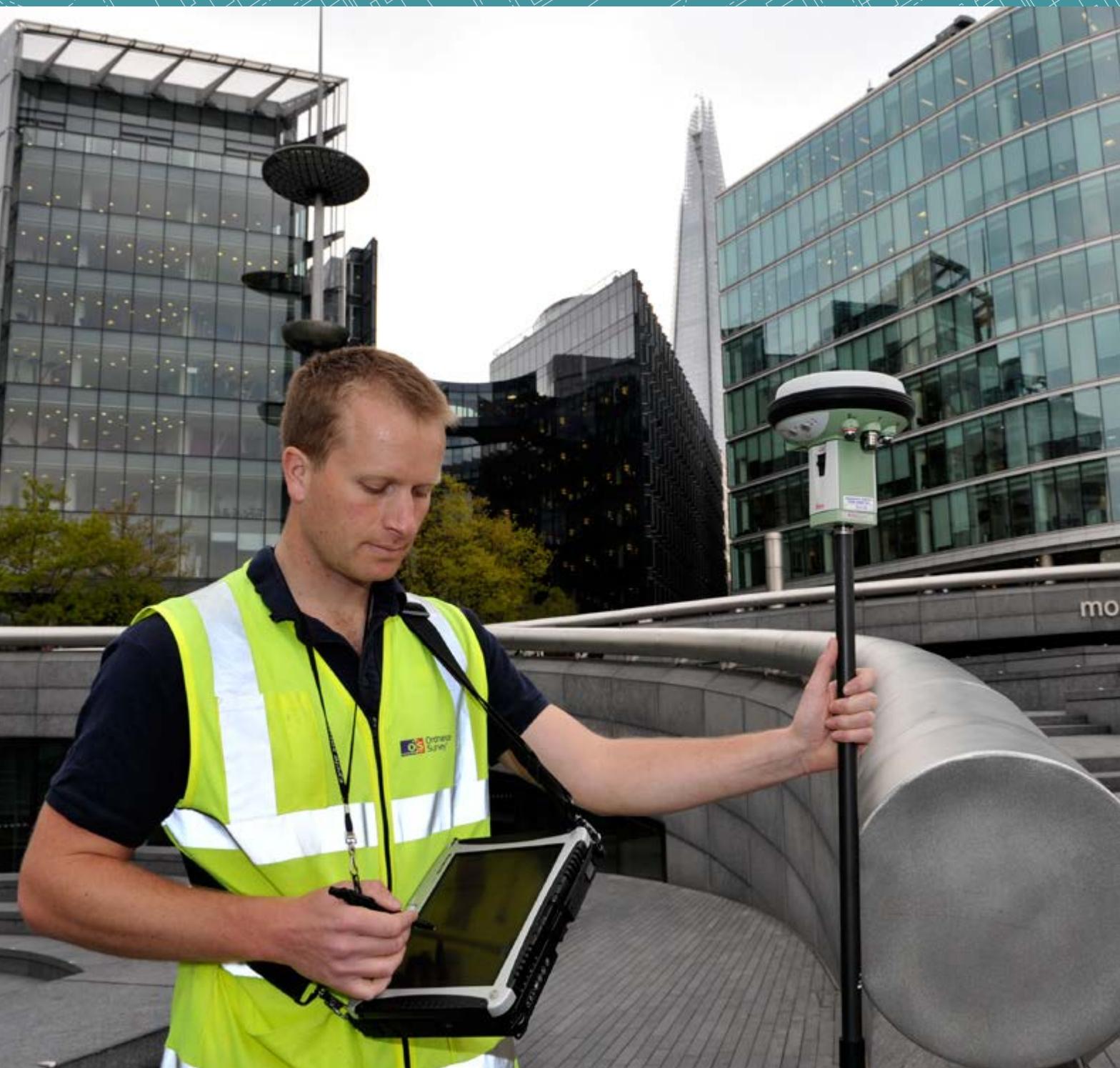


Annual Report and Accounts 2012–13



Ordnance Survey Annual Report and Accounts 2012–13

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

Ordered by the House of Commons to be printed 15 July 2013

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You can download this publication from www.ordnancesurvey.co.uk.

ISBN: 9780102983616

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

ID 2560726 07/13

Printed on paper containing 75% recycled fibre content minimum.

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Who we are and what we do



As Great Britain's national mapping authority, Ordnance Survey collects, maintains and distributes the most accurate and up to date geographic information (GI) of the whole country. Our data is relied upon by government, business and individuals. We also share our expertise to help other countries realise the benefits of geospatial data through Ordnance Survey International LLP.

Ordnance Survey generates revenue through licensing the intellectual property rights in its data under Crown copyright. We do this directly with customers and via more than 260 private sector partners. We invest heavily in attracting partners to deliver customer-led solutions to meet market demand.

Since April 2010 we have also provided free and unrestricted access to a large range of our mapping via OS OpenData™, a service that helps underpin a range of applications, promote government transparency and encourage greater take up of GI. Its aim is to stimulate digital innovation in the reuse of our data to develop applications and solutions, drive new markets and unlock new potential for jobs in existing and new technologies.

We are part of the Public Data Group and, together with Companies House, Land Registry® and the Met Office, we work to improve access to public data, drive best practice, develop new activities and create public sector efficiencies.

We are a non-ministerial government department and an Executive Agency responsible to the Department for Business, Innovation and Skills (BIS). We operate as a Trading Fund under the *Government Trading Funds Act 1973* and *The Ordnance Survey Trading Fund Order 1999*.

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

Ordnance Survey's surveyor using state-of-the-art equipment to make changes to the master map of Great Britain.

Introduction from the Chairman



Business, Government, the Public Sector and individuals continue to place increasing value on accurate and reliable geographic information (GI), which has resulted in sustainable income and profitability for Ordnance Survey. This, in turn, secures the investment to build new and improved products, systems and services to enable our customers to use location data to its full potential in day to day decision making.

Identifying new markets, growing existing markets, attracting new users and working in closer collaboration with existing customers are the commercial priorities for the coming year and we will underpin our commitment to our customers with new innovative ways of using data. Our partners have a vital role to play as we develop new commercial opportunities, using our data to create value, and I am pleased to report a number of new partnerships established during 2012–13.

We work and engage with a wide range of partners as we seek to develop markets and ensure that our data is at the heart of new location-based ventures, products and services. Taking an active role in product development also enables us to gain an insight into the way users will interact with mapping data in the future. Our GeoVation® Challenge further supports innovation by offering entrepreneurs the opportunity to receive development funding for the best use of our data and the 2013 challenge, to use GI to help British

businesses improve environmental performance, is being supported by the Environment Agency®.

Working closely with government is as important to us as ever and, with GI remaining high on the agenda, we continue to play a leading role in the delivery of open data. As a member of the Public Data Group, we support the drive to explore new innovative ways of making data more freely accessible to users. Enhancements to OS OpenData, our online portal, which provides free and unrestricted access to a large range of datasets, now makes it even easier for developers and entrepreneurs to create and customise maps, using more accurate and more flexible mapping products. Improvements have also been made to our Application Programming Interface (API) with the release of OS OpenSpace® v4.0. This free service, which allows developers to embed our maps into public websites and mobile applications, now supports mobile touch devices and has enhanced functionality. Feedback indicates that the quality and detail of data is a key attraction for users.

We are also supporting the Government's drive to promote and export the nation's experience and expertise overseas through the launch of Ordnance Survey International LLP. We are finding new ways of sharing knowledge, we hope this will enable other countries to benefit from our global reputation, right at the forefront of best practice geospatial data collection and management, so that they too can realise the financial benefits of accurate GI. This is an exciting development and we look forward to strong progress in this business in the coming months.

Our achievements this year would not have been possible without the hard work of our staff who take great pride in being part of your trusted national mapping authority. My thanks go to them for their commitment over the last year and I look forward to working with them in the coming year as we strive to achieve the growth we believe we can deliver.

A handwritten signature in black ink that reads "Rob Margetts". The signature is written in a cursive, slightly slanted style.

Sir Rob Margetts CBE
Non-Executive Chairman

Director General and Chief Executive's overview



Summer 2012 saw the world spotlight fall on Britain and, as its national mapping authority, we are proud to have played our part in the success of the Olympic Games. Our roles included assisting with the GPS signal correction for the build of many of the facilities, helping The London Organising Committee of the Olympic and Paralympic Games (LOCOG) to ensure that the torch relay route ran within one hour's travelling distance of all households to providing an around-the-clock mapping and analysis service for Government from 14 July until early September 2012.

We were requested by 42 organisations that used our data to deliver their roles in the Olympics to provide a 'special' specification. This included every water meter cover, drain cover and piece of street furniture within an agreed extent around Olympic Park and all other Olympic venues.

This naturally gave us new challenges in data capture, but the results were extremely well-received and used widely for planning infrastructure, under-pinning all security activity and assisting traffic management. As part of the legacy plan for the Olympic Park, we have also created a customised map in partnership with the Institute of Civil Engineers (ICE), which details its transformation and regeneration.

During the Games there were many examples of innovative uses of GI, which came from our public sector customers who access our data through the centrally-funded Public Sector Mapping Agreement (PSMA). With a growing number of very active users,

now close to 3,000, we estimate that public services across England and Wales have been able to realise annual savings of some £20 million as the result of better use of GI. I am also very pleased to report that the One Scotland Mapping Agreement (OSMA) has recently been renewed, which will facilitate local and central government organisations, as well as Scottish NHS® members, the opportunity to benefit from being part of a single agreement for our data. Both agreements provide a diverse range of high-quality, authoritative datasets, which have become essential tools for delivering public services, underpinning decision making, driving efficiencies and enabling greater data sharing.

Ordnance Survey continues to be the trusted, authoritative source of mapping for outdoor enthusiasts and we have been developing new products and services to satisfy this important, but rapidly evolving consumer market. Improved print quality and new features such as our Custom Made maps enable users to create truly bespoke paper maps centred on a specific location. OS MapFinder™, our first official app, is rated highly and is selling well, bringing our iconic clarity and detailed, up-to-date mapping to mobile devices. OS getamap™, now with more than 140,000 routes, has also seen significant growth and has now become one of Britain's largest route databases.

A worldwide reputation for data accuracy lies at the heart of our success in creating internationally-renowned products and services. During the past year, we have transformed the way we capture, store and update GI through a Geospatial Data Management System (GDMS). This opens up exciting new possibilities for further development and highlights the importance of maintaining our investment programme in our core activities.

At the end of a memorable year, I should finally like to thank our incredibly committed staff, Non-Executive Directors and Directors for their contribution to Ordnance Survey's success.

A handwritten signature in black ink, appearing to read 'Vanessa V. Lawrence'. The signature is fluid and stylized, with a long horizontal stroke extending to the right.

Dr Vanessa V Lawrence CB
Director General and Chief Executive

Report from the Director of Finance and Corporate Services

Revenues and operating profit have been maintained at levels broadly similar to last year in a challenging economic environment. Revenues are down slightly, by £0.1m to £141.9m (2011–12: £142.0m) and costs have been kept tightly under control, up by just 0.5% despite increases in the cost of data capture programmes and the formation costs of new commercial ventures. Operating profit has also been helped by an improving share of profits from joint ventures and has increased to £32.3m (2011–12: £32.2m). Investment expenditure has also increased to £21.1m (2011–12: £18.4m), of which £8.1m research and development costs is included in operating costs.

The dividend paid to the Department for Business, Innovation and Skills has increased by 19% to £20.4m (2011–12: £17.2m) reflecting a revised dividend policy agreed in the year.

	2012–13	2011–12	Variance	%age
	£m	£m	£m	
Revenue	141.9	142.0	(0.1)	(0.1%)
Operating costs	(112.9)	(112.4)	(0.5)	(0.5%)
Operating profit	32.3	32.2	0.1	0.1%
Dividends	20.4	17.2	3.2	18.6%
Net assets at 31 March	145.1	130.2	14.8	11.4%

Ordnance Survey is set annual performance targets, agency performance measures (APMs), described on page 11; all have been exceeded. The financial APMs are shown below:

APM	Result	Performance versus target
Operating profit	£32.3m	+ £1.8m
Free cash flow	£34.2m	+ £11.7m
Efficiency measure	25.6%	+5.6%

1 Revenue

Total revenue of £141.9m comprises trading revenue of £140.2m (2011–12: £139.2m) and non-trading revenue, principally recharges to GeoPlace® LLP, a joint venture, of £1.7m (2011–12: £2.9m).

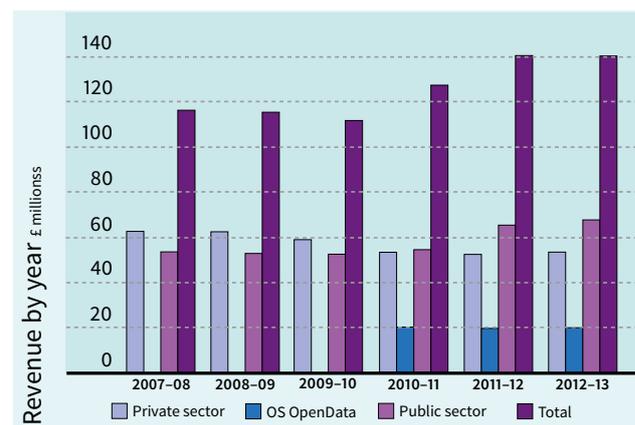
Business to government (B2G) income has grown by £2.0m to £68.0m and now represents 48% of total revenue. During the year we extended our partnership with Land Registry, completing more surveys under our core arrangement and taking on a number of their field-based staff to provide efficiency across government in data capture. The total additional revenue from these items is £1.1m.

Revenue from the 10-year OS OpenData contract, which is also funded by Government, contributes a further £20m. This contract was established in 2010 to compensate revenues foregone when selected datasets were made freely available in the open market.

Business to business (B2B) revenue has fallen by £1.0m to £42.8m. This reflects the continuing impact of OS OpenData on a number of revenue streams as some customers have migrated to solutions based on datasets, which are now available free. We are nevertheless achieving significant growth in newer sectors, notably in financial services and rail infrastructure.

During the year, £2.3m of royalties were received from a B2B partner that related to prior years. At the date of approval of the 2011–12 Annual Report there was material uncertainty as to the amount of this revenue or when it would be paid, so the revenue was not included in last year's financial statements. Now that the payment has been agreed, it has been accrued and prior year accounts have been restated to reflect the income in the years in which it was earned. This is explained in full in Note 2 to the accounts.

Business to consumer (B2C) sector revenues were flat at £9.5m (2011–12: £9.5m) reflecting a continuing transition from traditional retail channels to the Ordnance Survey online retail platform. Whilst paper map sales have declined they have outperformed the wider publishing market. Sales of digital products, including OS getamap and OS MapFinder, the new mobile app launched in January 2013, continue to grow.



2 Operating costs

Overall operating costs have increased by £0.5m to £112.9m (2011–12: £112.4m). This is the net effect of a reduction in core running costs, including staff costs, and higher costs arising from an increasing data capture programme and the creation of new commercial revenue-generating activity streams.

The Efficiency APM target, to reduce underlying operating costs by 5% per annum in real terms against a 2008–09 baseline, has been achieved for the fourth consecutive year; the cumulative 20% target has been exceeded by 5.6% with underlying running costs falling to £65.7m (2011–12: £69.8m). This has been achieved principally through reductions in staff costs, which account for some £47.2m (42%) of total costs.

Data collection, essential to keeping national mapping up to date, is a significant underlying running cost, which has increased this year by £1.2m to £5.0m as production volumes recover following full integration of the new GDMS. Close attention has been paid to controlling other underlying costs which, for the most part, have decreased.

During the year a new entity was created, Ordnance Survey International LLP, with set-up costs of £0.3m. The objective of OS International is to leverage the worldwide reputation of Ordnance Survey to sell expertise and advice to national mapping agencies and similar public bodies in overseas territories. It is expected that this international business will be an important source of revenue growth in the coming years.

	2012–13	2011–12
	£m	£m
Total operating costs	112.9	112.4
GeoPlace pass through	(9.9)	(9.2)
Depreciation and amortisation	(15.1)	(13.6)
Expensed investment programme costs	(8.1)	(9.6)
OS OpenData royalties	(2.5)	(2.5)
One-off costs	(0.4)	(1.0)
IT costs	(6.5)	(6.7)
Other new activities	(4.7)	0.0
Underlying running costs	65.7	69.8

3 Dividends

During the year, the Board of Ordnance Survey reviewed and amended the dividend policy in order to make greater returns to UK Government. The increase in the amount paid and payable for 2012–13 to £20.4m, an increase of £3.2m (+19%). It is expected that dividends will be maintained at broadly similar levels for the foreseeable future.

4 Statement of financial position

a) Investment programme

To maintain its world leading position, it is important that Ordnance Survey continues to invest in its long-term future. Investment expenditure this year was £21.1m (2011–12: £18.4m). Some £8.1m was charged to the income statement and £13.0m was added to the balance sheet. The principal investments were as follows:

- £3.6m to update and renew IT infrastructure.
- £3.0m on enhancement of the Geospatial Data Management System, which enhances our ability to develop new applications and datasets.
- £2.8m invested in a Multi Resolution Data Programme to automate production and enhance innovation of small- and mid-scale products.
- £1.7m on the Geospatial Content Improvement Content Programme, a four-year investment programme designed to improve and enhance the content of our geospatial database.

b) Non-current assets

Intangible assets principally consist of our GDMS, which had its first full year of operation.

Tangible assets comprise principally Explorer House, our head office in Southampton, and IT infrastructure. We have booked a £1.3m impairment charge to the value of Explorer House at the year end, reflecting a decrease in the external valuation of the property, based on existing use.

c) Working capital

Cash at bank stood at £40.8m (2011–12: £28.8m) at the year-end, demonstrating continuing strong cash generation.

5 Other entities

a) GeoPlace LLP ('GeoPlace')

GeoPlace is a joint venture LLP with the Local Government Association. In this, its second year of trading, GeoPlace has delivered a strong trading performance generating profits of £4.1m (2011–12: £3.1m), of which 75% is payable to Ordnance Survey under the terms of the members' agreement.

During the year, GeoPlace repaid the final tranche of members' loans provided on incorporation, made the final payment in relation to the acquisition of intellectual property necessary to establish the LLP and made a maiden profit share distribution to both members.

GeoPlace is accounted for under the equity method, in accordance with IAS 31: Interests in Joint Ventures, reflecting our shared control of the entity with the Local Government Association.

b) Ordnance Survey Ltd (OSL)

OSL continues to operate our online retail customer offering.

In January 2013 OSL launched a mapping app – OS MapFinder – which provides mobile access to the OS Landranger and OS Explorer Maps to Apple® users. Initial sales of this app are encouraging and a further product compatible with the Android® platform will be launched in the first half of 2013–14.

OSL revenue of £1.6m is 20% above 2011–12, while core operating losses reduced by £0.1m to £1.1m. This reflects continuing investment in online consumer mapping applications. At the year end, it was decided to write down the goodwill in OSL increasing the loss for the year by £0.4m to £1.5m. This adjustment has no cash or group impact.

During the year, £3.9m debt was swapped for equity within OSL; this is the amount of pre-launch costs of OSL and this revised capital structure resets shareholders' funds in a way which is more appropriate to the entity's risk profile.

c) Ordnance Survey International LLP

Ordnance Survey International LLP was incorporated in June 2012 and its first contract, which was signed in January 2013, is expected to yield some £0.7m of revenue in 2013–14.

In year, the company had an operating loss of £0.3m, reflecting initial formation costs, building a sales pipeline, and securing the first contract.

Ordnance Survey International LLP is fully consolidated, as Ordnance Survey has 100% control of the partnership.

d) PointX Limited

PointX® Ltd is a 50% joint venture with Landmark Information Group®. Revenue during the year was £1.1m (2011–12: £1.1m) and profit was £0.3m (2011–12: £0.3m).

6 Capital structure

There were no changes to the capital structure in the year, with Public Dividend Capital remaining at £34.0m, on which, as noted above, we returned a dividend of £20.4m.

7 Treasury management

The management of liquid assets is governed by the *Ordnance Survey Trading Fund Order 1999*, as supplemented by the framework document 2004, approved by HM Treasury. Cash balances are maintained in an interest bearing account at the Office

of the Paymaster. Sums that are surplus to immediate requirements are deposited in a short-term interest bearing account with the National Loans Fund, typically for a duration between seven days and six months.

Ordnance Survey does not have significant foreign currency transactions and foreign exchange gains and losses are accounted for as incurred.

8 Credit risk

Any credit risk is found within the trade receivables balance which is spread over a large and diverse customer base. The group monitors the financial position of its customers when credit terms are first applied for and on a continuing basis. Provision is made for any debts which are considered doubtful. At the year end, management do not consider there to be any material unprovided credit risk.

9 Cash flow risk

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

10 Risks and uncertainties

The Directors are confident with regard to the future of the business. Nonetheless, risks and uncertainties do exist which could adversely impact future financial performance:

- Changes in government policy (including European Directives) could impact the organisation's ability to deliver overall business strategy and would require plans and strategies to be revised appropriately.
- Ordnance Survey, as a data generating, collecting and managing organisation has a requirement for resilient and consistently available IT infrastructure, which must be supported through appropriate processes and skills.
- Ordnance Survey is a keen supporter of innovation within the wider geospatial community, through such programmes as GeoVation. The same focus on innovation is applied internally, through our innovation agency performance measures, to ensure that key opportunities for new markets and opportunities for growth are identified and explored in a timely manner.
- The environment within which Ordnance Survey operates has become more dynamic with customer requirements that are disparate, increasingly complex and constantly evolving. Ordnance Survey continues to invest in the attributes of its data,

whilst seeking to develop new products and ways of delivering those products.

- The management of intellectual property and our licensing structure is of fundamental importance to the operating model of Ordnance Survey. Intellectual Property is monitored for misuse through the Revenue Compliance Programme, including customer and partner audits of unauthorised use against licence terms.

These risks and uncertainties are monitored, mitigated and actively managed by the Executive Board and Strategy Board. Each risk is assigned to and managed by an Executive Director and action plans are developed and enacted to reduce each risk to an acceptable level. Further details are contained in the *Governance Statement* on page 31.

11 Supplier payments

Ordnance Survey aims to pay 80% of undisputed invoices within five days and during the year 66% of invoices were paid within this time-frame.

12 Events after the reporting period

There have been no events after the reporting period which require disclosure.

13 Provision of information to auditor

In so far as the Directors are aware:

- There is no relevant audit information which has not been made available to the group's auditor.
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

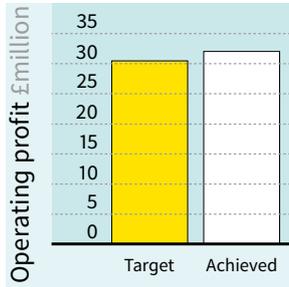


Ian Nunn
Director of Finance and Corporate Services

Agency performance measures

Key performance targets

Our business performance is measured externally against five annual targets set by government. We met all five targets for 2012–13.



Operating profit

To achieve an operating profit before interest, exceptional items and dividends of £30.4 million. **Actual performance: £32.3 million.**

Free cash flow

To achieve free cash flows of £22.4 million. **Actual performance: £34.2 million.**

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

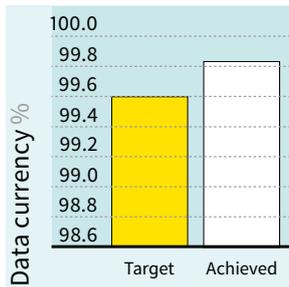


Data currency

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

Actual performance: 99.83%.

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

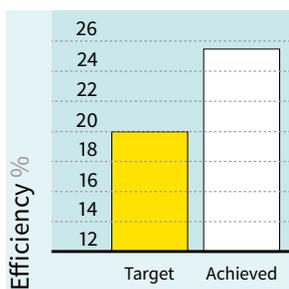


Efficiency

To achieve cumulative operating cost reductions of 20% from 2008–09.

Actual performance: 25.6%.

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



Customer experience

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

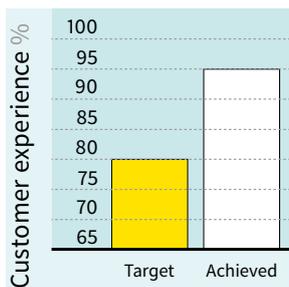
a. Customer satisfaction (external measure)

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

b. Customer service responsiveness (internal measure)

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

The combined target for these two measures is 80%. **Actual performance: 95%.**



Dr Vanessa V Lawrence CB
Director General and Chief Executive

Ian Nunn
Director of Finance and Corporate Services

General summary of market conditions

During 2012–13, the economic downturn continued to dominate all aspects of the UK economy. Trading conditions remained challenging, particularly in the business and consumer markets. However, market conditions still allowed opportunities for revenue growth despite pressures to reduce expenditure and increase efficiencies. New government initiatives also provided further opportunities for Ordnance Survey to provide value to customers and foster collaborations with other public sector organisations.

Business to government

London 2012

Ordnance Survey has been involved in the detailed preparations for London 2012 since 2008. This included ensuring that all data, including imagery, of all the key Olympic sites was updated on a regular basis as the infrastructure progressed.

In support of the Olympic Games, we were proud to work with over 42 organisations which used our data to underpin the delivery of their roles before and during the Games. This was enhanced through a ‘special information provision’, which included especially high-resolution imagery and over 80 extra feature classes captured with the support of our field surveyors and remote sensing teams. This included, for example, every water meter, utility and drain cover and every piece of street furniture including trees and street lighting. This was for an agreed extent around the Olympic Park and all other Olympic venues and resulted in the most complete geospatial dataset ever created for such an event.

Technical specialists also further supported the multi-agency collaboration by providing around-the-clock geospatial advice and production support during the games, via the Cabinet Office, to assist on-going operational reporting and analysis.

Public sector stakeholders

We have continued to be an active member of the Public Data Group, alongside the Met Office, Companies House and Land Registry, exploring ways to make data more accessible to users. Over the last year our commitment to open data has been highlighted with several significant product enhancements to our OS OpenData portfolio. We have also continued to make improvements to the free and popular OS OpenSpace API, giving developers even more options to embed our maps onto websites and mobile devices. We continue to support the other strands of the PDG by exploring business opportunities through collaborations and identifying synergies with other group members. During

the last year we came to an agreement with Land Registry to transfer 26 surveyors to Ordnance Survey. The 10-year Land Registry Service Level Agreement will help support the land registration process.

We continue to work with a range of public sector stakeholder groups who have an interest in both our open data projects and the Public Sector Mapping Agreement (PSMA). These include the Geographic Information Customer Group (GICG), the Open Data User Group (ODUG) and the Data Strategy Board (DSB).

As a result of on-going reductions in public expenditure, value for money and operational efficiency considerations remain at the forefront of government policy. Demonstrating the value of geographic data’s role in improving decision making, policy implementation and front-line service delivery at executive level has therefore been crucial.

Promoting the innovative use of GI and collaboration enabled by the PSMA and the OSMA has been key, with particular emphasis paid to wider policy drivers, such as balancing spending cuts and operational efficiency; support for welfare reform and health sector reorganisation; shared services; and the move to supporting ‘data transparency’ and the opening up of data for reuse.

Tell Us Once

The Unique Property Reference Number (UPRN) contained in address products is being used to join-up stakeholders involved in the Department for Work and Pensions (DWP) *Tell Us Once* project. This cross-government initiative also includes HM Revenue and Customs (HMRC) in partnership with local authorities, the Driving and Vehicle Licensing Agency and the Identity and Passport Service.

Address data and infrastructure

Infrastructure for the new national benefit scheme is being created using a range of address products. To support Universal Credit and the Electoral Registration Transformation Programme (ERTP), DWP is implementing AddressBase® Premium within Centric, their data warehouse.

NHS

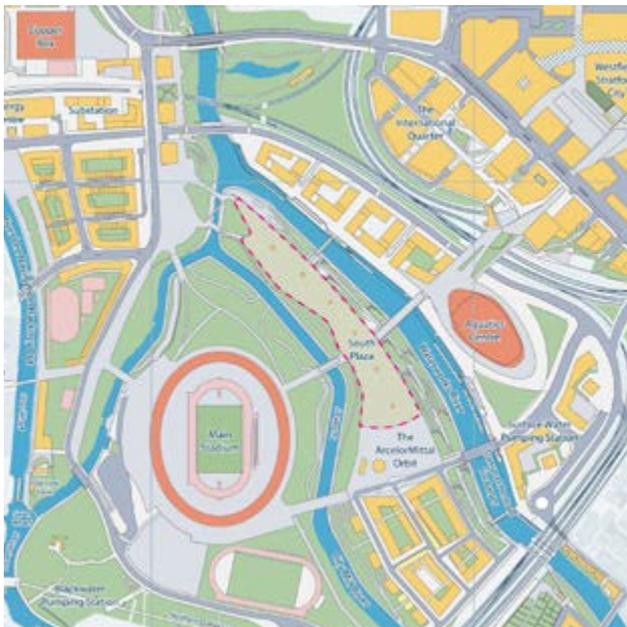
More healthcare organisations than ever before are using innovative mapping technologies to help inform decision making and improve services – from reducing obesity in Birmingham to plotting low immunisation hotspots in Essex. A new licensing model has been introduced to ensure new bodies created as a result of NHS reforms can access our data and services and we have also seen the first Clinical Commissioning Groups,

as well as the NHS Commissioning Board, sign up to the PSMA.

Public Services Mapping Agreement (PSMA)

During the year 741 new organisations joined the PSMA, taking the total number of members to more than 2,900.

Case studies show the PSMA is helping to deliver savings of more than £20 million for public sector organisations and we have worked with the GICG to explore ways to ensure its full potential can be realised.



An extract from the customised Ordnance Survey map of the future Queen Elizabeth Olympic Park.

One Scotland Mapping Agreement (OSMA)

Now being used by 112 Scottish public sector organisations, data supplied under the OSMA supports a diverse range of services, including environmental planning, community development initiatives, flood, estate management and habitat mapping. To ensure members continue to benefit from our new products and services, the strategic agreement between the Scottish Government and Ordnance Survey has been renewed.

Examples of how the OSMA is being used by its members, include the ePlanning Scotland website, where Ordnance Survey data enables efficient submission of planning applications, the Scottish Police Services Authority who use different scales of Ordnance Survey mapping to improve searches in remote areas, and Dundee Council who use mapping data to accurately locate multi-occupancy addresses, ensuring an equitable distribution of such properties across the city.

Government collaborations

Collaborations with other Public Data Group members, as well as local and central government organisations, help avoid duplication and deliver mutual benefits. For example, joint work with the Environment Agency (EA) will bring the Derived River Network (DRN) into the OS MasterMap® portfolio. This will provide a foundation for the OS MasterMap River Network, which upon completion will be included within the PSMA.

OSMA members are already accessing the new product, OS MasterMap Networks – Water Layer, which maps all watercourses across Scotland including the Highlands and Islands. The new product has been developed with the support of the Scottish Environment Protection Agency (SEPA), Marine Scotland and the local authority community who have helped to develop a data specification that will help users to create a detailed understanding of the watercourses in their area.

Work with the Rural Payments Agency (RPA) has focused on the use of OS MasterMap Topography Layer to improve the quality of their core data registers. This supports RPA's requirement to deliver the necessary level of control required by current European Union regulations; the Common Agricultural Policy (CAP 2013).

Business to business

Energy and infrastructure and land and property generated the majority of revenue from our business markets with growth being seen in the insurance and banking sectors.

Changes to the utility market, including Ofgem's new price control model RIIO (Revenue = Incentives + Innovation + Outputs), have made for a challenging year in the energy and infrastructure sector. The short-term impact of the incentive-based RIIO framework, which sets a constraint on the revenues that network companies can raise from customers during the price control period, has resulted in immediate cost savings in manpower and purchased contracts. Sales of additional products and organic growth have helped to ensure our revenues remain stable against these external factors.

Challenges also continued in the land and property market with no significant transactional growth during 2012–13. Residential transactions, however, were up slightly and commercial transactions remained relatively stable, although construction output was down on 2011–12. Despite pressure on end users to reduce external costs, a focus on understanding their exposure to risk and desire to increase business efficiency enabled us to highlight new ways of using our data to end the year on target.

In the insurance sector, we have worked with licensed partners and focused initially on the top 10 largest insurers, nine of which are now using our data for accumulation and risk-related applications.

As banking is a developing market for the use of GI, the capacity for delivering enterprise-wide systems is relatively constrained. However, as the market for GI entered a growth phase, larger organisations such as Teradata®, Oracle® and IBM® have begun to promote spatially-enabled business systems. Our work within the sector has initially focused on the benefits of addressing information.

Exploring opportunities

The markets we serve are changing; new channel partners are demanding more services and competition in traditional GI data markets is increasing, while demand for conventional products has stabilised. Data proliferation, however, is opening up new opportunities.

Insurance takes the lead

Our work with a leading global insurer, which was one of the first insurance customers to use AddressBase Premium and OS VectorMap® Local, has proved very successful. As the UK was hit with torrential rainfall during 2012, it was essential that they had the capability to respond rapidly to major flood events. They relied on Ordnance Survey's accurate spatial data in order to make informed decisions on how and where to deploy resources. In-house loss adjusters were able to locate customers, identify how many had been affected and visualise the surrounding area with detailed background mapping. The insurer had an appreciation of the magnitude of the event, resulting in them being the first on the scene and to visit affected customers in flooded areas, before a claim had even been registered.

Licensing our data

Initial feedback suggests that a project with partners to decrease the amount of unlicensed data in the land and property markets is having a positive effect, with a 5% reduction in the unlicensed use of our data. Activities will continue with particular emphasis on the risks of using unlicensed GI.

Analytical use of Ordnance Survey data

We continue to help users to maximise value from our data by increasing access to technology that helps meet their business needs and allows greater analysis. Our work with property developers, for example, ensures that our products fully meet their requirements for increasing site selection efficiency as

well as enhancing their understanding of the changing environment of the assets they manage.

Partners

More than 50 new partnerships were created during 2012–13. By providing a range of services to both the consumer and business markets, they will contribute to revenue growth in our partner channel in the coming year. Partners were identified through events such as Location 2012, and through work with Oracle, IBM and SAP's channel partners.

Although global platform vendors' current mapping data needs are largely met by OS OpenData, these organisations are increasingly showing an interest in forming commercial, long-term relationships with Ordnance Survey.

Accredited Data Consultants

The launch of our Accredited Data Consultant programme has created a network of independent GI experts. The experts will complement Ordnance Survey in advising public sector and commercial customers in Great Britain on how to best use geospatial data and encourage GI best practice across Great Britain.

Growth collaborations

Our first commercial business to business collaboration with Network Rail provides a common master rail network, which will form part of the Network Rail Asset project 'Orbis'. The collaboration agreement also enables the creation of a new OS MasterMap Networks – Rail Layer, a single common topographical rail model for Great Britain, which can be used by rail regulators under the PSMA and OSMA and wider commercial train operators. This is the first stage of a planned three phase four year commercial collaboration approach with Network Rail, looking at wider commercial enterprise, delivering market growth opportunities within asset management.

Business to consumer

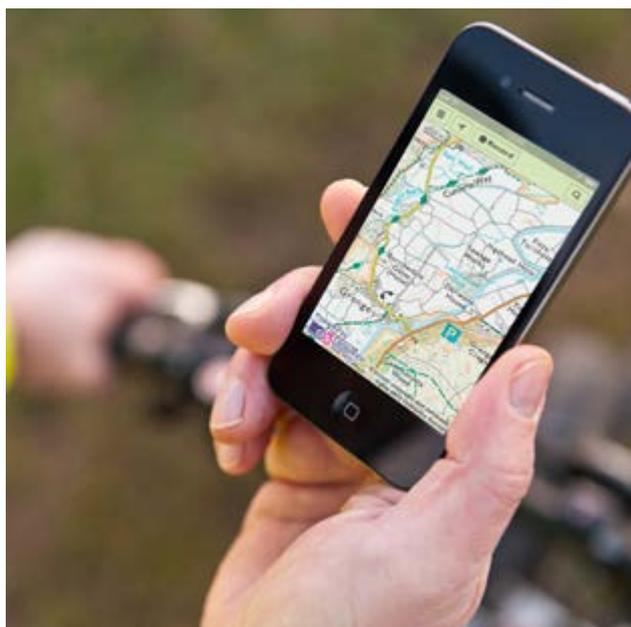
On-going austerity measures continue to reduce consumer spending with online competition and rising costs impacting on the high street. As a result of closures of stores by Waterstones® and Blacks®, our products are now in 120 fewer stores than in 2011. Macro-economic conditions, combined with the second wettest year since records began, have resulted in a decline in paper map sales with volumes falling by seven per cent in 2012–13. This has coincided with a number of licensed partners launching their own version of outdoor walking maps using Ordnance Survey data.

The way in which consumers access maps is changing too, with 25 per cent now buying products using a mobile device, compared to 16 per cent in 2011 (source: IBM). We have capitalised on this growth, primarily through the Ordnance Survey Leisure portal, OS getamap subscriptions and the enhanced range of OS Explorer Map and OS Landranger Map Custom Made, which have seen sales increase since their launch by 113 per cent and 41 per cent respectively. In addition, changes to the *Map shop* platform have facilitated integration with mobiles and tablets.

Custom Made maps

Launched in spring 2012, Custom Made maps enable customers to create bespoke maps centred on a location of their choice, complete with personalised titles and their own front cover image. The maps are based on the popular OS Explorer Map and OS Landranger Map range of outdoor leisure maps.

OS MapFinder



OS MapFinder the first app from Ordnance Survey, now available from the App store; highly-detailed mapping and the ability to plan routes, track your position, speed and distance without the need for a mobile reception.

January 2013 saw the launch of OS MapFinder™ in the Apple App Store. It is free to download and includes free overview mapping for the whole of Great Britain. Users can also purchase more detailed map data in tiles, which are ideal for outdoor use. In the first three months, nearly 45,000 tiles were sold, the most popular being of the Lake District, and 100,000 downloads were registered, making it one of the top apps for iPad®s in the navigation category. Additional functionality is currently being developed and an Android version is due for release later this year.

Drive for a healthier nation

Collaborations with organisations, such as the Duke of Edinburgh Award, the Scouts and the Camping and Caravanning Club, aim to encourage more people to explore the countryside on their doorstep and, in doing so, enjoy the physical benefits of walking. We continue to promote the usefulness of map reading skills through workshops within the Cotswold retail group, while OSL is positioning itself as the online destination of choice for outdoor enjoyment through the development of OS getamap.

Innovation

GeoVation

GeoVation is Ordnance Survey's open innovation network that helps people bring great geography-based ideas, new geography and mapping-based business ventures that have an economic, social or environmental benefit for the country. We do this by running challenges to address specific needs within communities that may be satisfied, in part, through the use of geography.

The fourth GeoVation Challenge, which was launched in 2012, focused on how geography and innovation can better connect communities along the new 870 mile Wales Coast Path, encourage visitors to the area and help stimulate economic growth in the coastal communities. There were 62 ideas posted and five winners shared an innovation prize fund.

Our GeoVation team also supported a number of other events throughout the year. Organised in collaboration with the Environment Agency, the hack event held in March 2013 generated a number of innovative demos, which showcased how technology can support greener business, paving the way for other budding innovators and entrepreneurs to submit their ideas to the latest GeoVation Challenge.

OS OpenSpace

The OS OpenSpace API enables developers to add quality mapping data, quickly and easily, to their own websites. The service provides free access to a range of Ordnance Survey mapping, including the popular OS Landranger Map (1:50 000 scale) and street-level mapping with OS Street View®. With the level of detail available through OS OpenSpace, developers can create applications with detailed information on the area, rather than providing just an overview.

In 2012, we launched version 4.0 of OS OpenSpace, which supports mobile touch devices, meaning that websites that use OS OpenSpace can now be viewed and panned on tablets and mobile devices, enhancing

user experience and providing even more possibilities for web developers.

OS OpenData

During 2012, we released significant updates to OS OpenData, which provides free and unrestricted access to a large range of mapping datasets. These updates included the release of a fully maintained height dataset, an enhanced version of OS VectorMap District and a new cartographic styling package. The advances make OS OpenData products more up-to-date, more accurate and more flexible to use, giving users free access to even better Ordnance Survey quality data.

Several improvements have been made to the product following user feedback, including an improved cartographic style and additional data formats. In addition to the new cartographic styling of OS VectorMap District, two other popular products have been restyled to create a consistent appearance across all datasets. Both Strategi® and Meridian™ 2 now have a new cartographic style that complements OS VectorMap District.

Ordnance Survey business groups

Ordnance Survey Leisure (OSL)

OSL is a wholly-owned subsidiary of Ordnance Survey whose purpose is to grow the digital use of our data in the outdoor leisure market, while promoting our brand to online consumers. It is the primary channel for direct distribution of our consumer products and services.

Subscribers to OS getamap, which is sold online, have increased year-on-year by 27 per cent and the service continues to be seen as the mapping application of choice, with over 140,000 routes recorded within the service. Further developments are planned for 2013–14.

Targets for future revenue growth include a subscription-based offer, more mobile applications, digital map extracts and portal advertising, together with lower-margin physical products, such as Custom Made and traditional paper maps. While the primary market for OSL is walkers, we are expanding into the cycling and trail running markets with innovative products available through commercial collaborations with like-minded organisations, such as The Camping and Caravanning Club, the Duke of Edinburgh Award, Salomon® and Garmin®.

GeoPlace LLP

GeoPlace is a public sector limited liability partnership between Ordnance Survey and the Local Government Association. Its vision is to be the recognised centre of excellence for spatial address and street information management in Great Britain. GeoPlace's role is to create and maintain the National Address Gazetteer and the National Street Gazetteer for England and Wales, providing definitive sources of publicly-owned spatial address and street data.

AddressBase products are produced from the National Address Gazetteer and made available by Ordnance Survey. In 2012, through agreement with Scotland's Improvement Service Company, coverage has been extended to include Scotland. AddressBase and its UPRN are now being adopted across the public sector to underpin significant national programmes.

The GeoPlace exemplar awards 2012 were presented at the 'Everything happens somewhere' conference to a number of contributing councils, including Adur and Worthing Councils for an amalgamation of the Street Naming and Numbering Services across the two councils, and Caerphilly County Borough Council for mapping the homes of victims of the 1912 Universal Colliery mining disaster, where 439 miners were killed in an explosion and subsequent fire. The map provided a focal point to draw attention to the scale of the disaster.

International activities



The Minister of State for Business and Enterprise, the Rt Hon Michael Fallon MP, joined Ordnance Survey to welcome a Government delegation from the United Arab Emirates (UAE) led by Abdul Karim, ADSIC, HE Abdullah Al Bloshi, Executive Director, DMA and Khaled Al Mehli, CEO, Bayanat, who were visiting the national mapping authority to discuss future geospatial collaborations.

Ordnance Survey International LLP

To support the Government's drive to share and promote the nation's knowledge and expertise overseas, we have launched Ordnance Survey International LLP, which will help other countries exploit the economic potential of accurate GI. The aim is to provide advisory services across the full spectrum of Ordnance Survey's expertise, including data collection and maintenance, product development and geospatial data management.

When Ordnance Survey International LLP was launched in September 2012 the Secretary of State for Business, Vince Cable MP, stated:

'Ordnance Survey has a well-defined strategy in providing its customers with accurate and efficient services, and a strong track record of working collaboratively with partners. This has continued with the development of the Public Data Group, and an international service was the obvious next step. The move to provide specialist services internationally supports the wider government drive to promote the expertise of the UK overseas. I look forward to seeing their knowledge being put to good use around the world and furthering the reputation of British business abroad.'

Ordnance Survey International LLP provides government to government advisory services to underpin authoritative national mapping and deliver economic growth. The first contract was signed in March 2013 with the Survey and Land Registration

Bureau in the Kingdom of Bahrain to create a 3D-enabled national spatial data model. The new organisation is headed by Steven Ramage, former Executive Director at the Open Geospatial Consortium (OGC®).

United Nations Committee of Experts on Global Geospatial Information Management (UN-GGIM)

Our Director General and Chief Executive, Vanessa Lawrence CB, continues to serve as Co-Chair of the UN-GGIM, having been re-elected at the Committee's Second Session in New York. The Committee reports to UN Economic and Social Council and, as well as taking a leading role in setting the agenda for global geospatial information development, also promotes its use in meeting key global challenges.

In her role as Co-Chair, Vanessa Lawrence presented at the United Nations Rio+20 Conference on Sustainable Development alongside other Committee members and representatives from the UK Government. Speakers included Deputy Prime Minister, the Rt Hon Nick Clegg MP who drew attention to the importance of reliable and accurate geospatial information in his keynote address.

Ordnance Survey continues to make a significant contribution to this initiative. As chair of the Working Group on Future Trends in Geospatial Information Management, a report has been produced to be published at the Committee's third session, which takes place in the UK in July 2013.

Our people



Employee engagement

The annual *Your Say* survey showed a continued increase in employee engagement, which again places us in the top 25 per cent of civil service organisations using the engagement index. As well as a sense of pride in working for Ordnance Survey, the survey found that people had a strong personal attachment to both their individual teams and the wider organisation. Results are used to focus on further improvement in areas such as leading and managing change, and communication.

Developing our people

Training and development enables us to meet changing employee and organisational needs. It also ensures that we can continue to demonstrate the technical skills and knowledge expected from the national mapping authority. Resources include the centralised online learning portal, Civil Service Learning, which covers a wide range of subjects from health and safety to information security compliance.

Senior-level succession planning is achieved through our accelerated development programme, Vista, which identifies those with management potential and provides them personal executive development plans. During the year we also launched a graduate development scheme, which we plan to extend to cover additional areas of our work in the coming year.

Equality and diversity

All new employees receive equality and diversity training as part of their induction programme and, to

Our 2012 intake from the Graduate Development scheme.

encourage and attract applications from all groups, we continue to raise our profile in diversity publications. Training has also included ways in which employees can recognise and harness different strengths as well as raising awareness of dyslexia and the steps that can be taken to make suitable workplace adjustments. In 2012, we introduced a series of wellbeing events – including healthy heart check-ups – to help employees to monitor and improve their health.

Employee sickness and absence

Employee absence is monitored and return-to-work interviews held to ensure appropriate support or adjustments can be offered. In 2012–13 an average of 4.41 days per employee were lost to sickness (4.70 in 2011–12) with 5,010 (5,126 in 2011–12) days lost in total. This compares with an average of 6.6 days lost per employee in the private sector and 9.0 days in the public sector.*

Health and Safety management

This year we have reduced accidents by 25 per cent, demonstrating the value of continually reviewing safe systems of work and risk assessments. In addition, slips, trips and falls have been cut by almost 50 per cent despite inclement weather conditions. No working time was lost as the result of any accidents or injuries and investment in a new health and safety database is enabling us to clearly record, store and track risk assessment reviews.

*Source: CIPD Absence Management Annual Survey 2012 Mean Averages

Our communities and customers

Improving the customer experience

Designed in response to customer feedback, our OS MapFinder app on the iOS operating system attracted almost 40,000 downloads in the first two weeks after its launch. An Android app is already in design.

An option to upload personal photos to the Ordnance Survey Custom Made site-centred map service has proved very popular, while enhancements to OS OpenData and online order tool enables people to quickly and easily get the information they need, when they need it. This rolling programme of website improvements has led to a reduction in the overall volume of enquiries and complaints received this year.

Our customers still prefer to email service requests rather than use the phone with a small number using social media. We received 2 per cent less email requests and a 15 per cent reduction in phone calls in 2012–13. Customer service interactions have fallen by 7 per cent with a slight decrease in the number of annual complaints annually (0.6 per cent).

To focus on improving the customer experience, we are investigating how customers want to communicate with us at specific touch points, so we can continue to enhance our service in the coming year.

Customer service

Figures for 2012–13

Volumes	Year to March 2013	Year to March 2012	% Variance
Complaints	653	789	-17
Phone calls received	37,496	44,354	-15
Correspondence enquiries	70,957	72,389	-2
Total customer interactions	109,106	117,532	-7

Target	Year to March 2013	Year to March 2012
95% of calls answered less than 15 seconds %	98.9%	99.1%
Lost calls <3 %	0.1%	0.01%

Community use of the Business Centre

During 2012–13 we hosted 35 events at our head office on behalf of local businesses including Hampshire Fire and Rescue Service, Solent NHS, Hampshire Police and The Prince's Trust.

Education services

A particular highlight of the year was the first ever Goldsmith Company 'Science for Society Course: new developments in physical geography' which was run in July 2012, in Southampton. Developed in partnership with the University of Southampton, this course provided an intensive immersion in new technology for data collection, analysis and modelling for 20 mid-career specialist geography teachers in secondary schools.

We have supported over 30 workshops for Continual Professional Development (CPD), including after school events. With a particular emphasis on Geographical Association Quality Mark schools, these have helped to create a community of engaged primary and secondary teachers who have also provided feedback on our learning resources. We have worked with county geography inspectors and the Royal Geographical Society (with IBG) to support their promotion of geographical skills in education.



Digimap for Schools is available to schools across Great Britain.

Additional enhancements to the award-winning Digimap for Schools service made during the year include new font options, the inclusion of photographs and a buffering tool for specifying a zone around a particular feature. The service is now compatible with iPads and has a monthly 'Mystery Map' with clues to

encourage learners to identify a specific location in Great Britain.

Supporting the next generation of employees

To help young people gain an insight into the workplace, several initiatives were launched. Pupils from five schools local to our head office gained work experience in several of our departments during the year. We also piloted a summer internship scheme which was successful and which will now be rolled out across the organisation. A new graduate scheme was launched with the first intake joining Ordnance Survey in September 2012. The graduates have joined several different departments, and the scheme proved popular again when a second intake was launched early in 2013.

Employee volunteering

Many of the 141 employees who opted to take their paid volunteer leave entitlement this year did so by giving their individual support to a particular cause. Others joined together to work on larger projects, such as a team of field surveyors in Dorset who assisted with a conservation project. Other initiatives included providing practical support to a local blind drop-in centre; cleaning up and improving access to a local wood; and improving facilities for local primary school children.

Corporate charity

Our corporate charity, Southampton Hospital Charity's Red & White Appeal which was nominated by staff, has received just over £8,500 from employee-led fundraising events. We also hosted its annual team meeting and fundraising community business breakfast. The Appeal raised funds to help build a specialist outpatient treatment centre at Southampton General Hospital for patients with leukaemia and other life-threatening blood disorders.



Staff supported the Red & White Appeal throughout the year.

Sustainability report for the year ended 31 March 2013

Greenhouse gas emissions		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO ₂ e)	Total emissions for Scope 1	4,791	3,185	650	665
	Total emissions for Scope 2	3,084	4,762	1,679	1,689
	Emissions attributable to Scope 3 official business travel	212	157	167	349
	Other Scope 3 emissions measured	–	–	–	–
	Total emissions (all Scopes)	8,088	8,105	2,495	2,704
Related energy consumption (KWh)	Electricity: non-renewable	5,865,895	9,150,944	3,226,164	3,246,570
	Electricity: renewable	–	–	–	–
	Gas	20,757,893	13,219,955	447,319	480,274
	LPG	–	–	–	–
	Other	–	–	–	–
Financial indicators (£)	Expenditure on energy	£1,330,385	£1,213,341	£363,908	£356,061
	Expenditure on CRC allowances	not applicable until 2012–13			£23,648
	Expenditure on official business travel	£2,545,038	£2,311,094	£2,266,708	£2,625,968

Performance commentary

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

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

Ordnance Survey's Carbon Management Plan requires us to, by 2015:

- Reduce emissions by an additional 10% on top of the 2009–10 baseline (35% reduction in total).

As the graph on page 22 indicates, we have already exceeded the 25% target, mostly as a consequence of relocating to Explorer House. However, we have used slightly more energy in 2012–13, which can be attributed to the protracted cold weather during the winter of 2012–13 and to the fact that our ground source heat pump has not been working at full capacity throughout the year.

Despite having made more than a 67% reduction in GHG emissions in 2012–13 based on the 2009–10 baseline, we will continue to push for efficiencies on a year-on-year basis. This year we also made our first payment into the CRC scheme, of £23,648.

Direct impacts commentary

Scope 1 emissions are produced directly by the activities of the reporting organisation, such as burning gas for heating offices or road fuel for fleet vehicles. **Scope 2 emissions** are indirectly attributed to the reporting organisation, such as electricity consumption, where emissions are produced at a power station and are not under the control of the reporting organisation. **Scope 3 emissions** are other emissions that are a consequence of the reporting organisation's actions which occur at sources it does not control *and* which are not classed as Scope 2. Examples include rail and air travel and hire cars. It is not mandatory to report Scope 3 emissions, although it is recommended that significant Scope 3 emissions are reported.

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

Scope 2 – this includes our purchased electricity and gas for offices. The offices included in 2009–10 are our Romsey Road head office, the Gloucester Data Centre and our field premises in Blackpool, Market Harborough and Chorley. In the following year, Explorer House is added to this scope – there was a three-month period during the relocation where we were occupying two head offices – and therefore, there was a slight increase in emissions. In 2012–13, the offices included in the scope are Explorer House, the Gloucester Data Centre and Market Harborough.

Scope 3 – this covers all travel emissions not covered under Scope 1; road travel in hire and pool vehicles for administrative purposes, plus taxi, rail and air travel. Emissions from taxi, air, and rail travel are calculated

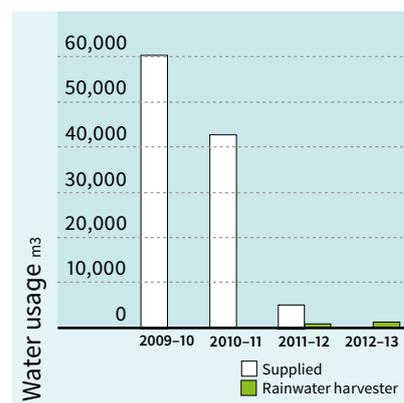
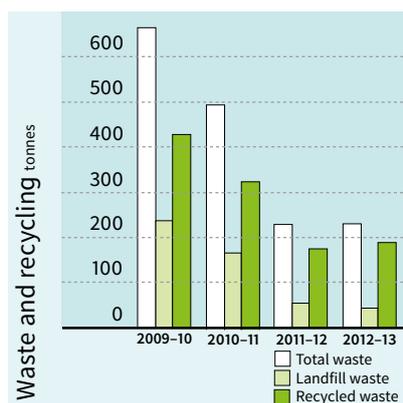
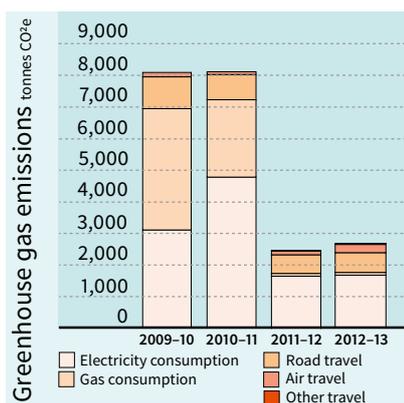
based on expenses claims and are estimated, as full information is not always available for every journey. For example, full destination and departure locations were only provided for around 30% of rail journeys – using this information we calculated the average distance travelled per every pound spent and applied to the remaining 70% of journeys. Similar methodologies were used for taxi and air travel. However, as of November 2012, a new booking system, Redfern, has run in conjunction with existing expense claims. Redfern catalogues rail and air journeys very accurately, which has led to an increase in reported emissions. The improvement in data capture somewhat skews the trends in existing data and makes comparisons with prior years less meaningful. We are in the process of changing the way data is collected via the existing expenses claim process, making it mandatory to include travel details. This will ensure that in the future, data is comparable.

Overview of indirect impacts

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

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

Waste		2009–10	2010–11	2011–12	2012–13	
Non-financial indicators (t)	Total waste (minimum requirement) in tonnes	666	498	229	232.38	
	Non-hazardous waste*	Landfill	238	169	54	41
		Reused/recycled	428	329	175	189
		Incinerated/energy from waste	–	–	–	–
		ICT equipment reused/recycled				2.25
		Paper procured	n/a	n/a	5.41	7.03
		Waste composted	Did not compost	Did not compost	0.08	0.21
Financial indicators (£)	Total disposal cost (minimum requirement)	£50,429	£121,017	£25,195	£15,832	
	Non-hazardous waste – Total disposal cost	Landfill	included in total waste cost			
		Reused/recycled	included in total waste cost			
		Incinerated/energy from waste	£0	£0	£0	£0



Performance commentary (including targets)

The Greening Government Commitments require us to reduce the amount of waste we generate by 25% from a 2009–10 baseline. This gives us a target of 499.5 tonnes of waste per year by 2015. As our data shows, in 2012–13, we have made more than a 65% reduction in total waste output based on the 2009–10 baseline. Our goal now is to maintain this low level of waste generation and to increase the percentage of the waste that is recycled and composted.

Direct and indirect impacts

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

Finite resource consumption – Water			2009–10	2010–11	2011–12	2012–13
Non-financial indicators (m ³)	Water consumption	Supplied	60,272	42,347	5,234	4,185
		Rainwater harvester	–	–	812	1,007
	Supplied water consumption per full time equivalent employee (FTE) in m ³		51.60	38.18	4.85	3.81
Financial indicators (£)	Water supply costs		£118,024	£84,600	£15,516	£14,383

Performance commentary (including targets)

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

- ≥ 6 m³ water consumption per full time employee (FTE) = poor practice
- 4 m³ to 6 m³ per FTE = good practice
- ≤ 4 m³ per FTE = best practice

We attained a water consumption figure of 3.81 m³ per FTE during the 2012–13, which is within the ‘best practice’ parameters and a 19.6% decrease in water consumption compared to 2011–12.

Direct and indirect impacts

The performance levels reported on the previous page refer only to our head office, where we have direct control over water consumption. We cannot directly control water use at our field premises or by remote workers, however, we aim to influence these impacts by providing information and guidance on water efficiency. Aside from using volumes of water in our everyday business, ‘indirect’ or ‘embedded’ water refers to water that is embodied in assets, such as buildings and equipment. Accounting for indirect water usage would considerably increase our water footprint, although at present we have no means of collecting and calculating this data. Once guidelines have been created by Government, we will account for indirect water usage in future reports.

Sustainable environment

Sustainability reporting

Our reporting methodology complies with the requirements of the HM Treasury Guidance for Sustainability in the Public Sector and uses the 2012 Guidelines to Defra/DECC's Greenhouse Gas Conversion Factors for Company Reporting to calculate our carbon emissions. Our statutory obligations require us to use the financial year 2009–10 as the baseline year to benchmark our carbon footprint and sustainability targets.

For 2012–13 (as for 2011–12), the largest contributors to our carbon footprint were the energy consumption in buildings, fleet travel and business travel.

We now have two full years' worth of data from our move to our 'B' rated energy-efficient head office building, Explorer House. The move from the Romsey Road office has reduced our overall carbon footprint by over 67%, although there have also been a number of operational changes which influence our total carbon footprint. We aim to continue to reduce our energy consumption and waste production on a year-on-year basis by implementing new initiatives and technologies.

Energy

Electricity and gas consumption at Explorer House has remained fairly constant at expected levels, although we consumed slightly more in 2012–13 compared to 2011–12.

Business travel

The main source of travel emissions is our fleet of more than 300 vehicles used by the Operations and Sales and Market Development departments for essential work. Air and rail travel also contribute to this. We aim to minimise the environmental impact of road travel by:

- Using smaller engine diesel cars (less than 1.7 litres) in our fleet, although our fleet mileage has increased by almost 6% in comparison to 2011–12; this is due to recruitment of additional field-based surveyors.
- Monitoring the types of car journeys made by our surveyors, in order to find efficiencies in work planning.
- Improving the data collection of business travel emissions and thereby being better able to manage and plan business travel.

Travel plan

It is important that we continue to encourage and promote sustainable forms of business and commuter transport at Explorer House. We will continue to do this by:

- Encouraging staff to cycle/walk to work by providing excellent facilities; secure bike parking, changing rooms, showers and lockers.
- Continuing to promote the First Hampshire No. 1 bus service and administrate subsidised season tickets.
- Continuing to promote car sharing.
- Ongoing promotion of a cycle scheme to enable staff to purchase bicycles tax-free on a salary payback scheme.

Waste and recycling

Our waste regime has continued to provide good results. More than 80% of waste generated over the year has been recycled or reused, with an 8% increase in recycling rates compared to 2011–12. At the same time the total volume of waste being generated has increased slightly by 0.4% from the previous year. We are on target to process around six tonnes of food waste from our tea stations on site in our own in-vessel composter over the next 12 months and continue to look to reduce our overall consumption and divert more waste from landfill.

Water

Ordnance Survey used 4,208 m³ of mains water this year, which equates to 3.8 m³ per FTE. This is better than the 4 m³ per FTE 'best practice' rate as detailed in the Greening Government Statistics. This excellent figure is largely due to Explorer House's 80,000 litre rainwater harvesting system and the general efficiency of the building.

Sustainability initiatives

At the start of the year our Carbon Management Plan (CMP) was formally signed off by our Directors. The CMP sets a target for reducing our emissions over a five year period and is governed by an Environmental Operations Efficiency (EOE) Board, a senior management group that has representation from all areas of the business.

A series of staff awareness initiatives was delivered throughout the year that supported and enhanced the CMP projects. An annual budget is allocated to the CMP, which continues to drive forward new initiatives to reduce Ordnance Survey's carbon footprint and ecological impact.

Our Directors



Sir Rob Margetts CBE Non-Executive Chair

Sir Rob was appointed as Ordnance Survey's first Non-Executive Chair in August 2008. His role is to lead Ordnance Survey's Strategy Board and he reports to the Shareholder Executive, the body that advises Ministers and senior officials on the Government's 'shareholding' in organisations such as Ordnance Survey. He is Chairman of the Energy Technologies Institute and Ensus Ltd, Deputy Chairman of OJSC Uralkali, and a Non-Executive Director of Huntsman Corporation LLC. Sir Rob was Chairman of Legal & General PLC from 2000 to 2010, Chairman of the BOC Group from 2002 to 2006, Chairman of the Natural Environment Research Council (NERC) from 2001 to 2006, a Non-Executive Director of Anglo American PLC from 1998 to 2010 and Wellstream® PLC from 2010 to 2011.



Dr Vanessa Lawrence CB Director General and Chief Executive

Vanessa is the official adviser to the British Government on the short- and medium-term issues for mapping, surveying and GI. Vanessa is the first woman to head Ordnance Survey in its 222-year history. She is a world-renowned expert in how GIS can improve decision making at all levels of government and business. Vanessa is the honorary Colonel of the 135 Independent Geographic Squadron, Royal Engineers. She also holds a number of honorary and representative roles with organisations associated with GI. In October 2011 Vanessa was appointed as Co-Chair of the United Nations Committee of Experts on Global Geospatial Information Management. The new committee reports directly to the UN Economic and Social Council.



Ian Nunn Director of Finance and Corporate Services

Ian joined Ordnance Survey in November 2012. He is a Fellow of the Institute of Chartered Accountants in England and Wales and has extensive experience in the private sector and in publicly-funded businesses. Ian joined from the London Organising Committee of the Olympic and Paralympic Games (LOCOG), where he headed up a company to deliver a post games legacy for community sport – The Join in Trust. Between 2000 and 2010 he was the Finance Director at Eurostar® and prior to that he held senior financial positions in Courtaulds Textiles, Elf and Invensys.



Bob Goodrich Director of Information Systems

Bob is responsible for Ordnance Survey's entire technology infrastructure. This includes the maintenance of our seamless database management system, recognised as the world's largest and most complex geospatial production database, which provides the consistency, speed and flexibility to maintain, store and generate our core geospatial data. Bob was previously the Programme Director. He originally trained as an Ordnance Survey cartographer before moving to Research and Development, and finally Information Systems. It was there that he was instrumental in the 2001 delivery of OS MasterMap.



Peter ter Haar Director of Products and Innovation

Peter is responsible for all aspects of product management and innovation, including product marketing, licensing, research, engineering, cartography and supply. He has been the lead Director at Ordnance Survey for the innovation programme GeoVation and for the OS OpenData programme. Peter is a Director of PointX, a joint venture company of Ordnance Survey and Landmark Information Group and he serves as the UK representative at the United Nations Initiative on Global Geospatial Information Management (UN-GGIM).



Neil Ackroyd Director of Operations

Neil is responsible for the operational activity in the end-to-end supply chain within Ordnance Survey. This includes the collecting of information from across Great Britain, the integrating, processing and maintaining of this data, and the supply of the data to our customers as an end product. Neil is a fellow of the Royal Institute of Chartered Surveyors and also the representative member for Trading Funds on the Advisory Panel on Public Sector Information (APPSI), he is also Ordnance Survey's representative Director on the Board of GeoPlace LLP. His background is in the application of new technologies to the positioning and surveying industries with over 30 years of operational international experience.



Mike Carr Non-Executive Director

Mike is the former Chief Science Officer for BT and was responsible for the company's world-leading research and commercial exploitation unit, including patent licensing and corporate venturing activities. He previously served on the board of the Engineering and Physical Science Research Council (EPSRC). Mike is currently a VP and Trustee of the Institution of Engineering & Technology (IET) and a Board Member of the Government's Technology Strategy Board (TSB).



Piers White MBE Non-Executive Director

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



Fiona-Jane MacGregor Shareholder Representative

Fiona-Jane joined the Shareholder Executive in October 2012. A career in RBS® included spells in Mezzanine investment and Equity Finance, followed by heading up Special Situations in the Global Restructuring (GRG) team. She then spent the last six years of her career at RBS leading some major European corporate restructurings and, until recently, headed up the Bank's Strategic Investment Group (SIG) within GRG. Fiona-Jane is Chief Operating Officer for the Shareholder Executive and has corporate responsibility for both Ordnance Survey and UK Export Finance.

Directors' remuneration report

1 Remuneration policy

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

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

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

Directors' remuneration is set in accordance with other employee pay conditions.

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

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

2 Service contracts

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

3 The Remuneration Committee at 31 March 2013

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

4 Directors' remuneration

The most senior members and key decision makers of Ordnance Survey are the members of the Strategy and Executive Boards. The salary and the value of any taxable benefits in kind of the most senior members of Ordnance Survey were as follows:

	2012-13			2011-12		
	Salary	Performance related pay	Benefits in kind	Salary	Performance related pay	Benefits in kind
	£'000	£'000	£	£'000	£'000	£
Dr Vanessa Lawrence CB Director General and Chief Executive	190-195	10-15	-	190-195	15-20	-
Ian Nunn Director (from November 2012)	45-50 120-125 fye	5-10	-	-	-	-
Neil Ackroyd Director	120-125	15-20	4,800	120-125	20-25	5,200
James Brayshaw Director (until February 2013)	110-115 120-125 fye	-	7,000	125-130	25-30	-
Peter ter Haar Director	105-110	10-15	3,500	95-100	20-25	4,500
Bob Goodrich Director	65-70	5-10	-	95-100	15-20	-
Paul Hemsley Director (until November 2012)	165-170 220-225 fye	-	-	225-230	5-10	-

fye = full year equivalent

Salary represents salary, other taxable allowances and performance-related pay figures earned during the financial year.

No payments were made in respect of compensation to former Directors in 2012–13 (2011–12: £nil).

Salary

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

Fair pay disclosures

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

The salary and taxable benefits of the most highly paid Director in the financial year 2012–13 was £202,500 (2011–12: £237,500), this was 6.6 times (2011–12: 7.8) the median salary and taxable benefits of the workforce which was £30,797 (2011–12: £30,493). The highest paid Director in 2011–12 left Ordnance Survey during 2012–13 and as a result the ratio of highest paid Director to median salary fell from 7.8 to 6.6.

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

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

A proportion of each Director's pay is dependent upon performance. The salary is as stated on page 27, with between 10% and 20% of this figure available as additional payment based on performance.

In the event of an early termination of a Director's contract there is a six month notice period and the director is eligible for the Civil Service Compensation Scheme. Otherwise a Director is required to give a minimum of three months notice, with the exception of Bob Goodrich, who has a six month notice period, to terminate their employment.

Benefits in kind

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

5 Directors' pensions

	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2013 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31 March 2013	CETV at 31 March 2013	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Dr Vanessa Lawrence CB Director General and Chief Executive	0–2.5 less 0–2.5 lump sum	40–45 plus 10–15 lump sum	612	559	13
Ian Nunn Director	0–2.5	0–5	9	–	6
Neil Ackroyd Director	2.5–5 plus 0–2.5 lump sum	20–25 plus 5–10 lump sum	367	309	34
Peter ter Haar Director	0–2.5	10–15	174	134	27
Bob Goodrich Director	0–2.5	40–45 plus 240–245 lump sum	1,124	1,128	-59

During the year Bob Goodrich took partial retirement. At the end of the year Bob Goodrich had a pension benefit of £43,310 and a right to a lump sum of £241,900. He has been paid £203,549 of the lump sum and draws a pension of £30,532.

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

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

Peter ter Haar is a member of the Premium Scheme. Bob Goodrich is a member of the Classic Scheme and Ian Nunn is a member of the Nuvos scheme.

The table on page 28 shows the member's CETV accrued at the beginning and the end of the reporting period and the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

6 Non-Executive Directors

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

7 Payments to Non-Executive Directors

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

Fees paid to Non-Executive Directors were as follows:

	2012-13	2011-12
	£'000	£'000
Sir Rob Margetts CBE	50-55	55-60
Piers White MBE	15-20	15-20
Michael Carr	15-20	15-20

The inclusion of a Directors' remuneration report containing information about the salary and benefits of the senior managers and key decision makers' of Ordnance Survey is a requirement of the Government Financial Reporting Manual (FRM). The actual salary, performance related pay and benefits details of each Director form the audited elements of this report, as referred to in The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, which is to be found on page 35 of the Annual Accounts, the remaining elements are unaudited.



Dr Vanessa V Lawrence CB
Director General and Chief Executive
4 July 2013

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

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

In preparing the accounts Ordnance Survey is required to:

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

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

Governance statement

1 Scope of responsibility

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

2 The Purpose of the Governance statement

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

3 The Governance framework

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

Minister: Ordnance Survey operates as an Executive Agency and as a Trading Fund under the *Ordnance Survey Trading Fund Order 1999* (SI 1999/965), and is accountable to Parliament through the Secretary of State for Business, Innovation and Skills (BIS). Our Minister within BIS, The Rt Hon Michael Fallon MP, has approved the 2013–18 corporate business plan and agency performance monitors. The Minister is answerable to Parliament for all matters concerning Ordnance Survey.

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

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

Strategy Board: comprises a Non-Executive Chair and up to three other Non-Executive Directors in addition to the Executive Directors. It determines the long-term strategy and vision to ensure that Ordnance Survey remains relevant and effective and delivers against the remit, policies and objectives set for it by Ministers. Strategy Board also provides oversight of the undertaking of the remit assigned to Ordnance Survey by Ministers. Strategy Board has always provided oversight over

Ordnance Survey and reviewed submissions from each part of the organisation to monitor performance against key performance indicators including the business plan and budget. From financial year 2013–14, the Board remit has been updated to formally include the other organisations in which Ordnance Survey has a financial interest: Ordnance Survey International LLP, Ordnance Survey Ltd, Point X and GeoPlace LLP.

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

Executive Board: has responsibility for all operational matters to ensure the implementation of the strategy agreed by Strategy Board in an efficient and effective manner, receives reports on various aspects of the business to ensure that governance is maintained and will delegate authority to sub-groups with responsibility for maintaining the agreed framework for delegated financial authorities. These sub-groups provide oversight of investment activity and expenditure, marketing and promotional activity, pricing, licensing and trading arrangements, product life cycles and recruitment. The Executive Board is chaired by the Director General and Chief Executive. For financial year 2013–14 the Executive Board will have wider representation from within Ordnance Survey.

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

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

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

Remuneration Committee: is responsible for reviewing and recommending Executive Directors' and Senior Manager Heads' salaries, performance-related payments, taxable benefits and in 2012–13, agency bonuses. This is chaired by a Non-Executive Director. Further information on the work of the Remuneration Committee can be found in the report on Directors remuneration on page 27.

During 2011–12, the Strategy Board completed an internal review of its own effectiveness under the guidance of the Non-Executive Chair. This review

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

Attendance at the main governance boards is as follows:

Name	Strategy Board		OSARC		Remuneration Committee	
	Number of meetings	Attendance	Number of meetings	Attendance	Number of meetings	Attendance
Sir Rob Margetts CBE	6	6	–	–	6	5
Vanessa Lawrence CB	6	6	1	1	–	–
Ian Nunn (from November 2012)	3	3	2	2	–	–
Paul Hemsley (until November 2012)	3	3	1	1	–	–
Bob Goodrich	2	2	3	2	–	–
Peter ter Haar	6	6	1	1	–	–
Neil Ackroyd	6	6	1	1	–	–
James Brayshaw (until February 2013)	4	4	1	1	–	–
Mike Carr	6	5	3	2	6	6
Piers White MBE	6	6	3	3	6	6
Fiona-Jane Macgregor (from November 2012)	3	3	–	–	–	–
Anthony Odgers (until November 2012)	3	3	–	–	–	–

covered the frequency, methods of working and arrangements for meetings, as well as the balance of agenda items, topics for discussion and depth of debate. Governance arrangements and the development of strategy were also considered. The results were reviewed in October 2012, resulting in a reformulation of Strategy Board and Executive Board. Board Performance reviews are part of the ongoing agenda for the Board in future years. A separate exercise was undertaken, led by a Non-Executive Director, to review the performance of the Chair.

A review of compliance with the Corporate Governance Code of Good Practice by the Internal Audit department was completed in the 2011–12 financial year. This was reassessed for the financial year 2012–13 and Ordnance Survey had stable Governance in the year. Approval for the extension of the appointment of the Non-Executive Chair and one of the Non-Executive Directors was received from BIS. The review again noted no areas of non-compliance.

4 The Risk and Internal Control Framework

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

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

- risks to the achievement of business objectives, from strategic to operational level, are proactively

identified, categorised and prioritised through a corporate risk register in a consistent manner throughout the business;

- risks to information are proactively identified, categorised and prioritised in a consistent manner throughout the business;
- actions to mitigate all identified risks to acceptable levels are designed, assigned an owner, implemented and reviewed for effectiveness;
- sources of assurance over the actions taken to mitigate the identified risks are catalogued and reviewed for effectiveness;
- all risks are evaluated for potential impact, likelihood and proximity and regularly reviewed to ensure they remain at an acceptable level to the business;
- the performance of the overall risk management process is kept under review to ensure it is aligned to the business planning process, working effectively and adding value to the business;
- adequate business continuity and disaster recovery is maintained through the maintenance and testing of detailed plans; and
- the provision of assurance supplies reliable evidence over the risk and internal control environment, with particular focus to those areas considered to be of higher inherent or unmitigated risk or where gaps have been identified in the sources of assurance.

In the first instance, the level of risk is determined by risk owners with reference to the organisation’s risk framework. Risks are then ranked in order of importance and reviewed at management boards to ensure that net risk is acceptable to the business. The highest risks are reviewed regularly for currency, completeness and adequacy of mitigating actions at Strategy Board, Executive Board and the Audit and Risk Committee.

Ordnance Survey is committed to consulting with and involving stakeholders in this process. Stakeholder perspectives are considered during the business planning cycle and production of the business

plan through wide consultation with our customers, employees and partners.

5 Risk profile

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

High-level themes within the risk profile include:

Government policy and austerity measures

Changes in government policy (including European Directives) could impact the organisation's ability to deliver overall business strategy and would require plans and strategies to be revised appropriately. The ability of Ordnance Survey to influence government policy is conducted within the remit of the Civil Service Code. We seek to maintain a dialogue with our ministers and sponsor department sufficient to ensure that the impact of agreed policy or open consultations is understood.

Ordnance Survey has responded to the key government policy on austerity through changes at all levels. Overall organisation structure has been revised and functions such as Print and Warehouse have been outsourced to provide more effective and efficient operations. Internal governance mechanisms enable Executive Board to pre-approve all recruitment activities, investments and expenditure on marketing activities and events. All exceptions to policy, including travel, require appropriate approval from the Executive Board, and we comply with government policy to publish items of expenditure over £500. The application of austerity is actively managed through the agency performance monitor measure, which commits to continuing to reduce the cost base of the core business by 5% per annum measured against a baseline of 2008–09 adjusted running costs.

Information technology

Ordnance Survey, as a data generating, collecting and managing organisation has a requirement for resilient and consistently available IT estate, which is supported through appropriate processes and skills. Operational activities which are efficient and product delivery which meets evolving customer's needs are both reliant on the underlying technology.

During 2011–12, a new bespoke production system – Geospatial Data Management System (GDMS) – was introduced to manage our mapping data. Further refinements and enhancements were made to this system in 2012–13 and will continue into 2013–14 as part of this long-term investment programme. As with any innovative and unique technology, there is a period of transition and review post systems launch to ensure a seamless and efficient production model capable of supporting the volume and quality of our data. Internal

capabilities have been reorganised to provide the right mix of skills, experience and working practices to support GDMS.

Strategy and innovation

Ordnance Survey, as an organisation, is a keen supporter of innovation within the wider geospatial community, through such programmes as GeoVation. The same focus on innovation is applied internally, through our innovation agency performance measures, to ensure that key opportunities for new markets and opportunities for growth are identified and explored in a timely manner. Internal governance structures which support achievement of the business plan, need to be appropriate to support the pre-determined strategy and vision contained within the business plan, as well as any rapid or emerging developments in a controlled and considered manner.

Operating environment

The environment within which Ordnance Survey operates has become more dynamic with customer requirements that are disparate, increasingly complex and constantly evolving. Ordnance Survey continues to invest in the attributes of its data, while seeking to develop new products and ways of delivering those products. It is important that Ordnance Survey continues to respond appropriately to these changes by gaining an understanding of current and future customer needs. This is achieved through constant engagement with our stakeholders, review and understanding of other geospatial data providers and dedicated research into uses of data and methods of delivery.

Ordnance Survey complied with HM Treasury requirement to undertake an assessment of its financial controls during 2011–12 under a government-wide initiative Managing the Risk of Financial Loss. No significant weaknesses were identified and, as a result, this process will subsequently be carried out on a risk-assessed basis.

Revenue compliance

The management of intellectual property and our licensing structure is of fundamental importance to the operating model of Ordnance Survey. Intellectual Property is monitored for misuse through the Revenue Compliance Programme, which audits actual use against licence terms. The licensing model is kept under constant review to ensure that it is sufficiently responsive to the needs of Ordnance Survey and our customers and includes feedback from the programme Revenue Compliance reviews undertaken.

An amount of £2.3 million relating to undeclared royalties in previous years from a licensed partner was received in financial year 2012–13. As a result we have extended the revenue compliance programme to a larger number of partners from January 2013. This programme includes site audits and computer-aided royalty calculation verification.

Other entities

Ordnance Survey operates through a number of subsidiary bodies and joint ventures. A new entity was incorporated in 2012–13, Ordnance Survey International LLP. These parts of the group have opened up new products, methods of delivery and markets. It is important that all organisations within the Ordnance Survey group continue to perform and deliver in line with stakeholder expectations, and to the standards of controls and governance applied to the group as a whole. The reporting line for these other entities, although informally in place, has now been formalised to report through to the main Strategy Board of Ordnance Survey.

Business continuity

Ordnance Survey recognises that our business operations will be called upon to respond to any incident where geospatial data is required. This requires our own business continuity plans to be completed, current, fully tested and of sufficient strength to ensure that as an organisation we can respond appropriately to any emergency situation whenever and however these occur. There is a dedicated team to provide business continuity services within Ordnance Survey, which ensures that all internal plans are of an acceptable standard. The mapping for emergencies team provides support for external data requirements.

People and tax assurance

Any intellectual property-based organisation is heavily reliant on the skills and knowledge of its staff. Constant evolution in the geospatial data industry causes skills requirements to change over time and it is important to be able to respond quickly to new and emerging requirements. The efficiency and effectiveness of operations depends on being able to support our employees, providing adequate opportunities for development, career progression and financial reward. These risks are addressed through considered and appropriate recruitment activities, talent identification with tailored training programmes and recognition of achievements for all staff.

To be able to respond quickly to skills requirements within the business, Ordnance Survey has used the services of contractors provided by third-party organisations. The steps outlined in the Alexander Review and required by our sponsor department, Business, Innovation and Skills, to gain assurance have been completed.

Information

Ordnance Survey considers the confidentiality, integrity and availability of its information to be of high importance. We have dedicated Information Assurance and Security teams who create and monitor information and data policy and undertake assurance activities relating to data security. In accordance with Cabinet Office Security notice – SN2012–03, I can confirm that for the financial year 2012–13 there have been no significant

lapses in information security, protective security or losses of protected personal data.

6 Review of effectiveness

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

The process I have applied in maintaining and reviewing the effectiveness of the system of governance includes contributions from those charged with governance, including all the governance boards and the Senior Information Risk Officer, Chief Risk Officer and Departmental Security Officer. Most significantly, it incorporates input from the Risk and Assurance function (which comprises Internal Audit, Risk Management, Information Assurance and Security, and Business Continuity) through their annual assurance report to the Accounting Officer and OSARC. With regard to the under-declaration of royalties in previous years, I am satisfied from additional audit work carried out that this is an isolated error.

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

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

7 Management certification

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



Dr Vanessa V Lawrence CB
Accounting Officer

4 July 2013

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

I certify that I have audited the financial statements of Ordnance Survey for the year ended 31 March 2013 under the *Government Trading Funds Act 1973*. These comprise: the Consolidated Income Statement, the Consolidated and Trading Fund Statement of Comprehensive Income, the Consolidated and Trading Fund Statement of Financial Position, the Consolidated and Trading Fund Statement of Changes in Taxpayers' Equity, the Consolidated and Trading Fund Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Ordnance Survey's affairs as at 31 March 2013 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the *Government Trading Funds Act 1973* and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
8 July 2013

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

Consolidated income statement

For year ended 31 March 2013	Note	31 March 2013	31 March 2012 (restated)*
		£'000	£'000
Revenue	2	141,876	142,045
Operating costs	3	(112,658)	(112,347)
Share of results of joint ventures	10	3,236	2,542
Other operating costs	24	(203)	(31)
Operating profit		32,251	32,209
Finance income	5	230	254
Finance cost	5	(1,014)	(145)
Profit on ordinary activities		31,467	32,318
Dividends payable	7	(20,400)	(17,200)
Profit retained for the year		11,067	15,118
Attributable to Public Dividend Capital Equity holders		11,067	15,118

All the activities of the group are classified as continuing.

Consolidated statement of comprehensive income

For year ended 31 March 2013	Note	31 March 2013	31 March 2012 (restated)*
		£'000	£'000
Net profit for the year		11,067	15,118
Gains on revaluation of non-current assets	21	3,779	1,049
Total comprehensive income for the year		14,846	16,167
Attributable to Public Dividend Capital Equity holders		14,846	16,167

Trading Fund statement of comprehensive income

For year ended 31 March 2013	Note	31 March 2013	31 March 2012 (restated)*
		£'000	£'000
Net profit for the year		6,743	16,494
Gains on revaluation of non-current assets	21	3,779	1,049
Total comprehensive income for the year		10,522	17,543
Attributable to Public Dividend Capital Equity holders		10,522	17,543

* See note 2 for further details.

Consolidated statement of financial position

As at 31 March 2013	Note	31 March 2013	31 March 2012 (restated)*	31 March 2011 (restated)*
		£'000	£'000	£'000
Non-current assets				
Intangible assets	8	65,692	62,263	64,996
Property, plant and equipment	9	39,951	41,942	43,865
Share of net assets of joint ventures	11	4,640	5,032	5,135
		110,283	109,237	113,996
Current assets				
Inventories	12	1,811	1,818	1,826
Trade and other receivables	13	17,645	19,646	15,750
Cash and cash equivalents	27	40,803	28,782	17,063
		60,259	50,246	34,639
Total assets		170,542	159,483	148,635
Current liabilities				
Trade and other payables	14	(13,927)	(10,825)	(10,728)
Provisions for liabilities and charges	17	(1,505)	(1,971)	(3,252)
Loans repayable in less than one year	18	–	(3,000)	–
Deferred revenue	15	(6,955)	(7,639)	(7,923)
		(22,387)	(23,435)	(21,903)
Net current assets		37,872	26,811	12,736
Non-current assets plus net current assets		148,155	136,048	126,732
Non-current liabilities				
Provisions for liabilities and charges	17	(2,836)	(3,920)	(6,122)
Obligations under finance lease	16	(146)	(234)	(329)
Loans repayable after one year		–	–	(3,000)
Deferred revenue	15	(93)	(1,660)	(3,214)
		(25,462)	(29,249)	(34,568)
Total liabilities		(25,462)	(29,249)	(34,568)
Net assets		145,080	130,234	114,067
Equity				
Public dividend capital	19	34,000	34,000	34,000
Revaluation reserve	21	8,192	4,512	3,463
Retained earnings	22	102,888	91,722	76,604
Total equity attributable to Public Dividend Capital Equity holders		145,080	130,234	114,067

* See note 2 for further details.

The financial statements were approved by the Board of Directors and authorised for issue on 4 July 2013. They were signed on its behalf by:



Dr Vanessa V Lawrence CB
Director General and Chief Executive

The notes on pages 43 to 70 are an integral part of these financial statements.

Trading Fund statement of financial position

As at 31 March 2013	Note	31 March 2013	31 March 2012 (restated)*	31 March 2011 (restated)*
		£'000	£'000	£'000
Non-current assets				
Intangible assets	8	65,539	61,824	64,354
Property, plant and equipment	9	39,951	41,942	43,865
Investment in subsidiary	10	1,000	–	–
Share of net assets of joint ventures	11	4,640	5,032	5,135
		111,130	108,798	113,354
Current assets				
Inventories	12	1,811	1,818	1,826
Trade and other receivables	13	17,962	25,647	19,975
Cash and cash equivalents	27	40,754	28,687	16,994
		60,527	56,152	38,795
Total assets		171,657	164,950	152,149
Current liabilities				
Trade and other payables	14	(13,966)	(10,866)	(10,110)
Provisions for liabilities and charges	17	(1,505)	(1,971)	(3,252)
Loans repayable in less than one year	18	–	(3,000)	–
Deferred revenue	16	(6,847)	(7,557)	(7,923)
		(22,318)	(23,394)	(21,285)
Net current assets		38,209	32,758	17,510
Non-current assets plus net current assets		149,339	141,556	130,864
Non-current liabilities				
Provisions for liabilities and charges	17	(2,836)	(3,920)	(6,122)
Obligations under finance lease	16	(146)	(234)	(329)
Loans repayable after one year		–	–	(3,000)
Deferred revenue	15	(93)	(1,660)	(3,214)
Total liabilities		(25,393)	(29,208)	(33,950)
Net assets		146,264	135,742	118,199
Equity				
Public dividend capital	19	34,000	34,000	34,000
Revaluation reserve	21	8,192	4,512	3,463
Retained earnings	22	104,072	97,230	80,736
Total equity attributable to Public Dividend Capital Equity holders		146,264	135,742	118,199

* See note 2 for further details.

The financial statements were approved by the Board of Directors and authorised for issue on 4 July 2013. They were signed on its behalf by:



Dr Vanessa V Lawrence CB
Director General and Chief Executive

The notes on pages 43 to 70 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2013	Note	Public dividend capital	Retained earnings	Revaluation reserve	Total
		£'000	£'000	£'000	£'000
As at 1 April 2011 <i>(restated)</i>		34,000	76,604	3,463	114,067
Profit for the year <i>(restated)</i>		–	32,318	–	32,318
Revaluation gains for the year	21	–	–	1,049	1,049
Total comprehensive income attributable to public dividend capital holders <i>(restated)</i>			32,318	1,049	33,367
Dividends payable		–	(17,200)	–	(17,200)
At 31 March 2012 <i>(restated)</i>		34,000	91,722	4,512	130,234
Profit for the year		–	31,467	–	31,467
Transfer from revaluation reserve	21	–	99	(99)	–
Revaluation gains for the year	21	–	–	3,779	3,779
Total comprehensive income attributable to public dividend capital holders		–	31,566	3,680	35,246
Dividends payable	7	–	(20,400)	–	(20,400)
As at 31 March 2013		34,000	102,888	8,192	145,080

The notes on pages 43 to 70 are an integral part of these financial statements.

Trading Fund statement of changes in equity

For the year ended 31 March 2013	Note	Public dividend capital	Retained earnings	Revaluation reserve	Total
		£'000	£'000	£'000	£'000
At 1 April 2011 <i>(restated)</i>		34,000	80,736	3,463	118,199
Profit for the year <i>(restated)</i>		–	33,694	–	33,694
Revaluation gains for the year	21	–	–	1,049	1,049
Total comprehensive income attributable to public dividend capital holders <i>(restated)</i>		–	33,694	1,049	34,743
Dividends payable		–	(17,200)	–	(17,200)
As at 31 March 2012 <i>(restated)</i>		34,000	97,230	4,512	135,742
Profit for the year		–	27,143	–	27,143
Transfer from revaluation reserve	21	–	99	(99)	–
Revaluation gains for the year	21	–	–	3,779	3,779
Total comprehensive income attributable to public dividend capital holders		–	27,242	3,680	30,922
Dividends payable	7	–	(20,400)	–	(20,400)
As at 31 March 2013		34,000	104,072	8,192	146,264

The notes on pages 43 to 70 are an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2013	Note	31 March 2013	31 March 2012
		£'000	£'000
Cash inflow from operating activities	26	47,116	39,198
Cash flows from investing activities			
Interest received		230	252
Interest paid		(71)	(143)
Purchase of plant, property and equipment		(2,411)	(2,907)
Expenditure on intangible assets		(10,596)	(5,868)
Receipt of loan repayments from joint ventures		2,727	2,646
Net cash used in investing activities		(10,121)	(6,020)
Cash flows from financing activities			
Dividends paid		(19,200)	(17,344)
Repayment of loans to the National Loans Fund		(3,000)	–
Cash payments relating to early release costs		(2,774)	(4,115)
Net cash used in financing activities		(24,974)	(21,459)
Net increase in cash and cash equivalents		12,021	11,719
Cash and cash equivalents at beginning of year		28,782	17,063
Cash and cash equivalents at end of year	27	40,803	28,782

The notes on pages 43 to 70 are an integral part of these financial statements.

Trading Fund cash flow statement

For the year ended 31 March 2013	Note	31 March 2013	31 March 2012
		£'000	£'000
Cash inflow from operating activities	26	47,159	39,172
Cash flows from investing activities			
Interest received		230	252
Interest paid		(71)	(143)
Purchase of plant, property and equipment		(2,411)	(2,907)
Expenditure on intangible assets		(10,593)	(5,868)
Receipt of loan repayments from joint ventures		2,727	2,646
Net cash used in investing activities		(10,118)	(6,020)
Cash flows from financing activities			
Equity dividends paid		(19,200)	(17,344)
Repayment of loans to the National Loans Fund		(3,000)	–
Cash payments relating to early release costs		(2,774)	(4,115)
Net cash used in financing activities		(24,974)	(21,459)
Net increase in cash and cash equivalents		12,067	11,693
Cash and cash equivalents at beginning of year		28,687	16,994
Cash and cash equivalents at end of year	27	40,754	28,687

The notes on pages 43 to 70 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

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

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Ordnance Survey for the purpose of giving a true and fair view has been selected.

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

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

1.2 Basis of consolidation

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

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

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

1.3 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

1.4 Joint ventures

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

Ordnance Survey accounts for investments in joint ventures using the equity method of accounting, recording the investment initially at cost. Adjustment is made in the group accounts to ensure consistent application of group accounting policies.

1.5 Intangible assets

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

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

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

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

The useful lives of intangible assets are expected to fall within the following limits:

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

Ordnance Survey's internally generated intangible assets consist of:

a) Geographic data

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

b) Data management delivery and business systems

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

c) Website costs

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

d) Assets in course of construction

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

1.6 Inventory and work in progress

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

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

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

1.7 Trade receivables

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

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

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

1.8 Cash and cash equivalents

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

1.9 Trade and other payables

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

1.10 Loans

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

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

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

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

1.11 Provisions

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

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and

uncertainties surrounding the obligation and are discounted to present value, where material.

1.12 Employee benefits

a) Pensions

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

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

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

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

b) Early release costs

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

The full cost of funding early leavers prior to 31 March 2012 has been provided for in earlier years. Funds are released from the provision annually to fund payments for pensions and related benefits to the retired employees until normal retirement age. Under the different funding arrangements, which applied between October 1994 and 31 March 1997, 80% of the costs were met centrally from the Civil Superannuation Vote (CSV).

The requirement of IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been adopted to state the early release and pension commitment provision at a discounted amount where the time value of money is material. The provision for the estimated payments has been discounted by the HM Treasury discount rate of 2.35 per cent in real terms. The discount is unwound over the anticipated duration of the provision.

1.13 Revenue recognition

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

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

OS OpenData revenue is recognised over the length of the agreement with the customer, reflecting the obligation to maintain accurate datasets.

Public Sector Mapping Agreement (PSMA) revenue is recognised over the length of the agreement with HM Government, reflecting customer usage and Ordnance Survey's commitment to provide updates.

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

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

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

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

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

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

1.14 Investment income

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

1.15 Leases

a) Operating leases

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

b) Finance leases

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

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

1.16 Taxation

As a Trading Fund, Ordnance Survey is not liable to corporation tax, although subsidiary companies may be liable for corporation tax.

Current taxation

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

Deferred taxation

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

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

1.17 Segmental reporting

An operating segment is a component of that entity:

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

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

1.18 Foreign currency transactions

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

1.19 Financial instruments

Ordnance Survey has classified its financial instruments as follows:

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

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

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

- b) Financial liabilities
 - Trade payables and borrowings are classified as loans and receivables.

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

1.20 Critical accounting estimates and judgements

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

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

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

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

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

Doubtful accounts – Doubtful accounts are reported at the amounts likely to be recovered based on historic experience of customer default. As soon as it is learned that a particular account is subject to risk over and above the normal credit risk the account is analysed and written down if circumstances indicate that the receivable is not collectable in full.

1.21 Investment policy

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

1.22 Adoption of new and revised standards

Financial Reporting Manual accounting policies have been adopted in full .

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not yet been adopted by the EU).

The following standards and interpretations are not expected to have a material impact on the group:

IAS 27 – *Separate Financial Statements* – an amended version of IAS 27 has been issued which deals with the requirement for separate financial statements.

IAS 28 Revised – *Investments in Associates and Joint Ventures* – this standard supersedes IAS 28 and prescribes the accounting for investments in associates and sets out requirement for the application of the equity method.

IFRS 9 – *Financial Instruments* – the standard introduces new requirements for classifying and measuring financial assets.

IFRS 10 – *Consolidated Financial Statements* – this standard replaces the requirements of IAS 27 and sets out the principals of control.

IFRS 11 – *Joint Arrangements* – requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved and account for its rights and obligations accordingly.

IFRS 12 – *Disclosure of Interests in Other Entities* – requires disclosure of information that enables users to evaluate the nature of interests in other entities.

IFRS 13 – *Fair Value Measurement* – provides guidance to determine fair value and requires disclosure about fair value measurements.

2 Revenue

	2012-13	2011-12 <i>(restated)</i>
	£'000	£'000
Trading revenue	140,235	139,186
Other operating activities	1,523	2,799
Property rental income	118	60
	141,876	142,045
Trading revenue by channel		
Direct licences	109,418	108,733
Partner licences	20,804	20,609
Paper maps	8,176	8,515
Services	1,837	1,329
	140,235	139,186
Trading revenue by operating segment		
Business to government	87,971	85,925
Business to business	42,804	43,765
Business to consumer	9,460	9,496
	140,235	139,186
Trading revenue by geographic market		
United Kingdom	136,447	134,763
Other European countries	2,269	2,381
Rest of the World	1,519	2,042
	140,235	139,186

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

During the current year, one customer accounted for more than 10% of turnover (2011-12: One). The revenue received from this customer is secured under separate long-term agreements, with the majority of the term yet to expire.

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

Restatement of 2011-12

During 2012-13, additional revenue of £2,329,000 was received from a partner which related to previous financial years. At the date of approval of the 2011-12 Annual Report there was material uncertainty as to the amount of this revenue or when it would be paid, so the revenue was not included in last year's financial statements. Now that the payment has been agreed, it has been accrued and prior year accounts have been restated to reflect the income in the years in which it was earned. An additional £286,000 of revenue has been recognised in 2011-12 and an additional £498,000 has been recognised in 2010-11. The remaining £1,545,000 relating to periods prior to 2010-11 has been adjusted in retained earnings.

2.1 Segmental reporting

Details of the results by segment are as follows:

2012-13	Business to government*	Business to business	Business to consumer	Total
	£'000	£'000	£'000	£'000
Revenue	87,971	42,804	9,460	140,235
Direct costs	(11,103)	(12,601)	(6,642)	(30,346)
Gross margin	76,868	30,203	2,818	109,889
Avoidable costs	(834)	(1,241)	(743)	(2,818)
Contribution	76,034	28,962	2,075	107,071
Common costs				(71,387)
Trading margin				35,684
Other revenue**				1,641
Other costs**				(8,310)
Share of joint ventures profit				3,236
Operating profit				32,251

2011-12 <i>(restated)</i>	Business to government*	Business to business	Business to consumer	Total
	£'000	£'000	£'000	£'000
Revenue	85,925	43,765	9,496	139,186
Direct costs	(10,225)	(10,513)	(6,308)	(27,046)
Gross margin	75,700	33,252	3,188	112,140
Avoidable costs	(945)	(1,365)	(899)	(3,209)
Contribution	74,755	31,887	2,289	108,931
Common costs				(71,265)
Trading margin				37,666
Other revenue**				2,859
Other costs**				(10,858)
Share of joint ventures profit				2,542
Operating profit				32,209

* Business to government includes the contract with the UK government to make OS OpenData available to everyone.

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

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

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

3 Operating costs

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

	Note	2012-13	2011-12
		£'000	£'000
Staff costs	4	47,178	51,254
Amortisation of intangible assets	8	8,834	9,085
Depreciation of tangible fixed assets	9	4,965	4,564
Impairment of property plant and equipment	9	1,347	574
Research and development costs		191	113
Other operating charges		50,143	46,757

Within other operating charges are the following:

	2012-13	2011-12
	£'000	£'000
Operating lease charges – buildings	581	577
Operating lease charges – plant, machinery and equipment	1,706	1,465
Fees payable to auditor for the audit of the statutory annual accounts	96	92
Fees payable to auditor for other services	–	–

4 Staff numbers and costs

Total staff costs

The aggregate payroll costs were as follows:

	2012-13	2011-12
	£'000	£'000
Wages and salaries – permanent employees	34,156	35,877
Social security costs	3,163	2,929
Pension costs	6,731	6,570
Additional early release costs in year	361	422
Temporary/agency contract labour costs	11,992	10,450
	56,403	56,248
Capitalised permanent labour	(3,606)	(1,615)
Capitalised Temporary/agency contract labour	(5,619)	(3,379)
	47,178	51,254

Total permanent staff numbers including Directors

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

	2012-13	2011-12
Operations	799	796
Sales and Marketing	128	124
Corporate Services	141	143
	1,068	1,063
Capitalised permanent labour	(80)	(43)
	988	1,020

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

Total temporary/agency/contract staff

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

	2012-13	2011-12
Operations	105	115
Sales and Marketing	9	6
Corporate Services	34	6
	148	127
Capitalised temporary labour	(86)	(34)
	62	93

Employee benefits

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

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

Ordnance Survey's holiday year runs from April to March and the payroll records were reviewed to ascertain the amount of holiday accrued, but not yet taken, as at 31 March 2013.

The figure above for wages and salaries includes the amount of £82,000 (2011-12: £6,000) in respect of annual leave earned, but not taken, as at 31 March 2013. The total liability of £826,000 (2011-12: £744,000) is included within other payables within note 14 of these financial statements.

Pension costs

For 2012-13, employer's contributions of £6,731,000 (2011-12: £6,570,000) were payable to the PCSPS at one of four rates in the range 16.5% to 29.0% of pensionable pay, based on salary bands. The scheme actuary reviews employers' contributions every four years following a full scheme valuation. The contribution rates are set to meet the costs of the benefits accruing during 2012-13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

In 2012-13, there was one (2011-12: nil) retirement on ill-health grounds amounting to an additional accrued pension liability in the year of nil.

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

Ordnance Survey employees are members of one of the following; the Classic or Classic Plus schemes, the Premium scheme, the Partnership Pension Account or Nuvos.

Early release costs provided for in financial year

The Income Statement includes a charge of £361,000 (2011-12: £422,000) in respect of new leavers identified in 2012-13. This charge reflects the costs of leavers identified and confirmed by 31 March 2013.

Early Release package cost band	2012-13	2011-12
< £10,000	–	–
£10,000 – £25,000	3	4
£25,000 – £50,000	8	4
£50,000 – £100,000	–	3
£100,000 – £150,000	–	–
£150,000 – £200,000	–	–
> £200,000	–	–
Total number of exit packages by type	11	11
Total cost £'000	361	422

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the *Superannuation Act 1972*. Early release costs are accounted for as described in Note 1.12. Where Ordnance Survey has agreed early retirements, the additional costs are met by Ordnance Survey and not by the Civil Service Pension Scheme.

5 Interest

	2012-13	2011-12
	£'000	£'000
Interest income		
Balances at the account with HM Paymaster	55	32
Short-term deposits with the National Loans Fund	175	222
	230	254
Interest cost		
On deemed loans	(72)	(143)
Financing charges – unwind of provision discount	(942)	(2)
	(1,014)	(145)

6 Taxation

No charge to Corporation Tax has arisen in the year.

Ordnance Survey

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

Ordnance Survey Limited

Ordnance Survey Limited generated a loss before tax of £1,710,000 (2011-12: £1,361,000) On this loss, no amounts are due in respect of Corporation Tax. The company has estimated tax losses of £6,995,000 (2011-12: £5,285,000) available to carry forward against future profits of the same trade. No deferred taxation asset has been recognised due to uncertainty over the timing of taxable profits.

7 Dividends

	2012-13	2011-12
	£'000	£'000
Amounts recognised as distributions to Public Dividend Capital equity holders in the year:		
Dividend for the year ended 31 March	20,400	17,200
	20,400	17,200

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

The final dividend for 2011-12 of £200,000 was paid in 2012-13. The full dividend for 2012-13 is £20,400,000 of which an interim dividend of £19,000,000 was paid during the year. A final dividend of £1,400,000 is included in these accounts as it represents a liability at the date of the statement of financial position (see Note 13). Dividends are declared and recognised in the financial year to which they relate.

8 Intangible assets

Group	Geographic data	Data delivery/ business systems	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2011	21,441	74,234	2,612	2,937	101,224
Additions	–	588	–	5,280	5,868
Revaluation	51	432	1	–	484
Reclassification	1,443	1,170	–	(2,613)	–
At 31 March 2012	22,935	76,424	2,613	5,604	107,576
Additions	–	378	–	10,218	10,596
Revaluation	143	1,516	8	–	1,667
Reclassification	690	8,371	406	(9,467)	–
At 31 March 2013	23,768	86,689	3,027	6,355	119,839
Amortisation					
At 1 April 2011	16,030	17,036	2,529	633	36,228
Charge in year	1,783	7,223	79	–	9,085
At 31 March 2012	17,813	24,259	2,608	633	45,313
Charge in year	2,139	6,419	276	–	8,834
At 31 March 2013	19,952	30,678	2,884	633	54,147
Carrying book value at 31 March 2013	3,816	56,011	143	5,722	65,692
Carrying book value at 31 March 2012	5,122	52,165	5	4,971	62,263

Intangible assets are carried at valuation representing fair value using indices which approximate to an amortised replacement cost. These assets are capitalised at the cost of development and subsequently revalued to depreciated replacement cost using appropriate indices in accordance with HM Treasury Financial Reporting Manual.

Revaluations took place as at 31 March 2013.

The amortisation charge of £633,000 within assets under construction relates to an asset developed which has not been brought into use and has been written down in accordance with IAS 38 'Intangible Assets'.

Trading Fund	Geographic data	Data delivery/ business systems	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2011	21,441	73,206	2,612	2,937	100,196
Additions	-	588	-	5,280	5,868
Disposals	-	(3,702)	-	-	(3,702)
Revaluation	51	432	1	-	484
Reclassification	1,443	1,170	-	(2,613)	-
At 31 March 2012	22,935	71,694	2,613	5,604	102,846
Additions	-	376	-	10,218	10,593
Revaluation	143	1,516	8	-	1,667
Reclassification	690	8,371	406	(9,467)	-
At 31 March 2013	23,768	81,957	3,027	6,355	119,836
Amortisation					
At 1 April 2011	16,030	16,650	2,529	633	35,842
Charge in year	1,783	7,020	79	-	8,882
On disposals	-	(3,702)	-	-	(3,702)
At 31 March 2012	17,813	19,968	2,608	633	41,022
Charge in year	1,911	6,419	216	-	8,546
At 31 March 2013	19,724	26,387	2,824	633	49,568
Carrying book value at 31 March 2013	4,044	55,570	203	5,722	65,539
Carrying book value at 31 March 2012	5,122	51,726	5	4,971	61,824
Assets under construction				2013	2012
				£'000	£'000
Assets under construction				5,722	4,971

Assets under the course of construction primarily consist of developments to our Geospatial Database Management System, with net book value of £2,559,000 (2011-12: Multi-Resolution Data Program, £4,306,000).

Intangible assets are carried at valuation using indices, which approximate to an amortised replacement cost. These assets are capitalised at the cost of development and subsequently revalued to depreciated replacement cost using appropriate indices in accordance with HM Treasury Financial Reporting Manual.

Revaluations took place as at the 31 March 2013.

9 Property, plant and equipment

Group and Trading Fund	Freehold land & buildings	Equipment, facilities & fixtures	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2011	33,384	38,275	59	71,718
Additions	–	2,907	–	2,907
Disposals	–	(14,864)	(17)	(14,881)
Reduction to original cost	(226)	–	–	(226)
Revaluation	–	565	–	565
Impairment	(574)	–	–	(574)
At 31 March 2012	32,584	26,883	42	59,509
Additions	–	2,411	–	2,411
Disposals	–	(2,166)	–	(2,166)
Revaluation	–	2,112	–	2,112
Impairment	(1,347)	–	–	(1,347)
At 31 March 2013	31,237	29,240	42	60,519
Depreciation				
At 1 April 2011	384	27,410	59	27,853
Charged in year	700	3,864	–	4,564
Disposals	–	(14,833)	(17)	(14,850)
At 31 March 2012	1,084	16,441	42	17,567
Charged in year	653	4,312	–	4,965
Disposals	–	(1,964)	–	(1,964)
At 31 March 2013	1,737	18,789	42	20,568
Net book value at 31 March 2013	29,500	10,251	–	39,951
Net book value at 31 March 2012	31,500	10,442	–	41,942

As at 31 March 2013, the net book value of assets held under finance lease agreements was £245,000 (2012: £322,000). Depreciation charged in the year was £92,000 (2011–12: £29,000).

Fixed assets are carried at valuation, using indices, which approximate to a depreciated replacement cost. The value of property, plant and equipment, other than land and buildings, is restated annually to fair value, using appropriate indices published by the Office for National Statistics in accordance with HM Treasury Financial Reporting Manual.

Revaluations took place as at 31 March 2013.

Freehold land and buildings

The occupied land and buildings used in the principal business of Ordnance Survey are carried at the fair value of £29,500,000 (2012: £31,500,000), based on the Existing Use Value assessed by Jones Lang LaSalle on 31 March 2013. This valuation is based on the continued use of the land and buildings in the core Ordnance Survey business. The valuer has recognised and relevant professional qualifications, together with experience in the locality of the valued premises.

10 Investments

	Current			Non-current		
	2013	2012	2011	2013	2012	2011
	£000	£000	£000	£000	£000	£000
Trading investments carried at fair value						
Shares	-	-	-	3,924	-	-
Impairment	-	-	-	(2,924)	-	-
	-	-	-	1,000	-	-
Loans receivable carried at amortised cost						
Loans to other entities	-	6,000	4,240	3,076	-	-
Provision	-	-	-	(3,076)	-	-
	-	6,000	4,240	-	-	-
Total investments	-	6,000	4,240	1,000	-	-

The investment represents a 100% shareholding in Ordnance Survey Limited.

During the year, £3,924,000 of the investment which was previously classified as debt, has been converted to an equity investment. The investment has been treated as a non-current asset in the current year, reflecting the changing circumstances of the investment.

During the year, the investment was impaired by £6,000,000. This follows a review of the historic and current trading cash generation of Ordnance Survey Limited, together with future forecasts, assessing their value in use to Ordnance Survey over the foreseeable future. Future cash flows were discounted at a rate of 6.5%, being the rate Ordnance Survey is assessed upon under the *Government Trading Funds Act (1973)*.

The debt for equity swap took place in Ordnance Survey Limited, a subsidiary of Ordnance Survey. The effect of this is shown in the Trading Fund Statement of Financial Position where the loan held in receivables is now shown as a £1,000,000 investment.

11 Subsidiaries and investments

Details of the Trading Fund's subsidiaries at 31 March 2013 are as follows:

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

Name of subsidiary	Principal activity	Country of incorporation	Percentage control
Ordnance Survey International LLP	International consultancy	England and Wales	100%

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

	Aggregate capital and reserves	
	2013	2012
	£'000	£'000
Ordnance Survey Limited	(3,071)	(5,285)
Ordnance Survey Services Limited	-	-
Ordnance Survey GB Limited	-	-
Ordnance Survey International LLP	(310)	-
	Loss for year	
	2012-13	2011-12
	£'000	£'000
Ordnance Survey Limited	(1,710)	(1,361)
Ordnance Survey Services Limited	-	-
Ordnance Survey GB Limited	-	-
Ordnance Survey International LLP	(310)	-

Other investments – PointX Limited

The investment in PointX Limited at 31 March 2013 is as follows:

	2013	2012
	£'000	£'000
Share of gross assets	271	405
Share of gross liabilities	(268)	(540)
Loan	90	390
Net assets	93	255

The operating results for PointX for the financial year:

	2012-13	2011-12
	£'000	£'000
Revenue	1,097	1,117
Operating costs	(731)	(733)
Operating profit	366	384
Tax	(88)	-
Profit after tax	278	384
Ordnance Survey 50% share	139	192

PointX Limited is a joint venture company set up to develop and market a point of interest database covering Great Britain. Ordnance Survey is represented on the Board by two Directors at 31 March 2013. At 31 March 2013, Ordnance Survey owned 50% of the total shares in PointX Limited, being 500 (100%) £1 'A' ordinary shares. Another investor owned the remaining 500 'B' ordinary shares. All shares were ranked equally.

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

An interest-free loan was agreed on 30 March 2001. £689,600 was drawn down by 31 March 2007. Repayments totalling £600,000 have been made as at 31 March 2013. As at 31 March 2013 there is no set date for repayment of the remaining sum.

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

Other investments – GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2013 is as follows:

	2013	2012
	£'000	£'000
Share of gross assets	5,231	6,916
Share of gross liabilities	(684)	(4,566)
Loan	–	2,427
Net investment	4,547	4,777

The operating results for GeoPlace LLP for the financial year:

	2012–13	2011–12
	£'000	£'000
Revenue	10,104	9,462
Operating costs	(5,974)	(6,328)
Operating profit	4,130	3,134
Ordnance Survey 75% share	3,097	2,350

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

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

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

12 Inventories

Group and Trading Fund	2013	2012
	£'000	£'000
Finished goods	1,811	1,818
	1,811	1,818

During the year, Ordnance Survey wrote off stock carried at £87,000 (2011–12: £46,000).

13 Trade and other receivables

Group	2013	2012 <i>(restated)</i>
	£'000	£'000
Trade receivables	6,943	6,913
Allowance for doubtful debts	(429)	(458)
	6,514	6,455
Other receivables	173	48
Taxation and social security	199	1,077
Accrued revenue	5,254	6,726
Prepayments	5,274	4,968
Total trade and other receivables due in less than one year	17,414	19,274
Other receivables due over one year	231	372
Total receivables due over one year	231	372
	17,645	19,646

A breakdown of intra-government receivables is given in Note 25.

Notes:

(a) Bad debts totalling £78,000 (2011–12: £86,000) were written off in the year.

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

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

Trading Fund	2013	2012 <i>(restated)</i>
	£'000	£'000
Trade receivables	6,908	6,894
Trade receivables owed by group undertakings	115	121
Allowance for doubtful debts	(429)	(458)
	6,594	6,557
Other receivables	566	6,116
Taxation and social security	184	1,052
Accrued revenue	5,302	6,798
Prepayments	5,085	4,752
Total trade and other receivables due in less than one year	17,731	25,275
Other receivables due over one year	231	372
Total receivables due over one year	231	372
	17,962	25,647

14 Trade and other payables

Group	2013	2012
	£'000	£'000
Trade payables	254	1,207
Taxation and social security	1,695	1,644
Other payables	2,230	200
Accruals and deferred income	9,664	7,686
Finance lease due in less than one year	84	88
	13,927	10,825

Trading Fund	2013	2012
	£'000	£'000
Trade payables	233	1,340
Taxation and social security	1,695	1,644
Other payables	2,390	200
Accruals	9,564	7,594
Finance lease due in less than one year	84	88
	13,966	10,866

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

A breakdown of intra-government payables is given in Note 25.

15 Deferred revenue

Group	2013	2012
	£'000	£'000
Current	6,955	7,639
Non-current	93	1,660
	7,048	9,299

Trading Fund	2013	2012
	£'000	£'000
Current	6,847	7,557
Non-current	93	1,660
	6,940	9,217

16 Obligations under finance lease

Group and Trading Fund	2013	2012
	£'000	£'000
Amounts payable under finance leases:		
Gross lease liabilities		
Within one year	84	88
In the second to fifth years inclusive	146	234
Net lease liabilities	230	322
Due within one year	84	88
Due in the second to fifth years inclusive	146	234

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

17 Provision for liabilities and charges

Group and Trading Fund	Early Release Provision	Other	Total
	£'000	£'000	£'000
As at 31 March 2012	5,747	144	5,891
Utilisation of provision	(2,822)	(31)	(2,853)
Additional provision in year	361	–	361
Unwinding of discount	942	–	942
As at 31 March 2013	4,228	113	4,341

	2013	2012
	£'000	£'000
Included in current liabilities	1,505	1,971
Included in non-current liabilities	2,836	3,920

See Note 1.12 for a full explanation of early release costs.

The above amount is estimated as falling due as follows:

	2013	
	Current liabilities	Non Current liabilities
	£'000	£'000
2013-14	1,498	-
2014-15	-	1,109
2015-16	-	717
2016-17	-	476
2017-23	-	428
	1,498	2,730
Other provisions	7	106
	1,505	2,836

Provisions are discounted at 2.35% in accordance with HM Treasury guidance.

In the other provisions balance is a provision for onerous leases as a result of regional office closures of £113,000 (2011-12: £144,000) which covers residual commitments to lease expiry, after application of a risk-factored allowance for anticipated sublet rental income, together with other sundry provisions.

18 Loans repayable in less than one year

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

Group and Trading Fund	2013	2012
	£'000	£'000
Amounts repayable:		
In less than one year	-	3,000

19 Public dividend capital

Group and Trading Fund	2013	2012
	£'000	£'000
Public dividend capital	34,000	34,000
	34,000	34,000

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

20 Reserves

Group	2013	2012 (restated)
	£'000	£'000
Revaluation reserve	8,192	4,512
Retained earnings	102,888	91,722
	110,080	96,234

Trading Fund	2013	2012 <i>(restated)</i>
	£'000	£'000
Revaluation reserve	8,192	4,512
Retained earnings	104,072	97,230
	112,264	101,742

21 Revaluation reserve

Group and Trading Fund	2013			2012		
	Tangible assets	Intangible assets	Total	Tangible assets	Intangible assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at start of year	802	3,710	4,512	237	3,226	3,463
Arising on revaluation in year						
Increase	2,112	1,667	3,779	565	484	1,049
Decrease	–	–	–	–	–	–
Net revaluation increase/(decrease)	2,112	1,667	3,779	565	484	1,049
Realised gains and losses	(99)	–	(99)	–	–	–
Balance at 31 March	2,815	5,377	8,192	802	3,710	4,512

Revaluation reserves are not distributable to shareholders.

22 Retained earnings

Group	2013	2012 <i>(restated)</i>
	£'000	£'000
Balance at start of year	91,722	76,604
Profit for the year	31,467	32,318
	123,189	108,922
Dividend payable	(20,400)	(17,200)
Transfer from revaluation reserve	99	–
Balance at 31 March	102,888	91,722

Trading Fund	2013	2012 <i>(restated)</i>
	£'000	£'000
Balance at start of year	97,230	80,736
Profit for the year	27,143	33,694
	124,373	114,430
Dividend payable	(20,400)	(17,200)
Transfer from revaluation reserve	99	–
Balance at 31 March	104,072	97,230

23 Operating lease commitments

Group and Trading Fund	2013	2012
Minimum lease payments under operating leases recognised as an expense in the year	2,287	2,042

At 31 March 2013, Ordnance Survey has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Trading Fund	2013	2012
	£'000	£'000
Within one year	65	205
Between two and five years	4,518	1,210

24 Other operating income

Group and Trading Fund	2012-13	2011-12
	£'000	£'000
Loss on disposal of fixed assets	(203)	(31)
	(203)	(31)

25 Intra-government balances

Group – 31 March 2013	Receivables: falling due within one year	Receivables: falling due after more than one year	Payables: falling due within one year	Payables: falling due after more than one year
Balances with :	£'000	£'000	£'000	£'000
Other central government bodies	1,864	–	4,014	–
Local authorities	405	–	–	–
NHS trusts	5	–	–	–
Public corporations and trading funds	–	–	434	–
Bodies external to government	15,140	231	17,939	3,075
At 31 March 2013	17,414	231	22,387	3,075

Group – 31 March 2012 <i>(restated)</i>	Receivables: falling due within one year	Receivables: falling due after more than one year	Payables: falling due within one year	Payables: falling due after more than one year
Balances with :	£'000	£'000	£'000	£'000
Other central government bodies	1,533	–	6,273	66
Local authorities	242	–	385	51
NHS trusts	5	–	8	–
Public corporations and trading funds	69	–	44	–
Bodies external to government	17,425	372	16,725	5,697
At 31 March 2012	19,274	372	23,435	5,814

A breakdown of debt not impaired is given in Note 27.

26 Net cash inflow from operating activities

Consolidated	2012-13	2011-12 <i>(restated)</i>
	£'000	£'000
Reconciliation of profit for the year to net cash flow from operating activities:		
Profit for the year	31,467	32,318
Adjustments for non-cash transactions:		
Depreciation of plant, property and equipment	8,834	4,564
Amortisation of intangible asset	4,965	9,085
Property revaluation	1,347	574
Share of PointX Limited (profit)	(139)	(192)
Share of GeoPlace LLP (profit)	(3,097)	(2,350)
Receipt of profit share from joint ventures	900	-
Finance expense/(income)	783	(109)
Loss on disposal of property/plant and equipment	203	31
Decrease in inventories	7	8
Decrease/(increase) in trade and other receivables	2,001	(3,896)
(Increase) in trade and other payables	(437)	(1,467)
Movement in liabilities and provisions	282	632
Net cash inflow from operating activities	47,116	39,198

Trading Fund	2012-13	2011-12 <i>(restated)</i>
	£'000	£'000
Reconciliation of profit for the year to net cash flow from operating activities:		
Profit for the year	27,143	33,694
Adjustments for non-cash transactions:		
Depreciation of plant, property and equipment	8,546	4,564
Amortisation of intangible asset	4,965	8,882
Impairment of investment	6,000	-
Property revaluation	1,347	574
Share of GeoPlace LLP (profit)	(3,097)	(2,350)
Share of PointX Limited (profit)	(139)	(192)
Receipt of profit share from joint ventures	900	-
Finance expense/(income)	783	(109)
Loss on disposal of property/plant and equipment	203	31
Decrease in inventories	7	8
Decrease/(increase) in trade and other receivables	685	(5,676)
(Increase) in trade and other payables	(466)	(886)
Movement in liabilities and provisions	282	632
Net cash inflow from operating activities	47,159	39,172

27 Cash and cash equivalents

Group	2013	2012
	£'000	£'000
Balance held at Paymaster General's office	6,099	1,943
Balance held in commercial banks and cash in hand	7,204	6,839
Cash on short-term deposit	27,500	20,000
	40,803	28,782

Trading Fund	2013	2012
	£'000	£'000
Balance held at Paymaster General's office	6,099	1,943
Balance held in commercial banks and cash in hand	7,155	6,744
Cash on short-term deposit	27,500	20,000
	40,754	28,687

28 Financial instruments

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

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

The main risks arising from Ordnance Survey's financial instruments are credit, liquidity and interest rate risks. Ordnance Survey's policies for managing these risks are set to achieve compliance with the regulatory framework. Ordnance Survey follows Government Accounting rules, negotiating contracts with suppliers or contractors in Sterling or major international currencies such as the Euro. Ordnance Survey's policy during the year on routine transactional conversions between currencies (for example, the collection of receivables and the settlement of payables) remained that these should be effected at the relevant spot exchange rate.

Credit risk

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

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

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

	2013	2012
	£'000	£'000
Past due 0–30 days	1,923	1,047
Past due 31–60 days	548	577
Past due 61–90 days	1	47
Past 90 days	51	56
Total	2,523	1,727

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

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

Interest rate risk

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

Long-term loans have a fixed rate of interest.

Liquidity risk

Ordnance Survey has maintained short-term liquidity throughout the year by management of its cash deposits. Ordnance Survey may borrow such sums as it may require to meet its working capital needs and finance its capital investment programme. Borrowing for in year fluctuations is subject to a temporary borrowing limit agreed with HM Treasury of £15,000,000. Such loans, if taken, would usually be repayable within the year.

The summary of financial liabilities detailed on page 69 shows the earliest undiscounted contractual maturity dates for Ordnance Survey's debt.

Fair value hierarchy

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

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

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

Market risk

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

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

At the reporting date, if interest rates had been 100 basis points higher and all other variables were held constant, the group's net profit would increase by £321,000 (2011-12: profit increase of £627,000). This is mainly attributable to the Group's cash balances held with HM Treasury.

Maturity analysis	Due in 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Due over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	20,882	239	-	-	-	-	21,121
Early release costs	1,498	1,109	717	476	286	142	4,228
Other provisions	7	37	37	32			113
	22,387	1,385	754	508	286	142	25,462

Interest rate risk profile

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

Group	2013			2012		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Cash at bank	-	13,303	13,303	-	8,782	8,782
Cash on deposit	27,500		27,500	20,000		20,000
Loan to PointX (interest free)	90		90	390		390
Loan to GeoPlace LLP	-	-	-		2,427	2,427
Financial Liabilities						
Government loans	-	-	-	3,000	-	3,000

29 Related parties

Group and Trading Fund

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

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

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

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

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

Ordnance Survey International LLP is a joint venture in which Ordnance Survey indirectly controls 100% of voting rights. Ordnance Survey is represented on the Board of Ordnance Survey International LLP by Vanessa Lawrence, Neil Ackroyd and David Jones.

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

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

30 Events after the reporting period

IAS 10 'Events after the reporting period' requires the date on which the accounts are authorised for issue to be disclosed. The authorised date for issue is stated on the balance sheet. There are no events after the reporting period to disclose.

31 Financial targets and results

The financial objective for the year 2012–13 was to achieve a trading surplus, before exceptional items, interest and dividends of at least £30.5 million under IFRS.

A further financial objective of Ordnance Survey was to achieve a return on capital employed (ROCE), averaged over the financial year 2012–13 of at least 6.5% under IFRS, in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed. Capital employed is the Capital and Reserves, that is, the total of the Public Dividend Capital, loans repayable after more than one year, the General Reserve and the Revaluation Reserve.

The operating surplus before exceptional items for the financial year 2012–13 represents a ROCE of 21.8% (2011–12 restated: 24.1%).

32 Losses, special payments and gifts

- A In 2012–13, Ordnance Survey wrote off stock valued at £87,000 as a result of new editions of products and the consequential write-off of the obsolete stock they superseded.
- B Bad debt write-offs of £78,000 were incurred in the year.
- C Other costs falling into the category of losses, special payments and gifts were below the level, currently £250,000, at which they needed to be reported separately.

33 Control

The immediate parent undertaking is the Department of Business, Innovation and Skills (BIS). There is not considered to be an ultimate controlling party due to the fact that Ordnance Survey is a Government Trading Fund, being a non-ministerial Government Department and an Executive Agency responsible to the Secretary of State for BIS. It is not therefore possible to identify the ultimate holders of the Public Dividend Capital of Ordnance Survey.

34 Five-year summary

	2008–09 <i>(restated)</i>	2009–10 <i>(restated)</i>	2010–11 <i>(restated)</i>	2011–12 <i>(restated)</i>	2012–13
	£000	£000	£000	£000	£000
Revenue	117,794	114,838	129,878	142,045	141,876
Operating costs	(95,658)	(97,690)	(105,256)	(109,836)	(109,625)
Operating profit/(loss) before exceptional items	22,136	17,148	24,622	32,209	32,251
Exceptional items	(5,261)	(18,408)	(13,278)	–	–
Operating profit/(loss)	16,875	(1,260)	11,344	32,209	32,251
Finance Income/(cost)	1,058	(916)	(218)	109	(784)
Profit/(loss) on ordinary activities	17,933	(2,176)	11,126	32,318	31,467
Dividend	(4,832)	(5,771)	(6,344)	(17,200)	(20,400)
Profit/(loss) retained for the year	13,101	(7,947)	4,782	15,118	11,067
Total equity	79,681	87,254	114,067	130,234	145,080

HM Treasury Minute dated 23 May 2011

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

HM Treasury
23 May 2011



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