



Ordnance Survey

ORDNANCE SURVEY TRADING FUND

# Annual Report & Accounts 2015–16







# Ordnance Survey Annual Report and Accounts 2015–16

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

(The trade and assets of Ordnance Survey were transferred to a limited company on 1 April 2015 and the Trading Fund was revoked on 31 March 2016)

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# Chairman's statement

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It's been another year of achievement and progress for Ordnance Survey as we completed the transfer of trade and assets from this Trading Fund and Government Agency to a government owned company (GovCo) in April 2015.

With this change in status Ordnance Survey embraces the opportunity of conducting its business as Ordnance Survey Limited.

The Trading Fund did not trade in the year and ceased to exist on 31 March 2016.

Sir Rob Margetts CBE  
Non-Executive Chairman

# Performance report

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## Overview

The Ordnance Survey Trading Fund (the Trading Fund) held Britain's mapping agency and until 31 March 2015 was a non-ministerial government department with Executive Agency status. On 1 April 2015 the assets and liabilities of the 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 (BIS) on behalf of UK Government, which leaves the operations of Ordnance Survey fully in public ownership.

The Ordnance Survey Trading Fund (Revocation) Order 2016 came into effect on 31 March 2016. As a result of the Revocation, the Trading Fund which previously held the operations of Ordnance Survey ceased to exist on 31 March 2016.

During 2014–15 Ordnance Survey worked with BIS to consider the most appropriate platform for its future operations and growth and together concluded that operating as a Limited Company would 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 were not affected by the transition to a Limited Company, although it was expected that they would 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™ continue on the same terms until their scheduled end dates.

Operating as a GovCo was 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 data sets, 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.

## Strategy and objectives

An overriding objective of the transition to a Limited Company was to increase the 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 needed a conventional business structure, which provides the platform for commercial growth, investment and product development.

## The public task

The public task of Ordnance Survey was transferred to Ordnance Survey Limited on 1 April 2015.

## Business review

In the current year the only transaction was to transfer the trade and assets of Ordnance Survey to the Ordnance Survey Limited.

## Going concern

On 1 April 2015 the assets and liabilities of the 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. As the functions of Ordnance Survey have been transferred to another government owned entity and not ceased operations the Financial Statements have been prepared on a going concern basis.

The Ordnance Survey Trading Fund (Revocation) Order 2016 came into effect on 31 March 2016. As a result of the Revocation, the Trading Fund ceased to exist on 31 March 2016.

## Performance analysis

As the trading and assets of the Trading Fund were transferred to Ordnance Survey Limited on 1 April 2015, there is only one transaction in the year, the transferring out of the trade and assets of Ordnance Survey. As the Trading Fund did not receive any direct consideration for the transfer, the transfer out has been recognised as a non-operating loss as it has not been generated by operations. The credit to assets reduces the net assets in the Trading Fund to nil.

### Group results

£m	2015-16	2014-15
Revenue	–	146.7
Operating Costs (excluding depreciation and amortisation)	–	103.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	–	47.0
Non-operating cost	169.0	–
Depreciation, amortisation & impairment	–	16.3
Profit attributable to PDC holders	–	30.9
Dividend	–	21.0
Net assets	–	169.0

### Dividends

No dividends were declared or paid in the year (2014-15: £21.0m).

### Net assets

The net asset position at the end of year was nil (2014-15: £169.0m).

### Other entities

All the subsidiaries and investment holdings of the Trading Fund were transferred to Ordnance Survey Limited on 1 April 2015.

Subsidiaries and investment holdings held at the prior year end:

#### 100% subsidiaries

Ordnance Survey Leisure Limited (OSL)  
Ordnance Survey International LLP (OSI)

#### Shared ownership entities

GeoPlace LLP (GeoPlace) – 50% owned – 75% profit share  
Astigan Limited (Astigan) – 51% owned and profit share  
PointX Limited (PointX) – 50% owned and profit share

## Capital structure

The capital structure in the year changed on 1 April 2015 when the £34.0m of public dividend capital was cancelled as part of the transfer of the trade and assets to Ordnance Survey Limited (note 18).

## Supplier payments

No supplier payments were made in the year.

## Corporate and social responsibility

During the year the Trading Fund had no employees and undertook no trade, so there were no corporate or social responsibility activities undertaken. For the prior year comparatives please see the 'Ordnance Survey Annual Report & Accounts 2014-15' available on the Ordnance Survey website ([www.os.uk](http://www.os.uk)).

## Sustainability

During the year the Trading Fund had no employees and undertook no trade, so there were no activities that require consideration for sustainability. For the prior year comparatives please see the 'Ordnance Survey Annual Report & Accounts 2014-15' available on the Ordnance Survey website ([www.os.uk](http://www.os.uk)).

## Future outlook

The activities and operations of Ordnance Survey will be continued by Ordnance Survey Limited. The Trading Fund ceased to exist when the Ordnance Survey Trading Fund (Revocation) Order 2016 came into effect on 31 March 2016.

## Principal risks and uncertainties

The Trading Fund had no employees and undertook no trade, so there were no activities, current or future, that require consideration for risks and uncertainties. Post 1 April 2015 Ordnance Survey Limited has indemnified the Trading Fund from any future liabilities resulting from the trade and assets of Ordnance Survey.

Neil Ackroyd  
Accounting Officer  
24 June 2016



# Accountability report

## Corporate governance report

### Directors' report

The Directors present the Annual Report and Accounts of the Ordnance Survey Trading Fund (Trading Fund) for the year to 31 March 2016.

On 1 April 2015 the assets and liabilities of the Trading Fund were transferred to Ordnance Survey Limited, a company incorporated in the UK. As the Trading Fund did not receive any direct consideration for the transfer, the transfer out has been recognised as a non-operating loss as it has not been generated by operations. The credit to assets reduces the net assets in the Trading Fund to nil, clearing down all equity. There was no principal activity of the Trading Fund in the year to 31 March 2016.

### Results and dividends

The results are set out in the Income statements on page 16.

The Directors have proposed no dividends in the year (2014–15: £21.0m).

### Directors

The following Directors held office during the year ended 31 March 2016

Sir Rob Margetts CBE	Non-Executive Chairman
Piers White MBE	Non-Executive Director (Resigned 30 June 2015)
Mike Carr	Non-Executive Director
Rob Varley	Non-Executive Director (Resigned 1 June 2015)
Anne Jessopp	Non-Executive Director
Stephen Lake	Non-Executive Director
Craig Lester	Non-Executive Director and Deputy Chairman (Resigned 11 January 2016)
Neil Ackroyd	Director of Operations (acting Director General and Chief Executive until 31 May 2015) Accounting Officer
Nigel Clifford	Director General and Chief Executive (Appointed 1 June 2015)
Peter ter Haar	Director of Products and Innovation (Resigned 30 September 2015)
Ian Nunn	Chief Financial Officer (Resigned 31 August 2015)
Andrew Loveless	Commercial Director
Katie Powell	Director of Marketing and Communications (Resigned 10 December 2015)

All appointments of Directors (in office on 31 March 2016) expired when the Ordnance Survey Trading Fund (Revocation) Order 2016 came into effect.

### Miscellaneous disclosures

The Trading Fund had no employees during the year so there are no pension disclosures.

Our auditor is The National Audit Office. The fee for the year was £6k. This fee has been borne by Ordnance Survey Limited.

There were no personal data related incidents during 2015–16.

### Treasury management, credit risk and cash flow risk

These are not relevant to the Trading Fund as it undertook no operations in the year and ceased to exist on 31 March 2016.

### 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 Trading Fund'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.
- The whole is fair, balanced and understandable and that the Directors take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.
- The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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## The statement of Accounting Officer's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973, HM Treasury has directed the Accounting Officer 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, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular 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.
- 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 of Operations 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, and for safeguarding the Ordnance Survey assets, are set out in *Managing public money* published by the HM Treasury.

Neil Ackroyd  
Accounting Officer  
24 June 2016

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## **Governance statement**

The trade and assets of Ordnance Survey, including the associated achievement of OS policies, aim and objectives, were transferred out of the Trading Fund on 1 April 2015.

The remaining compliance requirement of the Trading Fund is the completing of these Annual Reports and Accounts.

During the year there have been no formal Governance meetings for the Trading Fund. The finalisation of the novation of contracts and other activities to transition to Ordnance Survey Limited were undertaken by Ordnance Survey Limited using its governance processes.

## **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  
Accounting Officer  
24 June 2016

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## Remuneration and staff report

The Trading Fund had no employees during the year and paid no Directors' remuneration.

On transfer of trade and assets to Ordnance Survey Limited on 1 April 2015 the function of the Ordnance Survey Remuneration Committee also transferred.

The below policies and procedures relate to prior financial year.

### 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 as their employment was transferred to Ordnance Survey Limited.

In the prior year, in reaching its recommendations the Review Body was 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.
- The government's inflation target.

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

The Review Body took account of the evidence it received 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

In the prior year, Civil Service appointments were made in accordance with the Civil Service Commissioners' Recruitment Principles, which required 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 were 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

In the prior year, the Remuneration Committee was chaired by Non-Executive Director, Mike Carr, and met at least annually to agree the remuneration policy for Executive Directors and other senior staff. The Committee also advised 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 served on the Remuneration Committee. The Committee was supported and advised by the Director General and Chief Executive and the Chief Financial Officer.

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

## Payment for loss of office

In the prior year, in the event of an early termination of a Director's contract there was a six month notice period and the Director was eligible for the Civil Service Compensation Scheme. Otherwise a Director was required to give a minimum of three months' notice if they wished to leave the organisation.

## Directors' remuneration (audited)

In the prior year, the most senior members and key decision makers of Ordnance Survey Trading Fund were 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 <sup>1</sup>	Performance related pay <sup>1</sup>	Benefits in kind <sup>2</sup>	Value of pension benefits	Total <sup>1</sup>
	£'000	£'000	£	£'000	£'000
Neil Ackroyd	160-165 <sup>3</sup>	25-30	13,800 <sup>3</sup>	82	275-280 <sup>1</sup>
Ian Nunn	150-155	25-30	600	51	225-230
Peter ter Haar	110-115	20-25	3,800	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)	2,100	23 (FYE 38)	95-100 (FYE 160-165)
Dr Vanessa Lawrence CB <sup>4</sup> (until 14 April 2014)	5-10 (FYE 190-195)	-	200	3 (FYE 79)	10-15 (FYE 270-275)

FYE = Full year equivalent

<sup>1</sup> Bandings of remuneration are as required by the Government Financial Reporting manual.

<sup>2</sup> Taxable Benefits for health screening and broadband are captured in payroll and company cars, where applicable, through P11D submission. Benefits in kind are presented to the nearest £100.

<sup>3</sup> Adjustment made to include travel costs reimbursed and travel benefits.

<sup>4</sup> 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 included salary, non consolidated performance related pay and benefits in kind. It did not include employer pension contributions and the cash equivalent transfer value of pensions.



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## Salary, fees and taxable benefits

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

### Performance related pay

In the prior year, up to 20% of gross salary for each Director is available as an additional payment based on performance.

Directors' performance related pay was 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 prior 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 had 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 represented the real increase in pension multiplied by 20 plus the real increase in any lump sum, less contributions made by the Director. Where this resulted in a decrease, no value was included.

### Benefits in kind

This was 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 £203,955, this was 6.8 times the median salary and taxable benefits of the workforce, which was £30,010.

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 prior 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 were 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 was 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 was offered under mutually agreed terms.

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## Parliamentary accountability and audit report

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

Ordnance Survey Non-Executive Directors were not Ordnance Survey employees and were 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 in the prior year was as follows:

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

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

A further payment of £10,000 was made to Ensus Limited in the prior year 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 (FRM). The actual salary, performance related pay and benefits details of each Director form the audited elements of this report, as referred to in The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, which is to be found on page 15 of the Annual Accounts. The remaining elements are unaudited.

### Staff report

The Trading Fund had no employees during the year and paid no employees remuneration. For the prior year comparatives, please see the '*Ordnance Survey Annual Report & Accounts 2014–15*' available on the Ordnance Survey website ([www.os.uk](http://www.os.uk)).

Neil Ackroyd  
Accounting Officer  
24 June 2016

As the Trading Fund undertook no trade or operations during the year and ceased to exist on 31 March 2016 none of the following are relevant for disclosure:

- Regularity of expenditure
- Fees and charges
- Remote contingent liabilities
- Long-term expenditure trends

Neil Ackroyd  
Accounting Officer  
24 June 2016

# Audit report

## 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 2016 under the Government Trading Funds Act 1973. The financial statements comprise: the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Trading Fund Statement of Comprehensive Income, Consolidated Statement of Financial Position, Trading Fund Statement of Financial Position, Consolidated Statement of Cash Flows, Trading Fund Statement of Cash Flows, Consolidated Statement of Changes in Equity, Trading Fund Statement of Changes in Equity; 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 and Staff Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's responsibilities, the 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 2016 and of its loss 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 parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in Chairman's Statement, Performance Report, Directors Report and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General

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

# Financial statements

## Consolidated Income Statement for the year ended 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Revenue	2	–	146,680
Operating costs	3	–	(120,171)
Share of results of joint ventures	11	–	3,719
<b>Operating profit</b>		<b>–</b>	<b>30,228</b>
Non-operating loss	1	(169,033)	–
Finance income	5	–	314
Finance cost	5	–	(187)
<b>Profit on ordinary activities</b>		<b>(169,033)</b>	<b>30,355</b>
Attributable to Public Dividend Capital Equity holders		(169,569)	30,860
Non-controlling interest		536	(505)
		(169,033)	30,355
Dividends payable	7	–	(21,000)
<b>Profit retained for the year</b>		<b>(169,569)</b>	<b>9,860</b>
<b>Attributable to Public Dividend Capital Equity holders</b>		<b>(169,569)</b>	<b>9,860</b>

All operations are classed as discontinued, because on 1 April 2015 the assets and liabilities of the Trading Fund were transferred to Ordnance Survey Limited, a company incorporated in the UK.

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Net profit for the year		(169,569)	9,860
Gains on revaluation of non-current assets		–	1,245
<b>Total comprehensive income for the year</b>		<b>(169,569)</b>	<b>11,105</b>
<b>Attributable to Public Dividend Capital Equity holders</b>		<b>(169,569)</b>	<b>11,105</b>

## Trading Fund Statement of Comprehensive Income for the year ended 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Net profit for the year		(169,752)	9,711
Gains on revaluation of non-current assets		–	1,245
<b>Total comprehensive income for the year</b>		<b>(169,752)</b>	<b>10,956</b>
<b>Attributable to Public Dividend Capital Equity holders</b>		<b>(169,752)</b>	<b>10,956</b>



## Consolidated statement of financial position as at 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
<b>Non-current assets</b>			
Intangible assets	8	–	77,846
Property plant and equipment	9	–	33,717
Share of net assets of joint ventures	11	–	3,256
		–	<b>114,819</b>
<b>Current assets</b>			
Inventories	12	–	1,668
Trade and other receivables	13	–	16,757
Cash and cash equivalents	25	–	64,785
		–	<b>83,210</b>
<b>Total assets</b>			
		–	<b>198,029</b>
<b>Current liabilities</b>			
Trade and other payables	14	–	(15,759)
Provisions for liabilities and charges	17	–	(1,727)
Deferred Revenue	15	–	(10,645)
		–	<b>(28,131)</b>
<b>Net current assets</b>			
		–	<b>55,079</b>
<b>Non-current assets plus net current assets</b>			
		–	<b>169,898</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	17	–	(865)
<b>Total liabilities</b>			
		–	<b>(28,996)</b>
<b>Net assets</b>			
		–	<b>169,033</b>
<b>Equity</b>			
Public dividend capital	18	–	34,000
Revaluation reserve	20	–	8,854
Retained earnings	21	–	126,715
<b>Equity attributable to Public Dividend Capital Equity holders</b>			
		–	<b>169,569</b>
Non-controlling Interest		–	(536)
Total equity		–	169,033

The Financial statements were approved by the Board of Directors and authorised for issue on 24 June 2016. They were signed on its behalf by

Neil Ackroyd  
Accounting Officer  
24 June 2016

The notes on pages 21 to 41 are an integral part of these Financial statements.

## Trading Fund statement of financial position as at 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
<b>Non-current assets</b>			
Intangible assets	8	–	77,611
Property plant and equipment	9	–	33,717
Investment in subsidiary	10	–	900
Share of net assets of joint ventures	11	–	3,256
		–	<b>115,484</b>
<b>Current assets</b>			
Inventories	12	–	1,668
Trade and other receivables	13	–	17,391
Cash and cash equivalents	25	–	64,061
		–	<b>83,120</b>
<b>Total assets</b>		–	<b>198,604</b>
<b>Current liabilities</b>			
Trade and other payables	14	–	(15,615)
Provisions for liabilities and charges	17	–	(1,727)
<b>Deferred revenue</b>	<b>15</b>	–	<b>(10,645)</b>
		–	<b>(27,987)</b>
<b>Net current assets</b>		–	<b>55,133</b>
<b>Non-current assets plus net current assets</b>		–	<b>170,617</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	17	–	(865)
Deferred revenue	15	–	–
<b>Total liabilities</b>		–	<b>(28,852)</b>
<b>Net assets</b>		–	<b>169,752</b>
<b>Equity</b>			
Public dividend capital	18	–	34,000
Revaluation reserve	20	–	8,854
Retained earnings	21	–	126,898
<b>Total equity attributable to Public Dividend Capital Equity holders</b>		–	<b>169,752</b>

The Financial statements were approved by the Board of Directors and authorised for issue on 24 June 2016. They were signed on its behalf by

Neil Ackroyd  
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24 June 2016

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## Consolidated statement of changes in equity for the year ended 31 March 2016

	Share capital	Retained earnings	Revaluation reserve	Total	Non-controlling	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	34,000	116,855	7,609	158,464	(31)	158,433
<b>Profit for the year</b>	-	<b>30,860</b>	-	<b>30,860</b>	-	<b>30,860</b>
Non-controlling interest in Statement of financial position	-	-	-	-	(505)	(505)
Revaluation gains for the year	-	-	1,245	1,245	-	1,245
<b>Total comprehensive income attributable to Public Dividend Capital holders</b>	-	<b>30,860</b>	<b>1,245</b>	<b>32,105</b>	<b>(505)</b>	<b>31,600</b>
Dividends payable	-	(21,000)	-	(21,000)	-	(21,000)
<b>As at 1 April 2015</b>	<b>34,000</b>	<b>126,715</b>	<b>8,854</b>	<b>169,569</b>	<b>(536)</b>	<b>169,033</b>
Profit for the year	-	(169,033)	-	(169,033)	-	(169,033)
Transfers between reserves upon transfer of trade and assets to Ordnance Survey Limited	(34,000)	42,318	(8,854)	(536)	536	-
<b>As at 31 March 2016</b>	-	-	-	-	-	-

The notes on pages 21 to 41 are an integral part of these Financial statements.

## Trading Fund statement of changes in equity for the year ended 31 March 2016

	Share capital	Retained earnings	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
As at 1 April 2014	34,000	117,188	7,609	158,797
<b>Profit for the year</b>	-	<b>30,710</b>	-	<b>30,710</b>
Revaluation gains for the year	-	-	1,245	1,245
<b>Total comprehensive income attributable to Public Dividend Capital holders</b>	-	<b>30,710</b>	<b>1,245</b>	<b>31,955</b>
Dividends payable	-	(21,000)	-	(21,000)
<b>As at 1 April 2015</b>	<b>34,000</b>	<b>126,898</b>	<b>8,854</b>	<b>169,752</b>
Profit for the year	-	(169,752)	-	(169,752)
Transfers between reserves upon transfer of trade and assets to Ordnance Survey Limited	(34,000)	42,854	(8,854)	-
<b>As at 31 March 2016</b>	-	-	-	-

The notes on pages 21 to 41 are an integral part of these Financial statements.

## Consolidated cash flow statement for the year ended 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Cash flow from operating activities	24	-	52,612
Cash flows from investing activities			
Upon transfer of trade and assets to Ordnance Survey Limited	1	(64,785)	-
Interest received		-	314
Purchase of plant property and equipment		-	(1,733)
Purchase of intangible assets		-	(20,760)
Proceeds from disposal of plant property and equipment		-	-
Receipt of profit share from joint ventures		-	4,275
Receipt of loan repayments from joint ventures		-	-
<b>Net cash used in investing activities</b>		<b>(64,785)</b>	<b>(17,904)</b>
Cash flows from financing activities			
Dividends paid		-	(21,200)
Cash payments relating to early release costs		-	(187)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(21,387)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(64,785)</b>	<b>13,321</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>64,785</b>	<b>51,464</b>
Cash and cash equivalents at end of year	25	-	64,785

The notes on pages 21 to 41 are an integral part of these Financial statements.

## Trading Fund cash flow statement for the year ended 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Cash flow from operating activities	24	-	55,640
Cash flows from investing activities			
Upon transfer of trade and assets to Ordnance Survey Limited	1	(64,061)	-
Interest received		-	314
Purchase of plant property and equipment		-	(1,733)
Purchase of intangible assets		-	(20,562)
Proceeds from disposal of plant property and equipment		-	-
Receipt of profit share from joint ventures		-	4,275
Receipt of loan repayments from joint ventures		-	-
<b>Net cash used in investing activities</b>		<b>(64,061)</b>	<b>(17,706)</b>
Cash flows from financing activities			
Dividends paid		-	(21,200)
Investment in subsidiaries		-	(2,540)
Cash payments relating to early release costs		-	(63)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(23,803)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(64,061)</b>	<b>14,131</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>64,061</b>	<b>49,930</b>
Cash and cash equivalents at end of year	25	-	64,061

The notes on pages 21 to 41 are an integral part of these Financial statements.

# Notes to the consolidated financial statements

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## 1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. For the Ordnance Survey Trading Fund (Trading Fund) and its subsidiaries (together the Group) 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 2015–16 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 the Trading Fund 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 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. As the Trading Fund did not receive any direct consideration for the transfer, the transfer out has been recognised as a non-operating loss as it has not been generated by operations. The credit to assets reduces the net assets in the Trading Fund to nil clearing down all equity.

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. The Ordnance Survey Trading Fund (Revocation) Order 2016 came into effect on 31 March 2016. As the functions of Ordnance Survey have been transferred to another government owned entity and not ceased operations the Financial Statements have been prepared on a going concern basis in accordance with the requirements of the FRM.

The remainder of the policies are relevant to the prior year only as during the year ended 31 March 2016 the Trading Fund undertook no trade or operations.

### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trading Fund and entities controlled by the Trading Fund. Control is achieved where the Trading Fund 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 Joint ventures

Joint ventures are entities over which the Trading Fund has joint control with one or more other entities.

The Trading Fund 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.

### 1.4 Property, plant and equipment

Land and buildings comprise the Group'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.

### 1.5 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

The Group's internally generated intangible assets consist of:

#### a) Geographic data

Geographic data represents the core geographic data sets 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 licenses 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 that 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 the Trading Fund's staff are members.

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

From 1 October 2002, the Trading Fund's 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 Income Statement for the financial year as incurred, on the basis that the schemes are multi-employer and Ordnance Survey is unable to identify its share of the underlying assets and liabilities.

### b) Early release costs

A provision is recognised in the financial year for the full cost of the pension contributions of employees who have been identified at the discretion of the Trading Fund 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 had 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.

The Group 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 data sets.

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

**Direct licences** – Licences which allow the customer to use the Group's 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 the Group's commitment to provide updates.

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

**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 The Group. 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, it 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 Statement 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

The Group 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 relation to the current year there are no critical accounting estimates or judgements as the Trading Fund undertook no trade or operations.

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

Development costs – The Group 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 – The Group 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 the Group 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.

As the Trading Fund undertook no trade or operations in the current year and ceased to exist on the 31 March 2016, future standards and interpretations, which have not been applied in these financial statements, which were in issue, but not yet effective (and in some cases had not yet been adopted by the EU) are not relevant.

## 2 Revenue

	2015-16 £'000	2014-15 £'000
Trading revenue	–	145,037
Other operating activities	–	1,593
Property rental income	–	50
	–	<b>146,680</b>
Trading revenue by channel		
Direct licences	–	103,279
Partner licences	–	26,928
Paper maps	–	8,790
Services	–	6,040
	–	<b>145,037</b>
Trading revenue by segment		
Business to government	–	88,594
Business to business	–	46,173
Business to consumer	–	10,270
	–	<b>145,037</b>
Trading revenue by geography		
United Kingdom	–	140,136
Other European countries	–	880
Rest of world	–	4,021
	–	<b>145,037</b>

Revenues are attributed by country, based on the location of the entity to whom the Group 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 the Group 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 prior year, one customer (Department for Business, Innovation and Skills) accounted for more than 10% of turnover. The revenue received from this customer was secured under separate long-term agreements.

The Group's operating revenue was 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	2015-16 £'000	2014-15 £'000
Staff costs	4	–	47,725
Amortisation of intangible assets	8	–	12,062
Depreciation of tangible fixed assets	9	–	4,208
Impairment of property plant and equipment		–	–
Research and development costs		–	275
Other operating charges		–	55,901
		–	<b>120,171</b>

Within other operating charges are the following:

	£'000	£'000
Operating lease charges – buildings	–	540
Operating lease charges – property plant and equipment	–	1,612
Fees payable to auditor for audit of the statutory annual accounts	–	113
Fees payable to auditor for other services	–	–

Our auditor is The National Audit Office and the audit fee for the year was £6k, which has been borne by Ordnance Survey Limited.

No payments were made to our auditors (2014-15: £nil) for the provision of non-audit services.

In the prior year, The National Audit Office subcontracted 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:

	2015–16 £'000	2014–15 £'000
Wages and salaries – permanent employees	–	39,238
Social security costs	–	3,452
Pension costs	–	7,593
Additional early release costs in year	–	742
Temporary/agency contract labour costs	–	10,562
	–	<b>61,587</b>
<b>Capitalised permanent labour</b>	–	<b>(6,733)</b>
Capitalised temporary/agency contract labour	–	(7,129)
	–	<b>47,725</b>

### 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:

	2015–16	2014–15
Operations	–	890
Sales and Marketing	–	189
Corporate Services	–	101
	–	<b>1,180</b>

Directors' remuneration can be found in the Remuneration and staff 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:

	2015–16	2014–15
Operations	–	95
Sales and Marketing	–	3
Corporate Services	–	13
	–	<b>111</b>

### 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.

In prior years, the Group's holiday year ran 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 prior year figure above for wages and salaries includes a charge of £6,000 in respect of additional annual leave earned, but not taken, as at 31 March 2015. The total liability of £852,000 was included within other payables within Note 14 of these financial statements.

### Pension costs

In the current year there were no pension costs.

For 2014–15, employer's contributions of £7,593,000 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 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 the Group 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.

Group employees were 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

In the prior year, the Income Statement included a charge of £742,000 in respect of new leavers identified in 2014–15. This charge reflected the costs of leavers identified and confirmed by 31 March 2015.

Early release package cost band	2015–16	2014–15
Less than £10,000	–	–
£10,000–£25,000	–	8
£25,000–£50,000	–	8
£50,000–£100,000	–	3
Total number of exit packages	–	19
<b>Total cost £'000</b>	<b>–</b>	<b>742</b>

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 the Group 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

	2015–16 £'000	2014–15 £'000
Finance income		
Balances at the account with Government Banking Service	–	31
Short-term deposits with the National Loans Fund	–	283
	<b>–</b>	<b>314</b>
Finance cost		
Financing charges – unwind of provision discount	–	(187)
	<b>–</b>	<b>(187)</b>

### 6 Taxation

No charge to Corporation Tax has arisen in the year (2014–15: £nil)

#### Ordnance Survey

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

#### Ordnance Survey Leisure Limited

In the prior year, Ordnance Survey Leisure Limited generated a loss before tax of £366,000. On this loss, no amounts were due in respect of Corporation Tax.

#### Astigan Limited

In the prior year, Astigan Limited generated a loss before tax of £1,030,000. On this loss no amounts were due in respect of Corporation Tax.

### 7 Dividends

Amounts recognised as distributions to Public Dividend Capital equity holders in the year:	2015–16 £'000	2014–15 £'000
Dividend for the year ended 31 March	–	21,000

The Ordnance Survey Trading Fund Framework Document determines that the Trading Fund 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 was £21,000,000. This dividend was paid in 2014–15.



## 8 Intangible assets

Group	Geographic data	Data delivery	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 31 March 2014	24,352	89,042	3,525	11,598	128,517
Additions	–	197	–	20,563	20,760
Disposals	–	–	–	(633)	(633)
Revaluation	39	392	5	–	436
Reclassification	10,785	2,768	–	(13,553)	–
At 31 March 2015	35,176	92,399	3,530	17,975	149,080
<b>Additions</b>	–	–	–	–	–
Upon transfer of trade and assets to Ordnance Survey Limited	(35,176)	(92,399)	(3,530)	(17,975)	(149,080)
<b>At 31 March 2016</b>	–	–	–	–	–
<b>Amortisation</b>					
At 1 April 2014	21,289	34,430	3,453	633	59,805
Charge in year	2,364	9,621	77	–	12,062
Disposals	–	–	–	(633)	(633)
At 31 March 2015	23,653	44,051	3,530	–	71,234
<b>Charge in year</b>	–	–	–	–	–
Upon transfer of trade and assets to Ordnance Survey Limited	(23,653)	(44,051)	(3,530)	–	(71,234)
<b>At 31 March 2016</b>	–	–	–	–	–
<b>Book value at 31 March 2016</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>

In the prior year, assets under the course of construction include developments to the Multi Resolution Data Programme, with net book value of £3,980,000.

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.

There were no assets to revalue as at 31 March 2016. In the prior year, 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
At 31 March 2014	24,352	89,036	3,035	11,598	128,021
Additions	-	-	-	20,562	20,562
Disposals	-	-	-	(633)	(633)
Revaluation	39	392	5	-	436
Reclassification	10,785	2,768	-	(13,553)	-
Adjustment	-	(31)	-	-	(31)
At 31 March 2015	35,176	92,165	3,040	17,974	148,355
<b>Additions</b>	-	-	-	-	-
Upon transfer of trade and assets to Ordnance Survey Limited	(35,176)	(92,165)	(3,040)	(17,974)	(148,355)
<b>At 31 March 2016</b>	-	-	-	-	-
Amortisation					
At 1 April 2014	21,289	34,430	2,963	633	59,315
Charge in year	2,364	9,621	77	-	12,062
Disposals	-	-	-	(633)	(633)
At 31 March 2015	23,653	44,051	3,040	-	70,744
<b>Charge in year</b>	-	-	-	-	-
Upon transfer of trade and assets to Ordnance Survey Limited	(23,653)	(44,051)	(3,040)	-	(70,744)
<b>At 31 March 2016</b>	-	-	-	-	-
<b>Book value at 31 March 2016</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>

In the prior year, assets under the course of construction include developments to the Multi Resolution Data Programme, with net book value of £3,980,000.

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.

There were no assets to revalue as at 31 March 2016. In the prior year, revaluations took place as at 31 March 2015.

## 9 Property, plant and equipment

Group & Trading Fund	L&B	Equipment	Total
Cost or valuation	£'000	£'000	£'000
At 31 March 2014	30,854	29,190	60,044
Additions	–	1,733	1,733
Disposals	–	(759)	(759)
Revaluation	607	202	809
At 31 March 2015	31,461	30,366	61,827
<b>Additions</b>	–	–	–
Upon transfer of trade and assets to Ordnance Survey Limited	(31,461)	(30,366)	(61,827)
<b>At 31 March 2016</b>	–	–	–
Depreciation			
At 1 April 2014	2,354	22,307	24,661
Charged in year	607	3,601	4,208
Disposals	–	(759)	(759)
At 31 March 2015	2,961	25,149	28,110
<b>Charge in year</b>	–	–	–
Upon transfer of trade and assets to Ordnance Survey Limited	(2,961)	(25,149)	(28,110)
<b>At 31 March 2016</b>	–	–	–
<b>Book value at 31 March 2016</b>	–	–	–
<b>Book value at 31 March 2015</b>	<b>28,500</b>	<b>5,217</b>	<b>33,717</b>

As at 31 March 2015, the net book value of assets held under finance lease agreements was £86,000. Depreciation charged in the prior year was £102,000.

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.

There were no assets to revalue as at 31 March 2016. Revaluations took place as at 31 March 2015.

Freehold land and buildings:

In the prior year, the occupied land and buildings used in the principal business of the Group were carried at the fair value of £28,500,000, based on the Existing Use Value assessed by Jones Lang LaSalle on 31 March 2015. This valuation was 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	2016	2015
	£'000	£'000
Value of shares at beginning of period	400	400
Additions	–	315
Upon transfer of trade and assets to Ordnance Survey Limited	(400)	–
Impairment	–	(315)
<b>Value of shares at end of period</b>	<b>–</b>	<b>400</b>
Loans receivable carried at amortised cost		
Value of loans at beginning of period	500	–
Additions	–	2,225
Upon transfer of trade and assets to Ordnance Survey Limited	(500)	–
Impairment	–	(1,725)
<b>Value of loans at end of period</b>	<b>–</b>	<b>500</b>
<b>Total investments</b>	<b>–</b>	<b>900</b>

In the prior year, 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 prior year, the investments were impaired by £2,040,000. This followed 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

At the 31 March 2016 the Trading Fund had no subsidiaries or 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 prior year of the subsidiaries were as follows:

	Aggregate capital and reserves
	2015
	£'000
Ordnance Survey Leisure Limited	(4,645)
Ordnance Survey International LLP	(1,484)
Ordnance Survey Services Limited	–
Ordnance Survey GB Limited	–
Ordnance Survey Partners Limited	–
Astigan Limited	(1,097)
	Loss for the year
	2015
	£'000
Ordnance Survey Leisure Limited	(366)
Ordnance Survey International LLP	(1,000)
Ordnance Survey Services Limited	–
Ordnance Survey GB Limited	–
Ordnance Survey Partners Limited	–
Astigan Limited	(1,030)

#### Joint ventures

The share of results of joint ventures is as follows:

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

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

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

#### Other investments – GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2016 is as follows:

	2015
	£'000
Share of gross assets	4,121
Share of gross liabilities	(1,051)
Loan	–
<b>Net assets</b>	<b>3,070</b>

The operating results for GeoPlace LLP for the financial year

	2015
	£'000
Revenue	11,900
Operating costs	(7,059)
<b>Operating profit</b>	<b>4,841</b>
<b>Trading Fund 75% share</b>	<b>3,631</b>

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. The Trading Fund appointed 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.

## Other investments – Point X Limited

The investment in PointX Limited at 31 March 2016 is as follows:

	2016 £'000	2015 £'000
Share of gross assets	–	292
Share of gross liabilities	–	(106)
Loan	–	–
<b>Net assets</b>	<b>–</b>	<b>186</b>

The operating results for PointX Limited for the financial year

	2016 £'000	2015 £'000
Revenue	–	838
Operating costs	–	(662)
<b>Operating profit</b>	<b>–</b>	<b>176</b>
Tax	–	–
<b>Profit after tax</b>	<b>–</b>	<b>176</b>
Trading Fund 50% share	–	88

PointX Limited is a joint venture company set up to develop and market a point of interest database covering Great Britain. The Trading Fund is represented on the Board by two Directors at 31 March 2015. At 31 March 2015, the Trading Fund 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.

## 12 Inventories

Group and Trading Fund	2016 £'000	2015 £'000
Finished goods	–	1,668
	<b>–</b>	<b>1,668</b>

During the prior year, the Group wrote off stock carried at £14,000.

## 13 Trade and other receivables

Group	2016 £'000	2015 £'000
Trade receivables	–	7,463
Allowance for doubtful debts	–	(256)
	<b>–</b>	<b>7,207</b>
Other receivables	–	52
Taxation and social security receivable	–	68
Accrued income	–	6,625
Prepayments	–	2,805
	<b>–</b>	<b>16,757</b>

A breakdown of intra-government receivables is given in note 23.

In the prior year, bad debts totalling £11,000 were written off.

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 26.

Before accepting any new customer, the Group 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	2016 £'000	2015 £'000
Trade receivables	–	7,415
Trade receivables owed by Group undertakings	–	707
Allowance for doubtful debts	–	(256)
	–	<b>7,866</b>
Other receivables	–	50
Accrued income	–	6,697
Prepayments	–	2,778
	–	<b>17,391</b>

#### 14 Trade and other payables

Group	2016 £'000	2015 £'000
Trade payables	–	706
Taxation and social security payable	–	2,572
Other payables	–	863
Accruals	–	11,580
Dividend payable	–	–
Finance lease due in less than one year (note 16)	–	38
	–	<b>15,759</b>

Trading Fund	2016 £'000	2015 £'000
Trade payables	–	674
Taxation & social security payable	–	2,700
Other payables	–	1,054
Accruals	–	11,149
Dividend payable	–	–
Finance lease due in less than one year (Note 16)	–	38
	–	<b>15,615</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 23.

#### 15 Deferred revenue

Group and Trading Fund	2016 £'000	2015 £'000
Current	–	10,645
Non-current deferred revenue	–	–
	–	<b>10,645</b>

#### 16 Obligations under finance lease

Group and Trading Fund	2016 £'000	2015 £'000
Amounts payable under finance leases:		
Gross lease liabilities		
Within one year	–	38
In the second to fifth years inclusive	–	–
<b>Net lease liabilities</b>	–	<b>38</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	Other	Total
	£'000	£'000	£'000
As at 31 March 2015	2,511	81	2,592
Upon transfer of trade and assets to Ordnance Survey Limited	(2,511)	(81)	(2,592)
At 31 March 2016	-	-	-
		2016	2015
		£'000	£'000
Included in current liabilities		-	1,727
Included in non-current liabilities		-	865
		-	2,592

In the prior year, the other provisions balance is a provision for onerous leases as a result of regional office closures of £81,000 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	2016	2015
	£'000	£'000
Public dividend capital	34,000	34,000
Upon transfer of trade and assets to Ordnance Survey Limited	(34,000)	-
	-	<b>34,000</b>

Public dividend capital represents the deemed shareholding of the Secretary of State for Business, Innovation and Skills in the Trading Fund.

## 19 Reserves

Group	2016	2015
	£'000	£'000
Revaluation reserve	-	8,854
Retained earnings	-	126,715
	-	<b>135,569</b>
Trading Fund	2016	2015
	£'000	£'000
Revaluation reserve	-	8,854
Retained earnings	-	126,898
	-	<b>135,752</b>

## 20 Revaluation reserve

Group and Trading Fund	Tangible Assets	Intangible Assets	Total
	£'000	£'000	£'000
Balance at 31 March 2015	2,568	6,286	8,854
Upon transfer of trade and assets to Ordnance Survey Limited	(2,568)	(6,286)	(8,854)
<b>Balance at 31 March 2016</b>	-	-	-

Revaluation reserves are not distributable to shareholders.

## 21 Retained earnings

Group	2016 £'000	2015 £'000
Balance at start of year	126,715	116,855
Upon transfer of trade and assets to Ordnance Survey Limited	42,854	
Profit for the year	(169,569)	30,860
	–	<b>147,715</b>
Dividend payable	–	(21,000)
<b>Balance at 31 March 2016</b>	<b>–</b>	<b>126,715</b>

  

Trading Fund	2016 £'000	2015 £'000
Balance at start of year	126,898	117,188
Upon transfer of trade and assets to Ordnance Survey Limited	42,854	–
Profit for the year	(169,752)	30,710
	–	<b>147,898</b>
Dividend payable	–	(21,000)
<b>Balance at 31 March 2016</b>	<b>–</b>	<b>126,898</b>

## 22 Operating lease commitments

Group and Trading Fund	2016 £'000	2015 £'000
Minimum lease payments under operating leases as an expense in the year	–	2,152

On 1 April 2015, all leases were novated to Ordnance Survey Limited.

At 31 March 2016, the Group had future minimum lease payments under non-cancellable operating leases as set out below:

	2016 £'000	2015 £'000
Within one year	–	82
Between two and five years	–	4,828
	–	<b>4,910</b>

## 23 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
Balances with:	£'000	£'000	£'000
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 2016	Receivables: falling due within one year	Payables: falling due within one year	Payables: falling due after more than one year
Balances with:	£'000	£'000	£'000
Other central government bodies	–	–	–
Local authorities	–	–	–
NHS trusts	–	–	–
Public corporations and trading funds	–	–	–
<b>At 31 March 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>



## 24 Net cash flow from operating activities

Group	2015-16 £'000	2014-15 £'000
Profit for the year	(169,569)	30,355
Non-operating loss	169,569	-
Amortisation of intangible assets	-	12,062
Depreciation of tangible fixed assets	-	4,208
Share of joint venture results	-	(3,719)
Finance income	-	(127)
Decrease/(increase) in inventories	-	229
Decrease/(increase) in trade and other receivables	-	2,494
Increase/(decrease) in trade and other payables	-	7,586
Decrease in provisions for liabilities and charges	-	(476)
<b>Net cash flow from operating activities</b>	<b>-</b>	<b>52,612</b>

Trading Fund	2015-16 £'000	2014-15 £'000
Profit for the year	(169,752)	30,710
Non-operating loss	169,752	-
Amortisation of intangible assets	-	12,062
Depreciation of tangible fixed assets	-	4,208
Share of joint venture results	-	(3,719)
Finance income	-	(251)
Impairment of investment	-	2,040
Decrease/(increase) in inventories	-	229
Decrease/(increase) in trade and other receivables	-	3,255
Increase/(decrease) in trade and other payables	-	7,582
Decrease in provisions for liabilities and charges	-	(476)
<b>Net cash flow from operating activities</b>	<b>-</b>	<b>55,640</b>

## 25 Cash and cash equivalents

Group	2016 £'000	2015 £'000
Balance held at Government Banking Service	-	39,485
Balance held in commercial banks and cash in hand	-	25,300
	<b>-</b>	<b>64,785</b>
<b>Trading Fund</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Balance held at Government Banking Service	-	38,995
Balance held in commercial banks and cash in hand	-	25,066
	<b>-</b>	<b>64,061</b>

## 26 Financial instruments

The Group'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.

The Trading Fund had no employees and undertook no trade so there were no activities, current or future, that require consideration for risks and uncertainties. Post 1 April 2015 Ordnance Survey Limited has indemnified the Trading Fund from any future liabilities resulting the trade and assets of Ordnance Survey.

In the prior year, the Group'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 the Group's operations.

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

In the prior year, the Group was exposed to credit risk through its trade receivables over a number of sectors. The Credit Policy had 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 were 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	2016	2015
	£'000	£'000
Past due 0–30 days	–	1,257
Past due 31–60 days	–	607
Past due 61–90 days	–	11
Past 90 days	–	325

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

In the prior year, the Group financed 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

In the prior year, the Group maintained short-term liquidity throughout the year by management of its cash deposits. In the prior year, the Group may have borrowed such sums as it may have required 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 36 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).
- 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.

In the prior year, 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. 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 2016 are set out below, there are no financial liabilities. All balances are held in sterling:

Interest rate risk profile	2016			2015		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank	–	–	–	–	64,785	64,785

## 27 Related parties

### Group and Trading Fund

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

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

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

The Trading Fund and PointX Limited were related parties. During the prior year Peter ter Haar and John Carpenter were Directors of PointX Limited.

In the prior year Ordnance Survey Leisure Limited was 100% owned by the Trading Fund. The Director of Ordnance Survey Leisure Limited was Piers White.

Ordnance Survey International LLP was a joint venture in which the Trading Fund indirectly controlled 100% of voting rights. The Trading Fund was represented on the Board of Ordnance Survey International LLP by Andrew Loveless and Ian Nunn.

GeoPlace LLP was a joint venture LLP with the Local Government Association. During the prior year Neil Ackroyd and John Kimmance represented the Trading Fund on the Board of GeoPlace LLP.

Astigan Limited was 51% owned by the Trading Fund. The Trading Fund was represented on the board of Astigan Limited by Mike Carr, Neil Ackroyd and Ian Nunn.

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

## 28 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 the Group 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 represented a ROCE of 17.9%.

## 29 Control

The immediate parent undertaking is the Secretary of State for Business, Innovation and Skills (BIS) who is considered to be the ultimate controlling party.

## 30 Five-year summary

	2011–12	2012–13	2013–14	2014–15	2015–16
	£'000	£'000	£'000	£'000	£'000
Revenue	142,045	141,876	144,216	146,680	–
Operating costs	(109,836)	(109,625)	(112,551)	(116,452)	–
<b>Operating profit/(loss) before exceptional items</b>	<b>32,209</b>	<b>32,251</b>	<b>31,665</b>	<b>30,228</b>	<b>–</b>
Exceptional items	–	–	–	–	–
<b>Operating profit/(loss)</b>	<b>32,209</b>	<b>32,251</b>	<b>31,665</b>	<b>30,228</b>	<b>–</b>
Non-operating loss	–	–	–	–	(169,572)
Finance income/(cost)	109	(784)	58	127	–
Profit on ordinary activities	32,318	31,467	31,723	30,355	(169,572)
<b>Non-controlling interest</b>	<b>–</b>	<b>–</b>	<b>331</b>	<b>505</b>	<b>–</b>
Profit/(loss) on ordinary activities	32,318	31,467	32,054	30,860	(169,572)
Dividend	(17,200)	(20,400)	(19,400)	(21,000)	–
<b>Profit retained for the year</b>	<b>15,118</b>	<b>11,067</b>	<b>12,654</b>	<b>9,860</b>	<b>(169,572)</b>
<b>Total equity</b>	<b>130,234</b>	<b>145,080</b>	<b>158,433</b>	<b>169,033</b>	<b>–</b>

2011–12 was 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

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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.
    - ii. Is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account.
  - 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 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 four-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 be 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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