



Annual Report 2004-05



Department of
**Culture, Arts
and Leisure**

www.dcalni.gov.uk



**ORDNANCE SURVEY®
OF NORTHERN IRELAND**

Ordnance Survey of Northern Ireland

Annual Report and Accounts

For the year ended 31 March 2005

Laid before the Houses of Parliament
by the Department of Culture, Arts and Leisure
in accordance with paragraph 12(2) and (4) of the
Schedule to the Northern Ireland Act 2000 and Paragraph 36 of the Schedule to
the Northern Ireland Act 2000 (Prescribed Documents) Order 2004

14 July 2005

Laid before the Northern Ireland Assembly
under section 11(3) (c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Culture, Arts and Leisure

14 July 2005

Ordered by the House of Commons to be printed

14 July 2005

Contents

	Page
Chief Executive's Foreword	4
Introduction	8
Organisation	10
Mission, Vision and Values	11
Context	12
National and International Issues	14
Progress Against 2004-2005 Business Plan	15
Financial Statements for Year Ended March 2005	29

Chief Executive's Foreword

The pace of change experienced by the Ordnance Survey of Northern Ireland (OSNI) over the last decade has not diminished throughout this past year – if anything it has accelerated. OSNI has continued to meet the challenges which change inevitably brings. It has adapted and developed itself to this change, and

achieved the majority of its targets, whilst making significant strides to becoming a leading, financially self-sustainable public service, maximising the commercial potential of its mapping information, in order to minimise costs to the tax payer. Overall, I am pleased to say, it has been a very successful year for OSNI.



As a public service organisation, OSNI's contribution to the development of public policy has been in facilitating and leading the implementation of the Geographic Information Strategy for Northern Ireland, Mosaic. Mosaic is about information on

location; it is helping to improve the collection, funding, dissemination, and use of geographic information in order to maximise social, economic and educational potential of this national information infrastructure resource. Mosaic is a partnership between the public and private sectors, and has been successful in procuring funding for pilot projects, managed through a steering group, to demonstrate the potential of geographic information across a number of sectors, and it is working with the EC to share information resources and advice throughout government and beyond (see www.mosaic-ni.gov.uk). OSNI continued to provide the secretariat and coordination for Mosaic during the year.

At the heart of what OSNI does is the provision of mapping information of Northern Ireland, in support of the public good. OSNI continued to do this during this year, with many highlights: the launch of the new Mournes map; a new street map Banbridge in partnership with local government; a new Road Atlas of

Ireland, in partnership with our sister agency, OSI; the availability of the address database, POINTER; revised digital mapping available across all series and scales; and the further development of the new orthophotography series. Products and their applications continue to be the focus on what the agency is about, and they provide the strategic focus for the future role of the organisation.

The ability of OSNI to continue to carry out its core function within an increasingly challenging public finances environment has provided the key driver for the organisation to pursue its goal of financial self-sustainability. This year saw 95% of costs recovered through the sale and licensing of products and services. This is compared to 76% last year, and shows clearly the significant strides being made by the organisation in responding to demands from an expanding market for geographic information. This demand fuelled a 15% rise in sales to government and non-government customers, compared to the previous year's sales. It is evident from such progress that financial self-sustainability is possible in the next few years.

OSNI's has continued its drive for efficiency in pursuit of this goal. The previous year's voluntary early severance/retirement scheme, and a substantial programme of rationalising space, released accommodation that has enabled OSNI to warmly welcome the Geological Survey of Northern Ireland to Colby House as tenants. With further investment in technology, and significant strides in saving operational costs, an overall 6% efficiency saving was achieved against the 2% target for the year.

Increased income and efficiency were not the sole focus of the Agency's efforts during the year. An increasing customer base demands a focus on customer needs. During the year, OSNI improved its understanding of what its customers value through both quantitative and qualitative surveys. These surveys provided a strategic basis for future years' work, and prompted a fundamental

review of the entire OSNI product range during the year. OSNI also strengthened customer services by investing in key account management. Agreements have now been signed with all major customers and these will help in building a closer relationship, one where requirements are fully understood and service expectations met. Business activity with value-added resellers accelerated during the year, and several agreements were signed for the use of OSNI data within internet-based services.

Keeping the mapping database up-to-date remains of fundamental importance to OSNI customers. Ninety per cent of significant change to the built environment was surveyed and made available (in many cases through the ACEmap service) within 6 months of notification to OSNI. More than 18,000 new units of change were added to the large-scale database during the year. With the completion of the MIDAS project, which substantially re-engineered the survey and revision flowlines, OSNI is poised to reap significant benefits to its ability to keep the digital map of Northern Ireland up-to-date. The development of STAR – a computerised field intelligence system – was an important step towards shortening the time between constructions and other changes on the ground and their representation appearing on the OSNI map.

Staff have remained and will remain crucial to the organisation's ability to deliver on its aspirations. OSNI continues to be concerned that staff remain dedicated, committed and well trained to deliver on OSNI's vision. Having gone through such change in recent times it is perhaps not surprising that staff satisfaction was flagged as an area requiring further attention by the recent staff survey. Senior management will be looking at how this can be improved in the future. However, other indicators during the year were very positive: with nearly 97% attendance, OSNI is well ahead of the civil service average and closer to best practice in the private sector; new staff were recruited to the agency; there was significant development in training and promotion of existing staff; OSNI were reaccredited under Investors in People (IIP); and, OSNI

scored over 450 points in its EFQM (European Foundation for Quality Management) assessment. These all indicate significant progress in moving forwards the organisation's vision of being a leading public service.

The year has been one of significant success on a very broad front. This is due wholly to the dedication and commitment of OSNI staff, who have continued to make it the vibrant, positive and excellent place it is to work in. As the organisation moves towards its goal of financial self-sustainability, and a funding regime, such as Trading Fund, that allows it to better respond to the needs of its customers, it will be its people that remain at the heart of its success.

Writing this as Acting Chief Executive, I am keenly aware that the primary leadership which has guided the agency towards its success this year has been that of Mick Cory. Mick, who left OSNI to join the DCAL core department at the end of the year, had overseen, in his five years at the helm, a major transformation in the organisation, such that it is now recognised, not just within the NICS, but also internationally, as a leading public sector organisation and indeed one of the most technologically advanced mapping organisations anywhere. My personal thanks, and those of the Strategy Board, go to Mick for his leadership.

To end this foreword on a reflective note, whilst we have without doubt made great strides during the year, we are also highly aware that we must guard against complacency. Our customers' expectations are high and increasing and we must be diligent in developing and improving our products and services to meet those expectations. However, I have no doubt at all that the enthusiasm and skills of OSNI's staff will once again prove fit for the task.



Stan Brown
Acting Chief Executive



Mick Cory moved from OSNI to take up the position of Director of Sport and Leisure within the Department of Culture, Arts and Leisure in March 2005.

Introduction

Ordnance Survey of Northern Ireland (OSNI) is an Executive Agency in the Department of Culture, Arts and Leisure (DCAL) and is the official Government organisation responsible for supplying mapping and geographic information services for Northern Ireland. As an Executive Agency in DCAL, OSNI operates within a wider political and policy context affecting all Government Departments, their Agencies and other public bodies.

DCAL's vision is to engender "a confident, creative, informed and vibrant community", realised through its mission, which is "to protect, nurture and grow our Cultural Capital for today and tomorrow". OSNI supports and shares the Department's vision and mission through the Agency's people, infrastructure, products and services.

OSNI mapping provides a foundation for information about location. The digital map of Northern Ireland has developed (and continues to develop) well beyond the traditional paper map, and now encompasses maps and geographic information in paper and digital form, as well as aerial imagery, geographically referenced address, boundary, road and other location related data. The mapping captures and records data about place and location and defines direction, distance, area and height. It also provides a unique record of Northern Ireland's landscape and its built environment.

OSNI information is supplied under licence to many customers; primarily it is used in support of the work undertaken by Government in the public's interest, such as to maintain our economy and society, to provide for and develop our communities, and to develop and provide the services that citizens require. However, OSNI also provides its information to many other organisations in support of their operations or for their commercial exploitation. OSNI's customers include those in the public and private sectors, and range from walkers and tourists to Government Departments and their Agencies, the utilities and the emergency services, civil engineers, developers, solicitors, commercial map publishers and value-added resellers.

OSNI has structures, procedures, controls and risk management strategies in place to comply with the corporate governance requirements of best practice in the public sector. The Minister for Culture, Arts and Leisure determines the policy framework within which the Agency operates, approves the Agency's Corporate and Business plan and agrees key targets. The Minister also determines the resources made available to the Agency. The Chief Executive is supported in the strategic development and day-to-day running of the Agency by a Strategy Board and an Operational Board. Progress against the Corporate Strategy is reviewed monthly by the Strategy Board and the Operational Board reviews progress against key performance targets at the end of each monthly reporting period.



Lorraine Conlon joined OSNI as Corporate Services Director in October 2005, having transferred from the DRD Water Service, Efficiency Unit.



The Strategy Board 2004-05, Left to Right Stan Brown, Alastair Hughes, Mick Cory, Lorraine Conlon and Trevor Steenson



Getting the message across - Stephen Evans discusses our objectives with a visitor to the Business Ireland exhibition in the Odyssey Arena, a useful platform for communicating what OSNI can do for the business community.

Organisation

OSNI is organised as follows:

Corporate Services:

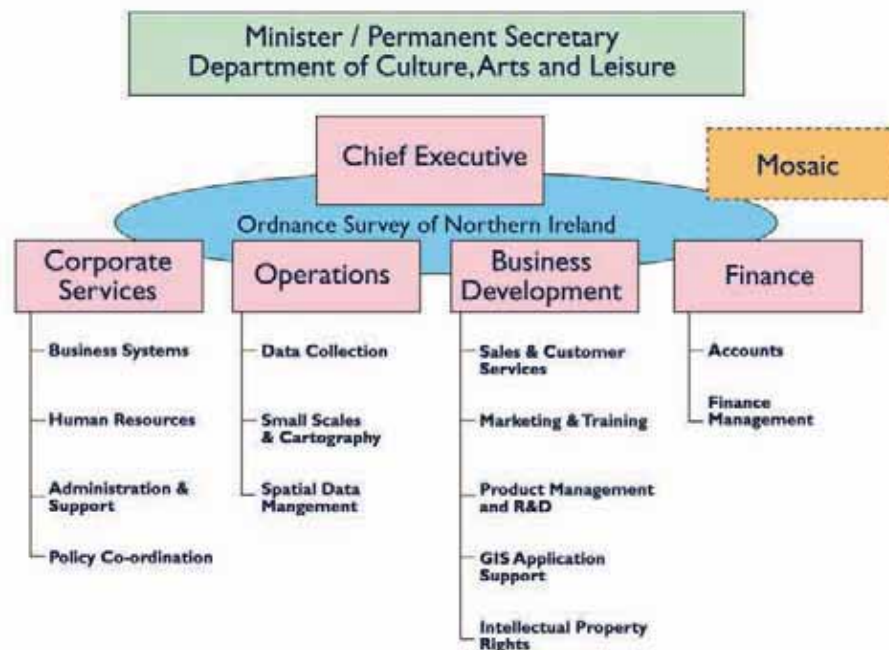
Providing the key common corporate services required in support of the Agency's mission.

Operations/Technical:

Undertaking the core business of data collection and small-scales cartography and supporting the maintenance and management of spatial data, including the Pointer common address database.

Business Development:

Ensuring the range of products and services meets the needs of our customers and that market potential is realised whilst maintaining the Intellectual Property of the Crown.



Finance:

Providing accounting and financial support to the Agency

Mosaic:

Implementing the Geographic Information Strategy for Northern Ireland.

Mission, Vision and Values

OSNI contributes to the Public Good by supplying the mapping information for Northern Ireland.

Vision

We intend to be a leading, financially self-sustainable public service, maximising the commercial potential of our information to minimise cost to the taxpayer. In this way we will enhance our public good role further, providing expertise, support, consultancy and advice on geographic information and geographic information systems, supporting Government and the wider Public Services in delivering on their objectives.

Values

OSNI values underpin our mission and our vision for the future. They describe the character of our organisation, what is important to us, and how we behave as individuals and as an organisation. OSNI's values are built on those of the Public Service, and relate to Customers, People, Integrity and Innovation.

Customers

We will provide a high quality service to our customers, seeking and valuing customers' opinions, striving for excellence in all aspects of customer service and endeavouring to meet their needs.

People

We will support each other, the teams in which we work and the organisation, by recognising contribution, achievement and needs, by treating everyone fairly and by commitment to work/life balance and Investors in People (IiP).

Integrity

We will act with integrity in our relationships with each other and in all our business activities, by being open and honest, cultivating an atmosphere of trust and showing consideration and respect for others.



Cheryl Lennon and Graeme Kerr on the OSNI stand at the Association of Geographical Information (GIS) Exhibition in Chelsea Village, London October 2004.

Increasingly, other organisations seek our advice and we have given presentations on the balanced scorecard, leadership, managing change and geographic information strategies. During the year we have had visits by Prince Andrew, Lady Hermon and the Institute of Directors



Massive investment by the retail sector and in new housing has created huge redevelopment both inside and outside our city and town centres.

Innovation

We will create new opportunities and challenges, and continuously seek to improve all we do, by being outward looking and forward thinking, whilst encouraging creativity, innovation and initiative.

Context

Reinvestment & Reform

Last year the Government published its priorities and spending plans in "Northern Ireland Priorities and Budget 2004-2006". At the heart of Government's priorities lies a commitment to implement the Reinvestment and Reform initiative, which seeks to deliver investment in infrastructure and modernisation of the delivery of public services. The economic and financial context within which OSNI operates has also changed, with a greater expectation of economies and efficiency in delivery, together with a requirement to utilise and manage assets more proactively.

The Government's reform agenda "Fit for Purpose" (which builds upon Reinvestment & Reform) recognises that the public's expectations of the standards that public services should meet are high and rising and OSNI has continued to respond to this challenge. The voluntary early severance scheme that we undertook in 2003/04 has enabled us to improve our efficiency, build on our capabilities, and fully utilize the talents of our staff through retraining and recruitment to specialised posts. In proactively managing our assets we have sub-let part of our headquarters building to the Geological Survey of Northern Ireland enabling us to optimise the use of the building and reduce our running costs.



Our parent department, DCAL, aims to increase public participation across the culture, arts and leisure sectors and DCAL's objective within Priorities and Budget 2004-06 is "To protect, nurture and grow our cultural capital so that it can be enjoyed today and tomorrow". In contributing to this objective, OSNI had

specific PSA targets relating to developing and delivering our cultural products during 2004-05. These were;

To enhance the mapping and geographic infrastructure of Northern Ireland by:

- ◆ Implementing the Geographic Information Strategy by December 2007,
- ◆ Improving access to OSNI products and services at reduced cost to the tax payer by April 2007; and,
- ◆ Providing quality, up-to-date mapping with 100 per cent compliance with OSNI's map revision policy by 2006.

During 2004/05, OSNI continued work on the implementation and development of Mosaic, the Geographic Information Strategy for Northern Ireland. A number of sectoral groups have been established and presentations were given to the NICS Permanent Secretaries Group and to ten NICS Departmental Boards. E-government funding has been secured to take forward a number of pilot projects including the Mosaic web site (www.mosaic-ni.gov.uk), a land and property information pilot, an environmental data systems pilot, a place names on-line portal and a key datasets portal. In addition, funding was received to take forward a spatial indicators project. The purpose of this project is to create a local centre of excellence to encourage and assist government departments and state funded bodies in Northern Ireland and the Border Region to utilise the data and applications created by MOLAND¹. The project has been funded under the EU Interreg IIIA Programme, Ireland/Northern Ireland.

In order to provide improved access to OSNI products and services at a reduced cost to the taxpayer, we have commenced a project to make our products and services available through an e-commerce enabled web site. During the year we completed the tendering process and the project is on schedule to deliver by November 2005.

The work of updating OSNI mapping continued throughout 2004/05 and the Agency has continued to progress toward its goal of ensuring that all maps comply with the map revision policy by the end of 2006.

¹ MOLAND (Monitoring Land Use / Cover Dynamics) is a research project carried out at the Land Management Unit of the Institute for Environment and Sustainability of the Joint Research Centre. MOLAND was initiated to respond to the main mission of the JRC, which is to support the preparation, definition and implementation of EU policies and legislation.



Infrastructure development will grow substantially in the coming years, OSNI's survey teams will ensure that any substantial change will be identified and added to the database quickly and efficiently





A new street map of Omagh and Fintona, prepared by OSNI in partnership with the local district council, for launch in early June 2005

National and International Issues

OSNI has continued to develop both technical and business relationships with the Ordnance Surveys of Great Britain and of Ireland. During the year OSNI participated in quarterly meetings with representatives from the other two Ordnance Surveys. Cooperation is active in areas such as geodesy, marketing and joint products, as well as in coordinating support for the increasing number of customers requiring GI solutions across the whole of the UK, the island of Ireland or Britain and Ireland.

The Agency has also continued to keep a watching brief on European issues in general and to participate in specific projects. The Association for Geographic Information (AGI) represents the broad interests of the geographic information community in the UK. OSNI is a sponsor member of the AGI, and actively supports the work undertaken both centrally and by the Northern Ireland regional group. At a local level, the AGI organises a range of events including information seminars, conferences and other educational activities. OSNI contributes to the organisation and sponsorship of these events.

OSNI has also continued its participation in Eurogeographics, the body which represents nearly all European National Mapping and Cadastral Agencies (NMCAs). Eurogeographics works with its members, partners, customers and the European Commission to develop European products and services, promote collaboration and sharing of best practice between members, provides an official and united voice of Europe's NMCAs and helps the European Commission with its programmes and directives.

The Product Management and IPR branches of OSNI have been involved in the legal aspects of the EuroGlobal and EuroRegional map projects, while the Mosaic support office has taken the Northern Ireland lead on the proposed EC Framework Directive to implement an Infrastructure for Spatial Information in Europe (INSPIRE)

Progress against 2004-2005 Business Plan

During 2004/05, OSNI continued to use the Balanced Scorecard (BSC) to set its objectives, measures and targets, and to link organisational and personal performance to our Corporate Strategy, as represented on our Strategy Map. We have evolved our implementation of the BSC as a tool for strategic change, to focus our organisation on the vision for OSNI, and to learn from best practice in its use to further develop the organisation.

In the Corporate and Business plan for 2004-2005 a number of key tasks and actions required to deliver on OSNI's corporate objectives were listed. Progress against each of these key tasks and actions is fully described under the relevant balanced scorecard quadrant (on pages 16 -17).

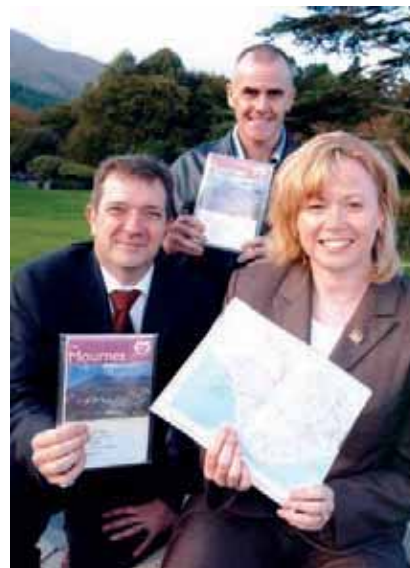
Finance

In the past year OSNI's revenue has grown by 15%, due to both the upgrading of existing customers to new products and the acquisition of new customers. We are assisting our commercial customers to provide value-added products through easier licensed access to OSNI data. Value-Added Reseller activity is steadily increasing and, outside of the core NICS Departments and Agencies, agreements were signed with 8 private companies, 13 local councils and 2 NDPBs.

The way in which the Agency monitors its capital expenditure was revised during 2004-2005. A detailed in-year capital expenditure monitor was introduced to ensure that capital investment continued to align with the Agency's Strategy Map and new in-house procedures were developed to ensure recruitment of new staff and the procurement of goods and services continued to comply with Northern Ireland Civil Service guidelines.



An example of our standard large scale mapping further enhanced with the addition of extra levels of information using coloured layering.



Mick Cory, Mountaineer Banjo Bannon and Minister, Angela Smith at the launch of the new Mourne outdoor pursuit map in June 2004.

OSNI Corporate Objective	Measures of Success
To achieve financial self-sustainability	Reduction in cost/income index (cost/income x 100)
To manage costs by efficiency improvements	Cost Efficiency %

Performance Against Key Targets 2004-05

FINANCE

OSNI Corporate Objective	Measures of Success	Performance Target	Outturn
To achieve financial self-sustainability	Reduction in cost/income index (cost/income x 100)	110	105 (Achieved)
To manage costs by efficiency improvements	Cost Efficiency %	-2%	-6% (Achieved)
To manage assets	Ensure assets are put to optimal use (ROs & Colby House)	-18%	-19% (Achieved)
To grow income	Year on year growth	5%	15% (Achieved)
To sustain income	Maintain revenue from existing customer base	100%	100% (Achieved)

CUSTOMER

OSNI Corporate Objective	Measures of Success	Performance Target	Outturn
To provide quality products	Customer satisfaction	Establish Baseline	Baseline Established (Achieved)
To enhance function and choice by new/revised product	% of revenue of each product generated	Establish Baseline	Baseline measure redefined after product review (partially achieved)
To enhance Service	% of significant large-scale change available to the customer within 6 months of notification.	90%	90% (Achieved)
To develop customer relations	Customer Survey and response plan completed sample customers	100%	100% (Achieved)

BUSINESS PROCESSES		
Measures of Success	Performance Target	Outturn
New units added to large scale database	14,000	18,648 (Achieved)
% of plans revised to comply with revision policy by 2006	100% by 2006	63% 5yr Urban (On track) 72% 7yr Rural (On track)
No of 1:50,000 maps revised	6	6 (Achieved)
% of 1:10,000 maps complete	75%	75% (Achieved)
Reduction in % of unmatched Pointer addresses	Establish Baseline	Baseline established (Achieved)
% of paper and digital orders processed in 6 working days	94%	99% (Achieved)
Fair Trader accreditation achieved	100%	100% (Achieved)

BUSINESS PROCESSES

OSNI Corporate Objective	Measures of Success	Performance Target	Outturn
To maintain the mapping infrastructure	No of new units added to the large scale database	14,000	18,648 (Achieved)
	% of plans revised to comply with revision policy by 2006	100% by 2006	63% 5yr Urban (On track) 72% 7yr Rural (On track)
	No of 1:50,000 maps revised	6	6 (Achieved)
	% of 1:10,000 maps complete	75%	75% (Achieved)
	Reduction in % of unmatched Pointer addresses	Establish Baseline	Baseline established (Achieved)
To service the needs of our customers	% of paper and digital orders processed in 6 working days	94%	99% (Achieved)
To develop as a business	Fair Trader accreditation achieved	100%	100% (Achieved)

ORGANISATIONAL LEARNING AND GROWTH

OSNI Corporate Objective	Measures of Success	Performance Target	Outturn
To develop and implement strategic competences	No of staff undertaking development programmes	33	38 (Achieved)
To develop and implement strategic technologies	Strategy Plan 2002-07	Implemented by 2007	Plan implemented (on track)
To cultivate a climate for action	Staff with PPA & PDP	100%	100 (Achieved)
	% improvement in Staff Satisfaction	2%	-9% (Not achieved)
	Staff Attendance	95%	96% (Achieved)
	Maintain IIP	Reaccreditation	Reaccredited (Achieved)
	EFQM Self Assessment	450	450-500 (In range) (Achieved)
	Reward & Recognition Policy	In Place	Policy at draft stage (Partially achieved)



We welcomed a number of people to OSNI over the last year back row left to right -Gary Wells, Louise Ivens, Peter Downie, front row Alana Carnduff, Julie McCann, Suzanne McLaughlin -

Future Financial Operating Model for OSNI

Our existing financial model (as a supply financed Agency) means we only have a limited level of access to the funds that we generate from our sales and licensing. We wish to maximise our potential to contribute to the public good by having further scope to reinvest and innovate regarding product and/or market development opportunities as they arise. In 2004 the Agency initiated a project to consider what would be the most appropriate future financial model for it to operate within, once financial self-sustainability has been achieved. In doing so, we have sought to stabilise and utilise income streams, improve forecasting and link service delivery directly to income generated.

The financial operating model project has reviewed the Agency's existing financial model and identified a number of operating constraints and areas that could be improved. Both the potential monetary and non-monetary benefits / costs have been highlighted in a Strategic Outline Case.

A shortlist of feasible financial models has been drawn up, with Trading Fund status having been identified as the favoured option. Under this option the Agency would have increased financial freedoms granted to it under Parliamentary legislation. OSNI will be able to operate in a more commercial way; the benefits being improved internal structures, increased efficiency and higher levels of service delivery to customers.

The Department of Finance and Personnel and DCAL have all been briefed on these proposals and are content with the direction that the Agency is taking, subject to the statutory and independent assessment of our Final Business Case. The preparation of an Outline Business Case, in conjunction with the negotiation of a Northern Ireland Mapping Agreement, is currently underway.

Asset Management

In striving towards financial self-sustainability, OSNI has considered the use of all its assets, including the headquarters building at Colby House and our regional offices. During the year, OSNI sub-let part of Colby House to the Geological Survey of Northern Ireland, optimising the use of the building and reducing running costs. In addition,

we commenced a review of the efficiency with which we employ all fixed assets, including hardware, software, plant and equipment.

Northern Ireland Mapping Agreement (NIMA)

Some OSNI activities are non-commercial in nature, and can be defined as contributing to the public good. Examples include the maintenance of the geodetic survey network, maps for emergency circumstances, mapping to support a relatively cheap and efficient land registration system and the mapping of rural field boundaries, essential for a modern agricultural economy. OSNI is working to identify and agree those public good activities, connected with collecting and maintaining the topographic database, which cannot be funded commercially. The objective is to implement an appropriate funding and service agreement for Northern Ireland, ensuring continued care and maintenance of government's investment in its mapping information resource and the continued development of its potential for future generations.

The potential advantages of a NIMA have been presented to Senior Civil Servants and Heads of Departments and the Agency has received considerable support for its proposals. A NIMA implementation project has commenced within OSNI and a number of proposals and options are being considered to ensure that a NIMA will benefit the NICS as a whole and provide the Agency with the correct balance between the funding of new activities and the continuing need to invest resources on non-commercial activities. A NIMA working group and project board have been established and Business Development Service (BDS) has been identified as the 'customer' that will represent the Northern Ireland Civil Service in negotiations with the Agency for this first stage towards the formation of a 'Pan Government Agreement' for mapping. OSNI will assist BDS in defining the Northern Ireland Civil Service's needs to ensure a 21st century service is readily accessible across the Northern Ireland public sector. Having a NIMA in place is also a pre-requisite for any move towards trading fund status for the Agency.



- and Vincent Ramirez, Stephen McManus, Ruairi Maguire, Jane Crawford, Colm McVerry, and Mark Couchman.





The emergency services are, as ever, major users of OSNI's products. Here some members of the Mourne Mountain Rescue team get to grips with OSNI's new Mournes Map.

Customer

Role of Business Development Division

During the year, Business Development Division carried out a review of OSNI's range of products and services based on detailed market research and an analysis of market needs. This has helped in the development of a product management programme, a pricing review, a marketing communications (promotional) plan and a customer technical support programme. All of our large customers have been consolidated onto formal agreements and the acquisition of new government department and non-departmental public body (NDPB) customers as well as private sector customers and value-added resellers have continued to provide a focus for sales, supported by the roll out of new Orthoimagery and Pointer products. The ACEmap Online service has been further extended.

Customer Satisfaction

We have continued to improve customer satisfaction by developing our service delivery channels. During the year we conducted two formal surveys of customer opinions. A qualitative survey was carried in support of the product review and a customer satisfaction survey was conducted that showed customer satisfaction at 72.2%, which equates to an increase of 0.7% on the previous year. Product strategies have been analysed and marketing plans for each product have been outlined. In addition the product range has been rationalised to ensure a focus on market needs.

Intellectual Property Rights (IPR)

Crown Copyright subsists in Ordnance Survey of Northern Ireland material. Copying by any means requires the prior permission of the Chief Executive of OSNI acting on behalf of the Controller of Her Majesty's Stationery Office (HMSO) in whom is vested by Royal Letters Patent the Crown Copyright in all Government publications.

In June 2004, HMSO assessed the Agency and granted OSNI accreditation to the Information Fair Trader Scheme (IFTS). OSNI's Chief Executive has published our IFTS commitment, which demonstrates his and the organisation's determination to demonstrate the essential components of

the IFTS, (i.e. Openness, Transparency, Fairness, Compliance and Challenge), when considering licensing OSNI's information. Further details of IFTS can be found on OSNI's web site

<http://www.osni.gov.uk/copyright/copyrightX.html>

Processes

SIAM

Quality is important to both customers and staff in OSNI. The Agency is keen to provide quality products that meet customer expectations and to have internal processes that will deliver such products on time and to the customers' specifications. In order to achieve this goal, OSNI has developed a Systems Improvement and Assurance Management (SIAM) approach. Preliminary work began on SIAM last year, and this year a SIAM manager has been appointed and a facilitation team formed and trained. SIAM has been integrated into our Strategy Map and Balanced Scorecard. The Agency has continued to develop its SIAM activities to ensure that quality is inherent in all processes and activities of the Agency. In addition, work on the data update and supply flowline has commenced. SIAM will continue to challenge existing protocols and provide an opportunity for innovation and new ways of working.

Data Update and Supply Systems

The way in which we store and update our mapping data has undergone a major review, which has resulted in the upgrade and replacement of the mapping database and data collection systems. The resulting Mapping Information Database and Surveying (MIDAS) project, initiated in 2003, has been completed and signed off. The system is operational within our Photogrammetry group and training of our survey teams is underway. MIDAS impacts on all aspect of data collection and map updating, and when training is completed all of our surveyors will operate in a completely digital workflow, integrating Global Positioning Systems (GPS) and Electronic Distance Measurement (EDM) tools with pen computer technology. One of the most significant changes to the way mapping activities are undertaken within the Agency has been the introduction of a workflow management and intelligence system, STAR. MIDAS, together with STAR, provides end-to-end workflow for all survey activities, including Pointer address



Translink have moved to a GIS based system of route monitoring. One of the benefits of this is to provide passengers with an accurate display giving the arrival time for the next bus.



The Big Breakfast Event was held in Colby in December. This event was aimed at raising money for the charity Habitat for Humanity.



management. This will enable further efficiencies in mapping operations and will be crucial to future technical operations of the Agency.

The map revision policy under which we update our mapping database is now nearly 10 years old. During 2004-2005 we completed a review of the policy, having taken into account recommendations from recent customer surveys and operational effectiveness. Consultation on the draft policy will be undertaken during 2005-2006, with full implementation scheduled for 2007.

OSNI's large-scale mapping database is built on a data model that was defined nearly 20 years ago. This model represents the real world as cartographic features on paper maps. We are now developing a data model which directly represents the real world, not just its cartographic representation as points, lines, polygons and text drawn on paper. A conceptual data model and the data model framework have been developed and signed-off by the Agency. The new data model will act as the framework within which our databases can be developed for the next 20 years.

The Pointer (www.pointer-ni.gov.uk) address maintenance hub has been implemented within OSNI, and work to establish fully integrated links to operational systems within OSNI and Valuation and Lands Agency is at an advanced stage. The maintenance hub supports the entry of new address data by local councils, and supports the off-line integration of Royal Mail data within Pointer. Pointer is now being used within a number of customer operational systems, and early discussions have been held regarding the role of Pointer as a lead implementation project as part of the Northern Ireland Mapping Agreement.

Product Management

Market research, through a qualitative customer survey, has been completed and the results of the survey, together with benchmarking and other desk research, have been used to inform our strategic marketing decisions, including product lifecycles, pricing, promotional and other strategies. An analysis of the current product range has been completed and the product hierarchy redefined. All products have been assessed against a standard marketing template and a product-related work plan for 2005/06 has been approved. Longer-term actions on key products have been outlined.

OSNI and the Public Records Office of Northern Ireland (PRONI) are collaborating on a project to scan (and collect Points of Interest for) approximately 21,000 historical maps. The contract for this work has been awarded, and scanning and georeferencing of the 25-inch series of maps will commence in the summer of 2005. Subsequently, points of interest such as churches, graveyards, mills, quarries and national schools will be added. The project is due to be completed in March 2006, when the data will be made available through OSNI's CAMEO project (see below) and will prove an invaluable tool for applications such as genealogy, local history and historical land use.

Channel Management

We have continued to review our channels to market to ensure our products and services are more widely available and accessible. Four new outlets for our ACEmap online service have been opened and value-added reseller (VAR) activity continues to grow, with 5 new VARs having signed agreements with OSNI during the year. The project to make our data and services available over the Internet has commenced, procurement has been completed and the detailed design specification is underway. The project, which has been named CAMEO, will develop a full e-commerce order, payment and supply website as a response both to e-government initiatives and to customer demand.

Customer Relationship Management

OSNI's Key Account Managers provide the main interface with our major customers and throughout the year they have continued to build relationships with our clients. The first phase of their activity, formalising relationships through contracts and agreements, has been very successful and their knowledge and understanding of the marketplace has increased significantly. Further development of our Key Account relationships has included all Key Account Managers attending a Best Practice course on account management. The team have drafted a customer classification scheme to help define service and relationship requirements for our key accounts, other major customers and for the larger number of smaller customers.



Trevor Steenson congratulates Gareth McGrath on his attainment of Masters of Business Administration. OSNI actively encourages its staff to pursue further education.

OSNI's corporate target of having 33 staff undertaking development programmes was surpassed with a total of 38 participating in a wide range of development opportunities, which included:

- Postgraduate Diploma in GIS
- MSc in GIS
- PGD MSc in GIS and Management
- ILM Introductory Diploma in Management
- BA Degree in Management & Business Studies
- BA Hons in Business and Administration
- BA Hons Management & Business Studies
- Certificate in Marketing, Advertising & Public Relations
- Master of Business Administration



For the last New Year's Honours Awards, the Agency nominated one of our external cleaning staff, Maisie Hillis, for her contribution to Public Services. Maisie was subsequently awarded an MBE in recognition of her support for a wide range of charities and other public service commitments.

Social and professional interaction is encouraged in support of the positive working environment within the Agency

Organisational Learning and Growth

People

Our people, the environment they work in, their skills, knowledge and competencies are all crucial to how effective and successful we are. During the year our staff were involved in organisational development teams, and on cross-divisional working groups, in key strategies, and projects including the review of the revision policy, the future financial operating model, the Northern Ireland Mapping Agreement project and the positional accuracy improvement project.

Social and professional interaction is encouraged in support of the positive working environment within the Agency. Staff have taken the lead in charity fundraising, supporting Business in the Community and representing the Agency in a number of sporting competitions. Lunchtime events and activities were organised which covered a diverse range of interests including the Asian Tsunami, Habitat for Humanity, gastronomy in Italy and Tai-Chi.

The Agency remains committed to promoting and supporting the Government's Work/Life Balance campaign, which is embedded into our Values. Work/Life Balance is, in essence, "Family Friendly" working.

Our commitment is demonstrated in our support of alternative working hours, term time working, career breaks, care responsibilities, flexible working, special leave, home working and other flexible arrangements designed to support all staff.

A number of strategic competencies remain crucial to the success of the organisation. Our core competencies in surveying, photogrammetry, cartography, databases and Geographic Information Systems (GIS) have continued to be nurtured and developed and new competencies in business development obtained. During the year we recruited a total of 18 new staff, 6 of whom have specialist competencies to support of our business needs.

In order to ensure that the commitment and enthusiasm of our staff is properly recognised, we have commenced work on the development of a recognition and reward policy. Work to date has reviewed similar strategies in use within both the public and private sectors. The recognition and reward policy will be integrally linked to OSNI's Strategy Map.

Information and Communication Technologies

OSNI's core technologies are essential to the continued operation of our business, and also our ability to develop in the future. Our Information and Communication Technology (ICT) Strategy ensures that the ICT fits with our business objectives. Central to this are our databases, where our data is stored and from where it is made available to our customers, and the information systems on which we rely to run the business. A number of ICT projects identified in our 2002 ICT Strategy were completed during 2004-2005, including Online Data Collection and Update, OSNI Intranet, Update and Management of OSNI Website, Review and Update Datastore and an Infrastructure Review. Those that were not completed, such as the on-going Web Access to Data project, have been included in a new policy that has been developed to ensure that our technology requirements remain fully aligned to our Balanced Scorecard.

Climate for Action

Climate for action impacts on all aspects of the structure and culture of the organisation, through leadership, teamworking and the structure and culture of the organisation - all are inextricably linked. During the last four years the Agency has gone through substantial change. Encouraging teamwork has been central to our approach of developing the organisation throughout this period. Team working has helped individual development as well as having contributed significantly to the organisation. During 2004-2005 we continued this approach, with the inclusion of teamworking in the induction process for new staff and each of the divisions utilises meetings and away-days to develop the ethos of team working. We take pride in what we do, in our history and our people. This pride permeates throughout the organisation, and it is evident to everyone who visits. We are careful, however, not to be complacent, as the market continues to develop rapidly and our customers' expectations continue to rise.



Tonedead and the Binliners', winners of the best fancy dress, at the Red Nose Day fund raising quiz in Colby House last March.



Over the last ten or so years the staff at Colby House have donated to the charity Christmas toy appeal. Last December turned up another bumper selection of goods.

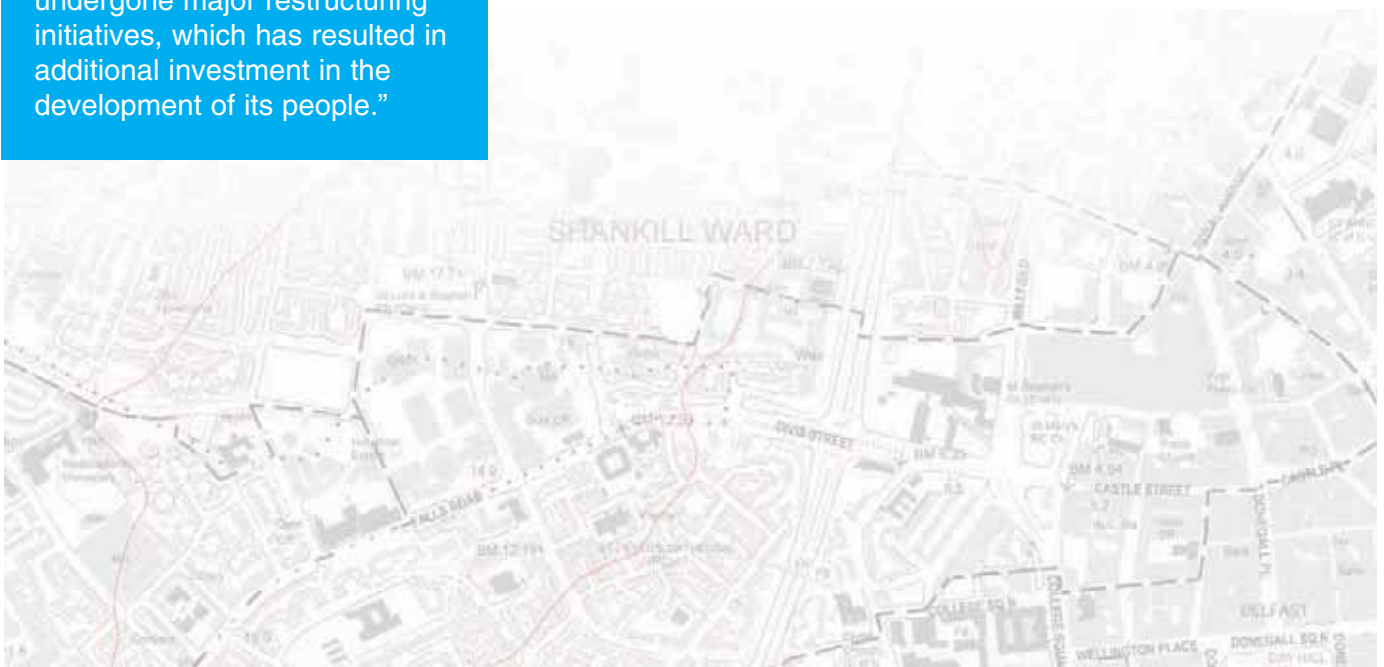
The independent liP Assessor commented, "It is very apparent that the Agency continues to significantly invest in its people throughout this period and has undergone major restructuring initiatives, which has resulted in additional investment in the development of its people."

liP

The Agency has been liP accredited since December 2000. Our previous reaccreditation in March 2002 was positive; however, areas for improvement were highlighted and a comprehensive action plan was implemented during 2004-2005. For example, the Agency has provided management effectiveness training to all middle managers using the Institute of Leadership and Management accredited programmes, tailored to reflect the business needs of the Agency. In March this year we were successful in maintaining our liP accreditation status.

EFQM

The Agency has continued to use external objective measurement tools as part of its drive to review and improve organisational efficiency. The European Foundation for Quality Management (EFQM) has provided a valuable insight into where our strengths are and on which areas we needed to improve. During 2004-2005 we implemented an action plan arising from last year's assessment score of 400 and reapplied the model using an external assessor, in order to measure our progress, with the aim of entering the Agency in the Northern Ireland Quality Awards scheme during 2005-2006. This assessment resulted in a score of 450.



Audit of Accounts

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland in accordance with Section 11 (2) of the Government Resources and Accounts Act (Northern Ireland) 2001. As Head of the Northern Ireland Audit Office, he and his staff are wholly independent of the Agency and findings are reported to Parliament. The audit of the financial statements for 2004-2005 resulted in a notional fee of £8,000, which is included in the administration costs in the income and expenditure account.



Aldo Moscato gave a very interesting lunchtime lecture on the food and wine of his native Italy, one of a number of lectures organized throughout the year.



Financial Statements for Year Ended 31 March 2005

Contents	Page No
Foreword to the Financial Statements	30
Statement of Agency's and Chief Executive's Responsibilities	34
Statement on Internal Control	35
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	36
Income and Expenditure Account	38
Statement of Recognised Gains and Losses	38
Balance Sheet	39
Cash Flow Statement	40
Notes to the Financial Statements	41
Report of the Comptroller and Auditor General on Accounting for the Topographic Database	59

Foreword to the Financial Statements

These financial statements have been prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Status

Ordnance Survey of Northern Ireland (OSNI) was established as a Next Steps Executive Agency within the Department of the Environment for Northern Ireland on 1 April 1992. On 2 December 1999, following Devolution, the Agency transferred to the Department of Culture, Arts and Leisure.

The Chief Executive is also the Agency Accounting Officer, designated by and accountable to the Principal Accounting Officer of the Department of Culture, Arts and Leisure, and Parliament, for the effective financial management of the Agency.

The Chief Executive derives his authority to run the Agency from the Minister of Culture, Arts and Leisure (DCAL), to whom he is responsible for the development and implementation of mapping and geographic information policy.

Vision

Ordnance Survey of Northern Ireland supplies the mapping information of Northern Ireland. It aspires to be a leading, financially self-sustainable, public service, maximising the commercial potential of its information to minimise cost to the taxpayer. In this way the Agency will enhance its public good role further, providing expertise, support, consultancy and advice on geographic information and geographic information systems, supporting Government and the wider Public Services in delivering on their objectives.

Activities

As a government agency within DCAL, OSNI's activities during the reporting period have been carried out within the context of the Department's Public Service Agreement (PSA) and the more detailed Service Delivery Agreement (SDA).

OSNI's activities during the year reflected this SDA, which required OSNI to:

“enhance the mapping and geographic information structure of Northern Ireland by

- (a) implementing the geographic information strategy by December 2007;
- (b) improving access to OSNI products and services at reduced cost to the taxpayer by April 2007; and
- (c) providing quality, up to date mapping, with 100% compliance with OSNI's map revision policy by 2006.”

OSNI provides mapping and locational information support to a wide range of Northern Ireland government departments and agencies for, inter alia, land registration, property valuation, town and country planning, mapping and maintenance of public utilities, civil engineering works, health services planning, conservation, pollution control and emergency operations.

In addition to the above, OSNI earns revenue from pursuing other consultancy and commercial services with both private and public sector organisations. Consultancy on mapping and geographical information systems is normally carried out within the Northern Ireland domestic market.

Review of the Development of the Business

A full business review of the year is contained within the body of the Chief Executive's Annual Report.

Results for the Year

The net expenditure for the year was £0.3 million (2004 - £2.0 million).

In arriving at this result Ordnance Survey of Northern Ireland has included notional and non-cash expenditure of £0.6 million (2004 - £0.6 million).

Key Corporate Financial Target

In OSNI's 2004-05 business plan, the Agency agreed that one of its objectives was to achieve financial self-sustainability. To monitor progress against this corporate objective, OSNI set a target to achieve a cost/income index score of 110. The actual cost/income index for 2004-2005 was 105. (See also Note 21.)

Events Since The End of the Financial Year

There have been no significant events since the end of the financial year which would affect the results for the year or the assets and liabilities at year end.

Future Developments

As the Agency move towards financial self-sustainability, it is continuing with its efforts, through a strategic project, to move towards a more appropriate financial operating model. Additionally, the Agency is working to establish a Northern Ireland Mapping Agreement (NIMA) to finance its non-commercial or public good work.

Fixed Assets

In accordance with the Northern Ireland Resource Accounting Manual and other Department of Finance and Personnel guidance, all fixed assets are revalued at estimated current replacement cost. Movements in fixed assets are disclosed in notes 9 and 10. The Agency does not believe there is any material difference between the market and book value of its fixed assets.

Strategic Management

The Strategy Board is responsible for determining OSNI's long-term strategy and oversight of the successful discharge of the remit assigned to the Agency by the Minister. It consisted of:

Mick Cory	Chief Executive (Resigned 31 March 2005)
Grace Nesbitt	Director of Corporate Services (resigned 6th September 2004)
Lorraine Conlon	Director of Corporate Services (from 25th October 2004)
Stan Brown	Business Development Director
Trevor Steenson	Director of Operations and Technical Strategy
Alastair Hughes	Project Manager - Future Financial Operating Model

The remuneration of these Board members is disclosed in note 3.

The Chief Executive is a permanent and established Senior Civil Servant, whose terms and conditions of employment, including termination, are set out in the Civil Service Management Code. At the end of this financial year Stan Brown took up the post of Acting Chief Executive, pending recruitment of a permanent Chief Executive.

Operational Management

The operational management of the Agency and responsibility for implementing the Agency's Corporate and Business Plans lay with the Operational Management Board during 2004-05. This team consisted of the Strategy Board plus:

Leonard Brown	Operations Manager
Michael Camplisson	Finance Manager
Gareth McGrath	Operations Manager
Martin McVeigh	Customer Services Manager

As Civil Servants, the remuneration of the Chief Executive and all other Agency staff is determined by the normal Civil Service Pay arrangements.

The Agency's staff are members of the Principal Civil Service Pension Scheme (NI), which is a multi-employer scheme. The accounts reflect the contributions payable to the scheme for the year.

For further information please refer to notes 1.6 and 3.

Internal Audit Committee

The Agency has an Internal Audit Committee to oversee its governance, internal audit and financial control requirements. This committee consists of:

Mick Cory	Chief Executive and Agency Accounting Officer
Lorraine Conlon	Director of Corporate Services
Edgar Jardine	Deputy Secretary, DCAL
Michael Camplisson	Finance Manager
Michelle Anderson	Head of Internal Audit

Funding

OSNI is a Supply Financed Executive Agency. Its operating and capital expenditure is funded by the Department of Culture, Arts and Leisure and also through receipts generated by sales and licencing agreements.

Auditors

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

He is head of the Northern Ireland Audit office and he and his staff are wholly independent of the Agency and reports his findings to Parliament. The audit of the financial statements for 2004-2005 resulted in a notional audit fee of £8,000 which is included in the administration costs in the Income and Expenditure account.

Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year 94% of bills were paid within this standard and 3% between 31 and 40 days.

Disabled Employees

It is the Agency's policy to give equality of opportunity when considering applications from disabled persons. The Agency complies with all existing legislation in regard to its disabled employees.

Equality of Opportunity

The Agency follows the NI Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

Employee Involvement

The maintenance of a highly skilled workforce is key to the future of the business. Ordnance Survey of Northern Ireland is committed to and complies with the Department of Culture, Arts and Leisure policies of equal opportunity and responsibility for employment and career development of all staff.

Ordnance Survey of Northern Ireland recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Agency's performance. During the year employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Agency and on other matters of concern to them, as employees, through meetings and notices. The Ordnance Survey of Northern Ireland Whitley Committee provides for regular consultations with employees' representatives.

Mosaic (GI Strategy) - Financing from Office of First and Deputy First Minister (OFM/DFM) E-Government Fund

OFM/DFM has allocated £690k to OSNI to fund Mosaic (the Geographic Information or GI Strategy for Northern Ireland) over the 2-year period 2004-06, broken down as follows:

	Running Costs £'000s	Capital £'000s	Total £'000s
2004-05	239	100	339
2005-06	251	100	351

The funding has been ring fenced to finance a Mosaic Programme Office (which facilitates, educates and promotes the use of GI within the public and private sectors in Northern Ireland) and to finance the implementation of 5 pilot GI sectoral projects. OSNI is accountable for the use of these public funds and has included Mosaic's annual expenditure within its financial statements.



Stan Brown
Acting Chief Executive
28 June 2005

Statement of Agency's and Chief Executive's Responsibilities

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel have directed the Ordnance Survey of Northern Ireland to prepare a statement of accounts for each financial year in the form and on the basis set out in the Agency's Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the Accounts Direction issued by the Department of Finance and Personnel, 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 financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Department of Culture, Arts and Leisure has designated the Chief Executive of Ordnance Survey of Northern Ireland as the Accounting Officer for the Agency. His 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 Accounting Officers' Memorandum in "Government Accounting in Northern Ireland" issued by the Department of Finance and Personnel.

Statement on Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Ordnance Survey of Northern Ireland's policies, aims and objectives, set by the Agency's Minister, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Agency policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

I have carried out appropriate procedures to ensure that the Agency has identified its objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Agency has set out its attitude to risk to the achievement of the Agency objectives. The Strategy Board has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment was undertaken before reporting on the year ending 31 March 2005. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Agency.

The Board receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects. Following the identification of the Agency's key objectives and risks, further work has been done to bring about more consistency in the way in which the Agency treats risks.

The Ordnance Survey of Northern Ireland uses the services of the Department of Education's Internal Audit Branch which operates to standards defined in the Government Internal Audit Manual. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Agency. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's system of internal control with recommendations for improvement.

The HIA has provided me with a report on internal audit activity within the Agency. In addition the HIA has also provided me with an annual assurance statement for the 2004/2005 year indicating that OSNI has a basically sound framework of internal control which provides reasonable assurance regarding the effective and efficient achievement of OSNI's objectives. The HIA states that her opinion is based upon both the direct audit work performed during 2004/2005 and an evaluation of the adequacy of the Agency's risk management process.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.



Stan Brown
Acting Chief Executive
28 June 2005

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 38 to 58 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 41 to 43.

Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 34 the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 35 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement of Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Ordnance Survey of Northern Ireland at 31 March 2005 and of the net expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

See also my report on pages 59 and 60.

J M Dowdall CB
Comptroller and Auditor General
1 July 2005

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Income and Expenditure Account for the Year Ended 31 March 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Income					
Normal Activities	2		7,453		6,458
Expenditure					
Staff Costs	3	4,592		5,125	
Depreciation	9	382		406	
Amortisation	10	268		149	
Other Operating Costs					
- Normal Activities	4	2,333		2,434	
- Exceptional Activities	4	-		220	
Gross Operating Expenditure			<u>7,575</u>		<u>8,334</u>
Net Operating Expenditure			122		1,876
Interest on Capital	6		211		160
Net Expenditure			<u>333</u>		<u>2,036</u>

This net expenditure relates to the continuing activities of the Agency.

Statement of Recognised Gains and Losses for the Year Ended 31 March 2005

	2005	2004
	£'000	£'000
Unrealised surplus on revaluation of fixed assets	<u>18</u>	<u>147</u>

The notes on pages 41 to 58 form part of these accounts.

Balance Sheet as at 31 March 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible	9	7,366		7,587	
Intangible	10	1,578		1,105	
			8,944		8,692
Current Assets					
Stocks & work-in-progress	11	89		82	
Debtors: due within one year	12	949		868	
Cash at Bank		902		11	
		1,940		961	
Creditors: due within one year	13	(947)		(557)	
Net Current Assets			993		404
Total Assets less Current Liabilities			9,937		9,096
Provision for Liabilities and Charges	14		(2,335)		(3,022)
			7,602		6,074
Financed by:					
CAPITAL AND RESERVES					
General fund	15		4,287		2,765
Revaluation reserve	15		3,315		3,309
			7,602		6,074



Stan Brown
Acting Chief Executive

28 June 2005

The notes on pages 41 to 58 form part of these accounts.

Cash Flow Statement for the Year Ended 31 March 2005

	Note	2005 £'000	2004 £'000
Net Cash Inflow from Operating Activities	18	438	(2,433)
Net Cash Outflow from Capital Expenditure	19	<u>(782)</u>	<u>(1,083)</u>
Net Cash Outflow before Financing		(344)	(3,516)
Cash Inflow from Financing	20	<u>1,235</u>	<u>3,527</u>
Increase in Cash		<u>891</u>	<u>11</u>

The notes on pages 41 to 58 form part of these accounts.

Notes to the Financial Statements

I. Statement of accounting policies

The financial statements have been prepared in accordance with the Agency's Accounts Direction. This Direction requires the Agency to comply with the 2004/2005 Northern Ireland Resource Accounting Manual (NIRAM). The accounting policies contained in the NIRAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the NIRAM permits, a choice of accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The accounting policies of the Agency have been applied consistently in dealing with items considered material in relation to the accounts.

I.1 Accounting Convention

These accounts are prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, at their value to the business by reference to their current costs.

I.2 Fixed Assets - Intangible

Topographic Database

The Topographic Database (previously known as the National Archive) consists of geodetic networks and topographic information from large scale surveys built up over many years and subject to continuous revision. With changes constantly taking place, the costs of setting up and maintaining this database have been charged to the Income and Expenditure Account as incurred. As a substantial part of this asset consists of a collection of information akin to intellectual property it cannot be valued with certainty.

The value of income generated through the existence of the Topographic Database and the attached Intellectual Property Rights amounted to £7.4 million in 2004-2005 (£6.4 million in 2003-2004). An analysis of this figure is included within notes 21 and 22.

The Agency has not capitalised the Topographic Database as it is internally developed and has no readily ascertainable market value. Consequently, no value for the Topographic Database appears in the Balance Sheet, notwithstanding its central importance to Ordnance Survey of Northern Ireland activities.

Software

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.3 Fixed Assets - Tangible

Fixed assets are valued at cost, adjusted as appropriate to reflect estimated current replacement costs. Assets have been revalued by reference to Office For National Statistics indices as published by the Stationery Office under the title "Price Index Numbers for Current Cost Accounting".

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are charged to the income and expenditure account.

The minimum level for capitalisation as an individual or grouped fixed asset is £1,000.

The Agency does not own the properties it occupies. Legal title to the land and specialised buildings occupied by the Agency vests in the Department of Finance and Personnel. Land and buildings are carried at the last professional valuation on the basis of open market value which was provided by the Valuation and Lands Agency at 31 March 2005.

1.4 Depreciation

Depreciation is provided on all fixed assets from the month following the dates when they are commissioned into service, or on any revaluation from the date of such revaluation, at rates calculated to write-off the cost or valuation (less any residual value) of each asset evenly over its expected useful life. The estimated useful lives of assets are reviewed regularly and when necessary revised.

The estimated useful lives of the main categories of fixed assets are:

Building	40 years
Plant, equipment and computers	5 to 25 years
Fixtures and fittings	10 to 20 years
Vehicles	6 to 7 years

1.5 Stocks and Work-in-Progress

Stocks of finished goods, work-in-progress and raw materials are valued at the lower of current replacement cost and net realisable value.

Provision has been made on certain large scale maps stocks where either digital cover has become available in the Agency's database, or where existing paper maps have been superseded by maps printed on demand.

Provision has also been made on the grounds of prudence on maps which are due for revision and existing stocks are unlikely to be sold.

1.6 Pension Costs

The Agency's staff are members of the Principal Civil Service Pension Scheme (NI).

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2004-05, employers contributions of £478,000 were payable to the PCSPS(NI) (2003-04 £527,000) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5% and 23.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Nil employers' contributions were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of nil, 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Nil contributions were due to the partnership pension providers at the balance sheet date. Contributions prepaid at that date were nil.

1.7 Early Departure Costs

As per the Northern Ireland Resource Accounting Manual (NIRAM), the Agency meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Agency provides for this in full when the early retirement programme becomes binding on the Agency by establishing a provision for the estimated payments discounted by the Treasury discount rate of 3.5% in real terms.

1.8 Income

Income comprises sales and licencing of Maps, Data, Copyright and other Repayment tasks. It also includes rental income from Geological Survey of Northern Ireland (GSNI).

Annual copyright licences normally cover the period of the Agency's Financial Year and income is recognised accordingly. Digital data income is recognised on the first day of the licencing period, for both new data issues and contract renewals. Other sales of goods and services are recognised as income on the date of invoicing.

2. Income

	2005 £'000	2004 £'000
From normal activities	7,453	6,458

Income comprises: Sales and Licencing of Maps, Data, Copyright and other Repayment tasks. It also includes rental income from Geological Survey of Northern Ireland (GSNI).

Income represents hard charged sales and services provided to the Agency's customers both in the private and public sectors at invoiced amounts less VAT.

3. Staff Costs and Numbers

	2005 £'000	2004 £'000
Core Activities		
Salaries and Wages	3,787	4,110
Social Security Costs	281	319
Pension Costs	473	527
Mosaic (GI Strategy)		
Salaries & Wages	43	-
Social Security Costs	3	-
Pension Costs	5	-
Pointer Project - Executive Programme Fund		
Salaries and Wages	-	158
Social Security Costs	-	11
Pension Costs	-	-
	<u>4,592</u>	<u>5,125</u>

The average number of persons employed by the Agency during the year was as follows:

	2005 Number	2004 Number
Strategy Board	5	5
Operational & Other Management	11	11
Administration and Support	29	24
Production	112	136
Mosaic (GI Strategy)	3	-
Pointer Project - EPF	-	14
	<u>160</u>	<u>190</u>

The salary, pension entitlements and the value of any taxable benefits in kind of the Agency's Strategy Board were as follows:-

	Salary, including performance pay £k	Real Increase in pension at age 60 (£k)	Total accrued pension at age 60 at 31/03/05 and related lump sum (£k)	CETV at 31/03/04 (nearest £k)	CETV at 31/03/05 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	Employer Contribution to partnership pension account including risk benefit cover - to nearest £100	Benefits in Kind (rounded to nearest £100)
MJ Cory Chief Executive	61-65	0-2.5	15-20 plus 45-50 lump sum	174	211	27	Nil	Nil
WT Steenson Director of Operations and Technical Strategy	41-45	0-2.5	15-20 plus 45-50 lump sum	184	216	21	Nil	Nil
SR Brown Business Development Director	56-60	0-2.5	0-5 plus 5-10 lump sum	21	36	13	Nil	Nil
GF Nesbitt * Director of Corporate Services	36-40	0-2.5	10-15 plus 35-40 lump sum	167	167	0	Nil	Nil
RSA Hughes Financial Operating Model Project	41-45	0-2.5	5-10 plus 15-20 lump sum	55	66	8	Nil	Nil
L Conlon Director of Corporate Services	31-35	0-2.5	10-15 plus 30-35 lump sum	131	133	2	Nil	Nil

* Member left on 6 September 2004

Salary

“Salary” includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

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

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based “final salary” defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality “money purchase” stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic 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. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

Columns 4 & 5 of the table on page 45 show the member’s cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 6 reflects 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 Cash Equivalent Transfer Value (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 from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS 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.

4. Other Operating Costs

	2005 £'000	2004 £'000
From normal activities		
Map Production and Survey Costs	235	301
Travel and subsistence	118	115
Computer operational expenses	515	365
Supplies and services consumed	689	539
Building running costs	276	271
Loss on disposal of fixed assets	78	15
Notional costs (See note 5)	399	485
Permanent diminution in value of fixed assets	52	161
Reduction in Early Retirement Provision (See note 8)	(265)	-
Provision Interest Rollout (See Note 14)	83	64
Mosaic (GI Strategy)	153	-
Pointer Project - EPF	-	118
	<u>2,333</u>	<u>2,434</u>
Exceptional item		
Early Severance/Retirement Costs	-	220
	<u>2,333</u>	<u>2,654</u>

5. Notional Costs

Chargeable services provided to OSNI without the transfer of cash include:

	2005 £'000	2004 £'000
Services provided by parent department		
Finance	84	136
Personnel and Management	183	217
Personnel and Management - EPF	-	9
Accommodation	122	113
	<u>389</u>	<u>475</u>
Other Notional Costs		
Northern Ireland Audit Office	8	8
Road Fund Tax	2	2
	<u>10</u>	<u>10</u>
	<u>399</u>	<u>485</u>

6. Interest on Capital

	2005		2004
	£'000		£'000
Interest on fixed assets - OSNI	296		281
Interest on fixed assets - Mosaic (GI Strategy)	-		-
Interest on fixed assets - EPF	-		2
	<u>296</u>		<u>283</u>
Interest on working capital - OSNI	9		13
Interest on working capital - Mosaic (GI Strategy)	-		-
Interest on working capital -EPF	<u>-</u>		<u>-</u>
	9		13
Interest on Provision - OSNI	<u>(94)</u>		<u>(136)</u>
	<u>211</u>		<u>160</u>

The Income and Expenditure Account bears a non-cash charge for interest relating to the use of capital by the Agency calculated at the Treasury Discount rate of 3.5%.

7. Administration and Programme Expenditure

Administration expenditure reflects the net costs of resources consumed directly by the Agency in providing government services. Programme costs refer to those elements of expenditure (less income) that do not fall within administration costs. These include the Agency's map production, survey costs and related capital and interest charges.

2004-2005

	Administration Costs	Programme Costs & Mosaic (GI Strategy)	Total £'000
Income	(6,391)	(1,062)	(7,453)
Staff Costs	4,541	51	4,592
Depreciation	650	-	650
Other Operating Costs	1,943	390	2,333
Interest on Capital	211	-	211
	<u>954</u>	<u>(621)</u>	<u>333</u>
Net (Income) Expenditure	954	(621)	333

2003-2004

	Administration Costs	Programme Costs & EPF	Total £'000
Income	(5,389)	(1,069)	(6,458)
Staff costs	4,956	169	5,125
Depreciation	527	28	555
Other Operating Costs	2,002	432	2,434
Exceptional Activities	220	-	220
Interest on Capital	157	3	160
	<u>2,473</u>	<u>(437)</u>	<u>2,036</u>
Net (Income) Expenditure	2,473	(437)	2,036

8. Voluntary Early Severance / Retirement Costs

Based on latest planning assumptions, and more up to date financial forecasting, it is estimated that the total future liability of the OSNI early retirement scheme will be lower than previously forecast, and accordingly the provision has been reduced by £265,578.

9. Fixed Assets - Tangible

	Land & Buildings	Plant & Equipment	Computer Hardware	Fixtures & Fittings	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost / Valuation						
At 1 April 2004	6,400	1,050	867	409	88	8,814
Additions	144	-	96	-	-	240
Disposals	-	(201)	(73)	-	-	(274)
Revaluation	(144)	(30)	(73)	5	(2)	(244)
At 31 March 2005	6,400	819	817	414	86	8,536
Accumulated Depreciation						
At 1 April 2004	-	594	348	216	69	1,227
Provided in Year	133	98	121	22	8	382
Disposals	-	(195)	(61)	-	-	(256)
Revaluation	(133)	(19)	(31)	2	(2)	(183)
At 31 March 2005	-	478	377	240	75	1,170
Net Book Value						
At 1 April 2004	6,400	456	519	193	19	7,587
At 31 March 2005	6,400	341	440	174	11	7,366

The land and buildings are long leasehold. Straight Line Depreciation is charged on the buildings over 40 years. The value of land is £2,000,000 (2004 - £2,000,000).

The Net Book Value of Mosaic (GI Strategy) tangible assets is £nil (2004 - £nil)

The depreciation charge relating to Mosaic (GI Strategy) tangible assets is £nil (2004 - £nil)

10. Fixed Assets - Intangible

	Computer Software
	£'000
Cost / Valuation	
At 1 April 2004	2,286
Additions	776
Disposals	(656)
Revaluation	43
	<hr/>
At 31 March 2005	2,449
	<hr/>
Amortisation	
At 1 April 2004	1,181
Provided in Year	268
Disposals	(596)
Revaluation	18
	<hr/>
At 31 March 2005	871
	<hr/>
Net Book Value	
At 1 April 2004	1,105
	<hr/>
At 31 March 2005	1,578
	<hr/>

The Net Book Value of Mosaic (GI Strategy) intangible assets is £88,261 (2004 - £nil)
The depreciation charge relating to Mosaic (GI Strategy) intangible assets is £nil (2004 - £nil)

The value of the database management system is allocated between tangible assets (note 9) and intangible fixed assets (note 10).

I 1. Stocks and Work in Progress

	2005 £'000	2004 £'000
Production materials and consumables	39	32
Work-in-progress, finished goods and goods for resale	50	50
	<u>89</u>	<u>82</u>

I 2. Debtors: Due Within One Year

	2005 £'000	2004 £'000
Trade debtors	757	704
Prepayments	99	119
Other debtors - Normal	93	45
	<u>949</u>	<u>868</u>

I 3. Creditors: Due Within One Year

	2005 £'000	2004 £'000
VAT	117	87
Accruals	830	470
	<u>947</u>	<u>557</u>

I 4. Provisions for liabilities and charges

Early Departure Costs	2005 £'000	2004 £'000
At 1 April 2004	3,022	4,725
Paid to Retirees	(505)	(1,987)
Provided in the year	(265)	220
Interest Rollout	83	64
At 31 March 2005	<u>2,335</u>	<u>3,022</u>

This provision relates to Voluntary Early Severance/Retirement costs.

15. Reconciliation of Government Funds and Movement on Capital and Reserves

	General Fund	Revaluation Reserve	Total
2005	£'000	£'000	£'000
At 1 April 2004	2,765	3,309	6,074
Net Expenditure	(333)	-	(333)
Notional Charges	399	-	399
Interest on Capital	211	-	211
Net Funding from Parent Department (note 20)	1,235	-	1,235
Net Surplus on revaluation of fixed assets	-	(36)	(36)
Recognition of fixed asset permanent diminution	-	52	52
Realised in respect of fixed asset disposal and depreciation	10	(10)	-
	<hr/>	<hr/>	<hr/>
At 31 March 2005	4,287	3,315	7,602

	General Fund	Revaluation Reserve	Total
2004	£'000	£'000	£'000
At 1 April 2003	563	3,228	3,791
Net Expenditure	(2,036)	-	(2,036)
Notional Charges	485	-	485
Interest on Capital	160	-	160
Net Funding from Parent Department (note 20)	3,527	-	3,527
Net Surplus on revaluation of fixed assets	-	(14)	(14)
Recognition of fixed asset permanent diminution	-	161	161
Realised in respect of fixed asset disposal and depreciation	66	(66)	-
	<hr/>	<hr/>	<hr/>
At 31 March 2004	2,765	3,309	6,074

16. Capital Commitments

There were capital commitments amounting to £70,000 as at 31 March 2005 (2004 : £110,000).

17. Contingent Liabilities

There were no contingent liabilities at 31 March 2005 (2004 : Nil).

18. Reconciliation of Net Expenditure to Net Cash Outflow From Operating Activities

	2005 £'000	2004 £'000
Net expenditure	(333)	(2,036)
Permanent diminution in value of fixed assets	52	161
Loss on Disposal of Fixed Assets	78	15
Notional Charges	399	485
Interest on Capital	211	160
Depreciation Charge	382	406
Amortisation Charge	268	149
Decrease/(Increase) in Stocks/ Work-in-Progress	(7)	12
(Increase)/Decrease in Debtors	(81)	(55)
(Decrease)/Increase in Creditors	156	(27)
Increase in Provision for Liabilities & Charges	(687)	(1,703)
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	438	(2,433)
	<hr/>	<hr/>

19. Analysis of Capital Expenditure

	2005 £'000	2004 £'000
Tangible fixed asset additions (Note 9)	(240)	(303)
Intangible fixed asset additions (Note 10)	(776)	(797)
Adjustment for non-cash transactions	234	16
Proceeds on sales of fixed assets	-	1
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(782)	(1,083)
	<hr/>	<hr/>

20. Financing

	2004-2005	2003-2004
	£'000	£'000
Funding from Parent Department (excludes EPF)	8,283	9,323
Income Generated from Sales	(7,341)	(6,423)
EPF (Now OSNI)	-	627
Mosaic (EGov Funding)	293	-
	<hr/>	<hr/>
Net Funding from Parent Department	1,235	3,527
	<hr/>	<hr/>
This funding was used to finance:		
Net cash inflow from operating activities	(438)	2,433
Purchase of Fixed Assets	782	1,084
Sales of Fixed Assets	-	(1)
Increase in cash at bank	891	11
	<hr/>	<hr/>
	1,235	3,527
	<hr/>	<hr/>

21. Key Corporate Financial Target

In OSNI's 2004-2005 Business Plan, the Agency agreed that one of its corporate objectives was to achieve financial self-sustainability. To monitor progress against this corporate objective, OSNI set a target to achieve a cost/income index score of 110. Outturn against this is calculated as follows:

	2005	2004
	£'000	£'000
Income		
Hard Charged income from Sales and Licencing of Maps, Data, Copyright and other Repayment Tasks (Note 2)	<u>7,453</u>	<u>6,458</u>
Expenditure		
Gross operating expenditure	7,575	8,334
Interest on capital (Note 6)	211	160
	<u>7,786</u>	<u>8,494</u>
Cost Recovery	<u>95.7%</u>	<u>76.0%</u>
Cost/Income Index Score		
= $\frac{\text{cost}}{\text{income}} \times 100$	<u>105</u>	<u>131</u>

22. Business Activities Attracting Fees and Charges

This note is to meet DFP requirements on fees and charges and not for the purpose of SSAP 25.

2004-2005

	Digital Licencing	Copyright	Map Sales & Repayment Tasks	Maintainance of Database	Rent	Mosaic	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	4,529	1,507	1,345	N/A	72	N/A	7,453
Cost	(671)	(304)	(759)	(5,815)	(33)	(204)	(7,786)
Surplus (Deficit)	3,858	1,203	586	(5,815)	39	(204)	(333)

2003-2004

	Digital Licencing	Copyright	Map Sales & Repayment Tasks	Maintainance of Database	Sub Total	Exceptional Item	EPF Project	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	3,745	1,393	1,320	n/a	6,458	n/a	n/a	6,458
Cost	Note	Note	Note	Note	(7,960)	(220)	(314)	(8,494)
Surplus (Deficit)	Note	Note	Note	Note	(1,502)	(220)	(314)	(2,036)

Note

Due to lack of MIS information, caused by industrial action through the latter half of 2003-04, it was not possible to collate the information necessary to complete all of the 2003-04 Fees and Charges note.

23. Related Party Transactions

The Department of Culture, Arts and Leisure is regarded as a related party. During the year Ordnance Survey of Northern Ireland has had various transactions with this Department and with other entities, viz:

Department of Regional Development including Roads Service and Water Service.

Department of Finance and Personnel including Land Registers of Northern Ireland, Construction Service and NI Statistics and Research Agency

Department of the Environment including Planning Control and Environment and Heritage

Department of Health, Social Services and Public Safety including Fire Authority for Northern Ireland

Department for Social Development including NI Housing Executive

Department of Agriculture and Rural Development

Department of Education

Department of Enterprise, Trade and Investment

Department of Employment and Learning.

During the year, neither the Chief Executive, members of the Management Board nor other related parties have undertaken any material transactions with Ordnance Survey of Northern Ireland.

Report of the Comptroller and Auditor General

Accounting for the Topographic Database

- 1 The Ordnance Survey of Northern Ireland is an Agency within the Department of Culture, Arts and Leisure. It is responsible for the official surveying and topographical mapping of Northern Ireland and its mission is to maintain a topographic database to standards of currency, completeness and accuracy that meets the needs of its customers.
- 2 The topographic database is a definitive computerised map of Northern Ireland and consists of geodetic networks and topographic information from large scale survey accumulated over many years. The Ordnance Survey's income arises mainly from sales and licensing of maps, data, copyright and other repayment tasks arising from the database. Apart from the commercial application of the database an element of the data is collected and maintained in the national interest. To date no value has been placed on this element of Ordnance Survey's work.
- 3 The topographical database comprises of two key elements: topographical data (the database) and software (the database management system). The database management system is a combination of the software and licences for the use of third party software that allows data to be organised, retrieved and manipulated. The proportion of the management system which relates to software has been capitalised in the Ordnance Survey accounts as tangible fixed assets in line with both FRS 10, Goodwill and Intangible Assets and FRS 15, Tangible Fixed Assets and the proportion relating to third party software licences has been capitalised as intangible fixed assets. I consider this to be the appropriate treatment.
- 4 However, as disclosed by Ordnance Survey at note 1.2 to its accounts, and in accordance with Financial Reporting Standard 10, Goodwill and Intangible Assets, the database has been treated as an intangible fixed asset, that is no value has been attached to the database. Instead, on-going costs of maintaining the database have been charged to the operating statement as incurred. The Agency has accounted for the database as an intangible fixed asset on the grounds it is internally developed and has no readily ascertainable value.
- 5 In my report on the 2000-01 Ordnance Survey Accounts I carefully considered the accounting treatment of the database and I disagreed with the Agency's accounting treatment of the database. I regarded the database as a tangible fixed asset which should be capitalised in accordance with FRS 15. It remains my opinion that the database has physical substance and is held for use in the production of goods and services on a continuing basis.
- 6 In considering the effect on the accounts of the Ordnance Survey's chosen accounting treatment of the database, I bore in mind representations to me by the Agency that the database has no readily ascertainable value. I also bore in mind that, historically, the database has cost more to maintain each year than it has generated in income (though the deficit has been reducing in recent years and, as reported in paragraph 2, no value has been placed on that element of the Agency's work which is undertaken in the national interest). My conclusion is unchanged, that it is unlikely that any material mis-statement has arisen in the accounts as a result of not capitalising the database. Consequently, although I disagree with the Agency's chosen accounting treatment of the database, my opinion on the accounts remains unqualified.

Suspected Fraud

- 7 In my report on the Agency's accounts for 2003-04 I referred to a suspected fraud which involved the misappropriation of sales receipts. The matter was under investigation by the Police and Ordnance Survey's internal auditors.
- 8 The internal audit investigations revealed that the suspected fraud occurred over a period of years and that some weaknesses in internal controls have been identified, including those relating to segregation of duties, security of assets and management control. Ordnance Survey informed me that the Chief Executive took immediate steps to improve internal controls, the majority of these have been implemented.
- 9 The investigations have now been completed and the matter has been referred to the Public Prosecution Service with a view to possible legal action. I will continue to monitor progress in this matter and I will report further.

J M Dowdall CB
Comptroller and Auditor General
1 July 2005

Northern Ireland Audit Office
106 University street
Belfast
BT7 1EU

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 6005522

Fax orders: 0870 6005533

Order through the Parliamentary Hotline

Lo-call 0845 702 3474

E-mail book.orders@tso.co.uk

Telephone: 0870 240 3701

TSO Bookshops

123 Kingsway, London, WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 6065588

The Parliamentary Bookshop

12 Bridge Square, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers



Ordnance Survey of Northern Ireland

Colby House

Stranmillis Court

Malone Lower

Belfast, BT9 5BJ

Tel: (028) 9025 5755

Fax: (028) 9025 5700

email: osni@osni.gov.uk

www.osni.gov.uk

ISBN 0-102-93175-5



9 780102 931754