

Ordnance Survey

# ANNUAL REPORT & ACCOUNTS 2014-15

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# Ordnance Survey Annual Report and Accounts 2014–15

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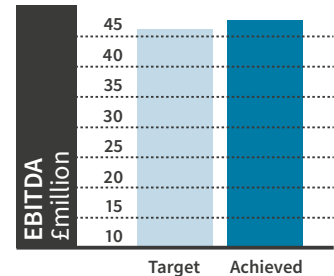
# HIGHLIGHTS OF THE YEAR

BUSINESS PERFORMANCE WAS MEASURED IN 2014–15 AGAINST THREE AGENCY PERFORMANCE MEASURES AND EACH OF THE TARGETS WAS ACHIEVED.

## FINANCIAL PERFORMANCE

To achieve earnings before interest, tax, depreciation and amortisation (EBITDA) of £45.8 million for the financial year 1 April 2014 to 31 March 2015.

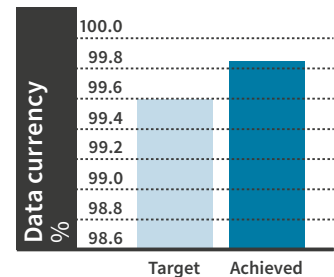
**Actual performance £47.0m.**



## DATA CURRENCY

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

**Actual performance: 99.84%.**



## CUSTOMER EXPERIENCE

The customer experience index is the standard to ensure that the customer experience is at the heart of everything we do. The index targets two areas of the customer experience:

**a. Customer satisfaction (external measure)**

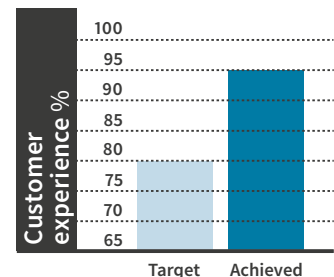
This includes a net promoter score (a customer's likelihood to recommend our products and services to others); and a customer satisfaction index.

**b. Customer service responsiveness (internal measure)**

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

The combined target for these two measures is 80%.

**Actual performance: 95%.**



## CHAIRMAN'S STATEMENT

This time last year we badged 2014–15 as a year of transition for Ordnance Survey. We were at the outset of a period of significant opportunity and we set out on a course to raise our business and the business of our customers and partners to higher levels.

Since then we have been investing in content and delivery, improving our web and mobile offering, increasing our productive capacity (and reducing its cost) and developing our capability under a restructured management team. We have refreshed our brand and successfully embraced new emerging markets, technology and ways of working.

The work on our new look – the result of much discussion, thought and research – has helped remind us of the essence of Ordnance Survey, why we matter to people and what inspires us. We kept our customers at the heart of the refresh process and employees from all parts of the business were involved. The result is that we have a new positioning line 'Finding a way' and we have redefined our core values. We are now known as OS, and our shorter email addresses and URLs make it easier to get in touch and find out more about us. We are determined to improve the accessibility of our products and our teams, so that we serve our partners and customers better. We hope that this new visual and verbal identity reflects a dynamic, digital organisation whose location-based data underpins most aspects of everyday life.

Throughout this year we have sought to grow and develop relationships with our commercial partners who provide OS an essential route to market. Taking on board their feedback, we have designed a new OS Partner Programme, which offers flexibility as well as more targeted support and, as part of our work to support the development of the wider geospatial industry, we will use a Market Development Fund and separate lead generation programme to invest in and support our partners.

As well as working alongside the Future City Initiative, we are just launching our 'Geovation Hub'. Partnering with the Future Cities Catapult, we are opening a pioneering free-to-drop-in location-data lab in Clerkenwell, London, where new ideas will be born, new talent developed, new collaborations formed and where people can be inspired by easy access to brilliant geospatial data.

We continue to be committed to leading our industry through OS OpenData™ products and this year we've added to them, launching OS Open Map – Local; OS Open Rivers; OS Open Roads and OS Open Names. The launch of these products happened to coincide with our millionth OpenData download – a record of which we're proud – as more and more OS data is available free at the point of use. Our products continue to help governments, companies and individuals to be more effective both in the UK and around the world.

We are building new mobile 'apps' following the success of OS MapFinder® and this year introduced OS Ride, a Chris Boardman backed cycling app that featured the British stages of the Tour de France. We have now launched a new and improved Tour of Britain version: OS Ride the Tour, and joined forces with UK Cycling Events to create the Ordnance Survey Spin Series – cycling sportives across southern England. Partnerships with UK Cycling Events and SweetSpot, who organise the Tour of Britain and Women's Tour cement a commitment to cycling and providing cyclists with the best online, mobile and paper map route information. We are not, however, turning our back on our traditional walker/hiker/rambler friends – on the contrary – we are simply seeking to establish new ones. We trust and expect that the launch of our new OS Maps product later this year will transform our consumer offer and delight all of our friends, old and new.

Our success wouldn't have been possible without the extraordinary commitment of our employees and, as always, my heartfelt thanks goes to them for all their hard work. Our Acting Director General and Chief Executive, Neil Ackroyd, has held the fort with considerable aplomb over the last year, moving the business forward in its year of transition and, along with colleagues in the leadership team, he has helped prepare the business for the next stage in its distinguished history.

Nigel Clifford, our new CEO, has just taken over leadership. A graduate geographer and Fellow of the Royal Geographic Society, he brings extensive experience of international software, telecoms and services including complex joint venture and public sector enterprises and we welcome him warmly to the team.

The primary focus in this year of transition was on our markets, customers and partners, but I am pleased to report that we also completed an important organisational change when we transitioned from being a Trading Fund and Government Agency into a Government-owned Company (GovCo) on 1 April 2015, at the beginning of the new financial year. We are convinced that operating as a company with a strong Government shareholder will help us respond more rapidly, effectively and flexibly to the needs of the geospatial industry and its wider markets.

And so, having seen through a year of transition and as the Company looks forward to years of growth, it is with some sadness that I shall be stepping down from my role as Chairman, after seven fascinating years. It has been a pleasure and a privilege to have played a small part in the history of such a wonderful institution and, as I retire, perhaps I can reassure you that any heaviness of heart is tempered by keen anticipation of the exciting times which lie ahead for my successor and for Ordnance Survey Limited. I am sure that the Company has a brilliant future.

**Sir Rob Margetts CBE**  
Non-Executive Chairman

# STRATEGIC REPORT

## BUSINESS MODEL

Ordnance Survey is Britain's mapping agency and until 31 March 2015 was a non-ministerial government department with Executive Agency status. Throughout the year Ordnance Survey operated as a Trading Fund reporting to Parliament through Ministers in the Department for Business Innovation and Skills (BIS).

On 1 April 2015 the assets and liabilities of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited, a company incorporated in the UK. The entire share capital of Ordnance Survey Limited is held by the Secretary of State for Business Innovation and Skills on behalf of UK Government, which leaves Ordnance Survey fully in public ownership. The Ordnance Survey Board remains accountable to the Secretary of State for Business Innovation and Skills and the governance arrangements for the Company are set out in a Shareholder Framework Document signed on 31 March 2015 by the Directors of Ordnance Survey Limited and the Secretary of State for Business, Innovation and Skills.

During the year Ordnance Survey worked with BIS to consider the most appropriate platform for its future operations and growth and together concluded that operating as a GovCo will better place the business to act at pace in rapidly changing markets and keep its leading position at the heart of the global geospatial industry.

Ordnance Survey's customers, partners and stakeholders will not be affected by the transition to a GovCo, although it is expected that they will benefit from a more efficient and focused business better-aligned to their needs. Existing arrangements such as the Public Sector Mapping Agreement (PSMA), One Scotland Mapping Agreement (OSMA) and OS OpenData will continue on the same terms until their scheduled end dates.

Operating as a GovCo is expected to enable Ordnance Survey to:

- Provide continued commitment and efficiencies in the delivery of its public task.
- Respond more effectively, quickly and flexibly to the needs of the geospatial industry and its wider markets.
- Better support the maintenance and quality of geographic datasets, which are available under the Open Data programme, and identify where more can be done.
- Improve Ordnance Survey's ability to recruit and retain skilled employees, particularly those with digital, mobile and data management skill sets, which are in great demand.
- Give Ordnance Survey greater freedom to manage its day-to-day operations.

Ordnance Survey collects, maintains and distributes the most accurate and up-to-date geographic information (GI) for Great Britain in accordance with its public task and this data is used and relied upon by government, business and individuals. Through its subsidiary company, Ordnance Survey International LLP, Ordnance Survey also advises other countries, helping them realise the benefits of good geospatial information.

The majority of revenue is generated through licensing the intellectual property rights, held under Crown copyright, which is inherent in the Ordnance Survey data. Since April 2010, free and unrestricted access to a large range of mapping has been provided to any prospective user via OS OpenData, a service that underpins a range of applications while promoting government transparency and encouraging greater use of GI.

## STRATEGY AND OBJECTIVES

An overriding objective of the transition to a GovCo is to increase our pace of development by introducing more location-based products, services and solutions to benefit existing and new customers, partners and markets. For Ordnance Survey to have a long-term sustainable future, we need a conventional business structure, which provides the platform for commercial growth, investment and product development.

Over the past decade the significance of location data for businesses and governments around the globe has grown significantly. Today Ordnance Survey data, services and expertise are being used extensively across the private and public sector to drive efficiencies, support decision making and provide valuable insight and intelligence.

We aim to be an integral part of the solution for customers facing complex, expensive problems providing definitive spatial information relating to critical national infrastructure, city infrastructure and rural landscape by:

- Continuing to enhance our geospatial intellectual capital.
- Making the best geospatial database in the world even better – collecting, deriving and creating more unique content.
- Improving access to the content in all its forms.

Our strategic objectives therefore, can be summarised as follows:

- To deliver greater value to UK plc through our public task.
- To provide solutions to governments, businesses and individuals for their big, high value problems.
- To work in partnership to solve complex business problems.



We have opened a 'Geovation Hub' in London, which we hope will become home for a collaborative and innovative community within the UK geospatial industry.



## BUSINESS REVIEW

### THE CHANGING FACE OF MAPPING

Over the past 10 years, in line with the rest of the publishing industry, sales of OS paper maps have been gradually falling, yet in 2014–15 we completely reversed this trend with revenues up by £1m (13%). We launched a Photofit competition which attracted more than 10,000 entries from members of the public hoping to get their own favourite photo on the cover of an OS Leisure map. Our brilliant cartography team then worked on a panel alongside broadcaster Simon King to choose the best photos and finalise the look of the new covers.

The production team is now gearing up to roll out 403 OS Explorer maps with new covers, new fonts, updated mapping and translations into the Welsh language while at the same time developing new apps for mobile or digital devices.

The popular OS MapFinder app is now available on Kindle as well as Android and iOS, and the widely-acclaimed OS Locate app has been developed for iOS and Android in partnership with Silva.

A great deal of planning and development effort has gone into our new consumer product – OS Maps – which will be launched this year. OS Maps will deliver all OS leisure mapping to mobile devices – literally to the user’s fingertips – so that they can plan, print and share their favourite routes. This is an exciting new offer for consumer markets which exemplifies new dynamism in our approach, making leisure mapping more relevant to a younger audience.

Over the last year we have been building a relationship with the cycling community, supporting GB cycling, developing a new Ride the Tour app and Activity Maps which incorporate off-road cycle trails. We’ve become official mapping partner for the Tour of Britain, the Women’s Tour and the Tour Series as well as sponsoring several winter sportives.

Another innovative consumer development will be announced in June, when we launch paper maps with a mobile download. The most popular titles of our OS Explorer range will be sold with a digital download – that is, when you buy a paper map, you will be able to download the same map digitally – and we will then gradually roll these out across all other titles.

### OPEN FOR INNOVATION

As well as supporting the Future City Initiative, we have opened a ‘Geovation Hub’ in London, which we hope will become home for a collaborative and innovative community within the UK geospatial industry.

Through our well-established GeoVation challenge, OS has already awarded almost £650,000 to 28 entrepreneurial new ventures and we see the ‘Geovation Hub’ as a natural next step on our innovation journey. Located in an old industrial building at 1, Sekforde Street, Clerkenwell, London, it will offer support to budding developers and entrepreneurs who have dreamt up creative geospatial solutions to everyday problems. We will provide onsite access to OS experts through an education programme, which we hope will bring on the next generation of GI specialists.

For the second year the OS Innovation team supported Young Rewired State’s (YRS) Festival of Code – a week-long hackathon event for young people aged 18 and under – and we have been working with the School of Geography at Nottingham University to create a 15ft by 14ft floor replica map of the Lake District in the 1870s for a new exhibition at Keswick Museum and Art Gallery. The map has been customised with relief, over which a series of different map and imagery layers are projected to give a sense of the developments in land cover mapping since Victorian times.

OS remains firmly committed to its OpenData programme and in the early spring this year we introduced a range of new products: OS Open Map – Local; OS Open Rivers; OS Open Roads and OS Open Names which were very well-received. We continued to run free masterclasses throughout the year to help new and existing OpenData users to gain a greater understanding of what is available and to familiarise them with the latest tools and techniques to use our datasets.

As part of our commitment to improve the accessibility of our content and to make it easier for start-ups and SMEs to understand and use our datasets, we have also adopted the Open Government Licence (‘OGL’) version 3.0 in place of our OS OpenData licence. The OGL permits the use and re-use of a wide range of government and other public sector information and supports government’s policy on transparency and open data.

### THE PUBLIC TASK

OS mapping data has played a central role in the development and launch of ResilienceDirect™ which has helped government agencies take huge strides in emergency response. The objective is to make Great Britain a safer place to live and work and ResilienceDirect has been developed as a secure platform by which ‘blue light’ responders and their public and private sector planning and response partners can share information effectively.

Our latest Application Programme Interface (API) is OS Places – a secure, scalable, and resilient address look-up web service. It searches the most comprehensive



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address database in Great Britain – over 39 million entries – AddressBase® Premium, in real time. Since its launch, it has been trialled by a variety of organisations such as DVLA, Sport England and the Isle of Wight Ambulance Service with very promising initial feedback.

We have developed a growing number of collaborations and partnerships with Government departments and agencies over the last year as we have sought to encourage greater public use of our data and to provide greater value under the PSMA and the OSMA. We have seen increasing membership through the year and around 119,000 orders were placed in 2014–15, of which some 25,000 (21%) were new orders. Almost two thirds of all new orders were fulfilled via the download service.

We now have 165 Public Sector-related case studies which document more than £67m savings in public expenditure in central government and local authorities. We have begun a migration to AddressBase – converting PSMA and OSMA members to AddressBase from legacy addressing products, and members have also been encouraged to use Tell OS with AddressBase – an automated reporting system making it easier to report errors and omissions in map data.

We have introduced a presumption to publish process in our licensing policy – widening datasets that can be exempted automatically, reducing the need for reviews by internal government and making it easier for PSMA and OSMA members to publish their own datasets based on OS data. Many authorities have, for example, exempted their polling station districts and locations.

We're continuing to provide members with a dedicated end user licence, which enables the public sector to make data available for people to download and fulfil obligations under the INSPIRE directive (an infrastructure for spatial information in Europe to support Community environmental policies). As a result of feedback from PSMA customers, we have now also reduced the number of instances where watermarking is required (including jpegs, static raster maps and pdfs), and published relevant guidance on watermarking matters. Furthermore, with an AddressBase licence, members can also pass on UPRNs to use without further royalties or licence restrictions.

We have also entered into an agreement with the Department for Transport (DfT) and other stakeholders on a project to develop a new suite of digital highways products for England and Wales.

Our partnership with Jisc® relates to Digimap® for Colleges. The secure, free and easy-to-use online mapping service supports further education institutions and staff, and aids students in their studies.

Authoritative, maintained and managed geospatial information is now firmly recognised as an essential part of the infrastructure needed to deliver safe and secure major events. During the London 2012 Olympic and Paralympic Games, Ordnance Survey, together with cross-government stakeholders, set a new standard in how geospatial information is used and OS used this expertise and experience again to assist the organisers of the 2014 Commonwealth Games in Glasgow, putting in a games-specific programme of data collection across an area of 410 km<sup>2</sup>. Working with the Institution of Civil Engineers we created a special map which showcased Glasgow's infrastructure works ahead of the games. These included building and converting the venues, and ensuring Glasgow's water, waste energy and transport networks accommodated the extra one million visitors anticipated.

The map highlighted the Games' lasting legacy for several industries and aimed to inspire young people into careers such as civil engineering. The map also gave an accurate and highly detailed representation of the venues and the surrounding area, highlighting the true scale of the event. We also created an interactive map on our website that told the story about some of the important changes that the City of Glasgow went through to prepare itself for the Games.

## PUTTING PARTNERS AND CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Throughout this year we have sought to grow and develop relationships with our commercial partners who account for 18.6% of our revenue. In the last 12 months we signed 54 new partners, bringing the total to 375. They accounted for £26.9 million of our revenue in the financial year.

Taking on board their feedback, we have designed a new OS Partner Programme which offers flexibility as well as more targeted support. As part of our work to support the development of the wider geospatial industry, we will use a Market Development Fund, joint tendering process, Partner Finder on the OS website and separate lead generation programme to invest in and support our partners.

Examples of our partners include CNH Industrial using our OS Net® service for automated agricultural vehicle control, and Ian Rowe Associates producing a highly detailed tram simulator for training drivers. Kaarbon Tech is a fast growing new partner who delivers bespoke surveys, drainage analysis and traffic management solutions, while C&C Technologies implement smart meter and customer switching systems for electricity distributors. Smaller firms like Jane Revitt produce map-based consumer products.



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The need for geospatial-readiness has never been more important. Governments around the world are setting ambitious national visions which look to develop modern, connected and safe living environments for their citizens.

Vendor neutral, with a focus on nurturing customer self-dependency, OS International helps these organisations deliver the sustainable change required to enable effective government, deliver national economic growth and develop safe, secure and sustainable communities. Partnership working was a key focus for the business throughout 2014–15, with OS International working closer than ever before with partners around the world to deliver tangible and enduring value. We have established a branch in Abu Dhabi and have also started the registration process to enable us to trade in Dubai.

## CONTINUALLY IMPROVING

The Open Data community is growing, with an increasing number of people downloading free mapping data, marked by our millionth OS OpenData download this year. OS Open products are the next generation in OS OpenData products and OS is leading the way in adding more content and functionality.

We've added to our OS OpenData suite, with the introduction of four new products in March 2015:

**OS Open Map – Local** a new 'street level' dataset designed to be the most detailed open data mapping product available for Great Britain.

**OS Open Rivers** – a generalised network product for Great Britain's rivers and watercourses.

**OS Open Names** – an improved gazetteer showing the most up-to-date place names, road names/numbers and postcodes.

**OS Open Roads** – a generalised road network product, enabling high level network queries and the sharing of data.

The suite of OS Open products helps build understanding and analysis of a location.

With OS OpenData, people can access a selection of the most detailed mapping datasets available for Great Britain to support innovative, exciting ideas and applications using OS mapping.

The Cartography team has been working on continuous revision of tiles for contextual backdrop mapping, as well as improving validation processes and rolling out a new edit system for the OS Landranger 1:50 000 scale map.

Collaboration has been a particular focus of the past 12 months, with Cartography working closely with product management and suggesting ways to improve products. Developers in cartography have been working alongside the fulfilment team, implementing automated data fulfilment rather than manual. Dennis Maps Limited, printer of our paper maps, has continued to assure the quality of our paper map production.

OS MasterMap® Water Layer is now in live production. It involved several years' work and was a tremendous achievement with a first, entirely new, dataset. Remote sensing continued to produce Building Height Attribute data, which enabled a new alpha release to customers in November. Customers now have access to more than 11,200km of urban data and an additional 40,000km of rural.

We've also successfully delivered a new Polling District dataset for the Boundary Commission for England and our Election Maps website was re-launched in 2014. This worked well with mobile devices and we saw a significant increase in use during the 2015 General Election campaign.

Imagery Layer customers are now able to receive their data via download that can be supplied with change only updates (COU), making our offering more consistent with other OS products.

Supporting the local government transparency and government open data agendas, Ordnance Survey, GeoPlace® and the Improvement Service are enabling AddressBase internal business use customers to release Unique Property Reference Numbers (UPRNs) on a royalty-free and open basis. The move will facilitate the release and sharing of public and private sector addressing databases.

Finally, marking the 100th anniversary of the start of WW1, we looked back to show how innovative we had been (aerial photography, sound ranging, digitisation) during our part in 'The War to end all Wars'. Our drive to improve and innovate is undiminished one hundred years on.



The Cartography team has been gearing up to roll out 403 OS Explorer maps with new covers, new fonts, some with updated mapping, and some translated into Welsh.

## FINANCIAL REVIEW

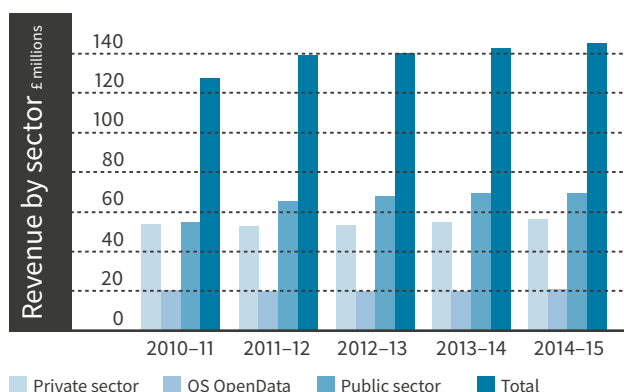
There was a small reversal in EBITDA growth in 2014–15 (-£1.2m / -2.5%) as a number of one-off expenditure items associated with the business transition combined with a fall in revenue in the International business to reduce operating profits. A strong balance sheet and healthy cash generation nevertheless allowed us to increase the dividend returned to our shareholder to £21.0m, up £1.6m (+8.2%) on 2013–14.

£m	2014-15	2013-14	Variance	%
Revenue	146.7	144.2	2.5	1.7%
Operating costs (excluding depreciation)	103.9	99.7	4.2	4.2%
EBITDA	47.0	48.2	-1.2	-2.5%
Depreciation, amortisation & impairment	16.3	16.5	-0.2	-1.2%
Profit attributable to PDC holders	30.9	32.1	-1.2	-3.7%
Dividend	21.0	19.4	1.6	8.2%
Net Assets	169.0	158.4	10.6	6.7%

The EBITDA outturn of £47.0m actually exceeded the budget target as described in Highlights of the Year (page 4), because one-off expenditure relating principally to the brand refresh and incorporation was included in the budget and close cost management across the business helped offset their impact on the final result.

## REVENUE

Total revenue comprises both trading and non-trading revenue – the latter relating principally to cost recharges to GeoPlace LLP, a joint venture company. Trading revenue grew to £145m – up 1.8% on last year driven by good performance in the domestic business to business sector and in the business to consumer sector, which helped reduce the impact of a disappointing second year for the International business.



The business to government sector remains the most important, although the principal agreement with UK government includes cost reduction factors which, when combined with non-recurring income recorded in 2013–14, led to a revenue decrease this year of £0.4m. Business to business revenues grew by 3.8% despite the fall in International revenues which were down £0.7m year-on-year. We have also experienced a strong performance in consumer revenues (+14%) driven by revenue growth from our MapFinder mobile app, strong pre-Christmas sales of Custom Made maps and the continued popularity of the OS Explorer and OS Landranger products.

## OPERATING COSTS

A number of one-off items of expenditure in the year took operating costs up by 3.8% to £120.2m in 2014–15. The major single line of expenditure is direct and indirect employee costs which we have managed to keep flat year-on-year having accounted for the costs of labour attributed to capital projects. This has been achieved at the same time as we have invested in new talent, bringing a number of recruits into senior and technical roles as we have prepared for future growth. Other operating charges have increased year-on-year with the one-off costs associated with Ordnance Survey Limited, refreshing the OS brand for the first time in 14 years, and the costs of bespoke services and solutions associated with single large contracts in the B2G sector.

## DIVIDENDS

We paid a dividend of £21.0m (2013–14: £19.4m) to our shareholder, UK Government in March 2015.

## STATEMENT OF FINANCIAL POSITION

### Cash

We generated a net cash inflow of £13.3m during the year with trading cash inflow of £52.6m and a further £4.3m received from joint ventures. Our capital expenditure programme (£22.5m) was significantly higher than prior years as we have ramped up investment in our Geospatial Content Improvement Programme (GCIP) and Multi Resolution Data Programme.

### Non-current assets

Our non-current assets are principally:

Explorer House: Our head office in Southampton which was externally valued at 31 March 2015 at £28.5m (2013–14: £28.5m).

GDMS: The operating system central to the entire business is the Geospatial Database Management System (GDMS). This is the repository for all data content from which all products are derived.

GCIIP: The new programme for the improvement of urban content will run over five years. Increasing demand for more features and greater urban detail has made this programme a necessity to maintain the OS MasterMap's world-leading, best of class status.

## OTHER ENTITIES

### 100% Subsidiaries

#### Ordnance Survey Leisure Limited (OSL)

OSL provides a direct retail offer to consumers who prefer to purchase OS products and services online. Revenue in this business has performed particularly well with strong across the board product sales, although revenue from the enhanced mobile app, OS MapFinder, which was available for the full year to Android users as well as to iOS users, and our Custom Made maps was particularly strong.

Total revenue reached £2.4m (2013–14: £1.9m) and the EBITDA loss was reduced to £0.3m (2012–13: £0.6m).

#### Ordnance Survey International LLP (OSI)

OSI is our nascent International business, which aims to leverage our world-leading reputation in the geospatial industry and sell our expertise to government agencies in other geographies with a primary focus in the Middle East. In its second full year of operation OSI generated turnover of £0.6m and a EBITDA loss of £1.0m (2012–13: £0.2m). This was a rather disappointing outcome after a very promising first year of operation, but with a strong order pipeline going into 2015–16, a much improved performance is expected.

### Shared ownership entities

#### GeoPlace LLP (GeoPlace)

GeoPlace, is a 50:50 joint venture with the Local Government Association, which has developed a new addressing product, licensed to Ordnance Survey. Another strong year, which reflected the success of our Addressbase suite of products, generated a profit share return of £3.6m, growth of £0.5m (+14%) from 2013–14. EBITDA was £5.8m (2012–13: £5.8m) and £4.1m in cash was returned to Ordnance Survey during the year.

#### Astigan Limited (Astigan)

Astigan is a 51% owned subsidiary which is consolidated into the Ordnance Survey group accounts as Ordnance Survey has control of the Board. The objective of the company is to research new ways of remote data collection. We see this as a medium-term investment and have entered into a joint venture with technical experts in their field. In the year, Astigan made a loss of £1.0m (2013–14: £0.7m).

#### PointX Limited (PointX)

PointX® is a 50% joint venture with Landmark Information Group®. During the year PointX returned EBITDA of £0.2m (2013–14: £0.2m).

## CAPITAL STRUCTURE

There were no changes in the capital structure in the year and the public dividend capital remains at £34.0m.

## POST BALANCE SHEET EVENTS

On 14 April 2014, Neil Ackroyd was appointed Interim Accounting Officer and Acting Director General and Chief Executive following the resignation of Vanessa Lawrence. On 31 May 2015, Neil stood down from his role as Acting Director General but retained his role as Interim Accounting Officer of the Ordnance Survey Trading Fund. On 1 June 2015 Nigel Clifford was appointed Director General and Chief Executive of the Ordnance Survey Trading Fund and Accounting Officer and Chief Executive Officer of Ordnance Survey Limited.

As described in the opening paragraphs of this report (Business Model) on 1 April 2015 the assets and liabilities of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited and there has been no further trading in the Ordnance Survey Trading Fund since that date.

## SUPPLIER PAYMENTS

Under Managing Public Money OS is targeted by Government to pay 80% of undisputed invoices within five days of receipt of invoice. Over this year some 54% (2013–14: 71%) were paid within five days of receipt.



## CORPORATE AND SOCIAL RESPONSIBILITY

### EDUCATION SERVICES

During the 2014–15 school year we delivered numerous training workshops across the country. These enabled over 1,000 Primary and secondary school teachers to explore the full capabilities of the award winning EDINA Digimap for Schools service. The number of subscribing schools continues to rise, reaching 2,200 schools at the year-end – more than 25% of secondary schools in GB. The fastest growing adopters are English primary schools with 7% of these schools now using both modern and historical maps to support learning across a range of subjects.

To assist English schools teaching a new national curriculum we commissioned resources for teachers to provide detailed guidance for pupil progression in map skills at upper primary and lower secondary levels (Key Stages 2 and 3). These are available to download on our website.

In 2014 we decided that the time was right to modernise MapZone® in order to engage with younger audiences. We value our relationship with schools and wanted to make the site accessible on all the devices used by this target group. The revamp involved a review of existing content, development of animations and graphics, new imagery, new games (some of the existing games were not fully accessible on mobile phones), new geography sections and more interactive sections. All of this content and design work contributed to the development of a completely new site.

The finished site was reviewed by schools and users. It was very positively received and now receives high levels of traffic as a result of its relevant content, interactive geographical elements and games.

### COMMUNITY USE OF BUSINESS CENTRE

Over the last 12 months we have had 34 bookings from the local community (NHS®, Hampshire Fire and Rescue, Hampshire Constabulary, Hampshire Probation and Fairisle Infant School) for use of our head office, Explorer House.

### VOLUNTEERING

123 members of OS have taken their paid day of volunteer leave day to support a multitude of different charities and organisations. The feedback received has always been first class and adds weight to our brand and reputation as a caring organisation in the community.

### CORPORATE CHARITY

Employee-led events raised a record breaking £11,548 for our corporate charity, Southampton Women's Aid. These events included cake sales, football tournaments, Santa Letters, Rhino auctions, 'Off the Scale' choir concerts and Thunder Runs.

This money will help pay for educational projects to help children and young people understand the fundamentals of a good relationship and to teach them how to stay safe within them. It will also go towards offering workshops, self-help and self-esteem groups to help with rebuilding lives that are damaged by domestic violence.



123 members of OS have taken their paid day of volunteer leave day to support a multitude of different charities and organisations.

## EMPLOYEE INFORMATION

### EQUALITY AND DIVERSITY

All employees completed an online training module 'Introduction to diversity and equality' to refresh their awareness of these issues and a new equality and diversity induction session was designed and delivered to new employees as part of their induction. The Human Resources team has raised awareness of unconscious bias in the workplace and how to identify and challenge it through an expert led workshop.

Health checks and advice from physiotherapists continued for our field-based employees this year and other wellbeing events included liver awareness, blood pressure checks, personal resilience and back awareness workshops. There is a continued focus on mental health with promotion and information provided around 'Mental Health Awareness Week in May' and 'Time to Talk' in February and there is on-going training for managers to increase their awareness and understanding of mental health issues.

### EMPLOYEE RATIO

The table below provides a breakdown of Ordnance Survey employees by gender as at 31 March 2015:

	Male	Female	Total
Non-Executive Directors	5	0	5
Senior Civil Servant	4	0	4
Senior Manager Head	15	4	19
Other Roles	874	329	1,203
Total	898	333	1,231

### EMPLOYEE SICKNESS AND ABSENCE

Employee absence is monitored and return-to-work interviews are held to ensure appropriate support or adjustments can be offered. In 2014–15 an average 3.9 days per employee were lost due to sickness (4.2 in 2013–14) with 4,725 (4,229 in 2013–14) days lost in total. This compares favourably with the average of six days lost per employee in the private sector and 8.7 in the public sector.

## HEALTH AND SAFETY

In evaluating health and safety training requirements, bespoke manual handling and first aid training courses have been designed specifically for our field staff. While our roads become more congested and traffic incidents become more common, vehicle incidents remain low with a steady decline on previous years. Other categories of accidents remain minor with no major injuries or RIDDOR reportable incidents during the past year.

### OFF-PAYROLL ENGAGEMENTS

As required by the Alexander review, we disclose all off-payroll engagements which exceed six months. Ordnance Survey uses the services of contractors provided by third-party organisations to cope with peaks of demand on resources and complies with the recommendations outlined in the Alexander review. Assurance is provided to BIS annually that in all cases we have sought and gained legally binding assurance that individual contractors have and will pay the right amount of Tax and National Insurance.

Off-payroll engagements as at 31 March 2015 for more than £220 per day and that last for longer than six months are as follows:

	31 March 2015	31 March 2014
Number of existing engagements as of	45	36
Of which:		
Number that have existed for less than one year at time of reporting.	24	20
Number that have existed for between one and two years at time of reporting.	21	10
Number that have existed for between two and three years at time of reporting.	0	3
Number that have existed for between three and four years at time of reporting.	0	0
Number that have existed for four or more years at time of reporting.	0	3

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months are as follows:

	31 March 2015	31 March 2014
Number of new engagements, or those that reached six months in duration, between 1 April and 31 March	81	113
Number of the above, which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations.	78*	113
Number for whom assurance has been requested.	81	113
Of which:		
Number for whom assurance has been received.	71	83
Number for whom assurance has not been received.	10	30 (reported to HMRC)
Number that have been terminated as a result of assurance not being received.	0	0

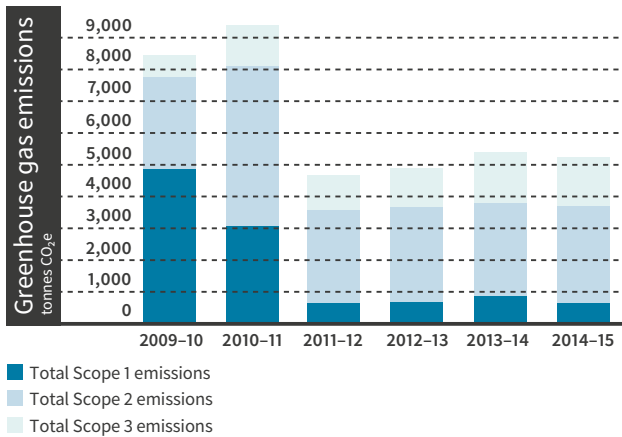
\* 3 interim contractors have been engaged on individual contracts and have provided individual tax assurance.

## SUSTAINABILITY

Against the Government’s baseline year of 2009–10 and in accordance with the Greening Government Commitments (GGCs), Ordnance Survey has reduced its Greenhouse Gas emissions by 38%. This has mainly been achieved by moving to a BREEAM® ‘Excellent’ head office and outsourcing map printing as well as ongoing improvements to the Environmental Management System and travel planning.

### GREENHOUSE GAS (GHG) EMISSIONS

Included in the scope of this report are the buildings and assets under OS control, including the Gloucester Data Centre, Cessna surveying aircraft (as Scope 3 ‘Managed Assets’) and all business activities directly impacting the environment through emissions, waste and resource depletion. The graph and table below show that OS has reduced estate emissions and business-related transport emissions by 38% in the five years to 31 March 2015 – 13 percentage points better than the government target of 25% – despite the number of instances of domestic business flights remaining fairly constant. Significant improvements in data collection and methodology have resulted in a better understanding of total emissions and a much higher degree of data accuracy than was possible in the baseline year.



Energy consumption at Explorer House and the Gloucester Data Centre decreased by 12% in 2014–15, with kWh/m<sup>2</sup> values falling at both sites. However, new emission measurements have led to an increase of GHG emissions associated with electricity consumption, of more than 3%. Gas usage fell by more than 50% principally as a result of the optimisation of the Ground Source Heating and Cooling Pump and the beneficial effect of a relatively mild winter.

There have been significant changes to the emission values associated with domestic air travel. Domestic flight emissions have been retrospectively adjusted to FY 2012–13 to include Radiative Forcing. This increases the reported GHG emissions by more than 90%, so current year (and last

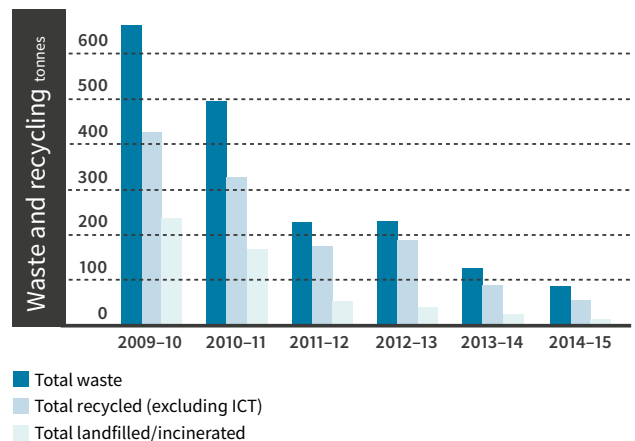
year) numbers cannot be directly compared with figures pre-2012–13. An efficient, nationwide data capture activity will always necessitate a number of domestic flights and modest progress has been made to reduce their number since the 2009–10 baseline year. We have nevertheless reintroduced targets to reduce the number of flights – despite increasingly demanding data capture requirements – and expect to improve this statistic in 2015–16.

Emission values for cars have also been updated to reflect ‘real’ driving conditions, as opposed to manufacturer advised figures. Retrospective adjustments have been made back to 2012–13 that result in an increase in total emissions reported. A million less kilometres were travelled by fleet or hire cars in 2014–15 compared to the prior year, although there has been a slight increase in emissions per kilometre travelled. We are currently revising our Travel Plan, setting new efficiency targets for business travel and mode share targets for commuting travel.

### WASTE MINIMISATION AND MANAGEMENT

Total waste arisings have reduced by 87% from the 2009–10 baseline. This is 62 percentage points better than the GGC target – 25%. The majority of waste reduction can be attributed to the outsourcing of map printing. Better accuracy and granularity of data have led to a decrease in waste arisings and most non-recyclable general waste now goes to an energy-from-waste facility, leaving negligible amounts of waste going to landfill.

We expect to continue to reduce total waste arisings next year increasing recycling rates by running a series of waste promotions. Withdrawing the use of disposable coffee cups, and more waste segregation will increase recycling rates and lead to a higher quality of recyclates, in line with the Waste (England and Wales) (Amendments) Regulations 2014. This will reduce the amount of emissions associated with the transport, processing and decomposition of wastes and reduce the need for extracting virgin raw materials.



## GREENHOUSE GAS EMISSIONS

Absolute metrics	Scope/emission/energy use	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-financial indicators (tCO <sub>2</sub> e)	Total Scope 1 emissions (gas, fuel for fleet cars and fugitive emissions from air chillers)	4880.2	3095.9	664.9	680.8	888.7	668.0
	Total Scope 2 emissions (off-site electricity generation)	2896.6	5018.6	2916.8	2987.0	2915.6	3054.4
	Total Scope 3 emissions (transmission loss of electricity)	229.4	404.1	249.3	236.0	249.3	267.1
	Total emissions attributed to electricity consumption (Scope 2 and 3)	3126.0	5422.8	3166.0	3222.9	3164.9	3321.4
	Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground)	238.2	148.6	166.3	381.8	734.6	647.1
	Emissions attributable to Scope 3 Managed Assets (Gloucester Data Centre, including fugitive emissions and electricity consumption)	26.6	561.6	524.1	470.6	462.7	430.1
	Emissions attributable to Scope 3 Managed Assets (Cessna surveying aircraft)	172.2	169.6	153.1	119.9	152.6	177.8
	<b>TOTAL EMISSIONS (ALL SCOPES)</b>	<b>8443.2</b>	<b>9398.5</b>	<b>4674.4</b>	<b>4876.1</b>	<b>5403.4</b>	<b>5244.5</b>
Related energy consumption (kWh)	Electricity (Mains 'Green' Tariff – EH and GDC)	5,915,536	11,409,976	7,518,130	7,439,107	7,499,346	6,977,842
	Gas	20,757,893	13,219,955	447,319	480,274	979,967	483,972
	<b>TOTAL kWh Consumption</b>	<b>26,673,429</b>	<b>24,629,931</b>	<b>7,965,449</b>	<b>7,919,381</b>	<b>8,479,313</b>	<b>7,461,814</b>
Financial indicators (£)	Expenditure on energy (gas, electricity, BUS fuel, GDC electricity, Cessna fuel)	£1,330,385	£1,213,341	£363,908	£356,061	£1,336,830	£1,103,110
	Expenditure on CRC (including fees and allowance)	n/a	n/a	£24,308	£24,380	£46,877	£57,721
	Expenditure on official business travel (rail, hire cars, taxis, air, BUS leasing)	£2,545,038	£2,311,094	£2,226,708	£2,625,968	£2,604,372	£2,204,954
	<b>TOTAL expenditure on energy, CRC and official business travel</b>	<b>£3,875,423</b>	<b>£3,524,435</b>	<b>£2,614,924</b>	<b>£3,006,409</b>	<b>£3,988,080</b>	<b>£3,365,786</b>

Normalised metrics	Asset	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
kWh/m <sup>2</sup>	Explorer House	n/a	n/a	457.1	461.9	498.5	441.4
kWh/m <sup>2</sup>	Gloucester Data Centre	226.7	4880.7	4866.7	4319.5	4,358	3,645
g CO <sub>2</sub> e/km travelled	BUS mileage (kilometres)	182.53	168.66	168.19	161.42	155.45	159.66
g CO <sub>2</sub> e/km travelled	Hire vehicles mileage (kilometres)	204.10	187.38	185.58	186.73	178.35	164.89
Number of instances	Domestic flights	460	257	373	268	438	445
kg CO <sub>2</sub> e/passenger-flight	Domestic flights	28.1	29.7	25.1	260.0	288.9	260.2
kg CO <sub>2</sub> e/passenger-flight	Short haul flights	614.9	1482.1	899.8	340.4	309.8	269.8
kg CO <sub>2</sub> e/passenger-flight	Long haul flights	2188.3	2294.8	1549.6	1787.3	2380.5	2299.7
kg CO <sub>2</sub> e per journey	Domestic rail travel	n/a	n/a	7.8	6.6	11.7	10.9

Financial breakdown of business travel		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
BUS lease		n/a	n/a	n/a	n/a	£1,546,040	£1,569,901
BUS fuel costs		n/a	n/a	n/a	n/a	£332,350	£316,578
Hire car costs		n/a	n/a	n/a	n/a	£142,547	£39,721
Domestic rail travel (including underground)		n/a	n/a	n/a	n/a	£231,437	£243,352
Domestic flights		n/a	n/a	n/a	n/a	£63,186	£77,210
Short haul flights		n/a	n/a	n/a	n/a	£55,855	£55,018
Long haul flights		n/a	n/a	n/a	n/a	£193,730	£184,419
Domestic taxis		n/a	n/a	n/a	n/a	£39,223	£35,330
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>£2,604,372</b>	<b>£2,521,532</b>

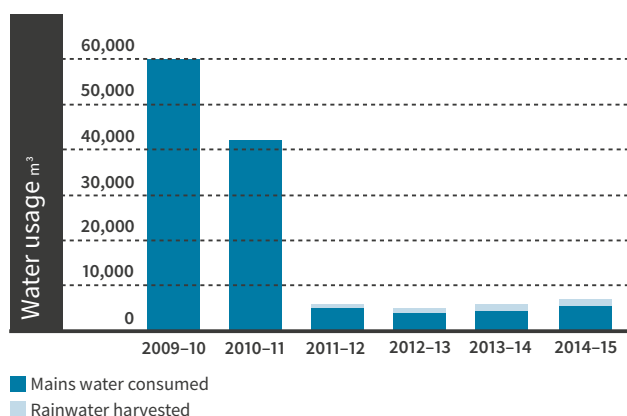
## FINITE RESOURCE CONSUMPTION: WATER AND PAPER

In absolute terms, water consumption has decreased by 88% compared with the 2009–10 baseline. This is mostly due to relocating head offices and outsourcing map printing. However, there has been a year-on-year increase in total water usage since 2012–13 at Explorer House due principally to increases in employee numbers on site. About 25% of the water consumed at Explorer House comes from the rainwater harvester, but when both mains (Scope 2 water) and rain water (Scope 1 water) usage is combined, OS achieved a ‘good practice’ benchmark of 5.72m<sup>3</sup> per FTE in 2014–15.

Explorer House already has water efficient technologies in place. Further work is needed to confirm exactly how the additional water is being utilised before new targets can be set. More ambitious schemes to capture the ‘water footprint’ (embedded water or Scope 3 water), in OS processes and products procured have not yet been developed, although it is anticipated these metrics may be required in future. These will quantify the indirect impacts of water usage (energy used in abstraction, treatment and transportation of water and the embedded water usage of and in products) and potentially give OS a degree of control over them.

Paper consumption has decreased by more than 50% compared with last year.

The use of less virgin and more recycled paper has positive direct and indirect environmental impacts less resource depletion, transportation and processing. However, we are being careful not to over-compensate lower paper usage with more energy-intensive digital technologies.



## SUSTAINABLE PROCUREMENT

The Procurement team has included specific questions about management and monitoring of environmental issues in tendering documentation sent to potential suppliers and onward supply chains. These questions cover carbon footprint, energy reduction, staff travel and recycling targets. Operationally our print supplier is required to print all our maps on paper that is either approved by Forest Stewardship Council or Pan European Forest Council and wherever possible we use Government Framework contracts where Greening Government Commitments are in place.

## BIODIVERSITY ACTION PLAN

The unmanaged ‘wild’ area consisting of native British flora to the east of Explorer House continues to mature and we liaise with local ecology groups to conduct wildlife surveys of the area, allowing for more scope to increase biodiversity.

## FUTURE IMPROVEMENTS IN SUSTAINABILITY

OS is planning to amend its Environmental Management System to the 2015 revision of ISO14001. This amendment places greater emphasis on senior management support for environmental and sustainability processes and measures throughout a business. This will be critical for acting on the incumbent resource and emission reduction targets set by the international community and new UK Government later in 2015.

## WASTE

Absolute metrics		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
Non-financial indicators (tonnes)	Total waste arisings (tonnes)		666	498	229	232	128.30	86.53
	Non-hazardous waste	Waste recycled/reused (excluding ICT)	428	329	175	189	90.17	56.20
		ICT equipment reused/ recycled externally	n/a	n/a	n/a	2.25	6.92	10.92
		Waste composted	n/a	n/a	0.08	0.21	4.32	4.33
		Waste sent to incinerator/ landfill	238	169	54	41	25.14	14.43
		Hazardous waste		n/a	n/a	n/a	n/a	0.10
		Batteries (recycled)	n/a	n/a	n/a	n/a	1.01	0
		HCFC equipment (fridges and other electrical equipment)	n/a	n/a	n/a	n/a	0.08	0.08
		Fluorescent lamps (recycled)	n/a	n/a	n/a	n/a	0.5	0.45
		Toner cartridges (recycled)	n/a	n/a	n/a	n/a	0.06	0.06
	Sanitary waste (not recycled)	n/a	n/a	n/a	n/a			
Financial indicators (£)	Total disposal costs (£)		£50,429	£121,017	£25,195	£15,832	£32,915	£29,821
	Non-hazardous waste	TOTAL NON-HAZARDOUS WASTE COSTS	Included in total waste cost			£15,832	£27,717	£24,849
		Waste recycled/reused	Included in total waste cost			£15,832	£13,729	£13,210
		ICT equipment reused/ recycled externally	n/a	n/a	n/a	n/r	£10,588	8,365
		Waste composted	n/a	n/a	nil	nil	nil	nil
		Waste sent to landfill	Included in total waste cost (same as waste recycled/reused)					
	Hazardous waste	TOTAL HAZARDOUS WASTE COSTS	n/a	n/a	n/a	n/a	£5,197	£4,971
		Batteries (recycled)	n/a	n/a	n/a	n/a	£427	£183.00
		HCFC equipment (fridges and other electrical equipment)	n/a	n/a	n/a	n/a	£135	-
		Fluorescent lamps (recycled)	n/a	n/a	n/a	n/a	£150	£75
		Toner cartridges (recycled)	n/a	n/a	n/a	n/a	£175	£600
	Sanitary waste (not recycled)	n/a	n/a	n/a	n/a	£4,311	£4,113	



## FUTURE OUTLOOK

Our incoming Chief Executive is really looking forward to working with the OS team to build on their work of the last twelve months, forging new partnerships and developing innovative products that will keep Ordnance Survey at the forefront of the global geospatial industry.

Following a transitional year in 2014–15 we plan to move Ordnance Survey into a growth phase in 2015–16. Traditional data licensing will continue to make up the lion's share of revenue for the foreseeable future, but we expect gradually to become less reliant on it as we serve new markets with new products and services, both independently and also through strong and dynamic partnerships.

Operating as a GovCo we expect to be able to adapt more effectively, quickly and flexibly to the needs of all markets, existing and new. The total global market for geospatial products and services is estimated to be \$150–\$270 billion per year and with the industry expected to grow by 13% pa in the short to medium term, we do not expect to be short of opportunity.

We do know, however, that it will be vital to build on existing partnerships, create new ones and work with our partners to maximise the use of our unmatched data content. Delivering greater value through our public task and delivering new innovative solutions for commercial business problems are both key objectives for the coming years.

The International business had a slower year in 2014–15, so it is a priority to get it back on track in 2015–16. We have a promising order pipeline which builds on existing business and begins to widen our net in target markets. Once again we are certain that working effectively in partnership with others will be the key to unlocking the potential to leverage our reputation and experience in the global markets.

Following the successful and very well-received launch of our refreshed brand in February we have exciting plans to reposition the organisation and brand in the leisure environment through the introduction of *OS Maps – your guide in the great outdoors*. From early summer we will be offering a digital download with every purchase of our OS Explorer range of maps and this will be rolled out across all paper map ranges over the next 12 months. Building on the success of OS MapFinder and OS getamap this will mark the beginning of a transformation of our consumer offer.

Over the next five years our vision is that OS data and expertise will become integral to solving customer problems – be they governments, businesses or consumers. We will provide definitive spatial information covering every aspect of critical national infrastructure, the most detailed urban content available anywhere in the world and fit for purpose rural data and features.

Our objectives are to:

- Make the best geospatial database in the world even better – collecting more, deriving more, creating more; and
- Improve access so that it is at least on a par with the excellence of our content.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Ordnance Survey Audit and Risk Committee ('OSARC') and the Strategy Board has recently conducted its bi-annual review of the principal risks and uncertainties facing the business and has summarised them as follows:

- Lack of scalability and pace reduces competitiveness.
- Failure to generate full value from existing and future intellectual property.
- Lack of clarity about the purpose and value of the Government investment in OS creates tension between the requirements of the 'public task' and competing, value generating commercial demands.
- Failure to expand and diversify into international markets could leave OS isolated in increasingly globalised markets.
- Failure to attract and retain appropriate people and skills.
- Increasing cyber and data corruption risks in a data led environment could interrupt business or lead to reputational damage.
- Business operations are interrupted by a major event.
- Failure to manage and deliver the investment plan.

Further details on risks are included in the Governance Statement on page 27.

**Neil Ackroyd**  
Interim Accounting Officer  
12 June 2015

# GOVERNANCE STATEMENT

## SCOPE OF RESPONSIBILITY

As Interim Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of OS 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.

## THE PURPOSE OF THE GOVERNANCE STATEMENT

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

## THE GOVERNANCE FRAMEWORK

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

**Minister:** OS operated as an Executive Agency and as a Trading Fund under the *Ordnance Survey Trading Fund Order 1999* (SI 1999/965), and is accountable to Parliament through the Secretary of State for Business, Innovation and Skills (BIS). Our Minister within BIS, The Rt Hon Anna Soubry MP, is answerable to Parliament for all matters concerning OS.

**Shareholder Executive:** OS reports to BIS through the Shareholder Executive (ShEx), an Executive Agency within BIS. ShEx advises BIS ministers on the management of the Government's interest in OS and a ShEx representative is a member of Strategy Board.

**Accounting Officer, Director General and Chief Executive:** has responsibility for the proper, effective and efficient use of public funds and may be required to appear before the Public Accounts Committee. The Accounting Officer is accountable to the Minister for the performance of OS in accordance with the Framework document, the corporate business plan and the Agency Performance Monitors.

**Strategy Board:** comprises a Non-Executive Chair and up to five other Non-Executive Directors in addition to the Executive Directors and it meets six times a year. Its role is to determine the long term strategy and vision of the organisation to ensure that OS and its group businesses remain relevant and effective and deliver against its public task and policies, and objectives set for it by Ministers. Strategy Board is the principal oversight Board for OS and it receives submissions from each part of the organisation and group businesses to

monitor performance against key performance indicators including the business plan and budget. The key performance indicator data is provided via established and appropriately controlled systems and financial performance and forecasts are reviewed quarterly giving appropriate oversight and assurance to Strategy Board. The systems that provide the Agency Performance Measures are subject to annual internal and external audits and are appropriately controlled.

**Executive Committee:** has responsibility for all operational matters. Its role is to ensure the efficient and effective implementation of the strategy as agreed by Strategy Board. It receives reports on various aspects of the business to ensure that governance is maintained. In line with the agreed framework for delegated financial authorities, Executive Committee has delegated authority to a number of sub-groups. These sub-groups provide oversight on investment activity and expenditure, pricing, licensing and trading arrangements, management and development of the national geographical database and recruitment. The Executive Committee is chaired by the Director General and Chief Executive and meets at least once a week.

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

The terms of reference for Strategy Board, Executive Committee and OSARC are available on our website: <http://www.os.uk/about/governance/index.html>

**Remuneration Committee:** is responsible for reviewing and recommending Executive Directors' and Senior Manager Heads' salaries, performance-related pay, taxable benefits and agency bonuses. It is chaired by a Non-Executive Director. Further information on the work of the Remuneration Committee can be found in the report on Directors remuneration on page 31.

**Nominations Committee:** was established this year to oversee the recommendations from the Board Effectiveness review in 2013–14. It is responsible for agreeing Executive and Non-Executive appointments and terminations, reviewing succession plans for Executives and Non-Executives, recommending remuneration packages and other terms and conditions for approval by the Remuneration Committee and undertaking an annual skills audit of the Non-Executive Directors to ensure there is an appropriate mix of skills. It is chaired by a Non-Executive Director.

## Attendance at the Strategy Board and Committee meetings in 2014–15 was as follows:

Name and Title	Strategy Board		OSARC		Remuneration & Nominations Committees	
	Number of meetings	Attendance	Number of meetings	Attendance	Number of meetings	Attendance
1 April 2014 – 31 March 2015						
Sir Rob Margetts CBE, Non-Executive Chair, Nomination Committee Chair	6	6	–	–	7	7
Piers White MBE, Non-Executive Director, OSARC Chair	6	5	3	3	7	7
Mike Carr, Non-Executive Director, Remuneration Committee Chair	6	6	3	3	7	7
Rob Varley, Non-Executive Director	6	3	3	–	–	–
Anne Jessopp (from December 2014), Non-Executive Director	3	3	–	–	–	–
Stephen Lake (from January 2015), Non-Executive Director	2	2	1	1	–	–
Craig Lester, Shareholder Executive	6	6	–	–	7	7
Neil Ackroyd, Accounting Officer, Acting Director General & Chief Executive	6	6	3	3	–	–
Ian Nunn, Executive Director	6	6	3	3	–	–
Peter ter Haar, Executive Director	6	6	1	1	–	–
Andrew Loveless, Executive Director	6	6	1	1	–	–
Katie Powell (maternity leave from early March 2015), Executive Director	5	5	1	1	–	–

## BOARD EFFECTIVENESS

There have been changes on the Strategy Board this year with an Acting Director General and Chief Executive, the appointment of Interim Executive Directors and new Non-Executive Directors. There has been strong collaboration and close engagement between the Board members which has contributed to the successful delivery of a number of key transitional programmes.

During 2013–14, the Strategy Board completed an internal review of its own effectiveness under the guidance of the Non-Executive Chair. This review covered the frequency, methods of working and arrangements for meetings, as well as the governance arrangements, the balance of agenda items, topics for discussion, development of strategy and depth of debate. The results were reviewed in March 2014 resulting in a number of performance improvements being agreed and implemented during 2014–15.

The review also identified the need for succession planning for Non-Executive Directors and as a result the Nominations Committee was constituted.

Two new Non-Executive Directors were appointed during the year and recruitment is underway for a new Non-Executive Chair.

The Executive Directors commissioned the Internal Audit team to complete a review on the effectiveness of the delegated authority sub-groups and a number of performance improvements have been agreed.

The Chair of OSARC provides an annual report on the effectiveness of the Committee in discharging its responsibilities.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

A review of compliance with the Corporate governance in central government departments: code of good practice was completed by the Internal Audit team in the financial year 2014–15. A formal board effectiveness evaluation has not been carried out this financial year, due in part to the transitional nature of Strategy Board (as discussed above in Board effectiveness) and due to the recommendations from the 2013–14 review being implemented this year. The Strategy Board has focused on identifying, recruiting and inducting new Non-Executive Directors to meet the future needs of Ordnance Survey. A formal review of Board effectiveness review will be undertaken again in 2015–16.

The Strategy Board agrees and documents an appropriate system to record and manage conflicts and potential conflicts of interest of Board members. None have been recorded this financial year.

## THE RISK AND INTERNAL CONTROL FRAMEWORK

Our strategy for risk management is designed to achieve a cost-effective balance between mitigation and acceptance of risk. Risks are pro-actively identified, assessed and managed at all levels of the organisation so that exposure to risk, including information risk, is captured, reported and maintained at an acceptable level. Risk management is supported through the key governance and decision-making groups. Senior management takes responsibility for embedding a consistent risk and control framework throughout the organisation. The Internal Audit team assesses the systems of governance, risk and control via a planned programme of assurance work.

Strategic risks are regularly reviewed at Executive Committee to assess the relevance, completeness and adequacy of mitigating controls. The Chief Risk Officer is responsible for monitoring risk, reporting to OSARC and Strategy Board on the adequacy of the strategic risk management process. The Internal Audit team has used the strategic risk register to introduce risk-based internal auditing to establish that the strategic risk management process is effective. Assurance work has identified a number of areas of good practice with some improvements recommended in the operational risk management process.

## RISK PROFILE

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

**High-level themes within the risk profile include:**

### Government policy

Changes in government policy (including European Directives) could impact the organisation's ability to deliver overall business strategy and would require plans and strategies to be revised appropriately. The ability of OS to influence government policy is conducted within the remit of the Civil Service Code. We seek to maintain a dialogue with our ministers and sponsor department (BIS) to ensure that the impact of agreed policy or open consultations is understood. No ministerial directions were given in 2014–15.

### Information technology

OS generates, collects and manages data and therefore requires a resilient and consistently available IT estate, which is maintained by employees with the appropriate skills. Efficient operations and product delivery which meets evolving customers' needs are both reliant on the underlying technology. Throughout the year we have improved disaster recovery capability by prioritising restoration on a business service basis.

### Competition and markets

The markets within which OS operates have become increasingly fast-moving as customer requirements constantly evolve. OS continues to invest in the content it captures and maintains, while seeking to develop new products, platforms and services. OS seeks to engage continuously with its customers and stakeholders and monitors global and local market trends closely through a number of insight and outreach programmes. OS supports innovation within the wider geospatial community, through programmes such as GeoVation, and there is an equivalent focus on innovation within the organisation. This focus has culminated in plans to open a London-based GeoVation Hub to attract new players, new visions, new thinking and new markets.

### Partner Engagement: Partner organisations

Royalty income is recognised when OS is entitled to receive a fee from a sale of OS data by a Licensed Partner. OS gains assurance that royalty income from Partners is completely and accurately reported through an annual programme of Partner royalty audits. As well as auditing Partners' royalty returns, the reviews provide assurance that data made available to Partners for commercial exploitation and that OS intellectual property rights are properly safeguarded.

### Partner Engagement: Other entities

The OS Group includes a number of subsidiary bodies and joint ventures. These bodies have opened up new products, new methods of delivery and new markets. All organisations within the OS Group are required to perform and deliver in line with stakeholder expectations, and to the standards of control and governance applied to the group as a whole. This is overseen by Strategy Board. In addition, there is OS representation on all of the Boards of the group companies. This financial year the OS Group has incorporated Ordnance Survey Limited in preparation for the transfer of the Ordnance Survey Trading Fund assets on 1 April 2015.

### Business continuity

OS recognises that its data and business operations can be called upon to respond to any incident where geospatial data is required. This requires robust business continuity plans to respond quickly and appropriately to any emergency situation, whenever and however it occurs. There is a dedicated team providing business continuity services within the organisation which ensures that all internal plans are of an acceptable standard. The mapping for emergencies service also provides support for external agencies.

### People and tax assurance

As an organisation with significant intellectual property, working in a constantly evolving industry we are reliant on the skills, knowledge and integrity of our employees. We need to be able to respond quickly to new and emerging requirements, while maintaining the efficiency and effectiveness of operations. We do this by training our employees, providing adequate opportunities for

development, career progression and financial reward. These risks are addressed through appropriate recruitment activities, talent identification with tailored training programmes, graduate schemes, internships and recognition schemes.

OS uses the services of contractors provided by third-party organisations to cope with peaks of demand on resources and complies with the recommendations outlined in the HM Treasury Review of the tax arrangements of public sector appointees. This financial year there were 10 cases where information was not provided by individual contractors, so assurance could not be gained. These incidences will be reported to HMRC if returns have not been received by the end of the tax reporting year on 31 January 2016. The two interim Directors were appointed as fixed term appointment employees prior to them reaching six months' engagement. Further details are provided on page 18.

### **Information**

OS considers the confidentiality, integrity and availability of its information to be of high importance. We have a dedicated Information Assurance and Security team who create and monitor information and data policies. The team also undertakes assurance activities relating to data security. There have been no significant lapses of data security. OS has just been accredited under the Cyber Essentials Plus scheme.

## **REVIEW OF EFFECTIVENESS**

As Interim Accounting Officer I have responsibility for conducting an annual review of the effectiveness of the system of governance, risk management and internal control. This review is informed by the work of the Risk and Assurance team and includes comments from the external auditors, the National Audit Office, in its management letter. The Governance statement represents the end product of that review.

The process applied in maintaining and reviewing the effectiveness of the system of governance includes contributions from those charged with governance, including all the governance boards and the Senior Information Risk Officer and Chief Risk Officer. Most significantly, it incorporates input from the Risk and Assurance function (which comprises Internal Audit (operating to the Public Sector Internal Audit Standards), Risk Management, Information Assurance and Security, and Business Continuity) through their annual assurance report to the Accounting Officer and OSARC. The opinion of the Risk and Assurance function is that OS has adequate and effective internal control and governance processes to manage the achievement of objectives. Where areas for improvement have been identified through assurance work, these have been addressed or plans are in place for appropriate corrective actions.

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

## **MANAGEMENT CERTIFICATION**

I have considered all of the evidence provided during the preparation of this annual Governance statement and have concluded that the Organisation's overall governance and internal control structures are effective.

**Neil Ackroyd**  
Interim Accounting Officer  
12 June 2015

# DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Ordnance Survey Trading Fund for the year to 31 March 2015.

On 1 April 2015 the assets and liabilities of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited, a company incorporated in the UK. Details of this transfer are described under Post Balance Sheet events and Going Concern below. The principal activity of the Ordnance Survey Trading Fund in the year to 31 March 2015 remained the collection, maintenance and distribution of up-to-date geographic information.

## RESULTS AND DIVIDENDS

The results are set out in the Income Statement on page 37 and the Directors propose a dividend of £21.0m (2013–14: £19.4m).

## DIRECTORS

The following Directors held office during the year ended 31 March 2015 and to the date of signing this report.

Sir Rob Margetts CBE	Non-Executive Chairman
Piers White MBE	Non-Executive Director
Mike Carr	Non-Executive Director
Rob Varley	Non-Executive Director
Anne Jessopp	Non-Executive Director (appointed 1 December 2014)
Stephen Lake	Non-Executive Director (appointed 1 December 2014)
Craig Lester	Non-Executive Director and Deputy Chairman (appointed 15 May 2014)
Dr Vanessa Lawrence CB	Director General and Chief Executive (resigned 14 April 2014)
Neil Ackroyd	Director of Operations (acting Director General and Chief Executive from 15 April 2014 until 31 May 2015)
Nigel Clifford	Director General and Chief Executive (appointed 1 June 2015)
Peter ter Haar	Director of Products and Innovation
Ian Nunn	Chief Financial Officer
Andrew Loveless	Commercial Director
Katie Powell	Director of Marketing and Communications

All the above Directors, with the exception of Rob Varley, Dr Vanessa Lawrence, Peter ter Haar and Katie Powell, are also directors of OS Limited. Jacques Cadranel was appointed as a Non-Executive Director on 1 May 2015.

## MISCELLANEOUS DISCLOSURES

The Directors and employees are members of several pension schemes as disclosed in Note 1.12 to the Financial Statements and in the Remuneration Report. All employer pension

contributions payable are included in 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.

Our auditor is The National Audit Office who subcontract audit work to Deloitte. During the year other services to the value of £227,000 were provided by Deloitte. The teams providing these services were independent of the audit. No payments were made to our auditors (2013–14: £nil) for the provision of non-audit services.

Employee information and a review of the future outlook are included within the Strategic report.

There were no personal data related incidents during 2014–15.

## TREASURY MANAGEMENT

During the financial year ended 31 March 2015 the management of liquid assets was governed by the Ordnance Survey Trading Fund Order 1999, as supplemented by the Framework Document 2004, approved by HM Treasury. Cash balances were maintained in an interest bearing account at the Government Banking Service. Sums surplus to immediate requirements were deposited in a short-term interest bearing account with the National Loans Fund, typically for seven days to six months duration.

Most Ordnance Survey business is transacted in Sterling although one large contract was transacted in US\$. The International subsidiary also receives some payments in foreign currencies that are converted into sterling at the earliest opportunity. Forward cash flows under the US contract are hedged to the extent that the Board consider necessary to protect Ordnance Survey financial exposure.

## CREDIT RISK

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

## CASH FLOW RISK

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

## POST BALANCE SHEET EVENTS

On 31 March 2015 the entire functions, operations, assets and liabilities of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited, a limited company wholly owned by The Secretary of State for Business, Innovation and Skills. This transfer was determined under a Business Transfer Agreement signed by The Secretary of State for Business, Innovation and Skills, acting through Ordnance Survey Trading Fund and Ordnance Survey Limited on 31 March 2015.

On 1 June 2015, Nigel Clifford was appointed Chief Executive Officer of Ordnance Survey Limited and the Ordnance Survey Trading Fund. Under the terms of the Ordnance Survey Shareholder Framework Document signed by The Secretary of State for Business, Innovation and Skills and Ordnance Survey Limited on 31 March 2015, his appointment is a Shareholder Appointment. As Chief Executive Officer of Ordnance Survey Limited, Nigel Clifford is also the Company's Accounting Officer and has specific responsibilities to account to Parliament in accordance with his letter of appointment and to ensure the Company meets the standards described in Managing Public Money as appropriate.

There are no other events after the end of the reporting period to disclose.

## GOING CONCERN

The assets, liabilities and contracts of the Ordnance Survey Trading Fund (including its investments in group entities) were transferred under a business transfer agreement to Ordnance Survey Limited on 1 April 2015 from the Ordnance Survey Trading Fund. Ordnance Survey Limited is a company limited by shares wholly owned by the Secretary of State for Business, Innovation and Skills and a public corporation as defined in HM Treasury's Managing Public Money, and as classified by the Office of National Statistics. Ordnance Survey was set up as a Trading Fund pursuant to the Ordnance Survey Trading Fund Order 1999, and therefore legislation is required in order to wind up the Trading Fund. This legislation has not yet been passed, although it is anticipated that this will be passed on 30 September 2015 at which point the Trading Fund will cease to exist. There has been no change to the nature of business carried out by the Ordnance Survey Group following this transition. Consequentially, as the functions previously provided by the Ordnance Survey Trading Fund will continue to be provided by another public sector entity, it is appropriate to prepare these accounts on a going concern basis as set out in the FReM.

## PROVISION OF INFORMATION TO AUDITORS

Insofar as the Directors are aware:

- There is no relevant audit information which has not been made available to the group's auditors.
- 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 also aware of that information. Fees paid to our auditors are detailed in Note 3 to the financial statements.

## STATEMENT OF ORDNANCE SURVEY'S AND THE DIRECTOR GENERAL AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

In preparing the accounts Ordnance Survey is required to:

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

HM Treasury has appointed the Director General and Chief Executive of Ordnance Survey as the Accounting Officer for the Agency. Their 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).

**Neil Ackroyd**  
Interim Accounting Officer  
12 June 2015

# DIRECTORS' REMUNERATION

## POLICY

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Executive Directors were all senior civil servants at 31 March 2015, although from 1 April 2015 this is no longer the case. Henceforth their remuneration is set under the terms of the Shareholder Framework Document signed on 31 March 2015.

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

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

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

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

Further information about the work of the Review Body can be found at: [www.ome.uk.com](http://www.ome.uk.com).

## SERVICE CONTRACTS

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Principles, which requires appointment to be on merit on the basis of fair and open competition, although these also include the circumstances when appointments may otherwise be made. Officials covered by this report are either appointed on an open-ended or 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.

## REMUNERATION COMMITTEE

The Remuneration Committee is currently chaired by Non Executive Director, Mike Carr, and meets at least annually to agree remuneration policy 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 CBE, and Non Executive Directors, Piers White MBE and Craig Lester also serve on the Remuneration Committee. The Committee is supported and advised by the Director General and Chief Executive and the Chief Financial Officer.

These Executive Directors are not present for discussions on matters concerning their own remuneration.

## PAYMENT FOR LOSS OF OFFICE

In the event of an early termination of a Director's contract there is a six month notice period and the Director is eligible for the Civil Service Compensation Scheme. Otherwise a Director is required to give a minimum of three months' notice if he wishes to leave the organisation.



## DIRECTORS' REMUNERATION (AUDITED)

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

	2014-15				
	Salary and fees*	Performance related pay*	Benefits in kind**	Value of pension benefits*	Total*
	£'000	£'000	£	£'000	£'000
Neil Ackroyd	145-150	25-30	6,370	82	260-265
Ian Nunn	150-155	25-30	578	51	225-230
Peter ter Haar	110-115	20-25	3,799	32	165-170
Andrew Loveless (from 11 August 2014)	85-90 (FYE 135-140)	15-20 (FYE 25-30)	-	32 (FYE 51)	135-140 (FYE 215-220)
Katie Powell (from 25 August 2014)	60-65 (FYE 100-105)	10-15 (FYE 20-25)	2,058	23 (FYE 38)	95-100 (FYE 160-165)
Dr Vanessa Lawrence CB*** (until 14 April 2014)	5-10 (FYE 190-195)	-	243	3 (FYE 79)	10-15 (FYE 270-275)

FYE = Full year equivalent

	2013-14				
	Salary and fees*	Performance related pay*	Benefits in kind**	Value of pension benefits*	Total*
	£'000	£'000	£	£'000	£'000
Dr Vanessa Lawrence CB	190-195	10-15	-	41	245-250
Neil Ackroyd	130-135	25-30	4,800	45	205-210
Ian Nunn	120-125	20-25	-	47	190-195
Peter ter Haar	105-110	10-15	3,600	23	145-150

\* Bandings of remuneration are as required by the Government Financial Reporting manual.

\*\* Taxable Benefits for health screening and broadband are captured in payroll and company cars, where applicable, through P11D submission.

\*\*\* For 2014-15 Vanessa Lawrence's values are prorated for the period up to 14 April 2014 when she was the Director General and Chief Executive.

Vanessa Lawrence resigned as Director General and Chief Executive Officer on 14 April 2014 but remained an employee of Ordnance Survey until 31 December 2014. Her employment ceased under the terms of a voluntary compensation scheme, full details of which were disclosed in the Annual Report and Accounts 2013-14.

Andrew Loveless and Katie Powell were both appointed as Fixed Term Employees in August 2014. Between February 2014 and August 2014 the services of Andrew Loveless and Katie Powell were procured through Audeliss Limited who were paid £212,800 (2013-14: £56,685) in the period in relation to their services and expenses during this period.

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

## SALARY AND FEES

Salary includes gross salary, plus accrued earnings to the extent that they are subject to UK taxation.

## PERFORMANCE RELATED PAY

Up to 20% of gross salary for each Director is available as an additional payment based on performance.

Directors' performance related pay is assessed on four criteria, two financial – revenue and EBITDA, one non-financial – successful transition to a limited company (corporate status) – and individual performance measures. Each Director was given an individual weighting of these measures depending on the level of individual accountability for the delivery of each measure.

The performance measures for the year were as follows:

	Targets 2014–15	40% payment	70% payment	100% payment	Definition	Achievement level
Revenue	£144.6m	98.0%	100.0%	102.0%	Group revenue target	100%
EBITDA	£45.8m	95.0%	100.0%	105.0%	EBITDA target	103%
Corporate status	Successful, timely and cost-efficient delivery of change to corporate status	–	–	–	–	Achieved

The Remuneration Committee has the power to exercise discretion in deciding final awards under the performance related pay scheme, and this year the Remuneration Committee applied discretion to increase the individual awards of each of the Directors to 20%.

### Value of pension benefits

The total value of pension represents the real increase in pension multiplied by 20 plus the real increase in any lump sum, less contributions made by the Director. Where this results in a decrease, no value is included.

### Benefits in kind

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

### Fair pay disclosures

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

The salary and taxable benefits of the most highly paid Director in the financial year 2014–15 was £181,913 (2013–14: £202,500), this was 6.1 times (2013–14: 6.7) the median salary and taxable benefits of the workforce, which was £30,010 (2013–14: £30,325).

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

## DIRECTORS' PENSIONS (AUDITED)

	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2015 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31 March 2015	CETV at 31 March 2014	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Neil Ackroyd	2.5–5 plus 0–2.5 lump sum	30–35 plus 5–10 lump sum	526	431	64
Ian Nunn	2.5–5	5–10	101	54*	32
Andrew Loveless	0–2.5	0–5	24	–	16
Katie Powell	0–2.5	0–5	11	–	6
Peter ter Haar	0–2.5	15–20	251	209	24
Dr Vanessa Lawrence CB	2.5–5	50–55 plus 15–20 lump sum	827	743	44

\*Ian Nunn's value has reduced from the 2013–14 report (£56k) due to inflation factors which should not have been taken into account in last year's disclosure.

The Directors in the table above are members of the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme are contained in Note 4 to the Accounts and further details can be found at: [www.civilservicepensions.gov.uk](http://www.civilservicepensions.gov.uk).

Neil Ackroyd is a member of the Classic Plus Scheme, Peter ter Haar is a member of the Premium Scheme, and Ian Nunn, Andrew Loveless and Katie Powell are members of the Nuvos scheme.

The table above shows the member's Cash Equivalent Transfer Value (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.

## NON-EXECUTIVE DIRECTORS

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

### Payments to Non-Executive Directors (audited)

Ordnance Survey Non-Executive Directors are not Ordnance Survey employees and are not members of the Principal Civil Service Pension Scheme. Their remuneration is paid after deduction of PAYE and NIC through the Ordnance Survey payroll.

Remuneration paid to Non-Executive Directors was as follows:

	2014–15	2013–14
	£'000	£'000
Sir Rob Margetts CBE	50–55	50–55
Piers White MBE	15–20	15–20
Mike Carr	15–20	15–20
Stephen Lake	5–10 (FYE 15–20)	–

Rob Varley and Anne Jessopp were Non-Executive Directors during the year, but no remuneration was paid for their services.

A further payment of £10,000 per annum is made to Ensus Limited in respect of office services for Sir Rob Margetts CBE.

The inclusion of a Directors' remuneration report containing information about the salary and benefits of the senior managers and key decision makers' of Ordnance Survey is a requirement of the Government Financial Reporting Manual (FReM). The actual salary, performance related pay and benefits details of each Director form the audited elements of this report, as referred to in The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, which is to be found on page 36 of the Annual Accounts, the remaining elements are unaudited.

**Neil Ackroyd**

Interim Accounting Officer

12 June 2015

# 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 2015 under the Government Trading Funds Act 1973. The financial statements comprise: the Consolidated Income Statement, the Consolidated and Trading Fund Statement of Comprehensive Income, the Consolidated and Trading Fund Statement of Financial Position, the Consolidated and Trading Fund Statement of Changes in Taxpayers' Equity, the Consolidated and Trading Fund Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

## Scope of the audit of the financial statements

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

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

## Opinion on regularity

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

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Ordnance Survey's affairs as at 31 March 2015 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 Highlights Of The Year, Strategic Report and Directors' Report in the Annual Report sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

Without qualifying my opinion, I draw attention to note 1 of the financial statements. On 1 April 2015 the functions of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited. As the functions previously provided by the Ordnance Survey Trading Fund will continue to be provided by another public sector entity, it remains appropriate for the financial statements of the Ordnance Survey Trading Fund in respect of the year to 31 March 2015 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

**Sir Amyas C E Morse**

Comptroller and Auditor General  
17 June 2015

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

## FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Revenue	2	146,680	144,216
Operating costs	3	(120,171)	(115,818)
Share of results of joint ventures	11	3,719	3,293
Other operating costs	23	–	(26)
<b>Operating profit</b>		<b>30,228</b>	<b>31,665</b>
Finance income	5	314	284
Finance cost	5	(187)	(226)
<b>Profit on ordinary activities</b>		<b>30,355</b>	<b>31,723</b>
Attributable to Public Dividend Capital Equity holders		30,860	32,054
Non-controlling interest		(505)	(331)
		30,355	31,723
Dividends payable	7	(21,000)	(19,400)
<b>Profit retained for the year</b>		<b>9,860</b>	<b>12,654</b>
Attributable to Public Dividend Capital Equity holders		9,860	12,654

All the activities of the group are classified as continuing.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Net profit for the year		9,860	12,654
Gains on revaluation of non-current assets	20	1,245	730
<b>Total comprehensive income for the year</b>		<b>11,105</b>	<b>13,384</b>
Attributable to Public Dividend Capital Equity holders		11,105	13,384

### TRADING FUND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Net profit for the year		9,711	11,803
Gains on revaluation of non-current assets	20	1,245	730
<b>Total comprehensive income for the year</b>		<b>10,956</b>	<b>12,533</b>
Attributable to Public Dividend Capital Equity holders		10,956	12,533

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
<b>Non-current assets</b>			
Intangible assets	8	77,846	68,712
Property plant and equipment	9	33,717	35,383
Share of net assets of joint ventures	11	3,256	3,795
		114,819	107,890
<b>Current assets</b>			
Inventories	12	1,668	1,897
Trade and other receivables	13	16,757	19,251
Cash and cash equivalents	26	64,785	51,464
		83,210	72,612
<b>Total assets</b>		<b>198,029</b>	<b>180,502</b>
<b>Current liabilities</b>			
Trade and other payables	14	(15,759)	(12,046)
Provisions for liabilities and charges	17	(1,727)	(1,408)
Deferred Revenue	15	(10,645)	(6,857)
		(28,131)	(20,311)
<b>Net current assets</b>		<b>55,079</b>	<b>52,301</b>
<b>Non-current assets plus net current assets</b>		<b>169,898</b>	<b>160,191</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	17	(865)	(1,660)
Obligations under finance lease	16	-	(54)
Deferred Revenue	15	-	(44)
<b>Total liabilities</b>		<b>(28,996)</b>	<b>(22,069)</b>
<b>Net assets</b>		<b>169,033</b>	<b>158,433</b>
<b>Equity</b>			
Public dividend capital	18	34,000	34,000
Revaluation reserve	20	8,854	7,609
Retained earnings	21	126,715	116,855
<b>Equity attributable to Public Dividend Capital Equity holders</b>		<b>169,569</b>	<b>158,464</b>
Non-controlling Interest		(536)	(31)
<b>Total equity</b>		<b>169,033</b>	<b>158,433</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 12 June 2015. They were signed on its behalf by

**Neil Ackroyd**  
Interim Accounting Officer

The notes on pages 44 to 71 are an integral part of these Financial Statements.

## TRADING FUND STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
<b>Non-current assets</b>			
Intangible assets	8	77,611	68,706
Property plant and equipment	9	33,717	35,383
Investment in subsidiary	10	900	400
Share of net assets of joint ventures	11	3,256	3,795
		115,484	108,284
<b>Current assets</b>			
Inventories	12	1,668	1,897
Trade and other receivables	13	17,391	20,644
Cash and cash equivalents	26	64,061	49,930
		83,120	72,471
<b>Total assets</b>		<b>198,604</b>	<b>180,755</b>
<b>Current liabilities</b>			
Trade and other payables	14	(15,615)	(12,057)
Provisions for liabilities and charges	17	(1,727)	(1,408)
Deferred revenue	15	(10,645)	(6,735)
		(27,987)	(20,200)
<b>Net current assets</b>		<b>55,133</b>	<b>52,271</b>
<b>Non-current assets plus net current assets</b>		<b>170,617</b>	<b>149,347</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	17	(865)	(1,660)
Obligations under finance lease	16	-	(54)
Deferred revenue	15	-	(44)
<b>Total liabilities</b>		<b>(28,852)</b>	<b>(21,958)</b>
<b>Net assets</b>		<b>169,752</b>	<b>158,797</b>
<b>Equity</b>			
Public dividend capital	18	34,000	34,000
Revaluation reserve	20	8,854	7,609
Retained earnings	21	126,898	117,188
<b>Total equity attributable to Public Dividend Capital Equity holders</b>		<b>169,752</b>	<b>158,797</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 12 June 2015. They were signed on its behalf by

**Neil Ackroyd**  
Interim Accounting Officer

The notes on pages 44 to 71 are an integral part of these Financial Statements.



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015	31 March 2014
		£'000	£'000
Cash flow from operating activities	25	52,612	41,299
Cash flows from investing activities			
Interest received		314	284
Purchase of plant property and equipment		(1,733)	(2,227)
Purchase of intangible assets		(20,760)	(12,026)
Proceeds from disposal of plant property and equipment		–	17
Receipt of profit share from joint ventures		4,275	4,050
Receipt of loan repayments from joint ventures		–	90
Net cash used in investing activities		(17,904)	(9,812)
Cash flows from financing activities			
Dividends paid		(21,200)	(20,600)
Cash payments relating to early release costs		(187)	(226)
Net cash used in financing activities		(21,387)	(20,826)
Net increase in cash and cash equivalents		13,321	10,661
Cash and cash equivalents at beginning of year		51,464	40,803
Cash and cash equivalents at end of year	26	64,785	51,464

The notes on pages 44 to 71 are an integral part of these Financial Statements.

## TRADING FUND CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Cash flow from operating activities	25	55,640	40,477
Cash flows from investing activities			
Interest received		314	284
Purchase of plant property and equipment		(1,733)	(2,227)
Purchase of intangible assets		(20,562)	(12,026)
Proceeds from disposal of plant property and equipment		–	17
Receipt of profit share from joint ventures		4,275	4,050
Receipt of loan repayments from joint ventures		–	90
Net cash used in investing activities		(17,706)	(9,812)
Cash flows from financing activities			
Dividends paid		(21,200)	(20,600)
Investment in subsidiaries		(2,540)	(663)
Cash payments relating to early release costs		(63)	(226)
Net cash used in financing activities		(23,803)	(21,489)
Net increase in cash and cash equivalents		14,131	9,176
Cash and cash equivalents at beginning of year		49,930	40,754
Cash and cash equivalents at end of year	26	64,061	49,930

The notes on pages 44 to 71 are an integral part of these Financial Statements.

## CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Public dividend capital £'000	Retained earnings £'000	Revaluation reserve £'000	Non controlling interest £'000	Total £'000
<b>At 1 April 2013</b>	<b>34,000</b>	<b>102,888</b>	<b>8,192</b>	<b>-</b>	<b>145,080</b>
Profit for the year	-	32,054	-	-	32,054
Non-controlling interest in Statement of Financial Position	-	-	-	(31)	(31)
Transfer from Revaluation Reserve	-	1,313	(1,313)	-	-
Revaluation gains for the year	-	-	730	-	730
<b>Total comprehensive income attributable to Public Dividend Capital holders</b>	<b>-</b>	<b>33,367</b>	<b>(583)</b>	<b>(31)</b>	<b>32,753</b>
Dividends payable	-	(19,400)	-	-	(19,400)
<b>As at 31 March 2014</b>	<b>34,000</b>	<b>116,855</b>	<b>7,609</b>	<b>(31)</b>	<b>158,433</b>
Profit for the year	-	30,860	-	-	30,860
Non-controlling interest in Statement of Financial Position	-	-	-	(505)	(505)
Revaluation gains for the year	-	-	1,245	-	1,245
<b>Total comprehensive income attributable to Public Dividend Capital holders</b>	<b>-</b>	<b>30,860</b>	<b>1,245</b>	<b>(505)</b>	<b>31,600</b>
Dividends payable	-	(21,000)	-	-	(21,000)
<b>As at 31 March 2015</b>	<b>34,000</b>	<b>126,715</b>	<b>8,854</b>	<b>(536)</b>	<b>169,033</b>

The notes on pages 44 to 71 are an integral part of these Financial Statements.

**TRADING FUND STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

	Public dividend capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
<b>As at 1 April 2013</b>	<b>34,000</b>	<b>104,072</b>	<b>8,192</b>	<b>146,264</b>
Profit for the year	-	31,203	-	31,203
Transfer from Revaluation Reserve	-	1,313	(1,313)	-
Revaluation gains for the year	-	-	730	730
Total comprehensive income attributable to Public Dividend Capital holders	-	32,516	(583)	31,933
Dividends payable	-	(19,400)	-	(19,400)
<b>As at 31 March 2014</b>	<b>34,000</b>	<b>117,188</b>	<b>7,609</b>	<b>158,797</b>
Profit for the year	-	30,710	-	30,710
Revaluation gains for the year	-	-	1,245	1,245
Total comprehensive income attributable to Public Dividend Capital holders	-	30,710	1,245	31,955
Dividends payable	-	(21,000)	-	(21,000)
<b>As at 31 March 2015</b>	<b>34,000</b>	<b>126,898</b>	<b>8,854</b>	<b>169,752</b>

The notes on pages 44 to 71 are an integral part of these Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the 2014–15 Government Financial Reporting Manual (FRM). The accounting policies contained in the FRM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRM 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.

The assets, liabilities and contracts of the Ordnance Survey Trading Fund (including its investments in group entities) were transferred under a business transfer agreement to Ordnance Survey Limited on 1st April 2015 from the Ordnance Survey Trading Fund. Ordnance Survey Limited is a company limited by shares wholly owned by the Secretary of State for Business, Innovation and Skills and a public corporation as defined in HM Treasury's Managing Public Money, and as classified by the Office of National Statistics. Ordnance Survey was set up as a Trading Fund pursuant to the Ordnance Survey Trading Fund Order 1999, and therefore legislation is required in order to wind up the Trading Fund. This legislation has not yet been passed, although it is anticipated that this will be passed on 30 September 2015 at which point the Trading Fund will cease to exist. There has been no change to the nature of business carried out by the Ordnance Survey Group following this transition. Consequentially, as the functions previously provided by the Ordnance Survey Trading Fund will continue to be provided by another public sector entity, it is appropriate to prepare these accounts on a going concern basis as set out in the FRM.

### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Ordnance Survey Trading Fund 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 1.3 Property, plant and equipment

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

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

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

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

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

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

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

Increases in the carrying value arising on revaluation are credited to the revaluation reserve within shareholders equity. Decreases that offset previous increases relating to the same asset are charged against this revaluation reserve directly

within equity. Any other decrease in value of the asset is charged to the income statement.

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

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

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

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

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

#### 1.4 Joint ventures

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

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

#### 1.5 Intangible assets

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

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

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

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

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

Ordnance Survey's internally generated intangible assets consist of:

##### a) Geographic data

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

##### b) Data management delivery and business systems

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

##### c) Website costs

Costs incurred due to the application and infrastructure development of a website are recognised as an intangible asset to the extent that the website will generate future economic benefits. Planning costs are expensed as incurred.

Further expenditure to maintain or enhance the website after development has been completed is recognised as an expense.

##### d) Assets in course of construction

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

#### 1.6 Inventory and work in progress

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost is determined using the average costing method.

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

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

### 1.7 Trade receivables

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

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

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

### 1.8 Cash and cash equivalents

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

### 1.9 Trade and other payables

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

### 1.10 Loans

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

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

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

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

### 1.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the

Group will be required to settle that obligation and a reliable estimate can be made of the obligation.

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

### 1.12 Employee benefits

#### a) Pensions

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

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

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

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

#### b) Early release costs

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

The full cost of funding early leavers prior to 31 March 2014 has been provided for in earlier years. Funds are released from the provision annually to fund payments for pensions and related benefits to the retired employees until normal retirement age. Under the different funding arrangements, which applied between October 1994 and 31 March 1997, 80% of the costs were met centrally from the Civil Superannuation Vote (CSV).

The requirement of IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been adopted to state the early

release and pension commitment provision at a discounted amount where the time value of money is material. The provision for the estimated payments has been discounted by the HM Treasury discount rate of 1.3% in real terms. The discount is unwound over the anticipated duration of the provision.

### 1.13 Revenue recognition

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

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

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

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

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

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

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

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

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

Unpaid invoices for licence fees which relate to periods after the balance sheet date are included in the trade receivables balance. The net invoiced value relating to revenue to be recognised in the period after the balance sheet date is

recorded in current and long-term creditors as deferred income.

### 1.14 Investment income

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

### 1.15 Leases

#### a) Operating leases

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

#### b) Finance leases

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

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

### 1.16 Taxation

As a Trading Fund, Ordnance Survey is not liable for Corporation Tax, although subsidiary companies may be liable for Corporation Tax.

#### Current taxation

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

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet



date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date, with certain limited exceptions.

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

### 1.17 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.

### 1.18 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 respectively.
- Investments (other than joint ventures) and short-term deposits are classified as available for sale.

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

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

#### b) Financial liabilities

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

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

### 1.19 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.

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

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

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

### 1.20 Investments

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

### 1.21 Segmental reporting

Ordnance Survey reports its results and Statement of Financial Position as a whole entity as it does not have separately identifiable reporting segments as defined by the FReM.

The Board receives an analysis of revenue by channel and operating segments and this is presented in note 2.

Costs are not analysed by channel or segment as Ordnance Survey does not match its costs to any revenue classification.

## 1.22 Adoption of new and revised standards

Financial Reporting Manual accounting policies have been adopted in full.

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

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

IFRS 13 – *Fair Value Measurement* (new) – The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.

IAS 36 – *Impairment of assets on recoverable amount disclosures* (amendment) – modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets.

In addition, standards that are issued and effective for the first time in the 2014–15 FReM are given below. None has had a material impact on the 2014–15 Ordnance Survey financial statements.

IFRS 10 – *Consolidated Financial Statements* – the definition of control (investor power and ability to direct activities of an investee) requires more judgement, notably of agency principal relationships. Clarity on investor exposure or rights to variable returns (e.g. cost savings) may result in new consolidations, notably asset and fund managers.

IFRS 11 – *Joint Arrangements* – provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting).

IFRS 12 – *Disclosure of Interests in Other Entities* requires more disclosure of the financial effects on, and risks to, the consolidating entity.

IAS 27 – *Separate Financial Statements*, IAS 28 – *Investments in Associates and Joint Ventures* – the IASB updated the reporting requirements effective on or after 1 January 2014, providing guidance on exceptions to consolidation under IFRS 10.

## 2 REVENUE

	2014–15 £'000	2013–14 £'000
Trading revenue	145,037	142,526
Other operating activities	1,593	1,655
Property rental income	50	35
	<b>146,680</b>	<b>144,216</b>
Trading revenue by Channel		
Direct licences	103,279	106,001
Partner licences	26,928	23,399
Paper maps	8,790	7,782
Services	6,040	5,344
	<b>145,037</b>	<b>142,526</b>
Trading revenue by Segment		
Business to government	88,594	89,006
Business to business	46,173	44,485
Business to consumer	10,270	9,035
	<b>145,037</b>	<b>142,526</b>
Trading revenue by Geography		
United Kingdom	140,136	137,597
Other European countries	880	2,426
Rest of World	4,021	2,503
	<b>145,037</b>	<b>142,526</b>

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.

Costs are not analysed by channel or segment as Ordnance Survey does not match its costs to any specific revenue classification. The Directors routinely receive a breakdown of revenue as shown above. Accordingly the profitability of revenue channel and segments is not analysed. For the same reason, it is not possible to segment the balance sheet.

During the current year, one customer (Department for Business, Innovation and Skills) accounted for more than 10% of turnover (2013–14: One). The revenue received from this customer is secured under separate long-term agreements.

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

### 3 OPERATING COSTS

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

	Note	2014-15 £'000	2013-14 £'000
Staff costs	4	47,725	47,599
Amortisation of intangible assets	8	12,062	10,383
Depreciation of tangible fixed assets	9	4,208	5,721
Impairment of property plant and equipment		–	383
Research and development costs		275	237
Other operating charges		55,901	51,495

Within other operating charges are the following:

	2014-15 £'000	2013-14 £'000
Operating lease charges – buildings	540	542
Operating lease charges – property plant and equipment	1,612	1,670
Fees payable to auditor for audit of the statutory annual accounts	113	106
Fees payable to auditor for other services	–	–

Our auditor is The National Audit Office who subcontract audit work to Deloitte. During the year other services to the value of £258,000 were provided by Deloitte. The teams providing these services were independent of the audit. No payments were made to our auditors (2013-14: £nil) for the provision of non-audit services.

### 4 STAFF NUMBERS AND COSTS

#### Total staff costs

The aggregate payroll costs were as follows:	2014-15 £'000	2013-14 £'000
Wages and salaries – permanent employees	39,238	36,968
Social security costs	3,452	3,268
Pension costs	7,593	7,165
Additional early release costs in year	742	278
Temporary/agency contract labour costs	10,562	10,068
	61,587	57,747
Capitalised permanent labour	(6,733)	(4,894)
Capitalised temporary/agency contract labour	(7,129)	(5,254)
	47,725	47,599

### Total permanent staff numbers, including directors

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

	2014-15	2013-14
Operations	890	865
Sales and Marketing	189	133
Corporate Services	101	146
	1,180	1,144

Directors' remuneration can be found in the Directors' Remuneration Report.

### Total temporary/agency staff

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

	2014-15	2013-14
Operations	95	112
Sales and Marketing	3	11
Corporate Services	13	12
	111	135

### Employee benefits

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

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

Ordnance Survey's holiday year runs from April to March and the payroll records were reviewed to ascertain the amount of holiday accrued, but not yet taken, as at 31 March 2015.

The figure above for wages and salaries includes a charge of £6,000 (2013-14: £20,000) in respect of additional annual leave earned, but not taken, as at 31 March 2015. The total liability of £852,000 (2013-14: £846,000) is included within other payables within Note 14 of these financial statements.

## Pension costs

For 2014–15, employer’s contributions of £7,593,000 (2013–14: £7,165,000) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% 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 2014–15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

In 2014–15, there were nil (2013–14: nil) retirements on ill-health grounds amounting to an additional accrued pension liability in the year of nil.

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

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

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of Classic, Premium, Classic Plus and Nuvos members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

## Early release costs provided for in financial year

The Income Statement includes a charge of £742,000 (2013–14: £278,000) in respect of new leavers identified in 2014–15. This charge reflects the costs of leavers identified and confirmed by 31 March 2015.

Early release package cost band	2014–15	2013–14
Less than £10,000	–	–
£10,000–£25,000	8	6
£25,000–£50,000	8	3
£50,000–£100,000	3	1
Total number of exit packages	19	10
Total cost £'000	742	278

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

## 5 INTEREST

	2014-15 £'000	2013-14 £'000
Finance income		
Balances at the account with Government Banking Service	31	32
Short-term deposits with the National Loans Fund	283	252
	314	284
Finance cost		
Financing charges – unwind of provision discount	(187)	(226)
	(187)	(226)

## 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 Leisure Limited

Ordnance Survey Leisure Limited generated a loss before tax of £366,000 (2013-14: £1,208,000). On this loss, no amounts are due in respect of Corporation Tax (2013-14: Nil). The company has estimated tax losses of £7,523,000 (2013-14: £7,157,000) 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.

### Astigan Limited

Astigan Limited generated a loss before tax of £1,030,000 (2013-14: £676,000). On this loss no amounts are due in respect of Corporation Tax. The company has estimated tax losses of £1,706,000 (2013-14: £676,000) available to carry forward against future profits of the same trade. No deferred taxation asset has been recognised due to uncertainty over the timing of taxable profits.

## 7 DIVIDENDS

	2014-15 £'000	2013-14 £'000
Amounts recognised as distributions to Public Dividend Capital equity holders in the year:		
Dividend for the year ended 31 March	21,000	19,400

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

The final dividend for 2013-14 of £200,000 was paid in 2014-15. The full dividend for 2014-15 is £21,000,000 and was paid during the year.

## 8 INTANGIBLE ASSETS

Group	Geographic data	Data delivery	Websites	Assets under construction	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2013</b>	<b>23,768</b>	<b>86,689</b>	<b>3,027</b>	<b>6,355</b>	<b>119,839</b>
Additions	-	-	-	12,026	12,026
Disposals	-	(4,725)	-	-	(4,725)
Revaluation	141	1,311	8	-	1,460
Reclassification	443	5,767	490	(6,783)	(83)
<b>At 31 March 2014</b>	<b>24,352</b>	<b>89,042</b>	<b>3,525</b>	<b>11,598</b>	<b>128,517</b>
Additions	-	197	-	20,563	20,760
Disposals	-	-	-	(633)	(633)
Revaluation	39	392	5	-	436
Reclassification	10,785	2,768	-	(13,553)	-
<b>At 31 March 2015</b>	<b>35,176</b>	<b>92,399</b>	<b>3,530</b>	<b>17,975</b>	<b>149,080</b>
<b>Amortisation</b>					
<b>At 1 April 2013</b>	<b>19,952</b>	<b>30,678</b>	<b>2,884</b>	<b>633</b>	<b>54,147</b>
Charge in year	1,565	8,038	780	-	10,383
Disposals	-	(4,725)	-	-	(4,725)
Reclassification	(228)	439	(211)	-	-
<b>At 31 March 2014</b>	<b>21,289</b>	<b>34,430</b>	<b>3,453</b>	<b>633</b>	<b>59,805</b>
Charge in year	2,364	9,621	77	-	12,062
Disposals	-	-	-	(633)	(633)
<b>At 31 March 2015</b>	<b>23,653</b>	<b>44,051</b>	<b>3,530</b>	<b>-</b>	<b>71,234</b>
<b>Book value at 31 March 2015</b>	<b>11,523</b>	<b>48,348</b>	<b>-</b>	<b>17,975</b>	<b>77,846</b>
Book value at 31 March 2014	3,063	54,612	72	10,965	68,712

Assets under the course of construction include developments to the Multi Resolution Data Programme, with net book value of £3,980,000 (2013-14: Geospatial Content Improvement Programme, £4,183,000).

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

Revaluations took place as at 31 March 2015.



Trading Fund	Geographic data	Data delivery	Websites	Assets under construction	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2013</b>	<b>23,768</b>	<b>81,957</b>	<b>3,027</b>	<b>6,355</b>	<b>115,107</b>
Additions	-	-	-	12,026	12,026
Disposals	-	-	-	(489)	(489)
Revaluation	141	1,311	8	-	1,460
Reclassification	443	5,768	-	(6,294)	(83)
<b>At 31 March 2014</b>	<b>24,352</b>	<b>89,036</b>	<b>3,035</b>	<b>11,598</b>	<b>128,021</b>
Additions	-	-	-	20,562	20,562
Disposals	-	-	-	(633)	(633)
Revaluation	39	392	5	-	436
Reclassification	10,785	2,768	-	(13,553)	-
Adjustment	-	(31)	-	-	(31)
<b>31 March 2015</b>	<b>35,176</b>	<b>92,165</b>	<b>3,040</b>	<b>17,974</b>	<b>148,355</b>
Amortisation					
<b>At 1 April 2013</b>	<b>19,724</b>	<b>26,387</b>	<b>2,824</b>	<b>633</b>	<b>49,568</b>
Charge in year	1,565	8,043	139	-	9,747
<b>At 31 March 2014</b>	<b>21,289</b>	<b>34,430</b>	<b>2,963</b>	<b>633</b>	<b>59,315</b>
Charge in year	2,364	9,621	77	-	12,062
Disposals	-	-	-	(633)	(633)
<b>At 31 March 2015</b>	<b>23,653</b>	<b>44,051</b>	<b>3,040</b>	<b>-</b>	<b>70,744</b>
<b>Book value at 31 March 2015</b>	<b>11,523</b>	<b>48,114</b>	<b>-</b>	<b>17,974</b>	<b>77,611</b>
Book value at 31 March 2014	3,063	54,606	72	10,965	68,706

Assets under the course of construction include developments to the Multi Resolution Data Programme, with net book value of £3,980,000 (2013-14: Geospatial Content Improvement Programme, £4,183,000).

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

Revaluations took place as at 31 March 2015.

## 9 PROPERTY, PLANT AND EQUIPMENT

Group & Trading Fund	L&B	Equipment	Vehicles	Total
Cost or valuation	£'000	£'000	£'000	£'000
<b>At 1 April 2013</b>	<b>31,237</b>	<b>29,240</b>	<b>42</b>	<b>60,519</b>
Additions	–	2,227	–	2,227
Disposals	–	(1,630)	(42)	(1,672)
Revaluation	–	(730)	–	(730)
Reclassification	–	83	–	83
Impairment	(383)	–	–	(383)
<b>At 31 March 2014</b>	<b>30,854</b>	<b>29,190</b>	<b>–</b>	<b>60,044</b>
Additions	–	1,733	–	1,733
Disposals	–	(759)	–	(759)
Revaluation	607	202	–	809
<b>At 31 March 2015</b>	<b>31,461</b>	<b>30,366</b>	<b>–</b>	<b>61,827</b>
Depreciation				
<b>At 1 April 2013</b>	<b>1,737</b>	<b>18,789</b>	<b>42</b>	<b>20,568</b>
Charged in year	617	5,104	–	5,721
Disposals	–	(1,586)	(42)	(1,628)
<b>At 31 March 2014</b>	<b>2,354</b>	<b>22,307</b>	<b>–</b>	<b>24,661</b>
Charge in year	607	3,601	–	4,208
On disposals	–	(759)	–	(759)
<b>At 31 March 2015</b>	<b>2,961</b>	<b>25,149</b>	<b>–</b>	<b>28,110</b>
<b>Book value at 31 March 2015</b>	<b>28,500</b>	<b>5,217</b>	<b>–</b>	<b>33,717</b>
Book value at 31 March 2014	28,500	6,883	–	35,383

As at 31 March 2015, the net book value of assets held under finance lease agreements was £86,000 (2014: £188,000). Depreciation charged in the year was £102,000 (2013–14: £113,000).

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

Revaluations took place as at 31 March 2015.

### Freehold land and buildings

The occupied land and buildings used in the principal business of Ordnance Survey are carried at the fair value of £28,500,000 (2014: £28,500,000), based on the Existing Use Value assessed by Jones Lang LaSalle on 31 March 2015. This valuation is based on the continued use of the land and buildings in the core Ordnance Survey business. The valuer has recognised and relevant professional qualifications, together with experience in the locality of the valued premises.

## 10 INVESTMENTS

Investments carried at fair value	2015	2014
	£'000	£'000
Value of shares at beginning of period	400	1,000
Additions	315	312
Impairment	(315)	(912)
<b>Value of shares at end of period</b>	<b>400</b>	<b>400</b>
Loans receivable carried at amortised cost		
Value of loans at beginning of period	-	-
Additions	2,225	1,787
Impairment	(1,725)	(1,787)
<b>Value of loans at end of period</b>	<b>500</b>	<b>-</b>
<b>Total investments</b>	<b>900</b>	<b>400</b>

The investment represents a 100% shareholding in Ordnance Survey Leisure Limited and 51% shareholding in Astigan Limited, which was incorporated in 2013-14.

During the year, the investments were impaired by £2,040,000 (2013-14: £2,699,000). This follows a review of the historic and current trading cash generation of the investments, together with future forecasts, assessing their value in use to Ordnance Survey over the foreseeable future. Future cash flows were discounted at a rate of 10.1%.

## 11 SUBSIDIARIES AND INVESTMENTS

Details of the Trading Fund's subsidiaries at 31 March 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ordinary shares held
Ordnance Survey Leisure 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%
Astigan Limited	Research	England and Wales	51%
Ordnance Survey Partners Limited	Non-trading holding company	England and Wales	100%
Ordnance Survey International LLP	International consultancy	England and Wales	100%

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

	Aggregate capital and reserves	
	2015 £'000	2014 £'000
Ordnance Survey Leisure Limited	(4,645)	(4,279)
Ordnance Survey International LLP	(1,484)	(489)
Ordnance Survey Services Limited	-	-
Ordnance Survey GB Limited	-	-
Ordnance Survey Partners Limited	-	-
Astigan Limited	(1,097)	(63)

	Loss for the year	
	2014-15 £'000	2013-14 £'000
Ordnance Survey Leisure Limited	(366)	(1,208)
Ordnance Survey International LLP	(1,000)	(179)
Ordnance Survey Services Limited	-	-
Ordnance Survey GB Limited	-	-
Ordnance Survey Partners Limited	-	-
Astigan Limited	(1,030)	(676)

### Joint ventures

The share of results of joint ventures is as follows:

	2015 £'000	2014 £'000
GeoPlace LLP	3,631	3,195
PointX Limited	88	98
	<b>3,719</b>	<b>3,293</b>

The share of net assets of joint ventures is as follows:

	2015 £'000	2014 £'000
GeoPlace LLP	3,070	3,698
PointX Limited	186	97
	<b>3,256</b>	<b>3,795</b>

Other investments – Point X Limited

The investment in PointX Limited at 31 March 2015 is as follows:

	2015 £'000	2014 £'000
Share of gross assets	292	262
Share of gross liabilities	(106)	(165)
Loan	–	–
Net assets	186	97

The operating results for PointX Limited for the financial year

	2015 £'000	2014 £'000
Revenue	838	988
Operating costs	(662)	(745)
Operating profit	176	243
Tax	–	(46)
Profit after tax	176	197
Ordnance Survey 50% share	88	98

Other investments – GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2015 is as follows:

	2015 £'000	2014 £'000
Share of gross assets	4,121	4,448
Share of gross liabilities	(1,051)	(750)
Loan	–	–
Net assets	3,070	3,698

The operating results for GeoPlace LLP for the financial year

	2015 £'000	2014 £'000
Revenue	11,900	10,453
Operating costs	(7,059)	(6,193)
Operating profit	4,841	4,260
Ordnance Survey 75% share	3,631	3,195

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 2015. At 31 March 2015, Ordnance Survey owned 50% of the total shares in PointX Limited, being 500 (100%) £1 'A' ordinary shares. Another investor owned the remaining 500 'B' ordinary shares. All shares were ranked equally.

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

GeoPlace LLP is a joint venture limited liability partnership set up in 2010–11 to develop and market a national addressing product. GeoPlace LLP commenced trading on 1 April 2011 and is not subject to UK Corporation Tax. GeoPlace LLP 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	2015 £'000	2014 £'000
Finished goods	1,668	1,897
	1,668	1,897

During the year, Ordnance Survey wrote off stock carried at £14,000 (2013-14: £13,000).

## 13 TRADE AND OTHER RECEIVABLES

Group	2015 £'000	2014 £'000
Trade receivables	7,463	8,382
Allowance for doubtful debts	(256)	(239)
	7,207	8,143
Other receivables	52	64
Taxation and social security receivable	68	-
Accrued income	6,625	6,401
Prepayments	2,805	4,643
	16,757	19,251

A breakdown of intra-government receivables is given in Note 24.

Bad debts totalling £11,000 (2013-14: £62,000) were written off in the year.

The fair value of trade and other receivables is not materially different to the book value above. Receivables less than three months past due are not considered for impairment unless specific circumstances give rise to indication of impairment as historical experience shows 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 27.

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	2015 £'000	2014 £'000
Trade Receivables	7,415	8,350
Trade Receivables owed by Group undertakings	707	105
Allowance for doubtful debts	(256)	(239)
	7,866	8,216
Other receivables	50	1,532
Accrued income	6,697	6,354
Prepayments	2,778	4,542
	17,391	20,644

## 14 TRADE AND OTHER PAYABLES

Group	2015 £'000	2014 £'000
Trade payables	706	418
Taxation and social security payable	2,572	1,883
Other payables	863	848
Accruals	11,580	8,613
Dividend payable	–	200
Finance lease due in less than one year (Note 16)	38	84
	<b>15,759</b>	<b>12,046</b>

Trading Fund	2015 £'000	2014 £'000
Trade payables	674	562
Taxation & social security payable	2,700	1,894
Other payables	1,054	848
Accruals	11,149	8,469
Dividend payable	–	200
Finance lease due in less than one year (Note 16)	38	84
	<b>15,615</b>	<b>12,057</b>

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

A breakdown of intra-government payables is given in Note 24.

## 15 DEFERRED REVENUE

Group	2015 £'000	2014 £'000
Current	10,645	6,857
Non-current deferred revenue	–	44
	<b>10,645</b>	<b>6,901</b>

Trading Fund	2015 £'000	2014 £'000
Current	10,645	6,735
Non-current deferred revenue	–	44
	<b>10,645</b>	<b>6,779</b>

## 16 OBLIGATIONS UNDER FINANCE LEASE

Group and Trading Fund	2015 £'000	2014 £'000
Amounts payable under finance leases:		
Gross lease liabilities		
Within one year	38	84
In the second to fifth years inclusive	–	54
<b>Net lease liabilities</b>	<b>38</b>	<b>138</b>

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

## 17 PROVISIONS FOR LIABILITIES AND CHARGES

Group and Trading Fund	Early release provision £'000	Other £'000	Total £'000
As at 31 March 2014	2,976	92	3,068
Additional provision in year	742	–	742
Utilisation of provision	(1,394)	(11)	(1,405)
Financing charges–unwind of provision discount	187	–	187
<b>At 31 March 2015</b>	<b>2,511</b>	<b>81</b>	<b>2,592</b>

	2015 £'000	2014 £'000
Included in current liabilities	1,727	1,408
Included in non-current liabilities	865	1,660
	<b>2,592</b>	<b>3,068</b>

The above amount is estimated as falling due as follows:

	Current liabilities £'000	Non-current liabilities £'000
2015–2016	1,727	–
2016–2017	–	478
2017–2018	–	244
2018–2019	–	108
2019–2025	–	35
	<b>1,727</b>	<b>865</b>

Provisions are discounted at 1.3% 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 £81,000 (2013–14: £92,000) 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 EQUITY PUBLIC DIVIDEND CAPITAL

Group and Trading Fund	2015	2014
	£'000	£'000
Public dividend capital	34,000	34,000
	<b>34,000</b>	<b>34,000</b>

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

## 19 RESERVES

Group	2015	2014
	£'000	£'000
Revaluation reserve	8,854	7,609
Retained earnings	126,715	116,855
	<b>135,569</b>	<b>124,464</b>

Trading Fund	2015	2014
	£'000	£'000
Revaluation reserve	8,854	7,609
Retained earnings	126,898	117,188
	<b>135,752</b>	<b>124,797</b>

## 20 REVALUATION RESERVE

Group and Trading Fund	Tangible Assets	Intangible Assets	Total
	£'000	£'000	£'000
Balance at start of year	1,759	5,850	7,609
Revaluation in year	809	436	1,245
Realised gains	-	-	-
	2,568	6,286	8,854
<b>Balance at 31 March</b>	<b>2,568</b>	<b>6,286</b>	<b>8,854</b>

Revaluation reserves are not distributable to shareholders.

## 21 RETAINED EARNINGS

Group	2015	2014
	£'000	£'000
Balance at start of year	116,855	102,888
<b>Profit for the year</b>	<b>30,860</b>	<b>32,054</b>
	147,715	134,942
Dividend payable	(21,000)	(19,400)
Transfer from revaluation reserve	-	1,313
<b>Balance at 31 March</b>	<b>126,715</b>	<b>116,855</b>
Trading Fund	2015	2014
	£'000	£'000
Balance at start of year	117,188	104,072
Profit for the year	30,710	31,203
	147,898	135,275
Dividend payable	(21,000)	(19,400)
Transfer from revaluation reserve	-	1,313
<b>Balance at 31 March</b>	<b>126,898</b>	<b>117,188</b>

## 22 OPERATING LEASE COMMITMENTS

Group and Trading Fund	2015	2014
	£'000	£'000
Minimum lease payments under operating leases as an expense in the year	2,152	2,212

At 31 March 2015, Ordnance Survey has future minimum lease payments under non-cancellable operating leases as set out below:

	2015	2014
	£'000	£'000
Within 1 year	82	334
Between two and five years	4,828	3,646
	<b>4,910</b>	<b>3,980</b>

## 23 OTHER OPERATING COSTS

Group and Trading Fund	2015	2014
	£'000	£'000
Loss on disposal of fixed assets	-	(26)
	<b>-</b>	<b>(26)</b>

## 24 INTRA-GOVERNMENT BALANCES

Group – 31 March 2015	Receivables: falling due within one year	Payables: falling due within one year	Payables: falling due after more than one year
	£'000	£'000	£'000
Balances with:			
Other central government bodies	1,414	6,409	865
Local authorities	38	7	–
NHS trusts	3	–	–
Public corporations and trading funds	–	–	–
<b>At 31 March 2015</b>	<b>1,455</b>	<b>6,416</b>	<b>865</b>

Group – 31 March 2014	Receivables: falling due within one year	Payables: falling due within one year	Payables: falling due after more than one year
	£'000	£'000	£'000
Balances with:			
Other central government bodies	2,206	2,873	8
Local authorities	161	145	–
NHS trusts	3	–	–
Public corporations and trading funds	555	2,348	–
<b>At 31 March 2014</b>	<b>2,925</b>	<b>5,366</b>	<b>8</b>

## 25 NET CASH FLOW FROM OPERATING ACTIVITIES

Group	2014-15	2013-14
	£'000	£'000
Profit for the year	30,355	31,723
Minority interest investment	-	331
Amortisation of intangible assets	12,062	10,383
Depreciation of tangible fixed assets	4,208	5,721
Impairment of property plant and equipment	-	383
Share of Joint Venture results	(3,719)	(3,293)
Finance Income	(127)	(59)
Loss on disposal of PPE	-	26
Decrease / (increase) in inventories	229	(86)
Decrease / (increase) in trade and other receivables	2,494	(1,554)
Increase / (decrease) in trade and other payables	7,586	(1,003)
Decrease in provisions for liabilities and charges	(476)	(1,273)
<b>Net cash flow from operating activities</b>	<b>52,612</b>	<b>41,299</b>

Trading Fund	2014-15	2013-14
	£'000	£'000
Profit for the year	30,710	31,203
Amortisation of intangible assets	12,062	9,747
Depreciation of tangible fixed assets	4,208	5,721
Impairment of intangible assets	-	1,724
Impairment of property plant and equipment	-	383
Share of Joint Venture results	(3,719)	(3,293)
Finance Income	(251)	(63)
Impairment of investment	2,040	-
Loss on disposal of PPE	-	26
Decrease / (increase) in inventories	229	(86)
Decrease / (increase) in trade and other receivables	3,255	(2,587)
Increase / (decrease) in trade and other payables	7,582	(1,025)
Decrease in provisions for liabilities and charges	(476)	(1,273)
<b>Net cash flow from operating activities</b>	<b>55,640</b>	<b>40,477</b>

## 26 CASH AND CASH EQUIVALENTS

Group	2015 £'000	2014 £'000
Balance held at Government Banking Service	39,485	734
Balance held in commercial banks and cash in hand	25,300	4,730
Cash on deposit	–	46,000
	<b>64,785</b>	<b>51,464</b>

Trading Fund	2015 £'000	2014 £'000
Balance held at Government Banking Service	38,995	734
Balance held in commercial banks and cash in hand	25,066	3,196
Cash on deposit	–	46,000
	<b>64,061</b>	<b>49,930</b>

## 27 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, receivables owing from joint ventures, trade payables, provisions and loans. The main purpose of these financial instruments is to finance Ordnance Survey's operations.

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

### Credit risk

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

Generally payment terms are 30 days from date of invoice except in the consumer sector, where payment terms of 60 or 90 days prevail. The profile of past due debt not impaired is shown below:

Credit risk	2015 £'000	2014 £'000
Past due 0–30 days	1,257	576
Past due 31–60 days	607	283
Past due 61–90 days	11	30
Past 90 days	325	32

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

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

## Interest rate risk

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

Long-term loans have a fixed rate of interest.

## Liquidity risk

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

The summary of financial liabilities detailed on page 63 shows the earliest undiscounted contractual maturity dates for Ordnance Survey's debt.

## Fair value hierarchy

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

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

The Group's financial instruments, recognised at fair value, all fall into the level 3 categorisation.

## Market risk

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

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

At the reporting date, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's net profit would increase by £699,000 (2013-14: profit increase of £648,000). This is mainly attributable to the Group's cash balances held with HM Treasury.

## Interest rate risk profile

The interest rate profile of Ordnance Survey's financial assets at 31 March 2014 are set out below, there are no financial liabilities. All balances are held in Sterling:

Interest rate risk profile	2015			2014		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Financial Assets						
Cash at bank	–	64,785	64,785	–	5,464	5,464
Cash on deposit	–	–	–	46,000	–	46,000

## 28 RELATED PARTIES

### Group and Trading Fund

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

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

No other Board member, senior management or other related party has undertaken any material transactions with Ordnance Survey during the year. Compensation paid to management in the ordinary course of Ordnance Survey's operations is given in the Remuneration Report.

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

Ordnance Survey Leisure Limited, is 100% owned by Ordnance Survey. The Director of Ordnance Survey Leisure Limited is Piers White.

Ordnance Survey International LLP is a joint venture in which Ordnance Survey indirectly controls 100% of voting rights. Ordnance Survey is represented on the Board of Ordnance Survey International LLP by Andrew Loveless and Ian Nunn.

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

Astigan Limited is 51% owned by Ordnance Survey. Ordnance Survey is represented on the board of Astigan Limited by Mike Carr, Neil Ackroyd and Ian Nunn.

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

## 29 EVENTS AFTER THE REPORTING PERIOD

The assets, liabilities and contracts of the Ordnance Survey Trading Fund (including its investments in group entities) were transferred under a business transfer agreement to Ordnance Survey Limited on 1st April 2015 from the Ordnance Survey Trading Fund. Ordnance Survey Limited is a company limited by shares wholly owned by the Secretary of State for Business, Innovation and Skills and a public corporation as defined in HM Treasury's Managing Public Money, and as classified by the Office of National Statistics. Ordnance Survey was set up as a Trading Fund pursuant to the Ordnance Survey Trading Fund Order 1999, and therefore legislation is required in order to wind up the Trading Fund. This legislation has not yet been passed, although it is anticipated that this will be passed on 30 September 2015 at which point the Trading Fund will cease to exist. There has been no change to the nature of business carried out by the Ordnance Survey Group following this transition.

### 30 FINANCIAL TARGETS AND RESULTS

The financial objective for the year 2014–15 was to achieve earnings before interest, tax, depreciation and amortisation of £45.8m.

A further financial objective of Ordnance Survey was to achieve a return on capital employed (ROCE), averaged over the financial year 2014–15 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 2014–15 represents a ROCE of 17.9% (2013–14: 19.8%).

### 31 CONTROL

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

### 32 FIVE-YEAR SUMMARY

	2010–11	2011–12	2012–13	2013–14	2014–15
	£'000	£'000	£'000	£'000	£'000
Revenue	129,878	142,045	141,876	144,216	146,680
Operating costs	(105,256)	(109,836)	(109,625)	(112,551)	(116,452)
Operating profit/(loss) before exceptional items	24,622	32,209	32,251	31,665	30,228
Exceptional items	(13,278)	–	–	–	–
Operating profit/(loss)	11,344	32,209	32,251	31,665	30,228
Finance income/(cost)	(218)	109	(784)	58	127
Profit on ordinary activities	11,126	32,318	31,467	31,723	30,355
Non-controlling interest	–	–	–	331	505
Profit/(loss) on ordinary activities	11,126	32,318	31,467	32,054	30,860
Dividend	(6,344)	(17,200)	(20,400)	(19,400)	(21,000)
Profit retained for the year	4,782	15,118	11,067	12,654	9,860
<b>Total equity</b>	<b>114,067</b>	<b>130,234</b>	<b>145,080</b>	<b>158,433</b>	<b>169,033</b>

2010–11 to 2011–12 were restated in 2012–13 due to additional revenue received from a partner which related to previous financial years but was materially uncertain when these reports were approved.



# HM TREASURY MINUTE DATED 23 MAY 2011

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

HM Treasury  
23 May 2011



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