

Annual Report and Accounts 2010–11



Ordnance Survey Annual Report and Accounts 2010–11

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by the Government Trading Act 1990.

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Contents

Who we are and what we do	4
Introduction from the Chairman	6
Director General and Chief Executive's overview	8
Finance Director's review	10
Business performance	15
Business review	16
The year in summary	20
Changing the face of large-scale mapping in Great Britain – a decade of OS MasterMap	36
Our people	38
Stakeholder engagement	40
Explorer House developing a sustainable business for the future	46
Our Directors	48
Directors' remuneration report	51
Statement of Ordnance Survey's and Director General and Chief Executive's responsibilities	55
Statement on Internal Control	56
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	60
Consolidated income statement	61
Consolidated statement of comprehensive income	62
Trading Fund statement of comprehensive income	62
Consolidated statement of financial position	63
Trading Fund statement of financial position	64
Consolidated statement of changes in equity	65
Trading Fund statement of changes in equity	66
Consolidated cash flow statement	67
Trading Fund cash flow statement	68
Notes to the consolidated financial statements	69
HM Treasury Minute dated 23 May 2011	99
Glossary	100

Who we are and what we do

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

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

Since April 2010 we also have 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 a non-ministerial government department and an Executive Agency responsible to the Secretary of State for the Department for Communities and Local Government (DCLG).

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

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





Introduction from the Chairman

Ordnance Survey is one of Britain's most recognised and well-loved brands, epitomised for many by our iconic leisure map series. Digital data, however, accounts for about 90% of our business and demand for this accurate, accessible, high-quality GI has never been so high. We are committed to ensuring as many people as possible can benefit from its use in a wide range of applications underpinning the nation's social, economic and democratic activities.

Communities and citizens benefit from central and local government's extensive use of our data, which helps to deliver significant efficiency savings and improvements in public services. Business relies upon intelligent mapping, which underpins a vast amount of business activity, for example, in managing risks and assets or making better informed decisions, to benefit customers, shareholders and staff.

This widespread use, combined with the growth in mobile applications and services fuelled by increased consumer familiarity with GI, means that today we are not only a trusted and world-class mapping provider, but also a trusted data provider and enabler of innovation. Whether in government, business or the consumer market, we are determined that users of our data will continue to benefit from the changes we are making.

Building on the business strategy launched in 2009, our work is organised into five key themes: collaborating to solve problems and respond to new challenges; enriching data content; improving our processes and future-proofing our systems; improving efficiency and reducing

costs in line with the government's commitment to cross-government savings; and, of course, focusing on our customers. Running throughout, and seen in many of the key initiatives and services we have delivered this year, is a commitment to promoting innovation, increasing access to data and continuing to meet the needs of our many stakeholders.

Excellent progress has been made on delivering our strategic objectives, which are designed to realise our vision – that Ordnance Survey and its partners will be the content providers of choice for location-based information in the new information economy.

With the launch of OS OpenSpace® and, more recently OS OpenData we have embraced the Freemium business model. Customers can now access, for free, a range of quality mapping products and services whilst continuing to license premium datasets with added value and advanced features. In addition, the new Ordnance Survey Leisure portal, launched at the end of March, has been well received, with more than 60 000 visitors to the new getamap™ service and over 614 subscriptions to the enhanced service in the first two weeks alone.

As the year came to a close, we announced the formation of GeoPlace™ limited liability partnership (LLP), a joint venture with the Local Government Group, to enable the delivery, and management, of a National Address Gazetteer database for England and Wales. I am confident that this will bring new benefits to all users of address information.

Our staff are proud to be part of Ordnance Survey and this is seen

in their unerring commitment to providing a superb service to our customers. This was highlighted in the results of the 2010–11 customer satisfaction survey where, compared to the previous year, we saw an impressive 11 point rise in the overall net promoter score. The survey results also showed significant improvements in key service areas including value for money and pricing. In addition our internal staff survey results highlighted many improvements including an overall increased engagement score and positive developments in the leadership and managing change theme. We have had a year full of activity and it is to our staff's great credit that we have successfully delivered many key projects, at the same time continuing to provide high standards to all customers.

I should like to place on record my thanks to Jan Hutchinson, Director of Human Resources and Corporate Services, Non-Executive Director Mike Sommers and our Shareholder Executive representative Charlie Villar, who all left during the last year.

The following pages contain more detail about our activities in 2010–11 and give a flavour of the way in which our data is being used by customers in a wide range of sectors. I hope you find these examples interesting, useful and, above all, inspiring. We are delighted to be at the heart of digital innovation in Great Britain and look forward to working with all stakeholders to realise yet more benefits from our data in the coming year.



Sir Rob Margetts CBE
Non-Executive Chairman



Director General and Chief Executive's overview

It has been an exciting year for Ordnance Survey and a year where the organisation has, once again, demonstrated the value of its geographic information (GI) in delivering benefits to people throughout Great Britain.

During the last 12 months there have been numerous important organisational and operational developments which have benefitted our customers, partners and staff. We have seen Ordnance Survey successfully deliver, and implement, several key projects in-line with government policy and initiatives, especially in these areas of transparency, widening access and use of public-sector information.

Ordnance Survey data continues to be used extensively across the private and public sector to drive efficiencies and underpin decision making. The British government recognises the important role high-quality mapping data plays in the economy, but equally acknowledges, as we do, the opportunities that free data can bring to the economy through enabling innovation.

The year began with the launch of our online free data platform, OS OpenData, on 1 April 2010. Since its launch we have been delighted with the increasing volume of users and especially pleased to see the data being used to create and underpin new applications, websites and business systems. In addition to the 'traditional' users of GI, OS OpenData has allowed a new generation of professional developers, as well as the general public, to experiment and innovate. Although the longer term economic benefits will take time to materialise, it is encouraging to see the important role which OS OpenData is playing in unlocking greater government transparency for new economic and social value.

In August 2010 we launched new plans for the provision of Ordnance Survey data for the public

sector. The new Public Sector Mapping Agreement allows free access to Ordnance Survey data, under a single agreement, for all public-sector organisations in England and Wales. The new agreement, which commenced on 1 April 2011, allows greater data sharing and will ultimately help deliver improvements in many public services.

In addition to our public-sector customers, our commercial customers and partners are now reaping the benefits from an improved pricing and licensing framework, which was launched in October 2011. The new simplified model, which addresses issues raised by our customers, offers users greater flexibility and value for money, and I believe that we will see mapping data breaking into even more new markets.

In November Ordnance Survey launched 'Digimap for Schools', a new digital mapping service for classrooms across Great Britain. As part of our ongoing commitment in supporting the education sector, we launched the new digital service to meet the technological needs of both pupils and teachers. Since the launch I have been overwhelmed with how extensively the new service is being used by both teachers and pupils.

The calendar year concluded with the exciting completion of our new purpose built head office at Adanac Park in Southampton. The new office, which is one of the most energy efficient office buildings in the country, now provides Ordnance Survey with a home specifically designed to meet the needs of a modern map making, 21st century digital business.

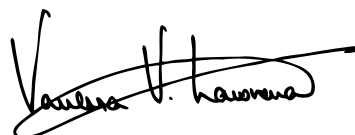
As a Trading Fund we are a profit-making business and this allows us to fund an extensive capital investment programme. Many of our investments over the last year have focussed on enriching the content of our core datasets to maintain the quality and value of our products. In early 2011 we achieved a significant

milestone with the completion of the Geospatial Data Management System (GDMS) programme. GDMS is the culmination of a major investment programme, involving the remodelling of Ordnance Survey's data systems, which support all our products and services. The new system, which will be fully operational this year, will deliver a wide range of benefits and transform the way in which data is captured, stored and updated, enabling us to collect the information once and then use it to create a wider range of products more quickly than ever before.

Last year we made great progress towards reducing our running costs and plan to achieve further efficiencies in the future, not least by realising the benefits from our investment projects. We are required to provide a financial return to Government and I am pleased to report that in 2010–11 we have met the target set by our shareholder. In addition, we have achieved all the key performance targets set by Government.

Over the coming year the challenge for us will be to successfully implement the many achievements of 2010–11, ensuring that they continue to bring value to our customers and partners. We will also continue to support government and work with Ministers on the proposed Public Data Corporation initiative.

The ongoing reliance on GI, together with a thriving community of innovators devising new and imaginative ways to use it, puts us at the heart of a constantly evolving industry. It is an exciting place to be and we look forward to working with customers, partners and government to deliver further benefits in the coming year.



Dr Vanessa V Lawrence CB
Director General and Chief Executive



Finance Director's review

The year 2010–11 was a record for Ordnance Survey; we delivered our highest-ever revenues, £129.4m, up from £114.3m in 2009–10.

While operating costs after exceptional items have risen by £1.9m, this is as a result of additional depreciation, amortisation, royalty payments and further expensed start-up costs for Ordnance Survey Limited (OSL). Underlying adjusted running costs, taking into account inflation, have fallen by 14.1% since 2008–09 against a cumulative target of 9.75%.

As a result, we have achieved an increase in profit before exceptional items to £24.1m, (2009–10: £16.7m), and have increased our dividend to government by 10% to £6.3m (2009–10: £5.8m).

	2010–11 £m	2009–10 £m
Revenue	129.4	114.3
Operating costs	118.1	116.2
Operating profit before exceptional items	24.1	16.7
Operating profit/(loss) after exceptional items	10.8	(1.8)
Dividends	6.3	5.8
Cash at 31 March	17.1	10.5
Net assets at 31 March	112.0	85.7

I am pleased to report that we have again met all three of our financial Agency Performance Measures (APMs) in addition to meeting our two non-financial operating APMs discussed on page 15.

Agency performance measure	Result	Performance
Operating profit (before exceptional items)	£24.1m	+£12.3m on target
Free cash flow	£36.3m	+£16.7m on target
Efficiency measure	14.1%	+4.35% on target

Revenues

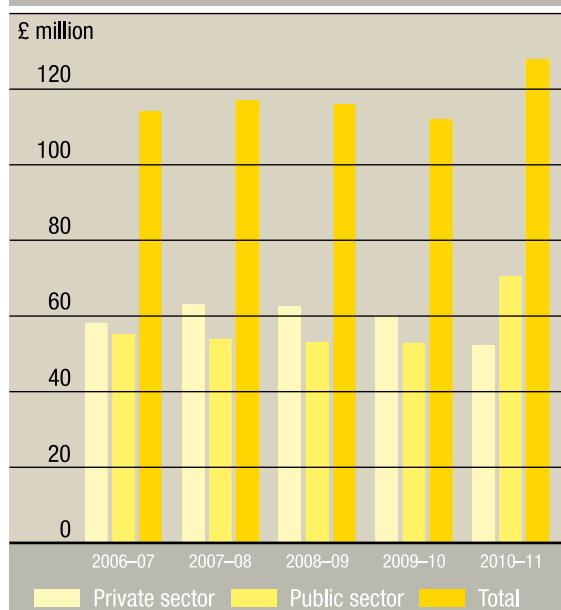
Revenues of £129.4m (2009–10: £114.3m) comprise trading revenue of £127.7m (2009–10: £112.5m) and other operating income of £1.7m, largely property rental income, (2009–10: £1.8m).

The increase of £15.2m in trading revenue includes the net effect of the introduction of the OS OpenData agreement and other impacts of market performance. The proportion of revenue derived from the public sector has increased to 59% (up from 47% in 2009–10) as a result of the Government's transparency agenda and drive to widen access to public data by the provision of data to everyone.

In April 2010 we launched OS OpenData, signing an agreement with the DCLG that enables us to provide a range of core products free to public-sector and private-sector organisations. As a result of this, direct revenues from these products were lost and, in addition, certain revenue-generating products have and will continue to be substituted as customer uptake of OS OpenData continues to increase.

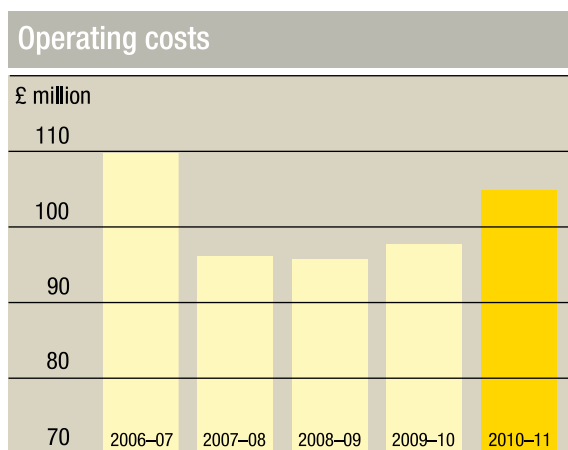
Our revenue recognition policy for OS OpenData has resulted in £20m of new revenue in 2010–11, which comprises a fee for the data and a service element to reflect the additional annual cost of serving a wider customer base, including royalties and transaction costs.

Revenue from trading activities



Operating costs

Total operating costs, excluding exceptional items, are £104.8m (2009–10: £97.8m).

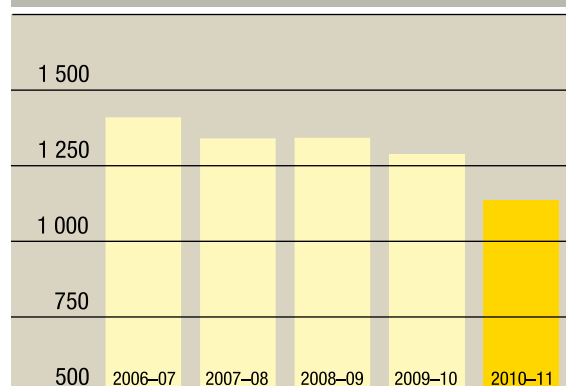


	2010–11	2009–10
	£m	£m
Underlying running costs	75.7	81.4
Impairment of assets	1.2	–
Depreciation and amortisation	11.0	7.8
Investment programme costs	8.7	4.9
Royalty payments	5.1	2.9
Expensed OSL start-up costs	3.1	0.8
	104.8	97.8

Ordnance Survey has committed to a cumulative annual 5% reduction in adjusted running costs from a 2008–09 baseline; this target has been formalised and audited as an APM. Actual performance in 2010–11 was a reduction of 14.1% against the cumulative target of 9.75%.

These cost reductions reflect the full year impact of the programme of staff restructuring in 2009, reported last year, and a further programme of outsourcing key functions, which has enabled average staff numbers to reduce to 1 135 (2009–10: 1 292) and gross staff costs to reduce to £53.6m (2009–10: £55.1m).

Average staff numbers



Further cost reductions have been achieved through initiatives, including a freeze on recruitment and cutbacks on marketing, consultancy, travel and general office expenses.

Certain costs in addition to depreciation have increased over 2009–10, including royalties payable to third parties as a consequence of increased revenue and accommodation due to the temporary running of two sites, during the move to Explorer House.

Exceptional items

Certain items are presented as exceptional within the Income Statement, in line with IAS 1: Presentation of Financial Statements. Explorer House, our new head office in Southampton was valued by King Sturge® independent Chartered Surveyors at 31 March 2011. As a result, the value of the asset, which was recognised at completion at cost, has been adjusted down by £10.2m to reflect the assessed market-based value. Notwithstanding this market value adjustment, the Directors believe that the benefits of the building are considerable and will be realised over a long-term period of occupation.

In support of our continuing strategy to reduce costs, we have carried out further business restructuring in the current year, amounting to £3.1m (2009–10: £18.4m). The majority of this relates to the outsourcing of our print and warehouse functions. The balance reflects the further outsourcing of the facilities management of Explorer House and the release of prior-year restructuring provisions.

Dividends

Dividends paid to our shareholder are based upon 6.5% return on average capital employed, adjusted for interest paid on government loans. The total dividend for the year of £6.3m is an increase of 10% (2009–10: £5.8m) of which £6.0m has been paid at 31 March 2011.

Balance sheet

Investment expenditure

Our total expenditure on investment activities in the year was £35.0m (2009–10: £46.6m). The total programme is made up of £26.3m capital additions and £8.7m charged to the Income Statement.

During the year a seamless GDMS with a total cost of £52.0m including software development, was completed. The resulting asset is being amortised over 10 years.

Other capital expenditure included ongoing refresh and development of underpinning IT infrastructure, delivery systems (including web portals to enable business customers to access and update their data holdings) and product developments. A proportion of these investments are assets in the course of construction at 31 March 2011.

Non-current assets

Intangible assets include the costs of geographic data; database management software (whether purchased or internally generated); supply system software, including websites and business software. Other than the seamless GDMS noted above, additions of intangible assets have totalled £3.0m during the year.

Tangible assets consist principally of land and buildings and IT equipment. Explorer House was completed on time and on budget in December 2010 at a cost of £43.8m less adjustment as outlined above to a market value in use of £33.0m. The majority of the capitalisation of this project was incurred in prior years, leaving a net addition of £7.4m in 2010–11. This building was funded partly from the sale of our office and investment property in Romsey Road, which were acquired by Kier® Property Developments Limited, and the balance from reserves. During the year printing and warehousing assets were disposed of as a result of the outsourcing of those functions.

Working capital

Cash at bank is £17.1m at 31 March 2011 (2010: £10.5m). This includes £4.5m in respect of a conditional licence sale for which the revenue will be recognised over the next three financial years.

The increase in cash principally results from the retained profit for the year and the above prepayment of £4.5m from a major customer. Working capital management has reduced accounts receivable to £6.1m (2010–11: £9.2m), while we have ensured that accounts payable have been settled generally in line with government policy.

Capital structure

On 1 April 2010 £20.0m of Public Dividend Capital was introduced by DCLG into Ordnance Survey and an extension to the revolving credit facility (RCF) of £15.0m has been agreed – but not utilised – with DCLG and HM Treasury to support the long-term development of the business.

Debt has reduced to £3.0m, with £3.0m loan repayments made during the year.

GeoPlace LLP

GeoPlace LLP was established on 17 November 2010 and is a joint venture partnership with the Local Government Group. This entity was established in order to bring together two existing addressing products. In order to fulfil its mandate to consolidate the addressing dataset for the nation, Ordnance Survey has provided a £4.8m loan to GeoPlace LLP to part fund the set-up of the joint venture, including asset acquisitions. This transaction secured the approval from the Office of Fair Trading in February 2011.

Ordnance Survey's investment in GeoPlace is accounted for under the equity method, in accordance with IAS 31: Interest in Joint Ventures.

Ordnance Survey Limited

Ordnance Survey Limited (OSL) focused on the creation and maintenance of a commercial arms-length consumer mapping portal. OSL trades as Ordnance Survey Leisure and is a 100% owned subsidiary of Ordnance Survey. The company launched the portal on 30 March 2011. During the year, OSL expensed £3.1m in portal development and acquired the existing Ordnance Survey online shop at fair value of £0.9m. In line with our existing accounting policy all portal development costs have been expensed. This was funded by Ordnance Survey under a secured facility and Ordnance Survey continues to provide, annually, a letter of financial support to OSL.

PointX Limited

PointX® Limited is a 50% owned joint venture investment. PointX has established a national points of interest database. The company's trading performance is stable, with turnover of £1.1m (2009–10: £1.1m) and a profit of £0.5m (2009–10: £0.3m).

Segmental reporting

Ordnance Survey is actively investigating ways of segmenting the business through market sectors and product groupings in order to provide meaningful and insightful information to the Board of Directors. In future years this will likely be on a market segment basis across

government, business and consumer activities, although the majority of costs are common to each segment and not therefore capable of being reliably segmented.

Ordnance Survey's business has not been considered to be fully capable of division into operating segments. The Operating Board of Ordnance Survey do not, to date, review segmental information of profitability by product or market, and, accordingly, this is not provided in the Annual Report.

Treasury management

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

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

Credit risk

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

Cash flow risk

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

Risks and uncertainties

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

- failure to monitor and anticipate market developments and technological advancements;
- failure to maintain relevant and flexible pricing and licensing terms;
- government policy, regulation and directives damage Ordnance Survey's ability to deliver its business model; and
- failure to reduce costs and realise benefits from investments.

These are monitored, mitigated and actively managed by the 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.

Supplier payments

Ordnance Survey complies with the Better Payment Practice Code. 75.0% (2009–10: 71.0%) of all supplier invoices were paid within 10 days of receipt of invoice. Average creditor days in the year were 11 (2009–10: 18).

Cost allocation

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

Post-balance sheet events

On 18 July 2011 the Prime Minister announced as part of Machinery of Government changes that Ordnance Survey would in future report to the Department for Business, Information and Skills.

There have been no other events after the balance sheet date requiring disclosure.

Provision of information to the auditor

In so far as the Directors are aware:

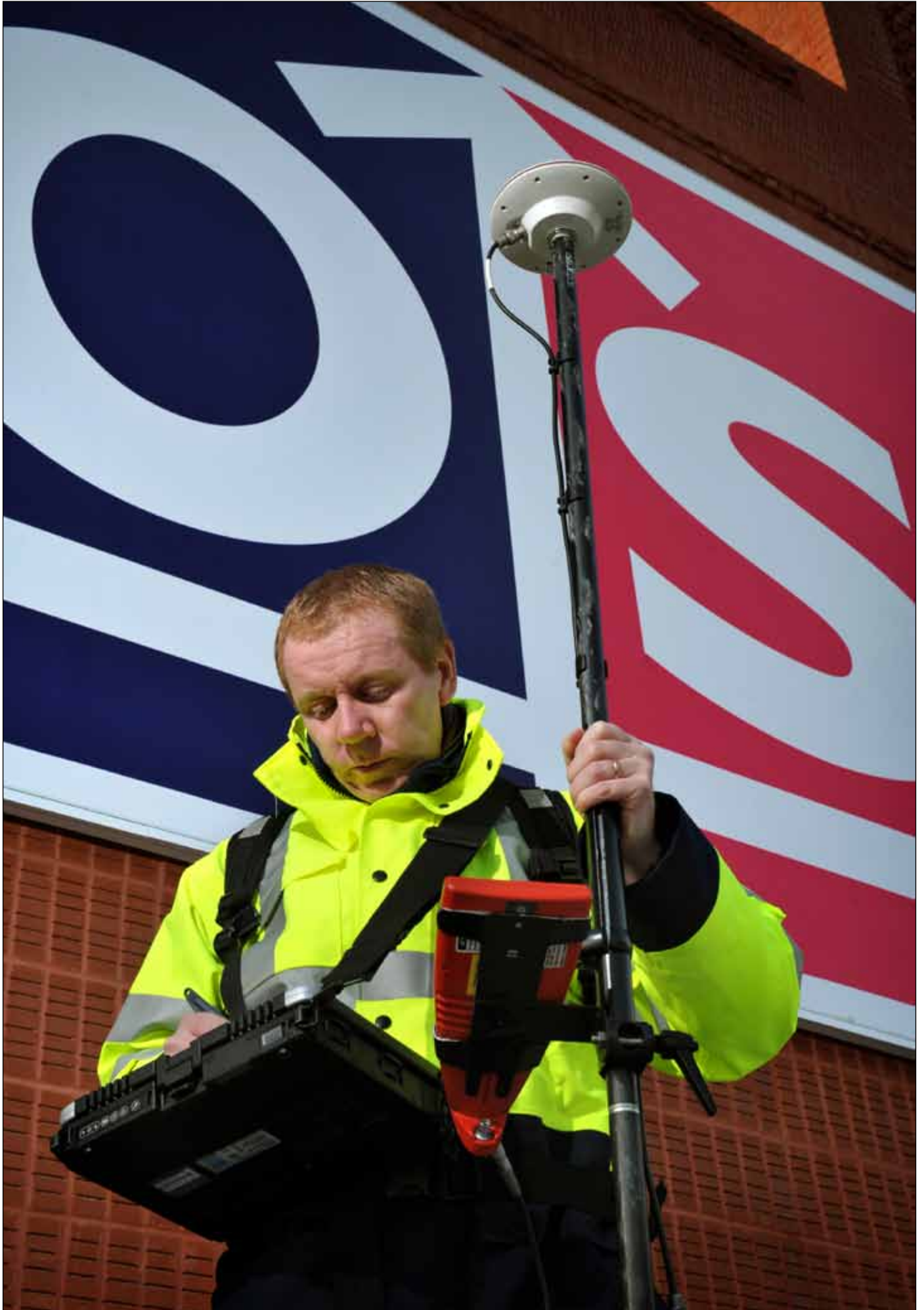
- There is no relevant audit information of which the group's auditors are unaware.
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

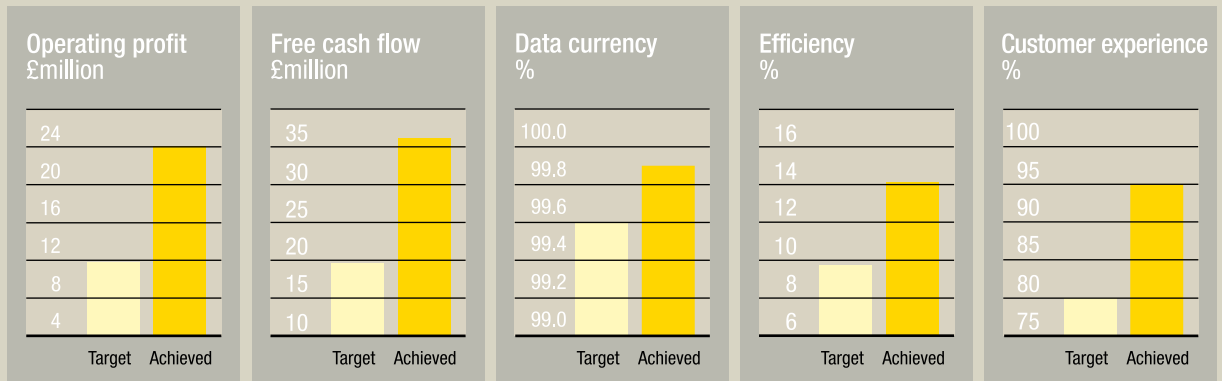


Paul Hemsley

Director of Finance and Corporate Services
5 September 2011



Business performance



Key performance targets
Our business performance is measured externally against five annual targets set by government. We met all five targets for 2010–11.

Operating profit

To achieve an operating profit before interest, exceptional items and dividends of £11.8 million. **Actual performance: £24.1 million.**

Free cash flow

To achieve free cash flows of £19.6 million. **Actual performance: £36.3 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: 99.9%.** 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 operating cost reductions of 9.75%. **Actual performance: 14.1%.**

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 service 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

Paul Hemsley
 Director of Finance
 and Corporate Services

Business review

Strategic context

Building on our business plan launched in April 2009, the past year has seen Ordnance Survey focus on delivering greater access and fostering innovation for all users; both those who pay to use our data and those who access it for free. As a result, high-quality, professionally maintained GI for the whole of Great Britain has never been more accessible or more widely used.

To complement our free data products and services, we have embraced the Freemium business model, commonly used by other organisations, where high value commodities are charged for and lower value commodities are given away for free. This is increasingly recognised as an innovative model for sustainability and is a significant development in ensuring customer satisfaction.

With the value of GI recognised by both government and business, society now has a far greater understanding of the use and benefits of 'place'. This is demonstrated in the wide range of uses of GI that underpin decision making and services, such as ensuring home shopping arrives at the right address at the right time, enabling local authorities to efficiently collect waste and helping the emergency services to respond to incidents faster.

The integration of GI into business processes and systems has coincided with an explosion in its personal use, making readily accessible location information an indispensable part of daily life for millions of people using Internet mapping websites, in-car satellite navigation devices and other mobile devices embedded with geographic data. As consumers become ever more familiar with GI, so the demand for mobile applications and services grows and its benefits are introduced to new audiences who now consider Ordnance Survey a trusted data provider as well as a provider of world-class mapping. This

shift in the public's perception of our brand is one of the most significant developments of the last 10 years and will help towards a sustainable and successful future for the organisation.

Our commitment to enabling innovation is ongoing and was a key activity during 2010–11 as we provided free data through OS OpenData. In addition we encouraged the creation of new applications and services through OS OpenSpace and facilitated collaboration via GeoVation.

As well as providing free access to a large range of datasets, we have also completed work on a new pricing and licensing model for paying customers and partners. New terms allow partner businesses in the private sector to license and resell almost all our products, including the flagship dataset, OS MasterMap® Topography Layer.

There are now fewer, broader licences covering commercial activities and all have been substantially revised to be shorter and written in clearer English. To address concerns around the use of 'derived data', where customers create features or attributes with direct reference to the underlying Ordnance Survey data, we introduced new 'Free to Use Data' terms that will alleviate many of the issues. The terms allow for greater sharing of information between organisations, enabling innovative new services.

Work is also starting on a National Address Gazetteer database, which, for the first time, brings together addressing information from local authorities and Ordnance Survey to provide one definitive source of accurate spatial address data for England and Wales. Products created from the database will be available via GeoPlace LLP – free at the point of use for the entire public sector – as part of the Public Sector Mapping Agreement (PSMA). The PSMA also introduces a new licensing framework allowing public-sector organisations to

reuse data for core non-commercial public-sector activities and the sharing of the data, and derived data, with other third parties.

The coming year presents many opportunities as we work to ensure the successful implementation of the PSMA and National Address Gazetteer database, and continue to develop our pricing and licensing, OS OpenData and the GeoVation network.

Changing markets

As in 2009–10, the current economic climate is continuing to impact on almost all our key sectors, with organisations remaining focused on cost control and maximising return on investment. Trading conditions are challenging, but the economic uncertainty continues to create opportunities as well as potential losses to our revenue streams.

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

Our key segments

Business to government

The local government, central government and NHS® collective agreements with the public sector in England and Wales came to an end on 31 March 2011, to be replaced by the PSMA. Ordnance Survey and its partners now have a long-term common framework agreement to supply our information, with opportunities to create additional value-added services. This provides a strong platform to increase the wider

public sector use of GI for the benefit of the citizen.

The Scottish Government's One Scotland Agreement, which covers local and central government as well as some health organisations, has grown in membership since its inception two years ago and is now supporting the principal aims and objectives of the GI strategy for Scotland – 'One Scotland, One Geography'.

Over the course of the year government departments have increasingly used GI to support essential projects. For example, the draft Flood and Water Management Bill, the review of the Civil Contingency Act and planning for the 2011 Census. We have provided advice and technical support throughout the year to show how GI can enable policymaking decisions.

As the year concluded, discussions to enhance the current commercial relationships encompassing addressing are now completed with a new joint venture, GeoPlace LLP creating a definitive National Addressing Gazetteer database for use across public and private sectors.

Business to business

Energy and infrastructure

In this sector capital investment spend is framed by the cycle of the regulatory environment.

Increasing regulatory pressure to improve services is a key driver for the market, and this year customer value, service delivery and national infrastructure has become a greater focus for GI because of the requirement for real-time decision making as situations develop. Our highly detailed data facilitates a consistent and flexible exchange of information in such circumstances and also continues to support customer management, the planning and maintenance of infrastructure

networks, coordinating street works and the introduction of domestic smart meters into residential premises.

The common approach and ability to work across government and infrastructure providers is proving very powerful within this sector, enabling common sharing of information and collaborative projects. The expansion within the sector into wider infrastructure providers, such as ports and airports, is now underpinning several collaborative projects with government departments and agencies to develop integrated national infrastructure spatial planning, which will support key industry planning risks and decision making.

We continue to focus our sales and technical support on the adoption of our flagship product, OS MasterMap. We aim to highlight how the different OS MasterMap layers can deliver additional benefits to the utility sector outside the traditional asset management function. We are receiving good support in this from industry groups such as the National Joint Utilities Group (NJUG), which is aiding the development of industry-wide GI data guidelines for address management and roadworks.

Financial services

One of the biggest issues in the financial services sector has been confirmation that the Statement of Principles, which ensures the availability of flood insurance for all, will come to an end in 2013. The Government and the insurance industry are working together to determine how flood insurance is taken forward beyond June 2013, highlighting the continuing need for ever more accurate data and the greater availability of existing datasets.

Government regulation is continuing to drive the banking sector, with minimum capital requirements

influencing more and more business decisions. It is with this in mind that, together with partners and potential customers, we are beginning to explore how GI can play a part in capital accumulation modelling in the same way as insurance risk accumulation.

We continue to be involved with various industry associations and research bodies within the financial services arena, the output of which is driving not only our market strategy, but also our product development and research activity.

Land and property

Following the experience of 2009–10, when the property market was experiencing challenging conditions, the Office of Budgetary Responsibility has now downgraded growth forecasts for the sector, and, specifically for residential property, is forecasting a decline in activity and value.

Our strategy to demonstrate how Ordnance Survey data has relevance beyond simple backdrop mapping and construction projects continues to bear fruit. Several leading property companies have begun adopting geographical information systems (GIS), and we have significantly raised our profile within the sector through our PR campaign and work with partners to promote the intelligent use of the data. There continues to be a significant use of unlicensed data and this will be a focus of 2011–12, now we have licensing appropriate to our partners' and end-users' needs.

Business to consumer

Retail and wholesale

The difficult trading environment across the retail sector continued throughout the year, with falling disposable incomes, job insecurity and rising fuel costs all contributing to undermine consumer confidence. High street sales declined as

consumers looked to supermarkets and online retailers for better value, low-cost purchases.

This trend has also impacted the sales of printed mapping products, where we witnessed a shift from buying published mapping formats through traditional retail outlets to online retailers.

The challenging year was reflected by Nielsen® BookScan data, which showed that total sales across all travel categories fell by an average of 11% compared to 2009. Ordnance Survey performed in line with UK walking maps category at minus 10%, although this is compared to the previous year when we were the only travel publisher to record positive sales growth.

Online

Sales on the Ordnance Survey online shop, while slowing post-Christmas, are £200 000 higher than in 2009–10. This reflects the continuing movement of consumers from traditional retail to e-commerce as a preferred method of purchasing products. With the launch of both the mapping application and the new look shop at the end of March, Ordnance Survey is well placed to increase online revenue in 2011–12 and capitalise on changing consumer requirements.

Partner

Partner activity has increased significantly in the past year. Traditional digital partners reported strong sales of CD, DVD and data download products. In addition, sales of iPhone® outdoor applications performed well. Garmin® successfully launched the Garmin Edge 800 GPS device and brought the Birdseye Select service, which enables users to download areas of Ordnance Survey raster data directly to their Garmin hand-held GPS units, to the market. Memory-Map® launched its online route planner TrailZilla, which allows users to plot routes online, download these routes to GPS units and to print maps.

A number of new partners made successful launches to this market, leveraging a combination of ubiquitously available Internet devices. In all cases 1:25 000 scale and 1:50 000 scale raster maps are at the heart of these new entrants: Walk England's 'walk 4 life' website is attracting around one million hits per month and is utilising OS OpenSpace Pro; The Times® newspaper, Walkhighlands, Walk and Cycle Britain and Mudmaps are all offering new Internet sites for the creation of routes; whilst CompeGPS, Airbox Aerospace and James McClaren have released products specifically for devices such as Apple® iPhone, Android® phones and traditional devices from Garmin and Satmap. TimeOut® Guides have produced a number of tourist guidebooks that also contain Ordnance Survey map data and are now on sale in most high street retailers, such as Waterstone's® and WH Smith®.

Personal navigation

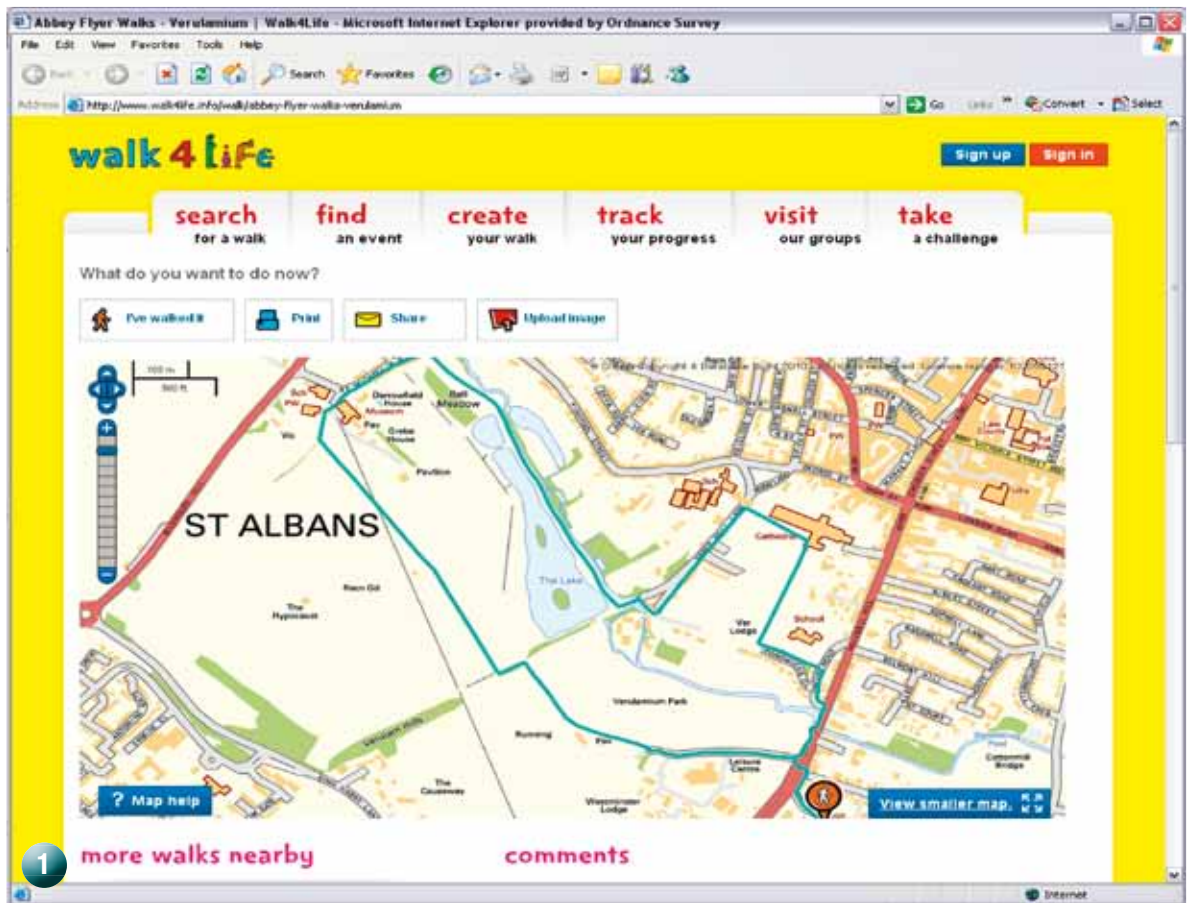
The personal navigation device market has continued to grow, but the change that we observed a year ago accelerated considerably in 2010–11. Sales of personal navigation devices, whilst remaining significant, have slowed while the growth in smartphones, with free personal navigation 'built-in', has increased significantly. Moreover, there have been significant shifts in the mobile smartphone market, with increased competition between both phone manufacturers and the providers of the phone software used for delivering applications.

To date, all GPS navigation offerings have been based on generalised data and we are beginning to see a significant interest in the higher levels of detail available from Ordnance Survey, particularly for address-level accuracy.

Our principle engagement in this market has been with Tele Atlas®, which provides the mapping for its parent, TomTom®. However, we are also continuing to engage with Google®, Apple and Nokia®/NAVTEQ® to explore how we can enable them to improve the quality of experience they are able to offer customers.

1

The government's walk 4 life website, to encourage people to get active, underpinned by OS OpenSpace Pro – page 18



2

Ordnance Survey data supports many applications and services on a variety of mobile devices, for example, the RouteBuddy® mapping application for Apple Mac® devices – page 18



2

The year in summary

From the launch of OS OpenData on 1 April 2010 to the implementation of the new PSMA on 1 April 2011, many of our activities this year have focused on widening access to Ordnance Survey data, and becoming a true enabler of innovation to create new economic and social value.

We remain focused on delivering an excellent service to our customers and partners and are committed to continuing the collection and maintenance of the most accurate mapping data for the whole of Great Britain.

Our day-to-day activities are founded on the business strategy launched at the beginning of 2009–10, which focused on five elements:

- increase the use of Ordnance Survey data;
- promote innovation for economic benefit and social engagement;
- support the sharing of information across the whole of the public sector;
- enhance value through the creation of an innovative trading entity; and
- increase efficiency to develop a sustainable business for the future.

The following sections show how we are promoting innovation and product development as well as the ways in which businesses, government and individuals continue to rely upon our data. We also give details of our stakeholder engagement and corporate responsibility programmes. Last year marked 10 years since the launch of OS MasterMap, and here, we look back over a decade of this ground breaking development in modern mapping.

Increase the use of Ordnance Survey data

Collaborating to create definitive national spatial address data

Addressing information from local authorities and Ordnance Survey is being brought together in a 'National Address Gazetteer database' to

provide one definitive source of accurate spatial address data under the joint venture GeoPlace LLP. This has been set up to ensure that the Intellectual Property Rights in the National Address Gazetteer are 100% owned by the public sector.

Following approval from the Office of Fair Trading (OFT), the legal process to form GeoPlace has now been finalised. Production of the database, which combines local government's National Land and Property Gazetteer with OS MasterMap Address Layer 2, which both include Royal Mail's PAF® product, is now on track for delivery in autumn 2011.

GeoPlace is a public sector limited liability partnership (LLP) jointly owned by the Local Government Group and Ordnance Survey. Products produced from the National Address Gazetteer database will be available to all customers through Ordnance Survey, with the public-sector licensing data through the PSMA.

Usage will provide efficiency gains, more accurate and improved delivery of services and enable greater partnership working with private and third-sector delivery bodies. By synchronising data and processes nationally, significant cost savings will be achieved by eliminating the need for users to undertake data matching of different spatial address datasets.

Whilst product development is ongoing, there is an opportunity for interested users, including existing addressing customers and partners, to review the proposed specification and receive alpha sample data. The specification and sample data is available through the OS Insight™ members' programme, and by April 2011 over 350 organisations had registered their interest.

Simplified pricing and licensing

As well as providing free access to a large range of datasets,

Ordnance Survey has also completed work on a new pricing and licensing model for paying customers. New terms allow partner businesses in the private sector to licence and resell almost all Ordnance Survey products, including the flagship dataset, OS MasterMap Topography Layer. There are also now fewer, broader licences covering commercial activities and all have been substantially revised to be shorter and written in clearer English.

To address concerns around the use of 'derived data', where customers create features or attributes with direct reference to the underlying Ordnance Survey data, we have introduced new 'Free to Use Data' terms that will alleviate many of the issues, allowing for greater sharing of information between organisations, enabling innovative new services.

Driving efficiencies in the private sector

Over the last year the work to simplify our licensing framework and widen access to data has benefited the private sector.

Organisations in the land and property, utility, and banking and financial sectors are among the companies realising efficiencies and improving effectiveness using our GI.

Land and property

The James Denholm Partnership is an architectural practice based in Comrie, Perthshire, which uses OS MasterMap for planning applications, either as straightforward location maps or base maps for design drawings and 3-D modelling. The Partnership uses www.findmaps.co.uk to instantly source and export the maps they need in CAD format or downloaded as PDFs.

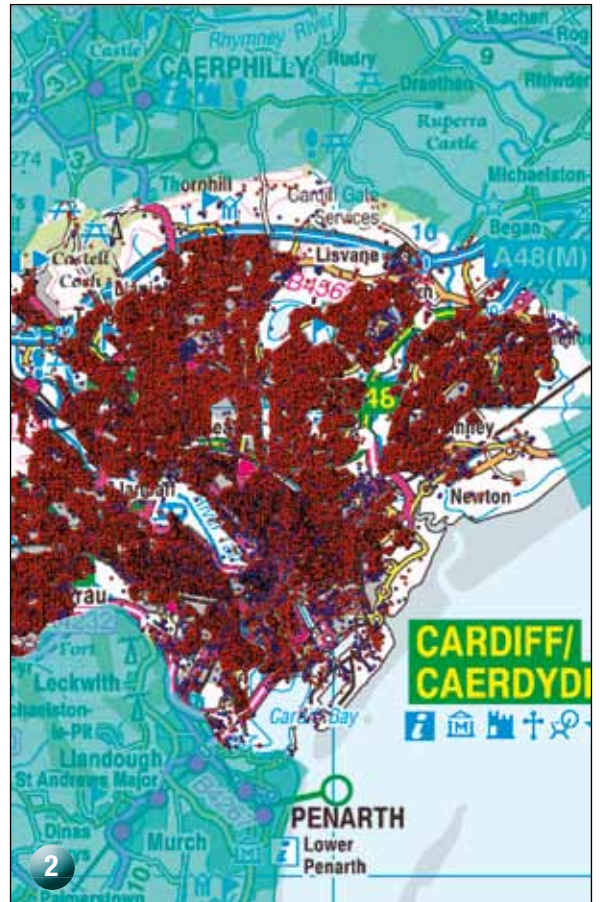
The team at FIND, a pay-as-you-go system that requires no upfront investment or in-house technical

1 and 2

Following the formal completion of GeoPlace LLP, sample data from the new National Address Gazetteer database was made available through the OS Insight members programme – page 20

3

The award winning Windsor & Maidenhead Council DataTap – page 22



Local Life Open Data & Transparency beta

Start | See | Get | Analyse | Share | [Social Media Icons]

Data Sets:
 Councilor Allowances
 Crime
 Population
 View by: Allowance Type, Wards

Choose which Ward(s) to chart (CTRL = multi-select):
 Sunningdale
 Datchet
 Old Windsor
 Horizon and Winkleybury
 Eton Wick

Display Type:
 All
 Chart
 Map
 Table
 KPI

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3 © The Royal Borough of Windsor & Maidenhead Council 2010 - All data is freely re-usable under the same terms as data.gov.uk: <http://data.gov.uk/terms-and-conditions>.

expertise, has added value to OS MasterMap by reorganising the features within the map and grouping them under eight category headings, making it simpler to use. One click switches a category on or off, enabling the user to easily highlight particular features, and data costs are reduced by using the area-defining export tool.

Utilities

Scottish and Southern Energy® (SSE®) uses OS MasterMap Imagery Layer to help maintain 48 500 km of high-voltage overhead power lines. When interruptions to the supply of power occur the cause is often traced to interference from tree and vegetation growth, or quite simply a tree falling onto the lines. By enabling additional contextual information to be interrogated simultaneously, SSE can discover problems in a more cost-effective way.

Benefits include a significant reduction in laying lines and costs of around £800 per hour; more accurate analysis of way leave payments to landowners; vegetation management to comply with regulatory requirements; asset maintenance prioritisation delivering greater efficiencies; and the identification of risk to asset, specifically poles and cables.

Banking and finance

RBS® Insurance's bespoke geographic platform uses market-leading pricing models to provide detailed insight to the risk of insuring any given property in the United Kingdom. The technology allows underwriters to access geographic risk data, giving them an instant and unique picture of each risk at an individual address level using Ordnance Survey mapping and addressing data. Intricate maps displaying key information about risk of loss from fire, flood, subsidence, theft and windstorm enable underwriters to put their best price to market and accurately assess higher-risk business.

The information used in the mapping tool is overlaid with over 20 years of internal data from across the RBS group. This is used to validate all the information and underwriting guidance held in the system, giving underwriters not only a comprehensive understanding of the property's exposure to risk, but a clear picture of its claims' history and the group's past and current exposure in the local area.

Recognising excellence in mapping

The Highland Council won Ordnance Survey's Better Mapping award at the British Cartographic Society (BCS) 2010 Symposium for its visually striking map, the most recent in a series highlighting the major developments in Inverness.

The Council also won the prestigious BCS award for its creative use of OS MasterMap in defining colours and textures to render a semi-realistic impression of the city of Inverness, whilst maintaining the precision of the original product.

'No other product had the desired level of detail and clarity, so OS MasterMap was used as the starting point. The purpose of the map is to clearly display the development areas around Inverness along with the necessary text to describe them. We're pleased to have achieved this so effectively and delighted to have our work recognised with this award.' Peter Alexander, The Highland Council.

Promote innovation for economic benefit and social engagement

Promoting innovation and product development

Twelve months after its launch, OS OpenData – particularly our electoral boundary information, postcode data and the OS OpenSpace API – is being used in a variety of applications. These include the Windsor and Maidenhead Council

DataTap website, which won the MediaGuardian® Innovation Award for best use of data. The site uses our data to instantly visualise a range of council information, including population, councillors' allowances and crime statistics. These visualisations help make the data more accessible than spreadsheets and help support accountability and transparency.

The most downloaded products are OS Street View® and OS VectorMap® District, a dataset created to support the aims of data.gov.uk, which was released in May 2010. Specifically designed for online use, it offers a clear and customisable background to provide geographic context for other public data, such as health statistics, crime rates and transport information. Other uses of OS OpenData include Nottinghamshire County Council displaying winter gritting routes, GGP Systems Housing's property management tools for housing associations and the Facebook® game National Treasures. The popular board game, Monopoly used OS OpenData to help locate the 'GO' square to mark the games 70th anniversary.

Throughout the year we have continued to maintain and improve the data available. In addition to the standard yearly or twice-yearly updates, we were also the first Trading Fund to incorporate the Open Government Licence, in January 2011, helping to provide greater consistency with other sources of government data. Future plans include the release of tools to make it easier for users to build applications using OS OpenData.

Encouraging the use of geography to address specific needs

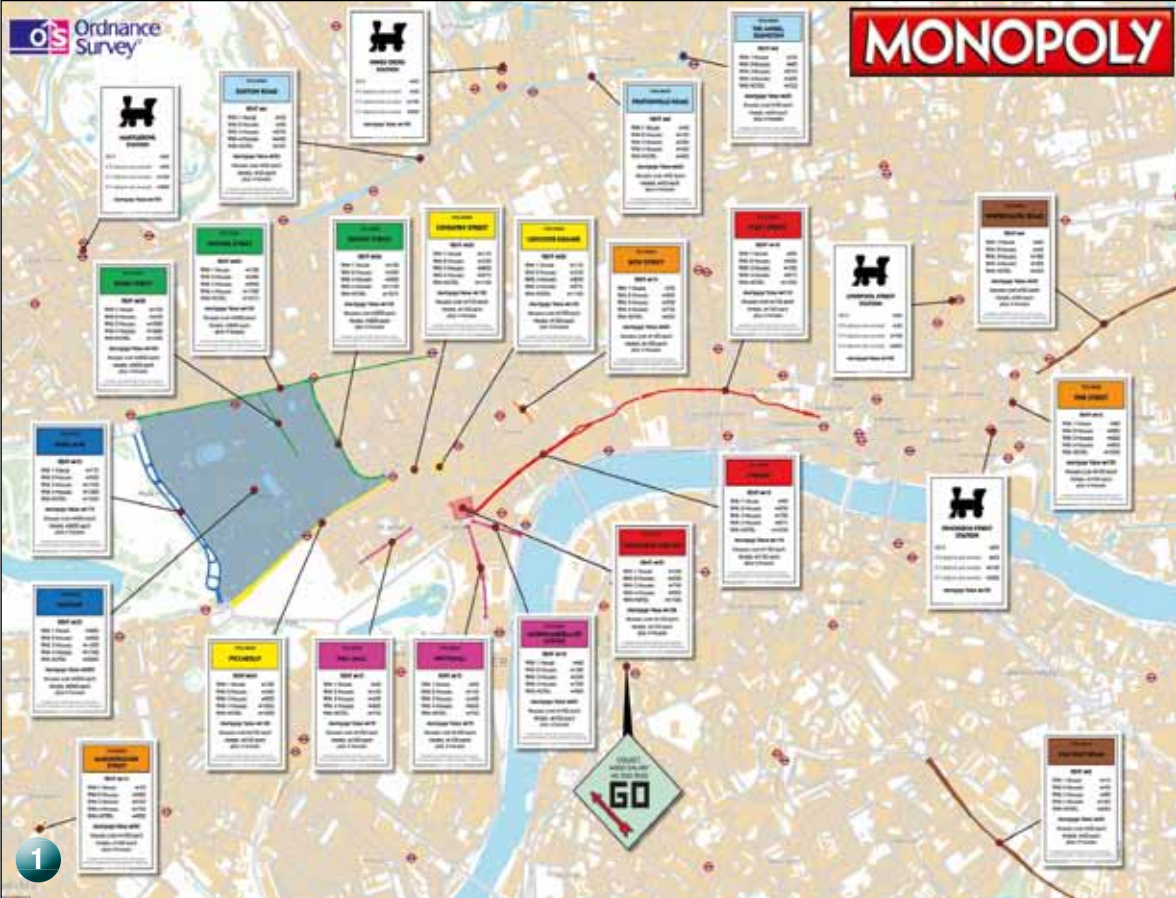
Organisers of our GeoVation programme, which seeks to encourage the use of geography to address specific needs, believed that OS OpenData, together with the

1

OS VectorMap District was used by Monopoly to celebrate the board games 70th anniversary – page 22

2

Organisers and participants of the GeoVation camp, held in March 2011 – page 22



increasing amount of other public information made available for free commercial reuse, would act as a catalyst for increased innovation in the 2010–11 competition. It asked entrepreneurs, developers and community groups to focus their efforts on using geography to address three distinct challenges, each of which offers the chance to win valuable development funding to help make their ideas a reality.

The first, 'Can Britain feed itself?', focused on geography's key role in enabling people to connect to locally produced and sustainable sources of food. This year the five best ideas were turned into prototype ventures and enterprises and pitched to judges at the inaugural GeoVation camp. City Farmers, which aims to use our mapping to rekindle a Dig for Victory style culture by identifying all available land that could be used to grow food for the well-being of the local population, and the Food Nation smartphone app. This uses OS OpenData and the Geomium social location platform to encourage a closer relationship between consumers and the people who grow their food, were judged to have the greatest potential and go forward to the GeoVation Showcase in May 2011.

The second challenge, supported by the Ideas in Transit Project, Business in the Community and the National Business Travel Network (NBTN), sought ideas on how the use of geographic data could make travel more environmentally sustainable and improve public transport services. Among the finalists, for the May showcase, was a mobile app to report transport problems and an underground-style map of London's cycle routes.

Supporting industry innovation

As Platinum sponsors of the AGI's 2010 GeoCommunity Conference – the GI industry's flagship event – we were delighted to help highlight how

location data has enabled innovation and delivered efficiencies to both the private and public sector. Our hands-on session in the Solution Centre introduced attendees to the tools being built by the UK Location Programme to enable data providers to comply with the INSPIRE Directive, which establishes a framework for easier sharing of GI among European public bodies and improved accessibility to the public.

Our Director General and Chief Executive, Vanessa Lawrence CB, also outlined how GI is being used across the world to drive change and efficiencies in her keynote speech and updated delegates on developments such as OS OpenData and GeoVation.

New products and web mapping services underpinning decision making

Over the last 12 months we have seen OS OnDemand and OS VectorMap Local being valued in both the private and public sector.

In addition, many organisations, clubs and individuals are using the new products alongside the free datasets from OS OpenData and OS OpenSpace.

The Metropolitan Police was the first customer to take a licence to use OS OnDemand, which will ensure that their analysts have access to up-to-date map data for their day-to-day operations – from simple backdrop mapping to crime statistics analysis. The online service delivers data, at a range of scales, over the Web directly to customers and is based on Open Standards, making it compatible with other Open Geospatial Consortium (OGC®) compliant web applications.

'OS OnDemand provides an instant solution to many of our mapping needs. We look forward to rolling out the service to all of our analysts and other staff over the coming months to

begin to fully appreciate its wide-reaching areas of use.' Trevor Adams, Senior Analyst, Metropolitan Police.

Global insurer, RSA® was the first commercial customer to take advantage of the benefits of OS VectorMap Local, which is being used to enhance its underwriting systems. This first in a new generation of digital mapping products allows users to completely customise the content and style of their mapping to suit their specific needs, offering greater flexibility of use.

Rob Osment, Technical Manager in the Geographic Risk Assessment Unit at RSA, commented: 'Adopting OS VectorMap Local will allow RSA to significantly improve its geographic analysis capability and help us to achieve new levels of accuracy. This new mapping will allow us to implement customised applications in support of our activities such as risk assessment, accumulation assessment and major incident management. This will benefit both our customers and our business.'

Joint research carried out with the Insurance Fraud Investigators Group revealed that insurers are also increasing the number of measures they are taking against fraudulent claims – including the use of geographic data. Over the last year there has been an 88% increase in the number of insurance fraud investigators using GI to build up evidential cases for prosecution, with 47% of those questioned now using it to help with prosecutions compared to 25% last year. Almost four in five insurance fraud investigators are using geography in their current role to help with hot-spot analysis, verify customer information and help detect fraud at claim and policy inception stages.

Using the free data available from OS OpenData, financial services

1

Rebecca Watts, Dr Ben Irvine and Simon Parker, one of the group winners of GeoVation Challenge – with the idea of an underground-style map of London's cycle routes – page 24



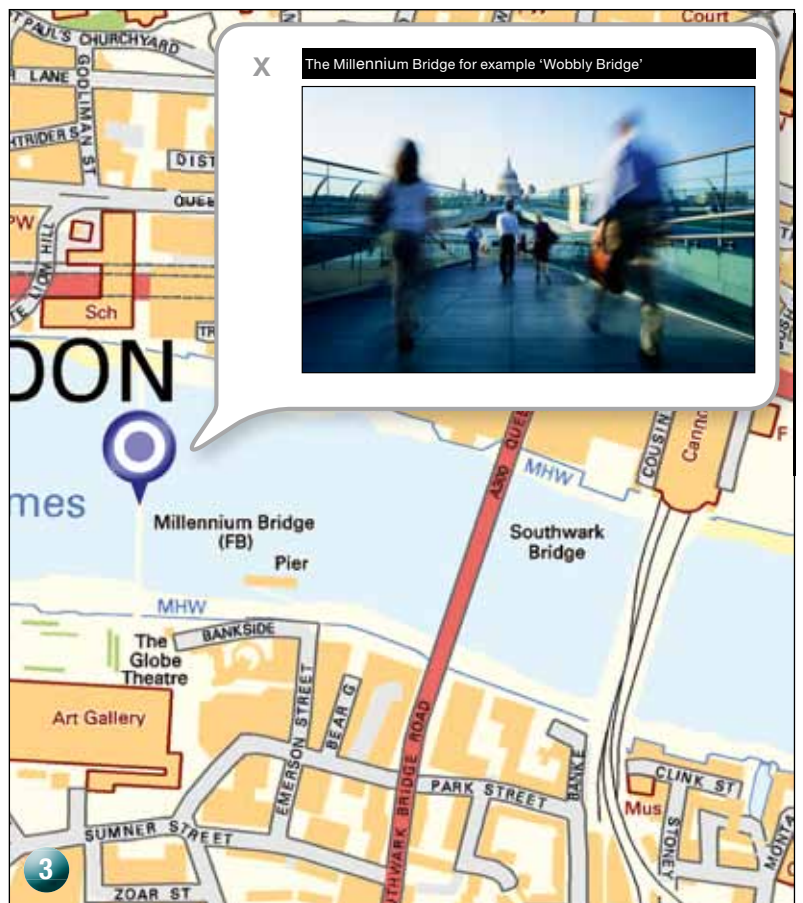
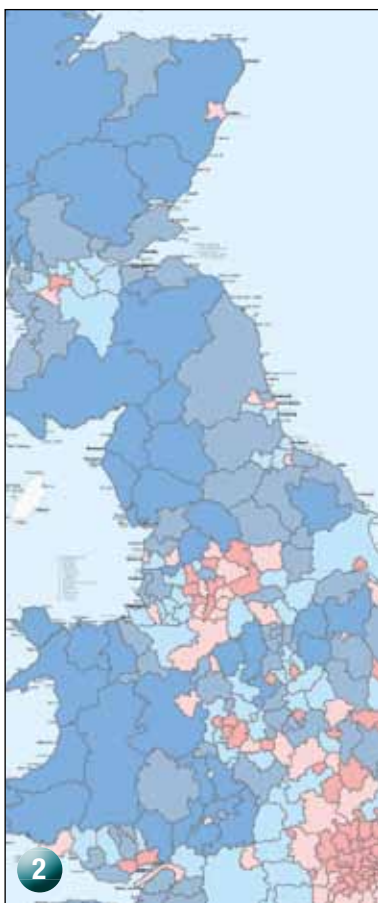
2

This map shows the number of cases of fraud recorded by CIFAS members across Great Britain – page 24

3

Creating an alternative gazetteer of Great Britain, called Location Lingo, for example, the 'Wobbly Bridge' (the Millennium Bridge) – page 26

© Photographer's Choice/Punchstock



companies can help identify patterns in fraud and aid intelligent decision making. When used with an organisation's own fraud intelligence, changes in the frequency or the location of patterns are then much clearer. As a result, faster and more intelligent decisions can be made based upon a more accurate picture of risk. To demonstrate the potential, we created a series of 'fraud maps' that match statistics from a leading industry body to their geographic locations, which reveal the peaks and troughs of the British 'fraud landscape'. We also held a series of free seminars to help those working in banking and insurance better understand the benefits of using OS OpenData.

Creating an alternative gazetteer of Great Britain

By the end of 2010–11 over 9 000 developers were registered users of our free mapping service OS OpenSpace. The online service allows developers to create maps for personal and commercial websites using Ordnance Survey data. Many of the developers are outdoor leisure enthusiasts, community groups and small businesses. Last year, as part of English Language Day, we teamed up with the English Project and used OS OpenSpace to collect peoples' pet names for places throughout the country in a project called Location Lingo. Examples include The 'Nam' (for Tottenham), 'Spaghetti Junction' (the motorway crossover near Birmingham) or the 'Wobbly Bridge' (the Millennium Bridge).

In addition to these well-known national nicknames, the project is interested in names that are not so widely recognised and might be used only by a neighbourhood, a village or a workplace. It is providing useful research for a potential 'alternative gazetteer' that could help emergency services responding to 999 calls, improve Internet searches and also recognise the importance of local names to local communities.

Support the sharing of information across the whole of the public sector

Sharing data across the public sector

The PSMA gives NHS, local and central government organisations in England and Wales access to our mapping data under a single agreement for the first time from April 2011. The PSMA includes over 750 existing public-sector organisations, with provision for thousands more, and will result in significant cost savings and greater data sharing. It follows the DCLG's response to the consultation on policy options for GI from Ordnance Survey when it set out its intention to move to a single agreement for the public sector.

Geographic data provided by Ordnance Survey, including OS MasterMap products, is now free at the point of use for public-sector bodies and will not be subject to limits on reuse when used internally within the public sector for public-sector activities. To help maximise efficiency savings and improvements in public service delivery through geographic data, members can share ideas and contact each other through our PSMA website; the website also enables customers to order and receive data online for the first time.

By introducing a new licensing framework, the PSMA will enable more collaborative working with delivery partners and will allow public-sector organisations to reuse the data for core non-commercial public-sector activities. It will also enable sharing of the data with other third parties for specific purposes to support delivery of the member's public-sector activity. Schools, third-sector organisations working on government projects, town and parish councils and UK Search and Rescue members, including Mountain Rescue England and Wales and the Royal National Lifeboat Institution, are among those to benefit.

The new 10-year agreement replaces the previous data contracts in the form of the local government Mapping Services Agreement, the Pan Government Agreement for central government and the Greater London Authority mapping agreement. Current customers of these existing agreements have been able to sign up for the PSMA since February 2011, with more than 75% doing so ahead of the 1 April launch.

The PSMA is complemented by the previously established One Scotland Mapping Agreement offering the same provisions for the Scottish public sector.

Delivering reliable data to government to save money and improve services for citizens

Both the PSMA and One Scotland Mapping Agreement are important contracts to ensure the public sector in Great Britain has free, unrestricted access to mapping data to help underpin vital services to citizens.

Our data has a variety of uses in public services, from refuse collection and waste management to children's services, environmental analysis and contingency planning.

Both agreements will ensure the continued use of our data to drive efficiencies and underpin decision making.

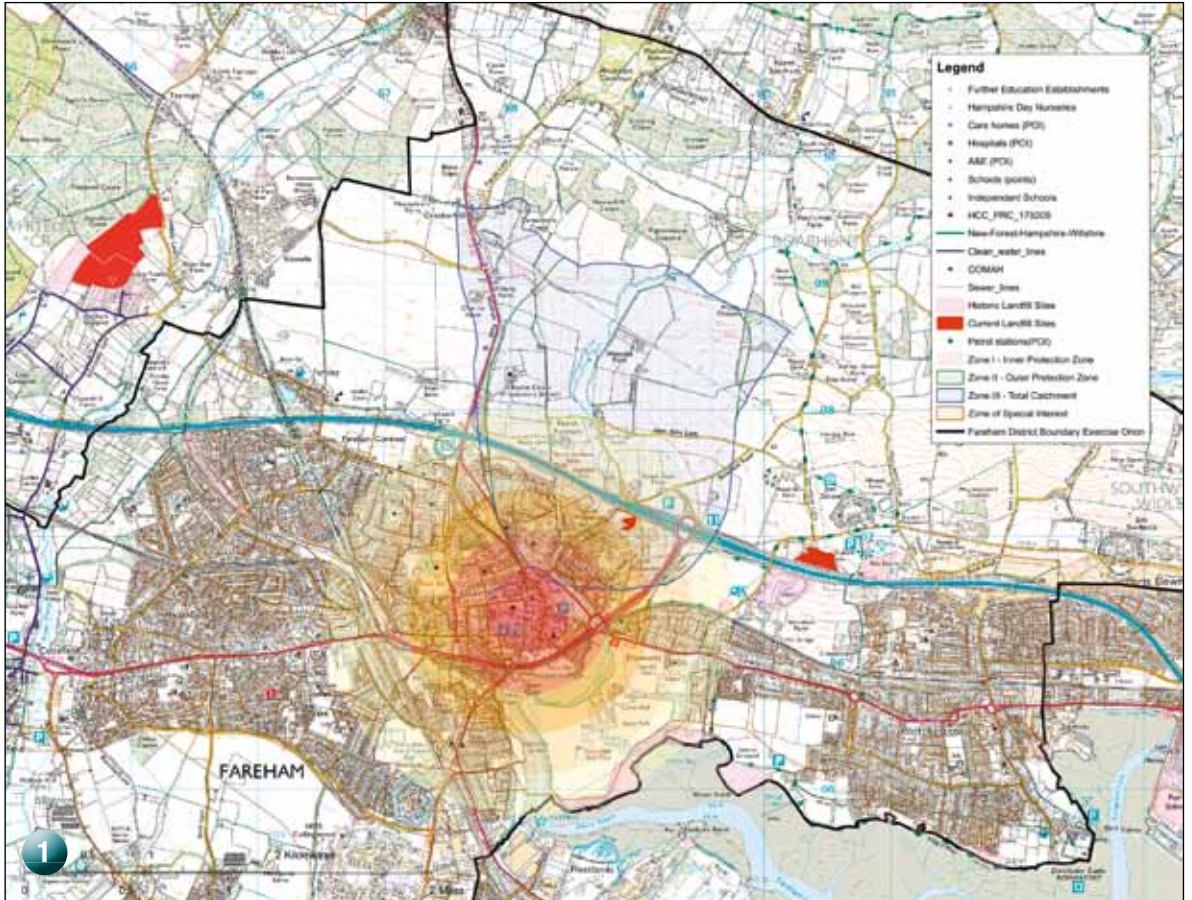
Delivering data to deal with disasters

Accurate GI is vital to emergency teams working in disaster areas and, to help better prepare for the future, we provided core digital datasets and technical support to assist those taking part in Exercise Orion, a simulated disaster exercise funded by the European Union (EU).

Ordnance Survey staff helped in the main command posts by demonstrating how GI can be used and linked to different geographic

1 and 2
Ordnance Survey provided core digital datasets and technical support to assist those taking part in Exercise Orion, a simulated disaster exercise – page 26

© Hampshire Fire and Rescue Service



datasets to help establish a common operational picture. The exercise, held over three days with eight major incidents simulated across the country, was the first time that Great Britain's ability to work alongside other EU emergency teams had been tested.

We also supported the Department of Energy and Climate Change (DECC) in a similar exercise, which saw emergency services face severe weather conditions and electricity and gas failures. Again our staff provided technical support in the incident control room, helping the DECC, emergency response teams and Cabinet Office so that, for the first time, all exercise briefs and communications had detailed GI.

In addition, we supported the Cabinet Office (Civil Contingencies Secretariat) and, in turn, COBRA in the WATERMARK exercise testing responses to emergency flooding. We provided a national spatial platform for simple visual decision making and initial critical national information checks. We also used the experience to enhance our data for emergency situations and the way we work with other organisations to ensure that Great Britain benefits from the best possible mapping.

Engaging with residents

East Sussex County Council has launched a 24-hour online service allowing residents to simply, accurately and quickly report issues, such as fly-tipping, beach pollution, broken street lights and abandoned cars, by simply clicking on a map, based on OS MasterMap Topography Layer, and choosing from a drop-down menu. People do not even need to know which department to contact as the information is automatically forwarded to the appropriate authority. The service is also improving engagement with the authority as residents can check the progress of their report as the problem is dealt with.

The move to Internet reporting from a face-to-face or telephone system has resulted in savings of around £60 000, with nearly 19 000 issues and faults being logged.

'This is a fine example of shared services – local authorities working in partnership to benefit local people, the system makes reporting more efficient, saves taxpayers' money and makes it easier for people to contact the authorities.' Councillor Bob Tidy, Lead Member for e-Government, East Sussex County Council.

Over £20 000 of savings have been made at Barrow-in-Furness Borough Council thanks to the delivery of a Where's My Nearest web-mapping service to citizens and staff. The system, developed in-house, allows the creation and manipulation of GIS data without the need for traditional GIS software, knowledge or experience.

Benefits include £10 000 savings from reduced licence fees and an additional cost avoidance of £40 000 from the replacement of the existing internal system. The authority is also perceived as being easier to do business with as web enquiries can be made round the clock, every day of the year.

Supporting the emergency services

Leicestershire Fire and Rescue Service (FRS) is using OS MasterMap Imagery Layer in their command support vehicles to support major county incidents. The county's two command support vehicles have the data available on their systems, enabling the Leicestershire FRS team to have up-to-date and reliable imagery at their fingertips in emergency situations.

'We had considered other ways of accessing imagery for the county, but it is more reliable for the emergency services to have the data stored on board our command support vehicles.'

The currency and the coverage of the Leicestershire area were the key factors for us choosing Ordnance Survey, and OS MasterMap Imagery Layer will play a key role in supporting our activities.' Jenny Kirby, ICT Project Coordinator at Leicestershire FRS.

An Intranet-based intelligence solution, using our data to provide an accurate geographic context to crime data, is allowing police officers across South Yorkshire to access detailed, up-to-date information about communities, crime and antisocial behaviour at the touch of a button. The system is expected to make annual savings in excess of one million. The time taken to pull together demographic and ethnicity data on a specific area of the community in response to a request for information, has been reduced from four hours to just two minutes and ad hoc mapping enquiries, which used to take at least 40 minutes to handle, are now dealt with in two minutes, reducing average costs from over £13 to less than £2.

Reducing the cost and environmental impact of waste collection

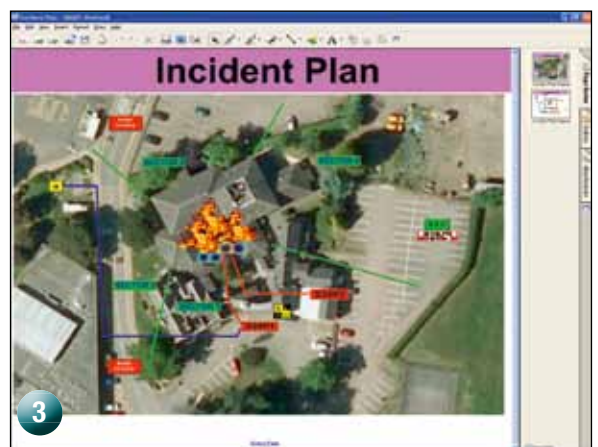
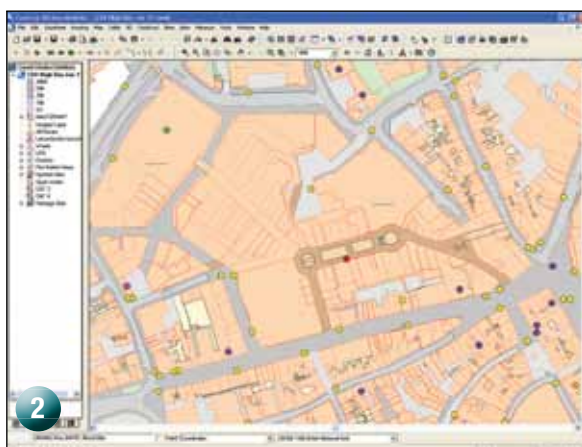
Hambleton and Richmondshire District Councils are sharing services to achieve savings of £850 000. Using software underpinned by our data, the organisations were able to determine the most economical way to collect waste. The resulting joint collections have led to a reduction in waste rounds and at least one vehicle to deliver savings of £100 000 and a reduction in carbon footprint, fuel charges and pollution. Additional savings of £278 500 are expected to be delivered from waste route optimisation and the sharing of management and office staff.

The Waste Collector Project run by the London Borough of Harrow aims to deliver £3.2 million savings over 10 years, mainly from increased levels of recycling and reduced landfill

1 to 3

Leicestershire Fire and Rescue Service is using OS MasterMap Imagery Layer in their command support vehicles – page 28

© Leicestershire Fire and Rescue Service



charges, as a result of its move from a paper-based recording system. GI combined with route optimisation, global positioning system (GPS), in-cab computers and a new real-time back-office system, enables enquiries about missed bins to be answered within seconds – rather than a full working day under the old system.

It also allows residents to have up-to-date information about bin collections. In addition to financial savings, the project will deliver environmental benefits, including an 18.8% reduction in waste being sent to landfill, fuel reductions of 15% and the associated reduction in CO₂ emissions, a 40 kg reduction in paper recycling from the removal of the paper-based system and the release of one waste vehicle to other duties.

'Great. It's so easy to report and sort out problems on the road. Customers seem to appreciate it, and I've noticed a definite drop in contaminated bins.'
Dave Garner, Driver Team Leader, Harrow.

Helping to keep the country moving

Our mapping data was invaluable in ensuring the timely, effective and clear completion of Hampshire County Council's strategic plan identifying key infrastructure to determine critical gritting routes during bad winter weather. The Council's GIS allowed quick, easy and accurate sharing of information with infrastructure, such as power, health and emergency services and food distribution, and the local and national trunk road network.

'GIS is an extremely useful emergency planning tool, enabling us to access, present and share information in a way that makes immediate sense to people – and in a timely and accurate fashion.'
Ben Heaton, Emergency Planning Officer, Hampshire County Council Emergency Planning Unit.

Transforming the landscape by mapping ecological networks

Embracing 200 square miles of central England, The National Forest is transforming the landscape of parts of Derbyshire, Leicestershire and Staffordshire. Spearheading the initiative is the National Forest Company (NFC), sponsored by Defra.

A significant problem for biodiversity is the fragmentation of important habitats, with woodland now surrounded by farmland and other open habitats, making it hard for species to expand or alter their natural ranges. The NFC has developed a GIS to analyse habitat connectivity on a landscape-scale across the whole forest. This helps to identify existing habitat networks and areas of high fragmentation. This informs strategic decisions to target efforts to create a robust landscape of interconnected habitats that are best placed to meet the challenges of the future. It uses OS MasterMap to update the maps, increasing the speed with which data can be digitised whilst also improving accuracy.

Enhance value through the creation of an innovative trading entity

Launch of Ordnance Survey Leisure

In March 2011 we launched a new online leisure portal for all outdoor enthusiasts. The new portal allows users to plan routes and offers location-specific information, such as weather and news, in one place. Users are encouraged to register to get the most from the service, allowing them to access enhanced features and save, share and print full colour maps. As well as creating personalised routes highlighting places of specific user interest, such as pubs, tourist attractions and accommodation, there is also the option to view and print professionally authored maps.

Printing map snapshots at A5 size is free, with a charge for printing the ready-made routes at A4 size. Users also have the option to pay a yearly subscription to benefit from full-screen view and route editing, plus unlimited A4 printing and authored routes at no extra cost.

Routes can be viewed on aerial imagery, our well known OS Explorer Map and OS Landranger Map – leisure maps – and ZoomMap, which has been created by our cartographers to give a consistently styled view of our data for overlaying with other information such as points of interest.

To support the Ordnance Survey Leisure getamap portal, we have also enhanced our online shop and leisure magazine, creating the complete website for people wanting to discover and enjoy the outdoors.

Putting the Tour on the map

During 2010 we were once again the official mapping partner of the Tour of Britain® and its associated events; the Halfords® Tour Series of 10 city-centre cycle races; the Great Tour circumnavigating the coastline of Great Britain, led by former Olympic Decathlete Daley Thompson and long-distance cyclist Jim Rees; the eight-day Tour of Britain; and the three Tour Rides that help raise money for the Prostate Cancer Charity.

Business investments

Investing in our future is an important element of the business plan, and over the last year we have shown our commitment by investing in new technology and new systems.

Gloucester Data Centre

In support of the Government's Information and Communication Technology (ICT) Strategy to reduce IT infrastructure costs and achieve environmental and sustainability

1

Hampshire County Council's strategic plan identifying key infrastructure to determine critical gritting routes during bad winter weather – page 30



Hampshire Infrastructure

1

2 to 5

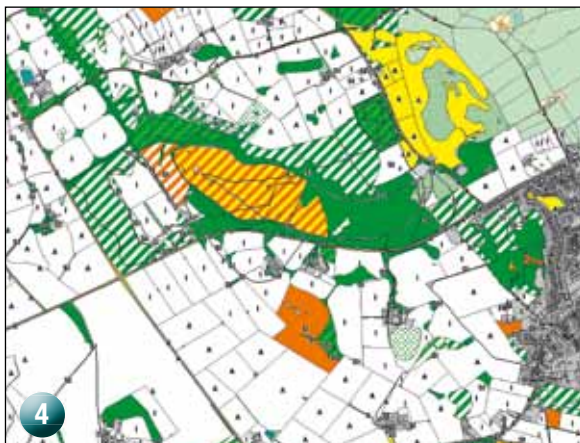
Maps illustrate how The National Forest has developed a GIS to analyse habitat connectivity on a landscape-scale across the whole forest – page 30



2



3



4



5

Customer service figures for 2010–11

Volumes	Year to March 2011	Year to March 2010
Complaints	594	735
Telephone calls received	55 704	62 902
Correspondence enquiries	61 706	63 380
Total customer interactions	118 004	127 017

Target	Year to March 2011	Year to March 2010
95% of calls answered in less than 15 seconds	98.7%	99.0%
Lost calls <3%	0.02%	0.04%

targets, we worked with HM Land Registry® to create an off-site data storage centre. Through this partnership we are leasing extra capacity at their centre in Gloucester to house a proportion of Ordnance Survey's IT infrastructure.

The initiative helps us to implement industry best practice by housing the production system separate from the live IT system based at Explorer House in Southampton. The additional data centre facilitates essential business continuity services and mitigates risk as well as realising cost savings through using an already operational centre.

Geospatial Data Management System

A significant investment project undertaken over several years is now coming to fruition and is delivering a wide range of benefits that will transform the way in which our digital data is captured, stored and updated. The Geospatial Data Management System (GDMS) enables us to collect information in a single, seamless database and then use it in a variety of ways to create a range of products that meet customer needs. The system replaces three databases, which have been used to store data, with separate editing tools and update mechanisms. The new system provides significant efficiency savings, both in terms of data collection and editing, and will provide an improved ability to

synchronise and update OS MasterMap products.

The new streamlined system will be rolled out to all our surveyors and production staff, who will undertake comprehensive training to capture, edit and maintain data effectively. Production teams will have improved access to the data and planning tools, which will allow workloads to be managed more effectively, resulting in cost savings and data improvements. The new system will significantly reduce risks to our business through replacing old and complex IT systems with more current and up-to-date technology.

Developments in data collection

We have invested in two new digital cameras, which have been installed in our contracted aircraft, enabling aerial imagery to take place at higher altitudes. As well as allowing data capture at higher altitudes, the cameras provide a much higher resolution of imagery when operating at traditional altitudes of around 6 000 feet. The cameras were operational within four weeks of the contract award, and training and post-processing have been so successful that the old analogue cameras and wet film processing have been decommissioned.

The cameras will offer significant flexibility for flying in urban areas and production processes have been revised to maximise efficiencies. The investment is likely to generate

efficiency savings, while producing high-quality aerial imagery.

In addition, we have awarded a new four year framework agreement for the supply and maintenance of geospatial data to replace old contracts. The new Integrated Data Capture contract reaffirms our commitment to working in partnership with the broader geospatial community.

Focusing on our customers

Improving the customer experience

Feedback from the biannual customer satisfaction survey highlights further improvements in both the net promoter score (NPS) and the customer satisfaction index (CSI) over the previous year. The NPS has improved 11 points to 55%, with the CSI now at 82.9 (82.3 for 2009–10).

Improvements during the year have focused on value for money and pricing and licensing to make it easier to do business with us, enabling our customers to access and use our improved range of products and services at their own convenience. We have delivered a new frequently asked questions that now include simple technical help on using our products; enhanced website searching to help customers find answers quickly and easily; provided additional product information, including simplified getting-started guides, to help OS OpenData customers and those

1

Ordnance Survey's Bob Goodrich with John Wright, IS Director at Land Registry, at the official opening of the shared data centre – page 30



2

New digital cameras have been installed in our contracted aircraft, enabling aerial imagery to take place at high altitudes, for example Explorer House, the new head office for Ordnance Survey – page 32





1 Ordnance Survey's blog – blog.ordnancesurvey.co.uk – has become an important tool for communicating with our customers, stakeholders and the general public – page 34

2 Ordnance Survey – official mapping partner of the Tour of Britain and its associated events; the Halfords Tour Series of 10 city-centre cycle races – page 30

new to our products; and a new tool to help capture errors and omissions reported via the phone. We will continue to focus on improving the ease of use of our products in the coming months.

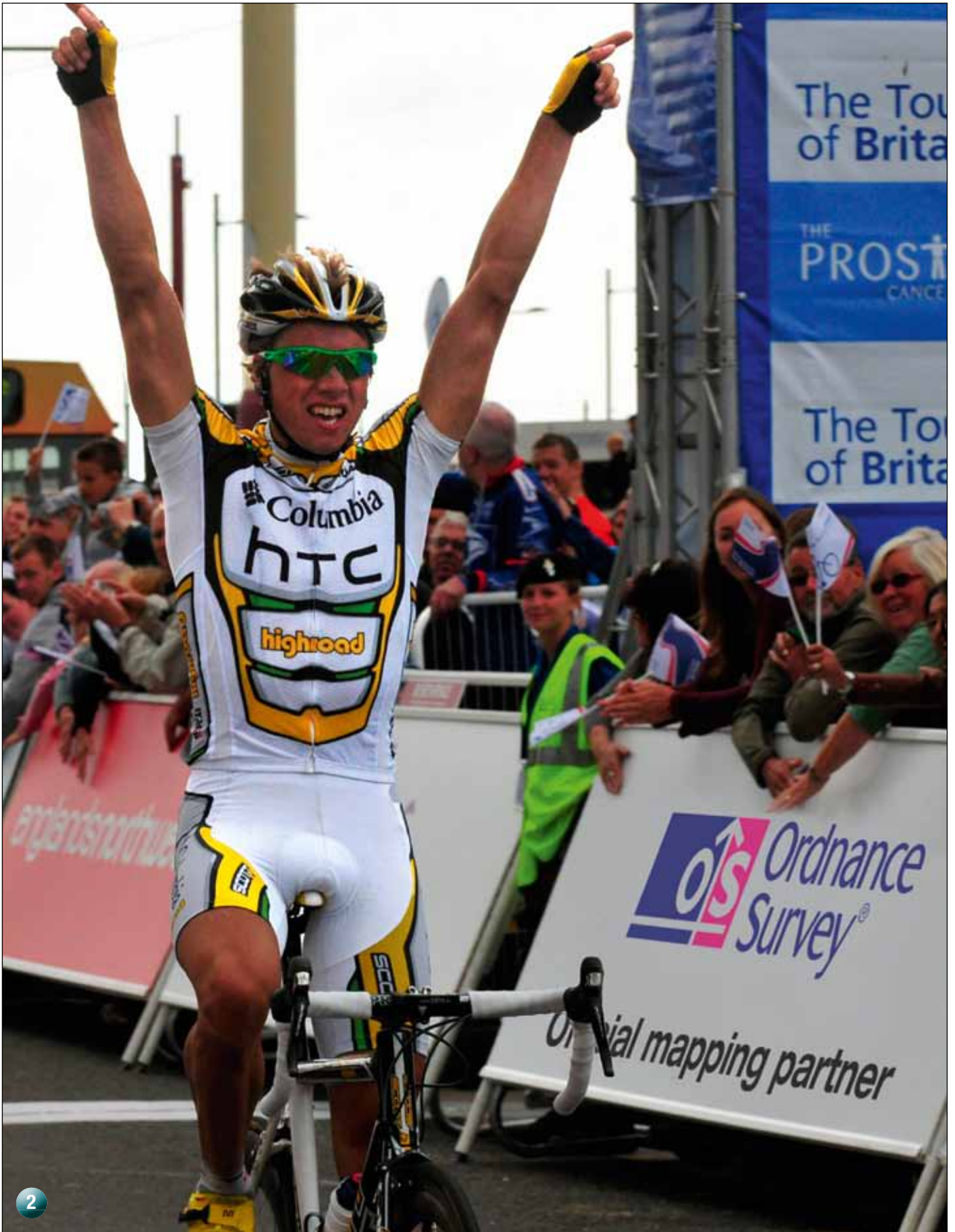
The volume of complaints in 2010–11 has reduced by 19%. This can be attributed to the launch of OS OpenData, the new and improved pricing and licensing strategy, which was received very positively by customers, as well as the ongoing improvements to the website and online shop in response to customer feedback.

During 2010 staff from across the business have worked very hard to deliver key projects on time. This was vital in ensuring we delivered the service our customers were expecting and also helped us focus our support material on areas that we knew would generate enquiries.

Connecting with customers and the general public

Our blog – blog.ordnancesurvey.co.uk – has become an important tool for talking with our customers, stakeholders and the general public. It includes posts on a range of topics, from walking guides and product news to how GI plays a role in people's lives, and enables us to engage with people in a much more personal and responsive way.

Encouraging people to interact with us via the blog is also an opportunity to raise awareness of our role in the digital economy and the value of GI, particularly as many people still see Ordnance Survey as solely the maker of leisure maps when, in fact, over 90% of our work centres on creating and maintaining the geographic framework that underpins daily life.



Changing the face of large-scale mapping in Great Britain – a decade of OS MasterMap

Ten years ago we launched the OS MasterMap suite of products, and with it we brought truly intelligent mapping into everyday use. With its groundbreaking technical features and continuous update, OS MasterMap represented a seismic shift in the way GI could be exploited to provide insight, analysis and value in a huge variety of different situations.

We have ensured that OS MasterMap has continued to evolve to meet the developing needs of our customers. Today, OS MasterMap is synonymous with consistent and detailed large-scale mapping, underpinning services across the whole of the public sector and in many commercial markets, including the energy, infrastructure and the land and property sectors. In 2006 we completed our positional accuracy improvement (PAI) programme, ensuring OS MasterMap's fitness for the GPS age.

OS MasterMap is published as a series of product layers so that data is tailored for individual requirements. Updates are typically published on a six-weekly cycle of data extracted from the National Geographic Database – which itself now contains over 450 million geographic features, each with their own individual identifier. Ordnance Survey continues to support open data standards and each layer is provided in Open GIS Consortium's Geography Mark-Up Language (GML).

The four OS MasterMap layers are:

- **Topography Layer** was the first layer to be released and provides a highly detailed view of Great Britain's landscape, to individual building and road level. Like all OS MasterMap layers, Topography Layer is intelligent, for example, buildings are no longer a series of mapping lines, but complete features with additional information about that building.

Use case: The Rural Payments Agency (RPA) has taken advantage of OS MasterMap Topography Layer, which has been used to produce the Rural Land Register. RPA can link data on the type and yield of a particular crop to a field and use this to control the payment of £2.08 billion, which helps farmers and landowners to protect the environment and deliver the food we all rely upon.

- **Address Layer** in its current Address Layer 2 release, links any property address to its location on Topography Layer by providing precise coordinates for more than 27 million residential and commercial properties in Great Britain, as well as multi-occupancy properties and a wide range of landscape objects that have geographic rather than postal addresses.

Use case: Anglian Water® has used Address Layer 2 to quickly meet regulatory requirements to provide water to the public, in the event of an interruption to normal supply, with either bottled water or mobile

browsers. Their new automated process has removed a dependence on a paper-map procedure, resulting in time, resource and cost savings and improved implementation times, enabling them to improve the deployment of emergency water source.

- **Integrated Transport Network Layer™ (ITN)** maps the complete road network of Great Britain in detail, including all motorways and roads through to pedestrian streets. ITN is a logical network representation rather than a traditional 'map', and so it can be used for routing and asset management calculations. In March 2010 an Urban Path theme was introduced, extending ITN's content into the paths of urban Great Britain.

Use case: The Department for Transport's Transport Direct portal uses ITN as the basis for all routing calculations. They use ITN's road geometry and driver routing information to make sure that routes are optimised and take account of current routing restrictions.

- **Imagery Layer** provides a seamless aerial picture of Great Britain and was completed in June 2009. Imagery is captured as part of our integrated revision programme and is used to update the rest of OS MasterMap, ensuring that OS MasterMap layers are synchronised when used together.

Use case: Scottish and Southern Energy (SSE) uses OS MasterMap Imagery Layer to help concentrate engineering survey and subsequent vegetation clearance activity on the places at most risk of service disruption and affecting the most people should a power failure occur. SSE is making 4 000 km of power lines resilient every year. OS MasterMap Imagery Layer provides SSE the added visual dimension that is vital to their work.

The near future

We are committed to ensuring that OS MasterMap remains the flagship suite of products within our portfolio. This will be achieved by continuing engagement with our customers and our own innovation. We will remain flexible to the demands of our current and emerging markets, it is therefore not possible to be too definitive at this time about how OS MasterMap will evolve.

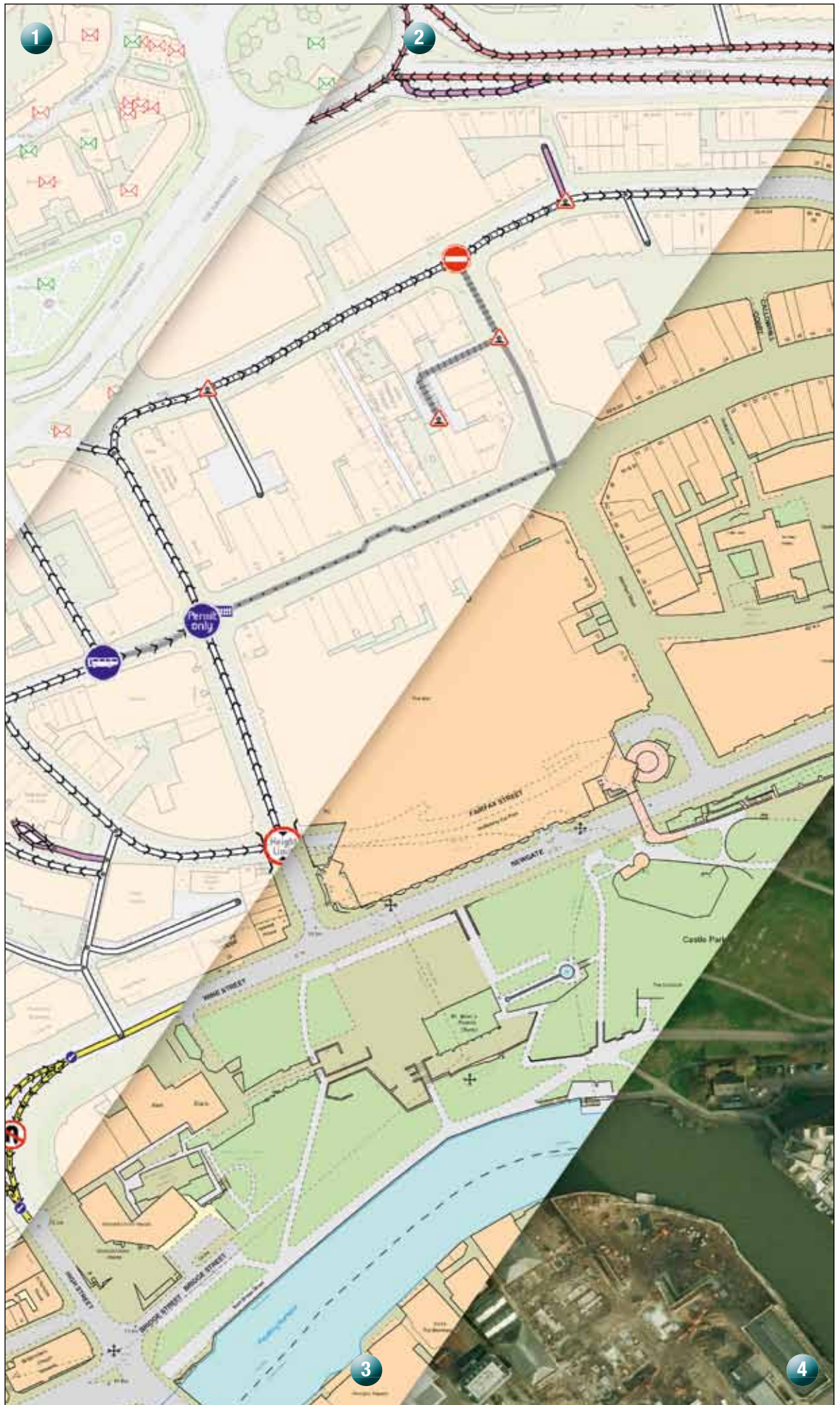
We do know that, as a result of significant investment in both the National Geographic Database and its supporting infrastructure, we will be agile to these emerging opportunities. These may include functional sites, where a number of features are referenced together to create super features such as hospitals or airports, further extension of ITN's network geometry to include further modes of transport and further extension of driver routing information. For address we will review customer requirements as this layer is integrated into the National Address Gazetteer. Imagery currency will continue to be enhanced.

1 OS MasterMap Address Layer
2 – overlaid on
Topography Layer

2 OS MasterMap
ITN – overlaid on
Topography Layer

3 OS MasterMap
Topography Layer

4 OS MasterMap
Imagery Layer



Our people

Employee engagement

Our annual survey, Your Say, measures how engaged our employees are with the organisation and asks for their opinion on areas of life at work such as teamwork, inclusion and leadership.

Our latest findings show that people feel proud to work for Ordnance Survey and have a strong personal attachment to the organisation. They also show that employees are feeling more informed about matters that affect them and have a clear understanding of our objectives and purpose. The survey shows improvements in the areas we focused on following the previous survey's results – how we communicate across the organisation and support our managers to lead more effectively.

The survey results have been shared across the organisation and directors are working with managers and Your Say champions to develop local action plans to respond to the results in their area and support the overall corporate action plan.

We took part in this survey alongside 102 other Civil Service organisations, coming in the top quartile for employee engagement.

Developing our people

We are committed to supporting the development of our people and continually look at how we can best meet their needs, providing access to the right development, at the right time, in the way that is most effective for them.

To help us achieve this, we launched a new online 'Learning and development centre', which provides a 'one-stop shop' for all our learning resources. This includes tutor-led courses, short 'bite-size' learning sessions, e-learning and a range of online resources such as management toolkits and videos/podcasts. This new online platform makes it easier

for employees to find the development opportunities available, and to access them at a time that is most convenient for them.

During the year we also launched our 'Change in action' programme, which was attended by over 450 employees. This was designed to help all our people to be ready to support and implement a wide variety of organisational goals and to deliver positive outcomes during times of change.

We have also continued to support and grow our established internal coaching network, which provides one-to-one developmental support for our employees to help them achieve their potential and develop their careers.

In recognition of the important role of leadership in organisational success, we have continued to develop our leadership and management capability. Our management development programme consists of a series of modules to provide our managers with the skills and knowledge they need to be successful in their roles, and our Leading for change programme has now supported over 250 of our managers to develop their leadership skills.

Equality and diversity

Our three-year equality scheme came to an end in May 2010 with the publication of a final progress report. Our people have contributed to our new scheme through a series of focus groups, making sure it reflects the views of diverse groups.

We continue to raise our profile in diversity publications, encouraging and attracting applications from all groups. We have also embedded the *Equality Act 2010* into the way we work and are currently developing a new e-learning package incorporating the new public-sector equality duties, which will be rolled out to all employees.

Employee sickness and absence

We monitor employee absence and hold return-to-work interviews to make sure our employees receive appropriate support and, if necessary, adjustments to their role. Absence due to sickness continues to decrease. In 2010–11 the average days lost due to sickness per employee were 3.71 (2009–10: 5.26). The total working days lost were 3 664 (2009–10: 6 386).

Health and safety management

Last year saw the preparation for our safe redeployment from our Romsey Road office to the new Explorer House. This involved investment in additional training for new fire-risk management, amended first-aid arrangements and revised incident control measures.

Many large pieces of equipment were dismantled and disposed of from the Romsey Road site, including two large 100 tonne printing presses, bulky guillotines, an emergency generator and two hefty combined heat and power generating engines. Our rigorous health and safety standards were maintained throughout these removals, resulting in no reported accidents or injuries to employees or contractors during this involved process.

During the year we developed new workplace risk assessments for use at Explorer House, and a new Intranet-based health and safety information portal, enabling our people to have easier access to information relating to health and safety at work.

Again, this year, we invited the British Safety Council to audit our health and safety systems as independent adjudicators and, after scrutiny, were awarded an International Safety Award. This represents our fifth consecutive year in gaining this prestigious award.

1

Lawrie McMenemy MBE, former Southampton Football Club manager, visited Ordnance Survey and gave an inspirational presentation at the 2010 Senior Leaders' event



2

Staff undertaking training on the new geospatial data management system which completed in 2010



Stakeholder engagement

International engagement

We take a responsible approach to sharing our extensive expertise. As one of the most advanced mapping organisations in the world, we offer our knowledge and experience to countries developing their GI infrastructure, which in turn is a key to the development of civil and commercial life.

Within the limits of expenditure and resource availability, we receive visits from national mapping agencies and other organisations to share expertise on specific topics. In 2010–11 we received 10 such visits from Australia, Asia, Europe and the Middle East.

Corporate responsibility

Ordnance Survey is committed to using its expertise and resources, not only to deliver its business objectives but also to realise social, environmental and economic benefits for its staff, the local community, the nation and beyond.

We value our staff's contribution to our corporate responsibility (CR) activities and actively encourage their participation in our CR programme.

CR in the community

We are committed to supporting improvement in the community through staff-volunteering initiatives, supporting charities and our educational activities.

Charities

Staff voted the Alzheimer's Society as our Corporate Charity for 2009–10, donating a grand total of £14 524. During 2010–11 we are supporting Marie Curie Cancer Care, which provides nursing care to terminally ill patients in their own homes or hospices while offering support to their families. Fund-raising events included staff sponsoring the planting of a daffodil walk at Explorer House. We also helped the charity

to launch its first ever local nursing appeal in Southampton. The appeal is fronted by local nurse, Eileen Mills, one of seven nurses in the city who provide a free nursing service for terminally ill people who want to be cared for at home at the end of their lives. To continue to provide this service, the charity needed to raise £74 000 this year, and we were delighted to present representatives with a cheque for £10 000 in March 2011.

Our support of MapAction, which aims to ensure that vital information, in the form of maps, reaches the people who most need it after disasters, continued, with a member of staff on a second extended term working with the charity in Haiti, and another deployed for two weeks to assist after the Pakistan floods in August 2010.

Local community

We continue to work with schools through staff volunteering to restore or create play areas and by giving their time to be school governors. Our Director General and Chief Executive, Vanessa Lawrence CB, visited St Mark's Church of England Primary School, Southampton, as part of the first national *Visit our Schools and Colleges* campaign. The initiative sees schools inviting business leaders to visit and discuss how they can be more actively involved in the education, employability and motivation of young people aged 5 to 19. The campaign has a practical focus on things such as mentoring, careers advice, work experience and becoming a school governor.

In July 2010 a team of Ordnance Survey volunteers joined others from local businesses to participate in Business in the Community *Give and Gain Day*; to renovate a garden area at a home for young autistic adults.

An exhibition at Southampton's Maritime Museum, celebrating our long association with the city, will run

from February to September 2011, and takes visitors on a historical tour from our birth in 1791 right through to our move to Adanac Park at the end of 2010.

Ordnance Survey In Southampton: Mapping Great Britain Since 1791, held in conjunction with the City Council, features artefacts illustrating past surveying and cartographic techniques, information on how the Southampton Blitz affected the organisation, and the transition from paper mapping to the digital age. The timeline concludes with a display highlighting how our mapping data is used today.

Our local links were further commemorated through our OS OpenSpace application marking the 70th anniversary of the Southampton Blitz. Using archive records, we were able to pinpoint where each of the bombs fell across two nights in November/December 1940. Thousands of people, including the media, visited our blog to see the map and share some wonderful and inspiring stories.

We were also delighted to provide a huge walk-on map to accompany more than 100 stunning aerial photographs featured in *Britain from the Air*, an extraordinary free outdoor exhibition, jointly created by the Royal Geographical Society (RGS) (with IBG) and street gallery pioneers WeCommunic8. Situated first in historic Bath and later in Oxford, this showcase of natural and human landscapes was accessible 24 hours a day and, from March 2011, was available online as an interactive map created by the RGS (with IBG) using OS OpenSpace.

Free maps for 11-year-olds

Over 8 000 schools across Scotland, England and Wales were able to order a free OS Explorer Map for their 11-year-old pupils through the *Free Maps for Schools* scheme. The initiative, which has been running for

1 and 2

An exhibition at Southampton's Maritime Museum, in conjunction with the City Council, features artefacts illustrating the past and Southampton Blitz map pinpointing where every bomb fell across two nights in November/ December 1940 – using OS VectorMap District – page 40



3

Michael Palin CBE opens a free outdoor exhibition in Bath – Britain from the Air, displaying a huge walk-on map and over 100 stunning aerial photographs. The exhibition became the most visited outdoor event during the year – page 40



© RGS-IBG

nine years has given away more than six million maps. Children can use their free map in the classroom to support the National Curriculum and then take them home to use with their families.

Schools with 11-year-olds have also been given free access to Digimap for Schools, until December 2011, through JISC Collections for Schools – a central source of affordable online subscription resources for the schools' sector. Based at the University of Edinburgh, EDINA® currently provides map and spatial data services for universities and colleges. Extending the service means that, for the first time, school pupils will have access to our most detailed digital mapping.

The Digimap for Schools service, which was awarded Gold by the Geographical Association for making a 'significant contribution to geography teaching', allows schools to view mapping, including OS MasterMap, at a range of scales, to create site-centred maps up to A3 size for teaching and learning. The aim is to provide digital data via technology that young people use on a regular basis

and in a form with which they will become familiar in future years.

Working in partnership to preserve an important ancient monument

Carved out of the hillside in honour of King George III, the 200-year-old Osmington White Horse is a seamount navigation guide for ships entering Weymouth Bay. As a highly visible backdrop to next year's Olympic sailing events, it needs to look its best, but the original outline has deteriorated over the years.

To help the Osmington White Horse Society with the renovation, we are working with English Heritage® to undertake a GPS earthworks survey. Using old aerial imagery, our data experts will translate this historic figure into modern-day coordinates. This will allow us to mark out the figure from a GPS controlled set-out survey so that Society volunteers can treat the surface to ensure it stands out. Working together means not only can we help to correctly position the figure, but the image will be correct on our mapping as soon as the outline is finalised.

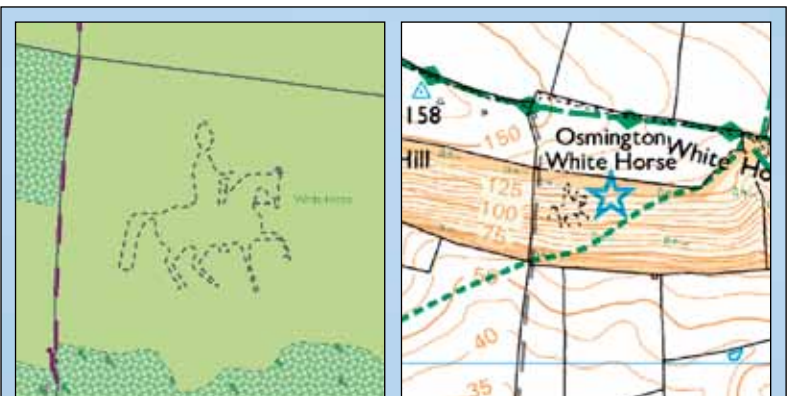
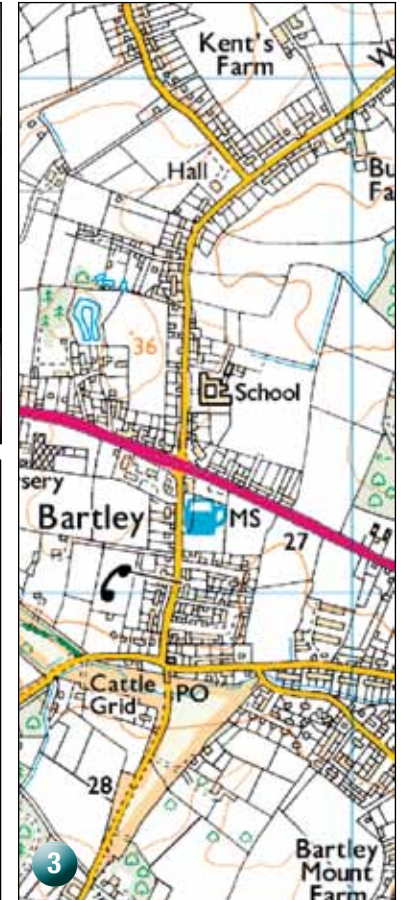
1 and 2
Schools with 11-year-olds have been given free access to EDINA's Digimap for Schools – page 42



3
Over 8 000 schools across Scotland, England and Wales were able to order a free OS Explorer Map – page 40



4 and 5
Ordnance Survey and English Heritage are working with the Osmington White Horse Society to undertake a GPS earthworks survey as part of the renovation – page 42



CR and the environment

Our environmental management system (EMS) continues to support our Environment policy. It has three main drivers: legislation, Sustainable Operations on the Government Estate (SOGE) targets (called Greening Government Commitments (GGC) from 1 April 2011) and CR. These can all be accessed by staff via our Intranet.

With the move to Explorer House completed in January 2011, some of our environmental reporting is from our old site at Romsey Road. Our new green site consists of a number of eco initiatives, including the creation of wildlife corridors, a sustainable urban drainage system (SUDS), rainwater recycling, on-site composting and energy efficient lighting. During our first year in the new building, we will collect environmental data to establish baselines to then start working towards achieving the new government targets.

Staff initiatives

We are committed to reducing our carbon footprint, reducing our environmental impact and promoting continual environmental improvement in our daily operations. This is achieved through our Environment team and a network of eco-partners who are environmental champions in each of our Business Groups.

Energy

In December 2010 we took ownership of our new ground source heat pumps (GSHP), which provide the heating and cooling for our new building. Our previous combined heat and power system (CHP) at our Romsey Road site was installed in November 2001, and from the first full year in April 2002 until March 2010 it provided 3 326 673 kWh (48%) of the 90 961 994 kWh electricity consumed by Ordnance Survey and our tenants.

The energy SOGE target – to reduce by 12.5% against the baseline year 1999–2000 – is due to be met in 2010–11. An additional target, introduced by the new coalition government, is to reduce emissions by 10% from May 2009–10 against May 2010–11. This is harder to meet as we are reporting on two sites, and although we expect to reduce against the year, it will not be by 10%.

Procurement

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

Examples of contracts where we have incorporated these standards include our fleet of new cars, where the average leased is no higher than 119g/CO₂/km and our copying paper, which is 100% recycled. The furniture for our new head office is from Forest Stewardship Council® (FSC®) and certified sources.

Butler Tanner & Dennis was awarded a contract for our map printing and is certified with full chain of custody against FSC standards – FSC-STD-40-004 V2-0 for the purchase of materials. The maps are printed on Progeo® LC1 map paper, which is also FSC accredited.

We also awarded a contract for facilities management stipulating that, wherever possible, the contractor uses cleaning materials that do not harm the environment, including non-toxic, phosphate-free and biodegradable products and ensuring that they comply with both Defra *Public Sector Food Procurement Initiatives* (PSFPI) and National Audit Office's *Smarter Food Procurement in the Public Sector*.

To support our Environment policy and reduce our waste going to landfill, we have invested in an on-site composter. We have also agreed a contract for disposal of surplus IT equipment, which will ensure that we are compliant with Waste electrical and electronic equipment (WEEE) Regulations.

Travel Plan

It is important that we continue to encourage and promote sustainable forms of business and commuter transport at Explorer House. First Hampshire bus service 17 has been extended to serve Adanac Park, to provide a direct bus route for staff from the city centre and Central Station. Car sharers are provided with a preferential parking area at the front of the car park.

Although the average number of cyclists for the entire year 2010–11 remains static, early signs are that, after moving to Explorer House, more people are cycling and motorcycling to work than during the same period in 2009–10. Our bike-to-work scheme, Cyclescheme, continues to be a success, with 152 people now signed up and 46% of participants claiming to be either new to cycling or cycling to work more often since purchasing their bike.

To coincide with the relocation, our car-share scheme was relaunched with a brand new online application created by our in-house Data Enhancement Support team and powered by OS MasterMap ITN data and OS OpenSpace. Since the relaunch in December, a total of 76 car-share groups have been registered (see figure 1).

Waste

During the first two months at Adanac Park we produced five tonnes of landfill waste and three tonnes of mixed recycling waste, and would expect this to reduce further. In comparison, for the same period in

2009 at Romsey Road, we generated 14 tonnes of landfill and 31 tonnes of recycling, with much of the reduction in landfill due to our on-site composter. We have met both of the government's SOGE targets for waste – exceeding our target to recycle 40% of our waste by 2011, and achieving a 65% increase on recycled waste. We have also exceeded our target to reduce our overall waste by 5% from 2004–05 levels (see figure 2). Our focus continues to be preventing waste at source and minimising the amount sent to landfill in order to meet the next level of government targets, which relate to the next 10-year period.

Water

On moving into our new site the first few months of monitoring, show our water consumption has reduced to approximately 10% of that at Romsey Road. We continue to monitor our water consumption and manage any unusual trends in line with government targets. In 2010–11 we consumed 42 347m³ (2009–10: 60 266m³) of water, a 30% reduction on the previous year.

Figure 1

Car sharing	Groups joining	% growth	Total
2004–05	71	100%	71
2005–06	23	32%	94
2006–07	13	14%	107
2007–08	13	12%	120
2008–09	28	13%	135
2009–10	10	-7%	125
2010–11	76	n/a	76

Figure 2

Waste			
2004–05			
Office waste recycled	21%	Non-office recycled	71%
Office waste landfill	79%	Non-office landfill	29%
Tonnage	282	Tonnage	407

2005–06			
Office waste recycled	24%	Non-office recycled	86%
Office waste landfill	76%	Non-office landfill	14%
Tonnage	302	Tonnage	538

2006–07			
Office waste recycled	35%	Non-office recycled	72%
Office waste landfill	65%	Non-office landfill	28%
Tonnage	304	Tonnage	443

2007–08			
Office waste recycled	25%	Non-office recycled	79%
Office waste landfill	75%	Non-office landfill	21%
Tonnage	266	Tonnage	512

2008–09			
Office waste recycled	29%	Non-office recycled	80%
Office waste landfill	71%	Non-office landfill	20%
Tonnage	280	Tonnage	375

2009–10			
Office waste recycled	44%	Non-office recycled	79%
Office waste landfill	56%	Non-office landfill	21%
Tonnage	273	Tonnage	376

2010–11			
Office waste recycled	38%	Non-office recycled	82%
Office waste landfill	62%	Non-office landfill	18%
Tonnage	202	Tonnage	325

Explorer House

developing a sustainable business for the future

January 2011 marked yet another milestone in the history of Ordnance Survey as the last of our staff moved to our new head office at Adanac Park. The building, Explorer House, epitomises our approach to CR providing energy efficient, modern accommodation designed to ensure a pleasant and productive working environment for our employees. The building was completed on time, and on budget, by Kier Property, which acquired the Romsey Road site with the aim of redeveloping it with a mix of residential and commercial properties.

Staff friendly

As part of our commitment to family-friendly working, our new site includes the relocation of our purpose-built day nursery to provide childcare for staff and other local parents. With capacity for 58 children of all ages, this offers high-quality childcare, freshly cooked food and an outstanding outdoor play area.

Staff were involved in the design of the new open-plan office, and the bright and airy atrium has been particularly well received, providing a social hub; housing our restaurant, coffee bar and shop.

For people choosing to cycle, run or come to work by motorbike; showers, changing rooms, lockers and drying facilities for wet clothes are available in an ancillary building. We also provide a secure store for bicycles and motorbikes and more than 150 lockers for staff use.

Environmentally friendly

Explorer House has been awarded a BREEAM® Excellent rating, meaning that it is one of the most energy-efficient office buildings in the country. It uses the very latest environmentally sustainable technologies to maximise natural resources and minimise carbon emissions. These include a ground source heat pump system that will heat and cool the building, and the ability to harvest and reuse up to 100 000 litres of rainwater.

We encourage as many staff as possible to use public transport or cycle to work. Sixty parking bays are designated for car sharers registered for our scheme. Before moving to the new building, each work team also agreed the number of cars they would no longer bring on site to reduce car use.

Before our move we worked with Go Green Reprocess to dispose of 484.6 tonnes of excess furniture, such as racking, shelves, desk screens and plan chests (for map storage) and stationery so that nothing was sent to landfill. Around 14 100 items were recycled, with a further 3 794 reused through donation and sales.

Go Green Reprocess also contacted 123 local schools and charitable groups, arranged viewing of items and then collated lists of requests. As a result, 41 local organisations joined Go Green Reprocess's www.requestandreuse.com website to benefit from other donors in the area. They also provided staff with Code Green stationery bags for unwanted items. These have now been sorted into usable items and passed to local schools.

Business friendly

Our Lecture Theatre, with a wide screen projection and audio-visual set-up, has flexible seating for 150 people, which can be arranged for group working or lecture style.

Five additional meeting rooms of various sizes all have large-scale projection screen capability, fold-up tables with data points and easily stackable chairs for flexibility. A reception space on the balcony overlooking the atrium includes some large screen displays plus power and data cabling.

The Business Centre can also be used by our business partners and other local organisations, including the fire service and police. Food can be supplied directly from the kitchen into the first floor via a dumb waiter.

Facts and figures

Total size of the site is **15.7 acres**.

Total office space is **10 000 square metres**.

There are **95 000 bricks** in the acoustic wall

The building has been awarded **BREEAM 2006 Excellent**, making it one of the most energy-efficient developments in the country.

The development has the **largest ground source heat pump system in the country**, consisting of nearly **100 boreholes** over **90 metres** deep.

The rainwater harvesting system collects and recycles rainwater, which is held in a **100 000 litre underground tank**. The recycled water is used to flush toilets and irrigate the site.

Up to 1 000 staff will be working in the head office at any one time.

Up to 200 people worked on the development of the building at any one time.

The building has **150 lockers** and **11 showers** for staff who walk, run or cycle to work.



Our Directors



Sir Rob Margetts CBE

Non-Executive Chair

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

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

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

Dr Vanessa Lawrence CB

Director General and Chief Executive

Vanessa is the official adviser to the British Government on the short- and medium-term strategy for mapping, surveying and GI. Until November 2008, when responsibilities were transferred to Defra, she chaired a high-level group with membership drawn from the public and private sectors advising Ministers on using location information to improve decision making in government. Vanessa is the first woman to head Ordnance Survey and one of the youngest Director Generals in its 220-year history. She is a world-renowned expert in how GIS can improve decision making at all levels of government and business. In 2009 Vanessa was appointed honorary Colonel of the 135 Independent Geographic Squadron, Royal Engineers.

Vanessa also holds a number of honorary and representative roles with organisations associated with GI. In addition, in 2008 Vanessa was made The Institute of Directors' Director of the Year for the South of England, an Honorary Fellow of the Royal Academy of Engineering and appointed as an Independent Board Member at the University of Cambridge®. In 2011 Vanessa was awarded world-wide Geospatial Person of the Decade.

Paul Hemsley BA FCA FRSA CPFA

Director of Finance and Corporate Services

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



Bob Goodrich

Director of Information Systems

Bob is responsible for Ordnance Survey's entire technology infrastructure. This includes the implementation of our seamless database management system, which will improve the speed and efficiency of how we handle and generate our GI. Bob was previously the Programme Director. He originally trained as an Ordnance Survey cartographer before moving to Research and Development, and finally Information Services. It was there that he was instrumental in the 2001 delivery of OS MasterMap, the largest seamless geospatial database in the world.

James Brayshaw,

Director of Sales and Market Development

James is responsible for industry and customer relationships (government, commercial and consumer), new market development and customer services. He has 25 years' of IT technical and consultative management experience, implementing a wide range of high-value enterprise solutions within utilities, construction, defence, transportation, insurance and retail.

He successfully established the EMEA organisation for a US software as a service provider (SaaS). James is a Director of PointX, the joint venture of Ordnance Survey and Landmark Information Group®. He is a Member of the Institution of Civil Engineers and sits on their Geospatial and IT Advisory panels working on initiatives that are helping industry rise to government challenges in areas such as flooding and street works.

Peter ter Haar

Director of Products

Peter is responsible for all aspects of product management, including product marketing, licensing, research, engineering, cartography and supply. He joined Ordnance Survey in November 2006 and has more than 20 years' experience in product management and business development. Peter has worked in both the public and private sectors in GIS, location-based services (LBS) and mobile technology. His previous roles include Head of GIS at the City of Amsterdam, and senior product and technical management roles at Geodan, Autodesk® and Intergraph®.

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

Neil Ackroyd

Director of Data Collection and Management

Neil leads the organisation's gathering of information from across Great Britain to maintain and update our digital mapping database.

Neil was previously employed by the GPS and location-based services company Trimble® as their European, Middle East and African (EAME) Technical Director and as the responsible business manager for the construction and machine control market segments. He was heavily involved in the adoption of GPS across many varied downstream applications during a period of rapid growth for the company. Neil is the author of many papers and the book *Global Navigation: A GPS user's guide*. He is also the representative member for Trading Funds on the Advisory Panel on Public Sector Information (APPSI).



Mike Carr

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

Piers White MBE

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

Emma Ward

The Shareholder Executive was created in September 2003 to improve the Government's performance as a shareholder in business. It advises Ministers and officials on a wide range of shareholder issues, including objectives, governance, strategy, performance monitoring, board appointments and remuneration.

Emma joined the Shareholder Executive in December 2010. Previous senior roles in government include heading the Small Business Finance team, where she established Capital for Enterprise Ltd, the Government's fund management business for investing in early stage venture capital, and developed the Enterprise Finance Guarantee, the government guarantee mechanism for bank lending to small businesses; and more recently in the BIS Strategy Unit, where Emma worked on the Department's Spending Review settlement.

In the Shareholder Executive Emma is responsible for:

- Ordnance Survey
- Channel 4®
- Public Data Corporation

Directors' remuneration report

1. Remuneration policy

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

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

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

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

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

2. Service contracts

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

3. The Remuneration Committee at 31 March 2011

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

4. Directors' remuneration

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

	2010–11			2009–10 (restated)		
	Salary	Performance Related Pay	Benefits in Kind	Salary	Performance Related Pay	Benefits in Kind
	£'000	£'000	£	£'000	£'000	£
Vanessa Lawrence CB Director General and Chief Executive	190–195	10–15		205–210	15–20	
Neil Ackroyd Director	115–120	20–25	5 000	115–120	20–25	6 000
James Brayshaw Director	115–120	15–20		115–120	20–25	
Peter ter Haar Director	95–100	20–25	4 300	95–100	20–25	4 000
Jan Hutchinson Director (until February 2011)	115–120 (120–125 full year equivalent)	5–10		120–125	5–10	
Bob Goodrich Director	95–100	10–15		95–100	15–20	
Paul Hemsley Director (since December 2009)	215–220	5–10		70–75 (215–220 full year equivalent)		

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

Ordnance Survey has moved to report performance-related pay relating to the year of performance as opposed to actual performance-related pay paid in year that related to the previous year's performance. This is in line with staff costs reported in the financial statements under the accruals principle. As a result the 2009–10 table has been restated to show the performance related pay earned in 2009–10.

Jan Hutchinson left under an early retirement programme during the year. Payments made in respect of this early retirement are as follows; £51 000 in relation to pay in lieu of notice and other contractual sums; £58 000 in relation to a lump sum pension payment and £38 000 in relation to accrued future pension payments. This latter amount is payable over the next 2½ years to Jan Hutchinson's normal retirement age. The early retirement was necessary due to her Human Resources and Corporate Services role, being merged into the Director of Finance role a part of strategic and efficiency changes.

No payments were made in respect of compensation to former Directors in 2009–10.

Salary

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

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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2010–11 relate to performance in 2010–11 and the comparative bonuses reported for 2009–10 relate to performance in 2009–10.

5. Directors' pensions

	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2011 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31/3/11	CETV at 31/3/10	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Vanessa Lawrence CB Director General and Chief Executive	0–2.5 less 0–2.5 lump sum	30–35 plus 10–15 lump sum	458	396	22
Neil Ackroyd Director	0–2.5 less 0–2.5 lump sum	15–20 plus 0–5 lump sum	244	208	15
James Brayshaw Director	0–2.5	15–20	254	215	16
Peter ter Haar Director	0–2.5	5–10	95	70	16
Jan Hutchinson Director	0–2.5 plus 2.5–5 lump sum	10–15 plus 35–40 lump sum	274	237	20
Bob Goodrich Director	0–2.5k less 0–2.5k lump sum	45–50 plus 140–145 lump sum	1 077	1 007	-8

The actuarial factors used in the calculation of Cash Equivalent Transfer Values (CETVs) were changed during 2010 due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. Accordingly, the cash equivalent transfer value at 31 March 2010 has been restated. The above table reflects the revised CETV.

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

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

James Brayshaw and Peter ter Haar are members of the Premium Scheme; the remaining Directors are all members of the Classic Scheme.

The table on page 52 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.

Paul Hemsley is a member of the Partnership scheme and there is no requirement to disclose any pension fund figures.

6. Non-Executive Directors

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

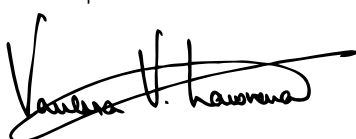
7. Payments to Non-Executive Directors

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

Fees paid to Non-Executive Directors were as follows:

	2010–11	2009–10
	£'000	£'000
Sir Rob Margetts CBE	60	60
Michael Sommers (until March 2011)	15–20	20–25
Piers White MBE	15–20	15–20
Michael Carr (since July 2009)	15–20	10–15

The inclusion of a Directors' remuneration report containing information about the salary and benefits of the senior managers of Ordnance Survey is a requirement of the Government Financial Reporting Manual (FRM). The actual salary and benefit details of each Director form the audited elements of this report, as referred to in The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, which is to be found on page 60 of the Annual Accounts.



Dr Vanessa V Lawrence CB

Director General and Chief Executive

5 September 2011



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.

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).

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.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, 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.

As Director General and Chief Executive of Ordnance Survey I am accountable to the Minister responsible for Ordnance Survey at the Department for Communities and Local Government, for the performance of Ordnance Survey in accordance with the Framework Document and Ordnance Survey's Corporate Business Plan. I make periodic reports to the Minister and Shareholder Executive on Ordnance Survey's performance and progress and have several meetings each year with appropriate officials to discuss strategy, performance and risk management.

2. The purpose of the system of internal control

The system of internal control:

- Is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- Is based on an ongoing process designed to identify and prioritise the risks to the achievement of Ordnance Survey policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- Has been in place in Ordnance Survey for the year ended 31 March 2011 and up to the date of the approval of the Annual Report and Accounts, and accords with Treasury guidance.

3. Capacity to handle risk

In Ordnance Survey we have a comprehensive risk management process reaching every level of the business under the leadership of our Strategy Board (Ordnance Survey Executive and Non-Executive Directors) and Audit & Risk Committee (OSARC). Our Chief Risk Officer (CRO), Senior Information Risk Officer (SIRO) and Head of Risk & Assurance lead the internal audit, operational risk, information assurance & security, project assurance and business continuity management functions across Ordnance Survey, to promote continuous improvement and adoption of best practice within the corporate risk management processes.

Through our Risk Improvement programme we are committed to delivering effective and appropriate enterprise-wide risk management across Ordnance Survey.

We deliver this through a risk partner and business-wide risk-champion model, and this approach has shown significant improvements in organisational responsiveness towards risk management. Risk partners, champions and risk owners have undertaken a tailored training programme (encompassing a blend of external best-practise training and in-house training) and they are supported through a consistent Risk Management Framework and supporting systems (Magique). This risk improvement programme is now complete and is subject to regular monitoring and reporting by the Executive and Audit Committee.

Ordnance Survey is particularly aware of its responsibilities in relation to identifying, understanding and proactively managing information risks. Significant improvements have been made in this area through training.

4. The risk and 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.

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

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

Acceptable level of risk is determined by risk owners and these are reviewed at management boards across the business to ensure that they are acceptable to the business. All risks that are residually reporting at Red (regardless of whether they are within acceptable risk tolerances/appetite) are reported within the Business Health Check document, which is reviewed at Strategy Board.

¹ HM Treasury: Managing Public Money, December 2008

Risk management, including information risk management, is embedded in the activities of Ordnance Survey through the roles and actions of the key decision-making groups:

- The Strategy Board (Executive and Non-Executive Directors) receive regular reports from the Risk & Assurance Function identifying significant business risks and sets the acceptable levels of risk through its consideration of those risks and the appropriateness and effectiveness of chosen mitigation strategies;
- The Operating Board (Executive Directors) receives regular updates from the Risk & Assurance Function and other responsible officers on our key risks influencing successful delivery of business objectives;
- The Critical Projects Board and Investment Group ensure that risks are taken into account in managing the programmes and projects for which they are responsible through the Project Management Office;
- Business Group management boards review local risks and provide input into the corporate risk reporting process; and
- OSARC provides independent assessment and tests the effectiveness of our internal governance, risk and control processes. It is supported by the Risk & Assurance Function, which incorporates Internal Audit, Operational Risk, Business Continuity Management, Information Assurance, IT Security and Project Assurance.

Ordnance Survey is committed to involving stakeholders where practical in the management of risks that impact upon the business. Stakeholder perspectives are considered during the business planning cycle and production of the Business Plan for the Minister through the involvement of the Non-Executive Directors and wide consultation with our customers, employees and partners.

5. Review of effectiveness of control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Risk & Assurance Function and the executive managers within Ordnance Survey who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other ad hoc reports we commission. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Strategy and Operating Boards, OSARC, and the Critical Projects Board, and agreed plans to address weaknesses and ensure continuous improvement of the system are in place.

The process I have applied in maintaining and reviewing the effectiveness of the system of control includes contributions by:

The Audit & Risk Committee (OSARC), who:

- via the Chair confirms that the committee has discharged its responsibilities effectively and in accordance with the terms of reference²;
- advise me and the Strategy Board on issues of risk, control, governance and associated assurance;
- review the work and performance of the Risk & Assurance Function and its findings regarding the adequacy of the internal control framework, including appropriateness of management's responses to issues raised; and
- discuss progress reports and the management report from the National Audit Office.

The Strategy Board, who:

- monitor the external business environment and challenge internal business performance to ensure the long-term strategy and vision remain relevant and effective;
- discuss and challenge the effectiveness of key risk management strategies reported in the corporate risk register and in doing so set the risk appetite of the business; and
- review management's response to the more significant control issues identified by the Risk & Assurance Function and External Audit.

The Operating Board, who:

- ensure the efficient and effective management of operations designed to ensure implementation of Ordnance Survey's strategy;
- receive reports on various aspects of the business to ensure internal control is maintained and risk is managed effectively; and
- delegate authority to subgroups with responsibility for specific areas.

The Critical Projects Board, (a subcommittee of the Operating Board) who:

- review and challenge the effectiveness of risk management within change projects; and
- receive assurance through a formal programme of assurance reviews for the most critical projects and programmes.

The Investment Group, who:

- ensure that the Ordnance Survey Investment programme is funded in line with current business strategy, the latest published business plan and take into account costs, benefits, risks and opportunities;
- ensure projects and programmes are evaluated using the principles laid out within the Treasury Green Book; and
- ensure via a process of post-investment appraisal reviews that a culture of accountability exists throughout the business to encourage project KPIs to be consistently achieved and benefits to be realised.

Risk & Assurance Function

The Risk & Assurance Function provide a centre of excellence and a cross-business assurance service in respect of governance, risk and control. The Risk & Assurance Function integrates three teams:

- a) Internal Audit.
- b) Information Assurance and Security.
- c) Operational Risk & Business Continuity Management.

Internal Audit, who:

- operate to Government Internal Audit Standards;
- test the effectiveness, efficiency and appropriateness of the system of internal control;
- carry out a risk-based programme of work aligned with the corporate business planning framework and containing the main business processes, projects, assets, performance, legislative and compliance issues significant to Ordnance Survey's strategic direction, business goals and risk environment; and
- provide reports to me, the Board and the OSARC on: progress with the audit programme; the outcome of individual audits, in the form of an opinion on the effectiveness of the framework of risk management, control and governance in place designed to support the achievement of management's objectives; and, management's proposed actions in response to audit observations on the adequacy of risk mitigation.

Information Assurance and Security, who:

- design and implement information risk management framework and policy to ensure Ordnance Survey complies with legislation as set out in the Cabinet Office Security Policy Framework;
- deliver a programme of Information Risk Assessments, including the Information Assurance Maturity Model, and Information Risk Workshops;
- provide advice to the Strategy Board and Operating Board on information risks and issues;
- provide the Senior Information Risk Officer (SIRO) and Audit and Risk Committee (OSARC) with assurance on the effectiveness of the Information Risk Framework;
- engage strategically across other government departments to share examples of best practice in information assurance;
- maintain a network of information asset owners and information asset agents aligned with individual business areas;
- execute a programme of project assurance reviews that report on aspects of project delivery, including the 'strategic fit' and benefits realisation;
- provide the Director General and Chief Executive Officer with assurance on the effectiveness of information risk management for the annual Statement on Internal Control; and
- provide IT security consultancy, advice, training

and assessment services in support of the project developments and operational IS Infrastructure.

Operational Risk, who:

- maintain the risk management framework and policy, including the Risk Improvement programme;
- facilitate the identification and assessment of strategic risk with Executive Directors.
- maintain the currency of the Corporate Risk Register and local-level risks;
- lead and deliver a programme of risk assessments across the business to evaluate and test the levels of management control;
- provide advice to the Strategy Board and Operating Board on operational risks and issues;
- provide the Chief Risk Officer (CRO) and Audit and Risk Committee (OSARC) with assurance on the effectiveness of the Operational Risk Framework;
- maintain a network of risk champions aligned with individual business areas; and
- provide the Director General and Chief Executive Officer with assurance on the effectiveness of operational risk management for the annual Statement on Internal Control.

Business Continuity Management, who:

- manage, at a corporate level, the business continuity strategy;
- coordinate with the risk management function on all aspects of strategic improvement and mitigation of business interruption risks;
- provide an incident management function to lead the coordination of business recovery;
- provide a Mapping For Emergencies service in response to major or civil emergencies; and
- lead and deliver a Business Continuity Improvement programme, to improve our corporate resilience.

In addition to the Risk and Assurance team, there are a number of other significant roles that support the provision of assurance. These are:

The Senior Information Risk Officer (SIRO), who pays particular attention to information risk requirements in respect of data handling, Cabinet Office – Security Policy Framework and the Information Assurance Maturity Model (IAMM) and confirms that the Annual Information Risk Assessment has been satisfactorily completed. The report provides an assessment of current compliance levels and contains a number of actions to improve compliance levels further and decisions for the Board in respect of risk appetite.

The Chief Risk Officer (CRO), who is an Executive Director with responsibility for ensuring that Ordnance Survey maintains an effective risk management framework. The CRO has overall responsibility for the development and

implementation of Ordnance Survey's risk control principles, frameworks, limits and processes across market, credit, financial and operational risk.

The Head of Risk & Assurance, who provides me with an annual report on the effectiveness of risk management, control and governance throughout Ordnance Survey.

The Departmental Security Officer (DSO), who is responsible for ensuring the implementation and dissemination of the information security policy and guidance, and for incident reporting and investigation in line with the Manual of Protective Security and the Security Policy Framework. The DSO:

- Is the primary coordinator for all security activities within the department including, but not limited to, IT security, physical and facilities security, counterterrorism activities, and staff and contractor vetting;
- Has the responsibility for ensuring management throughout Ordnance Survey properly identifies, evaluates and manages all security risks; and
- Has responsibility for ensuring 'Response Level' changes and other counterterrorist threats are effectively managed.

The National Audit Office, which provides me with a management report discussing the findings arising from their review of the annual accounts and reports on other assignments they may carry out from time to time.

The Chair of the Audit Committee, who provides an annual Stewardship Report on the effectiveness of the Audit Committee in discharging their responsibilities.

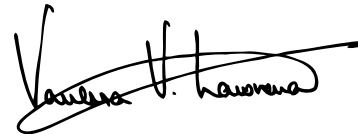
6. Management Certification

In accordance with the requirements of the Companies Act, I confirm that, as Accounting Officer for Ordnance Survey:

- there is no relevant audit information of which the auditors are unaware;
- I have taken all the steps necessary to ensure that the auditors are aware of all relevant audit information; and
- I have taken all the steps necessary to establish that Ordnance Survey's auditors are aware of the information.

In accordance with the requirements of NAO Guidance – 'Financial Management and Governance practice: The Statement on Internal Control: A Guide for Audit Committees, January 2010', I confirm that as Accounting Officer for Ordnance Survey:

- there are no significant internal control issues.



Dr Vanessa V Lawrence CB

Director General and Chief Executive Officer

5 September 2011

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 2011 under the Government Trading Funds Act 1973. These comprise the Consolidated Income Statement, 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 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, Chief Executive and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and 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.

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

Opinion on Regularity

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

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 2011 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 Finance Director's Review, Business Performance, Business Review, 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Consolidated income statement

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Revenue	2	129 380	114 340
Operating costs	3	(118 127)	(116 222)
Share of results of joint venture	11	239	143
Other operating costs	24	(646)	(19)
Operating profit/(loss)		10 846	(1 758)
Analysed as:			
Profit on ordinary activities before exceptional items		24 124	16 650
Exceptional items	35	(13 278)	(18 408)
Operating profit/(loss)		10 846	(1 758)
Finance income	5	242	153
Finance cost	5	(460)	(1 069)
Profit/(loss) on ordinary activities		10 628	(2 674)
Dividends payable and paid	7	(6 344)	(5 771)
Profit/(loss) retained for the year		4 284	(8 445)
Attributable to Public Dividend Capital Equity holders		4 284	(8 445)

All the activities of the group are classified as continuing.

Note:

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

Consolidated statement of comprehensive income

For the year ended 31 March 2011

	Note	31 March 2011	31 March 2010
		£'000	£'000
Net profit/(loss) for the year		4 284	(8 445)
Gains/(losses) on revaluation of non-current assets	21	2 032	(1)
Total comprehensive income/(loss) for the year		6 316	(8 446)
Attributable to Public Dividend Capital Equity holders		6 316	(8 446)

Trading Fund statement of comprehensive income

For the year ended 31 March 2011

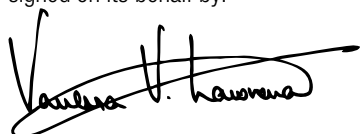
	Note	31 March 2011	31 March 2010
		£'000	£'000
Net profit/(loss) for the year		7 604	(7 633)
Gains/(losses) on revaluation of non-current assets	21	2 032	(1)
Total comprehensive income/(loss) for the year		9 636	(7 634)
Attributable to Public Dividend Capital Equity holders		9 636	(7 634)

Consolidated statement of financial position

As at 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Intangible assets	8	64 996	63 280
Property, plant and equipment	9	43 865	57 224
Investment property	10	–	4 195
Share of net assets of joint venture	11	5 135	123
		113 996	124 822
Current assets			
Inventories	12	1 826	2 032
Trade and other receivables	13	13 707	17 079
Cash and cash equivalents	27	17 063	10 500
		32 596	29 611
Total assets		146 592	154 433
Current liabilities			
Trade and other payables	14	(10 728)	(45 776)
Provisions for liabilities and charges	17	(3 252)	(3 127)
Deferred revenue	15	(7 923)	(8 727)
		(21 903)	(57 630)
Net current assets/(liabilities)		10 693	(28 019)
Non-current assets plus/(less) net current assets/(liabilities)		124 689	96 803
Non-current liabilities			
Provisions	17	(6 122)	(7 939)
Trade and other payables	16	(329)	(59)
Loans repayable after one year	18	(3 000)	(3 000)
Deferred revenue	15	(3 214)	(97)
Total liabilities		(34 568)	(68 725)
Net assets		112 024	85 708
Equity			
Public dividend capital	19	34 000	14 000
Revaluation reserves	21	3 463	6 696
Retained earnings	22	74 561	65 012
Total equity attributable to Public Dividend Capital Equity Holders		112 024	85 708

The financial statements were approved by the Board of Directors and authorised for issue on 5 September 2011. They were signed on its behalf by:



Dr Vanessa V Lawrence CB

Director General and Chief Executive and Agency Accounting Officer

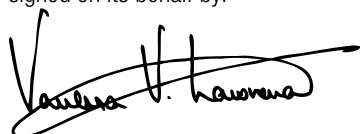
The notes on pages 69 to 98 are an integral part of these financial statements.

Trading Fund statement of financial position

As at 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Intangible assets	8	64 354	63 280
Property, plant and equipment	9	43 865	57 224
Investment property	10	–	4 195
Share of investment in joint venture	11	5 135	123
		113 354	124 822
Current assets			
Inventories	12	1 826	2 032
Trade and other receivables	13	17 932	17 615
Cash and cash equivalents	27	16 994	10 499
		36 752	30 146
Total assets		150 106	154 968
Current liabilities			
Trade and other payables	14	(10 110)	(45 499)
Provisions for liabilities and charges	17	(3 252)	(3 127)
Deferred revenue	15	(7 923)	(8 727)
		(21 285)	(57 353)
Net current assets/(liabilities)		15 467	(27 207)
Non current assets plus/(less) net current assets/(liabilities)		128 821	97 615
Non-current liabilities			
Provisions	17	(6 122)	(7 939)
Trade and other payables	16	(329)	(59)
Loans repayable after one year	18	(3 000)	(3 000)
Deferred revenue	15	(3 214)	(97)
Total liabilities		(33 950)	(68 448)
Net assets		116 156	86 520
Equity			
Public dividend capital	19	34 000	14 000
Revaluation reserves	21	3 463	6 696
Retained earnings	22	78 693	65 824
Total equity attributable to Public Dividend Capital Equity Holders		116 156	86 520

The financial statements were approved by the Board of Directors and authorised for issue on 5 September 2011. They were signed on its behalf by:



Dr Vanessa V Lawrence CB

Director General and Chief Executive and Agency Accounting Officer

The notes on pages 69 to 98 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2011

	Public Dividend Capital	Retained Earnings	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
As at 1 April 2009	14 000	73 457	6 697	94 154
Loss for the year	–	(2 674)	–	(2 674)
Revaluation losses for the year	–	–	(1)	(1)
Total Comprehensive Income attributable to Public Dividend Capital Holders	–	(2 674)	(1)	(2 675)
Dividends	–	(5 771)	–	(5 771)
As at 31 March 2010	14 000	65 012	6 696	85 708
New Public Dividend Capital Subscribed	20 000	–	–	20 000
Profit for the year	–	10 628	–	10 628
Transfer from revaluation reserve	–	5 265	(5 265)	–
Revaluation gains for the year	–	–	2 032	2 032
Total Comprehensive Income attributable to Public Dividend Capital Holders	20 000	15 893	(3 233)	32 660
Dividends	–	(6 344)	–	(6 344)
As at 31 March 2011	34 000	74 561	3 463	112 024

Trading Fund statement of changes in equity

For the year ended 31 March 2011

	Public Dividend Capital	Retained Earnings	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
As at 1 April 2009	14 000	73 457	6 697	94 154
Loss for the year	–	(1 862)	–	(1 862)
Revaluation losses for the year	–	–	(1)	(1)
Total comprehensive income attributable to Public Dividend Capital holders	–	(1 862)	(1)	(1 863)
Dividends	–	(5 771)	–	(5 771)
As at 31 March 2010	14 000	65 824	6 696	86 520
New Public Dividend Share Capital subscribed	20 000	–	–	20 000
Profit for the year	–	13 948	–	13 948
Transfer from revaluation reserve	–	5 265	(5 265)	–
Revaluation gains for the year	–	–	2 032	2 032
Total comprehensive income attributable to Public Dividend Capital holders	20 000	19 213	(3 233)	35 980
Dividends	–	(6 344)	–	(6 344)
As at 31 March 2011	34 000	78 693	3 463	116 156

Consolidated cash flow statement

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Cash inflow from operating activities	26	38 207	12 717
Cash flows from investing activities			
Interest received		242	153
Interest paid		(215)	(291)
Purchase of plant, property and equipment		(24 834)	(5 251)
Purchase of intangible assets		(8 226)	(9 357)
Proceeds from disposal of plant, property and equipment		1 178	16
Investment in joint venture		(4 773)	–
Net cash used in investing activities		(36 628)	(14 730)
Cash flows from financing activities			
Public dividend capital subscribed		20 000	–
Equity dividends paid	7	(11 771)	(4 832)
Repayment of loans from the National Loans Fund		(3 000)	(214)
Unwinding of early release cost discounts		(245)	(778)
Net cash received/(used) in financing activities		4 984	(5 824)
Net increase/(decrease) in cash and cash equivalents		6 563	(7 837)
Cash and cash equivalents at beginning of year		10 500	18 337
Cash and cash equivalents at end of year	27	17 063	10 500

Trading Fund cash flow statement

For the year ended 31 March 2011

	Note	31 March 2011	31 March 2010
		£'000	£'000
Cash inflow from operating activities	26	37 289	12 716
Cash flows from investing activities			
Interest received		242	153
Interest paid		(215)	(291)
Purchase of plant, property and equipment		(24 834)	(5 251)
Purchase of intangible assets		(8 226)	(9 357)
Proceeds from disposal of plant, property and equipment		2 028	16
Investment in joint venture		(4 773)	–
Net cash used in investing activities		(35 778)	(14 730)
Cash flows from financing activities			
Public dividend capital subscribed		20 000	–
Equity dividends paid	7	(11 771)	(4 832)
Repayment of loans from the National Loans Fund		(3 000)	(214)
Unwinding of early release cost discounts		(245)	(778)
Net cash received/(used) in financing activities		4 984	(5 824)
Net increase/(decrease) in cash and cash equivalents		6 495	(7 838)
Cash and cash equivalents at beginning of year		10 499	18 337
Cash and cash equivalents at end of year	27	16 994	10 499

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 2010–11 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Ordnance Survey for the purpose of giving a true and fair view has been selected.

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

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

1.2 Basis of consolidation

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

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

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

1.3 Property, plant and equipment

Land and buildings comprise Explorer House in Southampton, previously our site in Romsey Road. 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 and is calculated with reference to the EUV.

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

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

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

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

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve within Public Dividend Capital holders 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 retained earnings.

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 buildings	40 years from original acquisition or remaining useful economic life
Equipment, facilities and fixtures	2 to 15 years
Vehicles	4 years
Freehold land	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 Investment property

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

Details of investment property balances are included in Note 10 and rental income is shown in Note 2.1. Operating costs in relation to the investment property are shown in Note 2.1.

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 delivery and business systems	5 to 15 years
Websites	3 to 5 years
Assets in course of construction	not amortised

Ordnance Survey's internally generated intangible assets consist of:

a) Geographic data

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

b) Data management delivery and business systems

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

c) Website costs

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

d) Assets in course of construction

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

1.6 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 any 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 Subsidiaries and joint ventures

Where Ordnance Survey has control over another entity, it is consolidated in these financial statements in line with IAS 27: Consolidated and Separate Financial Statements.

Where control is shared, Ordnance Survey accounts for investments in joint ventures using the equity method of accounting, recording the investment initially at cost, in line with IAS 31: Interests in Joint Ventures.

1.9 Cash and cash equivalents

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

1.10 Trade and other payables

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

1.11 Borrowings

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.

1.12 Provisions

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

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

1.13 Employee benefits

a) Pensions

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

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 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.

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

b) Early release costs

A provision is recognised in the financial year for the full cost of the pension contributions of employees who are identified at the discretion of Ordnance Survey and agree to take early retirement under restructuring arrangements before the 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 2010 have been provided for in earlier years. Funds are released from the provision annually to fund payments for pensions and related benefits to the retired employees until normal retirement age. Under the different funding arrangements, which applied between October 1994 and 31 March 1997, 80% of the costs were met centrally from the Civil Superannuation Vote (CSV).

The requirement of IAS 37 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 2.2% in real terms. The discount is unwound over the anticipated duration of the provision.

1.14 Revenue recognition

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

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

Direct Licences – Licences that 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.

OS OpenData – Revenue from the OS OpenData contract is recognised over the length of the agreement as this reflects the usage of the data by the customer and Ordnance Survey's commitment to provide updates.

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

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

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

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

Unpaid invoices for licence fees that 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 creditors as deferred income.

1.15 Investment income

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

1.16 Leases

a) Operating leases

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

b) Finance leases

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic

rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.17 Taxation

As a Trading Fund, Ordnance Survey is not liable to Corporation Tax. Ordnance Survey Limited is 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 income statement 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted.

1.18 Segmental reporting

An operating segment is a component of that entity:

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

Ordnance Survey reports its results as a whole entity, as it does not have separate identifiable reporting segments as defined by the FReM. From 1 April 2011 operating segments will be business to government, business to business and business to consumer.

1.19 Foreign currency transactions

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

1.20 Financial instruments

Ordnance Survey has classified its financial instruments as follows:

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

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

1.21 Critical accounting estimates and judgements

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

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

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

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

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

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

1.22 Exceptional items

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

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

1.23 Investment policy

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

1.24 Adoption of new and revised standards

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):

IAS 27(2008): Consolidated and Separate Financial Statements: The revised standard has introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate.

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

Amendment to IFRS 2: IFRS 2 has been amended, following the issue of IFRS 3 (2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2.

Amendment to IAS 17: IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17.

Amendment to IAS 39: IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard.

IFRIC 17: Distributions of Non-cash Assets to Owners: The interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled.

IFRS 2 (amended): Group Cash-settled Share-based Payment Transactions: The amendment clarifies the accounting for share-based payment transactions between group entities.

IAS 28 (2008): Investments in Associates and IFRS 3 (2008) Business Combinations: These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate. IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions. See Note 3 for more details.

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group and Trading Fund.

2. Revenue

Under IFRS8 Ordnance Survey is assessed as having one operating segment in 2010–11; the additional information given below is that received by management, as explained in Note 1.18.

	2010–11	2009–10
	£'000	£'000
Trading revenue	127 695	112 504
Other operating activities	951	1 159
Property rental income	734	677
	129 380	114 340

	2010–11	2009–10
	£'000	£'000
Trading revenue by sector		
Business to government	74 446	53 031
Business to business	42 576	41 841
Business to consumer	10 673	17 632
	127 695	112 504

	2010–11	2009–10
	£'000	£'000
Trading revenue by channel		
Direct licences	94 839	71 889
Partner licences	20 577	26 275
Paper maps	9 021	9 967
Services	3 258	4 373
	127 695	112 504

	2010–11	2009–10
	£'000	£'000
Trading revenue by geographic market		
United Kingdom	124 146	103 944
Other European countries	2 126	6 948
Rest of the World	1 423	1 612
	127 695	112 504

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 (2009–10: one). The revenue received from this customer is secured under a long-term contract.

Ordnance Survey's revenue is principally generated by the sales of mapping data, information, customer-tailored services and copyright licences across a broad range of market sectors.

Costs are not analysed between channel and sector as Ordnance Survey does not match its costs to any specific revenue classification. The Board of Directors routinely receives a breakdown of revenue as shown above, and an analysis of costs on a different basis, detailed in Note 3. Accordingly, the profitability of the revenue channels and sectors is not analysed.

The assets and liabilities of the group cannot be split down by segment due to the reporting structures within Ordnance Survey, as described above.

2.1 Income from investment property

Details of the investment property are included in Notes 1.4 and 10. Rent received in 2010–11 totalled £734 000 (2009–10: £677 000). Incentives in the form of rent-free periods are accounted for by spreading the rent receivable on a straight-line basis over either the relevant lease period or a shorter period ending on a date from which it is expected that the prevailing market rental will be payable under the lease. All costs for the property are incurred by the tenants, and Ordnance Survey incurs no direct operating expense in relation to this rental income.

A vacant area of the investment property incurred direct operating costs of £nil (2009–10: £44 000) during the course of the year.

3. Operating costs

Operating profit/(loss) for the year has been arrived after charging:

	Note	2010–11	2009–10
		£'000	£'000
Staff costs	4	56 692	73 439
Amortisation and impairment of intangible assets	8	8 016	4 619
Depreciation of property, plant and equipment	9	4 175	3 155
Research and development costs		177	336
Other operating charges		38 841	34 673
Impairment of property plant and equipment	9	10 226	–

Within other operating charges are the following:

	2010–11	2009–10
	£'000	£'000
Operating lease charges – buildings	608	331
Operating lease charges – plant, machinery and equipment	1 529	1 999
Fees payable to auditors for the audit of the statutory annual accounts	84	80
Fees payable to auditors for other services	–	20

4. Staff numbers and costs

Total staff costs

The aggregate payroll costs were as follows:

	Note	2010–11	2009–10
		£'000	£'000
Wages and salaries – permanent employees		38 583	41 601
Social security costs		3 030	3 184
Pension costs		6 947	7 597
Additional early release costs in year – exceptional item	35	3 052	18 295
Temporary/agency contract labour costs		10 381	9 286
		61 993	79 963
Capitalised permanent labour		(1 777)	(2 180)
Capitalised temporary/agency contract labour		(3 524)	(4 344)
		56 692	73 439

Total permanent staff numbers, including Directors

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

	2010–11	2009–10
Operations	852	958
Sales and Marketing	126	155
Corporate Services	157	179
	1 135	1 292
Capitalised permanent labour	(47)	(48)
	1 088	1 244

Details of Directors' remuneration can be found in the Directors' remuneration report.

Total temporary/agency/contract staff

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

	2010–11	2009–10
Operations	143	143
Sales and Marketing	6	4
Corporate Services	11	7
	160	154
Capitalised temporary labour	(67)	(45)
	93	109

Employee benefits

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

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

Ordnance Survey's holiday year runs from April to March and the payroll records were reviewed to ascertain the amount of holiday accrued but not yet taken as at 31 March 2011.

The figure above for wages and salaries includes the amount of £750 000 (2009–10: £737 000), which is the provision for holiday pay as at 31 March 2011. An equal amount has been included within trade and other payables and is detailed within Note 14 of these financial statements.

Pension costs

For 2010–11 employer's contributions of £6 947 000 (2009–10: £7 597 000) were payable to the PCSPS at one of four rates in the range 3% 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 2010–11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

In 2010–11 there were nil (2009–10: 0) retirements on ill-health grounds, amounting to an additional accrued pension liability in the year of nil.

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

Ordnance Survey staff are members of the following schemes:

Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions. Contributions due to the pension provider at the balance sheet date were £nil (2009–10: £nil).

Premium Scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike the Classic scheme, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume zero maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60. Contributions due to the pension provider at the balance sheet date were £nil (2009–10: £nil).

Classic Plus Scheme

This is essentially a variation of the Premium scheme, but with benefits in respect of service before 1 October 2002 calculated broadly as per the Classic scheme. Contributions due to the pension provider at the balance sheet date were £nil (2009–10: £nil).

Pensions payable under the Classic, Premium and Classic Plus schemes are increased in line with the Consumer Prices Index (CPI).

Partnership Pension Account

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

Ordnance Survey had five (2009–10: six) members of the Partnership Pension Account. Employer's contributions paid to appointed stakeholder pension providers, and also to the PCSPS, to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees were immaterial. Contributions due to the pension provider at the balance sheet date were £nil (2009–10: £nil).

Nuvos

This is a defined benefit scheme where benefits accrue on an annual basis throughout the career and are increased in line with the RPI. The benefits are payable from age 65. Contributions due to the pension provider at the balance sheet date were £nil (2009–10: £nil).

Early release costs provided for in financial year

The Income Statement includes a charge of £3 052 000 (2009–10: £18 408 000) in respect of new leavers identified in 2010–11 (see Note 35). This charge to the Income Statement reflects the costs of leavers identified and confirmed by 31 March 2011 up to their normal retirement age of £3 052 000 (2009–10: £18 295 000) and other direct costs of £nil (2009–10: £113 000).

Total early release costs

Early release package cost band	2010–11	2009–10
<£10 000	5	5
£10 000 – £25 000	7	23
£25 000 – £50 000	5	25
£50 000 – £100 000	14	55
£100 000 – £150 000	5	35
£150 000 – £200 000	3	25
>£200 000	3	15
Total number of exit packages by type	42	183
Total resource cost £'000	3 052	18 295

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Early release costs are accounted for as described in Note 1.13. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no compulsory redundancies made in either 2010–11 or 2009–10.

5. Interest

	2010–11	2009–10
	£'000	£'000
Interest income		
Balances at the account with HM Paymaster	31	18
Short-term deposits with the National Loans Fund	211	135
	242	153
Interest cost		
On deemed loans	(214)	(290)
Financing charges – unwind of provision discount	(245)	(778)
Interest on finance lease	(1)	(1)
	(460)	(1 069)

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 £3 112 000 (2009–10: £812 000). On this loss, no amounts are due in respect of Corporation Tax. The company has estimated tax losses of £3 924 000 (2009–10: £812 000) 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.

Finance Act 2010

The Finance Act 2010, which was substantively enacted on 21 July 2010, provided for a reduction in the main rate of Corporation Tax from 28% to 27% effective from 1 April 2011. Subsequently, on 29 March 2011, under the Provisional Collection of Taxes Act, the Corporation Tax rate was reduced further to 26% with effect from 1 April 2011. As this additional 2% amendment had been enacted at the balance sheet date, the rate change has been reflected in the company's effective tax rate.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. The future 1% main tax rate reductions are expected to impact on the company's financial statements as a result of a reduction in the tax charge. As the further reductions in UK corporate tax rates have not been substantially enacted at the balance sheet date, this is considered a non-adjusting event in accordance with FRS 21 and no adjustments have been made. The impact of any further reduction will be taken into account at subsequent reporting dates, once the change has been substantively enacted.

7. Dividends

	2010–11	2009–10
	£'000	£'000
Amounts recognised as distributions to PDC equity holders in the year:		
Dividend for the year ended 31 March 2011	6 344	5 771
	6 344	5 771

£5 771 000 was paid in 2010–11 in respect to the results for 2009–10. The amount payable for 2010–11 is £6 344 000, of which £6 000 000 was paid during the year. £344 000 is included in these accounts as it represents a liability at the date of the statement of financial position (see Note 14). Dividends are declared and recognised in the financial year to which they relate.

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.

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 2009	20 662	17 476	1 097	42 959	82 194
Additions	–	–	–	9 357	9 357
Revaluation	(31)	(21)	(7)	–	(59)
Reclassification	241	2 384	1 495	(4 120)	–
At 31 March 2010	20 872	19 839	2 585	48 196	91 492
Additions	–	368	–	7 858	8 226
Revaluation	159	1 320	27	–	1 506
Reclassification	410	52 707	–	(53 117)	–
At 31 March 2011	21 441	74 234	2 612	2 937	101 224
Amortisation					
At 1 April 2009	11 800	10 869	924	–	23 593
Charge in year	1 977	2 331	311	–	4 619
At 31 March 2010	13 777	13 200	1 235	–	28 212
Charge in year	2 253	3 591	1 012	–	6 856
Impairment	–	245	282	633	1 160
At 31 March 2011	16 030	17 036	2 529	633	36 228
Net Book Value At 31 March 2011	5 411	57 198	83	2 304	64 996
Net Book Value At 31 March 2010	7 095	6 639	1 350	48 196	63 280

Trading Fund	Geographic Data	Data delivery/ Business Systems	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2009	20 662	17 476	1 097	42 959	82 194
Additions	–	–	–	9 357	9 357
Revaluation	(31)	(21)	(7)	–	(59)
Reclassification	241	2 384	1 495	(4 120)	–
At 31 March 2010	20 872	19 839	2 585	48 196	91 492
Additions	–	368	–	7 858	8 226
Disposals	–	(1 028)	–	–	(1 028)
Revaluation	159	1 320	27	–	1 506
Reclassification	410	52 707	–	(53 117)	–
At 31 March 2011	21 441	73 206	2 612	2 937	100 196
Amortisation					
At 1 April 2009	11 800	10 869	924	–	23 593
Charge in year	1 977	2 331	311	–	4 619
At 31 March 2010	13 777	13 200	1 235	–	28 212
Charge in year	2 253	3 591	1 012	–	6 856
On disposals	–	(386)	–	–	(386)
Impairment	–	245	282	633	1 160
At 31 March 2011	16 030	16 650	2 529	633	35 842
Net Book Value At 31 March 2011	5 411	56 556	83	2 304	64 354
Net Book Value At 31 March 2010	7 095	6 639	1 350	48 196	63 280
Assets under construction					
				2010–11	2009–10
				£'000	£'000
Assets under construction				2 304	48 196

Assets under construction primarily consist of a multi-resolution data programme, which will allow Ordnance Survey to amend the resolution of products, and an online ordering system. These have a Net Book Value of £2 304 000 (2009–10 – new data management programme: £46 898 000).

Revaluations took place as at 31 March 2011.

9. Property, plant and equipment

Group and Trading Fund	Freehold land & buildings	Equipment, facilities & fixtures	Vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2009	20 176	38 258	109	4 894	63 437
Additions	–	4 032	–	25 450	29 482
Disposals	–	(2 214)	(50)	–	(2 264)
Revaluation	–	58	–	–	58
Reclassifications	–	848	–	(848)	–
At 31 March 2010	20 176	40 982	59	29 496	90 713
Additions	–	6 343	–	7 375	13 718
Disposals	(13 659)	(9 354)	–	–	(23 013)
Revaluation	222	304	–	–	526
Impairment	(10 226)	–	–	–	(10 226)
Reclassifications	36 871	–	–	(36 871)	–
At 31 March 2011	33 384	38 275	59	–	71 718
Depreciation					
At 1 April 2009	1 788	30 666	109	–	32 563
Charged in year	317	2 838	–	–	3 155
Disposals	–	(2 179)	(50)	–	(2 229)
At 31 March 2010	2 105	31 325	59	–	33 489
Charged in year	558	3 617	–	–	4 175
Disposals	(2 279)	(7 532)	–	–	(9 811)
At 31 March 2011	384	27 410	59	–	27 853
Net Book Value At 31 March 2011	33 000	10 865	–	–	43 865
Net Book Value At 31 March 2010	18 071	9 657	–	29 496	57 224

As at the 31 March 2011 the Net Book Value of assets held under finance lease agreements was £410 000 (2009–10: £82 000). Depreciation charged in the year was £29 000 (2009–10: £56 000).

Total financing costs of £674 000 (2009–10: £409 000) have been capitalised within assets under construction in accordance with IAS 23; the capitalisation rate used is 1.5% above the official Bank of England base rate. Capitalisation for the year was £265 000 (2009–10: £198 000).

Fixed assets are carried at valuation, representing fair value using indices that approximate to a depreciated replacement cost.

Revaluations took place as at 31 March 2011.

Freehold land and buildings

During the year Ordnance Survey moved into a new head office at Adanac Park, Southampton. As part of the contract for construction of the new building, the previous head office was disposed of to Kier Property Development Limited under a contract signed during financial year 2006–07.

The occupied land and buildings used in the principal business of Ordnance Survey are carried at the fair value of £33 000 000 (2009–10: £11 333 000), based on the EUV assessed by King Sturge LLP on 31 March 2011. This valuation is based on the continued use of the land and buildings in the core Ordnance Survey business and does not take into account any future cash flows to Ordnance Survey as a result of the contracted ultimate disposal. The valuer has recognised and relevant professional qualifications, together with experience in the locality of the valued premises. See Note 35 for further information.

10. Investment properties

Group and Trading Fund

Investment property	2010–11	2009–10
	£'000	£'000
Balance at start of year	4 195	4 195
Disposals	(4 195)	–
Balance at end of year	–	4 195

The investment property was acquired by Kier Property Development Limited, as part of the property transaction described in Note 9.

11. Subsidiaries and investments

Details of the Trading Fund's subsidiaries at 31 March 2011 are as follows:

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

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

	Aggregate capital and reserves	
	2011	2010
	£'000	£'000
Ordnance Survey Limited	(3 924)	(812)
Ordnance Survey Services Limited	–	–
Ordnance Survey GB Limited	–	–
	Loss for year	
	2011	2010
	£'000	£'000
Ordnance Survey Limited	(3 112)	(812)
Ordnance Survey Services Limited	–	–
Ordnance Survey GB Limited	–	–

Other investments – PointX Limited

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

	2011	2010
	£'000	£'000
Share of gross assets	527	251
Share of gross liabilities	(855)	(818)
Loan	690	690
Net Assets	362	123

The operating results for PointX for the financial year

	2010–11	2009–10
	£'000	£'000
Revenue	1 103	1 148
Operating costs	(708)	(861)
Operating profit/(loss)	395	287
Tax	83	–
Profit/(loss) after tax	478	287
Ordnance Survey share	239	143

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 2011. At 31 March 2011 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 of PointX Limited is 6–7 Abbey Court, Eagle Way, Sowton, EXETER, Devon, EX2 7HY.

In the year ended 31 March 2011 PointX Limited had a turnover of £1 103 000 (2009–10: £1 148 000) and expenditure of £708 000 (2009–10: £861 000). The tax credit of £83 000 represents a deferred tax asset in line with FRS 19. Ordnance Survey's 50% share of the net profit is therefore £239 000 (2009–10: £143 000).

An interest-free loan was agreed on 30 March 2001. £689 600 was drawn down by 31 March 2007 with no further amounts utilised since that date. The amount drawn down is included on the Statement of Financial Position. The maximum agreed loan is £750 000. As at 31 March 2011 there is no set date for repayment.

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

Other investments – GeoPlace LLP

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

	2011	2010
	£'000	£'000
Share of gross assets	7 646	–
Share of gross liabilities	(7 646)	–
Loan	4 773	–
Less amount included in other provisions	–	–
Net Investment	4 773	–

GeoPlace LLP is a joint venture Limited liability partnership set up on 17 November 2010 to develop and market a national addressing product.

GeoPlace LLP has no profit or loss for the year, as it was yet to commence trading at 31 March 2011.

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

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

12. Inventories

Group and Trading Fund

	2011	2010
	£'000	£'000
Work-in-progress	–	226
Finished goods	1 826	1 806
	1 826	2 032

During the year Ordnance Survey wrote off inventory carried at £209 000 (2009–10: £132 000).

13. Trade and other receivables

Group

	2011	2010
	£'000	£'000
Trade receivables	6 078	9 162
Allowance for doubtful debts	(389)	(962)
	5 689	8 200
Other receivables	51	335
Taxation and social security	1 061	–
Accrued income	3 416	5 710
Prepayments	3 047	2 834
Total trade and other receivables due in less than one year	13 264	17 079
Trade receivables due over one year	443	–
Total receivables due over one year	443	–
	13 707	17 079

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

Notes:

- (a) Bad Debts totalling £10 000 were written off in 2010–11 (2009–10: £99 000).
- (b) No balances receivable were owed by Executive Directors at year end (2009–10: £nil)
- (c) The other receivables balance at 31 March 2011 includes a tenancy deposit of £nil (2010–11: £174 000) held in connection with securing an investment property lease.

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

	2011	2010
	£'000	£'000
Trade receivables	6 078	9 162
Trade receivables owed by group undertakings	118	407
Allowance for doubtful debts	(389)	(962)
	5 807	8 607
Other receivables	4 291	464
Taxation and social security	922	–
Accrued income	3 505	5 710
Prepayments	2 964	2 834
Total trade and other receivables due in less than one year	17 489	17 615
Trade receivables due over one year	443	–
Total receivables due over one year	443	–
	17 932	17 615

14. Trade and other payables

Group

	2011	2010
	£'000	£'000
Government loans due in less than one year	–	3 000
Trade payables	1 214	2 464
Taxation and social security	1 681	1 662
Other payables	344	5 771
Accruals	7 401	32 839
Finance lease due in less than one year	88	40
	10 728	45 776

Trading Fund

	2011	2010
	£'000	£'000
Government loans due in less than one year	–	3 000
Trade payables	843	2 464
Taxation and social security	1 681	1 662
Other payables	344	5 771
Accruals	7 154	32 562
Finance lease due in less than one year	88	40
	10 110	45 499

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

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

15. Deferred revenue

Group and Trading Fund

	2011	2010
	£'000	£'000
Current	7 923	8 727
Non-current	3 214	97

16. Obligations under finance lease

Group and Trading Fund

	2011 £'000	2010 £'000
Amounts payable under finance leases:		
Gross lease liabilities		
Within one year	88	41
In the second to fifth years inclusive	329	60
Less future finance charges	–	(2)
Net lease liabilities	417	99
Due within one year	88	40
Due in the second to fifth years inclusive	329	59

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 £'000	Other £'000	Total £'000
As at 31 March 2010	10 992	74	11 066
Utilisation of provision	(5 023)	(3)	(5 026)
Additional provision in year	3 052	37	3 089
Unwinding of discount	245	–	245
As at 31 March 2011	9 266	108	9 374

	2011 £'000	2010 £'000
Included in current liabilities	3 252	3 127
Included in non-current liabilities	6 122	7 939

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

The above amount is estimated as falling due as follows:

	2010–11	
	Current liabilities £'000	Non-current liabilities £'000
2011–12	3 246	–
2012–13	–	1 963
2013–14	–	1 434
2014–15	–	1 064
2015–21	–	1 559
	3 246	6 020
Other provisions	6	102
	3 252	6 122

There has not been a change in the year to the discount factor applied to provisions, which has remained at 2.2% 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 £108 000 (2009–10: £74 000), which covers residual commitments to lease expiry, after application of a risk-factored allowance for anticipated sublet rental income, together with other sundry provisions.

18. Non-current government loans repayable after one year

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

Group and Trading Fund

	2010–11	2009–10
	£'000	£'000
Amounts repayable:		
In two to five years	3 000	3 000

19. Equity public dividend capital

Group and Trading Fund

	2010–11	2009–10
	£'000	£'000
Public dividend capital	34 000	14 000
	34 000	14 000

Public dividend capital represents the deemed shareholding of the Department for Communities and Local Government in Ordnance Survey.

On 1 April 2010 an additional £20 000 000 of Public Dividend Capital was introduced into the Trading Fund by the Department for Communities and Local Government, following Parliamentary approval.

20. Reserves

Group

	2010–11	2009–10
	£'000	£'000
Revaluation reserves (Note 21)	3 463	6 696
Retained earnings (Note 22)	74 561	65 012
	78 024	71 708

Trading Fund

	2010–11	2009–10
	£'000	£'000
Revaluation reserves (Note 21)	3 463	6 696
Retained earnings (Note 22)	78 693	65 824
	82 156	72 520

21. Revaluation reserve

Group and Trading Fund

	2010–11			2009–10		
	Tangible Assets	Intangible Assets	Total	Tangible Assets	Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at start of year	4 976	1 720	6 696	4 918	1 779	6 697
Arising on revaluation in year						
Increase	526	1 506	2 032	58	–	58
Decrease	–	–	–	–	(59)	(59)
Net revaluation increase/(decrease)	526	1 506	2 032	58	(59)	(1)
Realised gains	(5 265)	–	(5 265)	–	–	–
Balance at 31 March	237	3 226	3 463	4 976	1 720	6 696

Revaluation reserves are not distributable to shareholders.

22. Retained earnings

Group

	2010–11	2009–10
	£'000	£'000
Balance at start of year	65 012	73 457
Profit/(loss) for the year	10 628	(2 674)
	75 640	70 783
Dividend payable	(6 344)	(5 771)
Transfer from revaluation reserve	5 265	–
Balance at 31 March	74 561	65 012

Trading Fund

	2010–11	2009–10
	£'000	£'000
Balance at start of year	65 824	73 457
Profit/(loss) for the year	13 948	(1 862)
	79 772	(71 595)
Dividend payable	(6 344)	(5 771)
Transfer from revaluation reserve	5 265	–
Balance at 31 March	78 693	65 824

23. Operating lease commitments

Group and Trading Fund

	2010–11	2009–10
	£'000	£'000
Minimum lease payments under operating leases recognised as an expense in the year	2 137	2 330

At 31 March 2011 Ordnance Survey has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Trading Fund

	2010–11	2009–10
	£'000	£'000
Within one year	148	458
Between two and five years	–	876

24. Other operating income

Group and Trading Fund

	2010–11	2009–10
	£'000	£'000
Loss on disposal of fixed assets	(646)	(19)
	(646)	(19)

25. Intra-government balances

Group – 31 March 2011

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

A breakdown of debt not impaired is given in Note 28.

Group – 31 March 2010

	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	796	–	11 552	3 041
Local authorities	739	–	465	23
NHS trusts	86	–	–	–
Public corporations and Trading Funds	–	–	–	–
Bodies external to government	15 458	–	45 613	8 031
At 31 March 2010	17 079	–	57 630	11 095

26. Net cash inflow from operating activities

Consolidated

	2010–11	2009–10
	£'000	£'000
Reconciliation of profit/(loss) for the year to net cash flow from operating activities;		
Profit/(loss) for the year	10 628	(2 674)
Adjustments for non-cash transactions:		
Depreciation of plant, property and equipment	4 175	3 155
Amortisation of intangible assets	6 856	4 619
Impairment of intangible assets	1 160	–
Property revaluation	10 226	–
Share of PointX Limited (profit)	(239)	(123)
Finance expense	218	916
Loss on disposal of property/plant and equipment	646	19
Decrease/(increase) in inventories	206	(463)
Decrease in trade and other receivables	3 372	2 800
Increase in pre-funded early release cost commitments	–	–
Decrease in trade and other payables	(611)	1 083
Increase in provisions for liabilities and charges over one year	1 570	3 385
Net cash inflow	38 207	12 717

Trading Fund

	2010–11	2009–10
	£'000	£'000
Reconciliation of profit/(loss) for the year to net cash flow from operating activities;		
Profit/(loss) for the year	13 947	(1 862)
Adjustments for non-cash transactions:		
Depreciation of plant, property and equipment	4 175	3 155
Amortisation of intangible assets	6 856	4 619
Impairment of intangible assets	1 160	–
Property revaluation	10 226	–
Share of PointX Limited (profit)	(239)	(123)
Finance expense	218	916
Loss on disposal of property/plant and equipment	439	19
Decrease/(increase) in inventories	206	(463)
(Increase)/decrease in trade and other receivables	(312)	2 886
Increase in pre-funded early release cost commitments	–	–
Decrease in trade and other payables	(957)	184
Increase in provisions for liabilities and charges over one year	1 570	3 385
Net cash inflow	37 289	12 716

27. Cash and cash equivalents

Group

	2010–11	2009–10
	£'000	£'000
Balance held at Paymaster General's office	1 253	1 319
Balance held in commercial banks and cash in hand	3 810	3 181
Cash on deposit	12 000	6 000
	17 063	10 500

Trading Fund

	2010–11	2009–10
	£'000	£'000
Balance held at Paymaster General's office	1 253	1 319
Balance held in commercial banks and cash in hand	3 741	3 180
Cash on deposit	12 000	6 000
	16 994	10 499

28. Financial instruments

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

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

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

Credit risk

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

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

Maximum exposure to credit risk as at 31 March 2011 was £6 521 000, of which £743 000 was due from public-sector organisations and £389 000 had been provided for as a doubtful debt.

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

	2010–11	2009–10
	£'000	£'000
Past due 0–30 days	1 163	1 220
Past due 31–60 days	506	258
Past due 61–90 days	110	38
Past 90 days	54	181
Total	1 833	1 697

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

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

Interest rate risk

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

Long-term loans have a fixed rate of interest.

Liquidity risk

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

Fair value hierarchy

The revised 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 (for example, as prices) or indirectly (for example, derived from prices).
- 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 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 £564 000 (2009–10: loss decrease of £144 000). This is mainly attributable to the group's cash balances held with HM Treasury. One hundred basis points have been used as this has been deemed as a reasonably possible movement.

Maturity analysis

	Due in 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Due over 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	18 651	1 827	1 563	88	65	–	22 194
Early release costs	3 246	1 963	1 434	1 064	690	869	9 266
Other provisions	6	6	53	29	6	8	108
Deemed loans	–	3 000	–	–	–	–	3 000
	21 903	6 796	3 050	1 181	761	877	34 568

Interest rate risk profile

The interest rate profile of Ordnance Survey's financial assets and liabilities at 31 March 2011 are set out below. All balances are held in sterling:

Group

	2010–11			2009–10		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets						
Cash at bank	–	5 064	5 064	–	4 500	4 500
Cash on deposit	–	12 000	12 000	–	6 000	6 000
Loan to PointX (interest free)	690	–	690	690	–	690
Loan to GeoPlace LLP	–	4 773	4 773	–	–	–
Financial liabilities						
Government loans	3 000	–	3 000	6 000	–	6 000

29. Financial commitments

Group

	2010–11	2009–10
	£'000	£'000
No provisions have been made in these accounts in respect of:		
Contracted capital commitments	–	12 920

30. 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 Communities and Local Government, HM Land Registry, NHS, the Department for Environment, Food and Rural Affairs®, the Ministry of Defence and Defence Agencies, and with the Scottish Office and its Agencies. Rental income was also received from HM Revenue and Customs (HMRC).

Ordnance Survey had material transactions with HMRC and the Department for Work and Pensions (DWP) for payment of rents and service charges where Ordnance Survey previously owned accommodation in buildings for which HMRC or DWP is the major occupier.

Michael Sommers, who resigned as a Non-Executive Director of Ordnance Survey, was a Non-Executive Director of the DWP.

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

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

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

GeoPlace LLP is a joint venture LLP established in the year. During the year Neil Ackroyd and John Kimrance represented Ordnance Survey on the Board of GeoPlace LLP.

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

31. Contingent liabilities

As part of the contract for sale of Ordnance Survey's previous head office, Ordnance Survey must fund the removal of asbestos identified in the building, above a contractual sum. It is not possible to ascertain the cost of this work prior to demolition commencing and accordingly no provision is included in the financial statements.

32. Post-balance sheet events

On 18 July 2011 the Prime Minister announced as part of Machinery of Government changes that Ordnance Survey would in future report to the Department for Business, Information and Skills.

IAS 10 requires the date on which the accounts are authorised for issue to be disclosed. The authorised date for issue is stated on the balance sheet. There are no other post balance sheet events that require reporting.

33. Financial targets and results

The financial objectives for the year 2010–11 were:

To achieve a trading surplus, before exceptional items, interest and dividends of at least £11.8 million under IFRS.

To achieve free cash flows of £19.6 million.

Details of actual performance are given on page 15.

A further financial objective of Ordnance Survey was to achieve a return on capital employed (ROCE), averaged over the financial year 2010–11, 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 2010–11 represents an ROCE of 23.3%.

34. Losses, special payments and gifts

- A In 2010–11 Ordnance Survey wrote off stock valued at £209 000 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 £10 000 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.

35. Exceptional items

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

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

Exceptional items recognised in operating costs

The write down in value of Explorer House used in the principal business of Ordnance Survey, to its fair value assessed by King Sturge of £10 226 000, has been classified as an exceptional item.

Following restructuring within Ordnance Survey in 2010–11 costs directly associated with this restructuring of £3 052 000 (2009–10: £18 408 000) have been recognised as exceptional within the Income Statement.

36. Control

The immediate parent undertaking is the Department of Communities and Local Government (CLG). 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 CLG. It is not therefore possible to identify the ultimate holders of the Public Dividend Capital of Ordnance Survey.

On 18 July 2011 the Prime Minister announced as part of Machinery of Government changes that Ordnance Survey would in future report to the Department for Business, Information and Skills.

37. Five-year summary

	2006–07	2007–08	2008–09	2009–10	2010–11
	£'000	£'000	£'000	£'000	£'000
Revenue	116 215	118 740	117 198	114 340	129 380
Operating costs	(109 992)	(96 192)	(95 658)	(97 690)	(105 256)
Operating profit before exceptional items	6 223	22 548	21 540	16 650	24 124
Exceptional items	–	–	(5 261)	(18 408)	(13 278)
Operating profit/(loss)	6 223	22 548	16 279	(1 758)	10 846
Finance income/(cost)	479	1 288	1 058	(916)	(218)
Profit/(loss) on ordinary activities	6 702	23 836	17 337	(2 674)	10 628
Dividend	(4 610)	(3 713)	(4 832)	(5 771)	(6 344)
Profit/(loss) retained for the year	2 092	20 123	12 505	(8 445)	4 284
Total equity	62 005	81 924	78 633	85 708	112 024

2006–07 to 2007–08 are reported under UK Generally Accepted Accounting Practice (GAAP). The group adopted International Financial Reporting Standards (IFRS) from 1 April 2008. Accordingly, 2008–09 to 2010–11 are reported under IFRS.

HM Treasury Minute dated 23 May 2011

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

Glossary

Derived data – is a widely used GI industry term that refers to information created, or derived, by direct reference to an existing geographic feature. For example, a user may derive the location of a route or asset using existing features on the mapping or data.

GeoPlace – is a limited liability partnership set up by Ordnance Survey and local government to provide a single national address gazetteer.

GeoVation – is an online social portal where geographic data and innovative thinkers can come together for the benefit of developers, entrepreneurs, website owners and end-users. Through GeoVation, Ordnance Survey will offer public access to its digital mapping products for people developing new ideas that need geographic data. It will enable anyone interested in geographic data to share, debate and explore new ways to turn their ideas into reality.

Geospatial data management system (GDMS) – a data management system to control digital mapping, enabling us to collect information once and then use it to create a wider range of products.

Global Positioning System (GPS) – a 'constellation' of satellites that orbit the Earth and make it possible for people with ground receivers to pinpoint their geographic location.

OS OnDemand – is a web-mapping service that delivers location information. The service hosts and supplies the latest most accurate raster mapping via the Web, directly to a customer's desktop.

OS OpenData – is an online portal allowing users to download a wide range of mapping and GI for free use direct to their computer; view maps and boundary information for the whole country.

OS OpenSpace – is an application programming interface (API) that supports the creation of dynamic mapping applications that can be embedded on your website.

OS VectorMap District – a mid-scale vector map dataset, which has been specially designed to display information on the Web.

OS VectorMap Local – is a flexible product that helps users to visualise information on a map. It enables you to customise the look and feel of a map, incorporating your own information, in your own way.

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