligation specified in the contract is either discharged, cancelled or expired.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).
- Hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 17. Movements in the hedging reserve are shown within other reserves in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were previously recognised in the statement of comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

2. Revenue from contracts with customers

All Group sales occur in the UK. The Group derives revenue from the following major product lines:

Revenue segments	2025 £m	2024 £m
Mails	**313**	319
Retail, Government & Identity Services	**38**	62
Banking & ATMs	**309**	285
Financial Services, Insurance, Travel Money & Payment Services	**203**	236
Other*	**8**	10
Total revenue	**871**	912

* Includes Supply Chain income of £8 million (2024: £10 million), which arises predominantly from the warehousing of Royal Mail stock and the transport of high value mails.

3. People costs and numbers

Employment and related costs were as follows:

People costs	2025 £m	2024 £m
Wages and salaries	**180**	181
Social security costs	**19**	18
Pension costs (note 18)	**18**	16
Total people costs	**217**	215

Period end and average monthly employee numbers were as follows:

	Period end employees		Average employees	
	2025	2024	**2025**	2024
Total employees	**3,604**	3,719	**3,675**	3,679

Total employee numbers can be categorised as follows:

	Period end employees		Average employees	
	2025	2024	**2025**	2024
Administration	**1,637**	1,527	**1,632**	1,479
Directly managed branches ("DMB")	**1,218**	1,284	**1,252**	1,292
Supply Chain	**715**	808	**752**	809
Post Office Management Services	**34**	29	**33**	28
Payzone*	**-**	71	**6**	71
Total	**3,604**	3,719	**3,675**	3,679

*Payzone trade, net assets and employees were transferred to POL in May 2024. From the date of transfer, Payzone employees have been included within the administration category in the table above.

4. Operating profit/(loss)

The following items are included within operating profit/(loss):

	2025 £m	2024 £m
Postmasters' remuneration	**426**	416
People costs*	**201**	200
Depreciation and amortisation (note 9 and 10)	**10**	9
Impairment of fixed assets (note 9 and 10)	**120**	143
Reversal of fixed asset impairments (note 9 and 10)	**-**	(21)
Profit on disposal of fixed assets	**(1)**	(24)
Exceptional items:	**£m**	£m
• Horizon Shortfall Scheme	**198**	755
• Overturned Convictions	**6**	(92)
• Suspension Remuneration Review	**(9)**	(30)
• Post Office Process Review	**(6)**	18
• Postmaster Remediation running costs	**2**	3
• POHIT Inquiry	**47**	82
• Central Remediation Matters running costs	**14**	8
• Employment legislation (IR35)	**14**	72
Total exceptional items charge	**266**	816
Funding for exceptional items:	**£m**	£m
• Horizon Shortfall Scheme funding for settlements	**(360)**	(41)
• Overturned Convictions funding for settlements	**(25)**	(29)
• Suspension Remuneration Review funding for settlements	**(8)**	(6)
• Remediation Matters and POHIT Inquiry running costs	**(101)**	(117)
• Corporation Tax	**(31)**	-
Total funding for exceptional items	**(525)**	(193)
Fees payable to the Group's auditors for audit and other services:	**£'000**	£'000
• Parent Company and Group audit**	**1,763**	1,389
• Audit of subsidiaries	**154**	154
• Other assurance services	**149**	166

* People costs included in the table above excludes amounts recognised in investment spend and amounts capitalised as intangible assets.

** The 2024/25 Parent Company and Group audit fee includes £290,000 in relation to the 2023/24 audit that was agreed after the signing of the prior year accounts.

Postmasters' remuneration:

Postmasters' remuneration of £426 million (2024: £416 million) includes payments made to Payzone brand agents of £3 million (2024: £3 million).

Impairment:

A net impairment charge of £120 million (2024: £122 million) was recognised in the year. The current year charge comprised impairments of £120 million (2024: £143 million) recognised at the cash generating unit ("CGU") level, reflecting the forecast loss-making position and the level of required capital expenditure to maintain the current asset base. No individual assets were impaired prior to the CGU-level assessment (2024: £11 million of software assets impaired where the carrying value exceeded the recoverable amount.).

There were no reversals of previously recognised impairments during the year (2024: £21 million). In the prior year, the Group recognised impairment reversals totalling £21 million, primarily comprising a £16 million adjustment following a reassessment of non-lease components within the Group's lease portfolio.

Exceptional items:

An exceptional expense of £266 million (2024: £816 million) was recognised in the year. This related to Remediation Matters, the POHIT Inquiry and employment legislation (IR35), broken down as follows:

- HSS costs relate to legal costs and costs to run the scheme of £27 million (2024: £10 million) and a net increase in the provision value of £171 million (2024: £745 million increase), driven by changes in accounting assumptions, including uplift to the expected population and the response rate, underpinning the provision estimate totalling £187 million (2024: 781 million), offset by £16 million (2024: £36 million) related to the impact of discounting. The overall net increase to the provision excludes the unwinding of discount, which is recognised in finance costs, see note 7.
- OC costs relate to legal costs and costs to run the scheme of £15 million (2024: £15 million) and a net overall decrease to the provision of £9 million (2024: £107 million), driven by changes in accounting assumptions underpinning the provision estimate, including revised numbers opting for a fixed sum offer. The overall net reduction to the provision excludes the unwinding of discount, which is recognised in finance costs, see note 7.
- SRR £9 million credit (2024: £30 million credit) is due to a net reduction to the provision. The decrease from the prior year relates to updated management estimates including revised case numbers and rate changes.
- PPR £6 million credit (2024: £18 million charge) is due to a net reduction to the provision. The decrease from the prior year relates to updated management estimates including revised case numbers and rate changes.
- Postmaster Remediation, being costs associated with running SRR and PPR schemes, incurred costs of £2 million (2024: £3 million) during the year.
- POHIT Inquiry legal and running costs of £47 million (2024: £82 million) relate to the public Inquiry into the Horizon IT scandal which was placed onto a statutory footing on 1 June 2021 and began its oral hearings in February 2022. In 2024/25, phases 5, 6, 7 and closing statements of the Inquiry took place.
- Central running costs associated with the Remediation Matters Unit of £14 million (2024: £8 million) were incurred during the year.
- Employment legislation (IR35) costs of £14 million (2024: £72 million) are an uplift to the provision for estimated additional tax and interest that the Group may incur as a result of potential historical inaccuracies. The increase to the provision excludes the interest uplift component, which is recognised in finance costs, see note 7.

Remediation Matters related provisions are explained more fully in the critical accounting estimates section in note 1.

Exceptional funding:

Funding for exceptional items of £525 million (2024: £193 million) was recognised in the year in line with agreed Government funding for Remediation Matters related to Horizon Liabilities and Remediation Claims, including related corporation tax funding, broken down as follows:

- HSS funding of £360 million (2024: £41 million) was recognised in respect of Government funding to offset cash outflows to claimants as part of the scheme.
- OC funding of £25 million (2024: £29 million) was recognised in respect of Government funding to offset cash outflows to claimants as part of the settlement for overturned convictions.
- SRR funding of £8 million (2024: £6 million) was recognised in respect of Government funding to offset cash outflows to claimants as part of the SRR scheme.
- Government funding of £101 million (2024: £117 million) was recognised in respect of Government funding for central costs associated with running HSS, OC, PPR, SRR and costs associated with the POHIT Inquiry.
- Corporation tax funding of £31 million (2024: £nil) was recognised in respect of Government funding for corporation tax liabilities arising as a consequence of the tax treatment of certain Remediation Matters items.

5. Investment funding and investment spend

	2025 £m	2024 £m
Investment funding	**85**	130
Investment spend		
Business transformation	**(7)**	(13)
Network programmes	**(11)**	(4)
IT transformation	**(35)**	(42)
Severance	**(20)**	-
Total investment spend	**(73)**	(59)
Net investment funding	**12**	71

Investment funding:

Investment funding of £85 million (2024: £130 million) from the Department for Business and Trade (“DBT”) was recognised in 2024/25. Of this, £20 million (2024: £90 million) related to transformation activities as part of the three-year funding agreement with Government from April 2022 to 31 March 2025. An additional £65 million (2024: £40 million) has been recognised in the year in relation to funding to support the transformation of IT infrastructure, specifically the Horizon replacement programme, as part of a funding agreement with DBT.

Investment spend:

Investment spend is transformational spend incurred in order to implement major change programmes. Business transformation is an overarching programme to transform the business, driving Post Office toward commercial sustainability through technological innovation. Network programmes is a multi-year initiative designed to simplify the retailer proposition, with key areas of focus being simplification and automation. IT transformation includes programmes to restructure our IT operating model, including the Horizon replacement programme. Severance primarily relates to the Group’s transformation plan to deliver a new operating model aimed at securing its long-term sustainability.

6. Directors’ emoluments

Executive Directors’ remuneration was as follows:

	2025 £’000	2024 £’000
Directors’ salaries	**954**	632
Short-term incentive scheme	**43**	72
Contributions to company pension scheme	**55**	-
Cash in lieu of pension	**7**	49
Benefits	**4**	8
Long-term incentive scheme	**-**	13
Payments for loss of office*	**562**	-
Total remuneration	**1,625**	774

*These amounts are excluded from the single figure tables in the Directors’ Remuneration Report in accordance with the requirements of the Companies Act requirements. These amounts are explained further in the Directors’ Remuneration Report on page 52.

Non-Executive Directors’ remuneration was as follows:

	2025 £’000	2024 £’000
Non-Executive Directors’ fees	**410**	407
Total remuneration	**410**	407

Amounts in respect of the highest paid director were as follows:

	2025 £’000	2024 £’000
Directors’ salaries	**363**	436
Total remuneration	**363**	436

No Directors were accruing pension entitlements during the period (2024: none).

See Directors’ Remuneration Report for further details. See note 21 for key management personnel disclosures.

7. Finance costs

	2025 £m	2024 £m
Interest payable on loans	**(12)**	(12)
Finance charges	**(54)**	(14)
Bank interest received	**2**	1
Total – net finance costs	**(64)**	(25)

Interest payable on loans relate to the Working Capital Facility and the fixed term loan, see note 15. Finance charges include the unwinding of discount on the OC provision totalling £4 million (2024: £10 million), unwinding of the discount on the HSS provision totalling £31 million (2024: £nil) and interest of £15 million (2024: £nil) charged on the IR35 provision, see note 16.

8. Taxation

(a) Taxation recognised in the year

	2025 **£m**	2024 £m
Current income tax:		
Corporation tax charge / (credit) for year	**18**	(1)
Adjustment in respect of prior years	**(4)**	-
Deferred income tax:		
Origination and reversal of temporary timing differences	**46**	(197)
Adjustment in respect of prior years	**2**	-
Taxation charge / (credit)	**62**	(198)

The current income tax charge recognised in the income statement is £14 million (2024: £1 million credit). The deferred income tax charge recognised in the income statement is £48 million (2024: £197 million credit). No deferred tax (2024: £nil) was recognised in other comprehensive income.

(b) Factors affecting current tax credit on loss

As in 2025, the tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below.

	2025 **£m**	2024 £m
Profit / (Loss) before taxation	**154**	(612)
Total loss before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	**39**	(153)
Research and development tax credit	**(2)**	(1)
Expenses not deductible for tax purposes	**56**	171
Income not taxable	**(19)**	(7)
Movement on unrecognised deferred tax	**(10)**	(202)
Fixed asset differences	**-**	(6)
Adjustment in respect of prior years	**(2)**	-
Taxation charge / (credit)	**62**	(198)

(c) Deferred tax

Deferred tax relates to the following:

	Consolidated balance sheet	
	2025 £m	2024 £m
Tax losses	**93**	114
Fixed asset timings	**60**	82
Temporary provisions	**1**	6
Deferred tax asset	**154**	202

The Group has significant tax losses and allowances which are available indefinitely for offsetting against future taxable profits. As at the balance sheet date a deferred tax asset of £151 million (2024: £199 million) has been recognised in Post Office Limited and £3 million (2024: £3 million) has been recognised in Post Office Management Services Limited, in relation to these tax losses and allowances. No amounts were recognised (2024: £nil) in other comprehensive income.

Under IAS 12, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date, hence 25% has been used. Based on the latest forecast taxable profit projections (as a result of the requirement to include Horizon related redress funding settlements as trading income) a deferred tax asset has been recognised in these financial statements. However, there remains an unrecognised deferred tax asset of £160 million (2024: £168 million), resulting from gross temporary differences of £640 million (2024: £672 million), which are not expected to be offset against taxable profits in the forecast period.

(d) Factors that may affect future tax charges

The Group has deferred tax assets of £154 million (2024: £202 million). However, there remains an unrecognised net deferred tax asset of £160 million (2024: £168 million), resulting from gross other temporary differences of £353 million (2024: £413 million), and tax losses of £287 million (2024: £259 million), which are not expected to be offset against taxable profits in the forecast period.

OECD Pillar Two legislation was enacted in the UK on 11 July 2023. The Group will be within the scope of Pillar Two for the financial year ending 30 March 2025. As a UK centric group, with an effective tax rate in excess of 15%, management do not expect any material impact from this legislation for year-ending 30 March 2025.

The Group has applied the IAS 12 exception and has not recognised or disclosed deferred tax assets and liabilities related to OECD Pillar Two income taxes in these financial statements.

9. Intangible assets

	Software	Goodwill	Other intangibles	Total
	£m	£m	£m	£m
Cost				
At 26 March 2023	**575**	**52**	**7**	**634**
Reclassification*	(5)	-	-	(5)
Additions	61	-	-	61
At 31 March 2024	**631**	**52**	**7**	**690**
Adjustments**	**3**	**-**	**-**	**3**
Additions	**47**	**-**	**-**	**47**
Disposals	**(33)**	**-**	**-**	**(33)**
At 30 March 2025	**648**	**52**	**7**	**707**
Accumulated amortisation and impairment				
At 26 March 2023	**560**	**25**	**7**	**592**
Reversal of impairments*	(5)	-	-	(5)
Amortisation	6	-	-	6
Impairment	59	-	-	59
At 31 March 2024	**620**	**25**	**7**	**652**
Adjustments**	**3**	**-**	**-**	**3**
Amortisation	**6**	**-**	**-**	**6**
Impairment	**45**	**-**	**-**	**45**
Disposals	**(33)**	**-**	**-**	**(33)**
At 30 March 2025	**641**	**25**	**7**	**673**
Net book value				
At 30 March 2025	**7**	**27**	**-**	**34**
At 31 March 2024	11	27	-	38

* Reviews of plant and equipment and intangible assets are carried out on a regular basis and reclassifications between categories made as necessary to ensure a more appropriate representation of the nature of the assets.

** To ensure consistency with the underlying fixed-asset register, an adjustment has been made in the current year to align the rounded disclosure totals in this note with the unrounded ledger records. The adjustment relates solely to cumulative rounding differences and has no effect on the carrying amount of intangible assets or on the Group's financial performance.

Included within software in the above table are assets under construction with a net book value of £1 million (2024: £1 million). Other intangibles include merchant relationships and brands.

Additions to software relate to IT transformation projects undertaken during the current year. These include capitalised development costs, being an internally generated intangible asset.

Goodwill and intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment review at the cash generating unit ("CGU") level was performed at the balance sheet date resulting in an impairment of capitalised software costs of £45 million (2024: £48 million). See note 10 for details.

Management determined that no impairment was necessary for the current year in relation to goodwill of £27 million (2024: £27 million), which is part of the Post Office Management Services Limited CGU.

In the prior year, an impairment of £11 million was recognised in relation to software assets where the carrying value exceeded the recoverable amount. In the current year, no individual assets were identified as impaired prior to the CGU-level impairment assessment.

Amortisation rates are disclosed in note 1 to the financial statements.

10. Property, plant and equipment

	Land and buildings						
	Freehold £m	Long leasehold £m	Short leasehold £m	Motor vehicles £m	Plant and machinery £m	Fixtures and equipment £m	Total £m
Cost							
At 26 March 2023	27	40	87	28	10	822	1,014
Reclassification*	(1)	-	1	-	-	-	-
Additions	1	-	3	-	-	68	72
Right-of-use additions and modifications	-	-	6	4	4	-	14
Right-of-use remeasurement	-	(15)	(1)	-	-	-	(16)
Disposals	(5)	(1)	(10)	-	-	(5)	(21)
Right-of-use disposals	-	-	(12)	(2)	(1)	-	(15)
At 31 March 2024	**22**	**24**	**74**	**30**	**13**	**885**	**1,048**
Adjustments**	**-**	**-**	**-**	**-**	**-**	**4**	**4**
Additions	**-**	**-**	**1**	**-**	**-**	**70**	**71**
Right-of-use additions and modifications	**-**	**-**	**4**	**1**	**2**	**-**	**7**
Disposals	**(3)**	**-**	**(2)**	**-**	**-**	**(10)**	**(15)**
Right-of-use disposals	**-**	**-**	**(4)**	**(1)**	**-**	**-**	**(5)**
At 30 March 2025	**19**	**24**	**73**	**30**	**15**	**949**	**1,110**
Accumulated depreciation and impairment							
At 26 March 2023	19	40	87	28	10	822	1,006
Depreciation	1	-	-	-	-	1	2
Right-of-use depreciation	-	-	-	1	-	-	1
Impairment	-	-	10	3	4	67	84
Reversal of impairments	-	(15)	(1)	-	-	-	(16)
Disposals	(4)	(1)	(10)	-	-	(5)	(20)
Right-of-use asset disposals	-	-	(12)	(2)	(1)	-	(15)
At 31 March 2024	**16**	**24**	**74**	**30**	**13**	**885**	**1,042**
Adjustments**	**-**	**-**	**-**	**-**	**-**	**3**	**3**
Depreciation	**-**	**-**	**-**	**-**	**-**	**3**	**3**
Right-of-use depreciation	**-**	**-**	**-**	**-**	**-**	**1**	**1**
Impairment	**-**	**-**	**1**	**-**	**-**	**67**	**68**
Right-of-use impairment	**-**	**-**	**4**	**1**	**2**	**-**	**7**
Disposals	**(3)**	**-**	**(2)**	**-**	**-**	**(10)**	**(15)**
Right-of-use disposals	**-**	**-**	**(4)**	**(1)**	**-**	**-**	**(5)**
At 30 March 2025	**13**	**24**	**73**	**30**	**15**	**949**	**1,104**
Net book value							
At 30 March 2025	**6**	**-**	**-**	**-**	**-**	**-**	**6**
At 31 March 2024	6	-	-	-	-	-	6

* Reviews of plant and equipment and intangible assets are carried out on a regular basis and reclassifications between categories made as necessary to ensure a more appropriate representation of the nature of the assets.
** To ensure consistency with the underlying fixed-asset register, an adjustment has been made in the current year to align the rounded disclosure totals in this note with the unrounded ledger records. The adjustment relates solely to cumulative rounding differences and has

an immaterial effect on the carrying amount of property, plant and equipment or on the Group’s financial performance.

Assets under construction at the balance sheet date have a net book value of £nil (2024: £nil), due to them being impaired as part of the CGU impairment assessment.

The closing net book value of right-of-use assets by asset class, prior to impairment, is presented within note 20.

Depreciation rates are disclosed in note 1 to the financial statements. No depreciation is provided on freehold land, which represents £1 million (2024: £1 million) of the total cost of freehold land and buildings as included in the table above.

CGU Impairment assessment

An impairment test was performed at the balance sheet date, in accordance with IAS 36. For the purposes of assessing impairment, non-current assets in scope of IAS 36 are grouped at the lowest level for which there are separately identifiable cash flows and tested for impairment by comparing the carrying amount of each cash generating unit (“CGU”) with its recoverable amount. The recoverable amount is determined based on the higher of an asset or CGU’s value in use and, where supportable, fair value less cost of disposal (“FVLCOD”).

Post Office has determined that it has two (2024: three) CGUs as at the balance sheet date: Post Office Limited and Post Office Management Services Limited. Post Office Management Services Limited is a standalone entity with an identifiable asset base and therefore deemed to be a separate CGU. Post Office Limited runs a national network of branches which provide a distinct retail offering, resulting in a fluid customer base across the network. As such the network as a whole is deemed to be one CGU. See critical accounting judgements in note 1 for further details.

The discounted net cash flows from the value-in-use calculations were used to determine the recoverable amount of the CGUs identified, being Post Office Limited and Post Office Management Services Limited. Value-in-use is determined using the Group’s net cash flows from the continued use of the assets within each CGU.

A pre-tax discount rate for Post Office Limited of 10.9% (2024: 9.9%) has been used to discount the forecast cash flows. A discount rate for Post Office Management Services Limited of 10% (2024: 10%) has been used to discount the forecasted cash flows.

Post Office Limited CGU

Board approved cash flow projections which cover the period to March 2026 have been used as the basis of the Post Office Limited CGU value-in-use calculation. Cash flows have been extended a further two years to March 2028, based on current observable trends and management expectations, removing any significant one-off items. The terminal value calculation applies no (2024: nil) nominal growth rate, based on management’s best estimate, taking into account market and operational experience, of the expected long-term market growth rate.

A key assumption with the Post Office Limited CGU impairment review is that Network Subsidy Payments (“NSP”) which are received from Government to contribute to the costs of Post Office making available the network of public post offices that the Secretary of State for DBT considers appropriate, will continue into perpetuity.

The analysis performed indicates the carrying value of the assets of the Post Office Limited CGU exceed the recoverable amount based on the forecast loss-making position, when ignoring future capital expenditure and investment plans, which have been excluded from the value-in-use calculation in accordance with IAS 36.

Consequently, a partial impairment of the CGU has been recognised, incurring an impairment charge of £120 million (2024: £132 million) in the year. This includes £45 million (2024: £48 million) related to intangible assets and £75 million (2024: £84 million) related to property, plant and equipment. The joint venture investment and freehold land and buildings, which are both part of the CGU, have not been impaired on the basis that the FVLCOD of these individual assets exceeds the carrying value. No other assets are deemed to have a FVLCOD.

Post Office Management Services Limited CGU

No impairment was required in relation to the Post Office Management Services Limited CGU, which shows significant headroom.

The position of all CGUs will be revisited annually in line with accounting standards.

There were no reversals of previously recognised impairments during the year. In the prior year, the Group recognised impairment reversals totalling £21 million, primarily comprising a £16 million adjustment following a reassessment of non-lease components within the Group's lease portfolio.

11. Investments in joint venture

The Group has one joint venture investment with a 50% interest (1,000 £1 ordinary A shares) in First Rate Exchange Services Holdings Limited ("FRESH"). FRESH is the holding company of First Rate Exchange Services Limited ("FRES"), which is the joint venture operating company. The principal activity of FRES is the supply of foreign currency exchange and FX note wholesaling in the UK to the Post Office and others, which complements the Group's operations and contributes to achieving the Group's overall strategy. The principal risks of the Group are disclosed on pages 60 to 66. First Rate Exchange Services Holdings Limited ("FRESH") is a company registered in the United Kingdom. The registered address of FRESH is Botanica, Ditton Park, Riding Court Road, Datchet, SL3 9LL.

The financial year-end date of FRESH is 31 March. For the purposes of applying the equity method of accounting, the financial statements of FRESH for the year ended 31 March 2025 have been used; this is considered appropriate given the proximity of this year-end date to the Group's own year-end date of 30 March 2025.

An impairment assessment was carried out in accordance with IAS 36 in relation to the joint venture investment in FRESH, which forms part of the Post Office Limited CGU. In assessing whether the joint venture investment was impaired, the carrying value of the Post Office Limited CGU, was compared to its value in use, which indicated an impairment of the CGU. A separate assessment was then carried out at the individual asset level using the FVLCOD methodology to determine recoverable amount. The FVLCOD assessment resulted in a recoverable amount in excess of the carrying value of the asset. As such, no impairment (2024: £nil) was recognised in respect of the investment in joint venture. See note 10 for further details in respect of the CGU impairment assessment.

	2025 Joint venture £m	2024 Joint venture £m
Share of net assets		
Total net investment at 31 March 2024, 26 March 2023	**71**	75
Share of post-tax profit	**23**	25
Dividend	**(30)**	(29)
Total net investment at 30 March 2025, 31 March 2024	**64**	71

Assets and liabilities:	**2025 Joint venture £m**	2024 Joint venture £m
Receivables	**405**	425
Cash and cash equivalents	**37**	47
Non-current assets	**5**	7
Gross assets	**447**	479
Current liabilities	**(319)**	(338)
Net assets	**128**	141
Revenue and profit:		
Revenue	**160**	164
Profit after tax	**47**	50

12. Trade and other receivables

	2025 £m	2024 £m
Current:		
Trade receivables	**59**	92
Accrued income	**70**	65
Prepayments	**16**	21
Client receivables	**139**	161
Other receivables	**92**	118
Total	**376**	457
Non-current:		
Accrued income	**4**	4
Other assets	**7**	8
Total	**11**	12

The Group receives and disburses cash on behalf of Government agencies and other clients to customers through its branch network. Amounts owed from and to Government agencies and other clients are disclosed separately as client receivables (as above) and client payables (see note 14).

Other receivables include £63 million (2024: £96 million) of funding from DBT, with £16 million (2024: £40 million) in relation to funding for the Horizon replacement programme and £47 million (2024: £56 million) in relation to Remediation Matters, split between running costs of £31 million (2024: £42 million) and £16 million (2024: £14 million) related to funding for settlements across the various schemes.

Non-current other assets constitute costs incurred to fulfil contracts under IFRS 15.

The Group applies IFRS 9 when measuring expected credit losses. The Group has assessed all relevant assets and concluded that expected credit losses are not material in both the current and prior year, with the exception of trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the lifetime expected credit losses. The loss allowance for the current and prior year has been determined as follows:

30 March 2025	Current	>30 days and <60 days past due	>60 days and <120 days past due	>120 days past due	Total
Expected loss rate - %	0%	0%	71%	100%	36%
Gross carrying amount - £m	56	2	3	36	97
Loss allowance - £m	**-**	**-**	**2**	**36**	**38**

31 March 2024	Current	>30 days and <60 days past due	>60 days and <120 days past due	>120 days past due	Total
Expected loss rate - %	0%	0%	50%	94%	28%
Gross carrying amount - £m	87	2	2	36	127
Loss allowance - £m	-	-	1	34	35

There is a loss allowance in the current and more than 30 days ageing categories, however it is immaterial for disclosure.

The closing loss allowance for trade receivables as at 30 March 2025 reconciles to the opening loss allowance as follows:

	2025 £m	2024 £m
Opening loss allowance	**35**	29
Increase in loss allowance	**11**	11
Utilisation	**(8)**	(5)
Closing loss allowance	**38**	35

The fair value of trade and other receivables is not materially different from the carrying value.

13. Cash and cash equivalents

	2025 £m	2024 £m
Cash in the Post Office Limited network	**407**	572
Short-term bank deposits	**40**	33
Fiduciary cash balances held on behalf of third parties	**10**	12
Total cash and cash equivalents	**457**	617

Cash in the Post Office Limited network represents the notes and coins in circulation in branches and cash centres. Refer to note 22 for further detail.

Where interest is earned, it is at a floating or short-term fixed rate. The fair value of cash and cash equivalents is not materially different from the carrying value.

The fiduciary cash balances are held on trust on behalf of third parties and cannot be called upon should the Group become insolvent.

14. Trade and other payables

	2025 £m	2024 £m
Current:		
Trade payables	**110**	64
Accruals	**84**	136
Deferred income	**18**	34
Social security	**8**	8
Client payables	**356**	424
Lease liabilities	**12**	15
Capital accruals	**7**	7
Other payables	**4**	1
Total	**599**	689
Non-current:		
Lease liabilities	**28**	32
Deferred income	**9**	-
Total	**37**	32

The fair value of trade and other payables is not materially different from the carrying value. Trade payables are unsecured and usually paid within 30 days of recognition.

15. Financial liabilities – interest bearing loans and borrowings

	2025 £m	2024 £m
Current:		
Department for Business, Energy and Industrial Strategy - facility	**610**	741
Department for Business, Energy and Industrial Strategy – fixed term loan	**8**	5
Total	**618**	746
Non-current:		
Department for Business, Energy and Industrial Strategy – fixed term loan	**33**	40
Other borrowings	**1**	1
Total	**34**	41

Department for Business and Trade - facility

The loan under the facility is short-dated on a programme of liquidity management and matures within one day of drawdown (2024: one day). The fair value of borrowings approximates their carrying value due to the short-term maturities of the loan. On maturity it is expected that further loans will be drawn down under this facility. At 30 March 2025 the Group had an unused Working Capital Facility of £340 million (2024: £209 million). In addition, the Group has a further £50 million (2024: £50 million) facility available from DBT to provide same-day liquidity. This facility was undrawn at the year-end. The average interest rate on the drawn down loans is 1.320% (2024: 1.320%). Following an amendment as agreed with DBT during the financial year, both the £950 million Working Capital Facility and the £50 million facility have been extended to 31 March 2028.

The facility is currently restricted to funding the cash and near cash items held within the Post Office Limited network.

The facility (including drawn-down loans) is secured by a floating charge over all assets of Post Office Limited (excluding shares in FRESH and lease of any property which Post Office Limited is a tenant) and a negative pledge over cash and near cash items. The negative pledge is an agreement not to grant security over the assets or to set up a vehicle that has the same effect.

Department for Business and Trade – fixed-term loan

On 1 April 2021 Post Office Limited received a £52 million loan. Quarterly principal repayments of £1.75 million commenced in June 2023 and the balance on 30 March 2025 was £39.75 million (2024: £45 million), with a bullet payment of £25.75 million due in March 2027. Interest on the loan is charged at the Central Bank rate plus 0.55% per annum.

16. Provisions

	HSS	OC	SRR	PPR	Severance	Property	Branch losses	IR35	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2024	814	121	28	18	4	14	19	72	17	1,107
Charged to investment spend	**-**	**-**	**-**	**-**	**29**	**2**	**-**	**-**	**-**	**31**
Charged to exceptional items	**187**	**-**	**-**	**-**	**-**	**-**	**-**	**14**	**-**	**201**
Charged to trading	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**8**	**9**
Charged to finance costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**15**
Utilisation	**(345)**	**(28)**	**(9)**	**-**	**(14)**	**(2)**	**-**	**-**	**(6)**	**(404)**
Provisions released in the year - investment spend	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Provisions released in the year - exceptional	**-**	**(9)**	**(9)**	**(6)**	**-**	**-**	**-**	**-**	**-**	**(24)**
Provisions released in the year - trading	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**-**	**(5)**	**(9)**
Unwinding of discount	**31**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35**
Impact of discounting	**(16)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**
At 30 March 2025	**671**	**88**	**10**	**12**	**18**	**14**	**15**	**101**	**14**	**943**

	HSS	OC	SRR	PPR	Severance	Property	Branch losses	IR35	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 30 March 2025										
Current	**510**	**46**	**7**	**4**	**18**	**8**	**15**	**101**	**12**	**721**
Non – current	**161**	**42**	**3**	**8**	**-**	**6**	**-**	**-**	**2**	**222**
	671	**88**	**10**	**12**	**18**	**14**	**15**	**101**	**14**	**943**
At 31 March 2024										
Current	352	32	10	2	4	9	19	-	13	441
Non – current	462	89	18	16	-	5	-	72	4	666
	814	121	28	18	4	14	19	72	17	1,107

Remediation Matters related provisions of £781 million (2024: £981 million) includes; £671 million (2024: £814 million) related to the HSS provision which is management's best estimate of future payments to be made to the scheme's claimants, £88 million (2024: £121 million) related to the OC provision which is management's best estimate of future payments to be made to claimants who have had convictions overturned through appeals along with any individuals who were not postmasters and were prosecuted but not convicted or received a formal caution, £10 million (2024: £28 million) related to the SRR provision which is management's best estimate of future payments to be made to both current and former postmasters who did not receive remuneration during periods of suspension and £12 million (2024: £18 million) related to the PPR provision which is management's best estimate of future payments to be made to both current and former postmasters in relation to product, policy and process issues covered by the PPR. The HSS and OC provisions are subject to significant management estimation, see the critical accounting estimates section in note 1 for further details. Further details regarding SRR and PPR are included in the other areas of judgement and accounting estimates section in note 1.

Severance provision of £18 million (2024: £4 million) primarily relates to the Group's transformation plan to deliver a new operating model aimed at securing its long-term sustainability.

Property provisions of £14 million (2024: £14 million) relate to vacant and onerous contracts, and dilapidations. Vacant and onerous contract provisions are recognised on leasehold properties when the unavoidable costs of meeting the obligations of the contract exceed the benefits expected to be received under it. In accordance with IFRS 16, this only includes business rates and dilapidations costs.

The branch losses provision of £15 million (2024: £19 million) is management's best estimate of unidentified losses across the branch network, as is common business practice for any retailer. The provision is subject to estimation uncertainty, see the other areas of judgement and accounting estimates section in note 1 for further details.

A provision of £101 million (2024: £72 million) has been recognised for additional tax and interest the Group may incur as a result of potential historical inaccuracies associated with off-payroll employment legislation (IR35). See other areas of judgement and accounting estimates section in note 1.

Other provisions totalled £14 million (2024: £17 million) and include; £4 million (2024: £4 million) for other network provisions, £3 million (2024: £7 million) for network programmes, £3 million (2024: £nil) in relation to settlements for a data breach and £4 million (2024: £4 million) held within the subsidiary Post Office Management Services Limited in respect of commission repayable in the event of the cancellation of insurance policies. The prior year also included £2 million for specific stamp stock losses, with no equivalent provision required in 2024/25.

17. Financial assets and liabilities

(a) Financial assets and liabilities by category

The breakdown of the Group's financial instruments at 30 March 2025 and 31 March 2024 is shown below:

	2025			2024		
	Current £m	**Non - current £m**	**Total £m**	Current £m	Non - current £m	Total £m
Financial assets						
Trade and other receivables*	**290**	**-**	**290**	371	-	371
Cash and cash equivalents	**457**	**-**	**457**	617	-	617
Financial liabilities						
Trade and other payables*	**(573)**	**(28)**	**(601)**	(647)	(32)	(679)
Interest bearing loans	**(618)**	**(34)**	**(652)**	(746)	(41)	(787)
Net financial liabilities	**(444)**	**(62)**	**(506)**	(405)	(73)	(478)

*Excluding non-financial assets and liabilities.

With the exception of cash, all of the Group's financial assets and liabilities are carried at amortised cost.

The fair value of the Group's financial assets and liabilities approximate their carrying value due to the short-term maturities of these instruments. The fair value of financial assets and liabilities is defined as the amount which the Group would expect to receive upon selling an asset or pay to transfer a liability in a transaction between market participants at the measurement date.

All of the Group's financial assets and liabilities are considered to be Level 2 in the fair value hierarchy. The nature of the inputs used in determining the values of the financial assets and liabilities is those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The Group has no Level 1 and Level 3 financial instruments and there have been no transfers between the levels of fair value hierarchy during the period.

(b) Financial risk management objectives and policies

The Group is exposed to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and aims to minimise potential adverse effects on the Group's financial performance.

Interest rate risk

The Group is exposed to changes in interest rate on floating rate debt, cash deposits, current account balances, and commission income. Interest rate risk on borrowings is managed through determining the right balance of fixed and floating debt within the financing structure. The Group has a fixed rate of borrowing on the DBT £950 million Working Capital Facility for short-term advances In December 2024 Government agreed to renew both the £950 million Working Capital Facility and the £50 million Same Day Facility, extending both facilities to 31 March 2028. As of 1 April 2025, the new agreed interest rate on the Working Capital Facility will be 3.76% (2024: 1.32%).

Foreign currency risk

The Group is exposed to foreign currency risk resulting from balances held to operate foreign currency exchange services.

The currencies in which these transactions are primarily denominated are US Dollar and Euros. The Group's foreign currency risk management objective is to minimise the impact on the income statement of fluctuations in the exchange rates. The Group hedges its foreign currency risk principally through external forward foreign currency contracts to cover near-term future revenues with a number of providers including First Rate Exchange Services Holdings Limited.

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the US dollar and Euro exchange rates, assuming they are unhedged and with all other variables held constant, on profit before tax and equity.

	Strengthening / (weakening) % Increase / (Decrease)	Effect on profit £m Increase / (Decrease)	Effect on equity £m Increase / (Decrease)	Strengthening / (weakening) in euro rate % Increase / (Decrease)	Effect on profit before tax £m Increase / (Decrease)	Effect on equity £m Increase / (Decrease)
2025	**10**	**1**	**1**	**10**	**1**	**1**
	(10)	**(1)**	**(1)**	**(10)**	**(1)**	**(1)**
2024	10	1	1	10	1	1
	(10)	(1)	(1)	(10)	(1)	(1)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial credit risk arises from cash balances (including bank deposits and cash and cash equivalents) held by the Group, and business credit risk arises from exposures to customers. Business risk includes commission receivable and client related settlements for amounts paid out of the Post Office network on its behalf.

The Group aims to minimise its financial credit risk through the application of risk management policies approved by the Board. Counterparties are limited to major banks and financial institutions. The policy restricts the exposure to any one counterparty by setting appropriate credit limits. The maximum exposure to credit risk is limited to the carrying value of each class of asset summarised in note 12.

Business credit risk is monitored centrally. The level of bad debt provision is 4% (2024: 4%) of revenue.

Capital management

The Group's objectives when managing capital (defined as the net of borrowings and cash and cash equivalents excluding cash in the Post Office network) are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure in order to support the business and maximise stakeholder value. In managing the Group's capital levels the Board and the Executive Group regularly monitor the level of debt in the Group, the working capital requirements and the forecast cash flows. The Board and Executive Group plan accordingly following this review process in order to meet the Group's capital management objectives.

Liquidity risk

The Group's primary objective is to ensure that the Group has sufficient funds available to meet its financial obligations as they fall due. This is achieved by aligning short-term investments and borrowing facilities with forecast cash flows. Typical short-term investments include short-term bank deposits with approved counterparties. Borrowing facilities are regularly reviewed to ensure continuity of funding.

The Group has adequate access to liquidity to meet operating requirements for at least the next 12 months from the date of approval of these financial statements, with the assumption of continued Government support and funding. See the going concern disclosures in note 1 for more detail.

As at 30 March 2025 the Group had an unused Working Capital Facility with DBT of £340 million (2024: £209 million). In December 2024 Government agreed to renew both the £950 million Working Capital Facility and the £50 million Same Day Facility, extending both facilities to 31 March 2028. In addition to the security interest provided to DBT in connection with the £950 million Working Capital Facility (note 15), Post Office Limited has also created a first floating charge over its assets as security for the payment and discharge of certain liabilities arising in the normal course of its client-related activity. As at the balance sheet date the outstanding liabilities relating to this security amounted to £15 million (2024: £21 million).

The tables below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, where applicable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 March 2025	Less than 1 year £m	Between 1-5 years £m	Over 5 years £m	Total £m
Financial Assets				
Trade and other receivables*	290	-	-	290
Cash and cash equivalents	457	-	-	457
Financial Liabilities				
Trade and other payables*	(573)	(24)	(9)	(606)
Interest-bearing loan	(618)	(36)	-	(654)
Net financial liabilities	(444)	(60)	(9)	(513)

* Excluding non-financial assets and liabilities.

At 31 March 2024	Less than 1 year £m	Between 1-5 years £m	Over 5 years £m	Total £m
Financial Assets				
Trade and other receivables*	371	-	-	371
Cash and cash equivalents	617	-	-	617
Financial Liabilities				
Trade and other payables*	(647)	(28)	(11)	(686)
Interest-bearing loan	(746)	(45)	-	(791)
Net financial liabilities	(405)	(73)	(11)	(489)

* Excluding non-financial assets and liabilities.

18. Retirement benefit surplus

Disclosures in this note reflect the following pension schemes in which Post Office participates:

Name	*Eligibility*	*Type*
Post Office Pension Plan (“POPP”)	UK employees	Defined contribution
Royal Mail Pension Plan (“RMPP”)*	UK employees	Defined benefit

*The RMPP closed to future accrual on 31 March 2017.

Defined Contribution

The charge in the income statement for the defined contribution scheme (“POPP”) was £17 million (2024: £15 million) and the Group contributions to this scheme were £16 million (2024: £15 million) during the year.

Defined Benefit

During the year, Post Office participated in one defined benefit pension scheme, being the Post Office section of the Royal Mail Pension Plan (“RMPP”) which is independent from the Royal Mail section of the RMPP.

Royal Mail Pension Plan

A series of changes to RMPP have taken effect since July 2017 including the following:

- On 21 March 2017 Post Office executed a Memorandum of Understanding with the Trustee of the RMPP. This clarified the Trustee’s powers to distribute surplus without Post Office’s agreement and Post Office concluded that it no longer had an unconditional right to refund from the Plan. In light of this, in accordance with IFRIC 14, the RMPP pension surplus was derecognised as at 26 March 2017;
- On 20 July 2017, the Trustee of the RMPP entered into two bulk annuity contracts with Rothesay Life Plc. These contracts are assets of the Post Office Section of the RMPP that provide incomes closely matching the benefit payments from the Plan. The largest of the two contracts is in respect of crystallised benefits and benefits accrued after 31 March 2012. The smaller of the two contracts is in respect of pre-April 2012 for members in Post Office employment at the time of the bulk annuity purchase. The bulk annuities cover the vast majority of the Plan benefits, although uninsured liabilities and costs may arise in relation to increases to the pre-April 2012 benefits arising as a result of certain salary increases in excess of RPI inflation, deflation risk in relation to Section C members (while they remain in Post Office employment, the pre-April 2008 gross benefit revalues with RPI on a year-by- year basis, but revaluation of the deductible is based on cumulative RPI inflation to the date of leaving service), and operational expenses; and
- In January 2020 the Trustee of the Plan wrote to members to inform them that it intends to convert the larger of the two policies into individual policies outside of the Plan. This means that each member of the Plan will hold a policy in their own name and the benefits under those policies will no longer be liabilities of the Plan. The Trustee is continuing to work with Rothesay Life Plc to implement the transfer to individual policies. To facilitate the transfer into individual annuity policies the Trustee is continuing to implement a data cleanse exercise, which will result in some adjustments to individual member benefits. To the extent that the adjustments are known, they have been reflected in the defined benefit obligation shown in these financial statements.

The RMPP is funded by the payment of contributions to separate Trust administered funds. It should be noted that the assumptions used for these pension disclosures are not the same as the assumptions used for funding the plans.

The latest full actuarial funding valuation of the RMPP was carried out as at 31 March 2021 but based on full membership data as at 31 March 2023, with calculations being based on an approximate updating of these results. Assumptions have been rolled forward with the actuarial surplus estimated at £26 million surplus on a Technical Provisions basis as at 31 March 2021.

The actuarial valuation of the defined benefit pension scheme has been prepared based on the results of the most recently completed preceding actuarial valuations of the plan as at March 2021, using member data as at March 2023, which has been rolled forward to the accounting date.

RMPP includes sections A, B and C each with different terms and conditions:

- Section A is for members (or beneficiaries of members) who joined before 1 December 1971.
- Section B is for members (or beneficiaries of members) who joined after 1 December 1971 and before 1 April 1987 or to Section A members who chose to receive Section B benefits.
- Section C is for members (or beneficiaries of members) who joined after 1 April 1987 and before 1 April 2008.

The weighted average duration of the Post Office section of the RMPP is around 17 years.

The two bulk annuity policies with Rothesay Life Plc provide an income to the Post Office section of the RMPP that matches the vast majority of the required benefit payments; as shown in the following disclosures, the estimated value of those policies (on the IAS 19 assumptions as at 30 March 2025) is £168 million (2024: £193 million), compared to the RMPP defined benefit obligation of £173 million (2024: £199 million). The £5 million (2024: £6 million) difference in these figures is due to small differences between the insured benefits and the actual benefit obligation. The Group expects to make a one-off contribution of £1 million in 2025/26 in relation to the pensionable pay rebuild. Given the current funding position of the scheme, no further contributions are anticipated.

Royal Mail Senior Executives Pension Plan

From April 2012 to the date of buy-out in June 2022, Post Office participated in the Royal Mail Senior Executives Pension Plan ("RMSEPP"). Royal Mail Group Ltd was the principal employer of RMSEPP and Post Office Limited was a participating employer with a 7% interest.

In June 2022, the buy-out of the RMSEPP scheme was completed. The bulk annuity policies held were exchanged for individual policies between insurers and all remaining members.

Post Office's obligations under RMSEPP were fully extinguished and the scheme was wound up in April 2024. The Group's share of residual assets, being 7% of the total, were returned in April 2024 after the remaining closure expenses were settled and the deduction of withholding tax. No assumptions have been derived as at 30 March 2025 given that the scheme was fully extinguished during the year.

Virgin Media Case

In June 2023, the UK High Court in Virgin Media Limited vs NTL Pension Trustees II Limited ruled that specific historical amendments to contracted-out defined benefit schemes in the period from 6 April 1997 to 5 April 2016 were invalid if they lacked confirmation under section 37 of the Pensions Schemes Act 1993 from the scheme's actuary. This decision was upheld on appeal in July 2024.

The trustees carried out a review of the RMPP and concluded that the ruling did not introduce new risks to the scheme. Therefore, no material risk identified and no judgmental provision has been made in the financial year to 30 March 2025 (2024: £nil).

The following disclosures relate to the losses/gains and deficit/surplus in respect of Post Office's obligations to RMPP.

a) Major long-term assumptions

The size of the defined benefit obligation shown in the financial statements is materially sensitive to the assumptions adopted. Small changes in these assumptions could have a significant impact on this value. However, the majority of any change in the defined benefit obligation due to changes in assumptions, will be matched by a corresponding change in the value in the bulk annuity policies (described above).

The major long-term assumptions used in the valuation of RMPP are as follows:

	At 30 March 2025 % pa	At 31 March 2024 % pa
Increases to benefits that retain a link to pensionable pay	**3.3**	3.3
Rate of pension increases – RMPP sections A/B	**3.1**	3.1
Rate of pension increases – RMPP section C	**3.3**	3.3
Rate of increase for deferred pensions	**3.1**	3.1
Discount rate	**5.8**	4.9
Inflation assumption (RPI)	**3.4**	3.4
Inflation assumption (CPI)	**3.1**	3.1

The following table shows the potential impact on the value of Post Office's defined benefit obligation in respect of RMPP. As noted above, the bulk annuities held by the arrangement provide an income that matches the vast majority of the RMPP benefit payments. Therefore, the following changes in the defined benefit obligation would be largely offset by a corresponding change in the asset values.

	At 30 March 2025 £m	At 31 March 2024 £m
Changes in RPI and CPI inflation of +0.1% pa	**3**	3
Changes in discount rate of +0.1% pa	**(3)**	(3)
Changes in CPI assumptions of +0.1% pa	**1**	2
An additional one-year life expectancy	**7**	7

The sensitivity analysis has been prepared using projected benefit cashflows as at 31 March 2023. The same method was applied as at the previous reporting date. The accuracy of this method is limited by the extent to which the profiles of the Plan's expected cashflows have changed since those valuations, although any change is not expected to be material in the context of the above sensitivity analysis.

Mortality: The mortality assumptions used to calculate the value of Post Office's defined benefit obligation in respect of RMPP are based on the self-administered pension scheme (SAPS "S3" series) mortality tables as shown in the following table:

Base mortality tables	2025	2024
Male members	96% x S3NMA_H	96% x S3NMA_H
Male dependants	109% x S3DMA	109% x S3DMA
Female members	113% x S3PFA_H	113% x S3PFA_H
Female dependants	103% x S3PFA_H	103% x S3PFA_H
Future improvements*	CMI 2023 Core Projections model with a 1.5% pa long-term trend	CMI 2022 Core Projections model with a 1.5% pa long-term trend

*From 2013 to 2021, CMI 2020 Core Projections with a 1.5% pa long-term trend are applied with no weighting to 2020 experience

Average expected life expectancy from age 60	2025	2024
For a current 60 year old male RMPP member	25 years	25 years
For a current 60 year old female RMPP member	27 years	27 years
For a current 45 year old male RMPP member	26 years	27 years
For a current 45 year old female RMPP member	29 years	28 years

b) Plans' assets

The assets in the plans for the Group were:

Sectionalised RMPP	Market value 2025 £m	Market value 2024 £m
Equities	8	10
Cash and cash equivalents	32	29
Bond/index-linked funds	14	13
Other loan/debt funds	-	-
Alternative asset funds	9	10
Bulk annuity policies*	168	193
Fair value of RMPP assets	231	255
Present value of RMPP liabilities	(173)	(198)
Surplus in plan before asset ceiling adjustment	58	57
Less effect of asset ceiling	(58)	(57)
Surplus in plan after asset ceiling adjustment	-	-

* As described above, the Post Office section of the RMPP holds two bulk annuity policies with Rothesay Life Plc. The value ascribed to the policies has been calculated using the same assumptions as used to calculate the present value of the defined benefit obligation.

5

As described above, no surplus is recognised for RMPP because the Group no longer has an unconditional right to refund from the Plan. A retirement benefit surplus of £nil (2024: £1 million) is disclosed on the balance sheet, with the 2024 surplus being the surplus in the RMSEPP only. The Group's share of residual assets in the RMSEPP, being 7% of the total, were returned in April 2024 after the remaining closure expenses were settled and the deduction of withholding tax.

There is no element of the above present value of liabilities that arises from plans that are wholly unfunded. Bond/index-linked funds are securities with a quoted price in an active market. All other plan assets are unquoted.

The Group's defined benefit plan assets do not include any transferable financial instruments issued by the Group, nor any property occupied by, or other assets used by, the Group.

c) Movement in plans' assets and liabilities

Changes in the fair value of the plans' assets are analysed as follows:

RMPP Assets	Sectionalised RMPP 2025 £m	Sectionalised RMPP 2024 £m
Assets in recognised RMPP at beginning of period	**255**	259
Finance income*	**10**	9
Actuarial losses	**(24)**	(4)
Benefits paid to members	**(8)**	(6)
Administrative expenses	**(2)**	(3)
Assets in recognised RMPP at end of period	**231**	255

* The interest on the plan assets has been reduced by the effect of the asset ceiling.

Changes in the present value of the defined benefit pension obligations are analysed as follows:

RMPP Liabilities	Sectionalised RMPP 2025 £m	Sectionalised RMPP 2024 £m
Liabilities in recognised RMPP at beginning of period	**(198)**	(202)
Finance cost	**(10)**	(9)
Experience adjustments on liabilities	**-**	(10)
Financial assumption changes	**26**	5
Demographic assumption changes	**1**	12
Benefits paid	**8**	6
Liabilities in recognised RMPP at end of period	**(173)**	(198)

d) Recognised charges

An analysis of the separate components of the amounts recognised in the performance statements of the Group is as follows:

RMPP	**Sectionalised RMPP 2025 £m**	Sectionalised RMPP 2024 £m
Analysis of amounts recognised in the income statement		
Administration expenses incurred	**2**	3
Total charge to operating profit/(loss)	**2**	3
Analysis of amounts charged/(credited) to net pensions interest:		
Interest on plan liabilities	**10**	9
Interest income on plan assets	**(10)**	(9)
Net pensions result to financing	**-**	-
Net charge to the income statement	**2**	3
Analysis of amounts recognised in the statement of comprehensive income		
Actual (loss) / gain on plan assets	**(14)**	6
Less expected interest income on plan assets	**(10)**	(10)
Actuarial losses on assets (all experience adjustments)	**(24)**	(4)
Actuarial gains arising from changes in demographic assumptions	**1**	12
Actuarial gains arising from changes in financial assumptions	**26**	5
Actuarial losses arising from experience adjustments	**-**	(10)
Actuarial gains on liabilities	**27**	7
Effect of the asset ceiling	**(1)**	-
Total actuarial gains recognised in the statement of comprehensive income	**2**	3

19. Equity

Share capital

	2025 £	2024 £
Authorised		
Ordinary shares of £1 each	**51,000**	51,000
Total	**51,000**	51,000
Allotted and issued and fully paid		
Ordinary shares of £1 each	**50,005**	50,005
Total	**50,005**	50,005

Share premium

	2025 £m	2024 £m
Share premium	**590**	590
Total	**590**	590

There was no share issue in 2024/25 (2024: nil).

Other reserves

Other reserves of £2 million (2024: £2 million) relates to First Rate Exchange Services Holdings Limited, the joint venture entity.

20. Commitments, contingent liabilities and contingent assets

Capital commitments contracted for but not yet provided in the financial statements amount to £16 million (2024: £30 million).

Leases

Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	2025 £m	2024 £m
Short leasehold buildings	**16**	19
Long leasehold buildings	**-**	-
Plant & machinery	**9**	9
Motor vehicles	**3**	4
Impairment (see note 10)	**(28)**	(32)
Total	**-**	-

Right-of-use assets in the table above are recognised within property, plant and equipment in the balance sheet and included in the relevant asset class in the property, plant & equipment note (see note 10).

Additions to right-of-use assets during the 2024/25 financial year, before impairment, totalled £7 million (2024: £14 million) and disposals were £5 million (2024: £15 million).

Lease liabilities	2025 £m	2024 £m
Current	**12**	15
Non-current	**28**	32
Total	**40**	47

Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2025 £m	2024 £m
Short leasehold buildings	**-**	-
Long leasehold buildings	**-**	-
Motor vehicles	**-**	1
Plant and machinery	**1**	-
Total	**1**	1
Interest expense (included in finance cost)	**2**	3

The total cash outflow for leases in 2024/25 was £16 million (2024: £12 million).

Income from sub-leased right-of-use assets was £2 million (2024: £2 million) in the year and has been recognised as a credit to costs.

Contingent liabilities

Individual legal claim

In March 2025, one of the 555 Group Litigation Order ("GLO") claimants issued proceedings against Post Office in the Business List of the Business & Property Courts (High Court).

The claimant is seeking damages of approximately £4.5 million from POL and a further £4.2 million from Fujitsu Services Limited, plus costs and interest.

Given the early stage of the proceedings, the Group does not consider an outflow of economic benefits to be probable. However, the claim represents a possible obligation whose outcome will be dependent on future legal determinations. Accordingly, the matter has been disclosed as a contingent liability in accordance with IAS 37. No provision has been recognised.

Other Remediation Matters

As progress continues to be made on Remediation Matters and the POHIT Inquiry nears its final findings, it is possible that additional liabilities may arise which are related to these matters. It is feasible that these liabilities could fall outside the scope of the current schemes, and therefore associated provisions, and as such further liabilities may require recognition in the future. This contingent liability is included despite the lack of knowledge of any such liabilities as it is likely that should liabilities arise they would be as a result of past events.

Off-payroll (IR35) penalty

As part of the anticipated IR35 settlement with HMRC, for which a provision has been recognised, the Group may receive a penalty in relation to the settlement. The Group anticipates that if a penalty were levied it would be issued on the basis of Post Office having made a prompted disclosure and having co-operated with HMRC. As such, any penalty would be expected to be based on 15% to 30% of the tax due of £81 million and be suspended.

Should a suspended penalty arise, the conditions associated with the suspension would be expected to be achievable and within the Group's control. However, the terms of such conditions would create a possible obligation in the event of non-compliance. As the likelihood of any cash outflow is assessed as possible but not probable, no provision has been recognised. The matter is disclosed as a contingent liability in accordance with IAS 37.

Contingent assets

Government funding

At the balance sheet date, the following Government funding arrangements are in place in respect of settlements associated with Remediation Matters:

- OC – funding of up to £780 million (2024: £780 million), with cumulative utilisation of £73 million (2024: 48 million) since inception of the scheme.
- HSS – funding of up to £339 million (2024: £233 million) for assessed claims, with cumulative utilisation of £196 million (2024: 41 million) since inception of the scheme. In addition, Government has provided an uncapped funding commitment to fund Fixed Sum Offers.
- SRR – funding of up to £116 million (2024: £116 million), with cumulative utilisation of £14 million (2024: 6 million) since inception of the scheme.
- PPR – funding of up to £81 million (2024: £81 million), with no utilisation (2024: £nil) since inception of the scheme.

The above contingent assets have not been recognised as receivables due to the current significant estimation uncertainty associated with settlement cashflows. The Group will recognise an asset only when the quantum for each specific claim settlement becomes virtually certain, being the point at which an offer is accepted. Further funding arrangements have been put in place after the balance sheet date which would increase the contingent asset values, see the Going Concern disclosures on pages 97 to 101 and the Post Balance Sheet events note on page 151.

21. Related party disclosures

Joint venture

The following Company is a joint venture of the Group:

Company	Country of incorporation	% Holding	Principal activities
First Rate Exchange Services Holdings Limited	United Kingdom	50	Foreign currency exchange

All shareholdings are equity shares. Summarised financial information for the joint venture is included in note 11.

Related party transactions

During the year the Group entered into transactions with the following related parties. The transactions were in the ordinary course of business. The transactions entered into and the balances outstanding at the financial year-end were as follows:

	Sales / recharges to related party		Purchases / recharges from related party		Amounts owed from related party including outstanding loans		Amounts owed to related party including outstanding loans	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
First Rate Exchange Services Holdings Limited	**44**	41	**100**	106	**4**	4	**4**	6

The sales to and purchases from related parties are made at normal market prices. Balances outstanding at the year-end are unsecured and interest-free and settlement is made by cash. First Rate Exchange Services Holdings Limited is a joint venture of the Group.

The Group trades with numerous Government (UK Government) bodies on an arm's length basis, such as the DWP, the DVLA and the Home Office. The Group takes the exemption available to Government controlled entities not to disclose transactions with other entities controlled by Government, or where Government has significant influence over that entity.

Separately, the Group discloses significant transactions with Government related entities:

- The Group has certain loan facilities of £1,000 million (2024: £1,000 million) with Government (page 131). This is made up of the £950 million (2024: £950 million) Working Capital Facility and the £50 million (2024: £50 million) Same Day Facility. In addition, a fixed-term loan is in place until March 2027 with an outstanding balance of £40 million (2024: £45 million) at the balance sheet date;
- The Group has recognised funding for exceptional items from Government of £525 million (2024: £193 million), all of which is recognised through the income statement and shown in note 4;
- The Group has received the Network Subsidy Payment of £88 million (2024: £50 million) from Government (page 108); and
- The Group has received investment funding of £85 million (2024: £130 million) from Government, all of

which is recognised through the income statement and shown in note 5.

Key management personnel

Key management personnel comprise the Executive and Non-Executive Directors of the Board, together with any individuals who held the position of Chief Executive Officer or Chief Financial Officer, including acting appointments, to the extent that they exercised authority and responsibility for planning, directing and controlling the activities of the Group. Where a Director stepped away from day-to-day management responsibilities, remuneration for that period is excluded from the key management personnel disclosure. Key management remuneration therefore relates to the period for which the individuals are considered key management personnel. The remuneration of the directors of the Post Office Group is disclosed in note 6. See the Remuneration Committee Chair's Statement on pages 42 to 44 for further information.

Key management personnel remuneration was as follows:

	2025 £'000	2024 £'000
Short-term employee benefits	**1,234**	1,168
Other long-term employee benefits	**-**	13
Total	**1,234**	1,181

Entities controlled by key management personnel

During the year, the Group entered into transactions with entities controlled by key management personnel. All such transactions were with postmaster Non-Executive Directors conducted on normal commercial terms in the ordinary course of business:

	2025 £'000	2024 £'000
Purchases from entities controlled by key management personnel	**2,077**	1,801

The following trading balances are outstanding at the balance sheet date in relation to entities controlled by key management personnel:

	2025 £'000	2024 £'000
Trade and other receivables	**-**	34
Trade and other payables	**(120)**	-

Subsequent to the balance sheet date, a member of key management personnel, serving as a Non-Executive Director and postmaster, entered into a contractual arrangement with the Group to assume operational control of 32 branches. These branches are being transitioned from Directly Managed Branches ("DMBs") as part of the Group's strategic plan to franchise the remaining DMBs.

The application process and agreement of contractual terms was conducted on an arm's length basis, consistent with the Group's standard franchising procedures.

22. Membership of the Bank of England's Note Circulation Scheme

Post Office Limited is a member of the Bank of England ("BOE") Note Circulation Scheme ("NCS") which governs the custody of BOE notes that are not in issue. The NCS promotes efficiency in the distribution and processing of notes by allowing approved commercial organisations engaged in the wholesale distribution and processing of cash, such as Post Office Limited, to hold notes owned by the BOE.

The continued participation in the NCS ensures that Post Office Limited has an adequate supply of notes to meet customer demand across its network.

The NCS mechanisms that enable Post Office Limited to hold Bank of England owned notes comprise two elements:

Bond Facility Cash ("Bond") – this is cash that is permanently owned by the BOE and is stored in secure vaults at Post Office Limited cash centres, physically separate from other cash. Post Office Limited buys cash from and sells cash to the Bond.

Note Recirculation Facility Cash ("NRF") – this is cash that is held securely, either in Post Office NCS cash centres or in the branch network and that is sold to the BOE at the end of each day with a commitment from Post Office Limited to buy it back the next morning. In order to sell notes in this way to the BOE, Post Office Limited must ensure that gilts are lodged each night as collateral. Post Office Limited's ability to sell notes to the BOE under the NRF is constrained by:

a) The amount of eligible notes available for sale;
b) The collateral available; and
c) An annual limit imposed by the BOE dependent upon the volume of notes sorted and issued from Post Office cash centres.

During 2020/21, BOE relaxed one of its rules over the use of the NRF. The change allows Post Office Limited to over-borrow against the annual limit historically imposed but retains the daily facility limit. The impact is that Post Office Limited can borrow more against NRF and reduce borrowings on the Working Capital Facility. BOE confirmed that at least six months' notice would be given before this amendment is reversed or revised.

In order to support its participation in the NCS, Post Office Limited has bank facilities with NatWest of up to £350 million in place ("Facilities"), comprising:

a) An overnight collateral facility.
b) An intra-day overdraft facility.

The Facilities may be cancelled by the lender with 60 days' notice.

As at 30 March 2025 £248 million (2024: £240 million) of NRF cash was held in this way and has not been recognised in the balance sheet.

23. Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Trading (loss) / profit

Trading (loss) / profit is one of the Group's key financial measures in the view of the Directors as it shows the underlying performance of the Group. It is calculated by taking operating profit or loss before exceptional items, depreciation, amortisation, impairment, investments and Network Subsidy Payment. The table below summarises the calculation of operating loss before exceptional items, trading profit including Network Subsidy Payment and trading profit.

	2025 £m	2024 £m
Operating profit / (loss)	**218**	(587)
Adjusted for:		
Exceptional items (note 4)	**266**	816
Funding for exceptional items (note 4)	**(525)**	(193)
`Operating (loss) / profit before exceptional items	**(41)**	36
Depreciation and Amortisation (notes 9 and 10)	**10**	9
Investment funding (note 5)	**(85)**	(130)
Investment spend (notes 5 and 21)	**73**	59
Profit on disposal of property, plant and equipment (note 4)	**(1)**	(24)
Impairment of fixed assets – net of reversals (see notes 4 and 9)	**120**	122
Trading profit including Network Subsidy Payment (adjusted EBITDA)	**76**	72
Network Subsidy Payment	**(88)**	(50)
Trading (loss) / profit (EBITDAS)	**(12)**	22

Net debt

Net debt is an alternative performance measure disclosed in the financial statements and has been reconciled in note 24.

24. Cash flow information

The consolidated statement of cash flows starts at an alternative performance measure, being operating profit/(loss) (before exceptional items and investments). The table below reconciles profit/(loss) for the financial year to operating profit/(loss) (before exceptional items and investments).

	2025 £m	2024 £m
Profit / (loss) for the financial year	**92**	(414)
Investment spend	**73**	59
Investment funding	**(85)**	(130)
Exceptional items	**266**	816
Funding for exceptional items	**(525)**	(193)
Finance costs	**64**	25
Taxation charge / (credit)	**62**	(198)
Operating loss before investment spend and exceptional items	**(53)**	(35)

Net debt

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	1 April 2024 £m	**Financing cash flows £m**	**New leases £m**	**Other non-cash changes £m**	**30 March 2025 £m**
Cash and cash equivalents	**617**	**(160)**	**-**	**-**	**457**
Borrowings	**(787)**	**135**	**-**	**-**	**(652)**
Lease liabilities	**(47)**	**16**	**(7)**	**(2)**	**(40)**
Net debt	**(217)**	**(9)**	**(7)**	**(2)**	**(235)**

	27 March 2023 £m	Financing cash flows £m	New leases £m	Other non-cash changes £m	31 March 2024 £m
Cash and cash equivalents	550	67	-	-	617
Borrowings	(483)	(303)	-	(1)	(787)
Lease liabilities	(58)	12	(14)	13	(47)
Net debt	9	(224)	(14)	12	(217)

25. Post balance sheet events

The Directors would like to draw attention to the following non-adjusting post balance sheet events:

Capture software

In June 2025, DBT announced details of a redress scheme to provide compensation for postmasters who suffered financial shortfalls due to the Capture software used in some branches between 1992 and 2000. The announcement followed the Government’s acceptance of findings from an independent investigation by Kroll Associates, which concluded that there was a reasonable likelihood that the software contributed to financial shortfalls experienced by postmasters.

The scheme remains at an early stage at the date of approval of these financial statements and will be administered and funded directly by DBT. The public announcement of the scheme was made by DBT and communicated as a Government scheme, such that any expectation of redress created by the announcement rests with DBT. However, it is possible that additional claims may emerge in the future that fall outside the scope of the Government-led scheme but relate to the same underlying events. For instance postmasters who were convicted based on Capture data currently fall outside the scope of the Government-led scheme. In October 2025, the CCRC referred its first Capture case to the Court of Appeal with no conclusion at the time of approving these financial statements. No triggering event occurred during the 2024/25 financial year that would give rise to present or possible obligation and accordingly, no contingent liability or provision has been recognised.

While management recognises that an adverse outcome could be material, it is currently not possible to determine whether and when any liabilities may arise, or whether any such liabilities would have a material adverse impact on the Group’s financial statements. Management will continue to monitor developments closely, including the outcome of any Court of Appeal decisions or future civil claims, and will reassess the accounting implications in future reporting periods.

Transfer of OC scheme to DBT

On 3 June 2025, administration of the OC scheme transitioned operationally to DBT. DBT is now leading claimant engagement and making payments directly to claimants.

Notwithstanding this operational transfer, and based on the latest discussions between the Group and DBT, it is expected that the legal liability will remain with the Group. In accordance with IAS 37, the Group will therefore continue to have a present legal obligation and recognise the OC provision on its balance sheet until all related payments have been settled.

Government funding agreed after the balance sheet date

HSS funding

In November 2025 Government provided an extension to the HSS funding agreement, committing to provide funding to 31 March 2027.

SRR funding

In November 2025 Government provided an extension to the SRR funding agreement, committing to provide funding to 31 March 2027.

PPR funding

In November 2025 Government provided an extension to the PPR funding agreement, committing to provide funding to 31 March 2027.

26. Ultimate controlling party

The Secretary of State for the Department for Business and Trade ("DBT"), holds a special share in Post Office Limited and the rights attached to that special share are enshrined within Post Office Limited Articles of Association. DBT, through UK Government Investments Limited ("UKGI"), has no day to day involvement in the operations of Post Office Limited or in the management of its branch network and staff. As such, at 30 March 2025, the Directors regarded Post Office Limited as the immediate and ultimate parent Company. Post Office Limited is the ultimate controlling party.

The parent undertaking of the smallest and largest Group to consolidate the results of the Company is Post Office Limited, a company registered in the United Kingdom. Post Office Limited financial statements can be obtained from 100 Wood Street, London, EC2V 7ER.

Post Office Limited

Company Financial Statements 2024/25

Company balance sheet

at 30 March 2025 and 31 March 2024

	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	4	**-**	-
Property, plant and equipment	5	**6**	6
Investment in subsidiaries	6	**43**	46
Investments in joint venture	7	**64**	71
Retirement benefit surplus	13	**-**	1
Trade and other receivables	8	**4**	4
Deferred tax asset	3	**151**	199
Total non-current assets		**268**	327
Current assets			
Inventories		**2**	1
Trade and other receivables	8	**370**	435
Current tax asset		**11**	-
Cash and cash equivalents	9	**419**	577
Total current assets		**802**	1,013
Total assets		**1,070**	1,340
Current liabilities			
Trade and other payables	10	**(587)**	(651)
Financial liabilities – interest-bearing loans and borrowings	11	**(618)**	(746)
Provisions	12	**(719)**	(438)
Total current liabilities		**(1,924)**	(1,835)
Non-current liabilities			
Other payables	10	**(37)**	(32)
Financial liabilities – interest-bearing loans and borrowings	11	**(34)**	(41)
Provisions	12	**(221)**	(664)
Total non-current liabilities		**(292)**	(737)
Net liabilities		**(1,146)**	(1,232)
Equity			
Called up Share capital	14	**-**	-
Share premium	14	**590**	590
Accumulated losses		**(1,738)**	(1,824)
Other reserves	14	**2**	2
Total equity		**(1,146)**	(1,232)

The notes on pages 156 to 169 form an integral part of the financial statements. The result dealt with in the financial statements of the Company amounted to a profit after tax of £84 million (2024: £420 million loss). The financial statements on pages 154 to 169 were approved by the Board of Directors on 28 November 2025 and signed on its behalf by:

N Brocklehurst - Chief Executive Officer

Company statement of changes in equity

for the 52 weeks ended 30 March 2025 and 53 weeks ended 31 March 2024

	Notes	Share Capital £m	Share Premium £m	Accumulated losses £m	Other reserves £m	**Total equity £m**
At 1 April 2024		**-**	**590**	**(1,824)**	**2**	**(1,232)**
Profit for the year		**-**	**-**	**84**	**-**	**84**
Re-measurements on defined benefit surplus	13	**-**	**-**	**2**	**-**	**2**
At 30 March 2025		**-**	**590**	**(1,738)**	**2**	**(1,146)**

	Notes	Share Capital £m	Share Premium £m	Accumulated losses £m	Other reserves £m	**Total equity £m**
At 27 March 2023		-	590	(1,407)	2	(815)
Loss for the year		-	-	(420)	-	(420)
Re-measurements on defined benefit surplus	13	-	-	3	-	3
At 31 March 2024		-	590	(1,824)	2	(1,232)

Notes to the financial statements

1. Material Accounting Policies

The accounting policies which follow, set out those which apply in preparing the Company financial statements for the 52 week period ended 30 March 2025.

Financial year

The financial year ends on the last Sunday in March and accordingly, these financial statements are made up to the 52 weeks ended 30 March 2025 (2024: 53 weeks ended 31 March 2024).

Authorisation of financial statements

The parent Company financial statements of Post Office Limited (the "Company") for the financial year ended 30 March 2025 were authorised for issue by the Board of Directors on 28 November 2025 and the balance sheet was signed on the Board's behalf by N Brocklehurst. Post Office Limited is a company limited by share capital, incorporated and domiciled in England and Wales. The address of the registered office is given on page 170.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS" 101). These financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

As permitted by Section 408 of the Companies Act 2006 Post Office Limited has not presented its own income statement.

The results of Post Office Limited are included in the consolidated financial statements of Post Office Limited which are available from Companies House.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) The requirements of IFRS 7 'Financial Instruments: Disclosures',

(b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,

(c) The requirements of paragraphs 10(d), 39(c), 40.A and 134-136 of IAS 1 'Presentation of Financial Statements',

(d) The requirements of IAS 7 'Statement of Cash Flow's,

(e) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors',

(f) The requirements of paragraph 17 of IAS 24 'Related Party Disclosures', and

(g) The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Basis of preparation – going concern (material uncertainty)

Having reviewed the expected future cashflows and given careful consideration to the likelihood of the continued support of Government, the Directors are satisfied that the Company (Post Office Limited) is expected to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In forming this conclusion, the Board has placed significant reliance on a Letter of Support provided by its Shareholder (Department for Business and Trade, "DBT"), details of which are outlined below. In assessing the Company's ability to continue as a going concern, the Board has considered the Company's financial forecasts for the 15 month period from the date of approval of these financial statements ("the going concern period"). This assessment takes into account the Company's business activities, the current and anticipated economic environment, the principal risks and uncertainties, as well as future trading developments.

In doing so, two core scenarios have been assessed as part of this process:

Firstly, a base case scenario, which assumes that Government funding is received to cover activities, is described below. It also assumes that future funding not contractually committed at the point of approving these financial statements, but included in the Letter of Support, will be forthcoming. Under the base case scenario, the Company maintains compliance with its Security Headroom covenant (which is a restrictive covenant within the Working Capital Facility provided by its Shareholder) and sufficient liquidity is available throughout the going concern period via this Working Capital Facility.

Secondly, a severe but plausible downside scenario – which models a deterioration in trading performance reflecting lower demand across key product categories, delays in delivery of commercial initiatives, and sustained inflationary and cost-of-living pressures impacting consumer behaviour. This downside also assumes that funding not contractually committed at the point of approving these financial statements, being funding for running the Remediation Matters activities and settling potentially material taxation matters, is not received. In addition, it also assumes that certain unfunded contingent liabilities become payable within the going concern period.

Under this severe but plausible downside scenario, the Group forecasts breaching its Security Headroom covenant part way through the going concern period. Moreover, the Working Capital Facility itself would need to be used for purposes other than that for which it was originally intended, being short-term liquidity, and would also become fully exhausted towards the end of the going concern period, resulting in the Group being unable to meet its liabilities as they fall due. This scenario demonstrates that without additional funding and support being provided by Government to fund certain exceptional and investment activities, including the costs to run the Remediation Matters activities and settle potentially material taxation liabilities, the Group would be unable to meet its liabilities as they fall due.

As outlined in the key accounting estimates section in note 1 of the financial statements, there remains significant estimation uncertainty over certain components of the £781 million (2024: £981 million) of provisions related to Remediation Matters. Contractually committed funding agreements are in place for the HSS, OC, SRR and PPR at the point of signing and, based on current estimates, exceed the forecast level of payments. However, given the significant estimation uncertainty in the HSS provision and the possibility of claims arising that are not covered by committed funding agreements, it is possible – albeit unlikely – for the payments to impacted individuals to exceed funding commitments during the going concern period. In such circumstances, additional funding from Government would be required. In addition, the Shareholder recognises that the Company faces other financial risks including taxation-related risks recognised in the financial statements, which are subject to estimation uncertainty, as well as contingent liabilities as disclosed in note 20 to the Group financial statements that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due.

Letter of Support

Given the above, consistent with the prior year, the Shareholder has provided a Letter of Support which has been relied upon by the Board when making its assessment as to whether the Company remains a going concern. The letter confirms that the Shareholder intends to continue to provide financial support to the Company to enable it to meet its liabilities as they fall due for a period of no less than 15 months from the date of approving the 2024/25 financial statements. In addition, the Letter of Support makes clear that the Shareholder recognises that the Company faces other financial risks (including certain taxation-related risks and contingent liabilities) that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due and therefore has provided assurances that funding will be provided in respect of these matters.

However, the Shareholder's Letter of Support does not constitute a financial guarantee and it includes certain caveats making it clear that certain funding may be subject to HMT consent and the application of the Subsidy Control Act 2022 and consideration of the advisory outcome of the referral process to the Subsidy Advice Unit of the CMA, where required. Whilst there is no indication that the necessary funding and support will not be forthcoming, the absence of guaranteed committed funding and support at the date of authorisation of the financial statements represents a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include adjustments that would result if the Company were unable to continue as a going concern.

Further details regarding the going concern assessment and the associated significant judgements are included in note 1 of the Group financial statements.

Critical accounting estimates and judgements in applying accounting policies

All critical accounting estimates and judgements are consistent with those of the Group as detailed in note 1 of the Group financial statements.

Accounting policies

The following accounting policies are consistent with those of the Group as detailed in note 1 of the Group financial statements:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.
- IFRS 16 Leases.
- Critical accounting estimates and judgements in applying accounting policies.
- Other income.
- Leases.
- Taxation.
- Investments in joint venture.
- Property, plant and equipment.
- Intangible assets.
- Inventories.
- Trade receivables.
- Cash and cash equivalents.
- Pensions and other post-retirement benefits.
- Foreign currencies.
- Provisions.
- Derivatives and hedging activities.

Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Auditors' remuneration

The remuneration paid to auditors is disclosed in the Group financial statements (note 4).

Directors' emoluments

The emoluments paid to Directors are disclosed in the Group financial statements (note 6). Directors for the Company are the same as Group.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses.

Amounts owed by group undertakings

Amounts owed by group undertakings are recognised and carried at original transaction value and subsequently at amortised cost, less any expected credit losses.

Key assumptions used in impairment tests for investments in subsidiaries

The Company assesses whether there are any indicators of impairment for investments in subsidiaries at each reporting date as well as if events or changes in circumstances indicate that the carrying value may be impaired. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance compared to historical or projected future operating results.
- Significant changes in the manner of use of the acquired assets or the strategy of the overall Company.
- Significant negative micro- or macro-economic trends.

Where appropriate, an impairment loss is recognised in the income statement for the amount by which the carrying value of the investment exceeds its recoverable amount.

2. People costs and numbers

Employment and related costs were as follows:

People costs	2025 £m	2024 £m
Wages and salaries	**176**	175
Social security costs	**19**	18
Other pension costs (note 13)	**18**	16
Total people costs	**213**	209

Period end and average monthly employee numbers were as follows:

	Period end employees		Average employees	
	2025	2024	**2025**	2024
Total employees	**3,570**	3,619	**3,636**	3,580

Total employee numbers can be categorised as follows:

	Period end employees		Average employees	
	2025	2024	**2025**	2024
Administration	**1,637**	1,527	**1,632**	1,479
Directly managed branches ("DMB")	**1,218**	1,284	**1,252**	1,292
Supply Chain	**715**	808	**752**	809
Total	**3,570**	3,619	**3,636**	3,580

3. Taxation

Deferred tax

	Company balance sheet	
	2025 £m	2024 £m
Tax losses	**90**	111
Fixed asset timings	**60**	82
Temporary provisions	**1**	6
Deferred tax asset	**151**	199

The Company has significant tax losses and allowances which are available indefinitely for offsetting against future taxable profits. As at the balance sheet date a deferred tax asset of £151 million (2024: £199 million) has been recognised in the Company, in relation to these tax losses and allowances.

Under IAS 12, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date, hence 25% has been used.

Details of the factors that may affect future tax charges are included in note 8 in the Group financial statements.

4. Intangible assets

	Software £m	Total £m
Cost		
At 26 March 2023	535	535
Reclassification*	(5)	(5)
Additions	59	59
Disposals	-	-
At 31 March 2024	**589**	**589**
Transfers in**	**5**	**5**
Additions	**46**	**46**
Disposals	**(33)**	**(33)**
At 30 March 2025	**607**	**607**
Accumulated amortisation and impairment		
At 26 March 2023	535	535
Reversal of impairments*	(5)	(5)
Amortisation	-	-
Impairment	59	59
Disposals	-	-
At 31 March 2024	**589**	**589**
Transfers in**	5	5
Amortisation	1	1
Impairment	45	45
Disposals	(33)	(33)
At 30 March 2025	**607**	**607**
Net book value		
At 30 March 2025	**-**	**-**
At 31 March 2024	-	-

* Reviews of plant and equipment and intangible assets are carried out on a regular basis and reclassifications between categories made as necessary to ensure a more appropriate representation of the nature of the assets.
** Transfers in relate to Payzone Bill Payments Limited intangible assets which were hived-up during the year. See note 6 for further details.

Assets under construction at the balance sheet date have a net book value of £nil (2024: £nil) due to them being impaired as part of the impairment assessments.

Goodwill and intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

An impairment assessment was carried out at the cash generating unit ("CGU") level resulting in an impairment of intangible assets totalling £45 million (2024: £48 million), driven by the forecast loss making position.

In the prior year, an impairment of £11 million was recognised in relation to software assets where the carrying value exceeded the recoverable amount. In the current year, no individual assets were identified as impaired prior to the CGU-level impairment assessment.

Amortisation rates are disclosed on pages 111 and 112 within the Group accounting policies note.

5. Property, plant and equipment

	Land and Buildings						
	Freehold £m	Long leasehold £m	Short leasehold £m	Motor vehicles £m	Plant and machinery £m	Fixtures and equipment £m	Total £m
Cost							
At 26 March 2023	**27**	**40**	**86**	**28**	**10**	**819**	**1,010**
Reclassification*	(1)	-	1	-	-	-	-
Additions	1	-	3	-	-	66	70
Right-of-use additions and modifications	-	-	6	4	4	-	14
Right-of-use remeasurement	-	(15)	(1)	-	-	-	(16)
Disposals	(5)	(1)	(10)	-	-	(4)	(20)
Right-of-use disposals	-	-	(12)	(2)	(1)	-	(15)
At 31 March 2024	**22**	**24**	**73**	**30**	**13**	**881**	**1,043**
Transfers in**	-	-	1	-	-	8	9
Additions	-	-	1	-	-	70	71
Right-of-use additions and modifications	-	-	4	1	2	-	7
Disposals	(3)	-	(2)	-	-	(10)	(15)
Right-of-use disposals	-	-	(4)	(1)	-	-	(5)
At 30 March 2025	**19**	**24**	**73**	**30**	**15**	**949**	**1,110**
Accumulated depreciation and impairment							
At 26 March 2023	**19**	**40**	**86**	**28**	**10**	**819**	**1,002**
Depreciation	1	-	-	-	-	-	1
Right-of-use depreciation	-	-	-	1	-	-	1
Impairment	-	-	10	3	4	66	83
Reversal of impairment	-	(15)	(1)	-	-	-	(16)
Disposals	(4)	(1)	(10)	-	-	(4)	(19)
Right-of-use disposals	-	-	(12)	(2)	(1)	-	(15)
At 31 March 2024	**16**	**24**	**73**	**30**	**13**	**881**	**1,037**
Transfers in**	-	-	1	-	-	8	9
Depreciation	-	-	-	-	-	3	3
Impairment	-	-	1	-	-	67	68
Right-of-use impairment	-	-	4	1	2	-	7
Disposals	(3)	-	(2)	-	-	(10)	(15)
Right-of-use disposals	-	-	(4)	(1)	-	-	(5)
At 30 March 2025	**13**	**24**	**73**	**30**	**15**	**949**	**1,104**
Net book value							
At 30 March 2025	6	-	-	-	-	-	6
At 31 March 2024	6	-	-	-	-	-	6

* Reviews of plant and equipment and intangible assets are carried out on a regular basis and reclassifications between categories made as necessary to ensure a more appropriate representation of the nature of the assets.
** Transfers in relate to Payzone Bill Payments Limited property, plant and equipment which were hived-up during the year. See note 6 for

further details.

Assets under construction at the balance sheet date have a net book value of £nil (2024: £nil) due to them being impaired as part of the impairment assessments.

Depreciation rates are disclosed on page 111 within the Group accounting policies note. No depreciation is provided on freehold land, which represents £1 million (2024: £1 million) of the total cost of freehold land and buildings.

Included within the table above are right-of-use assets with a net book value of £2 million (2024: £nil), having been impaired as part of the CGU impairment assessment. The net book value and split between categories, prior to impairment, has been disclosed in note 20 in the Group financial statements.

During the current year, a review of property, plant and equipment and intangible assets took place and resulted in reclassifications between categories to give a more appropriate representation of the nature of the assets.

CGU Impairment assessment

An impairment test was performed during the year, in accordance with IAS 36. Non-current assets were tested for impairment by comparing the carrying amount of the cash generating unit ("CGU"), being Post Office Limited to its recoverable amount. The recoverable amount is determined based on the higher of an asset or CGU's value in use and, where supportable, fair value less cost of disposal ("FVLCOD").

The discounted net cash flows from the value in use calculations were used to determine the recoverable amount of the CGU. Board approved cash flow projections which cover the period to March 2026 have been used as the basis of the value in use calculation. Cash flows have been extended a further two years to March 2028, based on current observable trends and management expectations, removing any significant one-off items. The terminal value calculation applies no (2024: nil) nominal growth rate, based on management's best estimate, taking into account market and operational experience, of the expected long-term market growth rate.

A pre-tax discount rate for Post Office Limited CGU of 10.9% (2024: 9.9%) has been used to discount the forecasted cash flows. The decrease in discount rate is primarily driven by the decrease in the country's risk estimate, which is incorporated in the discount rate calculation.

A key assumption with the Post Office Limited CGU impairment review is that Network Subsidy Payments ("NSP") which are received from Government to contribute to the costs of Post Office making available the network of public post offices that the Secretary of State for DBT considers appropriate, will continue into perpetuity.

The analysis performed indicates the carrying value of the assets of the Post Office Limited CGU exceed the recoverable amount based on the forecast loss making position, when ignoring future capital expenditure and investment plans, which have been excluded from the value in use calculation in accordance with IAS 36.

Consequently, a partial impairment of the CGU has been recognised, incurring an impairment charge of £120 million (2024: £131 million). This includes £45 million (2024: £48 million) related to intangible assets and £75 million (2024: £83 million) related to property, plant and equipment. The joint venture investment and freehold land and buildings, which are part of the CGU, have not been impaired on the basis that the FVLCOD of these individual assets exceeds the carrying value. No other assets are deemed to have a FVLCOD.

There were no reversals of previously recognised impairments during the year (2024: £21 million). In the prior year, the Group recognised impairment reversals totalling £21 million, primarily comprising a £16 million adjustment following a reassessment of non-lease components within the Group's lease portfolio. See note 10 to the Group financial statements for further details.

The position of all CGUs will be revisited annually in line with accounting standards.

6. Investments in subsidiaries

The carrying value of £43 million (2024: £46 million) is made up of two investments in subsidiaries.

Post Office Management Services Limited

The carrying value of the Company's investment in Post Office Management Services Limited is £43 million (2024: £43 million) – a 100% subsidiary of the Company with 60,000,000 shares at a nominal value of £1 and one share with a nominal value of £100.

Payzone Bill Payments Limited

During the year, the trade and net assets of Payzone Bill Payments Limited were transferred to Post Office Limited at book value of £3 million, completing the transaction that began in the prior year. As a result of the transfer, the carrying value of the investment was reduced to nil at the balance sheet date (2024: £3 million). The company remains a wholly owned subsidiary of Post Office Limited and is in the process of being voluntarily liquidated.

The original carrying value of the investment was £19 million.

The registered address of Post Office Management Services Limited is 100 Wood Street, London EC2V 7ER. The registered address of Payzone Bill Payments Limited is C/O Grant Thornton Uk Advisory & Tax LLP 11th Floor Landmark St Peter's Square 1 Oxford St, Manchester, M1 4PB.

7. Investments in joint venture

	2025 £m	2024 £m
Investment in joint ventures	**64**	71
Total net investment at 30 March 2025, 31 March 2024	**64**	71

The Group has one joint venture investment with a 50% interest (1,000 £1 ordinary A shares) in First Rate Exchange Services Holdings Limited ("FRESH"). FRESH is the holding company of First Rate Exchange Services Limited ("FRES"), which is the joint venture operating company. The principal activity of FRES is the supply of foreign currency exchange and FX note wholesaling in the UK to Post Office and others, which complements the Group's operations and contributes to achieving the Group's overall strategy. The principal risks of the Group are disclosed on pages 60 to 66. First Rate Exchange Services Holdings Limited ("FRESH") is a company registered in the United Kingdom. The registered address of FRESH is Botanica, Ditton Park, Riding Court Road, Datchet, SL3 9LL.

An impairment assessment was carried out in accordance with IAS 36 in relation to the joint venture investment in FRESH, which forms part of the Post Office Limited CGU. In assessing whether the joint venture investment was impaired, the carrying value of the Post Office Limited CGU, was compared to its value in use, which indicated a full impairment of the CGU. A separate assessment was then carried out at the individual asset level using the FVLCOD methodology to determine recoverable amount. The FVLCOD assessment resulted in a recoverable amount in excess of the carrying value of the asset. As such, no impairment (2024: £nil) was recognised in respect of the joint venture investment. See note 5 for further details in respect of the CGU impairment assessment.

8. Trade and other receivables

	2025 £m	2024 £m
Current:		
Trade receivables	**59**	92
Amounts owed by Group undertakings	**2**	1
Accrued income	**66**	61
Prepayments	**14**	19
Client receivables	**139**	147
Other receivables	**90**	115
Total	**370**	435
Non-current:		
Accrued income	**4**	4
Total	**4**	4

The Company applies IFRS 9 when measuring expected credit losses. The Company has assessed all relevant assets and concluded that expected credit losses are not material in both the current and prior year, with the exception of trade receivables and amounts owed by Group undertakings. Trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the expected credit losses.

The loss allowance for the current and prior year has been determined as follows:

30 March 2025	Current	>30 days and <60 days past due	>60 days and <120 days past due	>120 days past due	Total
Expected loss rate - %	**0%**	**0%**	**71%**	**100%**	**36%**
Gross carrying amount - £m	**56**	**2**	**3**	**36**	**97**
Loss allowance - £m	**-**	**-**	**2**	**36**	**38**

31 March 2024	Current	>30 days and <60 days past due	>60 days and <120 days past due	>120 days past due	Total
Expected loss rate - %	0%	0%	50%	97%	28%
Gross carrying amount - £m	87	2	2	35	126
Loss allowance - £m	**-**	**-**	**1**	**33**	**34**

There is a loss allowance in the current, more than 30 days and more than 60 days ageing categories, however it is immaterial for disclosure.

Amounts owed by Group undertakings have been assessed in accordance with IFRS 9. The Company did not recognise an expected credit loss in relation to amounts owed by Group undertakings in 2024/25 (2024: £nil).

9. Cash and cash equivalents

	2025 £m	2024 £m
Cash in the Post Office Limited network	**407**	572
Short-term bank deposits	**8**	5
Fiduciary cash balances held on behalf of insurance third parties	**4**	-
Total	**419**	577

10. Trade and other payables

	2025 £m	2024 £m
Current:		
Trade payables	**102**	46
Amounts owed to subsidiary undertaking	**1**	2
Accruals	**79**	131
Deferred income	**18**	34
Social security	**8**	7
Client payables	**356**	410
Lease liabilities	**12**	14
Capital payables	**7**	7
Other Payables	**4**	-
Total	**587**	651
Non-current:		
Lease liabilities	**28**	32
Deferred income	**9**	-
Total	**37**	32

11. Financial liabilities – interest bearing loans and borrowings

	2025 £m	2024 £m
Current:		
Department for Business and Trade – facility	**610**	741
Department for Business and Trade – fixed term loan	**8**	5
Total	**618**	746
Non-current:		
Department for Business, Energy and Industrial Strategy – fixed term loan	**33**	40
Other borrowings	**1**	1
Total	**34**	41

Details of the financial liabilities are included in note 15 in the Group financial statements.

12. Provisions

	HSS	OC	SRR	PPR	Severance	Property	Branch Losses	IR 35	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2024	814	121	28	18	4	14	19	72	12	1,102
Charged to investment spend	**-**	**-**	**-**	**-**	**29**	**2**	**-**	**-**	**-**	**31**
Charged to exceptional items	**187**	**-**	**-**	**-**	**-**	**-**	**-**	**14**	**-**	**201**
Charged to trading	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**5**	**6**
Charged to finance costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**15**
Utilisation	**(345)**	**(28)**	**(9)**	**-**	**(14)**	**(2)**	**-**	**-**	**(2)**	**(400)**
Provisions released in the year - investment spend	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Provisions released in the year - exceptional	**-**	**(9)**	**(9)**	**(6)**	**-**	**-**	**-**	**-**	**-**	**(24)**
Provisions released in the year - trading	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**-**	**(4)**	**(8)**
Unwinding of discount	**31**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35**
Impact of discounting	**(16)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**
At 30 March 2025	**671**	**88**	**10**	**12**	**18**	**14**	**15**	**101**	**11**	**940**

	HSS	OC	SRR	PPR	Severance	Property	Branch Losses	IR 35	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 30 March 2025										
Current	**510**	**46**	**7**	**4**	**18**	**8**	**15**	**101**	**10**	**719**
Non – current	**161**	**42**	**3**	**8**	**-**	**6**	**-**	**-**	**1**	**221**
	671	**88**	**10**	**12**	**18**	**14**	**15**	**101**	**11**	**940**
At 31 March 2024										
Current	352	32	10	2	4	9	19	-	10	438
Non – current	462	89	18	16	-	5	-	72	2	664
	814	121	28	18	4	14	19	72	12	1,102

Details of the provisions are included in note 16 to the Group financial statements.

13. Retirement benefit surplus

The Company pension's disclosure is consistent with the Group disclosure included in note 18 to the Group financial statements.

14. Equity

Called up share capital

	2025	2024
	£	£
Authorised		
Ordinary shares of £1 each	**51,000**	51,000
Total	**51,000**	51,000
Allotted and issued and fully paid		
Ordinary shares of £1 each	**50,005**	50,005
Total	**50,005**	50,005

Share premium

	2025	2024
	£m	£m
Share premium	**590**	590
Total	**590**	590

There was no share issue in 2024/25 (2024: £nil).

Other reserves

Other reserves of £2 million (2024: £2 million) relate to First Rate Exchange Services Holdings Limited, the joint venture entity.

15. Commitments, contingent liabilities and contingent assets

Details of the Company commitments and Company contingent liabilities are disclosed in note 20 of the Group financial statements.

16. Related party disclosures

Related parties for Post Office Limited are as per the Group; details of which are disclosed in note 21 of the Group financial statements. The Directors have taken advantage of the exemption permitted by FRS 101 not to disclose transactions with wholly owned subsidiaries within the Group.

17. Post balance sheet events

Details of post balance sheet events are included in note 25 to the Group financial statements.

18. Ultimate controlling party

The Secretary of State for the Department for Business and Trade ("DBT"), holds a special share in Post Office Limited and the rights attached to that special share are enshrined within Post Office Limited Articles of Association. DBT, through UK Government Investments Limited ("UKGI"), has no day to day involvement in the operations of Post Office Limited or in the management of its branch network and staff. As such, at 30 March 2025, the Directors regarded Post Office Limited as the immediate and ultimate parent Company. Post Office Limited is the ultimate controlling party.

The parent undertaking of the largest and smallest Group to consolidate the results of the Company is Post Office Limited, a company registered in the United Kingdom. Post Office Limited financial statements can be obtained from 100 Wood Street, London, EC2V 7ER.

Corporate information

Registered Office

Post Office Limited

100 Wood Street

London

EC2V 7ER

Actuary

Towers Watson Limited

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