

Annual Report and Accounts 2011–12



Ordnance Survey Annual Report and Accounts 2011–12

Presented to Parliament pursuant to Section 4(6) of the Government Trading Funds Act 1973
as amended by the Government Trading Act 1990.

Ordered by the House of Commons to be printed 21 June 2012

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This publication is available for download at www.official-documents.gov.uk.

This document is also available from our website at www.ordnancesurvey.co.uk.

ISBN: 9780102976311

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2484023 06/12

Printed on paper containing 75% recycled fibre content minimum.

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Who we are and what we do

Ordnance Survey is Great Britain's national mapping agency. It is our job to collect, maintain and distribute the most accurate and up-to-date geographic information (GI) of England, Scotland and Wales that government, business and individuals all rely upon.

We generate our revenue through licensing the intellectual property rights in our data under Crown copyright. We do this directly with customers and via more than 500 private-sector partners. We invest heavily in attracting partners to deliver customer-led solutions to meet market demand.

We also provide free and unrestricted access to a large range of our mapping via OS OpenData™ and OS OpenSpace®, the two services help underpin a range of applications, promote government transparency and encourage greater take up of GI. The aim of the services, alongside our innovation network GeoVation, is to stimulate digital innovation in the reuse of our data to develop applications and solutions, drive new markets and unlock new potential for jobs in existing and new technologies.

We are a non-ministerial government department and an Executive Agency responsible to the Department for Business, Innovation and Skills (BIS).

We operate as a Trading Fund under the *Government Trading Funds Act 1973* and *The Ordnance Survey Trading Fund Order 1999*.

Our vision is that Ordnance Survey and its partners will be the content providers of choice for location-based information in the new information economy.



Introduction from the Chairman

With the demand for high quality, accurate geographic information (GI) showing no signs of slowing down, I am pleased to report another successful year for Ordnance Survey. Whilst trading conditions have been difficult, an ever-growing appetite for innovation continues to drive the widespread use of our data in services, applications and business solutions, such as asset management, and in delivering public services.

Our activities fall into six themes, which make up our business strategy: focusing on our customers; collaborating to solve problems and respond to new challenges; enriching our data content; automating and future-proofing our systems; improving efficiency and reducing costs and developing the capability of our staff. Examples of how we have achieved these objectives can be found in the following pages together with more information about our activities in 2011–12.

Maximising the use of our data across the public sector is one of the ways in which we are delivering shareholder value to the government and value for money to the taxpayer. Becoming part of the Department of Business, Innovation and Skills, in addition to the creation of the Public Data Group (PDG), has enabled us to extend our partnerships with other major data providers in government. We look forward to playing an important role in the development of the PDG, working on new collaborations to explore commercial opportunities, driving efficiencies and helping to promote economic growth.

Open data is a key element of unlocking this potential, but it is vital that we also ensure the long-term sustainability and quality of the national information infrastructure. It is encouraging therefore, that the government recognises the importance of striking a balance between releasing free data to stimulate economic growth through innovation and meeting the cost of maintaining the national datasets from which it is taken. This is particularly true for GI, which can quickly become out of date. Capturing the constantly changing British landscape is costly, but crucial in creating the high quality, accurate mapping upon which the private and public sectors rely.

It has been two years since the launch of OS OpenData and even longer since we unveiled OS OpenSpace; initiatives which aims to stimulate digital innovation in the re-use of our mapping data. In this time we have seen a constant flow of business users and developers accessing free data, via OS OpenData and OpenSpace, to support systems, services and applications. At the same time we have also seen the demand for our premium datasets increase. Our challenge remains identifying new business opportunities to generate the revenue needed to continue our data collection, maintenance and distribution for both our free and premium datasets.

We are committed to maintaining and growing our revenue by delivering customer-led products and services that meet market demands and our focus continues to be divided between the business, government and consumer sectors, each of which has individual challenges and opportunities.

Collaborations with organisations whose skills and experience compliment our own are also important, particularly in exploring new markets. GeoPlace® LLP, our addressing joint venture with the Local Government Association, is just one example of this approach and the PDG will create yet more working relationships that will help drive efficiencies and new opportunities.

I am also pleased to report the appointment of Vanessa Lawrence as Chair of a new United Nations Committee of Experts on Global Geospatial Information Management (GGIM). With GI now recognised worldwide as an essential tool for driving growth and efficiencies, we are pleased to be playing a key role in advising the United Nations (UN) on place, locality and geography. This appointment is a huge personal honour for Vanessa, as well as recognition of the high esteem in which Ordnance Survey is held throughout the world.

Underpinning all of these activities is an ongoing commitment to using our world-class data collection skills to ensure Britain has the high quality, accurate GI expected from its national mapping agency. The professionalism of our staff, and the pride they take in contributing to the success of Ordnance Survey, is pivotal to fulfilling this role and I should like to thank them for helping us to achieve so much in 2011–12.



Sir Rob Margetts CBE
Non-Executive Chairman



Director General and Chief Executive's overview

The recognition of the importance of high-quality GI continues to grow, and the demand from customers for up to date, accurate location data has never been greater. GI now underpins daily decision making for millions of people worldwide, and I continue to be pleased by how customers use Ordnance Survey data to support their businesses, organisations and daily activity.

The past 12 months have been both productive and high profile for Ordnance Survey – from launching a new cross government mapping agreement, delivering our new addressing product range and hosting many guests at our new head office.

We have continued to provide value to government, customers and our partners through the successful implementation of projects such as new, simplified pricing and licensing; our online outdoor walking mapping application, OS getamap™; the award-winning Digimap® for Schools service; and the Public Sector Mapping Agreement (PSMA). We also remain committed to providing exceptional leadership, management and development for our staff, as recognised by the award of Gold status from Investors in People.

GI supplied under the PSMA and One Scotland Mapping Agreement (OSMA), is not only helping to improve services, but is also playing a key role in delivering the efficiency and cost savings expected by government. With these benefits driving demand for our data, we have seen more than 2 300 organisations join the PSMA since its launch in April 2011, whilst the OSMA now exceeds 100 members. It is particularly pleasing that over 1 600 new organisations have joined the PSMA and are now using Ordnance Survey data to deliver vital public services.

The positive response to GeoPlace LLP demonstrates the importance of a consistent, regularly updated, national address gazetteer database. Addressing information is a vital decision-making tool for many organisations and the showcasing of the AddressBase® range of products, created from this definitive source of publicly-owned spatial address data, was extremely well-received at the 2011 AGI® conference. The inclusion of Scottish addresses from spring 2012 provides the nation with a database and products that offer complete coverage of Great Britain.

We continue to see demand for our open data products, through OS OpenData and OS OpenSpace, resulting in new and exciting applications and services, many of which target non-traditional markets. With the ongoing enthusiasm for exploring new ways of using GI, I am confident that OS OpenData, supported by our innovation network, GeoVation®, provides an excellent foundation for the activities of the Public Data Group (PDG).

Fundamental to the success of all our products and services is the need to continuously collect and maintain the master map for Great Britain. The demand for up to date, consistent and detailed GI has been highlighted in the planning and delivery of the London 2012 Olympic Games. I am extremely proud of the work that we have undertaken to support the games. We are producing some of most detailed and frequently updated mapping in the world, as we capture the changing landscapes for all the Olympic venues to meet the specific needs of the planners, police and global security community. Our work has been recognised by many stakeholders involved in the Olympics and reinforced Ordnance Survey as a world leader in surveying and product development.

It is this international reputation that attracts the world's top mapping leaders to the prestigious Cambridge Conference, which was held at Explorer House. The move away from Cambridge, due to the 500th birthday celebrations at its usual home, St John's College, gave delegates to the 2011 event the chance to visit our new head office, where they heard from a number of well-known keynote speakers.

Later in the year, we were privileged to welcome His Royal Highness The Duke of Edinburgh to officially open Explorer House, and were delighted to accept his generous gift of a copy of the official document that founded Ordnance Survey in 1791. Although the process of map making has changed enormously since The Duke's last visit, our primary focus remains the collection, maintenance and distribution of high-quality mapping data for the whole of Great Britain. New surveying equipment and a geospatial data management system (GDMS), which transforms the way we capture, store and update our products and services, are not only delivering efficiencies, but will also benefit customers through the creation of a wider range of products more quickly than ever before. This significant investment, combined with an extensive research programme that includes 3-D data modelling and the linked data web, will ensure that we can continue to serve society with the accurate, up-to-date GI that it has come to rely on.

We have an exciting year ahead and remain focused on both maintaining the highest-quality geographic data and creating opportunities to innovate and support new markets.



Dr Vanessa V Lawrence CB
Director General and Chief Executive
14 June 2012



Director of Finance and Corporate Services report

I am pleased to report that in 2011–12 we have achieved record revenue for the second successive year; up 9.6% to £141.8m (2010–11: £129.4m). We have also reduced underlying running costs and generated a profit before exceptional items of £31.9m (2010–11: £24.1m). Our full year dividend increased by 171% to £17.2m (2010–11: £6.3m).

	2011–12 £m	2010–11 £m	Variance £m	%age
Revenue	141.8	129.4	12.4	9.6%
Operating costs	(112.3)	(118.1)	5.8	4.9%
Operating profit before exceptional items*	31.9	24.1	7.8	32.3%
Operating profit after exceptional items	31.9	10.8	21.1	194.3%
Dividends	17.2	6.3	10.9	171.1%
Net assets at 31 March	127.9	112.0	15.9	14.2%

*Exceptional items are defined in Note 33

In addition to meeting our non financial Agency Performance Measures (APMs), we have exceeded each of the three financial APMs as follows:

APM	Result	Performance versus target
Operating profit	£31.9m	+ £6.6m
Free cash flow	£30.2m	+ £6.0m
Efficiency measure	19.2%	+ 4.2%

The year also marks the successful merger, under the Director of Finance and Corporate Services, of the Finance function with our Human Resource, Organisational Development and Facilities functions, which is contributing to our overall efficiency gains in the year.

1. Revenue

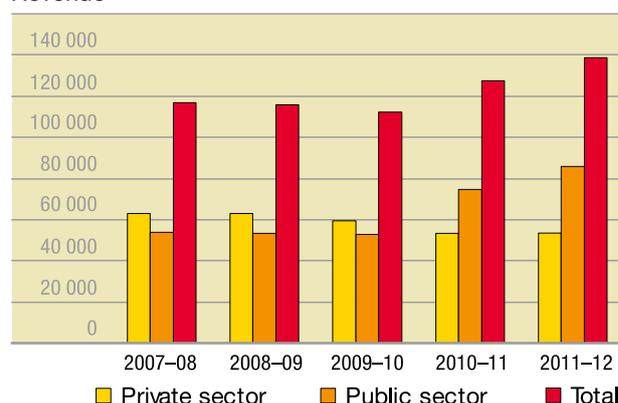
Revenue of £141.8m comprise trading revenue of £138.9m (2010–11: £127.7m) and other operating income of £2.9m (2010–11: £1.7m).

The increase of £11.2m in trading revenue is principally as a result of the 1 April 2011 commencement of the PSMA, which has provided our data, free at the point of use, to over 2 300 government bodies. These revenues include addressing revenue where Ordnance Survey acts as the sales and marketing agent for GeoPlace LLP on a royalty basis.

PSMA is a 10 year contract that accounts for £55.0m (2010–11: £nil) of revenue which, together with a second year of OS Open Data, our existing OSMA and other service contracts, comprises our business to government

(B2G) segment. For 2011–12, this segment accounts for 62% (2010–11: 58%) of Ordnance Survey trading revenue. Private Sector revenue remains stable at £53.0m in 2011–12 due to growth in new markets offsetting the continued effect of product substitution following the 2010 launch of OS OpenData.

Revenue



2. Segmental reporting

From April 2011, separate customer segments have been identified and reported to Ordnance Survey's Board for the purpose of reviewing performance across Government (B2G), Business (B2B) and Consumer (B2C). Full year performance is as follows:

	B2G £m	B2B £m	B2C £m	Total £m
Trading revenues	85.9	43.5	9.5	138.9
Direct costs	(10.2)	(10.5)	(6.3)	(27.0)
Gross margin	75.7	33.0	3.2	111.9
Avoidable costs	(0.9)	(1.4)	(0.9)	(3.2)
Contribution	74.8	31.6	2.3	108.7
Common costs				(71.3)
Trading margin				37.4

As this is the first year where such segmental reporting has been appropriate and possible, there is no prior year data presented.

Revenues and costs which are not related to our core activities are excluded from the segmental report. A full reconciliation to operating profit is given in the note 2.1 to the financial statements.

Government is our largest customer, principally due to long-term agreements under PSMA and OS OpenData. Additionally in Scotland we have now completed our penultimate year of the OSMA.

In managing our segments in this way we recognise that a significant proportion of our operational costs are

common across all segments. This reflects the nature of our business, notably data collection and IT infrastructure, which contribute to the production and supply of all of products, and that we rarely supply specific products to discrete segments making redundant any further cost allocation.

3. Operating costs

Overall Ordnance Survey has continued to achieve in excess of its APM targeted 5% per annum cumulative reduction in underlying running costs, from a 2008–09 baseline, with actual performance in 2011–12 of 19.2% against a cumulative target of 15.0%.

Total operating costs, which includes operating costs and other operating costs, are £112.4m (2010–11: £118.8m), which comprise the following components to determine underlying running costs that overall have decreased by £6.8m to £76.5m (2010–11: £83.3m):

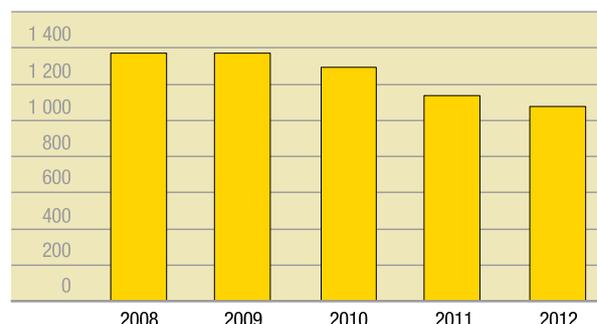
	2011–12 £m	2010–11 £m
Total operating costs	112.4	118.8
GeoPlace pass through	(9.2)	0.0
Depreciation and amortisation	(13.6)	(11.0)
Expensed investment costs	(9.6)	(8.7)
OS OpenData royalties	(2.5)	(2.5)
Property impairment	(0.6)	(10.2)
Restructuring	(0.4)	(3.1)
Underlying running costs	76.5	83.3

- GeoPlace, our 50:50 joint venture with Local Government Association, which became fully operational in the year, is not consolidated in this Annual Report. Therefore agency revenue less commission are treated as a pass through and are classified within operating costs.
- Depreciation and amortisation costs have increased by £2.6m to £13.6m, which reflects a full year depreciation of our geospatial data management system (GDMS) which was completed in December 2010, ready for operational implementation in July 2011.
- Expensed Investment costs reflect investments, which are not eligible for capitalisation.
- Royalties are those payable to third parties in respect of OS OpenData.

Underlying running costs have reduced by £6.8m, a result of the reduction in staff costs of £5.5m, reduced Ordnance Survey Limited costs of £0.4m following launch in March 2011, and other efficiencies of £0.9m.

The staff costs reduction partly reflects a reducing headcount. The current year headcount includes the full year effect of the decision to outsource our print and warehouse functions in 2010–11, together with the outsourcing of our corporate office facilities management.

Staff numbers (including contract staff)



Staff numbers are detailed in Note 4 to the Financial Statements.

4. Dividends

In 2011–12, we have increased our dividend to our shareholder BIS by £10.9m to £17.2m. (2010–11: £6.3m). This increase reflects an £8.2m unchanged ROCE based Treasury target of a 6.5% return on net assets, an agreed adjustment of £1.0m to compensate for a prior year reduction of net assets following the valuation of our freehold property and an enhanced dividend of £8.0m in respect of the performance of the PSMA. The Board are currently reviewing Ordnance Survey dividend policy.

5. Statement of financial position

a) Investment expenditure

Our investment programme during the year was £18.4m, of which £8.8m constituted capital and £9.6m is charged to the income statement as noted above. The principal capital additions in the year are phase 1 of a multi-resolution database, (a multi-year project to update our production systems to enhance the speed at which we can produce existing and new products) and our online ordering system.

b) Non current assets

Intangible assets principally consist of GDMS, which entered operations in July 2011, together with other software. Over its lifecycle, GDMS will deliver significant benefits, both in cost rationalisation and the opportunity to efficiently develop new products. It is being amortised over ten years.

Tangible assets principally consist of Explorer House and IT infrastructure.

c) Working capital

Cash at bank is £28.8m (2010–11: £17.1m). This includes £3.0m (2010–11: £4.5m) in respect of a prior year conditional licence sale, the revenue for which will be recognised over the next two years.

The increase in cash principally results from the improved profit performance for the year and strong working capital management.

6. Corporate structure

a) GeoPlace LLP ('GeoPlace')

GeoPlace is our innovative joint venture with the Local Government Association. GeoPlace has developed and successfully launched the AddressBase suite of products in September 2011, which are available to both the private and public sectors (the latter through the PSMA) and will migrate existing and new customers from Ordnance Survey's current addressing products. The establishment of this venture and product launch marked a significant milestone for collaboration between Ordnance Survey and local government. As noted above Ordnance Survey acts as sales and marketing agent for GeoPlace.

GeoPlace returned a maiden profit share to Ordnance Survey of £2.4m, being 75% of the total profit for the entity. This 50:50 joint venture is accounted for under the equity method, in line with IAS 31: Interests in joint ventures. Revenue was £9.5m (2010–11: £nil) and profit for the year was £3.1m (2010–11: £nil).

b) Ordnance Survey Limited (OSL)

OSL launched in March 2011. It was a challenging retail climate with consumer spending being constantly under pressure from a variety of external factors.

Revenue for the year was £1.3m (2010–11: £nil) and operating losses were £1.4m (2010–11: £3.1m) reflecting a reduction in the prior year build costs that were expensed. The company is financed by the provision of a commercial working capital loan from Ordnance Survey. The Directors of OSL remain confident that this is a high-quality consumer offering that remains in start up, and that it is well placed to take advantage of an upturn in the economy. OSL is a 100% subsidiary of Ordnance Survey.

c) PointX® Limited ('PointX')

PointX is a 50% owned joint venture with Landmark Information Group that has developed a national points of interest database. Revenue was £1.1m (2010–11: £1.1m) and profit for the year of £0.4m (2010–11: £0.5m).

PointX is a 50:50 joint venture and is accounted for under the equity method in line with IAS 31: Interests in joint ventures.

7. Capital structure

There were no changes in capital structure during the year with public dividend capital standing at £34m. In addition we have retained, but not utilised a £15.0m (2010–11: £15.0m) revolving credit facility with National Loans Fund .

8. Treasury management

The management of liquid assets is governed by the Ordnance Survey Trading Fund Order 1999, as supplemented by the framework document 2004, approved by HM Treasury. Cash balances are maintained in an interest bearing account at the Office of the Paymaster. Sums that are surplus to immediate requirements are deposited in a short-term interest-bearing account with the National Loans Fund, typically seven days to six months in duration.

Ordnance Survey does not have significant foreign currency transactions, as such immaterial foreign exchange gains and losses are accepted as part of the cost of the business.

- Credit risk

Credit risk manifests itself in the trade receivables balance, which is spread over a large and diverse customer base. The group monitors financial position of customers on initial application and on an ongoing basis. Provision is made for the recoverability of debts which are considered doubtful. At the year end, management do not consider there to be any material unprovided credit risk.

- Cash-flow risk

The group monitors cash-flow risk by maintaining and monitoring cash flow forecasts and ensuring that adequate unutilised borrowing facilities are maintained.

9. Machinery of Government change

On 18 July 2011 Ordnance Survey was transferred under a Machinery of Government change from the Department for Communities and Local Government to the Department for Business, Innovation and Skills.

10. Public Data Group

On 19 March 2012, HM Treasury announced the terms of reference of a Data Strategy Board (DSB) as the overall purchaser for the majority of Ordnance Survey's B2G contracts, such as PSMA. At the same time, following

consultation, it set out the terms of reference of a Public Data Group (PDG) to act as the provider of data to the DSB. Ordnance Survey is a founder member of PDG, the successor organisation to a previously announced Public Data Corporation and is joined in membership by the Met Office, Land Registry® and Companies House.

11. Risks and uncertainties

The Board of Directors remain confident regarding the future of the business. Nonetheless, certain risks and uncertainties exist which could adversely impact future financial performance:

- Changes in Government Policy (including European Directives) could impact the organisation's ability to deliver overall business strategy and would require plans and strategies to be revised appropriately. The ability of Ordnance Survey to influence government policy is conducted within the remit of the Civil Service Code. We seek to maintain a dialogue with our ministers and sponsor department sufficient to ensure that the impact of agreed policy or open consultations is understood.
- During the year a new production system; GDMS was introduced to manage our mapping data. As with any system's introduction there is a period of transition to new working arrangements. Support continues to be provided by the suppliers of the key technology components under transitional arrangements and internal capabilities have been strengthened since the implementation of the new system. Production departments have made contingency arrangements, involving prioritisation of workload in the unlikely event of systems' unavailability.
- The environment within which Ordnance Survey operates has become more dynamic as a result of changes such as OS OpenData, GeoPlace, technological platforms, and changes to our licensing terms. It is important that Ordnance Survey continues to respond to these changes appropriately and through continued delivery of capability and capacity. These risks are addressed through the preparation and achievement of the business plan and through the ongoing review of skills and competencies required to deliver this plan.

These are monitored, mitigated and actively managed by the Operating Board and Strategy Board. Each risk is assigned to and managed by an Executive Director and action plans are developed and enacted to reduce each risk to an acceptable level.

12. Supplier payments

Ordnance Survey complies with the better payment practice code. 73% (2010–11: 75%) of all supplier invoices were paid within 10 days of receipt of invoice. Average

trade payables days in the year were 12 (2010–11: 11). From 1 April 2012 Ordnance Survey will be reporting against a central government target to pay all undisputed invoices within 5 days.

13. Cost allocation

Ordnance Survey has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

14. Events after the reporting date

There have been no events after the *statement of financial position* date requiring disclosure or adjustment.

15. Provision of information to auditor

In so far as the Directors are aware:

- There is no relevant audit information of which the group's auditor is unaware.
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Fees paid to our auditor are detailed in Note 3 to the financial statements.



Paul Hemsley BA FCA FRSA CPFA

Director of Finance and Corporate Services

14 June 2012

Agency performance monitors

Key performance targets

Our business performance is measured externally against five annual targets set by government. We met all five targets for 2011–12.

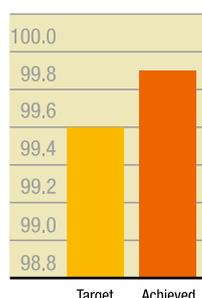
Operating profit
£million



Free cash flow
£million



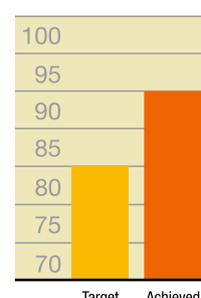
Data currency
%



Efficiency
%



Customer experience %



Operating profit

To achieve an operating profit before interest, exceptional items and dividends of £25.3 million.

Actual performance: £31.9 million.

Free cash flow

To achieve free cash flows of £24.2 million.

Actual performance: £30.2 million.

Free cash represents cash flows adjusted for capital project payments, dividends, exceptional items and long-term loan repayments.

Data currency

To ensure that 99.6% of significant real-world features, which are greater than six months old, are represented in Ordnance Survey's geographic data.

Actual performance: 99.86%.

Completeness of the database is measured through monthly audit samples carried out on the ground independently from the survey activity. The results are verified and collated to inform the annual measure.

Efficiency

To achieve cumulative operating cost reductions of 15% from 2008–09.

Actual performance: 19.2%.

Efficiency is targeted on adjusted 2008–09 costs with an allowance for inflation in each subsequent financial year.

Customer experience

The customer experience index sets the standards to ensure customers are at the heart of our business. The index targets two areas of the customer experience:

- Customer satisfaction (external measure)**
- Customer service responsiveness (internal measure)**

This includes a net promoter score (a customer's propensity to recommend our products and services to others); and a customer satisfaction index.

The key performance indicators measure the timeliness of specific operational activities.

The combined target for these two measures is 80%.

Actual performance: 95%.

Dr Vanessa V Lawrence CB
Director General and
Chief Executive

Paul Hemsley
Director of Finance and
Corporate Services



Business review

Strategic context

The current economic climate continues to impact on almost all of our key sectors with organisations remaining focused on cost control and maximising return on investment. Although trading conditions remain challenging, the economic uncertainty is also creating opportunities for our revenue streams.

Public sector customers remain under pressure, both to reduce expenditure and show improvements to services for citizens. Our commercial customers strive to improve their profitability and obtain greater competitive advantage within their markets, while consumers are demanding lower prices and quicker service. We believe developments in our data, products and services during the past year met the needs of all these groups.

We now have more licensed partners than ever before supporting us in our sales, with 295 companies integrating our data to create applications and devices serving a range of sectors. While our licensed partners include global corporations, including Google®, TomTom® and Garmin®, the large majority are thriving small to medium-sized (SME) British businesses, including many start-up enterprises, which are widely acknowledged as having a key role to play in economic recovery.

Becoming part of BIS in July 2011 enabled us to further support sustainable growth across the UK and was the first step in creating a new group of government trading funds. In the Autumn Statement the Government announced plans to create a Data Strategy Board (DSB) and PDG.

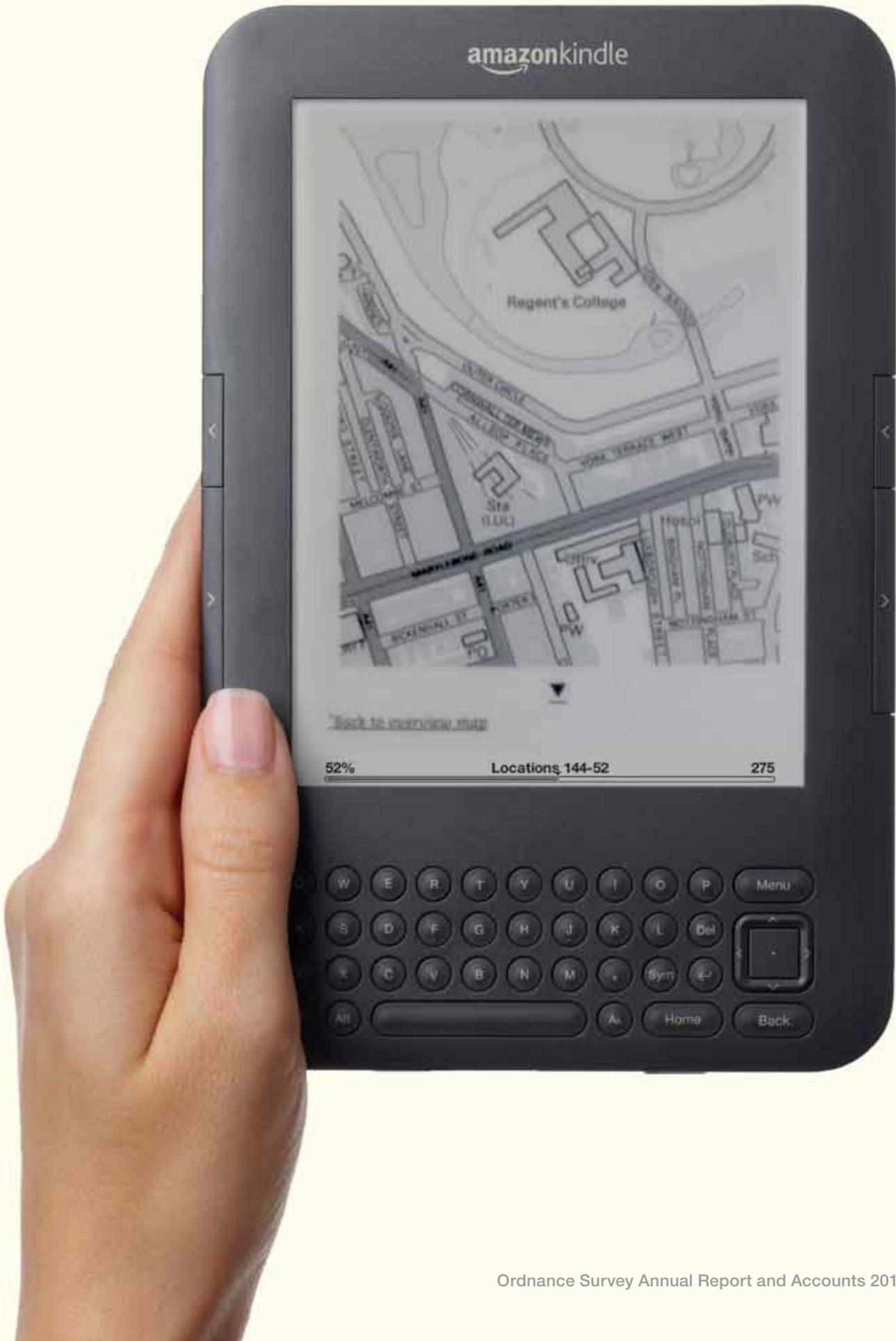
The PDG is made up of Ordnance Survey, Met Office, Land Registry and Companies House. The PDG aims to build on capabilities and existing best practice to support growth in the UK economy by delivering efficiencies and improvements in public services through its members.

To achieve this aim it will, through collaboration between its members, collectively identify and deliver the following benefits:

- the aggressive pursuit of both individual and collective cross-asset efficiencies, delivering lower prices to all users of data, including the Data Strategy Board, maintaining the commercial stability of its member companies and ultimately in order to enhance the funding available to the DSB. This will particularly benefit SMEs and not-for-profit organisations for whom the price of data may be a barrier.
- the establishment of cross-organisational working groups (for example in areas such as IT infrastructure, licensing and so on) to build on between practice across organisations.
- the pursuit of collaborations across the wider public sector to delivery efficiencies through better data sharing.

The DSB seeks to maximise the value of data from the PDG for long-term economic and social benefit, including through the release of data free of charge. It will act as an intelligent customer advising Government on commissioning and purchasing key data and services from the PDG.

The creation of the PDG builds upon existing Ordnance Survey initiatives, such as OS OpenData, which are already providing opportunities for developers and SMEs to access Ordnance Survey data to stimulate economic growth. The creation of GeoPlace LLP also highlights Ordnance Survey's commitment to working collaboratively, with other parts of the public and private sector, to deliver efficiencies and create products and solutions which customers demand.



Collaboration

Our joint venture with the Local Government Association, GeoPlace, demonstrates the benefits of collaborative working, and was named joint winner of Best Project Delivery at the 2011 UK Public Sector Digital Awards for the development and delivery of the National Address Gazetteer Database. By combining data from local authorities, the Valuation Office, Royal Mail® and Ordnance Survey, this limited liability partnership provides one definitive source of publicly-owned spatial address data for England and Wales. Speaking at the awards ceremony, the Right Honourable Nick Clegg MP, Deputy Prime Minister, said that they *'showcased the talent and innovation that does not always get the attention they deserve: talent and innovation that revolutionise the way we deliver services, giving the UK's public sector a world-class online presence and helping millions of people.'*

GeoPlace also provides the AddressBase range of products, which combine the best parts of local government's National Land and Property Gazetteer (NLPG), Ordnance Survey's OS MasterMap® Address Layer 2 products and the Royal Mail Postcode Address File (PAF®). Launched in September 2011, these products are available to both the private and public sectors and can be used to provide efficiency gains and improve service delivery.

Innovation

OS OpenData

By allowing users to freely download and reuse our mapping and GI, OS OpenData is intended to help improve all aspects of Britain's economy through the development of new apps, products and online services.

Since its launch two years ago, it has provided data for a range of initiatives used by thousands of people on a daily basis. These include mySociety's FixMyStreet, a website which helps people report problems, such as potholes and graffiti, and Kindle® Map Guides, created by Lovell Johns. Liz Murray, Lovell Johns' Sales and Marketing Manager says: *'The fact that OS Street View® is part of the OS OpenData range and thus free to use, means that we are able to create a cost-effective product for the user.'*

OS VectorMap® District, supplied via OS OpenData, is integral to the Dorset Coast Forum's map-based website iCoast. By providing relevant information in one place, iCoast is helping to ensure that the coast and sea around Dorset are used sustainably, whilst also boosting the marine and coastal economy and assisting Dorset County Council to deliver various aspects of the Dorset Sustainable Community Strategy 2010–20.

To gain a greater understanding of the opportunities arising from open data, as well as the tools and techniques required, a series of free OS OpenData masterclasses were held, supported by Horizon Digital Economy Research. Combining theory and practical hands-on sessions using open datasets from government departments and public sector organisations, the workshops were attended by developers, community groups, social entrepreneurs and commercial and government organisations as well as individuals.

Another free service, OS OpenSpace, allows maps to be embedded into web applications that are free to consumers. Since its launch in 2009, we have seen a steady rise in the number of registered users, which now number more than 10 000. The 10 000th user, Martin Callaghan, uses the JavaScript® application programming interface (API) to create an online parish magazine for the village of Cadeleigh in Devon. Other examples of OS OpenSpace include a satellite dish alignment map and an iPhone® and iPad® application known as OutSide maps, that enables you to view and navigate a wide variety of Ordnance Survey maps using an easy-to-use touch interface.

There are limits to the free service, so websites with a high volume of traffic can use OS OpenSpace Pro, which provides additional mapping layers, technical support and a service-level agreement.

Mapyx Limited is a GIS Solutions Company who has adopted the use of our OS OpenSpace Pro solution to provide mapping to its numerous outdoor clients. The use of OS OpenSpace Pro delivers Ordnance Survey mapping at overview, MiniScale®, 1:250 000 Scale Colour Raster, 1:50 000 Scale Colour Raster, 1:25 000 Scale Colour Raster and 1:10 000 Scale Raster, providing a comprehensive mapping solution for outdoor use. The system is in use by walkers, hikers, cyclist and many more outdoor pursuit advocates.



GeoVation

GeoVation encourages collaboration to address the needs of specific communities through a series of challenges using geographic data, skills and expertise. By submitting new ventures, products and applications, participants can win a share of a six-figure prize fund to make their prototype a reality, with the best entries developing their ideas at a GeoVation camp before being presented at a challenge showcase. Challenges for 2012 include connecting communities and visitors along the new Wales Coast Path and suggesting ways to transform Britain's neighbourhoods. GeoVation is open to all and initiated, funded and managed by Ordnance Survey, although other organisations may fund specific challenges or activities.

Research

Linked data

OS OpenData has enabled Ordnance Survey's Research department to make a major new contribution to the Linked Data Web, which links information from single statements or facts. Ordnance Survey currently provides linked open data offerings from Boundary-Line™, Code-Point® Open and the 1:50 000 Scale Gazetteer, which provide a Uniform Resource Identifier (URI) for every postcode, administrative region and civil voting area of Great Britain. Links also show how each of these are related to one another, offering great potential to data publishers.

A number of government and open data sets are now starting to link to Ordnance Survey linked data. These include the Environment Agency® Bathing Water Quality data, which provides links from the bathing waters of England and Wales to their containing local authority districts. As a result, we are becoming an important information hub for government and others with open data. This is reflected in the number of hits on the linked data site where monthly transaction rates have averaged around one million in the last year – reaching four million hits in October 2011. Work is now being done to improve the look and use of the linked data site, making it even easier for developers to use. Our Research department is also working on a project with the University of Southampton® and Seme4 to create new tools and services that will enable the rapid assembly and use of geospatial linked data. In addition, work is now being undertaken to improve the current linked data gazetteer offering.

How can we connect communities and visitors along the Wales Coast Path?
Enter the GeoVation Challenge

www.geovation.org.uk



3D and height

Research into creating datasets that are projected in 3D with an accurate height element are ongoing. This includes research in automatic Digital Terrain Model (DTM) and Digital Surface Model (DSM) creation, automatic creation of a 'Simple Building Height' for each OS MasterMap Topography Layer building footprint and prototyping of more complex building models.

Our Integrated Photogrammetric Flowline project aims to streamline photogrammetric processes for ortho-photo creation, change detection and DTM/DSM creation. An added benefit is that the models generated can be used to obtain a single height for each building footprint polygon. DTM and DSM generation is a largely automated process and the methodology has recently been trialled within the Remote Sensing department with encouraging results. Methodology for the generation of Simple Building Heights, creating three different heights for each individual building footprint, has also been trialled.

The Research team has been involved with the capture and modelling of 3-D objects for a number of years and is now looking at the possibilities for new 3-D products that model buildings and other built structures, such as bridges. The prototyping stage of this process includes identifying the most efficient data capture methodologies, modelling and product supply options.

Government

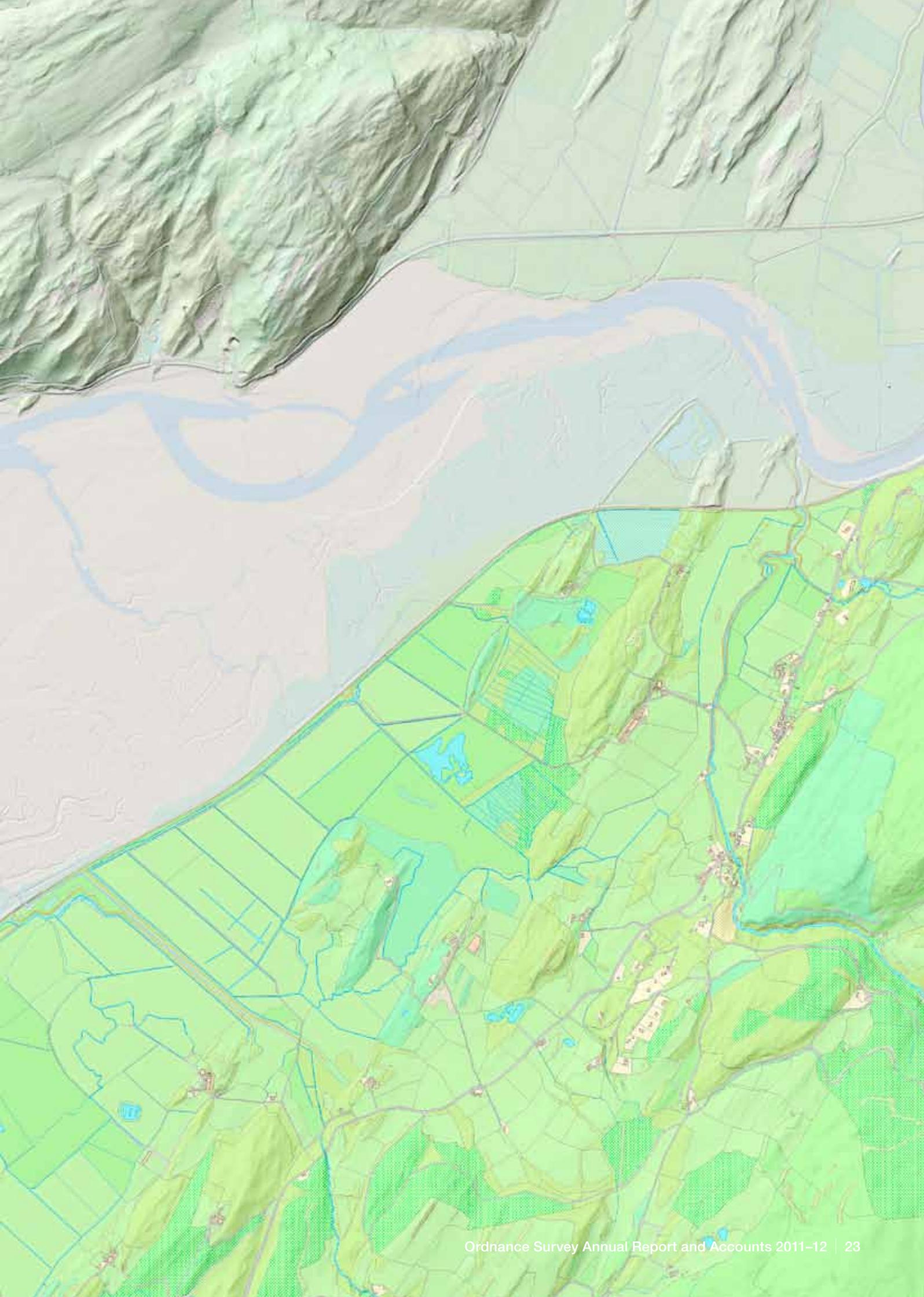
The last year has seen the Government continue to focus on transparency, efficiencies and growth with an emphasis on the accessibility of public sector information. Central government, local authorities, emergency services, as well as many health organisations, have access to Ordnance Survey data either through the PSMA for England and Wales, or the OSMA.

These agreements are delivering significant efficiency savings and improvements to service deliveries, such as planning, transportation management and social housing. Early customer value analysis indicates that we are able to provide more within this fixed price contract than under previous contracts, and that end users are securing their own efficiencies through greater data sharing and wider access to better mapping data.

The technical support provided under the agreements is assisting government organisations to deliver collaborative projects. For example, the Natural Hazards Partnership is working with Ordnance Survey and the Met Office to develop new data models.

It is our goal to make sure all members get the best possible value from the PSMA and OSMA, for example, through events giving members the opportunity to find out more about the benefits of using the agreements, as well as how to get more from our data.

We also work closely with many of our partners and system integrators to help our customers in government use our data more effectively. Birmingham based Dotted Eyes®, for example, has helped numerous local authorities cut the costs of waste management services by ensuring that vehicles use optimum routes, reducing time and saving fuel. Meanwhile, global solution provider Pitney Bowes uses OS MasterMap Integrated Transport Network™ Layer to enhance response times for the Metropolitan Police Service.



Public Sector Mapping Agreement (PSMA)

The PSMA is a 10-year agreement between Ordnance Survey and government, which allows the majority of English and Welsh public sector bodies to use centrally-funded geographic datasets. Since coming into effect in April 2011, it has helped to realise around £16 million in savings and now has more than 2 300 members, including Tatenhill Parish Council in East Staffordshire, the 2 000th organisation to sign up. Indeed there has been a significant uptake to the PSMA from town and parish councils, providing even greater access to the benefits of GI for the citizen.

Other organisations already benefiting from the PSMA include the Environment Agency®, Department for Transport, Office for National Statistics, local authorities across England and Wales, health organisations and the 12 ambulance trusts.

South Yorkshire Police – delivering more intelligence whilst reducing costs

An Intranet-based intelligence solution using Ordnance Survey mapping to provide a geographic context to crime data, enables police officers across South Yorkshire to access detailed, up-to-date information about communities, crime and antisocial behaviour at the touch of a button.

'The government has set high expectations for crime resolution and we believe that GIS is a valuable tool to help forces achieve their targets,' says Superintendent Peter McGuinness of South Yorkshire Police.

It now takes just two minutes, rather than four hours, to pull together demographic and ethnicity data for a specific area or community in response to a request for information, with the cost of providing this data reduced from £80 (based on a £20 per hour average salary) to less than £2. In addition, ad hoc mapping enquiries, which previously took at least 40 minutes to handle, are dealt with in two minutes, reducing costs from over £13 to less than £2. As a result, South Yorkshire Police expects to make annual savings in excess of £1 million.

Civil Aviation Authority – mapping to monitor aircraft noise

Overlaying Ordnance Survey maps with flight path and trajectory information, the numbers and types of aircraft operating during a given period and aircraft noise exposure contours, provides the Civil Aviation Authority's Environmental Research and Consultancy Department (ERCD) with a familiar geographic context on which to present its findings. This not only enables greater public understanding of aircraft noise analysis, but also makes it more accessible to improve the transparency of ERCD's work.

The Department also uses Ordnance Survey's raster portfolio, provided by OS OpenData, as the first stage in identifying potential new noise monitoring sites. Being able to carry out desk-based surveys in this way saves valuable time out in the field, allowing ERCD staff to concentrate on core business activities.

'As a result of OS OpenData and the PSMA, we have been able to save more than £20 000 per year in licence fees. The access we now have to a wider range of Ordnance Survey digital datasets means we can also consider new and alternative ways of presenting complex information,' says Sam White, Project Manager, Noise Monitoring and Regulation ERCD, Civil Aviation Authority.

The Nottingham Energy Calculator – helping to reduce carbon footprints and household bills

By providing information on the energy-saving initiatives, such as solar panels and insulation, available for their property, the Nottingham Energy Calculator is helping city residents to reduce their carbon footprint and household bills. The interactive energy tool is underpinned by Nottingham City Council's Local Land and Property Gazetteer and Ordnance Survey mapping supplied under the PSMA. The development of a definitive, reliable property-level database, which includes property type, age, footprint area, average height and gas supply, and associated modelling also underpins a dynamic mapping tool for strategic decision making and planning in relation to renewable energy installation; for example, identifying suitable sites for large-scale wind farms and de-centralised heating systems.

The Calculator has been developed by the City Council working with Nottingham Energy Partnership and other organisations, including Esri UK, as part of the Department of Energy and Climate Change (DECC) Local Carbon Frameworks projects and supports the City's key energy ambitions.



POPLAR

West India and Millwall Docks

Canary Wharf

West India Dock North

West India Dock

West India Dock South

Canary Wharf Station

Cabot Hall

Cabot Place West

Cabot Place East

Canada Square

Park Pavilion

Citigroup Centre

Jubilee Park

One Scotland Mapping Agreement (OSMA)

Signed in March 2009, the pioneering OSMA gives the entire Scottish public sector access to, and a licence to use, our products under a single agreement. The Agreement has put GI at the heart of public sector policy in Scotland and supports the aims and objectives of the GI Strategy for Scotland – One Scotland, One Geography.

It provides a common location framework for joining up public sector policy and service delivery with more than 100 members using mapping to support a wide range of services including grant and subsidy management, transportation, environmental protection and community development. In particular the ability to work seamlessly across central and local government, the emergency services and health sector is making cross-organisational partnerships much easier, helping to reduce the duplication of effort and costs, and drive innovation.

NHS Shetland and NHS Lothian – analysing health trends to deliver improvements

For NHS® Shetland, the 100th member, the Agreement allows the visualisation of information using maps to reveal relationships, patterns, and trends to help monitor and evaluate the health of the population in a more precise way.

NHS Lothian is using the data to aid the delivery of patient services. Dr Alison McCallum, Director of Public Health and Health Policy, NHS Lothian, says: *‘One of NHS Lothian’s main priorities is tackling health inequalities, and access to this mapping data makes it easier to identify and target areas where people have poor health. This will be an important addition to the tools we use to analyse health trends and deliver improvements’.*

Dundee City Council – delivering savings of £60 000 in managing homes under multiple occupation

Before joining OSMA, Dundee City Council had already identified the use of GI as one of the top five ways to realise savings and improve efficiency, after its use delivered savings of £60 000 in managing homes under multiple occupation.

To help overcome the problem of an over-concentration of student flats in certain areas, the council combined mapping technology with a range of Ordnance Survey data to identify and locate houses occupied by three or more unrelated people. Having gained an accurate and real-time picture of premises under multiple occupancy, it was able to ensure their equitable distribution across the city and improve the relationship with a range of stakeholders, while at the same time saving time, resources and money.

Strathclyde Fire and Rescue (SFR) – supporting and enhancing front-line operations

Strathclyde Fire and Rescue (SFR) has identified mapping as an ideal platform upon which to provide data relevant to specific types of incident. Structural plans are overlaid on mapping supplied under the OSMA and additional information is appended to the diagram. This can be quickly interrogated to provide the key intelligence needed, ensuring that all personnel have access to information on route to incidents as well as on the ground.

Kenny Fraser, Firelink Manager, Strathclyde Fire and Rescue, says: *‘Strathclyde Fire and Rescue has made good use of Ordnance Survey mapping and data over many years. The datasets available to the service through our membership of the One Scotland Mapping Agreement is the foundation of the presentation of intelligence layers and geospatial data, which supports and enhances front-line operations.’*

Planning for the London 2012 Olympic Games and Paralympic Games

The need for up to date, consistent and detailed GI was recognised by Ordnance Survey in associations with those planning and delivering the London 2012 Olympic Games and Paralympic Games, immediately after the Games was awarded. Whilst our standard products meet many of these requirements, data also needed to be collected and delivered for the specific needs of the police and security community.

Since 2005, Ordnance Survey has been capturing change at all the sites and venues linked to the 2012 Olympic Games, including the Olympic Park in Stratford, all the other permanent and temporary Olympic venues and the key training venues across the country. Our surveyors, supported by our Flying unit, have been capturing the change at all the Olympic development sites, to ensure these are reflected in our master map of Britain.

In addition to our standard products, we have also captured and created vast amounts of data to meet the specific needs of various stakeholder. This includes local asset information in public spaces (including street furniture and road markings), height information for selected buildings and carrying out more frequent revisions for road network data and address information.

We have also supported the Olympic Delivery Authority (ODA) in creating a new dataset for the Olympic Games site in Stratford. This has been used in conjunction with OS MasterMap Topography Layer, allowing customers to use high-quality mapping data for the Olympic site in Stratford before construction was completed. It has been used by a number of customers, such as local authorities, insurance and utility companies, in planning high-quality products and services for the hundreds of thousands of visitors attending the events.

Online ordering and data download

During 2011–12, we introduced a new online ordering system and data download service for the public sector, which has transformed the way we engage with these customers. Data is now supplied within minutes of completing an order and, as a result, customer satisfaction, measured by GfKNOP Net Promoter Score, has significantly increased. The new service platforms were built using the Agile/Scrum software development methodology, and featured as a successful case study in the Institute for Government's System Error – *Fixing the Flaws in Government IT* report of March 2011.

Land and property

Market conditions for land and property remain challenging with little expectation of significant growth in the short term. Market research, commissioned by Ordnance Survey and carried out independently by GfKNOP, indicates that location continues to have a strong influence on business strategy (as opposed to project work) with 59% of those asked saying that it delivered tangible cost efficiencies.

Business drivers in the market continue to be around increasing efficiency whilst reducing risks and costs, but 40% of those questioned for our research also cited increased capital expenditure or investment as a key commercial driver. Drivers are common across the various market sectors, but our research found that there are clear differences in the use of location data.

During the past year, progress has been made in three key aspects across the end markets: growing the use of location data for analytical purposes and in decision making; promoting and protecting the use of Ordnance Survey products within the transactional markets; and reducing the amount of unlicensed data being used across the market.

Research also shows a continuing awareness and strengthening of the Ordnance Survey brand and, along with our partners, we are working with the market to help all areas realise the full benefits of location data.



Business and commercial

The growth in using topographical data for analytical applications in Ordnance Survey B2B markets has been particularly encouraging. A number of new partners are using OS MasterMap Topography Layer and Address databases to provide additional intelligence and visualisation. For example, London-based Hometrack® Data Systems Ltd uses Ordnance Survey data to help provide automated valuations and risk services to over 90% of the UK's mortgage lenders, while Dublin and London-based Mapflow® Ltd use it to power their geospatial risk intelligence service used by leading insurance companies including AXA®, Travellers®, Hiscox®, Amlin® and Aviva®.

Thames Valley Housing – saving £2 million over a typical 10 year grounds maintenance contract

Investing in a GIS, which uses OS MasterMap Topography Layer to provide accurate, up to date geospatial records of its holdings, is helping Thames Valley Housing (TVH) to save £200 000 a year in grounds maintenance costs, without impacting on its quality of service. The system puts TVH in control of its own data, allowing it to quickly and confidently challenge service provider estimates, and tailor services to individual scheme requirements. It also helps to improve customer service by providing clear, consistent and transparent costs for services and enabling faster response times to tenant enquiries. A further benefit is the facilitation of forward planning, allowing the cost implications of grounds maintenance to be assessed at design stage.

Finance and insurance

Uncertainty around regulation and reform, coupled with continued media scrutiny, has presented challenges for the financial sector during the past year. We work closely with key industry bodies, such as the Association of British Insurers (ABI), British Banking Association (BBA), Council of Mortgage Lenders (CML) and the Building Societies Association (BSA) to keep abreast of these issues and demonstrate how GI can help address them.

A continued focus has been on the 2013 expiration of 'Statement of Principles' and its potential impact on flood insurance and mortgages, leading to increased interest in accurate address and mapping data and several new customers in 2011–12. In addition, our sales efforts have been focused on demonstrating the value of geographic data in risk mitigation under both Solvency II (insurance) and Basel II–III (banks), as well as the fight against fraud.

As consumers and SMEs keep tight control over their budgets, and as most financial services products are discretionary purchases, the coming year will see an increased focus on competing for, and retaining, business. We believe that our data can help provide a competitive edge for many financial services, for example, by using address level detail, ideal customer profiling, optimum supply chain management and fraud prevention and detection to assess risk. This will be the theme of a new campaign in 2012.

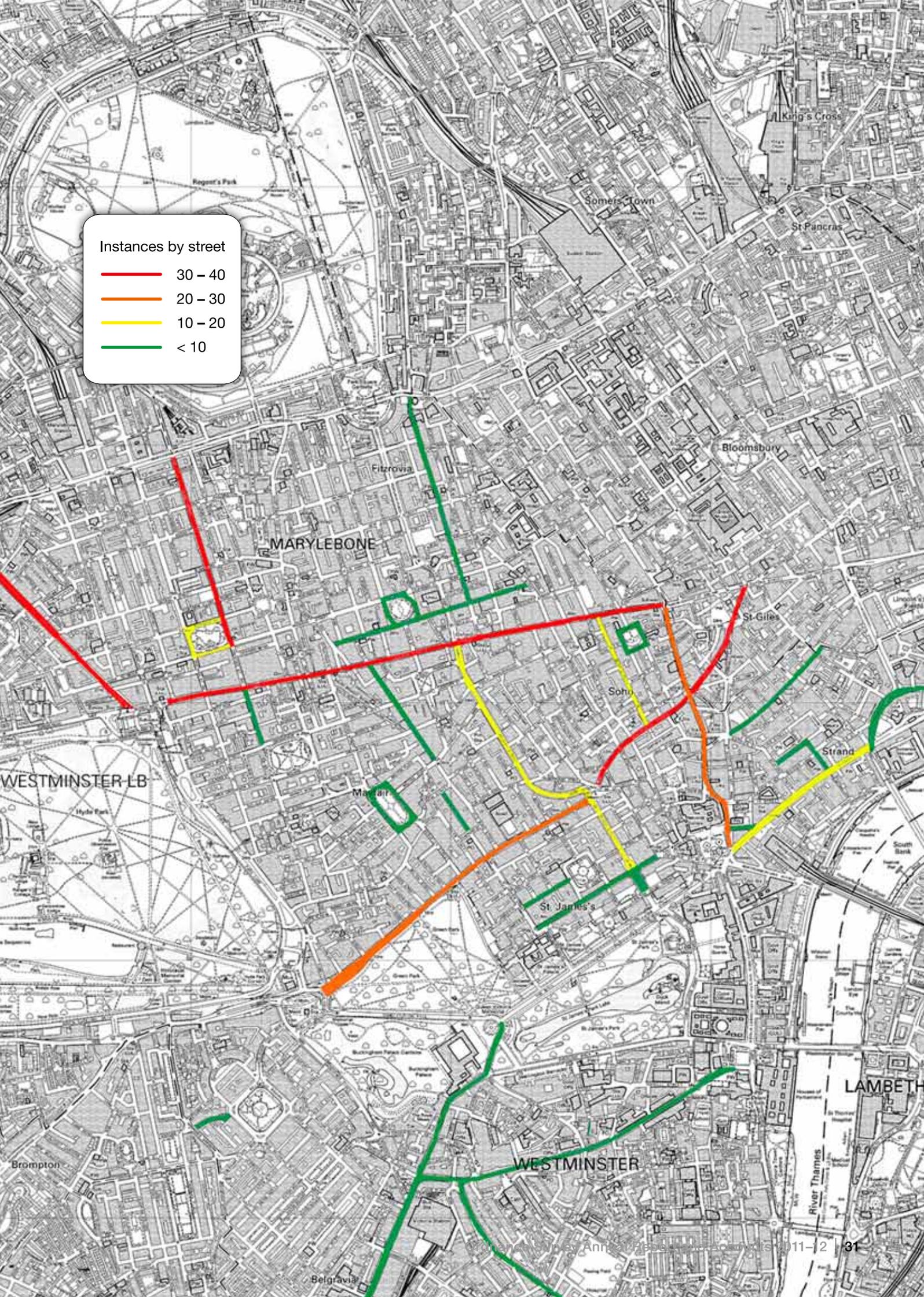
ATM card fraud

Last year representatives from some of the UK banks, the Metropolitan Police, Westminster Council and The Dedicated Cheque and Plastic Crime Unit (DCPCU) formed a Working Group to tackle the ATM crime problem in the Borough of Westminster. As a result of increased crime awareness and deployment of anti-fraud measures this Group introduced, ATM crime in the Borough has reduced by over 33%, which is a fantastic success.

Gary Toplis, the Card Fraud Intelligence Manager from HSBC® Bank plc, who chaired the Group, said 'Ordnance Survey mapping data provided the Group the ability to focus on ATM crime hotspots visually as opposed to reading them off a spreadsheet.'

Instances by street

- 30 - 40
- 20 - 30
- 10 - 20
- < 10



Dauntsey Parish Council – influencing flood management plans

After serious flooding in 2007, Dauntsey Parish Council designed a methodology to use a combination of local knowledge and digital map data to conduct a professional analysis of flood impacts and risks in the area. Under the plan they also looked at ways of working better with key stakeholders who maintain the areas water courses, these include the Environment Agency, Highways Agency and local authority.

Digital mapping was used to illustrate the extent of the 2007 floods and was marked with drains, culverts and water courses. Additional information about the capacity of these waterways, to identify where problems were most likely to arise along with the organisation responsible for fixing them, was also added to the mapping.

The use of professional mapping data meant that the Parish Council's evidence was taken more seriously, and as a result, the Highways Agency has significantly altered its maintenance programme by bringing in annual inspections and improved maintenance contracts. The Parish Council now works more closely with the Wiltshire Council maintenance team, which is saving time and effort.

In addition, the GIS analysis has been used to assist affected households to pursue flooding compensation claims and assess the flood implications of planning applications by calculating the impermeable area that new housing and driveways would create.

Energy and infrastructure

This is a mature yet changing market for the use of GI. Companies in this sector are tasked with improving their profits and have been coming under increasing regulatory pressure to reduce costs; identify faults more rapidly; improve critical national infrastructure and emergency planning; target new customers; and respond to customer needs more efficiently. Growth in the use of GI is likely to be seen in the unregulated areas of businesses, such as customer billing analysis and business planning, and in new data services, such as smart metering.

The March 2012 implementation of our online ordering system has helped our energy and infrastructure partners update their data holdings more efficiently. Partners, in the form of software vendors and system integrators, remain particularly important in this market and we will continue to work closely with them.

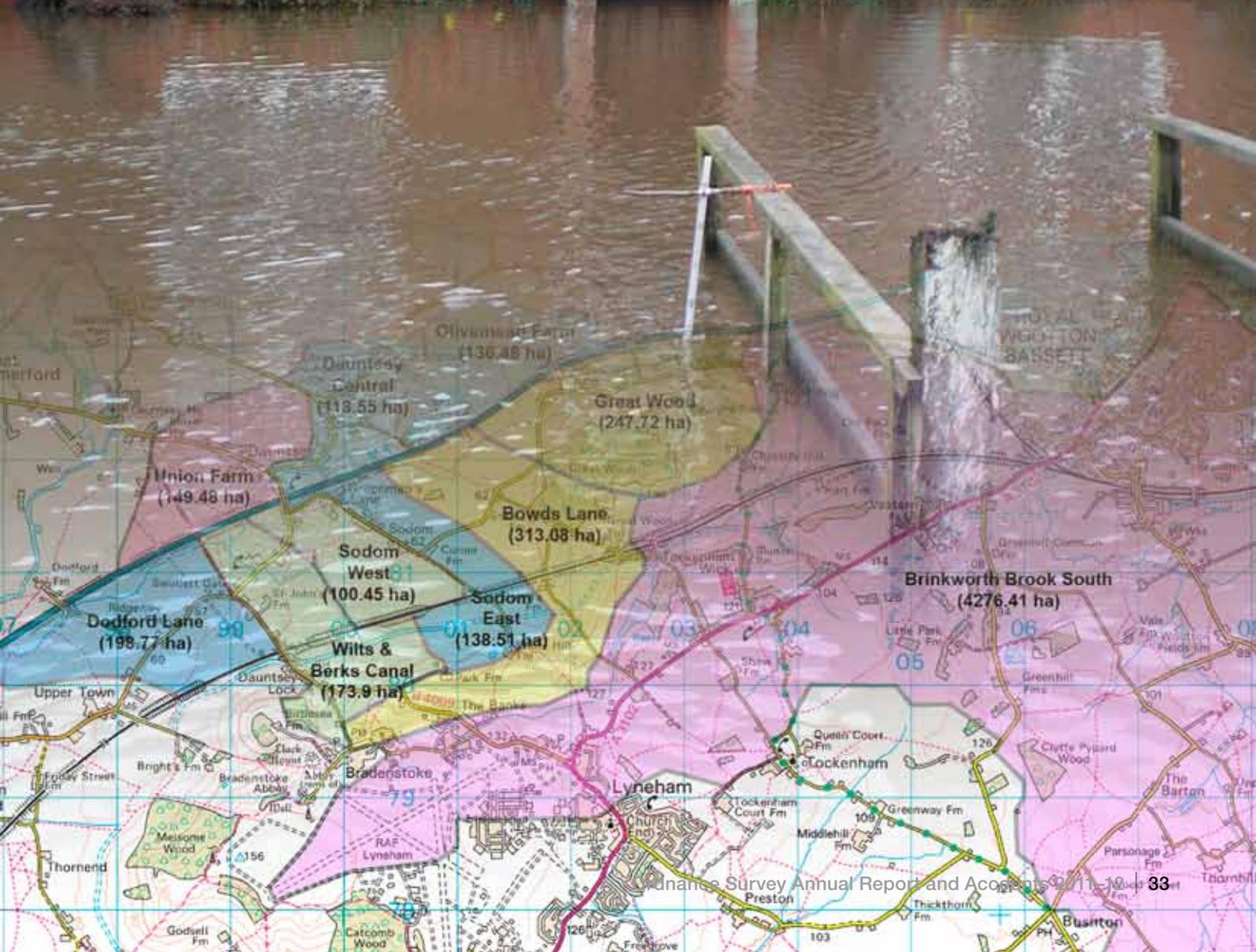
Openreach – managing street work notifications

Openreach, a BT® group business, is using an OS MasterMap Topography Layer supplied direct from the OS OnDemand web mapping service to manage street work notifications. There are currently 3 000 BT users of OS OnDemand, with the potential for up to 35 000 users as other applications are introduced.

The accuracy and detail of the data supplies through OS OnDemand allows users to validate locations and make decisions about planning, for example, whether the work can be confined to the pavement when no notification is needed, or whether diversions, traffic lights or bollards will be needed, and if so, how many.

Once planning is completed, the accurate coordinates captured from OS MasterMap Topography Layer are automatically transferred into the Streetworks Notification System and sent electronically to the highway authorities. Once permits are approved, Openreach contractors can then access the system and use the data to help carry out the work, on time and in the right place.

OS OnDemand, which is hosted and served directly from Ordnance Survey, always provides the most up-to-date mapping available. Significant savings are made as there is no need for an additional Openreach server to host and maintain the data, and through a reduction in the number of notice penalties incurred as a result of using incorrect or out-of-date information



Consumer

Overall retail sales have continued to be adversely affected by challenging economic conditions with any signs of recovery undermined by falling disposable income, job insecurity and rising bills. While macro economic factors have impacted on the sales of printed mapping products, Ordnance Survey has been able to outperform the rest of the travel market through a programme of activities, which include extending consignment stock supply, improving supply chain performance, creating new point of display and running successful retail promotions.

Nielsen® BookScan reported an annual value decline of 4% for walking maps in 2011, with Ordnance Survey maintaining its market share in this category. The easing of partner licensing restrictions during 2011 saw a number of organisations develop products using Ordnance Survey 1:25 000 and 1:50 000 Scale Colour Raster data and we expect the diversity of walking products available to the market to increase in 2012.

Despite falling sales on the High Street, the wholesale sector has maintained year-on-year sales, reflecting a continued demand for our products in outdoor retail specialists and tourist information centres.

Online

The shift to buying mapping online, rather than from traditional retail outlets, continues with 20% of our printed mapping products now purchased in this way, compared with 17% in 2010–11. This growth is driven primarily by online retailers such as Amazon® and Dash® who have both actively promoted Ordnance Survey products throughout the year.

The Ordnance Survey Leisure portal

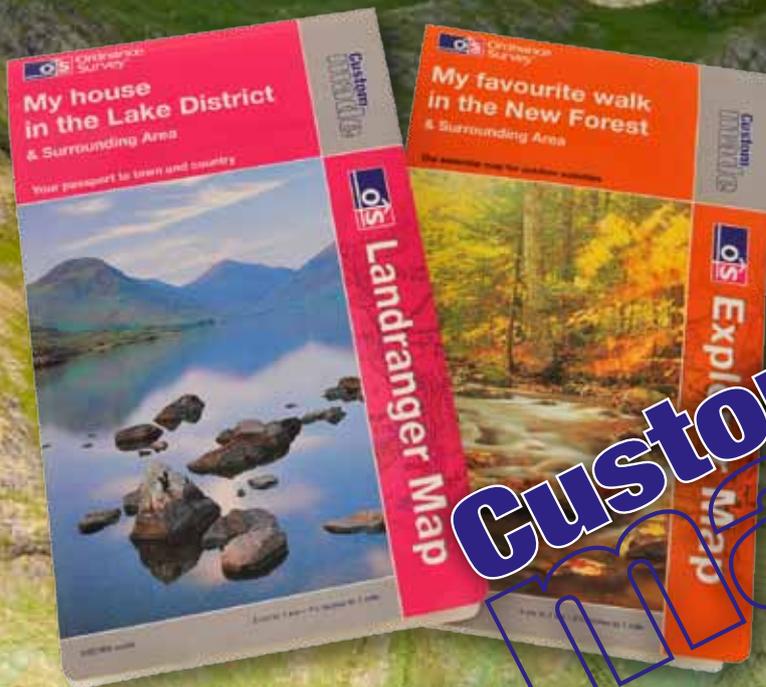
The Ordnance Survey Leisure portal, incorporating the shop, OS getamap and a magazine, was launched in April 2011 to provide consumers with a complete online outdoor mapping service. The shop sells both Ordnance Survey and partner products and the magazine provides useful leisure-related articles. Our website has been simplified to help customers find what they need quickly and easily and video clips showing how to get started with the new online ordering tool, as well as guides on the use of a GIS system and the National Grid, have been added. Making use of social media channels has enabled us to share information and insight with a much wider group of customers providing us with a richer source of feedback.

OS getamap

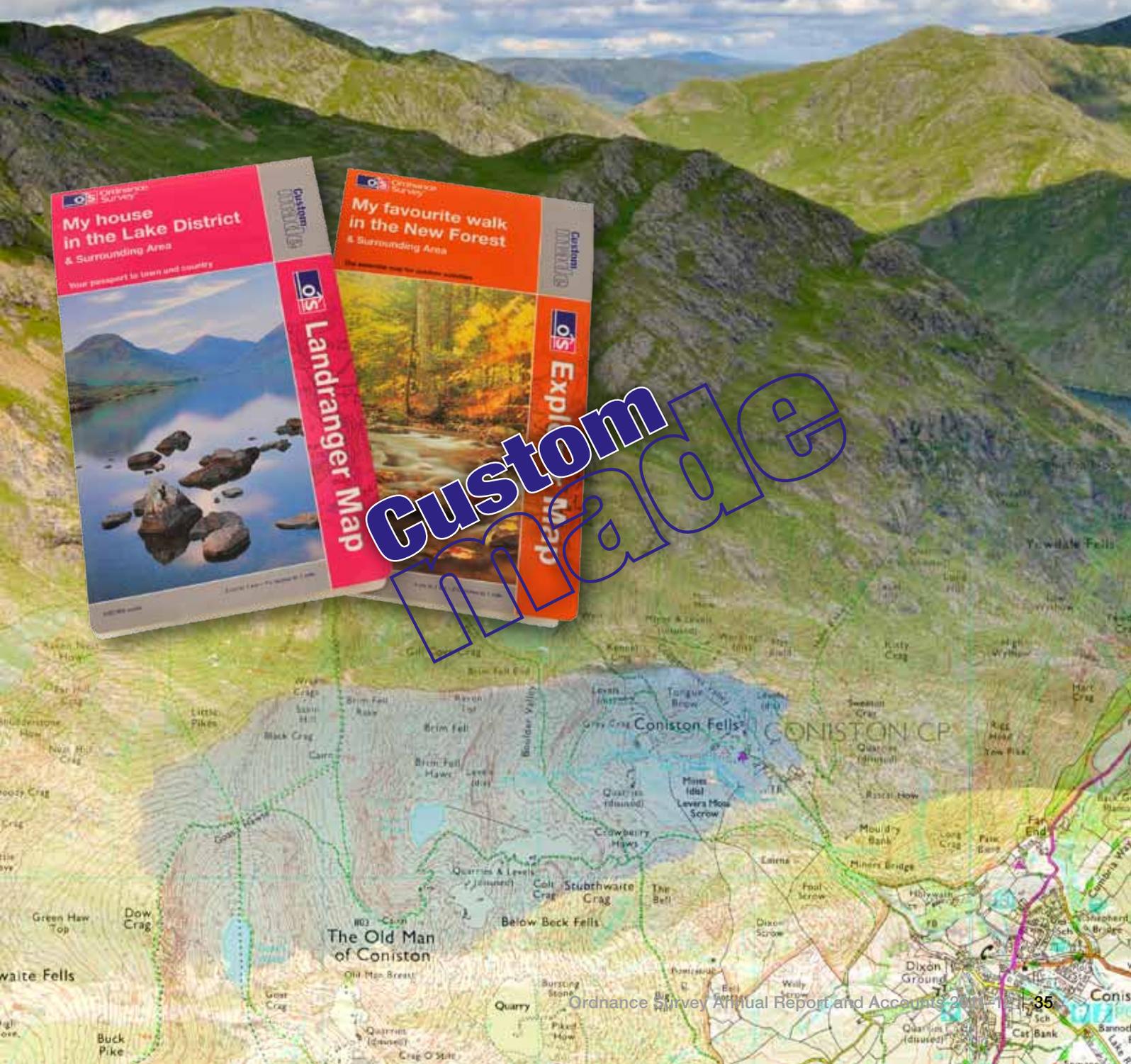
Launched in April 2011, OS getamap has quickly established itself as a leading online outdoor walking mapping application with more than three million unique visitors in its first year, over 10 000 subscribers and 267 000 registered users. The site, which was featured as the Daily Mail's website of the week in March 2012, is used primarily for creating and downloading routes and has seen almost 80 000 routes created and shared by users since its launch.

Custom-made maps

Produced to the same quality and detail as the much-loved OS Landranger Map and OS Explorer Map series, our new custom-made versions allow customers to centre their map on a chosen location, select their own title and select a cover image from a range of photographs. As a result of a new production process, the maps, which replace the OS Select™ site-centred mapping service, are printed on the same paper as our standard off-the-shelf products, making them thinner, tougher and easier to fold. OS Explorer Map – Custom Made and OS Landranger Map – Custom Made are available to order from the online leisure shop.



Custom
made



Partners

The growth in the use of mobile and connected devices has provided a boost to partners in the leisure sector who embed our 1:25 000 and 1:50 000 Scale Colour Raster data, and OS OpenData, in a wide range of applications. These include Internet, phone applications and sophisticated specialist devices. During 2011, Garmin, Magellan® and Memory-Map® all launched new devices which use Ordnance Survey data with new Internet and mobile phone applications launched by Walk England, Walk Highlands, News International®, Walk and Cycle Britain and Mudmaps among many others.

Maps for apps

Location-based mobile applications have become one of the most popular types of apps in the smartphone market. Ranging from basic navigational and 'where's my nearest' apps to more specialist apps about geology and outdoor leisure activities. There are also apps used to deliver valuable public services, including public transport routes, and others allowing communities to report local problems.

Developers have acknowledged that to produce a successful app it must be supported by up to date, accurate mapping data. As a result we have seen an explosion in the number of apps using Ordnance Survey data.

Some of the best apps from the last year include the new Walk4Life app from Walk England, which uses free data from OS OpenData. There are also a number of apps which have been developed using the popular Ordnance Survey outdoor mapping scales – 1:50 000 and 1:25 000 scale. These include the OS Atlas app, which features smooth scrolling, a compass, augmented reality as well as paths and waypoints, and the popular RouteBuddy® app for the iPhone and iPad.

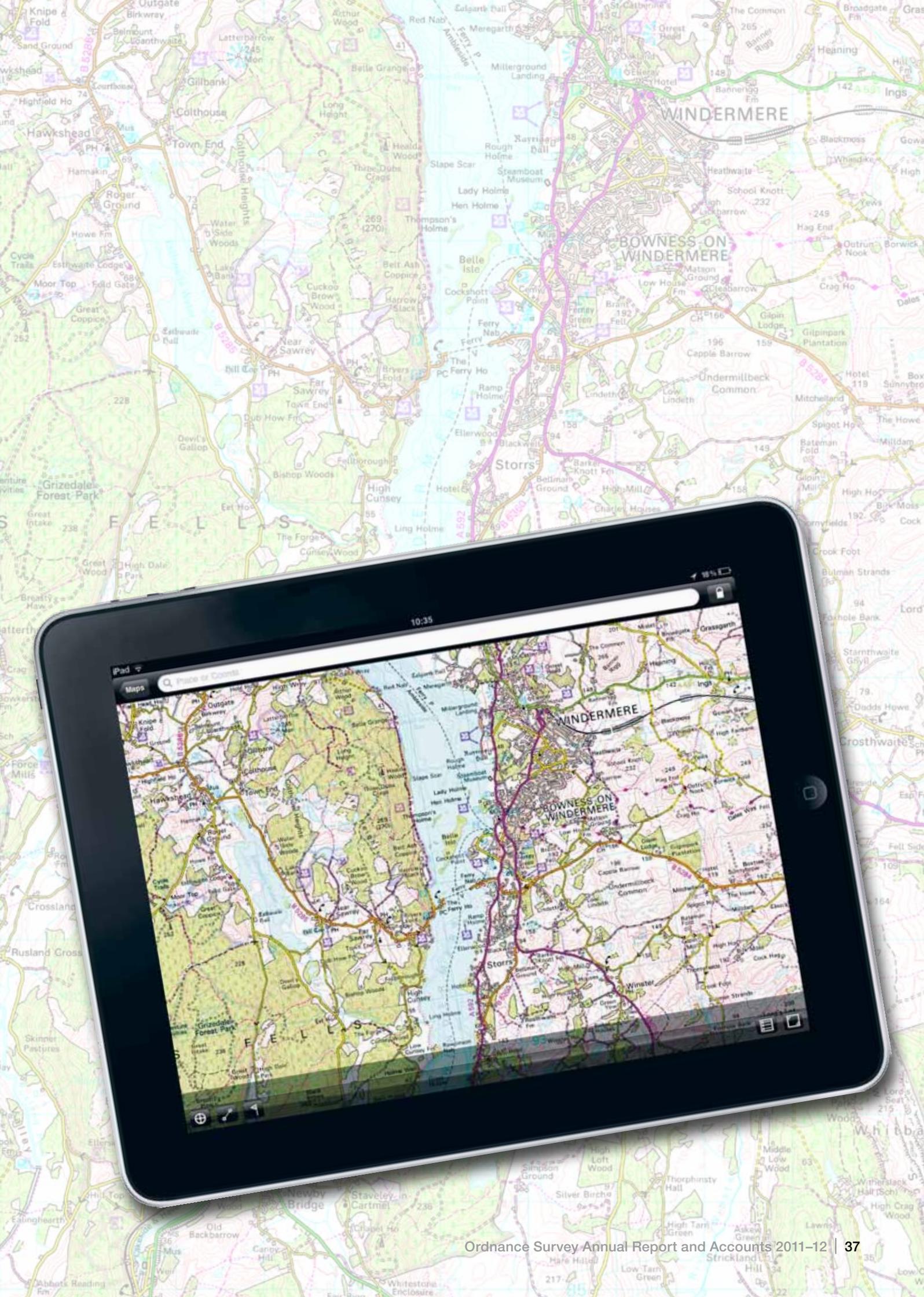
Navigation

We have again sponsored the Scout Association's Cub and Scout Navigator Activity Badge, providing activity and resource packs which have directly benefited more than 120 000 young people. This work, supporting the teaching of map navigation and compass work in the field, gives Scouts a better understanding of Ordnance Survey mapping, particularly in map to ground interpretation.

Supporting the training of young people in this way is important; it not only provides the skills for their scouting activities, but can help them recognise when using mapping data could help problem solving in their future life.

Ordnance Survey is working with The Duke of Edinburgh's Award (DofE) to support its activities, in particular the supply and access of mapping data to DofE and those formally enrolled in the Duke of Edinburgh's Award programme.





Our business

Explorer House is the third Ordnance Survey head office location in the city of Southampton. Our new head office is an iconic state-of-the-art building standing at the gateway to the city, our home for 170 years. The year 2011 saw Ordnance Survey celebrate some high-profile events.

A royal opening for Explorer House

His Royal Highness, The Duke of Edinburgh officially opened Explorer House in October 2011. During his visit he was shown how 3-D technology is used to pinpoint changes to the landscape, experienced how maps are updated by skilled cartographers and also met one of our 250 surveyors. The Duke of Edinburgh officially opened the new head office by addressing staff and presenting the organisation with a leather-bound facsimile of the submission made on 24 May 1766 by General William Roy to create a national survey for Great Britain.

The Duke of Edinburgh also unveiled a commemorative plaque and commented on the 'remarkable service and enormous contribution' Ordnance Survey provides to the nation.

Celebrating 220 years of mapping the nation

To mark more than two centuries of mapping the nation, five Directors General joined dignitaries and senior military officials from the Royal Engineers at the dedication of our new War Memorial. Echoing the iconic shape of an Ordnance Survey trig pillar, it remembers the 123 staff who gave their lives during the two World Wars. The presence of the Royal Engineers harks back to our military origins and the mapping of the Britain's south-east coast for fear of French invasion.

During the event, Vanessa Lawrence was joined by four previous Director Generals to plant trees celebrating the new building and marking the 220th anniversary of Ordnance Survey.

International mapping experts meet for Cambridge Conference

Around 120 senior representatives and leaders from mapping organisations across the globe attended the 2011 Cambridge Conference. Held in Southampton, due to the 500th birthday celebrations of its usual home, St John's College, it gave attendees the opportunity to discuss mapping for a fairer and safer world, as well as the chance to visit our new head office.

Unveiling of the relocated and refurbished Hotine Memorial Stone

Brigadier Hotine, a former Director of Military Service and Director of the Directorate of Overseas Survey, was responsible for the re-triangulation of Great Britain. He also designed the much-loved and iconic trig pillar, and influenced the development and use of photogrammetry (aerial imagery). The Hotine Stone, which commemorates his achievements, has been refurbished and relocated to our new head office. Members of his family were at the unveiling, which was held before our annual Christmas carol service.



Data Collection and Management

Data Collection and Management (DC&M) is the part of Ordnance Survey with responsibility for collecting change, to maintain and update our databases and mapping products, to meet customer needs. DC&M Operations and DC&M Production collaborate to ensure that the most efficient and effective methods of collection are employed, delivering best value to the business and our end customer.

The last year saw a number of significant developments within the department as a result of Ordnance Survey's continuous investment and improvement programme.

Flying unit relocates to East Midlands Airport

Commercial and operational efficiencies will be delivered by the Flying unit's move to a purpose-built hanger opened by our aircraft service provider, RVL Group at East Midlands Airport. Two aircraft fly the length and breadth of Great Britain, throughout our flying season, capturing high-resolution images to update our mapping database and our aerial photography mapping products.

Investment in surveying technology

We are committed to equipping our surveyors with the best tools for field data collection and, after a competitive tendering process, have invested in more than 200 survey grade Leica® Viva GS15 GNSS receivers and Leica DISTO D8 handheld distance metres. The contract, with Leica Geosystems also includes options for multiple reflectorless Total Stations and the provision of technical support.

Capturing data once to use many times

The GDMS used in our data collection and maintenance activities enables us to consolidate our base data production. This will help realise our vision of 'capturing data once to use many times' whilst also maximising its consistency, integration and innovative re-use. Since going live in July 2011, GDMS has processed over 1 million units of change. The GDMS agile development programme to further enhance the GDMS platform has delivered multiple functional and performance based improvements.





Our people

We are delighted that our commitment to the leadership, management and development of our people was recognised by Investors in People, who after a comprehensive review, awarded us Gold status in January 2012.

Employee engagement

Our annual survey, *Your Say*, measures how engaged our employees are with the organisation and asks for their opinion on areas of life at work such as teamwork, inclusion and leadership. Ordnance Survey took part in this survey alongside 97 other Civil Service organisations, and once again appeared in the upper quartile for employee engagement.

The results show a continued increase in engagement; people feel proud to work for Ordnance Survey, have a strong personal attachment to the organisation, the people in their team, and feel positive about their work and their line manager. There has also been a significant improvement in employees' satisfaction with leadership and managing change; areas which we focused on following our last survey.

We are responding to the latest survey results with targeted corporate actions, including further support to help our managers lead more effectively and continue to develop their line management skills. We also remain focussed on improving communication across the organisation, supporting managers in the development of their teams, and embedding improvements to our performance management scheme.

The survey results have been shared with employees, and Directors are working with managers and *Your Say* champions to develop local action plans.

Developing our people

We are committed to supporting the development of our people and continue to provide a broad portfolio of learning and development opportunities, to meet changing employee and organisational needs.

An online learning portal provides a one-stop-shop for all our learning resources, including tutor-led courses, short 'bite-size' learning sessions, e-learning, management toolkits and videos/podcasts. The portal makes it easy for employees to find the development opportunities available and to access them when convenient. This year we added training to help teams adopt new software development methodologies, so that they can develop software, products and systems more efficiently and effectively.

In June 2011 we launched an accelerated development programme for employees with the potential to fulfil senior operational and commercial roles in the future. Following its success, we are now seeking a second round of applicants to join the programme next year. We also continued to support and grow our established internal coaching network, which provides employees with one-to-one developmental support.

Management and leadership excellence remains a priority. A series of workshops equipped managers with the tools and skills to support the performance and management of their teams and our leading for change programme continued.

Becoming more 'Agile'

Agile methods are now adopted across our day-to-day activities as part of a continuous improvement initiative. During the past year, a team of coaches have been helping various project development teams learn more about its techniques and their potential to improve performance. Agile has been used within Ordnance Survey to develop software and systems and will continue to be our chosen way to deliver future projects and business change.



Equality and diversity

At the beginning of 2012, we published our first report under the requirements of the new *Equality Act*. Our objectives for the year ahead, which were reviewed to ensure that they meet the aims of the Public Sector Equality Duty, have also been published.

Our focus during 2011–12 was on developing and implementing an online Equality Impact Assessment toolkit and training our Equality Advocates so that this resource could be used by any employee who may be involved in carrying out impact assessments. All employees completed the Civil Service e-learning module; *Introduction to Diversity and Equality*, which is now part of the induction process for all new starters.

We have been re-accredited as a Diversity Symbol User and now hold a disability forum twice yearly. We continue to make reasonable adjustments for individuals as appropriate and to raise our profile in several diversity publications.

Employee sickness and absence

We monitor employee absence and hold return-to-work interviews to make sure our employees receive appropriate support and, if necessary, adjustments to their role. In 2011–12 the average days lost due to sickness per employee were 4.37 (3.71 in 2010–11) whilst the total working days lost were 5 111 (3 664 in 2010–11).

Health and Safety management

Our Health and Safety Management System, associated procedures and assessments have all been reviewed and updated following a full year in our new premises. Explorer House allows us to fine-tune light, air flow and temperature to ensure employees are working in the best of environments.

During 2011–12, 78 work risk assessments were completed, this included assessments for Cambridge Conference and the official opening of our new head office. There were no reported incidents to visitors, contractors or employees.

Our accident statistics remain below industry standards. This is achieved, not only through the systems we have in place, but also as a result of commitment from our employees.



Stakeholder engagement and international activities

Reaching a milestone in INSPIRE compliance

We continue to meet our obligations as a data publisher under the Infrastructure for Spatial Information in the European Community (INSPIRE) Directive, which became law in 2007. We also provide experts to the groups drafting guidance documents for the Directive.

Metadata about our products is now available to the public through our website and www.data.gov.uk. OS OnDemand, which delivers our most up-to-date mapping over the web in seconds, was also upgraded to provide INSPIRE-compliant view services. Many of our current customers will benefit from being able to view INSPIRE-related products as raster images, which could reduce the need to build their own internal web-map services to view the products available to them through the PSMA and OSMA.

The UK Location Metadata Editor, developed by Ordnance Survey in its role as a technical delivery partner for the UK Location Programme, was used to create, edit and validate our product metadata.

Playing an active role in Place Matters – a Location Strategy for the UK

The UK Location Programme, or UK Location as it is widely known, aims to implement Place Matters – a Location Strategy for the UK. The strategy also includes the implementation of the INSPIRE Directive. As a technical delivery partner to the programme, we have also developed an INSPIRE Discovery Service, spatial service and preview functions for www.data.gov.uk as well as guidance documents to help other data publishers. We have provided experts for the various technical groups and seconded a member of staff as the Technical Lead for the programme to the UK Location team.

The Cambridge Conference, bringing international experts together

Delegates from six continents attended the 2011 Cambridge Conference, which provides a unique opportunity for top international experts to discuss developments in mapping, changes in technology and issues of global importance. Under the theme *mapping for a fairer and safer world*, attendees heard first-hand testimony from the heads of the Japanese and New Zealand mapping agencies about the vital role played by GI during recent natural disasters. Keynote speakers included Dr Maggie Aderin-Pocock, who recently presented the BBC[®]2 programme *Do We Really Need the Moon*, who discussed the common ties between surveying the earth and the stars and Professor Nigel Shadbolt, from the University of Southampton[®] and a member of the Government's Public Sector Transparency Board, who spoke on the power of open government data and chaired a session entitled *Open Data: threat or opportunity?*

Investigation into the spatial capability of Australia

Mr Drew Clarke, Secretary of the Department of Resources, Energy and Tourism invited Dr Vanessa Lawrence CB, Director General and Chief Executive, Ordnance Survey, Great Britain, to investigate Australia's current spatial capability in order to inform future spatial policy and capability developments. In her final report Dr Lawrence made 22 recommendations; a number of which outline the policy and frameworks that she believes are necessary to maximise the spatial capability of Australia, taking into consideration Australia's political and economic geography.

Showcasing products at the flagship conference

Addressing products from GeoPlace LLP, our joint venture with the Local Government Association, were launched at the GI industry's flagship annual event, the Association of Geographic Information GeoCommunity conference. As a Platinum Sponsor we took the opportunity not only to showcase the new addressing products, which included a hands-on session in the Solutions Centre, but also to highlight examples of how our location data enables innovation and delivers efficiencies.

Helping people to see Britain from a new perspective

Created by the Royal Geographical Society (with IBG) jointly with street gallery pioneers WeCommunic8, and supported by Ordnance Survey, Britain from the Air is a free-to-access street gallery of aerial photography, images and maps. The exhibition features more than 100 stunning aerial photographs that showcase Britain's wonderful natural and human landscapes. The exhibition also offers visitors the opportunity to see Britain



as they have never seen it before and to walk the length and breadth of the country over a 16 by 8 metre Ordnance Survey map, exploring the precise location of each large-scale image. Following its successful 2010 launch in Bath, where it was viewed by some four million people, the free-to-access exhibition moved to Oxford Castle, the second location of its UK-wide tour.

Taking our place in the Tower of London's Power House exhibition

Ordnance Survey is delighted to feature in the Tower of London's Power House exhibition, which showcases the roles of major organisations who have worked within its walls. The Board of Ordnance established a Drawing Office at the Tower in 1716, which was used by Ordnance Survey when it was formed in 1791. We remained in residence until a fire in 1841 forced a move to Southampton, which has been our home ever since. Exhibition visitors will be able to read about our history and see a copy of our first map, a one inch to one mile map of Kent, that was completed at the Tower in 1801.

Royal visit to newly restored Osmington White Horse

To help the Osmington Restoration Group restore the famous White Horse monument as closely as possible to its original outline, we worked with English Heritage® to undertake a GPS earthworks survey. Using old aerial imagery, Ordnance Survey data experts also translated this historic figure into modern-day coordinates so that the figure could be marked out, and then treated, using a GPS-controlled set-out survey. The interactive use of such a combination of sources is believed to have broken new ground in this type of restoration.

The monument, which stands 85 metres long and nearly 100 metres high had been steadily deteriorating and the outline had become degraded due to encroachment by plants and weathering. Thanks to the restoration project the monument, which was created in 1808 as a tribute to King George III, will now be seen in its former glory by millions of people watching the TV coverage of the Olympic sailing held in Weymouth.

In March 2012, Her Royal Highness, The Princess Royal saw the restoration work for herself when she visited the monument, which was created to honour King George III, her great, great, great, great grandfather.

The United Nations Committee of Experts on Global Geospatial Information Management

Our Director General and Chief Executive, Vanessa Lawrence CB has been appointed as Co-Chair of the United Nations Committee of Experts on Global Geospatial Information Management (UN-GGIM). This new Committee will provide advice to the United Nations (UN) and oversee the future development of global geospatial information and its use in assisting decision-making.

This is a huge honour for Ordnance Survey, for Vanessa and for the United Kingdom as rarely do the UN set up new Committees, and the UK government has not been the chair of a Committee at this level for many years.

The UN-GGIM has been established to be the official UN consultative mechanism on place, locality and geography. It will play a leading role in setting the agenda for the development of global geospatial information and to promote its use to meet key global challenges.

Improving the customer experience

Following customer feedback, we launched new web-based services for our agreements and products this year. All of these new services have been designed to improve customer interactions and to make it easier for customers to access and use our products and datasets.

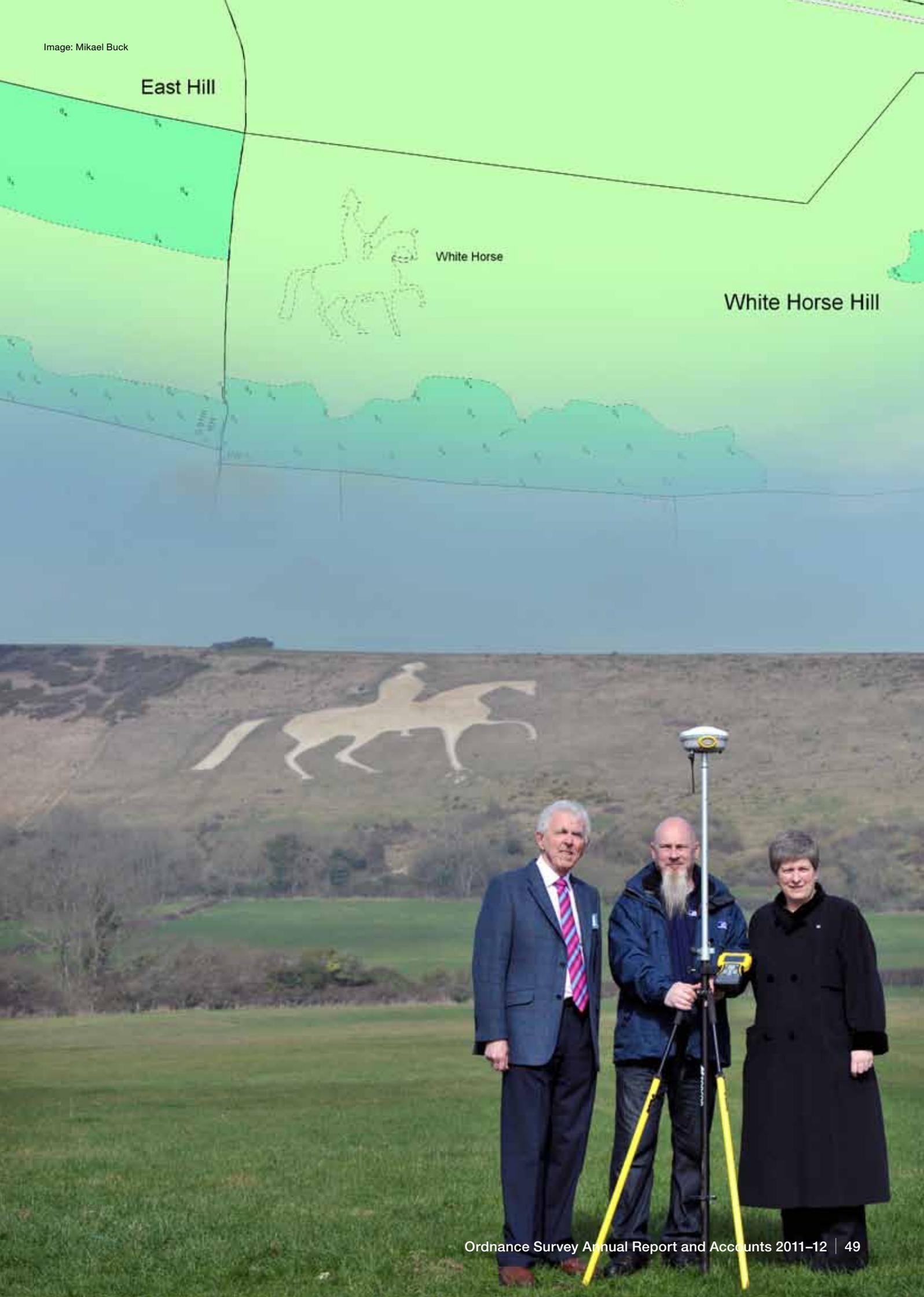
The volume of complaints in 2011–12 has increased from 594 to 789. When weighted against the total number of customer interactions through our Customer Service Centre, however, only 0.7% of these resulted in a complaint. This is mainly due to the increased customer base following the release of the Ordnance Survey Leisure portal as well as increased membership of the PSMA. Work has already begun to address some of the feedback raised.

Our customer's preferences for emailing service requests continued this year, reflecting a trend across many customer-facing companies. We experienced a 17% increase in email requests compared to a 20% decrease in telephone calls. Total customer interactions have remained flat with a small number of complaints annually (0.67%).

East Hill

White Horse

White Horse Hill



Customer Service

Volumes	Year to March 2012	Year to March 2011	% variance
Complaints	789	594	+33
Telephone calls received	44 354	55 704	-20
Correspondence enquiries	72 389	61 706	+17
Total customer interactions	117 532	118 004	-0.4
Complaints/total interactions	0.7%	0.5%	+0.2
Target	Year to March 2012	Year to March 2011	
95% of calls answered less than 15 seconds	99.1%	98.7%	
Lost calls <3 %	0.01%	0.02%	

Employee volunteering

In the last year 79 employees took a paid volunteer day to help out in their local community. Activities ranged from an individual helping a local charity collect money at a local supermarket, to an entire team working to restore a sensory garden at a school for children with special needs.

Work experience

In addition to providing work experience placements for local 15-year-olds, we welcomed our first students from Treloars College on a new programme of tailored work experience for older students with severe physical disabilities. Our new accessible and open plan head office makes it easy for wheelchair users to independently navigate all areas of the workplace.

Community use of Business Centre

Since moving to Explorer House, we have made it our policy to assist local charities, schools and other organisations through the free use of our Business Centre. Many small charities do not have sufficient space to draw together their volunteers or field staff for training and events, and have been able to save the cost of hiring hotels or other venues through use of our rooms. This year we supported 33 organisations, accommodating around 3 000 people on 76 different occasions.

School services

We have continued to develop Digimap for Schools, our award-winning digital mapping service for schools, with additional drawing tools and regular enhancements. Over 70 brand new teaching resources have been created, which provide teachers and students with the opportunity to engage with maps in a similar ways to professional users. For example, considering how footfall can be improved in the High Street, looking at patterns of crime, or deciding where to site a call centre. A *'Mystery Map'* is released each month, which engages learners in looking for clues on the map to work out where in the country it is.

In the last year we have run Continual Professional Development (CPD) workshops for both primary and secondary teachers, in Southampton, London and Manchester. (Working in association with County Geography Inspectors, the Royal Geographical Society (with IBG) and Geographical Association). These workshops have given teachers an insight in the number of resources available from Ordnance Survey for geography, which stimulate ideas for practical use in the classroom. Through these events, we have built up a community of geography teachers to provide feedback and ideas.

Corporate charity

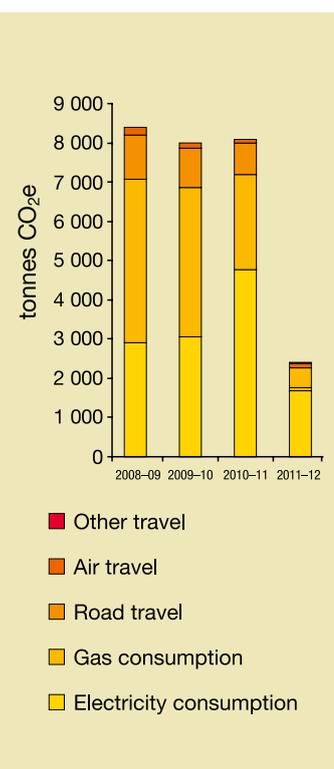
A series of fundraising activities for our employee-nominated corporate charity, Marie Curie Cancer Care raised just over £20 000. We were also pleased to host the charity's annual regional meeting. Marie Curie nurses provide care to terminally ill patients at the end of their lives, either in their own homes or hospices, and also provide support to their families.



Sustainability report

for the year ended 31 March 2012

Greenhouse gas emissions		2008-09	2009-10	2010-11	2011-12
Non-financial indicators (tCO ₂ e)	Total gross emissions for Scope 1	1 008	934	743	484
	Total net emissions for Scope 1	1 008	934	743	484
	Total gross emissions for Scope 2	7 073	6 860	7 191	1 763
	Total net emissions for Scope 2	7 073	6 860	7 191	1 763
	Gross emissions attributable to Scope 3 official business travel	314	202	152	130
	Other Scope 3 emissions measured	0	0	0	0
Related energy consumption (KWh)	Electricity: non-renewable	5 583 451	5 865 895	9 150 944	3 226 164
	Electricity: renewable	0	0	0	0
	Gas	22 720 329	20 757 893	13 219 955	447 319
	LPG	0	0	0	0
	Other	0	0	0	0
Financial indicators (£)	Expenditure on energy	£1 205 437	£1 330 385	£1 213 341	£363 908
	Expenditure on CRC allowances	not applicable until 2012-13			
	Expenditure on official business travel.	£2 815 755	£2 545 038	£2 311 094	£2 266 708



Performance commentary

The *Greening Government* commitments require Ordnance Survey to, by 2015:

- Reduce greenhouse gas emissions by 25% from a 2009-10 baseline from the whole estate and business-related transport.
- Cut domestic business travel flights by 20% by 2015 from a 2009-10 baseline.

As the graph indicates, we have already exceeded the 25% target, mostly as a consequence of relocating to Explorer House – a reduction of approximately 59% has been seen from 2010-11 to 2011-12. However, our new Carbon Management Plan commits us to reducing emissions by an additional 10% by 2015.

Direct impacts commentary

Scope 1 – this includes road travel from our fleet vehicles.

Scope 2 – this includes our purchased electricity and gas for offices. The offices included in 2008-09 and 2009-10 are our Romsey Road head office, Gloucester Data Centre and our field premises in Blackpool, Market Harborough and Chorley. In the following year, Explorer House is added to this scope – there was a three-month period during the relocation where we were occupying two head offices – and therefore, a slight increase in emissions can be observed. In 2011-12, the offices included in the scope are Explorer House, Gloucester Data Centre, Market Harborough and Blackpool.

Scope 3 – this covers all travel emissions not covered under Scope 1; road travel in hire and pool vehicles for administrative purposes, plus taxi, rail and air travel. Emissions from taxi, air, and rail travel are calculated based on expenses claims and are estimated, as full information is not always available for every journey.

Overview of indirect impacts

Our indirect impacts are emissions that we cannot control, but may still be able to influence. For example, whilst we cannot control how our staff travel to work, we are able to encourage them to travel by sustainable forms of transport. Our staff Travel Plan outlines the incentives available to staff to encourage them not to drive to work – we offer preferential parking for car sharers, superb facilities for cyclists and motorcyclists and discounts on bus season tickets.

We also have a significant number of remote workers based across the country. Although we cannot control how remote workers power their homes while they work, we offer guidance on energy efficiency and highlight the financial savings that can be made.

Waste			2008-09	2009-10	2010-11	2011-12
Non-financial indicators (t)	Total waste (minimum requirement)		655	666	498	229
	Non-hazardous waste*	Landfill	273	238	169	54
		Reused/recycled	382	428	329	175
		Incinerated/energy from waste	0	0	0	0
Financial indicators (£)	Total disposal cost (minimum requirement)		£35 316	£50 429	£121 017	£25 195
	Non-hazardous waste – Total disposal cost	Landfill	included in total waste cost			
		Reused/recycled	included in total waste cost			
		Incinerated/energy from waste	£0	£0	£0	£0

Performance commentary (including targets)

The Greening Government Commitments require us to reduce the amount of waste we generate by 25% from a 2009-10 baseline. This gives us a target of 499 tonnes, and as the table and graph above shows we are already well below this limit. Ordnance Survey's goal now is to maintain this low level of waste generation and to increase the percentage of that waste that is recycled.

Direct and indirect impacts

The performance levels reported above refer only to our head office, where we have direct control over waste management. We cannot directly control waste management at our field premises or remote workers, however we aim to influence these impacts by providing information and guidance on recycling.

Finite resource consumption – Water			2008-09	2009-10	2010-11	2011-12
Non-financial indicators (m ³)	Water consumption	Supplied	82 752	60 272	42 347	5 234
		Rainwater harvester	0	0	0	812
Financial indicators (£)	Water supply costs		£159 856	£118 024	£84 600	£15 516

Performance commentary (including targets)

The *Greening Government* commitments require us to reduce water consumption from a 2009-10 baseline, and report on office water use against the following best practice benchmarks:

- ≥6 m³ water consumption per FTE poor practice
- 4m³ to 6m³ per FTE good practice
- ≤4m³ per FTE best practice

Direct and indirect impacts

The performance levels reported above refer only to our head office, where we have direct control over water consumption. We cannot directly control water use at our field premises or remote workers, however we aim to influence these impacts by providing information and guidance on water efficiency.

Sustainable environment

Sustainability reporting

We have included environmental indicators in past annual reports. This year is the first time we have used reporting methodology complying with the requirements of the HM Treasury *Guidance for Sustainability in the Public Sector*. We have also used the 2011 Guidelines to Defra/DECC's Greenhouse Gas Conversion Factors for Company Reporting to calculate our carbon emissions.

The information reported here covers the last four years, during the first three we were still based in our Romsey Road head office; 2011–12 marks the first full year in our new energy-efficient building. Explorer House is built to be one of the most energy-efficient buildings of its type in the country, and this has been recognised by the award of a 2006 BREEAM® Excellent rating. The building has also won the Sustainable Achievement Award at The Office Agents Society (OAS) Development Awards at a ceremony in London. We estimate that the move from Romsey Road to Explorer House has reduced our overall carbon footprint by approximately two-thirds. The biggest contributors to our carbon footprint are energy consumption in buildings, fleet travel and business travel.

Energy

For buildings emissions, the reporting scope used here mirrors that of the CRC (Carbon Reduction Commitment) Energy Efficiency Scheme and the Greening Government Commitments. We are only reporting energy consumption in the buildings for which we are responsible. As many of our field premises are serviced accommodation, where we do not directly pay the utility bills ourselves and have little influence, they are not accounted for here.

As expected, the move to Explorer House has significantly reduced the amount of energy we consume. This year we have used 64% less electricity than the previous year, and 95% less gas. These reductions help to illustrate the effectiveness of our ground-source heat pumps, which heat our head office during winter and cool it during summer.

Business travel

Travel emissions include fleet travel and business travel by car, taxi, rail and air.

The main source of emissions are the 300 vehicles used by our Data Collection and Management and Sales and Market Development departments. Whilst these are essential for staff carrying out their work, we aim to minimise the environmental impact of road travel as far as is possible. Our Business User Scheme (BUS) policy was reviewed in 2011, and now places a lower cap on the CO₂ emissions of the cars available. Guidance is also issued to fleet drivers to make them aware of the environmental and financial benefits of choosing a low emissions vehicle.

This is the first year for which we have been able to estimate emissions from taxi and rail travel. In the future this additional travel information may lead to an increase in our travel emissions as the quality of data improves.

Travel plan

It is important that we continue to encourage and promote sustainable forms of business and commuter transport. To encourage alternatives to car commuting, Explorer House features modern changing facilities, drying rooms, showers and lockers next to a secure compound providing parking for 194 bicycles and 30 motorcycles. The First Hampshire bus service has been extended to serve Adanac Park, to provide staff with a direct bus route to and from the city centre and Central Station.

We now have 82 car share groups registered on our online application. Car sharers are provided with a preferential parking area at the front of the car park.

Our bike-to-work scheme; Cyclescheme, continues to be a success. An average of two people a month are using it to buy a new bike for commuting, with a total of 180 staff now signed up. Approximately 8% of staff working at Explorer House commute by bicycle.



Waste and recycling

During the past year, facilities management at Explorer House was outsourced, and, as part of this, all waste collections are now organised by a third-party broker rather than in-house. This has resulted in an increase in the percentage of waste that is recycled, which coincides with a large reduction in the amount of waste created through our relocation.

Food waste is diverted from landfill by being composted on site in an in-vessel composter. The end product is donated to a local school for use on its grounds and we intend to use the compost on our own grounds in the future. New mixed recycling bins have also been purchased, which make recycling easier and more convenient for staff.

Water

Ordnance Survey used 5 234 m³ of mains water this year, a substantial decrease from the previous year. This is a result of the water efficient technology installed at Explorer House, which is fitted with a large rainwater harvesting system allowing rain to be captured and stored in an 80 000 litre underground tank before being reused in our toilets. This has saved over 800 m³ of water – approximately two months worth of our normal water use.

Sustainability initiatives

Over the last year, Ordnance Survey has participated in the Carbon Trust's Central Government Carbon Management Service. Through this service, the Carbon Trust has assisted us to produce a Carbon Management Plan (CMP) that sets a target for reducing our emissions over a five-year period. The CMP is governed by a new Environmental Operations Efficiency (EOE) Board, a senior management group with representatives from all areas of the business.

The CMP describes the reduction in emissions that resulted from relocating to Explorer House and outlines our ambition to reduce these by a further 10%. A number of projects have been planned, and an annual budget allocated, to allow us to achieve this. Projects include an upgrade to our building management system, voltage management and video conferencing. The CMP was approved by both the Ordnance Survey Operating Board and the Carbon Trust, in March 2012.

Procurement and Supply Chain Management

We continue our drive for sustainable procurement to improve our evaluation of products by implementing Defra's Government Buying Standards. These are a set of minimum specifications that government departments must use when procuring goods. By setting out sustainability criteria for different products they support the aims of the Sustainable Operations on the Government Estate (SOGE) targets and make it easier to buy sustainably.

A sustainable approach to procurement and supply chain management activities continues to feature prominently in our approach to market engagement. We have embraced the government's agenda to make it easier for smaller firms to compete for procurement projects and secure new contracts with us. Our supplier qualification documentation has been simplified and improved to ease the supplier qualification process, this is seen as a significant stepping stone in enabling smaller companies to respond to our large expenditure projects. We fully recognise the value that small- and medium-sized enterprises (SMEs) bring to our business in terms of operational agility, niche technical know-how and commercial value for money.

One such company is Talis Systems Limited, based in Birmingham, with whom Ordnance Survey has worked closely over the last year. Talis provide a hosted Linked Data Service, which enables our customers to query, search and make maximum use of OS OpenData products. This technology facilitates the interconnection of different datasets and 'linked' or associated information in a new and innovative way.

Another SME with whom we have a strong commercial relationship is RVL Aviation Limited (RVL) in Derby. RVL lease two Cessna aircraft to Ordnance Survey to capture aerial imagery. After the contract was advertised in the OJEU, RVL was one of three companies shortlisted to submit a proposal and was awarded the contract, because it provided the best value for money.

Environmental considerations continue to feature in our market engagement processes and this is demonstrated in our vehicle leasing and fleet management contract, which was awarded to Leasedrive Velo. To support our drive to reduce carbon emissions, our vehicle policy was amended to better reflect the Greening target, which stipulates that mean CO₂ emissions for new cars must not exceed 130 g CO₂/km. To date the current emission average for new cars purchased is 119g CO₂/km.

Our Directors



Sir Rob Margetts CBE
Non-Executive Chair

Sir Rob was appointed as Ordnance Survey's first Non-Executive Chair in August 2008. His role is to lead Ordnance Survey's Strategy Board and he reports to Shareholder Executive, the body that advises Ministers and senior officials on the Government's 'shareholding' in organisations such as Ordnance Survey.

Beginning his career with the ICI® Group in 1969, Sir Rob progressed through a number of appointments within the group prior to joining the Board in 1992, becoming Vice-Chairman from 1998 to 2000. From 2000 to March 2010 he was Chairman of Legal & General® Group plc and of BOC® Group plc from 2001 to 2006.

He is Chairman of the Energy Technologies Institute and Ensus Ltd, and a Non-Executive Director of Huntsman Corporation LLP. Sir Rob was Chairman of the Natural Environment Research Council (NERC) from 2001 to 2006, a Non-Executive Director of Anglo American plc from 1998 to 2010 and Wellstream® plc from 2010 to 2011.



Dr Vanessa Lawrence CB
Director General and Chief Executive

Vanessa is the official adviser to the British Government on the short- and medium-term strategy for mapping, surveying and GI. Vanessa is the first woman to head Ordnance Survey in its 220-year history. She is a world-renowned expert in how GIS can improve decision making at all levels of government and business. Vanessa is the honorary Colonel of the 135 Independent Geographic Squadron, Royal Engineers.

Vanessa also holds a number of honorary and representative roles with organisations associated with GI. In addition, Vanessa was made The Institute of Directors' Director of the Year for the South of England, an Honorary Fellow of the Royal Academy of Engineering and appointed as an Independent Board Member at the University of Cambridge®. In 2011, Vanessa was awarded world-wide Geospatial Person of the Decade. In October 2011, Vanessa was appointed as Co-Chair of the United Nations Committee of Experts on Global Geospatial Information Management. The new committee reports directly to the UN Economic Council.



Paul Hemsley BA FCA FRSA CPFA
Director of Finance and Corporate Services

Paul leads our Finance and Corporate Services Departments as well as the Programme Delivery Unit, Procurement and Legal, on an interim basis. Paul is a graduate chartered accountant with extensive business experience in both private companies and the public sector, where he was Chief Accountant at the Defence Evaluation and Research Agency (DERA) and the Department for Work and Pensions (DWP). He acted as Group Finance Director of Reliance Security® Group plc and joined us from The Innovation Group plc, where he served on the Board as Group Finance Director.



Bob Goodrich
Director of Information Systems

Bob is responsible for Ordnance Survey's entire technology infrastructure. This includes the implementation of our seamless database management system, recognised as the world's largest and most complex geospatial production database, which will improve the consistency, speed and flexibility of how we maintain, store and generate our core geospatial data. Bob was previously the Programme Director.

He originally trained as an Ordnance Survey cartographer before moving to Research and Development, and finally Information Systems. It was there that he was instrumental in the 2001 delivery of OS MasterMap, the largest seamless geospatial database in the world at that time.



James Brayshaw
Director of Sales and Market Development

James is responsible for driving all industry and customer relationships for Ordnance Survey and its multi channels, across the three markets of government, commercial and consumer, new market development and customer services. He has both extensive technical and consultative management experience leading enterprise businesses within a wide range of sectors, utilities, construction, defence, transportation, insurance and retail.

In his previous role he successfully created a VC start-up software as a service provider (SaaS) in EMEA. James is also as Director of PointX, the joint venture of Ordnance Survey and Landmark Information Group. He is an active member of the Institution of Civil Engineers, Vice Chair of both the Geospatial and IT Expert panels and currently involved in evolving the HMG BIM strategy.



Peter ter Haar
Director of Products

Peter is responsible for all aspects of product management and innovation, including product marketing, licensing, research, engineering, cartography and supply. He joined Ordnance Survey in November 2006 and has 25 years' experience in product management and business development in the geospatial industry. Peter has worked in both the public and private sectors in GIS, location-based services (LBS) and mobile technology. His previous roles include Head of GIS at the City of Amsterdam, and senior product and technical management roles at Geodan, Autodesk® and Intergraph®.

Peter has been the lead Director at Ordnance Survey for the innovation programme GeoVation and for the OS OpenData programme.

Peter is a Director of PointX, a joint venture company of Ordnance Survey and Landmark Information Group.



Neil Ackroyd
Director of Data Collection and Management

Neil leads the organisation's gathering of information from across Great Britain to maintain and update our digital mapping database and is also responsible for the cartographic production activity within the business.

Neil was previously employed by the GPS and location-based services company Trimble® as their European, Middle East and African (EAME) Technical Director and as the responsible business manager for the construction and machine control market segments.

He was heavily involved in the adoption of GPS across many varied downstream applications during a period of rapid growth for the company. Neil is the author of many papers and the book *Global Navigation: A GPS user's guide*.

Neil is also the representative member for Trading Funds on the Advisory Panel on Public Sector Information (APPSI) and Ordnance Survey's representative Director on the Board of Geoplace LLP.



Mike Carr

Mike is the former Chief Science Officer for BT® and was responsible for the company's world-leading research and commercial exploitation unit, including patent licensing and corporate venturing activities. Mike is currently a VP and Trustee of the Institution of Engineering & Technology (IET®).



Piers White MBE

Piers is a banker by background and his previous positions include Chief Executive Officer of Insinger de Beaufort®, Service Director of Barclays® Bank, Managing Director of Fleming Premier Banking®, Chairman of Fleming Offshore Private Banking and a Director of the Save & Prosper® Group Ltd. He is a Non-Executive Director of CIPFA® Business Ltd, ACS International Schools® Ltd, Nominet®, and is a Governor of both Croydon College and Hazelwood® School.



Anthony Odgers

Anthony is the Shareholder Executive representative on our Strategy Board.

He joined the Shareholder Executive in October 2010 to head the Portfolio Unit. He has over 20 years banking experience most recently at Deutsche Bank®. His experience includes project finance, corporate finance, restructuring advisory and general management.

At the Shareholder Executive, Anthony has overall responsibility for the businesses in the Shareholder Executive portfolio. He has specific responsibility for issues relating to Green Investment Bank, Ordnance Survey and Urenco®.

Directors' remuneration report

1. Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effect on the recruitment and retention of staff;
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments, as set out in the government's departmental expenditure limits; and
- the government's inflation target.

Directors' remuneration is set with regard to employee pay conditions.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

2. Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made. The officials covered by this report hold appointments that are open-ended until they reach the normal retiring age of 60 (individuals may elect to work up to age 65), unless appointed on a fixed-term contract. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommission.org.uk.

3. The Remuneration Committee at 31 March 2012

The Remuneration Committee is currently chaired by the Non-Executive Director, Michael Carr, and meets at least annually to agree the remuneration policy and practice for Executive Directors and other senior staff. The committee also advises on the direction of the overall remuneration strategy for all staff. The Non-Executive Chairman, Sir Rob Margetts, and Non-Executive Director, Piers White also serve on the Remuneration Committee. The Committee is supported and advised by the Director General and Chief Executive, Vanessa Lawrence and the Director of Finance and Corporate Services, Paul Hemsley. These Executive Directors are not present for discussions on matters concerning their own remuneration.

4. Directors' remuneration

The most senior members and key decision makers of Ordnance Survey are the members of the Strategy and Operating Boards, details of whom are contained in the Foreword to the Accounts. The salary and the value of any taxable benefits in kind of the most senior members of Ordnance Survey were as follows:

	2011–12			2010–11 (restated)		
	Salary	Performance Related Pay	Benefits in Kind	Salary	Performance Related Pay	Benefits in Kind
	£'000	£'000	£	£'000	£'000	£
Dr Vanessa Lawrence CB Director General and Chief Executive	190–195	15–20		190–195	10–15	
Neil Ackroyd Director	120–125	20–25	5 200	115–120	20–25	5 000
James Brayshaw Director	125–130	25–30		120–125	15–20	
Peter ter Haar Director	95–100	20–25	4 500	95–100	20–25	4 300
Bob Goodrich Director	95–100	15–20		95–100	10–15	
Paul Hemsley Director	225–230	5–10		230–235	5–10	
Jan Hutchinson Director (until February 2011)				115–120 (120–125) full year equivalent	5–10	

Salary represents salary, other taxable allowances and performance-related pay figures earned during the financial year. 2010–11 figures have been restated to reflect end of year returns.

No payments were made in respect of compensation to former Directors in 2011–12.

Salary

Salary includes gross salary, plus accrued payments to the extent that they are subject to UK taxation. This report is based on accrued payments made and thus recorded in these accounts.

Hutton Report disclosures

Reporting bodies are required to disclose the relationship between the salary of the most highly paid director in their organisation and the median earnings of the organisations workforce.

The salary of the most highly paid director in the financial year 2011–12 was £237 500 (2010–11 £240 000), this was 7.8 times (2010–11: 7.9) the median salary and taxable benefits of the workforce which was £30 493 (2010–11: 30 493).

No employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non consolidated performance related pay, benefits in kind, as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

A proportion of each directors pay is dependent upon performance. The salary is as stated on page 60, with between 5% and 25% of this figure available as additional payment based on performance.

All directors, save for Paul Hemsley, are permanent employees. All directors have six-month notice periods and are eligible for the Civil Service Compensation Scheme in the event of compulsory, or voluntary, redundancy.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.

5. Directors' pensions

	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2012 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31/3/12	CETV at 31/3/11	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Dr Vanessa Lawrence CB Director General and Chief Executive	0–2.5 less 0–2.5 lump sum	35–40 plus 10–15 lump sum	559	499	13
Neil Ackroyd Director	0–2.5 less 0–2.5 lump sum	20–25 plus 0–5 lump sum	300	264	11
James Brayshaw Director	0–2.5	20–25	309	261	23
Peter ter Haar Director	0–2.5	5–10	130	103	15
Bob Goodrich Director	-0–2.5k less 2.5–5k lump sum	50–55 plus 150–155 lump sum	1 128	1 070	-32

The actuarial factors used in the calculation of Cash Equivalent Transfer Values (CETVs) were changed during 2011–12. Accordingly, the cash equivalent transfer value at 31 March 2011 has been restated. The above table reflects the revised CETV.

The Director General and Chief Executive and Ordnance Survey Directors in the table above are members of the Principal Civil Service Pension Scheme. Details of the scheme are contained in Note 4 to the Accounts and further details can be found at www.civilservice-pensions.gov.uk.

Vanessa Lawrence and Neil Ackroyd are members of the Classic Plus Scheme. Vanessa Lawrence is also a member of the Civil Service Supplementary (Earnings Cap) Pension Scheme 1994. This is an unapproved, unfunded retirement benefit scheme (UURBS) laid under the *Superannuation Act 1972*. It provides benefits to members in respect of pensionable pay over the earnings cap. The benefits are calculated in the same way as benefits in the PCSPS.

James Brayshaw and Peter ter Haar are members of the Premium Scheme. Bob Goodrich is a member of the Classic Scheme. Paul Hemsley is a member of the Partnership scheme and there is no requirement to disclose any pension fund figures. Full details of the Partnership scheme are given in Note 4.

The table on page 62 shows the member's CETV accrued at the beginning and the end of the reporting period and the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and other pension details include the value of any pension benefit in another scheme that the individual has transferred to the Civil Service Pension arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are drawn.

6. Non-Executive Directors

The Non-Executive Directors are appointed by the Minister responsible for Ordnance Survey on the recommendation of the Chairman of the Selection Board, and any others the Minister may wish to consult. Their remuneration and terms of appointment are agreed at the time of their appointment, which is normally for two years with the option for this to be extended for a further two years. By exception and on completion of the two-year optional period, any further extension is offered under mutually agreed terms.

7. Payments to Non-Executive Directors

Ordnance Survey Non-Executive Directors are not Ordnance Survey employees and are not members of the Principal Civil Service Pension Scheme.

Fees paid to Non-Executive Directors were as follows:

	2011-12	2010-11
	£'000	£'000
Sir Rob Margetts CBE	55-60	60
Piers White MBE	15-20	15-20
Michael Carr	15-20	15-20
Michael Sommers MBE (until March 2011)		15-20

The inclusion of a Directors' remuneration report containing information about the salary and benefits of the senior managers of Ordnance Survey is a requirement of the Government Financial Reporting Manual (FRM). The actual salary and benefit details of each Director form the audited elements of this report, as referred to in The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, which is to be found on page 67 of the Annual Accounts, the remaining elements are unaudited.



Dr Vanessa V Lawrence CB

Director General and Chief Executive

14 June 2012

Statement of Ordnance Survey's and Director General and Chief Executive's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 HM Treasury has directed Ordnance Survey to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction applicable to all Trading Funds issued by HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of Ordnance Survey's state of affairs at the year end and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts Ordnance Survey is required to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that Ordnance Survey will continue in operation.

HM Treasury has appointed the Director General and Chief Executive of Ordnance Survey as the Accounting Officer for the Agency. Her relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Framework Document, and in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money* (The Stationery Office®, October 2007).

Governance statement

1. Scope of responsibility

As Director General and Chief Executive of Ordnance Survey I fulfil the role of Principal Accounting Officer (PAO). I have responsibility for maintaining a sound system of internal control that supports the achievement of Ordnance Survey's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*¹.

2. The Purpose of the Governance statement

The Governance statement, for which I take personal responsibility, gives a clear understanding of the dynamics of the business and its control structure. It explains how the organisation has complied with the principles of good governance and reviews the effectiveness of these arrangements.

3. The Governance framework

Roles and high-level responsibilities within the governance framework include the following:

Minister: Ordnance Survey operates as an Executive Agency and as a Trading Fund under the Ordnance Survey Trading Fund Order 1999 (SI 1999/965), and is accountable to Parliament through the Secretary of State for Business, Innovation and Skills (BIS). Our Minister within BIS, Norman Lamb MP, will approve the 2012–17 corporate business plan and agency performance monitors. The Minister is answerable to Parliament for all matters concerning Ordnance Survey.

Shareholder Executive: Ordnance Survey reports to BIS through the Shareholder Executive (ShEx), an Executive Agency within BIS. ShEx advises BIS ministers on the management of the Government's interest in Ordnance Survey, and shareholding of the Ordnance Survey Trading Fund, and a ShEx representative attends the Strategy Board meeting.

Principal Accounting Officer (PAO), Director General and Chief Executive: has responsibility for the proper, effective and efficient use of public funds and may be required to appear before the Public Accounts Committee. I am accountable to the Minister for the performance of Ordnance Survey in accordance with the Framework document, the corporate business plan and the agency performance monitors.

Strategy Board: comprises a Non-Executive Chair and up to three other Non-Executive Directors in addition to the Executive Directors. It determines the long-term strategy and vision to ensure that Ordnance Survey remains relevant and effective and delivers against the policies and objectives set for it by Ministers. Strategy Board also provides oversight of the undertaking of the remit assigned to Ordnance Survey by Ministers. Strategy Board reviews submissions from each part of Ordnance Survey to monitor performance against key performance indicators, including the business plan and budget.

Strategy Board terms of reference are available on our website: <http://www.ordnancesurvey.co.uk/oswebsite/docs/governance/os-strategy-board-remit-and-terms-of-reference.pdf>

Operating Board: has responsibility for all operational matters to ensure the implementation of the strategy agreed by Strategy Board in an efficient and effective manner. It receives reports on various aspects of the business to ensure that governance is maintained and will delegate authority to sub-groups with responsibility for maintaining the agreed framework for delegated financial authorities. These sub-groups provide oversight of investment activity and expenditure, marketing and promotional activity, pricing, licensing and trading arrangements, product life cycles and recruitment. The Operating Board is chaired by the Director General and Chief Executive.

Operating Board remit and terms of reference are available on our website: <http://www.ordnancesurvey.co.uk/oswebsite/docs/governance/os-operating-board-remit-and-terms-of-reference.pdf>

Audit and Risk Committee (OSARC): is responsible for the independent appraisal of Ordnance Survey's control environment, risk management and effectiveness of corporate governance, and to provide advice and challenge on risks that may impact the organisation. The Chair confirms that the committee has discharged its responsibilities effectively and in accordance with the terms of reference. It is chaired by a Non-Executive Director.

Audit and Risk Committee terms of reference are available on our website: <http://www.ordnancesurvey.co.uk/oswebsite/docs/governance/os-audit-and-risk-committee-remit-and-terms-of-reference.pdf>

Remuneration Committee: is responsible for reviewing and recommending Executive Directors' and Senior Manager Heads' salaries, performance-related payments and in 2011–12, agency bonuses. This is chaired by a Non-Executive Director. Further information on the work of the Remuneration Committee can be found in the report on Directors remuneration on page 60.

¹ HM Treasury: *Managing Public Money*, May 2011

Attendance at the main governance boards is as follows:

Name	Strategy Board		OSARC		Remuneration Committee	
	Number of meetings	Attendance	Number of meetings	Attendance	Number of meetings	Attendance
Sir Rob Margetts CBE	6	6	–	–	6	6
Vanessa Lawrence CB	6	6	1	1	–	–
Paul Hemsley	6	6	3	3	–	–
Bob Goodrich	6	6	3	3	–	–
James Brayshaw	6	6	1	1	–	–
Peter ter Haar	6	5	1	–	–	–
Neil Ackroyd	6	6	2	2	–	–
Mike Carr	6	6	3	3	6	6
Piers White MBE	6	6	3	3	6	6
Emma Ward (to 31 December 2011)	4	4	1	1	4	4
Anthony Odgers (from 1 January 2012)	2	2	–	–	2	2

The governance framework incorporates one active subsidiary, Ordnance Survey Limited, and two associated businesses, GeoPlace LLP and PointX Limited. There is ongoing reporting from these entities on such matters as governance and accountability, decision-making and financial management. This allows the PAO to comply with the requirements contained within *Managing Public Money*. Additionally, Ordnance Survey has representation on each of the boards within the other entities. Details of the financial performance of the active subsidiaries and associated businesses can be found in the Financial Directors' report on page 10.

During 2010–11, Strategy Board completed an externally-facilitated review of its own effectiveness under the guidance of the Non-Executive Chair. This review included the quality of information presented to Strategy Board in discharge of its responsibilities. The results were reviewed in July 2011 and areas for strengthening noted included: delegated authorities, Non-Executive meetings outside of the Board meeting and succession planning. In May 2012 the Board will review the effectiveness of the changes it has introduced. A separate exercise was undertaken, led by a Non-Executive Director, to review the performance of the Chair.

Operating Board and OSARC approved a review of compliance with the Corporate Governance Code of Good Practice by the Internal Audit department, which was completed in the 2011–12 financial year. Approval for the extension of the appointment of the Non-Executive Chair and one of the Non-Executive Directors was received from BIS. The review noted no areas of non-compliance.

During the course of 2011–12 we reviewed the effectiveness of compliance with the Bribery Act and this was supported with a full training and awareness programme for all relevant staff led by our Legal Services team.

4. The Risk and Internal Control Framework

Our strategy for risk management is designed to achieve a cost-effective balance between mitigation and acceptance of risk. Risks are proactively identified and managed at all levels of the organisation so that Ordnance Survey's exposure to risk, including information risk, is captured, reported and maintained at an acceptable level. Risk management is supported through the roles and actions of the key governance and decision-making groups.

The process of risk management is a continuous cycle, which is applied throughout the organisation and is driven through the risk partner model. Senior management have responsibility for embedding a consistent risk and control framework throughout the organisation, which ensures that:

- risks to the achievement of business objectives, from strategic to operational level, are proactively identified, categorised and prioritised through a corporate risk register in a consistent manner throughout the business;
- risks to information are proactively identified, categorised and prioritised in a consistent manner throughout the business;
- actions to mitigate all identified risks to acceptable levels are designed, assigned an owner, implemented and reviewed for effectiveness;
- all risks are evaluated for potential impact, likelihood and proximity and regularly reviewed to ensure they remain at an acceptable level to the business;
- the performance of the overall risk-management process is kept under review to ensure it is aligned to the business-planning process, working effectively and adding value to the business; and
- Adequate business continuity and disaster recovery is maintained through the maintenance and testing of detailed plans.

In the first instance, the level of risk is determined by risk owners with reference to the organisation's risk framework.

Risks are then ranked in order of importance and reviewed at management boards to ensure that net risk is acceptable to the business. The highest risks are reviewed regularly for currency, completeness and adequacy of mitigating actions at Strategy Board, Operating Board and the Audit and Risk Committee.

Ordnance Survey is committed to consulting with and involving stakeholders in this process. Stakeholder perspectives are considered during the business-planning cycle and production of the business plan through wide consultation with our customers, employees and partners.

5. Risk profile

The Audit and Risk Committee report through the Strategy Board. It is satisfied that the organisation is managing its risk profile appropriately. This opinion has been formed in conjunction with Risk and Assurance.

High-level risks identified within the year include:

- Changes in government policy (including European Directives) could impact the organisation's ability to deliver overall business strategy and would require plans and strategies to be revised appropriately. The ability of Ordnance Survey to influence government policy is conducted within the remit of the Civil Service Code. We seek to maintain a dialogue with our ministers and sponsor department sufficient to ensure that the impact of agreed policy or open consultations is understood.
- During the year a new production system; GDMS was introduced to manage our mapping data. As with any system's introduction there is a period of transition to new working arrangements. Support continues to be provided by the suppliers of the key technology components under transitional arrangements and internal capabilities have been strengthened since the implementation of the new system. Production departments have made contingency arrangements, involving prioritisation of workload in the unlikely event of systems' unavailability.
- The environment within which Ordnance Survey operates has become more dynamic as a result of changes such as OS OpenData, GeoPlace, technological platforms, and changes to our licensing terms. It is important that Ordnance Survey continues to respond to these changes appropriately and through continued delivery of capability and capacity. These risks are addressed through the preparation and achievement of the business plan and through the ongoing review of skills and competencies required to deliver this plan. Information on how to obtain a copy of the business plan is available on the website: <http://www.ordnancesurvey.co.uk/oswebsite/aboutus/foi/questions/2009/0053.html>

Ordnance Survey as a data-generating, collecting and managing organisation considers the confidentiality, integrity and availability of its data to be of high importance. We have a dedicated Information Assurance and Security team, which creates and monitors information and data

policy and undertakes assurance activities relating to data security. In accordance with Cabinet Office Security notice – SN2012–03, I can confirm that for the financial year 2011–12 there have been no significant lapses in information security, protective security or losses of protected personal data.

6. Review of effectiveness

As PAO, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of the Risk and Assurance function and executive managers and will include comments from the external auditors, the National Audit Office, in its management letter and other ad hoc reports we commission. The Governance statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

The process I have applied in maintaining and reviewing the effectiveness of the system of governance includes contributions from those charged with governance, including all the governance boards and the Senior Information Risk Officer, Chief Risk Officer and Departmental Security Officer. Most significantly, it incorporates input from the Risk and Assurance function (which comprises Internal Audit, Risk Management, Information Assurance and Security, and Business Continuity) through their annual assurance report to the Accounting Officer and OSARC. During 2011–12 Ordnance Survey was re-accredited under the Information Fair Trader Scheme and with an Investors in People Gold status award.

The Chair of the Audit Committee provides me with an annual stewardship report on the effectiveness of the audit committee in discharging its responsibilities.

I have been advised on the implications of the result of my review of the effectiveness of the system of Governance and agreed plans to address weaknesses and ensure continuous improvement of the system of internal control is in place.

7. Management certification

I have considered the evidence provided with regards to the production of the annual Governance statement. The conclusion of the review is that the Organisation's overall governance and internal control structures have no significant weaknesses or issues.



Dr Vanessa V Lawrence CB
Principal Accounting Officer
14 June 2012

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Ordnance Survey for the year ended 31 March 2012 under the Government Trading Funds Act 1973. The financial statements comprise: the Consolidated income statement, the Consolidated and Trading Fund statement of comprehensive income, the Consolidated and Trading Fund statement of financial position, the Consolidated and Trading Fund statement of changes in Taxpayers' Equity, the Consolidated and Trading Fund statement of cash flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Ordnance Survey, and the Director General and Chief Executive and auditor

As explained more fully in the *Statement of Ordnance Survey's and the Director General and Chief Executive's Responsibilities*, the Director General and Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the *Government Trading Funds Act 1973*. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Ordnance Survey's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Ordnance Survey; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been

applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Ordnance Survey's affairs as at 31 March 2012 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the *Government Trading Funds Act 1973* and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the *Government Trading Funds Act 1973*; and
- the information given in the Director of Finance and Corporate Services Review, Business Review, Business Performance, and Our Directors sections in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
18 June 2012

National Audit Office
157–197 Buckingham Palace Road
Victoria
LONDON
SW1W 9SP

Financial statements

Consolidated income statement

for year ended 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
Revenue	2	141 759	129 380
Operating costs	3	(112 347)	(118 127)
Share of results of joint ventures	11	2 542	239
Other operating costs	24	(31)	(646)
Operating profit		31 923	10 846
Analysed as:			
Profit on ordinary activities before exceptional items		31 923	24 124
Exceptional items	33	–	(13 278)
Operating profit		31 923	10 846
Finance income	5	254	242
Finance cost	5	(145)	(460)
Profit on ordinary activities		32 032	10 628
Dividends payable	7	(17 200)	(6 344)
Profit retained for the year		14 832	4 284
Attributable to Public Dividend Capital Equity holders		14 832	4 284

All the activities of the group are classified as continuing.

The notes on pages 76 to 106 are an integral part of these financial statements

Note:

The maintenance and integrity of Ordnance Survey's website is the responsibility of Ordnance Survey's Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Consolidated statement of comprehensive income

for year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		£'000	£'000
Net profit for the year		14 832	4 284
Gains on revaluation of non-current assets	21	1 049	2 032
Total comprehensive income for the year		15 881	6 316
Attributable to Public Dividend Capital Equity holders		15 881	6 316

Trading Fund statement of comprehensive income for year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		£'000	£'000
Net profit for the year		16 208	7 604
Gains on revaluation of non-current assets	21	1 049	2 032
Total comprehensive income for the year		17 257	9 636
Attributable to Public Dividend Capital Equity holders		17 257	9 636

The notes on pages 76 to 106 are an integral part of these financial statements

Consolidated statement of financial position

as at 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
Non-current assets			
Intangible assets	8	62 263	64 996
Property, plant and equipment	9	41 942	43 865
Investment property	10	–	–
Share of net assets of joint venture	11	5 032	5 135
		109 237	113 996
Current assets			
Inventories	12	1 818	1 826
Trade and other receivables	13	17 317	13 707
Cash and cash equivalents	27	28 782	17 063
		47 917	32 596
Total assets		157 154	146 592
Current liabilities			
Trade and other payables	14	(10 825)	(10 728)
Provisions for liabilities and charges	17	(1 971)	(3 252)
Loans repayable in less than one year	18	(3 000)	–
Deferred revenue	15	(7 639)	(7 923)
		(23 435)	(21 903)
Net current assets		24 482	10 693
Non-current assets plus net current assets		133 719	124 689
Non-current liabilities			
Provisions	17	(3 920)	(6 122)
Trade and other payables	16	(234)	(329)
Loans repayable after one year	18	–	(3 000)
Deferred revenue	15	(1 660)	(3 214)
		(29 249)	(34 568)
Net assets		127 905	112 024
Equity			
Public dividend capital	19	34 000	34 000
Revaluation reserves	21	4 512	3 463
Retained earnings	22	89 393	74 561
Total equity attributable to Public Dividend Capital Equity holders		127 905	112 024

The financial statements were approved by the Board of Directors and authorised for issue on 14 June 2012. They were signed on its behalf by:



Dr Vanessa V Lawrence CB

Director General and Chief Executive

The notes on pages 76 to 106 are an integral part of these financial statements

Trading Fund statement of financial position

as at 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
Non-current assets			
Intangible assets	8	61 824	64 354
Property, plant and equipment	9	41 942	43 865
Investment property	10	–	–
Share of investment in joint venture	11	5 032	5 135
		108 798	113 354
Current assets			
Inventories	12	1 818	1 826
Trade and other receivables	13	23 318	17 932
Cash and cash equivalents	27	28 687	16 994
		53 823	36 752
Total assets		162 621	150 106
Current liabilities			
Trade and other payables	14	(10 866)	(10 110)
Provisions for liabilities and charges	17	(1 971)	(3 252)
Loans repayable in less than one year	18	(3 000)	–
Deferred revenue	15	(7 557)	(7 923)
		(23 394)	(21 285)
Net current assets		30 429	15 467
Non-current assets plus net current assets		139 227	128 821
Non-current liabilities			
Provisions	17	(3 920)	(6 122)
Trade and other payables	16	(234)	(329)
Loans repayable after one year	18	0	(3 000)
Deferred revenue	15	(1 660)	(3 214)
		(29 208)	(33 950)
Net assets		133 413	116 156
Equity			
Public dividend capital	19	34 000	34 000
Revaluation reserves	21	4 512	3 463
Retained earnings	22	94 901	78 693
Total equity attributable to Public Dividend Capital Equity holders		133 413	116 156

The financial statements were approved by the Board of Directors and authorised for issue on 14 June 2012. They were signed on its behalf by:



Dr Vanessa V Lawrence CB

Director General and Chief Executive

The notes on pages 76 to 106 are an integral part of these financial statements

Consolidated statement of changes in taxpayers equity

for the year ended 31 March 2012

	Public dividend capital	Retained earnings	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
As at 1 April 2010	14 000	65 012	6 696	85 708
Public dividend capital subscribed	20 000	–	–	20 000
Profit for the year	–	10 628	–	10 628
Transfer from revaluation reserve	–	5 265	(5 265)	–
Revaluation gains for the year	–	–	2 032	2 032
Total comprehensive income attributable to public dividend capital holders	20 000	15 893	(3 233)	32 660
Dividends payable	–	(6 344)	–	(6 344)
At 31 March 2011	34 000	74 561	3 463	112 024
Profit for the year	–	32 032	–	32 032
Transfer from revaluation reserve	–	–	–	–
Revaluation gains for the year	–	–	1 049	1 049
Total comprehensive income attributable to public dividend capital holders	–	32 032	1 049	33 081
Dividends payable	–	(17 200)	–	(17 200)
As at 31 March 2012	34 000	89 393	4 512	127 905

The notes on pages 76 to 106 are an integral part of these financial statements

Trading Fund statement of changes in taxpayers equity

for the year ended 31 March 2012

	Public dividend capital	Retained earnings	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
As at 1 April 2010	14 000	65 824	6 696	86 520
Public dividend capital subscribed	20 000	–	–	20 000
Profit for the year	–	13 948	–	13 948
Transfer from revaluation reserve	–	5 265	(5 265)	–
Revaluation gains for the year	–	–	2 032	2 032
Total comprehensive income attributable to public dividend capital holders	20 000	19 213	(3 233)	35 980
Dividends payable	–	(6 344)	–	(6 344)
At 31 March 2011	34 000	78 693	3 463	116 156
Profit for the year	–	33 408	–	33 408
Transfer from revaluation reserve	–	–	–	–
Revaluation gains for the year	–	–	1 049	1 049
Total comprehensive income attributable to public dividend capital holders	–	33 408	1 049	34 457
Dividends payable	–	(17 200)	–	(17 200)
As at 31 March 2012	34 000	94 901	4 512	133 413

The notes on pages 76 to 106 are an integral part of these financial statements

Consolidated cash flow statement

for the year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		£'000	£'000
Cash inflow from operating activities	26	35 085	38 207
Cash flows from investing activities			
Interest received		252	242
Interest paid		(143)	(215)
Purchase of plant, property and equipment		(2 907)	(24 834)
Purchase of intangible assets		(5 868)	(8 226)
Proceeds from disposal of plant, property and equipment		–	1 178
Investment in joint venture		–	(4 773)
Receipt of loan repayments from joint ventures		2 646	–
Net cash used in investing activities		(6 020)	(36 628)
Cash flows from financing activities			
Public dividend capital subscribed		–	20 000
Dividends paid		(17 344)	(11 771)
Repayment of loans from the National Loans Fund		–	(3 000)
Unwinding of early release cost discounts		(2)	(245)
Net cash used in financing activities		(17 346)	4 984
Net increase in cash and cash equivalents		11 719	6 563
Cash and cash equivalents at beginning of year		17 063	10 500
Cash and cash equivalents at end of year	27	28 782	17 063

The notes on pages 76 to 106 are an integral part of these financial statements

Trading Fund cash flow statement

for the year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		£'000	£'000
Cash inflow from operating activities	26	35 059	37 289
Cash flows from investing activities			
Interest received		252	242
Interest paid		(143)	(215)
Purchase of plant, property and equipment		(2 907)	(24 834)
Purchase of intangible assets		(5 868)	(8 226)
Proceeds from disposal of plant, property and equipment		–	2 028
Investment in joint venture		–	(4 773)
Receipt of loan repayments from joint ventures		2 646	
Net cash used in investing activities		(6 020)	(35 778)
Cash flows from financing activities			
Public dividend capital subscribed		–	20 000
Equity dividends paid		(17 344)	(11 771)
Repayment of loans from the National Loans Fund		–	(3 000)
Unwinding of early release cost discounts		(2)	(245)
Net cash used in financing activities		(17 346)	4 984
Net increase in cash and cash equivalents		11 693	6 495
Cash and cash equivalents at beginning of year		16 994	10 499
Cash and cash equivalents at end of year	27	28 687	16 994

The notes on pages 76 to 106 are an integral part of these financial statements

Notes to the consolidated financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the 2011–12 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Ordnance Survey for the purpose of giving a true and fair view has been selected.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets.

These accounts have been prepared on the going concern basis. After appropriate consideration of factors that may influence Ordnance Survey within the next 12 months the Directors believe that this basis of preparation remains appropriate.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Ordnance Survey and entities controlled by Ordnance Survey. Control is achieved where Ordnance Survey has the power to govern the financial and operating policies of an entity, so as to obtain benefit from its activities.

Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra group transactions, balances, income and expenditure are eliminated in full on consolidation.

1.3 Joint ventures

Joint ventures are entities over which Ordnance Survey has joint control with one or more other entities.

Ordnance Survey accounts for investments in joint ventures using the equity method of accounting, recording the investment initially at cost.

1.4 Property, plant and equipment

Land and buildings comprise Ordnance Survey's head office in Southampton. Land and buildings are subject to a policy of annual revaluation and are carried at fair value.

The occupied land and buildings office premises are re-valued by an external qualified valuer on an existing use basis (EUV) as a proxy to the fair value of the property. The revaluation, where materially different from that at which land and buildings are already carried, is used to determine carrying value.

Depreciation is charged on the building on a straight line basis over the useful economic life of 40 years and is calculated with reference to the EUV.

Details of the values included in these financial statements are contained in Note 9.

The minimum level for capitalisation of property, plant and equipment is £5 000 with the exception of Information Technology (IT) and support systems hardware, which is £1 000. All IT workstations (office computers and laptops) are grouped as one asset.

The value of property, plant and equipment, other than land and buildings, is restated annually to fair value, using appropriate indices published by the Office for National Statistics.

Subsequent costs are attached to the asset's carrying value, or recognised as a separate asset, as appropriate; only when it is probable that the future economic benefits associated with the item of expenditure will flow to the Group, and that the cost of the item can be reliably measured. The carrying amount of any replaced item is derecognised. All other repairs and maintenance to tangible fixed assets are charged to the income statement in the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve within shareholders equity. Decreases that offset previous increases relating to the same asset are charged against this revaluation reserve directly within equity. Any other decrease in value of the asset is charged to the income statement.

For buildings, the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general reserve.

For other property, plant and equipment, a transfer occurs between the revaluation reserve and the general reserve upon disposal of the asset, thereby removing any remaining revaluation balance for that asset.

The depreciation policy applied to property, plant and equipment details the following useful lives to be applied to tangible fixed assets:

Freehold land	not depreciated
Freehold buildings	40 years from acquisition or remaining useful economic life
Equipment, facilities and fixtures	2 to 15 years
Vehicles	4 years

Assets in course of construction are capitalised at cost and carried at cost less any recognised impairment loss. Cost includes all directly attributable costs including professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

1.5 Investment property

Freehold property held surplus to operational requirements is carried on a fair value basis. An annual valuation is performed by an external qualified valuer at the date of the statement of financial position. Any movement in the fair value of an investment property is shown in the income statement. No depreciation is charged on investment property.

Details of investment property balances are included in Note 10.

1.6 Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally generated intangible assets are capitalised if an asset has been created which can be identified, it is probable that the asset will give rise to future economic benefit, and that the original cost can be reliably measured.

These assets are capitalised at the cost of development and subsequently re-valued to depreciated replacement cost using appropriate indices.

Amortisation is charged on a straight line basis in order to write down the asset over its useful life. Intangible assets are tested for impairment annually. Useful lives are also reviewed on an annual basis and adjustments, where applicable, are made on a prospective basis. The useful lives of intangible assets are expected to fall within the following limits:

Geographic data	5 to 10 years
Data management delivery and business systems	5 to 10 years
Websites	3 to 5 years
Assets in course of construction	not amortised

Ordnance Survey's internally generated intangible assets consist of:

a) Geographic data

Geographic data represents the core datasets from which the business provides its products and services.

b) Data management delivery and business systems

The costs of data delivery and business systems include all directly attributable costs including the cost of purchased computer software licences used to develop the systems.

c) Website costs

Costs incurred due to the application and infrastructure development of a website are recognised as an intangible asset to the extent that the website will generate future economic benefits. Planning costs are expensed as incurred. Further expenditure to maintain or enhance the website after development has been completed is recognised as an expense.

d) Assets in course of construction

Assets in course of construction are capitalised at cost and carried at cost less any recognised impairment loss. Amortisation of these assets commences when the assets are ready for their intended use.

1.7 Inventory and work in progress

Inventories and work in progress are stated at the lower of cost and net realisable value.

Cost comprises design costs, direct materials, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less applicable variable selling expenses.

1.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the debt will not be recoverable according to the original terms of the receivables.

The amount of the impairment provision will be based on the difference between the asset's receivable amount and the present value of future estimated cash flows. Any impairment is recognised in the income statement.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash in hand and any amounts on short-term deposits, typically less than six months.

1.10 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost adjusted for fair value movements.

1.11 Loans

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, adjusted for fair value movements.

Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are recognised as current liabilities unless there exists an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs on qualifying assets are capitalised as part of the cost of the asset.

1.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation and are discounted to present value, where material.

1.13 Employee benefits

a) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS); details are outlined in Note 4 of the pension schemes of which, Ordnance Survey staff are members.

All new employees who joined Ordnance Survey on or after 30 July 2007 may choose between membership of the Nuvos scheme and a partnership pension account.

From 1 October 2002, Ordnance Survey staff could have joined one of three statutory based final salary defined benefit schemes (Classic, Premium, and Classic Plus). New entrants after 1 October 2002 chose between membership of the premium scheme and joining a defined contribution scheme with a significant employer contribution (partnership pension account). These schemes were closed to new entrants on 29 July 2007.

All employer pension contributions payable are charged to the Operating Account for the financial year as incurred, on the basis that the schemes are multi-employer and Ordnance Survey is unable to identify its share of the underlying assets and liabilities.

b) Early release costs

A provision is recognised in the financial year for the full cost of the pension contributions of employees who are identified at the discretion of Ordnance Survey and agree to take early retirement under restructuring arrangements before the statement of financial position date (excluding actuarially reduced retirement and medical retirement) until they reach normal pensionable age.

The full cost of funding early leavers prior to 31 March 2011 have been provided for in earlier years. Funds are released from the provision annually to fund payments for pensions and related benefits to the retired employees until normal retirement age. Under the different funding arrangements which applied between October 1994 and 31 March 1997, 80% of the costs were met centrally from the Civil Superannuation Vote (CSV).

The Civil Service Compensation Scheme was revised in December 2010. Following this revision, Ordnance Survey is no longer liable for the actuarial liability relating to employees who agree to take early retirement under restructuring arrangements subsequent to 31 November 2011. As a result, any lump sum payments made to the Principal Civil Service Pension Scheme for all early retirements agreed after this date have been charged to the Income Statement.

The requirement of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* has been adopted to state the early release and pension commitment provision at a discounted amount where the time value of money is material. The provision for the estimated payments has been discounted by the HM Treasury discount rate of 2.8% in real terms. The discount is unwound over the anticipated duration of the provision.

The Classic, Premum, Classic Plus and Nuvos pension schemes are multi-employer defined benefit schemes. Accordingly, it is not possible to segment the assets and liabilities of the scheme between employers.

1.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the delivery of mapping goods and services, which comprises mapping data, information, customer-tailored services and copyright revenue, in the ordinary course of business. Revenue is shown net of VAT and discounts.

Ordnance Survey recognises revenue once the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific other criteria are met for each of the activities shown below.

Direct Licences – Licences which allow the customer to use Ordnance Survey data for internal purposes only. The revenue deriving from these licences is recognised over the length of the licence agreement (usually 12 months) as this reflects the usage of the data by the customer and Ordnance Survey's commitment to provide updates.

Partner Licences – Licences which enable the customer to add value to Ordnance Survey data and re-sell the product to third parties. Revenue from royalty fees is recognised when Ordnance Survey becomes entitled to receive a royalty from an onward sale of Ordnance Survey data.

Paper maps – Revenue from paper map sales is recognised when the risks and rewards of ownership pass to the customer.

Services – Revenue from services is recognised at the point at which the service is performed by Ordnance Survey.

Rental – Rental income is recognised on a monthly basis, any revenues received in advance or arrears are deferred or accrued, as appropriate.

Unpaid invoices for licence fees which relate to periods after the statement of financial position date are included in the trade receivables balance. The net invoiced value relating to revenue to be recognised in the period after the statement of financial position date is recorded in current and long-term creditors as deferred income.

1.15 Investment income

Interest income is accrued on a time basis by reference to the amount outstanding and at the effective interest rate applicable.

1.16 Leases

a) Operating leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the length of the lease.

b) Finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all risks and rewards of ownership to Ordnance Survey. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.17 Taxation

As a Trading Fund, Ordnance Survey is not liable to Corporation Tax. Subsidiary companies may be liable for Corporation tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the statement of financial position date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

1.18 Segmental reporting

An operating segment is a component of that entity:

- a) that engages in business activities from which it may earn revenues and incur expenses;
- b) whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

Information on the performance of each individual segment is provided within note 2.

1.19 Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the dates of the transactions. Exchange rate differences are charged to the Income Account as incurred. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the rates ruling at that date.

1.20 Financial instruments

Ordnance Survey has classified its financial instruments as follows:

a) Financial assets

- Fixed deposits including funds held with banks and trade receivables are classified as cash at bank and receivables
- Investments (other than joint ventures) and short-term deposits are classified as available for sale.

Receivables are initially recognised at fair value on the trade date, and subsequently adjusted for doubtful debts. These are included within current assets, unless expected maturity is greater than 12 months after the statement of financial position date.

Assets classified as available for sale financial assets are initially measured at fair value plus any transaction costs. They are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised in the Statement of Comprehensive Income.

b) Financial liabilities

- Trade payables and borrowings are classified as loans and receivables.

Loans are initially recognised at fair value on the trade date, and subsequently measured at amortised cost using the effective interest method. These are included within current liabilities, unless expected maturity is greater than 12 months after the statement of financial position date.

1.21 Critical accounting estimates and judgements

In applying the group's accounting policies set out above, management is required to make certain estimates and judgements concerning the future. These estimates and judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amount included in these financial statements are as follows:

Development costs – Ordnance Survey capitalises development costs when the project meets certain criteria. Costs are only capitalised if they can be reliably measured and the project has been approved by the Investment Group within Ordnance Survey. Prior to this approval all project costs are expensed.

Revenue recognition – Ordnance Survey recognises royalty revenue based on returns from partners. These returns are provided on a timely basis, usually quarterly. A degree of judgement is required by management to accrue for the revenue as it is earned.

Impairment of assets – Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to current value.

Doubtful accounts – Doubtful accounts are reported at the amounts likely to be recovered based on historic experience of customer default. As soon as it is learned that a particular account is subject to risk over and above the normal credit risk the account is analysed and written down if circumstances indicate that the receivable is uncollectible in full.

1.22 Exceptional items

Ordnance Survey separately presents exceptional items to allow a better understanding of the financial information presented and specifically Ordnance Survey's underlying business performance.

Those items that Ordnance Survey present separately as exceptional items are those which, in the judgement of the Directors, need to be disclosed separately by virtue of their size or incidence in order to obtain a full understanding of the financial information.

1.23 Investment policy

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

1.24 Adoption of new and revised standards

IFRS accounting policies have been adopted in full.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU). These standards and interpretations are not expected to have a material impact on the Group.

Amendment to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*, the amendment provides a limited exemption for first-time adopters from providing comparative fair-value hierarchy disclosures under IFRS 7.

IAS 24 (2009) *Related Party Disclosure*, the revised standard has a new, clearer definition of a related party, with inconsistencies under the previous definition having been removed.

Amendment to IAS 32 *Classification of Rights Issues*, under the amendment, rights issues of instruments issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency and which otherwise meet the definition of equity are classified as equity.

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*, the amendments now enable recognition of an asset in the form of prepaid minimum funding contributions.

Improvements to IFRSs 2010, aside from those items already identified above, the amendments made to standards under the 2010 improvements to IFRSs have had no impact on the Group.

2. Revenue

	2011–12	2010–11
	£'000	£'000
Trading revenue	138 900	127 695
Other operating activities	2 799	951
Property rental income	60	734
	141 759	129 380
	2011–12	2010–11
	£'000	£'000
Trading revenue by channel		
Direct licences	108 733	94 839
Partner licences	20 323	20 577
Paper maps	8 515	9 021
Services	1 329	3 258
	138 900	127 695
	2011–12	2010–11
	£'000	£'000
Trading revenue by operating segment		
Business to government	85 925	74 446
Business to business	43 479	42 576
Business to consumer	9 496	10 673
	138 900	127 695
	2011–12	2010–11
	£'000	£'000
Trading revenue by geographic market		
United Kingdom	134 763	124 146
Other European countries	2 381	2 126
Rest of the world	1 756	1 423
	138 900	127 695

Revenues are attributed by country, based on the location of the entity to whom Ordnance Survey provide the product, or service. No details are available of the location of the ultimate end user.

During the current year, one customer accounted for more than 10% of turnover (2010–11: one). The revenue received from this customer is secured under separate long-term contracts, with the majority of the term yet to expire. The total revenue from this customer in the year amounted to £75.0 million. This revenue is reported within the B2G segment.

Ordnance Survey's operating revenue is principally generated by the sales of mapping data, information, customer-tailored services and copyright revenue.

2.1 Segmental reporting

From April 2011, separate customer segments have been identified and reported to Ordnance Survey's Board for the purpose of reviewing performance across Government (B2G), Business (B2B) and Consumer (B2C).

The information given below is that received by management, as explained in note 1.18. Details of the results by segment are as follows;

	Business to government	Business to business	Business to consumer	Total
	£'000	£'000	£'000	£'000
Revenue	85 925	43 479	9 496	138 900
Direct costs	(10 225)	(10 513)	(6 308)	(27 046)
Gross margin	75 700	32 966	3 188	111 854
Avoidable costs	(945)	(1 365)	(899)	(3 209)
Contribution	74 755	31 601	2 289	108 645
Common costs				(71 265)
Trading margin				37 380
Other revenue*				2 859
Other costs*				(10 858)
Share of joint ventures' profit				2 542
Operating profit				31 923

* Other revenue and costs which are not related to our core activity are not capable of segmentation by customer group and are therefore excluded. These costs are principally research and development.

Avoidable costs are those costs, which would be avoided if Ordnance Survey were to stop serving a particular segment.

The assets and liabilities of Ordnance Survey Group cannot be attributed to segment, and this information is therefore not presented to the Board of Directors.

Prior year information is not available as this is the first year that separate segments have been identified for the purposes of informing the decisions of the Board.

3. Operating costs

Operating profit for the year has been arrived at after charging:

	Note	2011–12 £'000	2010–11 £'000
Staff costs	4	51 254	56 692
Amortisation of intangible assets	8	9 085	8 016
Depreciation of tangible fixed assets	9	4 564	4 175
Impairment of property plant and equipment		574	10 226
Research and development costs		113	177
Other operating charges		46 757	38 841

Within other operating charges are the following:

	2011–12	2010–11
	£'000	£'000
Operating lease charges – buildings	577	608
Operating lease charges – plant, machinery and equipment	1 465	1 529
Fees payable to auditor for the audit of the statutory annual accounts	92	84
Fees payable to auditor for other services	–	–

4. Staff numbers and costs

Total staff costs

The aggregate payroll costs were as follows:

	Note	2011–12	2010–11
		£'000	£'000
Wages and salaries – permanent employees		35 877	38 583
Social security costs		2 929	3 030
Pension costs		6 570	6 947
Additional early release costs in year		422	3 052
Temporary/agency contract labour costs		10 450	10 381
		56 248	61 993
Capitalised permanent labour		(1 615)	(1 777)
Capitalised temporary/agency contract labour		(3 379)	(3 524)
		51 254	56 692

Total permanent staff numbers, including Directors

The average monthly number of full-time equivalent persons, classified as Civil Service staff employed by Ordnance Survey during the year was as follows:

	2011–2012	2010–2011
Operations	796	852
Sales and Marketing	124	126
Corporate Services	143	157
	1 063	1 135
Capitalised permanent labour	(43)	(47)
	1 020	1 088

Directors' remuneration can be found in the *Directors' remuneration report*.

Total temporary/agency/contract staff

The average monthly number of full-time equivalent temporary/agency/contract persons employed by Ordnance Survey during the year was as follows:

	2011–2012	2010–2011
Operations	115	129
Sales and Marketing	6	6
Corporate Services	6	8
	127	143
Capitalised temporary labour	(34)	(67)
	93	76

Employee benefits

IAS 19 states that a liability exists where an employee has provided services in exchange for employee benefits to be paid in the future and an expense should be recognised when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

This results in the need to provide for holiday pay that had been accrued, but had not yet been taken as at the year end.

Ordnance Survey's holiday year runs from April to March and the payroll records were reviewed to ascertain the amount of holiday accrued, but not yet taken as at 31 March 2012.

The figure above for wages and salaries includes the amount of £744 000 (2010–11: £750 000), which is the provision for holiday pay as at 31 March 2012. An equal amount has been included within trade and other payables and is detailed within note 14 of these financial statements.

Pension costs

For 2011–12 employer's contributions of £6 570 000 (2010–11: £6 947 000) were payable to the PCSPS at one of four rates in the range 16.5% to 29.0% of pensionable pay, based on salary bands. The scheme actuary reviews employers' contributions every four years following a full scheme valuation. The contribution rates are set to meet the costs of the benefits accruing during 2011–12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. At the year end £621 000 was owed to the pension fund (2010–11: £643 000).

In 2011–12 there were nil (2010–11: nil) retirement on ill-health grounds, amounting to an additional accrued pension liability in the year of nil.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but Ordnance Survey is unable to identify its share of the underlying assets and liabilities due to pooling of the assets and liabilities being paid out of this pool. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). No information is available regarding the overall surplus, or deficit of the scheme.

Ordnance Survey staff are members of the following schemes:

Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Premium Scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike the Classic scheme, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume zero maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme

pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic Plus Scheme

This is essentially a variation of the premium scheme, but with benefits in respect of service before 1 October 2002 calculated broadly as per the Classic Scheme.

Pensions payable under the Classic, Premium and Classic Plus schemes are increased in line with the Retail Prices Index.

Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending upon the age of the member) into a stakeholder pension product. The employee does not have to contribute but, where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

Ordnance Survey had eight (2010–11: five) members of the partnership pension account. Employers' contributions paid to appointed stakeholder pension providers, and also to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees were immaterial.

Nuvos

This is a defined benefit scheme where benefits accrue on an annual basis throughout the career and are increased in line with the Retail Prices Index. The benefits are payable from age 65.

Early release costs provided for in financial year

The Income statement includes a charge of £422 000 (2010–11: £3 052 000) in respect of new leavers identified in 2011–12. This charge to the Income statement reflects the costs of leavers identified and confirmed by 31 March 2012.

Early release package cost band	2011–12	2010–11
< £10 000	–	5
£10 000 – £25 000	4	7
£25 000 – £50 000	4	5
£50 000 – £100 000	3	14
£100 000 – £150 000	–	5
£150 000 – £200 000	–	3
> £200 000	–	3
Total number of exit packages by type	11	42
Total cost £'000	422	3 052

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the *Superannuation Act 1972*. Early release costs are accounted for as described in Note 1.13. Where Ordnance Survey has agreed early retirements, the additional costs are met by Ordnance Survey and not by the Civil Service Pension Scheme.

5. Interest

	2011–12	2010–11
	£'000	£'000
Interest income		
Balances at the account with HM Paymaster	32	31
Short-term deposits with the National Loans Fund	222	211
	254	242
Interest cost		
On deemed loans	(143)	(214)
Financing charges – unwind of provision discount	(2)	(245)
Interest on finance lease		(1)
	(145)	(460)

6. Taxation

No charge to Corporation Tax has arisen in the year (2010–11: £nil).

Ordnance Survey

As a Trading Fund Ordnance Survey is outside the scope of UK Corporation Tax.

Ordnance Survey Limited

Ordnance Survey Limited generated a loss before tax of £1 361 000 (2010–11: £3 112 000). On this loss, no amounts are due in respect of Corporation Tax. The company has estimated tax losses of £5 285 000 (2010–11: £3 924 000) available to carry forward against future profits of the same trade. No deferred taxation asset has been recognised due to uncertainty over the timing of taxable profits.

7. Dividends

	2011–12	2010–11
	£'000	£'000
Amounts recognised as distributions to Public Dividend Capital equity holders in the year:		
Dividend for the year ended 31 March	17 200	6 344

The current Framework document determines that Ordnance Survey should calculate its net operating surplus for the year after application of interest charges and pay dividends on Public Dividend Capital in proportions to be agreed by the responsible Minister.

The final dividend for 2010–11 of £344 000 was paid in 2011–12. The full dividend for 2011–12 is £17 200 000 of which an interim dividend of £17 000 000 was paid during the year. A final dividend of £200 000 is included in these accounts as it represents a liability at the date of the statement of financial position (see Note 14). Dividends are declared and recognised in the financial year to which they relate.

8. Intangible assets

Group

	Geographic data	Data delivery/ business systems	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2010	20 872	19 839	2 585	48 196	91 492
Additions	–	368	–	7 858	8 226
Revaluation	159	1 320	27	–	1 506
Reclassification	410	52 707	–	(53 117)	–
Impairment	–	–	–	–	–
At 31 March 2011	21 441	74 234	2 612	2 937	101 224
Additions	–	588	–	5 280	5 868
Revaluation	51	432	1	–	484
Reclassification	1 443	1 170	–	(2 613)	–
At 31 March 2012	22 935	76 424	2 613	5 604	107 576
Amortisation					
At 1 April 2010	13 777	13 200	1 235	–	28 212
Charge in year	2 253	3 591	1 012	–	6 856
Impairment	–	245	282	633	1 160
At 31 March 2011	16 030	17 036	2 529	633	36 228
Charge in year	1 783	7 223	79	–	9 085
Impairment	–	–	–	–	–
At 31 March 2012	17 813	24 259	2 608	633	45 313
Carrying book value at 31 March 2012	5 122	52 165	5	4 971	62 263
Carrying book value at 31 March 2011	5 411	57 198	83	2 304	64 996

Trading Fund

	Geographic data	Data delivery/ business systems	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2010	20 872	19 839	2 585	48 196	91 492
Additions	–	368	–	7 858	8 226
Disposals	–	(1 028)	–	–	(1 028)
Revaluation	159	1 320	27	–	1 506
Reclassification	410	52 707	–	(53 117)	–
At 31 March 2011	21 441	73 206	2 612	2 937	100 196
Additions	–	588	–	5 280	5 868
Disposals	–	(3 702)	–	–	(3 702)
Revaluation	51	432	1	–	484
Reclassification	1 443	1 170	–	(2 613)	–
At 31 March 2012	22 935	71 694	2 613	5 604	102 846
Amortisation					
At 1 April 2010	13 777	13 200	1 235	–	28 212
Charge in year	2 253	3 591	1 012	–	6 856
On disposals	–	(386)	–	–	(386)
Impairment	–	245	282	633	1 160
At 31 March 2011	16 030	16 650	2 529	633	35 842
Charge in year	1 783	7 020	79	–	8 882
On disposals	–	(3 702)	–	–	(3 702)
At 31 March 2012	17 813	19 968	2 608	633	41 022
Carrying book value at 31 March 2012	5 122	51 726	5	4 971	61 824
Carrying book value at 31 March 2011	5 411	56 556	83	2 304	64 354

Assets under construction	2011–12	2010–11
	£'000	£'000
Assets under construction	4 971	2 304

Assets under the course of construction primarily consist of a multi-resolution data program with a capitalised cost of £4 306 000. (2010–11: multi-resolution data program and online ordering system £2 304 000).

Revaluations took place as at 31 March 2012.

9. Property, plant and equipment

Group and Trading Fund

	Freehold land & buildings	Equipment facilities & fixtures	Vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2010	20 176	40 982	59	29 496	90 713
Additions	–	6 343	–	7 375	13 718
Disposals	(13 659)	(9 354)	–	–	(23 013)
Revaluation	222	304	–	–	526
Impairment	(10 226)	–	–	–	(10 226)
Reclassifications	36 871	–	–	(36 871)	–
At 31 March 2011	33 384	38 275	59	–	71 718
Additions	–	2 907	–	–	2 907
Disposals	–	(14 864)	(17)	–	(14 881)
Reduction to original cost	(226)	–	–	–	(226)
Revaluation	–	565	–	–	565
Impairment	(574)	–	–	–	(574)
Reclassifications	–	–	–	–	–
At 31 March 2012	32 584	26 883	42	–	59 509
Depreciation					
At 1 April 2010	2 105	31 325	59	–	33 489
Charged in year	558	3 617	–	–	4 175
Disposals	(2 279)	(7 532)	–	–	(9 811)
At 31 March 2011	384	27 410	59	–	27 853
Charged in year	700	3 864	–	–	4 564
Disposals	–	(14 833)	(17)	–	(14 850)
At 31 March 2012	1 084	16 441	42	–	17 567
Carrying book value at 31 March 2012	31 500	10 442	–	–	41 942
Carrying book value at 31 March 2011	33 000	10 865	–	–	43 865

As at 31 March 2012, the Net Book Value of assets held under finance lease agreements was £322 000 (2011: £410 000). Depreciation charged in the year was £88 000 (2010–11: £29 000).

Fixed assets are carried at valuation, using indices published by the Office for National Statistics, which approximate to a depreciated replacement cost.

Revaluations took place as at 31 March 2012. The impairment loss in year is recognised in the income and expenditure account and is not attributable to a specific segment.

Freehold land and buildings

The occupied land and buildings used in the principal business of Ordnance Survey are carried at the fair value of £31 500 000 (2011: £33 000 000), based on the Existing Use Value assessed by Jones Lang Lasalle on 31 March 2012. This valuation is based on the continued use of the land and buildings in the core Ordnance Survey business. The valuer has recognised and relevant professional qualifications, together with experience in the locality of the valued premises.

10. Investment properties

Group and Trading Fund

Investment property	2011–12	2010–11
	£'000	£'000
Balance at start of year	–	4 195
Disposals	–	(4 195)
Balance at end of year	–	–

11. Subsidiaries and investments

Details of the Trading Fund's subsidiaries at 31 March 2012 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ordinary shares held
Ordnance Survey Limited	Consumer web applications	England and Wales	100%
Ordnance Survey Services Limited	Dormant	England and Wales	100%
Ordnance Survey GB Limited	Dormant	England and Wales	100%

The aggregate capital and reserves and loss for the year of the subsidiaries are:

	Aggregate capital and reserves	
	2012	2011
	£'000	£'000
Ordnance Survey Limited	(5 285)	(3 924)
Ordnance Survey Services Limited	–	–
Ordnance Survey GB Limited	–	–
	Loss for year	
	2011–12	2010–11
	£'000	£'000
Ordnance Survey Limited	(1 361)	(3 112)
Ordnance Survey Services Limited	–	–
Ordnance Survey GB Limited	–	–

Other investments – PointX Limited

The investment in PointX Limited at 31 March 2012 is as follows:

	2012	2011
	£'000	£'000
Share of gross assets	405	527
Share of gross liabilities	(540)	(855)
Loan	390	690
Net assets	255	362

The operating results for PointX Limited for the financial year

	2011–12	2010–11
	£'000	£'000
Revenue	1 117	1 103
Operating costs	(733)	(708)
Operating profit	384	395
Tax	–	83
Profit after tax	384	478
Ordnance Survey 50% share	192	239

PointX Limited is a joint venture company set up to develop and market a point of interest database covering Great Britain. Ordnance Survey is represented on the Board by two Directors at 31 March 2012. At 31 March 2012, Ordnance Survey owned 50% of the total shares in PointX Limited, being 500 (100%) £1 'A' ordinary shares. Another investor owned the remaining 500 'B' ordinary shares. All shares were ranked equally.

The registered office and principal place of business of Point X Limited is 6–7 Abbey Court, Eagle Way, Sowton, EXETER, Devon, EX2 7HY.

An interest-free loan was agreed on 30 March 2001. £689 600 was drawn down by 31 March 2007, and a repayment of £300 000 was made during 2011–12. The amount drawn down is included on the statement of financial position. The maximum agreed loan is £750 000. As at 31 March 2012 there is no set date for repayment of the remaining sum.

No dividend shall be declared or paid by PointX Limited whilst any of the loan to PointX Limited remains outstanding.

Other investments – GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2012 is as follows:

	2012	2011
	£'000	£'000
Share of gross assets	6 916	7 646
Share of gross liabilities	(4 566)	(7 646)
Loan	2 427	4 773
Net investment	4 777	4 773

The operating results for GeoPlace LLP for the financial year

	2011–12	2010–11
	£'000	£'000
Revenue	9 462	–
Operating costs	(6 328)	–
Operating profit	3 134	–
Ordnance Survey 75% share	2 350	–

GeoPlace LLP is a joint venture limited liability partnership set up in 2010–11 to develop and market a national addressing product. GeoPlace commenced trading on 1 April 2011 and is not subject to UK Corporation Tax.

GeoPlace LLP is a limited liability partnership; consequently it does not have share capital. Ordnance Survey appoints 50% of the Board Members of the LLP and has a profit share in accordance with a members agreement.

The registered office of GeoPlace LLP is Adanac Drive, SOUTHAMPTON, Hampshire, SO16 0AS.

12. Inventories

Group and Trading Fund

	2012	2011
	£'000	£'000
Finished goods	1 818	1 826
	1 818	1 826

During the year, Ordnance Survey wrote off stock carried at £46 000 (2010–11: £209 000).

13. Trade and other receivables

Group

	2012	2011
	£'000	£'000
Trade receivables	6 913	6 078
Allowance for doubtful debts	(458)	(389)
	6 455	5 689
Other receivables	48	51
Taxation and social security	1 077	1 061
Accrued income	4 397	3 416
Prepayments	4 968	3 047
Total trade and other receivables due in less than one year	16 945	13 264
Other receivables due over one year	372	443
Total receivables due over one year	372	443
	17 317	13 707

A breakdown of receivables by type of debtor is given in Note 25.

Notes:

(a) Bad Debts totalling £86 000 (2010–11: £10 000) were written off by the Group in the year.

The fair value of trade and other receivables are not materially different to the book value above. Receivables less than three months past due are not considered for impairment, unless specific circumstances give rise to indication of impairment as historical experience show these amounts as recoverable. Receivables are reviewed on a regular basis to assess the recoverability of the debt, and a provision is made against them based on estimated recoverable amounts from the sales of goods/services determined by reference to past default experience. The value of receivables past due is shown in Note 28.

Before accepting any new customer, Ordnance Survey uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on a regular basis.

Trading Fund

	2012	2011
	£'000	£'000
Trade receivables	6 894	6 078
Trade receivables owed by group undertakings	121	118
Allowance for doubtful debts	(458)	(389)
	6 557	5 807
Other receivables	6 116	4 291
Taxation and social security	1 052	922
Accrued income	4 469	3 505
Prepayments	4 752	2 964
Total trade and other receivables due in less than one year	22 946	17 489
Other receivables due over one year	372	443
Total receivables due over one year	372	443
	23 318	17 932

14. Trade and other payables**Group**

	2012	2011
	£'000	£'000
Trade payables	1 207	1 214
Taxation and social security	1 644	1 681
Other payables	200	344
Accruals and deferred income	7 686	7 401
Finance lease due in less than one year	88	88
	10 825	10 728

Trading Fund

	2012	2011
	£'000	£'000
Trade payables	1 340	843
Taxation and social security	1 644	1 681
Other payables	200	344
Accruals	7 594	7 154
Finance lease due in less than one year	88	88
	10 866	10 110

The fair value of trade and other payables are not materially different to the book values above.

A breakdown of payables by type of creditor is given in Note 25.

15. Deferred revenue

Group

	2011	2011
	£'000	£'000
Current	7 639	7 923
Non-current	1 660	3 214
	9 299	11 137

Trading Fund

	2011	2011
	£'000	£'000
Current	7 557	7 923
Non-current	1 660	3 214
	9 217	11 137

16. Obligations under finance lease

Group and Trading Fund

	2012	2011
	£'000	£'000
Amounts payable under finance leases:		
Gross lease liabilities		
Within one year	88	88
In the second to fifth years inclusive	234	329
Net lease liabilities	322	417
Due within one year	88	88
Due in the second to fifth years inclusive	234	329

The present value of the minimum lease payments is not materially different from the minimum lease payments shown above.

17. Provision for liabilities and charges

Group and Trading Fund	Early Release Provision	Other	Total
	£'000	£'000	£'000
As at 31 March 2011	9 266	108	9 374
Utilisation of provision	(3 943)	(22)	(3 965)
Additional provision in year	422	58	480
Unwinding of discount	2	–	2
As at 31 March 2012	5 747	144	5 891
	2012	2011	
	£'000	£'000	
Included in current liabilities	1 971	3 252	
Included in non-current liabilities	3 920	6 122	

See Note 1.13 for a full explanation of early release costs.

The above amount is estimated as falling due as follows:

	2011-12	
	Current liabilities	Non-current liabilities
	£'000	£'000
2012-2013	1 971	-
2013-2014	-	1 414
2014-2015	-	1 033
2015-2016	-	688
2016-2022	-	785
	1 971	3 920

There has been no change in the year to the discount factor applied to provisions, which has remained at 2.8% in accordance with HM Treasury guidance.

In the other provisions balance is a provision for onerous leases as a result of regional office closures of £144 000 (2010-11: £108,000) which covers residual commitments to lease expiry, after application of a risk-factored allowance for anticipated sublet rental income, together with other sundry provisions.

18. Non current government loans repayable after one year

Government loans, repayable by instalments and bearing interest at a rate of 4.75% per annum are:

Group and Trading Fund

	2011-12	2010-11
	£'000	£'000
Amounts repayable:		
In less than one year	3 000	-
In two to five years	-	3 000

19. Equity public dividend capital

Group and Trading Fund

	2011-12	2010-11
	£'000	£'000
Public dividend capital	34 000	34 000

Public dividend capital represents the deemed shareholding of the Department for Business, Innovation and Skills in Ordnance Survey.

20. Reserves

Group

	2011–12	2010–11
	£'000	£'000
Revaluation reserve (Note 21)	4 512	3 463
Retained earnings (Note 22)	89 393	74 561
	93 905	78 024

Trading Fund

	2011–12	2010–11
	£'000	£'000
Revaluation reserve (Note 21)	4 512	3 463
Retained earnings (Note 22)	94 901	78 693
	99 413	82 156

21. Revaluation reserve

Group and Trading Fund

	2011–12			2010–11		
	Tangible assets	Intangible assets	Total	Tangible assets	Intangible assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at start of year	237	3 226	3 463	4 976	1 720	6 696
Arising on revaluation in year:						
Increase	565	484	1 049	526	1 506	2 032
Decrease	–	–	–	–	–	–
Realised gains		–		(5 265)	–	(5 265)
Balance at 31 March	802	3 710	4 512	237	3 226	3 463

Revaluation reserves are not distributable to shareholders.

22. Retained earnings

Group

	2011–12	2010–11
	£'000	£'000
Balance at start of year	74 561	65 012
Profit for the year	32 032	10 628
	106 593	75 640
Dividend payable	(17 200)	(6 344)
Transfer from revaluation reserve	–	5 265
Balance at 31 March	89 393	74 561

Trading Fund

	2011–12	2010–11
	£'000	£'000
Balance at start of year	78 693	65 824
Profit for the year	33 408	13 948
	112 101	79 772
Dividend payable	(17 200)	(6 344)
Transfer from revaluation reserve	–	5 265
Balance at 31 March	94 901	78 693

23. Operating lease commitments

Group and Trading Fund

	2011–12	2010–11
	£'000	£'000
Minimum lease payments under operating leases recognised as an expense in the year	2 042	2 137

At 31 March 2012 Ordnance Survey has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Trading Fund

	2011–12	2010–11
	£'000	£'000
Within one year	205	148
Between two and five years	1 210	–

24. Other operating income

Group and Trading Fund

	2011–12	2010–11
	£'000	£'000
Loss on disposal of fixed assets	(31)	(646)
	(31)	(646)

25. Intra-government balances

Group – 31 March 2012

	Receivables: falling due within one year	Receivables: falling due after more than one year	Payables: falling due within one year	Payables: falling due after more than one year
Balances with:	£'000	£'000	£'000	£'000
Other central government bodies	1 533	–	6 273	66
Local authorities	242	–	385	51
NHS trusts	5	–	8	–
Public corporations and trading funds	69	–	44	–
Bodies external to government	15 096	372	16 725	5 697
At 31 March 2012	16 945	372	23 435	5 814

Group – 31 March 2011

	Receivables: falling due within one year	Receivables: falling due after more than one year	Payables: falling due within one year	Payables: falling due after more than one year
Balances with:	£'000	£'000	£'000	£'000
Other central government bodies	1 436	–	2 685	3 000
Local authorities	654	–	396	190
NHS trusts	5	–	10	–
Public corporations and trading funds	313	–	21	–
Bodies external to government	10 856	443	18 791	9 475
At 31 March 2011	13 264	443	21 903	12 665

26. Net cash inflow from operating activities

Consolidated

	2011–12	2010–11
	£'000	£'000
Reconciliation of profit for the year to net cash flow from operating activities;		
Profit for the year	32 032	10 628
Adjustments for non-cash transactions:		
Depreciation of plant property and equipment	4 564	4 175
Amortisation of intangible asset	9 085	6 856
Property revaluation	574	10 226
Impairment charge – intangible asset	–	1 160
Share of Point X Limited (profit)	(192)	(239)
Share of GeoPlace LLP (profit)	(2 350)	–
Finance (income)/expense	(109)	218
Loss on disposal of property/plant and equipment	31	646
Decrease/(increase) in inventories	8	206
(Increase)/decrease in trade and other receivables	(3 610)	3 372
Increase in trade and other payables	(1 467)	(611)
(Decrease)/increase in provisions for liabilities and charges over one year	(3 481)	1 570
Net cash inflow from operating activities	35 085	38 207

Trading Fund

	2011–12	2010–11
	£'000	£'000
Reconciliation of profit for the year to net cash flow from operating activities;		
Profit for the year	33 408	13 947
Adjustments for non-cash transactions:		
Depreciation of plant property and equipment	4 564	4 175
Amortisation of intangible asset	8 882	6 856
Impairment of intangible assets	574	1 160
Property revaluation	(192)	10 226
Share of PointX Limited (profit)	(2 350)	(239)
Finance (income)/expense	(109)	218
Loss on disposal of property/plant and equipment	31	439
Decrease/(increase) in inventories	8	206
(Increase)/decrease in trade and other receivables	(5 390)	(312)
Increase in trade and other payables	(886)	(957)
(Decrease)/increase in provisions for liabilities and charges over one year	(3 481)	1 570
Net cash inflow from operating activities	35 059	37 289

27. Cash and cash equivalents

Group

	2011–12	2010–11
	£'000	£'000
Balance held at Paymaster General's office	1 943	1 253
Balance held in commercial banks and cash in hand	6 839	3 810
Cash on deposit	20 000	12 000
	28 782	17 063

Trading Fund

	2011–12	2010–11
	£'000	£'000
Balance held at Paymaster General's office	1 943	1 253
Balance held in commercial banks and cash in hand	6 744	3 741
Cash on deposit	20 000	12 000
	28 687	16 994

28. Financial instruments

Ordnance Survey's treasury operations are governed by the *Ordnance Survey Trading Fund Order 1999*, under the Government's *Trading Fund Act 1973(a)* as supplemented by the *Framework Document 2004*.

Ordnance Survey's financial instruments comprise cash deposits, and other items such as trade receivables, trade payables, provisions and loans. The main purpose of these financial instruments is to finance Ordnance Survey's operations.

The main risks arising from Ordnance Survey's financial instruments are credit, liquidity and interest rate risks. Ordnance Survey's policies for managing these risks are set to achieve compliance with the regulatory

framework. Ordnance Survey follows government accounting rules, negotiating contracts with suppliers or contractors in sterling or major international currencies such as the euro. Ordnance Survey's policy during the year on routine transactional conversions between currencies (for example, the collection of receivables and the settlement of payables) remained that these should be effected at the relevant spot exchange rate.

Credit risk

Ordnance Survey is exposed to credit risk through its trade receivables over a number of sectors. The Credit Policy has a deemed level of risk acceptance for commercial business and higher credit risks are subject to credit checking using external sources such as Dun & Bradstreet® and Experian®.

Generally payment terms are 30 days from date of invoice in all areas except in the consumer sector, where payment terms of 60 or 90 days prevail.

The profile of past due debt not impaired is shown below:

	2011–12	2010–11
	£'000	£'000
Past due 0–30 days	1 047	1 163
Past due 31–60 days	577	506
Past due 61–90 days	47	110
Past 90 days	56	54
Total	1 727	1 833

In arriving at the provision against trade receivables the following have been taken into account:

- an individual account by account assessment of debt based on past credit history;
- a statistical approach to determine the historical allowance rate for each debt tranche, and applying this to the debt tranche at the end of the period; and
- any prior knowledge of debtor insolvency or other credit risk.

Interest rate risk

Ordnance Survey finances its operations through Public Dividend Capital, retained profits and government loans. Sums retained in the business but surplus to immediate requirements are deposited in a short-term interest-bearing account with the National Loans Fund.

Long-term loans have a fixed rate of interest.

Liquidity risk

Ordnance Survey has maintained short-term liquidity throughout the year by management of its cash deposits. Ordnance Survey may borrow such sums as it may require to meet its working capital needs and finance its capital investment programme. Borrowing for in-year fluctuations is subject to a temporary borrowing limit agreed with HM Treasury of £15 000 000. Such loans – if taken – would usually be repayable within the year. The summary of financial liabilities detailed below shows the earliest undiscounted contractual maturity dates for Ordnance Survey's debt.

Fair value hierarchy

IFRS 7: *Financial Instruments Disclosure* requires that an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value observable is given. The levels are as follows;

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

- Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices); and
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial instruments, recognised at fair value, all fall into the Level 1 categorisation.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group does not have material transactions in foreign currencies.

The sensitivity analysis below has been determined based on the exposure to interest on the financial instrument balances at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the reporting date, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's net profit would increase by £627 000 (2010–11: profit increase of £564 000). This is mainly attributable to the Group's cash balances held with HM Treasury. 100 basis points have been used as this has been deemed as a reasonably possible movement.

Maturity analysis

	Due in 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Due over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	18 464	1 894	–	–	–	–	20 358
Early release costs	1 957	1 391	996	651	430	322	5 747
Other provisions	14	23	37	37	33	–	144
Deemed loans	3 000	–	–	–	–	–	3 000
	23 435	3 308	1 033	688	463	322	29 249

Interest rate risk profile

The interest rate profile of Ordnance Survey's financial assets and liabilities at 31 March 2012 are set out below. All balances are held in sterling:

Group

	2011–12			2010–11		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Cash at bank	–	8 782	8 782	–	5 064	5 064
Cash on deposit	20 000	–	20 000	–	12 000	12 000
Loan to PointX Ltd (Interest free)	390	–	390	690	–	690
Loan to GeoPlace LLP	–	2 427	2 427	–	4 773	4 773
Financial liabilities						
Government loans	3 000	–	3 000	3 000	–	3 000

29. Related parties

Group and Trading Fund

All transactions with actual or potential related parties are carried out at an arm's length basis.

Ordnance Survey is a non-ministerial government department operating as a Trading Fund and is also an Executive Agency. In the course of its normal business Ordnance Survey provides mapping data and licences to both the private and public sectors. During the year, Ordnance Survey had a significant number of material transactions with other governmental departments and central government bodies. Most of these transactions have been with the Department for BIS, Land Registry, Scottish Government and the National Loans Fund.

No other Board member, key management staff or other related parties has undertaken any material transactions with Ordnance Survey during the year.

Ordnance Survey and PointX Limited are related parties. During the year Peter ter Haar and James Brayshaw were Directors of PointX Limited.

Ordnance Survey Limited is 100% owned by Ordnance Survey. The Directors of Ordnance Survey Limited are Piers White and David Jones.

GeoPlace LLP is a joint venture LLP with Local Government Association. During the year Neil Ackroyd and John Kimmance represented Ordnance Survey on the Board of GeoPlace LLP.

PointX Limited, Ordnance Survey Limited and GeoPlace LLP are included in the consolidated financial statements as described in the accounting policies.

In the year, Ordnance Survey signed a 5 year lease with our auditors, National Audit Office, to lease part of their premises in London.

30. Events after the reporting period

IAS 10 requires the date on which the accounts are authorised for issue to be disclosed. The authorised date for issue is stated on the statement of financial position.

31. Financial targets and results

The financial objective for the year 2011–12 was to achieve a trading surplus before exceptional items interest and dividends of at least £25.3 million as defined under International Financial Reporting Standards.

A further financial objective of Ordnance Survey was to achieve a return on capital employed (ROCE) averaged over the financial year 2011–12 of at least 6.5% under IFRS in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed. Capital employed is the Capital and Reserves, that is the total of the Public Dividend Capital, loans repayable after more than one year the General Reserve and the Revaluation Reserve.

The operating surplus before exceptional items for the financial year 2011–12 represents a ROCE of 26.0% (2010–11: 23.3%).

32. Losses special payments and gifts

- A In 2011–12 Ordnance Survey wrote off stock valued at £46 000 as a result of new editions of products and the consequential write-off of the obsolete stock they superseded.
- B Bad debt write-offs of £86 000 were incurred in the year.
- C Other costs falling into the category of losses special payments and gifts were below the level currently £250 000 at which they needed to be reported separately.

33. Exceptional items

In accordance with the basis of preparation outlined in Note 1, Ordnance Survey separately presents material exceptional items to allow a better understanding of the financial information presented, and specifically Ordnance Survey's underlying business performance.

Those items that Ordnance Survey present separately as exceptional are items that in the judgement of the Directors, need to be disclosed separately by virtue of their size or incidence in order to obtain a full understanding of the financial information.

Exceptional items are presented within operating costs on the consolidated income statement. No items are treated as exceptional in 2011–12. (2010–11 restructuring of £3 052 000 and property impairment of £10 226 000).

34. Control

The immediate parent undertaking is the Department of BIS. Ordnance Survey was transferred to BIS from the Department for Communities and Local Government as part of Machinery of Government changes announced by the Prime Minister on 18 July 2011. There is not considered to be an ultimate controlling party due to the fact that Ordnance Survey is a Government Trading Fund, being a non-ministerial government department and an Executive Agency responsible to the Secretary of State for BIS. It is not therefore possible to identify the ultimate holders of the Public Dividend Capital of Ordnance Survey.

35. Five-year summary

	2007–08	2008–09	2009–10	2010–11	2011–12
	£000	£000	£000	£000	£000
Revenue	118 740	117 198	114 340	129 380	141 759
Operating costs	(96 192)	(95 658)	(97 690)	(105 256)	(109 836)
Operating profit/(loss) before exceptional items	22 548	21 540	16 650	24 124	31 923
Exceptional items	–	(5 261)	(18 408)	(13 278)	–
Operating profit/(loss)	22 548	16 279	(1 758)	10 846	31 923
Finance income/(cost)	1 288	1 058	(916)	(218)	109
Profit/(loss) on ordinary activities	23 836	17 337	(2 674)	10 628	32 032
Dividend	(3 713)	(4 832)	(5 771)	(6 344)	(17 200)
Profit/(loss) retained for the year	20 123	12 505	(8 445)	4 284	14 832
Total equity	81 924	78 633	85 708	112 024	127 905

2007–08 is reported under UK Generally Accepted Accounting Practice (GAAP). The Group adopted International Financial Reporting Standards (IFRS) from 1 April 2008. Accordingly 2008–09 to 2011–12 are reported under IFRS.

HM Treasury Minute dated 23 May 2011

1. Section 4 (1) of the *Government Trading Funds Act (1973)* 'the 1973 Act' provides that a trading fund established under the 1973 Act shall be under the control and management of the responsible Minister and, in the discharge of functions in relation to the fund, it shall be the Minister's duty:
 - a. To manage the funded operations so that the revenue of the fund:
 - i. Consists principally of receipts in respect of goods or services provided in the course of the funded operations; and
 - ii. Is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - b. To achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. The trading fund for the Ordnance Survey was established on 1 April 1999 under the Ordnance Survey Trading Fund Order 1999 (SI 1999 No. 965).
3. The Secretary of State for Communities and Local Government, being the responsible Minister for the purposes of section 4 (1) (a) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Ordnance Survey Trading Fund for the 4-year period from 1 April 2010 to 31 March 2015, shall be to achieve a return of 6.5% for the financial year to 31 March 2012, 6.5% for the financial year to 31 March 2013, 6.5% for the financial year to 31 March 2014, and 6.5% for the financial year to 31 March 2015. This shall in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as percentage of average capital employed. Capital employed shall be the Capital and Reserves that is the total of the Public Dividend Capital, loans repayable after more than one year, the General Reserve and the Revaluation Reserves.
4. This minute supercedes that dated 20 March 2008.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4 (1) (b) of the *Government Trading Funds Act 1973*.

HM Treasury
23 May 2011



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