



Ordnance Survey Limited Annual Report & Accounts 2016-17

ISBN: 978-1-474-14457-5



9 781474 144575



Ordnance Survey Limited Annual Report & Accounts 2016–17

Presented to Parliament
by the Secretary of State for
Business, Energy & Industrial Strategy
by Command of Her Majesty

July 2017



© Crown copyright 2017

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at customerservices@os.uk

Print ISBN 9781474144575
Web ISBN 9781474144582

ID 08051701 07/17

Printed on paper containing 75% recycled fibre content minimum

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

Contents

- 5 Directors
- 6 Chairman's statement
- 7 Chief Executive Officer's statement
- 8 Strategic report
 - 12 Financial review
 - 14 Corporate and social responsibility
 - 16 Employee information
 - 18 Sustainability
 - 22 Principal risks and uncertainties
- 23 Governance statement
- 28 Directors' report
- 30 Directors' responsibility statement
- 31 Directors' remuneration
- 35 Audit report
- 36 Financial statements
- 43 Notes to the consolidated financial statements



Directors

Executive Leadership team

Executive Statutory Directors

Nigel Clifford
Chief Executive Officer

Neil Ackroyd
Chief Operations Officer and
Deputy Chief Executive Officer

Andrew Loveless
Commercial Director

Clive Mosey
Chief Financial Officer

Executive Directors

Will Davies
Director of Human Resources

Nick Giles
Director of Marketing &
Communications

David Henderson
Director of Products &
Innovation

Company Secretary

Jon O'Meara

Non-Executive Directors and Member

Kieran Murphy
Non-Executive Chairman

Jacques Cadranel
Non-Executive Director

Mike Carr
Non-Executive Director

Michael Harrison
Non-Executive Director

Stephen Lake
Non-Executive Director

Anne Jessopp
Non-Executive Member

External Auditors
The National Audit Office

Registered in England and Wales
under number 09121572.

Registered Office: Explorer House,
Adanac Drive, Southampton, SO16 0AS.

+44 (0)3456 050505 (General enquiries)
+44 (0)2380 056146 (Textphone)

customerservices@os.uk
www.os.uk

Chairman's statement

It was an honour to be appointed as Chairman of Ordnance Survey (OS) in May 2016, succeeding Sir Rob Margetts. I am grateful to Sir Rob for his contribution to the development of the organisation over the last eight years and I extend my best wishes to him in his future endeavours. Both my non-executive colleagues on the Board of OS and the executive team led by Nigel Clifford have made great efforts to welcome me into my new role. I am grateful to them for all their hard work over the last 12 months.

For many people, OS produces the finest, most detailed and up-to-date maps in the world. While that is true, and the organisation is rightly proud of it, OS occupies a far more important position in the UK economy. The geospatial data which OS collects, processes and distributes to its many users provides an essential underpinning to a vast range of current economic and other activity. It will also be essential for the digital economy of the future. I believe that OS data will come to be seen as essential to the development of that future economy in the way electricity has been to the development of the industrial economy. OS's strategy is accordingly clear and ambitious: to build the capability to provide the next generation of geospatial data, providing the essential foundation for a very wide range of public and commercial services and facilitating the development of a 'smarter' more interconnected Great Britain.

During the course of the last year, the Government undertook a detailed General Review of OS to examine its role and value to the UK and how that value can be optimised for the future. As part of the Review, an independent economic study was commissioned to consider the contribution of OS activity to the economy of Great Britain. This concluded that, conservatively, OS could be expected to contribute some £6bn in value to the UK economy in the next ten years, even before account is taken of the benefits which OS data might bring to developing markets such as autonomous vehicles.

I have been enormously impressed by the sheer extent to which OS data is already used in everyday life. OS OpenData, which is available to everyone free at the point of use through the Open Government Licence, underpins the mapping

applications on our smart phones and on many other map applications. OS data is used extensively in the commercial sector in applications such as land planning, building, asset management by utilities and telecommunications groups and in the financial services sector. The range of public sector applications is wider still, including land registration, flood management, public health, highways management, infrastructure development and emergency service provision.

These applications will evolve and continue. But there is much more scope for OS data to be used to support Digital Britain. I am pleased that the organisation is putting itself forward as an active member in a number of projects to test the potential for detailed geospatial data to power the technologies of the future, whether Smart Cities, 5G telecommunications or autonomous vehicles.

Our Chief Executive, Nigel Clifford, discusses these in more detail later in this report. I would only say that they reflect the spirit of intellectual adventure and enthusiasm to contribute to the future of the country which I have found to be so evident within the organisation.

OS also has a role in the promotion of Great Britain around the world. It is widely recognised in the geospatial community to be a leader among national mapping agencies, whose opinion is sought in many fora, providing the UK with influence on the international stage, for example in the development of standards. The UK has recently been ranked second in the world in terms of its geospatial readiness, recognition both of the quality of the data but also the uses to which it is put.

The scope for development in the range of OS's activities is very exciting. But as a Government-owned body, we must also be sensitive to the need to spend our resources wisely, to seek where we can to improve the efficiency with which we operate and to improve the service which we offer. During the course of this year, we have continued to work on developments to improve the efficiency of our remote sensing technology and to use point cloud technology to improve our 3D imaging delivery. We have started a number of projects to allow our

customers to be able to access our data in more sophisticated ways than currently possible. We have also undertaken some wide-ranging organisational changes, which Nigel discusses in more detail in his report, to focus the organisation more effectively on its chosen customers and markets and to operate more effectively with our Partners. Those Partners deserve our continuing thanks for their role in adding value to our data and promoting the use of geospatial information throughout the economy. Finally, we have done all this while continuing to deliver a financial profit which is available to our shareholder the Secretary of State for Business, Energy and Industrial Strategy to reinvest as it sees fit.

2016 marked two milestones for us. The first was the 225-year anniversary of Ordnance Survey. Our history is traced back to 1791 when the Master-General of the Army's Board of Ordnance paid for a surveying instrument, and appointed three men to undertake national mapping. We also celebrated 80 years of the trig pillar. In 1936 the first triangulation or trig pillar was built in Cold Ashby, Northamptonshire – the start of a programme which would see some 6,500 pillars installed, most of which remain in existence. Only a relatively few years ago, OS relied on these concrete and stone triangulation stations to map the country. Even though technological developments have now overtaken them, they remain as distinctive features of the British landscape.

In conclusion, I would like to thank all OS employees for their hard work, enthusiasm and commitment to the organisation during this last year. I have met many experts within the business who take justified pride in their knowledge, in the work which they do and in the contribution which they make both to the organisation and to the country more widely. While the future will undoubtedly present challenges to us all, it will also clearly provide opportunities for us to continue to develop OS as a thriving and valuable organisation.

Kieran Murphy
Non-Executive Chairman
21 June 2017

Chief Executive Officer's statement

We have a vision to be the world's most inspiring and trusted geospatial partner. By doing this we can make a real difference on a local, national and global scale to citizens, businesses and governments. We have the potential and opportunity to significantly improve the lives of millions, perhaps even billions, of people across the globe.

However, to realise our vision and deliver our strategy, we have to be closer to our customers and even more responsive so we can thrive in a complex and changing landscape. To enable this greater closeness with our customers, and also operate within the commercial environment OS faces, we're changing some of the ways in which we work.

We are creating three business units, each with a distinct customer responsibility. The largest, OSGB, will be responsible for our Public Task, working closely with Government in terms of advice, specification and content delivery. It will also be responsible for serving and supporting our commercial Partners. This team will ensure that Britain remains the best served geospatial nation in the world and an example to others as we support developments in smart infrastructure, transport and mobile communications.

The second, OS Ventures, will pursue work that's competitive in nature – nationally and internationally. For example, it will manage our work in the geospatial market for internet brands, energy and infrastructure sectors as critical consumers of our digital content. This group will be responsible for building on the excellence in GB to create new revenues for our long-term future. We believe this clear separation of 'Public Task' from competitive activity will help our public sector customers and partners be clear on which hat we have on when in discussion: adviser or commercial provider.

Thirdly, we have our excellent Consumer business – focused on making the outdoors enjoyable, accessible and safe, and promoting OS as an iconic leisure brand. They will clearly be contributing to our status as an exemplar as well. When our new organisation is 'live' in the summer of 2017 we'll make better

and faster decisions when it comes to understanding and delivering what our customers want and need.

We are also tasked to run Ordnance Survey ever more efficiently so we have also made changes to reduce our costs. Ultimately, we believe these are the right changes for Ordnance Survey to deliver the best for Britain, grow revenues more widely and be fit for the future.

We're implementing these changes following a year where OS has shown real value in supporting Great Britain. We're helping Britain to be digitally Smart, for the benefit of its government, entrepreneurs and citizens, and it's great to see our data recognised as a fundamental part of national projects and a vital contributor to many elements of the Industrial Strategy.

These include Manchester's CityVerve – the UK's demonstrator project for the large-scale roll out of Internet of Things (IoT) technology. We're part of a consortium of public and private sector organisations who are designing and delivering people-focused solutions in areas such as transport, energy, health and culture. During the two-year project, our role is to provide the geospatial framework and location expertise to support these solutions. Arguably this is now the area of Britain mapped to the most detail.

We've also been selected by the Department for Culture, Media & Sport to help develop a ground-breaking planning and mapping tool that we believe will be instrumental in the national roll out of 5G technology. The tool will be used to plot the prime locations to install the antennae necessary to enable a 5G mobile network. It is being trialled in Bournemouth, and if successful we hope it will be scaled up to cover the rest of the UK, and potentially to other countries as they develop their own 5G networks. This year we've delivered a new Highways product for government. We believe it represents the next generation of road mapping and offers one single, authoritative, view of the whole road network.

We're clearly and passionately committed to our 'Public Task' and following the collection of feedback from PSMA members at regional events, the

Department for Business, Energy and Industrial Strategy (BEIS) (formerly Business, Innovation and Skills) is in discussion with OS regarding the re-negotiation of the PSMA contract. In the Consumer arena, as well as inspiring more people to 'GetOutside', we're supporting the government health initiative which encourages the public to exercise for 150 minutes a week.

I'm thrilled to report our OS Maps app has won two awards this year. The Outdoor Industry Awards named it Digital Product of the Year; while it scooped the Avenza Award for Electronic Mapping from the British Cartography Society. The awards are testimony to the hard work the entire team have put in to make OS Maps such a great digital, mobile, product.

These are examples of the innovation at the heart of OS. We have extended that culture to a wider audience through our 'Geovation' initiative. Geovation sets challenges and supports entrepreneurs through our Geovation Hub in Clerkenwell – we also learn a great deal about the nature of geo-problems and how we can improve our support. This initiative continues to prove both popular and productive with several companies now being formed from geospatial ideas explored in the Hub.

Further external insight comes from our Partner Advisory Council, Geographic Information Customer Group, PSMA Users Representative Group and Scottish Spatial Information Board. They have been most helpful at keeping us on our toes through the year and have my thanks.

Finally, I'd like to thank the people of OS for giving our organisation such a good heart and excellent spirit. There will be exciting times ahead, of course, as well as challenging and uncertain ones. I'm confident that the enthusiasm, dedication, skills, vision and tenacity of everyone who works for and with OS will see us continue to strengthen the essential support we offer to Great Britain's digital economy.

Nigel Clifford
Chief Executive Officer
20 June 2017

The principal activity of Ordnance Survey Limited is the collection, maintenance and distribution of up to date geographic information.

These accounts are for the year ending 31 March 2017.

Business model

Ordnance Survey Limited (OS) is Britain's mapping agency. It collects, maintains and distributes the most accurate and up to date geographic information for Great Britain in accordance with its Public Task, and this data is used and relied upon by government, businesses and individuals. It provides services to government and businesses to enhance the value they derive from geographic information.

OS also provides geospatial services to other countries, helping them realise the benefits of good location based information.

Ordnance Survey Leisure is the Group's vehicle for selling geospatial products directly to consumers. GeoPlace® is our joint venture with the Local Government Association that oversees the production and maintenance of the national address and street gazetteers.

The OS Board remains accountable to the Secretary of State for Business, Energy and Industrial Strategy (formerly the Secretary of State for Business, Innovation and Skills) and the governance arrangements for the Company are set out in a Shareholder Framework Document signed on 31 March 2015 by the Directors of OS and for and on behalf of the Secretary of State for Business, Energy and Industrial Strategy (formerly Business, Innovation & Skills).

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

Strategy and future outlook

Over the past decade, the importance of location data for businesses and governments around the globe has grown significantly, with latest estimates putting global market for core geographical information (GI) to exceed \$13 billion by 2025 (Navigant, 2016). Today, OS data, services and expertise are being used extensively across both public and private sectors to drive efficiencies, support decision making and provide valuable insight and intelligence.

OS continues to increase the pace of development of its new portfolio of products, services and solutions to benefit existing and new customers, partners and markets. To enable this change, the organisation has reconfigured into three market-facing units.

OSGB will perform its public task for the Government and ensure that Great Britain continues to have the best geospatial infrastructure in the world. OS Ventures will be our commercial arm, trading both at home and internationally, to provide partners and customers with a suite of managed services in geospatial production, land and property and infrastructure. OS Consumer will continue to place our brand at the forefront of the outdoor leisure and activity market. These new units are supported by a number of internal business units that will provide resources, capability and product development functions.

With this new structure, OS is well placed to deliver on its key strategic objectives:

1. Ensure GB remains a world showcase for the use of GI.
2. Diversify and generate recurring revenue through focused commercial offerings in the UK and internationally.
3. Work with partners to create a scalable, highly efficient managed service able to support geospatial, land and infrastructure use cases, based on our global supply chain and configured using commercial off-the-shelf technology wherever possible.
4. Develop the high-end skills, knowledge and experience needed to fill our niche in the global ecosystem of the 21st century geospatial market.
5. Act as an inspiring and trusted adviser to GB Government, demonstrating

our excellence as an Exemplar and delivering a progressive Public Task.

6. Enhance OS resilience in a changing market. Embed the business resilience framework (including business continuity, risk management & security) to support business operations to adapt and respond to changes with limited impact to the business.

To achieve these objectives, OS is actively evolving the OS culture and organisation, built around a clear sense of purpose, informed by customer and market insight and efficient and effective delivery.

2015–16 commencement of trading

The 2015–16 year was the first year of trade for Ordnance Survey Limited. On 1 April 2015, the entire functions, business, subsidiaries, operations and assets of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited, a limited company wholly owned by the Secretary of State for Business, Innovation & Skills, and the Company commenced trading from this date. The payment for the transfer was £170million, and was initially left outstanding via an interest-free loan from the Secretary of State for Business, Innovation & Skills (now Secretary of State for Business Energy and Industrial Strategy) to Ordnance Survey Limited.

£34million of this loan was repaid via the issue of £34million shares and the remaining balance of the loan of £136million was subsequently released for two additional shares, which created a share premium account in equity of £136million. Subsequent to this the Company undertook a capital reduction which cancelled the share premium reserve and transferred it to the distributable retained earnings account of the Company.

Business review

225 years of Ordnance Survey

In June 2016 Ordnance Survey celebrated its 225th birthday. On 21 June 1791 the Board of Ordnance purchased a Ramsden theodolite, now seen as the foundation of OS, to survey Britain and protect it from a French invasion. Ten years later we published the first OS map of Kent and have continued to map the country and provide data for Great Britain and beyond.

Trig pillar turns 80

We celebrated 80 years of the iconic trig pillar. On 18 April 1936, a group of surveyors gathered around a white concrete pillar in a field in Cold Ashby and began the retriangulation of Great Britain. Triangulation works by determining the location of a point by measuring angles to it from known points at either end of a fixed baseline. In this case, those known points were the 6,500 trig pillars erected across the country.

Business update

We create, maintain and disseminate consistent, definitive and authoritative geospatial and cartographic data and products in the national interest.

We make the content of the relevant datasets widely available as products which can be used by customers of all types for a wide range of purposes.

Our aim is to encourage efficiency through the use of our data, making outcomes better, faster, more cost effective and more innovative. Going forward, we will have more responsiveness to government and be better aligned to key government policies. We'll act as geospatial adviser and be transparent when either selling or advising.

Public Sector Mapping Agreement (PSMA) and the One Scotland Mapping Agreement (OSMA)

Membership of our mapping agreements continues to grow. As of 31 March 2017 there were 4,442 PSMA members and 118 OSMA members.

In February 2017 BEIS triggered the renegotiation of the PSMA. The negotiations have commenced and are expected to be concluded in the next financial year. We're working closely with BEIS to establish the scope of our Public Task. Scottish Government has recently completed a review of the OSMA.

Following engagement with the PSMA user representative group (PURG) and OSMA Management Group we're looking at new ways of talking to customers, identifying their requirements around policy and delivery. We're asking them what they want to achieve and how we can support them.

We continue to make improvements to our public sector website. This is becoming our first line of support and guidance for everyone either in or interacting with our mapping agreements – streamlining the customer journey and improving user experience. It has also meant the number of enquiries dealt with by the helpdesk has fallen by 20% over the last year.

We've made service improvements to our data ordering and fulfilment, helping all public sector customers manage data simply and efficiently with added functionality. Last year 444 members have, between them, made over 3,700 changes to their product contracts.

Data ordering has been simplified for members, with all OS OpenData products now being ordered and fulfilled through our OS OpenData ordering platform and third-party technology platforms.

In the last 12 months we've held several regional events, attended by hundreds of delegates, including a very successful annual conference, with 140 delegates and 36 commercial attendees, including 15 exhibitors. We also had 115 delegates to the OSMA annual conference last year supported by 15 exhibitors.

ResilienceDirect

Commissioned by the Cabinet Office and supported by Ordnance Survey, ResilienceDirect is a secure web-based platform for the resilience community to share information among all category 1 and 2 emergency responders and agencies for planning, response and recovery.

It was introduced to enhance multi-agency planning and communication, enabling the resilience community to fulfil its statutory duties under the Civil Contingencies Act 2004 to share information across agencies. Currently, ResilienceDirect is available to 16,000 resilience professionals in thousands of organisations consisting of central government, local government, the health and voluntary sectors.

In the last 12 months, we've responded to user demand by delivering cutting-edge capability such as live screen share – a powerful tool to join up situational awareness.

We will continue to work collaboratively with the Cabinet Office and other partner agencies to deliver improvements and new capability.

New Highways product

In October 2016, we officially launched a new product – OS MasterMap® Highways Network. Supported by the Department for Transport, it offers a highly accurate representation of the road network and contains accurate information to manage policies, produce statistics, allocate funding and support legislation.

It gives GB-wide coverage of the road network, with enhanced attributions for England and Wales. It combines GeoPlace data on the National Street Gazetteer and the Trunk Road Street Gazetteer from local authorities, Highways England and other government departments in England and Wales with OS geometry.

Enabling a smart future

Digital Built Britain

Digital Built Britain, first announced in the 2016 Budget, is a government-led national strategy and the next phase of digitisation in the construction sector. It will deliver reductions in whole-life costs and carbon emissions, while improving productivity and capacity by using intelligent building information models, sensing technology and secure data & information infrastructure.

We're supporting the strategy as experts offering a geospatial ecosystem of connected data and content. Virtual designs can be achieved through merging the inside/ outside/above/below world, underpinned by a real-world object model, or 'digital twin'. In creating a highly accurate digital model of the real world, with added in attributes and intelligence, OS is taking mapping and data visualisation to unprecedented new levels with what can be achieved.

This intelligent geospatial data supports and improves connectivity and interoperability and gives us a greater understanding of the environment. When merged with real-time and sensing technology, it powers Connected Autonomous Vehicles, 5G, the Internet of Things and Building Information Modelling.

CityVerve launches in Manchester

July 2016 saw the official launch of CityVerve, the UK's demonstrator project in Manchester for large scale deployment of Internet of Things (IoT) technology. OS is part of a consortium of over 20 public and private sector organisations, ranging from small and medium-sized enterprises to large global corporates, who over two years will be designing and delivering a series of citizen-focused solutions around the themes of transport, energy, health and culture, using IoT sensor and collaborative platform technology.

Our role is to provide the geospatial framework and location expertise upon which these solutions may be based. The project has been a challenge to our existing content and working methods, as well as providing us with essential insight into what the products of the future may look like and how they may need to be

delivered and shared. We're learning a lot from working with experts in data presentation, platform development and hardware deployment.

5G

Ordnance Survey has been chosen by the Department for Culture, Media & Sport (DCMS) to develop a ground-breaking planning and mapping tool that will underpin the national roll out of 5G technology – the next generation of mobile communications.

We're leading a consortium that includes the 5G Innovation Centre and the Met Office and together we're building a 'digital twin' of the real world, which will be used to determine the prime locations to place the radio antennae necessary to deal with the increase in mobile and connected devices. 5G's higher frequencies and shorter ranges mean that these 'access points' have to be placed closer together. The planning and mapping tool will be trialled first in Bournemouth, utilising urban, rural and coastal landscapes within a small area. It can be scaled up to cover the rest of the UK, and shared with other countries as they develop their own 5G networks.

Connected and Autonomous Vehicles (CAV)

We're sharing our data and insights with partners to support the emerging smart mobility sector, including connected and autonomous vehicles (CAV). We're also leading the Atlas consortium, funded by Innovate UK, the government's Centre for Connected and Autonomous Vehicles, and the department of Business, Energy and Industrial Strategy. Autonomous vehicles will need to find their way reliably and safely through a vast network of streets, while interacting with driven and other autonomous vehicles. Atlas is identifying the data and communication requirements to make Britain a global leader in driverless car technologies and innovation.

Ordnance Survey International

In the last 12 months, we've completed a number of projects in collaboration with governments and mapping agencies around the world.

These include:

- Working with Deimos Space UK and the Mohammed bin Rashid Space Centre in Dubai to help the United Arab Emirates (UAE) improve how it plans and manages its natural resources and infrastructure.
- Collaborating with Nexgen to provide consulting to the Smart Dubai Government Establishment, advising on how to make Dubai a 'Smart City' through effective use of geospatial technology.
- Our first World Bank funded project to develop an IT strategy and implementation plan for the Kosovo Cadastral Agency (KCA)
- Helping the Republic of the Philippines' National Mapping and Resource Information Authority (NAMRIA) with the optimisation and development of their active GPS network.

Innovation

Research

Long-term research at Ordnance Survey is mainly in collaboration with external research partners, particularly universities, and is organised into three key focus areas: Core GIS & Geomatics, Smart Systems and Humans & Geography.

Our preferred approach is to co-fund the projects with other agencies, particularly the UK research councils, and deliver as PhDs. The present portfolio comprises 24 PhDs, which includes a number of UK Engineering and Physical Sciences Research Council (EPSRC) Industrial CASE awards, and two postdoctoral positions, located at 15 universities.

In line with OS business strategy, we are investing particularly in new research as part of our Smart Systems research focus area in Connected and Autonomous Vehicles (CAVs) and the internet of Things (IoT). These include the Innovate UK-funded ATLAS project in Greenwich; the EPSRC-funded PETRAS consortium, and a collaboration with the University of Surrey's 5G Innovation Centre. Creating synergies by linking innovative projects such as these to other ongoing R&D such as Manchester CityVerve is a key aim of OS Research.

As well as new initiatives, OS Research continues to be involved in

longer-established programmes such as the nationally and strategically important UK Infrastructure Transitions Research Consortium (ITRC).

Beyond OS Research, the overarching Innovation Group enables strategic alignment of the work of the various innovation and R&D teams, including Consultancy & Technical Services; Business Change & Innovation, and the Geovation Hub.

OS OpenData

The Government continues to develop its open data agenda, which we support by offering 11 of our current data products under the Open Government Licence. 1 April 2017 marks the seventh anniversary of OS OpenData. Since its launch in 2010 we've had more than 1.6m downloads, 400,000 orders placed – and every day there are on average 150 different users downloading 290 open data products. OS Open Map – Local, our most detailed open mapping dataset, is the most popular product, accounting for 20% of all OS OpenData downloads.

In the last seven years, we have learned that simply making open data available does not in itself guarantee increased innovation or citizen empowerment. We therefore ensure that our open data products are accompanied by excellent user support, masterclasses, and initiatives such as the Geovation Hub and Geovation Challenges.

Geovation

The growth and impact of our Geovation Hub in Clerkenwell, London, has been a beacon of many things in the last 12 months. It's reflected our commitment to supporting the growth of new business opportunities while at the same time acting as a broader catalyst for greater collaboration across the more traditional geospatial sector. We've seen a growing number of partners getting involved and we've helped to kick start some exciting new businesses. The enthusiasm of participants for our Geovation Challenges continues to be overwhelming. This year's Geovation Underground Assets Challenge was won by Lie of the Land. Their idea aims to demystify the lack of visibility of underground asset stakeholders for any given area. It will utilise open

and commercial datasets through a web-based, open, location-driven portal.

First app into Hololens

In February 2017, OS was involved in running an event at the British Library with the theme of future maps. We developed a range of augmented and mixed reality for 3D visualisation of Mars and part of London. One of the demonstrations was done on a mixed reality headset – Microsoft Hololens – which is currently the only one of its kind in the market. The demo on Hololens involved placing a 3D hologram of the Canary Wharf area of London using OS imagery and single building heights that our tech labs built. This app was developed in-house and is our first app using our data in Hololens.

Consumer

We're continuing to drive awareness of the OS brand, not only through existing products but also the wider activity, outdoor and digital arenas.

GetOutside

This year we've further developed our GetOutside initiative – encouraging more people to get active in the great outdoors and making the experience enjoyable, accessible and safe.

To drive the initiative forward we're collaborating with Sport England, the Outdoor Industry Association, and our retail networks including large book shops, outdoor multiples and brands.

We've recruited 35 champions across a range of outdoor interests to continue raising awareness of GetOutside through their blogs and other social media.

OS Maps app

Our OS Maps app has been further developed this year to incorporate Aerial 3D – an immersive high-definition 3D view of Great Britain. It now includes over 900,000 routes, including thousands of professional routes published by walking, cycling and mountaineering publications and organisations.

The OS Maps app has also recently won two awards: Digital Product of the Year

(The Outdoor Industry Awards) and the Avenza Award for Electronic Mapping (The British Cartography Society).

The app supports the Duke of Edinburgh Award through its eDofE portal, an online system where thousands of young men and women can record their Duke of Edinburgh Award programme and activities.

Country Walking and Trail magazine continue to support OS Maps' position as the definitive platform for mapping and outdoor exploration, interlinking with their respective magazines.

Britain's most trodden paths

We analysed over 500,000 routes in OS Maps to discover the nation's favourite places to GetOutside. We created a league table of where OS Maps users have plotted the most routes around Britain and then created a series of stunning maps to showcase favourite areas.

Extended map ranges

Continuing our relationship with Crimson publishing, we've extended our paper map and road map titles with a range of Pathfinder Guides.

In addition, those taking on the Three Peaks Challenge can now travel lighter with the new OS Three Peaks map. It uses detailed 1:25 000 mapping coupled with essential safety and environmental information for Ben Nevis, Scafell Pike and Snowdon, saving challengers the need to carry individual maps for each of the three summits.

First National Map Reading Week

In October 2016, Ordnance Survey ran its first ever National Map Reading Week – launched to encourage people to understand the importance of map reading and help them stay safe when exploring Great Britain.

We created web resources for all ages such as tips and advice for map reading and a series of videos from adventurer and TV presenter Steve Backshall. This generated a lot of interest at a traditionally slower trading time of the year.

Financial review

Financial summary

	2016–17	2015–16
	£m	£m
Revenue	152.8	146.6
Cost of sales	21.7	21.1
Operating costs (excluding depreciation, amortisation & impairment)	93.8	83.0
EBITDA	42.5	46.9
EBITDA%	27.8%	32%
Depreciation, amortisation & impairment	22.4	24.5
Corporation tax	3.9	4.9
Profit attributable to owners of the Company	16.4	18.1
Dividend	0.0	12.4
Net assets	190.4	174.1

Revenue

Total revenue comprises both trading revenue and other operating activities. The trading growth on 2016–17 was due to strong performance through our Licensed Partners and continued strong sales to consumers. The other revenues relates principally to cost recharges to GeoPlace LLP, a joint venture company.

Earnings before interest tax depreciation and amortisation (EBITDA)

The EBITDA outturn of £42.5m (2015–16: £46.9m) this was driven by the restructure announced in March 2017 which was partially offset by the revenue growth noted above.

New organisation structure

In March 2017, the Group announced a restructure. The Group is creating three new units to enable OS to grow in a complex, competitive and changing landscape. The three new units – Consumer, OS Ventures and OSGB – would be ‘more responsive to customers’ and would come into effect on 1 June. A consultation involving staff and the PCS and Prospect unions started in February 2017 and is expected to last until May 2017. The group announced it was to cut around 70 jobs – about 6% of the workforce – and has made a provision of £4.2m in respect of the obligation arising.

Operating costs

The major single line of expenditure, direct and indirect employee costs, has been managed within the expectation for the year. Within operating costs is also recorded the charge for the restructuring provision of £4.2m noted above.

Dividends

It was agreed that no dividend was to be declared following discussion with our shareholder the Secretary of State for Business Energy and Industrial Strategy (formerly the Secretary of State for Business, Innovation and Skills), during the year (2015–16: £12.4m).

Statement of financial position

Cash

We generated a net cash inflow of £36.2m (2015–16: £43.0m) from operating activities during the year and a further £4.1m (2015–16: £5.4m) received from joint ventures. Our capital expenditure programme (2016–17: £22.5m; 2015–16: £29.7m) included the investment Geospatial Content Improvement Programme and the Order Fulfilment Improvement Programme.

Net Promoter Score

The net promoter score for the year was 36 (2015–16: 37) which exceeded expectations.

Non-current assets

Our non-current assets are principally:

Explorer House: Our head office in Southampton.

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

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

Other entities

In support of Ordnance Survey's strategic goals, Ordnance Survey operates and holds investments in the following subsidiaries and shared ownership entities.

100% subsidiaries

Ordnance Survey Leisure Limited (OSL)

OSL provides a direct retail offer to consumers who prefer to purchase OS products and services online. Revenue in this business has performed particularly well with strong across-the-board product sales, most notably within OS Maps subscriptions and paper maps. During the year we made the OS Maps subscription service available to app purchases and have seen pleasing take up of this from both iOS and Google Play users. We anticipate the business continuing to grow as our traditional market and new users adopt this digital technology. Total revenue of £3.3m (2015-16: £2.8m) and EBITDA of £0.3m (2015-16: £0.0m).

Ordnance Survey International LLP, Ordnance Survey International Services Limited (together OSI)

OSI is our nascent International business, which aims to leverage our world leading reputation in the geospatial industry and sell our expertise to government agencies in other countries with a primary focus in the Middle East. OSI generated turnover of £0.6m (2015-16: £0.4m) and a EBITDA loss of £1.2m (2015-16: £1.2m). During the year we have established a new entity within the free zone of the United Arab Emirates, bought in a new Managing Director for the business with considerable experience in our target market areas. This has resulted in some internal re-design of the business and we are confident that business will grow and become profitable in the middle-term.

Shared ownership entities

GeoPlace LLP (GeoPlace)

GeoPlace is a 50:50 joint venture with the Local Government Association, which has developed an addressing product licensed to the Company. GeoPlace generated a profit share return of £5.0m (2015-16: £4.3m), and £4.1m in cash was returned to the Company during the year (2015-16: £5.3m).

Astigan Limited (Astigan)

Astigan is a 51% owned subsidiary which is consolidated into the Group accounts as it has control of the Board. The objective of the Company is to research new ways of remote data collection. We see this as a medium term investment and have entered into a joint venture with technical experts in their field. In the year, Astigan made a loss of £0.3m (2015-16: loss of £1.2m).

PointX Limited (PointX)

PointX® is a 50% joint venture with Landmark Information Group®. During the year PointX generated a profit share of £nil (2015-16: £nil).

Dennis Maps

The Company took a 25% share of Dennis Maps Limited in December 2016. The Group profit share generated in year is £nil (2015-16: £nil).

The main objective of the investment is for us to secure the supply of OS paper maps. In addition, we will develop new strategies and explore future innovations and technological advances within the printing and mapping industry.

Key performance indicators

The group key performance indicators are the primary measures the board use to monitor the Group's performance:

	2016-17	2015-16
Revenue	£152.8m	£146.6m
EBITDA%	28%	32%
Free cashflow	£17.8m	£18.3m
Net Promoter Score	36	37

Revenue – is the total consolidated group revenue recognised on the statement of profit or loss.

EBITDA% – defined as operating profit adding back amortisation, depreciation and impairment divided by revenue as a percentage.

Free cashflow – defined as total net cash flow with dividend added back (excluding cash from the transfer of trade and assets from the Ordnance Survey Trading Fund in 2015-16). The definition has been modified by the board to include tax cashflows within free cashflow, both 2016-17 and 2015-16 have been presented on this basis.

Net Promoter Score – is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It's used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

Corporate and social responsibility

Education services

The number of schools who are registered users of the EDINA Digimap for Schools service has increased from 2,500 to 2,700 during the year – representing 35% of secondary schools and approaching 7% of primary schools in GB.

To assist schools who have an Ofsted rating of 3 (requires improvement) or 4 (inadequate) who were under-represented among users, we funded a scheme to provide these schools with a free two-year subscription supported with free twilight training in their local area for their geography teachers.

We also teamed up with wildlife presenter Steve Backshall to run a competition to encourage children in primary schools to add photos of local wildlife to a map together with any questions they wanted him to answer.

OS map data is also now available via ESRI's ArcGIS Online for schools which offers fuller GIS capabilities for more confident users within a service that includes a fieldwork data collection app and worldwide mapping.

Corporate charity

In March 2016, 362 OS employees voted for the 2016–18 corporate charity. The winner with 33.7% of the votes was Solent Mind, a mental health charity. Ordnance Survey will be supporting Solent Mind for 24 months.

Between 1 April 2016 and 31 March 2017, we held more than 100 fundraising events for Solent Mind. These events ranged from simple cake sales, to football tournaments, second hand map sales, a pamper evening, Christmas fun and Off the Scale choir concerts.

The biggest fundraising events have been:

May 2016 Second-hand map sale	£2,118
November 2016 Off The Scale concerts	£1,057
December 2016 Christmas activities	£1,471

As at the end of March 2017, OS employees have raised £13,105.

Other charities

Our colleagues in the field have raised £6,467 for their local charities, including:

Carers Trust
Longtown Mountain Rescue
MS Trust
Scottish Mountain Rescue
Cancer Research

Volunteering

138 employees from OS took a Volunteer Day. These days have been used to support a multitude of different charities, causes and projects. Employees have spent their Volunteer Day helping: The Blue Cross, Ridgeway School, New Forest National Park, Collet's Farm, Solent Mind Centre, Saints Foundation, Muirshiel Country Park Centre and the Fire Fighters Charity – to name but a few.

Work experience

In 2016–17 we had interest from 57 potential candidates. 23 students were offered places.

In 2017–18 we again hope to increase the placements by 10% by proposing changes to the scheme. Details are to be confirmed.

Employee match funding

To ensure that as many employees as possible benefit from the limited amount of funding available, we match individual fundraising activities to a maximum of £100 per charity, per employee. Each year a set amount will be available for match funding which will be allocated on a first come, first served basis.

Since 1 April 2016 we have donated a further £1,585 in employees' match funding to their selected charities, including:

Hart Wildlife
RNLI
Twyford Waterworks
walkthewalk uniting against breast cancer
Cancer Research UK
Mind UK (National Campaign)
Whitechapel Mission
The Macular Society
Mission of Youth 2000
Alzheimer's Society
Unicef
Naomi House and Jacksplace
Scouts
Macmillan Cancer Support

Local community support

We also supported local communities in the following ways:

Young Enterprise Event and Dragons' Den Event – for catering costs and complimentary use of Explorer House and Business Centre.

Holding Little Hands – Complimentary use of Explorer House and Business Centre.

Solent EBP South Event – Complimentary use of Explorer House and Business Centre.

Poppy Appeal – £345

Community use of the OS Business Centre

Over the last 12 months we have had 14 (14 less than last year) bookings from the community. Infant schools, universities, Hampshire Fire & Rescue and Hampshire Constabulary are just a few government organisations who have benefited from our facilities at Explorer House.

We are able to offer our rooms and AV support at a community rate. The community bookers must pay for the catering costs, but registration and name badges are provided without charge.

We send out feedback forms to all bookers after their events and we are delighted with the high praise and compliments we receive regarding our building, our facilities and our customer service.

Sports and social clubs

We currently have 14 official OS Clubs running from Explorer House.

Employee benefits

This year we secured new discounts for our employees with Microsoft, Dental Services, Optical Express and Golf Clubs. We have also secured discounts with Red Dog and Cosmo at West Quay Watermark.

We continue to publish good discounts and offers for OS employees, using the Intranet and Yammer. OS employees frequently use discounts provided by Apple, Lenovo, P&O Cruises, Merlin and various leisure centres.

We are in regular contact with the companies to ensure a good relationship and ongoing offers for OS employees to enjoy.

Employee information

Equality and diversity

We have a diversity and equal opportunities policy which is regularly reviewed and which can be found in our Employee Handbook.

Human Resources continue to work closely with managers on health and attendance issues. Referrals are made to our occupational health provider for expert advice when appropriate.

Reasonable adjustments continue to be made in the workplace to enable employees to continue in their roles. These are a mixture of long and short term and include changes to equipment as well as working practices.

Employee composition

The table below provides a breakdown of employees by career level and gender as at 31 March 2017.

Career Level	Male	Female	Total
Non-Executive Director & Board Member	4	1	5
Executive Leadership team	9	0	9
Senior Manager	20	8	28
Professional Leader	20	7	27
Other roles	743	294	1,037
TOTAL	796	310	1,106

Employee sickness and absence

Employee absence is monitored and return-to-work interviews are held to ensure appropriate support or adjustments can be offered. The data below is for 2016–17 as at 31 March 2017.

Year	OS, total days lost due to sickness	OS, average sickness days lost per employee	Average days lost per employee (Mean) (CIPD 2016)
2014–2015	4,725	3.9	7.4
2015–2016	5,034	4.2	8.3
2016–2017	5,481	5.3	7.5

Health and Safety

In early 2016 we conducted an OJEU tender exercise and awarded the contract to Capita Property & Infrastructure for Provision of Health & Safety Advisory Services.

Capita took over the contract for Health & Safety Services on 3 October 2016. Their initial task was to carry out a full gap analysis of all areas of H&S across Ordnance Survey, including training and risk assessments while also looking at improving general awareness of H&S through the introduction of a monthly bulletin, holding internal surgeries to gain customer perception and introducing a more collaborative approach across the business.

During the initial three-month mobilisation phase, Capita:

- Undertook full communication to the whole business via leaflet drop distribution and Intranet messaging promoting Capita services, phone line and email including new points of contacts.
- Established external helpdesk, logging all communications with a viewable dashboard.
- Developed a Fire & Bomb Warden course for staff at Head Office including links to our 'Roaming Marauder/shooter Policy' and Bomb Threat.
- Developed a bespoke Health & Safety course for Astigan Project team.
- Undertook outstanding fire risk assessments as a priority.
- Distributed a Monthly Capita newsletter to Field Region Managers and made these available to Head Office staff through a link from Business Today.

In terms of overall statistics, a total of 19 incidents were reported in the first six months of the year, with the majority (10) involving vehicles. The second half of the year and since the start of the contract with Capita (October 2016), a total of 13 incidents have been reported to the H&S team, the most common type of incident reported being slips, trips and falls on the same level. Most incidents were reported by employees in the field, as they are working in difficult conditions. Managers have reviewed these incidents and implemented actions to prevent a re-occurrence.

Some violence and abuse incidents have also been reported to the H&S team since the start of the contract. Most of these incidents are verbal abuse incidents involving members of the public.

None of the incidents that have been reported to the H&S team have been reportable under RIDDOR. The H&S team will continue to monitor all reported incidents.

Off-payroll engagements

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

Off-payroll engagements as at 31 March 2017 for more than £220 per day and that last for more than six months are as follows:

	31 March 2017	31 March 2016
Number of existing engagements as of:	56	104
Number that have existed for less than one year at time of reporting:	17	62
Number that have existed for between one and two years at time of reporting:	27	39
Number that have existed for between two and three years at time of reporting:	11	3
Number that have existed for between three and four years at time of reporting:	1	0
Number that have existed for four or more years at time of reporting:	0	0
Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017:	3	36
Number of the above, which include contractual clauses giving the department the right to request assurance in relation to corporation tax and National Insurance obligations:	3	34
Number for whom assurance has been requested:	3	22
Number for whom assurance has been received:	3	22
Number for whom assurance has not been received:	0	0
Number that have been terminated as a result of assurance not being received:	0	0

Sustainability

Ordnance Survey is set to launch its new ISO14001:2015 Environmental Management System (EMS) which has taken a year to develop. New sustainable development objectives and targets have been set that are commensurate with stakeholders' expectations and global economic and environmental trends. Ordnance Survey's change in business structure and new market opportunities place additional pressures to have exemplary and robust environmental management procedures and assurance.

Until now, OS has not had a structured approach to reducing its environmental impacts or exploit the numerous opportunities that transitioning to a low-carbon, circular economy presents. With the new EMS, we expect increased operational and resource efficiencies, new added value to the business and a decrease in emissions. Furthermore, the scope of Ordnance Survey's environmental performance and impacts will be increased to satisfy the requirements of ISO14001:2015.

Greenhouse gas emissions

Operational assets and functions of Ordnance Survey that impact the environment via emissions, waste and resource depletion are included in the scope of this report (buildings, fleet vehicles and travel).

The graph and table below show that electricity consumption at Explorer House has the highest environmental impact of all OS's emissions. The emissions associated with electricity usage dropped by 14% in 2016–17 due to two factors: more favourable (temperate) climatic conditions and a less carbon-intense emission factor due to more coal fired power stations closing.

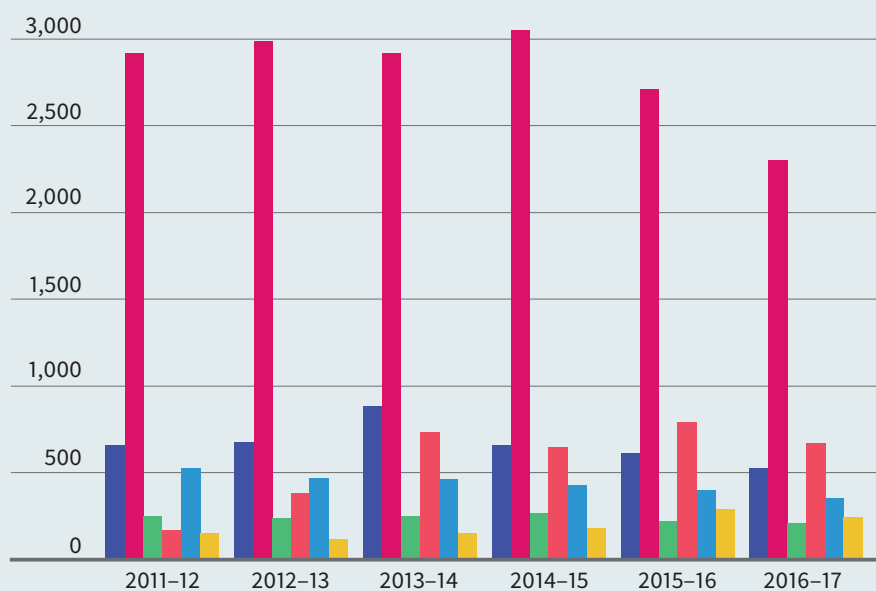
Scope 1 emissions have fallen this year (10%) for the third time in a row. This reflects the ongoing changes in business practice, with less business car miles being travelled and a more temperate annual climate, negating the gas boilers firing at Explorer House.

Business travel-related emissions have fallen by 16% and the number of domestic flights has fallen by 28% compared with 2015–16. Again, this is reflective of the change in organisational focus over the past year. Energy consumption at Explorer House and the Gloucester Data Centre decreased by 7% and 2% respectively, with kWh/m² values falling at both sites. Favourable temperatures and decrease of IT load underpin these reductions.

Finite resource consumption: water and paper

Water consumption has fluctuated year-on-year and reflects the staffing levels at OS Head Office, with a 7% decrease in consumption compared with 2015–16. However, total water consumption remains high (5.98m³ per FTE) and there are ongoing investigations determining the reason(s). Rainwater usage corresponds with the actual rainfall and thus the proportion of rainwater used changes. In 2016–17, 18% less harvested rainwater was used in comparison with 2015–16, resulting in higher water costs, as more mains water had to be procured.

Greenhouse gas emissions tCO₂e



- Total Scope 1 emissions (gas, fuel for fleet cars and fugitive emissions from air chillers).
- Total Scope 2 emissions (off-site electricity generation).
- Total Scope 3 emissions (transmission loss of electricity).
- Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground).
- Emissions attributable to Scope 3 Managed Assets (Gloucester Data Centre, including fugitive emissions and electricity consumption).
- Emissions attributable to Scope 3 Managed Assets (Cessna surveying aircraft).

Greenhouse gas emissions

Absolute metrics	Scope/emission/energy use	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (tCO ₂ e)	Total Scope 1 emissions (gas, fuel for fleet cars and fugitive emissions from air chillers)	660.1	676.0	883.9	663.2	606.9	523.1
	Total Scope 2 emissions (off-site electricity generation)	2,916.8	2,987.0	2,915.6	3,054.4	2,713.2	2,306.3
	Total Scope 3 emissions (transmission loss of electricity)	249.3	236.0	249.3	267.1	224.0	208.6
	Total emissions attributed to electricity consumption (Scope 2 and 3)	3,166.0	3,222.9	3,164.9	3,321.4	2,937.2	2,514.9
	Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground)	166.3	381.8	734.6	647.1	793.2	668.6
	Emissions attributable to Scope 3 Managed Assets (Gloucester Data Centre, including fugitive emissions and electricity consumption)	524.1	470.6	462.7	430.1	398.3	350.1
	Emissions attributable to Scope 3 Managed Assets (Cessna surveying aircraft)	153.1	119.9	152.6	177.8	291.3	241.8
	TOTAL EMISSIONS (ALL SCOPES)	4,669.6	4,871.3	5,398.6	5,239.7	5,026.9	4,298.5
Related energy consumption (kWh)	Electricity (Mains 'Green' Tariff – EH and GDC)	7,518,130	7,439,107	7,499,346	6,977,842	6,663,798	6,373,419
	Gas	447,319	480,274	979,967	483,972	543,608	365,909
	TOTAL kWh Consumption	7,965,449	7,919,381	8,479,313	7,461,814	7,207,406	6,739,328
Financial indicators (£)	Expenditure on energy (gas, electricity, BUS fuel, GDC electricity, Cessna fuel)	£363,908	£356,061	£1,336,831	£1,103,110	£1,064,692	£1,006,328
	Expenditure on CRC (including fees and allowance)	£24,308	£24,380	£46,877	£57,721	£53,261	£46,216
	Expenditure on official business travel (rail, hire cars, taxis, air, BUS leasing)	£2,226,708	£2,625,968	£2,604,372	£2,204,954	£2,335,830	£2,229,713
	TOTAL expenditure on energy, CRC and official business travel	£2,614,924	£3,006,409	£3,988,080	£3,365,786	£3,453,783	£3,282,258
Normalised metrics	Asset	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
kWh/m ²	Explorer House	457.1	461.9	498.5	441.4	424.9	395.0
kWh/m ²	Gloucester Data Centre	4,866.7	4,319.5	4,358	3,645	3,623	3,545
g CO ₂ e/km travelled	BUS mileage (kilometres)	168.2	161.4	155.5	159.7	156.2	158.7
g CO ₂ e/km travelled	Hire vehicles mileage (kilometres)	185.6	186.7	178.3	164.9	163.7	164.1
Number of instances	Domestic flights	373	268	438	445	321	246
kg CO ₂ e/passenger-flight	Domestic flights	25.1	260.0	288.9	260.2	260.5	195.4
kg CO ₂ e/passenger-flight	Short-haul flights	899.8	340.4	309.8	269.8	295.2	227.3
kg CO ₂ e/passenger-flight	Long-haul flights	1,549.6	1,787.3	2,380.5	2,299.7	2,161.3	1,741.1
kg CO ₂ e per journey	Domestic rail travel	7.8	6.6	11.7	10.9	10.9	11.6
Financial breakdown of business travel	BUS lease	n/a	n/a	£1,546,041	£1,569,902	£1,484,166	£1,280,310
	BUS fuel costs	n/a	n/a	£332,351	£316,579	£217,207	£224,256
	Hire car costs	n/a	n/a	£142,548	£39,722	£54,874	£50,924
	Domestic rail travel (including underground)	n/a	n/a	£231,437	£243,352	£297,136	£275,035
	Domestic flights	n/a	n/a	£63,186	£77,210	£49,524	£38,577
	Short-haul flights	n/a	n/a	£55,856	£55,018	£128,170	£50,099
	Long-haul flights	n/a	n/a	£193,730	£184,419	£280,392	£269,695
	Domestic taxis	n/a	n/a	£39,224	£35,330	£41,568	£40,817
	TOTAL	-	-	£2,604,372	£2,521,533	£2,553,037	£2,229,713

In this year's report, a carbon-equivalent figure has been applied for all years from 2012–13. This is to standardise the reporting in terms of carbon footprint, and gives the reader an appreciation of the emissions associated with water distribution and treatment.

Water footprinting ('embedded water' or 'Scope 3 water') methodologies are still in their infancy and OS awaits guidance from Government before it starts quantifying the indirect impacts of water usage (energy used in abstraction, treatment and transportation of water and the embedded water usage of and in products).

Paper procurement has dropped slightly compared with last year. Some of this reduction can be attributed to having less staff in the head office, and digital print services using a higher proportion of heavier grades of paper which fall outside of the reporting scope (80–100g/m²).

Waste minimisation and management

Total waste arisings and costs have increased due to office moves/clear outs and that archived paper disposal is now included in the waste figures. However, the recycling rate has dropped by 6% between 2016–17 and 2015–16.

More needs to be done to limit the waste arisings and increase recycling rates as per the Waste (England and Wales) (Amendments) Regulations 2014. This will reduce the amount of emissions associated with the transport, processing and decomposition of wastes and reduce the need for extracting virgin raw materials.

Sustainable procurement

The Procurement team continues to drive the environmental agenda with specific questions regarding potential suppliers' approach to management and monitoring of environmental issues. There is a range of specific environmental questions contained in our standard tendering documentation including carbon footprint, energy reduction, staff travel and recycling targets. As part of our ongoing commitment to a sustainability agenda, Procurement will be working on a new and updated sustainable procurement policy and actively supporting the wider organisation's EMS plans.

Operationally our current print supplier is required to print all our maps on paper that is either approved by Forest Stewardship Council or Pan European Forest Council and, wherever possible, we use Government Framework contracts where Greening Government Commitments are in place.

Anti-slavery act

An anti-slavery statement has been published on our website, and the Procurement Category Management teams have also undertaken supplier and supply chain reviews specifically centred on the supplier's approach to the Modern Slavery Act. This will continue to be an ongoing operational activity that the Procurement team will undertake.

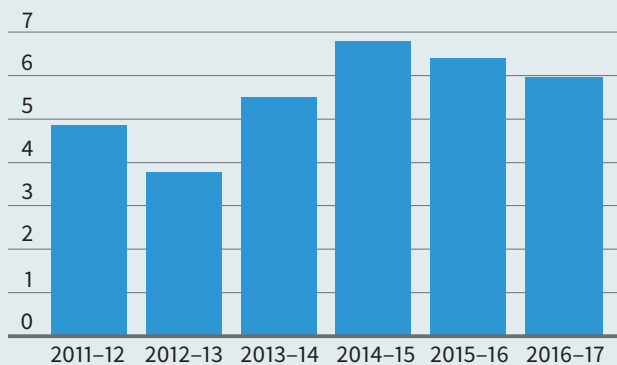
Biodiversity Action Plan and Climate Change Adaptation Plan

OS does not have an official Biodiversity Action Plan or Climate Change Adaptation Plan. We are aiming to bring these under the remit of the new EMS. The unmanaged 'wild' area consisting of native British flora to the east of Explorer House was planted in 2010 to increase the biodiversity at the head office site.

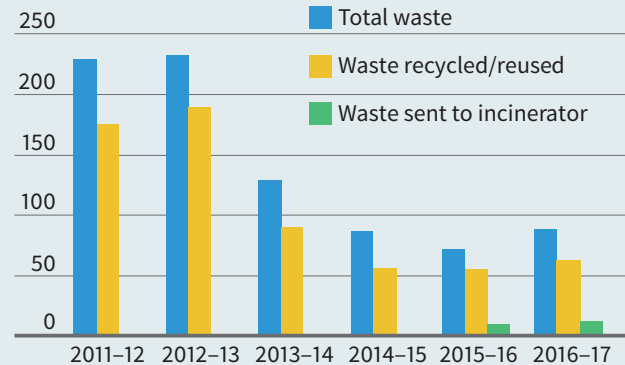
Future improvements in sustainability

OS will be launching its new EMS, which will have a more comprehensive scope and new targets, taking a lifecycle perspective of its emissions. We intend to scrutinise our supply chain more to manage our emission/resource reduction efforts and refresh our approach to social responsibility. It is proposed that an Integrated Reporting framework is used to report environmental and social KPIs to the business to evaluate its sustainable development performance.

Total water consumed per FTE in m³



Waste (tonnes)



Finite resources consumption – water and paper procured

Absolute metrics			2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (m³)	Water consumed (m³)	Mains water supply (Scope 2)	5,234	4,185	4,559	5,708	5,341	5,158
		Harvested rainwater used (Scope 1)	812	1,007	1,538	1,445	1,492	1,229
		Mains water tCO ₂ e	n/a	1.4	1.6	2.0	1.8	1.8
		Waste water tCO ₂ e	n/a	3.7	4.3	5.1	4.8	4.5
		Total tCO ₂ e	n/a	5.1	5.9	7.0	6.7	6.3
		TOTAL CONSUMPTION (m³)	6,046	5,192	6,097	7,153	6,833	6,387
Normalised metrics	Water consumed (m³)	Mains water supply per FTE	4.85	3.81	4.13	5.41	5.00	4.83
		Harvested rainwater used per FTE	–	–	1.39	1.37	1.40	1.15
		TOTAL CONSUMPTION per FTE	4.85	3.81	5.52	6.78	6.39	5.98
Absolute metrics	Paper procured (tonnes)	Procurement (through Banner GGC)	5.41	7.03	6.04	5.91	3.93	2.97
		Procurement through FM contractor	n/a	n/a	15.8	4.54	3.00	3.05
		TOTAL PAPER PROCURED	5.41	7.03	21.84	10.46	6.92	6.01
Financial indicators (£)	Water consumed (£)	Mains water supply and treatment	£15,516	£14,383	£15,259	£17,990	£18,495	£20,582
		Used harvested rainwater treatment	–	–	£1,483	£3,216	£3,416	£2,635
		TOTAL WATER SUPPLY AND TREATMENT	£15,516	£14,383	£16,741	£21,206	£21,911	£23,217

Waste

Absolute metrics			2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (tonnes)	Total waste arisings (tonnes)		229	232	128.30	86.53	71.56	88.91
	Non-hazardous waste	Waste recycled/reused (excludes ICT)	175	189	90.17	56.20	54.45	62.02
		ICT equipment reused/recycled externally	n/a	2.25	6.92	10.92	0.68	8.57
		Waste composted	0.08	0.21	4.32	4.33	4.48	4.48
		Toner cartridges (recycled)	n/a	n/a	0.5	0.45	0.18	0.44
		Waste sent to incinerator (energy recovery)	n/a	n/a	n/a	n/a	10.43	11.88
		Residual waste sent to landfill	54	41	25.14	14.43	1.05	1.19
	Hazardous waste	Batteries (recycled)	n/a	n/a	0.10	0.07	0.09	0.20
		HCFC equipment (fridges and so on)	n/a	n/a	1.01	0	0.15	0
		Fluorescent lamps (recycled)	n/a	n/a	0.08	0.08	0	0.08
		Sanitary waste (not recycled)	n/a	n/a	0.06	0.06	0.06	0.06
		WEEE	n/a	n/a	0.6	0.81	0.25	0.75
		Engine oil	n/a	n/a	0	0	0	1.60
	Financial indicators (£)	Total disposal costs (£)		£25,195	£15,832	£32,915	£29,387	£22,736
Non-hazardous waste		TOTAL NON-HAZARDOUS WASTE COSTS	Inclusive	£15,832	£27,717	£24,849	£18,764	£29,579
		Waste recycled/reused	Inclusive	£15,832	£13,729	£17,342	£17,711	£16,085
		ICT equipment reused/recycled externally	n/a	n/r	£10,589	£8,365	£1,190	£14,506
		Toner cartridges (recycled)	n/a	n/a	£175	£600	£379	£331
		Waste composted	nil	nil	nil	nil	nil	nil
		Waste sent to incinerator (energy recovery)	Included in total waste cost (same as waste recycled/reused)					
Residual waste sent to landfill		Included in total waste cost (same as waste recycled/reused)						
Hazardous waste		TOTAL HAZARDOUS WASTE COSTS	n/a	n/a	£5,148	£4,538	£3,972	£4,272
		Batteries (recycled)	n/a	n/a	£427	£183	£188	£302
		HCFC equipment (fridges and so on)	n/a	n/a	£135	–	£110	–
		Fluorescent lamps (recycled)	n/a	n/a	£150	£75	–	–
		Sanitary waste (not recycled)	n/a	n/a	£4,311	£4,114	£3,464	£3,260
	WEEE	n/a	n/a	£125	£166	£210	£710	
	Engine oil	n/a	n/a	0	0	0	0	

Principal risks and uncertainties

The principal risks and uncertainties faced by the business during 2016–17 were in the following areas:

- Stakeholders recognising significance of Public Task delivery and our role as a key part of the Critical National Infrastructure.
- Managing our status as a commercial provider, while fulfilling the Public Task and acting as trusted advisor to Government and GB Plc.
- Cyber data corruption and denial of service threats.
- Impact of new free and open data under Open Government Licence.
- Ensuring the implementation of new systems to time, quality, and cost.
- Staff engagement, capability, and capacity.
- Business resilience impacted by a major event.

The impact of Brexit was carefully evaluated. Based on the majority of OS activity being in GB and most international activity being outside the EU, Brexit was not considered to be a principal risk or uncertainty at this time. Notwithstanding this, as further details of the Brexit terms emerge, the Board will continue to appraise the level of associated risk to OS.

Further details on how OS manages these risks, and our approach to risk management are included in the Governance Statement on page 23.

Nigel Clifford
Chief Executive Officer
20 June 2017

Governance statement

Scope of responsibility

As Chief Executive Officer of Ordnance Survey (OS) I fulfil the role of Accounting Officer. I have collective responsibility with the OS Board for maintaining a sound system of internal control that supports the achievement of OS's policies, aims and objectives, while safeguarding the public funds and departmental assets for which we are personally responsible, in accordance with the responsibilities assigned to us in Managing Public Money and the Companies Act.

The purpose of the Governance statement

The Governance Statement is intended to give a clear understanding of the dynamics of the business and its control structure. It explains how OS has complied with the principles of good governance and reviews the effectiveness of its governance arrangements.

The Governance framework

The OS governance structure, current roles and high-level responsibilities within the governance framework are outlined below:

UK Government Investments Limited: OS reports to BEIS (Department for Business, Energy and Industrial Strategy) through UK Government Investments Limited (UKGI) which advises BEIS Ministers on the management of the Government's interest in OS and a UKGI representative sits on the OS Board.

OS Board: comprises a Non-Executive Chair and up to four other Non-Executive Directors in addition to the Statutory Executive Directors, and it meets at least six times a year. It is responsible for determining the OS long-term strategy and vision; monitoring the external business environment and challenging internal business performance to ensure the strategy remains relevant and effective. It's also responsible for overseeing the successful discharge of the remit assigned to OS by Ministers, focusing on the strategic priorities for the business.

Accounting Officer and Chief Executive Officer: as Chief Executive Officer I am responsible for the day-to-day leadership of OS. I have responsibility for the proper, effective and efficient use of public funds and the stewardship of OS resources.

Executive Committee (Ex Com): is the senior executive forum for OS Limited and its group of companies (OS Group), and is constituted and led by the Chief Executive Officer. Its purpose is to assist the Chief Executive in leading the delivery and development of the Strategic Plan (and budget) agreed by the OS Board, monitoring operating and financial performance against the Strategic Plan and budget, assessing and controlling strategic and corporate risks and discussing and deciding upon operational business issues, including approvals and guidance sought by the business in accordance with the delegations agreed by the Board, and processes and policies accordingly put in place by Ex Com.

Audit and Risk Committee (OSARC): is responsible for providing assurance to me as Accounting Officer and to the OS Board that the organisation's system of governance, risk management and internal control is operating effectively. It is chaired by a Non-Executive Director supported by a further two Non-Executive Directors. The Chair annually assesses whether the Committee has discharged its responsibilities effectively, in accordance with its terms of reference. OSARC meet at least three times a year.

Remuneration Committee: is responsible for developing and reviewing the OS Remuneration Policy and for making recommendations to the Board on the remuneration for Directors and designated Senior Executives, including pension rights and any compensation payments. It comprises at least three Non-Executive Directors, one of whom is appointed as Chair. The Committee meets at least twice a year. Further information on the work of the Remuneration Committee can be found in the report on Directors' remuneration on page 31.

Nomination Committee: is responsible for agreeing Executive and Non-Executive appointments and terminations, reviewing succession plans for Executives and Non-Executives, and undertaking regular reviews of the structure, size, and composition of the Board. The Committee comprises at least three Non-Executive Directors, one of whom is appointed as Chair.

Pension Committee: is responsible for monitoring the operation of the OS Horizon, OS Group Life Scheme, and Civil Service Pension Schemes. The Committee meets at least annually and comprises a Non-Executive Director and an Executive Director.

Board effectiveness

Sir Rob Margetts's tenure as Board Chair ended in May 2016. Kieran Murphy was appointed to the post from May 2016.

The conduct of a Board effectiveness and performance evaluation is planned for 2017–18.

The Chair of OSARC provides the OS Board and I with an annual report on the effectiveness of the Committee in discharging its responsibilities.

Managing conflicts of interest

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

Protecting personal data

During 2016–17 any data compromise and data loss incidents were logged and investigated, but were not considered to present substantial harm or distress to the data subject, so were not reported to the Information Commissioner's Office.

The Information Assurance and Security team seeks to ensure OS continues to understand its obligations to comply with the Data Protection Act 1998.

Attendance at Board and Committee meetings in 2016–17 was as follows:

Board and Committee composition and attendance	Committee Membership	OS Board	OSARC	Remuneration Committee	Nomination Committee
Total number of meetings		6	4	4	1
Sir Rob Margetts CBE, OS Chair, Nomination Committee Chair (to May 2016)	Nominations	1/1		1/1	1/1
Kieran Murphy, Non-Executive Chair (from May 2016)	Nominations	6/6*	1/1*	4/4	1/1
Mike Carr, Remuneration Committee Chair	OSARC Remuneration Nominations	6/6	4/4	4/4	1/1
Jacques Cadranel, Pensions Committee Chair	OSARC Pensions	4/6	4/4	1/1	1/1
Stephen Lake, OSARC Chair	OSARC	6/6	4/4	1/1	1/1
Anne Jessop, Non-Executive Board Member	Nominations Remuneration	5/6		4/4	1/1
Michael Harrison, Non-Executive Director, UKGI representative	Nominations Remuneration	5/6	1/1	3/4	1/1
Nigel Clifford, Chief Executive Officer		6/6	4/4	4/4	1/1
Neil Ackroyd, Chief Operating Officer		6/6	4/4		
Clive Mosey, Chief Finance Officer		6/6	4/4		
Andrew Loveless, Commercial Director		6/6	1/1		
Nick Giles, Director of Marketing & Communications		6/6	2/2		
David Henderson, Director of Products & Innovation		6/6	2/2		
Will Davies, Human Resources Director		6/6	1/1	4/4	1/1

Notes:

The Pensions Committee did not meet in 2016–17, but did meet on 7 April 2017.

*Kieran Murphy attended one OS Board and one OSARC as an observer prior to formally assuming the role of Chair.

Compliance with the UK Corporate Governance Code

With effect from April 2015 the entire functions, business and assets of the OS Trading Fund were transferred to Ordnance Survey Limited, a private company limited by shares and wholly owned by the Secretary of State for Business, Innovation & Skills. OS has considered the *UK Corporate Governance Code* in designing its governance processes and arrangements to align with best practice as far as is possible. A review of Governance processes against best practices was conducted by Internal Audit in 2016–17.

The Risk and Internal Control Framework

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

Strategic risks are regularly reviewed at Executive Committee to assess the relevance, completeness and adequacy of mitigating controls. Each Executive Director is required to maintain review and oversight of the arrangements for identifying and managing risk for the areas for which they are responsible. The Chief Risk Officer is responsible for monitoring risk, reporting to OSARC and the Board on the adequacy of the strategic risk management process.

The Internal Audit team has used the strategic risk register to inform its risk-based internal audit programme and conducted a series of risk maturity reviews across different business functions to evaluate the effectiveness of the risk management process.

Senior management assurance

Maintaining and demonstrating a strong control environment is an important part of ensuring the business meets its objectives and goals. As part of the year-end process the Head of Risk and Assurance conducted a control self-assessment and annual assurance statement exercise to provide the OS Board and I with assurance that the risk management, governance and control systems established by senior management are reliable and effective.

It has also:

- Provided a framework for management to review, assess and validate the operational effectiveness of their internal controls.
- Improved awareness of risk and controls among management and staff.
- Provided a structured approach to improving the controls framework through the organisation.
- Enhanced responsibility and accountability for risks and controls among management and staff.
- Highlighted best practices and opportunities to improve business performance.
- Provided a focus on areas requiring management and/or internal audit attention.

Summary risk profile

OSARC reports to the Board and is satisfied OS is managing its risk profile appropriately. The risk profile for the year included the following strategic risks and opportunities:

Stakeholders recognising significance of Public Task delivery and our role as a key part of the Critical National Infrastructure

Maximising OS's value to GB is fundamental to the strategic plan. Communication of OS's role with stakeholders is monitored through the Net Promoter Score as a key performance indicator, Board and OSARC oversight and Government-led advisory groups. Stakeholder feedback suggests OS has a supportive shareholder and stakeholder community. Good account management and quality/product management disciplines are fundamental to maintaining this support

Managing our status as a commercial provider, while fulfilling the Public Task and acting as trusted advisor to Government and 'GB Plc'

The OS Shareholder Agreement requires OS to provide a Public Task service to GB. In pursuing a strategy to capitalise on our expertise commercially and optimise our revenue earning potential, there may be a risk our fundamental responsibility to government is disregarded. The Department for Business, Energy & Industrial Strategy monitors and reviews our performance in fulfilling the Public Task. The nature of the task is re-examined every year to ensure it meets government requirements. Regulation is also enforced by the Office of Public Sector Information (OPSI) by means of the Information Fair Trader Scheme (IFTS), the Information Commissioner's Office (ICO) and the Re-use of Public Sector Information regulations.

Cyber security

Breaches of our cyber security (either malicious or otherwise) could damage our assets and/or impact on service. OS seeks to mitigate these risks through staff training and awareness, business continuity planning response and cyber and physical security processes. Cyber Essentials PLUS compliance and accreditation a key component of this response was achieved again in 2016. Cyber Essentials PLUS is a Government and industry backed scheme to ensure the basic controls are established to help mitigate internet-based threats.

Our incident response procedures were successfully invoked following the ransomware attacks of 12 May 2017 and confirmed the effectiveness of our cyber mitigation and response processes. Notwithstanding this, the incident review highlighted the continued importance of ensuring software updates are applied at the earliest possible time and perpetual staff awareness and training.

Potential impact of Her Majesty's Government (HMG) requests to release further free and open data under Open Government Licence

The impact of open data both directly and indirectly would lead to a significant loss of commercial revenue and consequent pressure on OS costs and service levels. This would undermine and damage both GB Exemplar status and GB Springboard delivery. We seek to mitigate this risk through regular meetings with the Government stakeholder. These meetings often include myself, the Chief Financial Officer, and the Director of Products and Innovation.

Ensuring new systems are implemented to time, quality and cost

The success of the OS strategy is predicated on establishing operational efficiencies by implementing new technology systems which take into consideration time, quality and cost. The project management framework has been reviewed and governance enhanced with a formal Programme Management Office (PMO) function being established operating to the Managing Successful Programmes best practice framework with a direct accountability to the Chief Finance Officer.

Staff engagement, capability and capacity

An over-reliance on critical roles creates single points of failure and limits our capacity to deliver current and future client demands. There are roles which require a depth of knowledge and understanding of our products, data and technologies which can be difficult to find in the market. It's acknowledged that OS needs to grow our own geospatial expertise to deliver the business strategy. Mitigating actions include investment in our core capability and future needs, talent and succession planning.

Effective leadership is key to successful strategy delivery and during 2016–17 we introduced a leadership development programme for Executive Directors, senior managers and line managers.

Business resilience impacted by a major event

A loss of business operations and service by a major event such as pandemic, fire, flood, terrorism or civil disturbance would affect service provision potentially resulting in a loss of revenue and ensuing reputational damage. It's therefore a priority to ensure the business is resilient, with resources dedicated to facilitating review and testing of organisation-wide, team based, and product & service contingency & response plans designed to minimise service disruption.

A review of the strategic risks was conducted by the Board and Ex Com in the latter part of the year to reflect the new strategic plan and enterprise design. The review identified the following emerging risks and opportunities:

- Ensure OS fully understands and responds to HMG needs in a changing geospatial and technological environment.
- Offer, sell and serve attractive propositions outside the Public Task.
- Establish the ability to deliver attractive technologies and platforms that can be sold beyond OSGB.
- Delays in replacing legacy systems.
- Real-world change and demand outstrips the OS funding model.

People

As an organisation with significant intellectual property, and working in a constantly evolving industry, OS is reliant on the skills, knowledge and integrity of our employees. OS needs to be able to respond quickly to new and emerging requirements, while maintaining the efficiency and effectiveness of operations. We do this by training our employees, providing adequate opportunities for development, career progression and financial reward. These risks are addressed through appropriate recruitment activities, talent identification with tailored training programmes, graduate schemes, internships and recognition schemes.

OS uses the services of contractors to cope with the peaks of demand on resources and complies with the recommendations outlined in the HM Treasury *Review of the tax arrangements of public sector appointees*.

Information security

OS considers the confidentiality, integrity and availability of its information to be of high importance. The Senior Information Risk Owner (SIRO) is an Executive Director who is responsible for the management of information risk at Board level. The SIRO is supported by executive director Information Asset Owners who own and address risks to their information assets. The Information Assurance and Security team provide assurance to stakeholders that governance structures, policies and processes are in place to protect the confidentiality, integrity and availability of the organisation's information.

As noted above, OS continued to achieve Cyber Essentials PLUS accreditation which demonstrates information security compliance to our stakeholders.

OS completed the annual HMG Security Policy Framework and was subject to internal audit review and OSARC consideration prior to submission to BEIS. An interactive monthly information security training and awareness programme was introduced in January 2017 for all OS staff.

A business continuity exercise was conducted with Ex Com in 2016 to evaluate the impact and response to a scenario based cyber-attack.

Internal Audit Opinion

Internal Audit assessed the systems of governance, risk management and internal control based on a programme of work reviewed and agreed by OSARC.

The results of Internal Audit activity, including assurance opinions and progress with implementing recommendations arising from that work, were reviewed at each OSARC.

In line with the Chartered Institute of Internal Auditors Internal Audit Standards, an external quality assessment of the internal audit function was carried out in November 2016. The review concluded that the team generally conforms to the Institute's Standards and Code of Ethics, the highest opinion given. It also confirmed the OS internal audit function fully conforms to the Public Sector Internal Audit Standards.

The Head of Risk and Assurance provided an annual opinion that partial assurance can be provided over the adequacy and effectiveness of OS's systems of governance, risk management and internal control. Where weaknesses were identified through the internal audit work, management agreed appropriate corrective actions and a time-scale for improvement.

Internal Audit published 16 assurance opinion-based reports (comprising one unsatisfactory, five limited, nine partial and one substantial opinion) and six advisory based reviews.

The follow up programme confirmed 77% of recommendations had been implemented by the agreed due date. Extension dates were agreed for all overdue recommendations but the number being extended for a second time increased significantly during the year. There were no high priority recommendations not receiving adequate management attention.

Looking ahead

I have worked with the Board and ExCom at developing plans to continuously improve the risk management and governance arrangements at OS. We have reviewed our strategic risks to align with the new strategic goals for 2017-18 and will be looking to incorporate risk reporting as a key component of the developing performance management framework.

We will continue to integrate the business planning, budgeting and risk management processes as fundamental to delivering the OS strategy.

Review of effectiveness

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the system of governance, risk management and internal control.

This review is informed by:

- OSARC.
- The oversight and work of the Executive Directors and senior managers.
- The annual control self-assessment process and annual letters of assurance received from OS senior management and Executive Directors confirming their responsibilities in relation to OS strategy and values, risk management, internal control and security.
- The work of the Risk & Assurance function.
- The external auditors, the National Audit Office.

All of the above have a role in ensuring the OS risk management, governance and internal control structures are adequately designed and operating effectively.

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

Management certification

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

Nigel Clifford
Chief Executive Officer
20 June 2017

Directors' report

Company number: 09121572

The Directors present the Annual Report and Accounts of Ordnance Survey Limited (the Company) and its subsidiaries (together the Group) for the year to 31 March 2017. The company is domiciled and incorporated in the United Kingdom, the parent and ultimate controlling party of the Company is the Secretary of State for Business Energy and Industrial Strategy (formerly the Secretary of State for Business, Innovation and Skills).

The principal activity of the Company in the year to 31 March 2017 was the collection, maintenance and distribution of up to date geospatial information.

A detailed financial review is included as part of the Strategic Report on page 8.

Results and dividends

The results are set out in the statement of profit or loss on page 36. The Directors have not declared a dividend for the year (2015–16: £12.4m). Dividends of £12.4m were paid during the year.

Directors

The following Directors held office during the year ended 31 March 2017.

Jacques Cadranel	Non Executive Director
Mike Carr	Non Executive Director
Michael Harrison	Non Executive Director (Employed by UKGI)
Stephen Lake	Non Executive Director
Sir Robert Margetts CBE	Non Executive Chairman (resigned 30 June 2016)
Kieran Murphy	Non Executive Chairman (appointed 17 May 2016)
Neil Ackroyd	Director of Operations
Nigel Clifford	Chief Executive Officer
Andrew Loveless	Commercial Director
Clive Mosey	Chief Financial Officer

Further information about the directors' interests is provided in the directors' remuneration report.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Research & Development, and future developments

These areas are dealt with in the Strategic report.

Corporate Governance

These areas are dealt with in the Governance Statement.

Sustainability

Sustainability, including greenhouse gas emissions, is dealt with in the Sustainability report.

Risk profile

These areas are dealt with in the Governance Statement.

Financial risk management

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

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

Cash flow risk

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

Supplier payments

During the year average days from invoice date to payment date for the Company was 38.5 days (2015–16: 38.4).

Treasury management

Most Group business is transacted in sterling although there are some large contracts transacted in US\$. The International subsidiary also receives some payments in foreign currencies. The group monitors the fluctuations on foreign currencies and will consider the use of cashflow hedges if a material risk is identified.

Political contributions

No political donations were made in the year by the Company or Group.

Branches outside the UK

The Group has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- Abu Dhabi
- Dubai
- Bahrain
- Singapore

Going concern

After making enquiries, the Directors of the Company concluded that it has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

Disabled employees

Applications for employment by disabled people are always fully considered, bearing in mind the skill set of the person against the criteria of the role. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

Employee consultation

Ordnance Survey views employees as, by far, its most valuable asset. As such, the organisation has developed a broad range of employee communications channels and mechanisms to make sure employees are informed, involved and engaged on everything concerning the current and future business. Employee engagement through communication ranges from broadcast communications, such as an e-magazine (The Grid), a daily updated Intranet (Business Today) and an internal social media channel (Yammer at OS) through to dialogue focused events such as CEO briefings, yearly surveys and regular listening sessions.

Corporate governance

The company's statement on corporate governance can be found in the governance statement of this Annual Report.

Independent auditors

So far as the Directors are aware, there is no relevant audit information, (that is, information needed by the Company's auditors in connection with preparing their report), of which the Company's auditors are unaware. The Directors have taken all steps to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information. The National Audit Office has indicated its willingness to continue in office and a resolution to confirm their appointment will be proposed at the Ordnance Survey Audit & Risk Committee.

Authority of issue of financial statements

The Directors gave authority for the financial statements to be issued on 13 June 2017. Neither the Company's owner nor others have the power to amend the financial statements after issue.

Approved by the Board and signed on its behalf by:

Nigel Clifford
Chief Executive Officer
20 June 2017

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Having taken advice from the Audit Committee, the directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Directors' remuneration

Policy

The remuneration for the Executive Directors is set under the terms of the Shareholder Framework Document signed on 31 March 2015. We continue to adhere to the OS Statutory Directors Reward Framework which was formalised 15 December 2016.

The overall strategy for the Executive Directors Reward Structure is to reflect a commercial pay model where a greater degree of an individual's total reward package is 'at risk' and focused on strategic financial achievements.

Ordnance Survey Limited's policy is to maintain levels of remuneration such as to attract, motivate and retain executives of a high calibre who can contribute effectively to the successful development of the business.

Remuneration Committee

The Remuneration Committee is currently chaired by the Non-Executive Director, Mike Carr and meets at least twice a year to agree remuneration policy for Executive Directors and other senior staff. The Committee also advises on the direction of the overall remuneration strategy for all employees. The Non-Executive Chairman, Kieran Murphy (from 17 May 2016) and Non-Executive Director, Michael Harrison, also served on the Remuneration Committee this year. The Committee is supported and advised by Anne Jessopp, representative from The Royal Mint, the Chief Executive Officer (Nigel Clifford) and the Human Resources Director (Will Davies). Those applicable are not present for discussions on matters concerning their own remuneration.

Employment agreements

All permanent members of the Executive Management Team covered by this Annual Report hold appointments which are open ended until they reach retirement age. Except for Nigel Clifford whose Fixed Term ends June 2018, with option to extend. Their notice periods are six months.

Early termination, other than for misconduct or persistent poor performance, would result in the individual receiving compensation in line with the relevant redundancy scheme.

Payment for loss of office

In the event of an early termination of a Director's contract there is a six month notice period and the Director may be eligible for a redundancy payment.

Statement of Directors remuneration (audited)

2016-17					
	Salary and fees	Performance related pay	Benefits in kind	Value of pension benefits	Total
	£'000	£'000	£	£'000	£'000
Nigel Clifford	250-255	-	12,596	0	265-270
Neil Ackroyd	165-170	25-30	21,282	37	255-260
Andrew Loveless	160-165	25-30	6,406	37	230-235
Clive Mosey	150-155	25-30	3,786	15	190-195

- Taxable benefits for health screening, broadband, company cars and private medical insurance are captured through P11D submission. Benefits in kind are presented to the nearest £1.
- Members of a defined benefits pension scheme are Neil Ackroyd (Classic Plus) and Andrew Loveless (Alpha) and Clive Mosey is a member of the Group personal pension scheme (OS Horizon).
- Nigel Clifford is in receipt of a cash allowance in lieu of employer pension contribution.
- Salary and Fees contain the Directors Car Allowance of Neil Ackroyd £8k, Andrew Loveless, Clive Mosey and Nigel Clifford £12k.
- Andrew Loveless resigned with effect from 31 May 2017. The costs associated have been provided for as part of the restructuring provision.

2015-16					
	Salary and fees	Performance related pay	Benefits in kind	Value of pension benefits	Total
	£'000	£'000	£	£'000	£'000
Nigel Clifford	205-210 (FYE 245-250)	25-30	5,700	0	240-245 (FYE 280-285)
Neil Ackroyd	170-175	25-30	13,000	36	250-255
Ian Nunn (left 31 August 2015)	60-65 (FYE 150-155)	0	400	14(FYE 34)	75-80 (FYE 185-190)
Andrew Loveless	160-165	15-20	1,200	36	210-215
Clive Mosey	50-55 (FYE 145-150)	5-10	2,300	5 (FYE 14)	65-70 (FYE 165-170)

Salary and fees

- Salary and fees include gross salary and any other taxable allowances and payments i.e cash in lieu of pension and car allowance.
- Total remuneration includes base salary, non-consolidated performance related pay, cash allowances/earnings, benefits in kind and the value of the pension contributions.

Performance-related pay

Up to 20% of gross salary for each Director is available as an additional annual payment based on company and individual performance, with the exception of the Chief Executive Officer who is not eligible for this plan.

Nigel Clifford has a deferred performance related pay amount has been calculated per the Directors' bonus plan for the period 1 June 2015 to 31 March 2016, which is payable in April 2018.

The Executive Directors' performance-related pay assesses performance against OS group business targets and against individual performance measures as defined in the tables below.

Group Business Targets	Definition	Weighting Directors	Threshold		Mid-point		Maximum*	
			Perf	% of Award	Perf	% of Award	Perf	% of Award
EBITDA Margin %	EBITDA Vs Revenue	17.5%	25.8%	50%	26.8%	75%	28.2%	100%
Revenue	OS Group Revenue	17.5%	£143.8m	50%	£146.8m	75%	£149.7m	100%
Free Cash	(Income-payments) + (JV dividends-capex)	17.5%	£2.6m	50%	£5.1m	75%	£7.6m	100%
Customer Satisfaction	Net Promoter Score	17.5%	33	50%	35	75%	40	100%

* Performance between the defined performance levels will attract a relative award between the defined award levels.

Individual Performance	Definition	Weighting Directors	Rating = % of Award				
			1	2	3	4	5
Objectives & Competencies	Performance Rating	30%	100%	75%	50%	Cancels all bonus	Cancels all bonus

Benefits in kind

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

Fair pay disclosure (audited)

Reporting bodies are required to disclose the relationship between the salaries 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 on a full year equivalent basis in the financial year 2016-17 was £267,096 which was 7.55 times the median salary and taxable benefits of the workforce, which was £35,396.

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

Directors' defined benefit pensions (audited)

2016-17					
	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2017 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31 March 2017	CETV at 31 March 2016	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Neil Ackroyd	0-2.5	50-55 plus 5-10 lump sum	691	624	31
Andrew Loveless	2.5-5	5-10	110	66	30

2015-16					
	Real increase in pension and related lump sum at age 60	Total accrued pension at 60 at 31 March 2016 and related lump sum	Cash Equivalent Transfer Value (CETV) at 31 March 2016	CETV at 31 March 2015	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	45-50 plus 5-10 lump sum	624	526	46
Ian Nunn (left 31 August 2015)	0-2.5	5-10	(PCSPS) 104 (alpha) 18	101	14
Andrew Loveless	2.5-5	5-10	(PCSPS) 26 (alpha) 40	24	29

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

Neil Ackroyd is a member of the Classic plus/Premium scheme. Andrew Loveless is a member of Alpha scheme and previously was a member of Nuvos prior to 1 April 2015.

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

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 taken.

The real increase in the value of the CETV is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Director. It is worked out using common market valuation factors for the start and end of the period.

Non-executive Directors

Of the Non-Executive Directors, the Non-Executive Chair (Kieran Murphy) and the Shareholder Director (Michael Harrison) are appointed directly by the Minister responsible for Ordnance Survey (these appointments being reserved to the shareholder under our Shareholder Framework). The remaining Non-Executive Directors (Mike Carr, Jacques Cadranel and Stephen Lake) are appointed by the Board of Directors of Ordnance Survey Limited, on the recommendation of the Nomination Committee. Their remuneration and terms of appointment are agreed at the time of their appointment, which is normally for three years with the option for this to be extended for a further three years. By exception and on completion of the three-year optional period, any further extension is offered under mutually agreed terms.

Payments to Non-Executive Directors

Ordnance Survey Non-Executive Directors are not Ordnance Survey employees and are not members of the Principal Civil Service Pension Scheme nor the OS Group Personal Pension Plan. Their remuneration is paid after deduction of PAYE and NIC through the Ordnance Survey payroll.

Audited remuneration paid to Non-Executive Directors was as follows:

	2016–17	2016–17 BIK*	2015–16
	£'000	£	£'000
Sir Rob Margetts CBE	10–15 (FYE 50–55)	200	50–55
Kieran Murphy	40–45 (FYE 50–55)	200	–
Piers White MBE (left 30 June 2015)	–	–	5–10 (FYE 20–25)
Mike Carr	20–25	700	20–25
Stephen Lake	20–25	500	20–25
Jacques Cadranel	20–25	300	15–20 (FYE 15–20)

- Sir Rob Margetts CBE left 30 June 2016.
- Kieran Murphy joined 17 May 2016.
- Michael Harrison was a Non-Executive Director during the year, but no remuneration was paid for his services.
- Anne Jessopp is listed as Non-Executive but is not a statutory Director under the Companies Act and is paid no remuneration for performing this role.
- *BIK – Benefits in kind are presented to the nearest £100.

A further payment of £2,500 was made to Ensus Limited in respect of office services between April–June 2016 for Sir Rob Margetts CBE. For 2015–16 a payment of £10,000 was made to Ensus Limited.

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 voluntarily reported. The actual salary, performance related pay and benefits details of each Director form the audited elements of this report, as referred to in The Audit Opinion, which can be found on page 35 of the Annual Accounts, the remaining elements are unaudited.

Nigel Clifford
Chief Executive Officer
20 June 2017

Independent auditor's report to the Members of Ordnance Survey Limited

I have audited the financial statements of Ordnance Survey Limited for the year ended 31 March 2017 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the Parent Company Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of the directors and the auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in 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 report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements of the Companies Act 2006; and
- the information given in the Directors' 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 where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Hilary Lower (Senior Statutory Auditor)
23 June 2017

For and on behalf of the
Comptroller and Auditor General
(Statutory Auditor)
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Revenue	2	152,801	146,649
Cost of sales		(21,704)	(21,099)
Gross profit		131,097	125,550
Operating costs	3	(116,131)	(107,571)
Share of results of joint ventures	11	5,057	4,320
Other income		144	40
Operating profit		20,167	22,339
Finance income	5	12	9
Finance cost	6	(6)	(10)
Finance costs – net		6	(1)
Profit before corporation tax		20,173	22,338
Corporation tax expense	7	(3,911)	(4,850)
Profit for the period		16,262	17,488
Profit is attributable to:			
Owners of the company		16,425	18,103
Minority interest		(163)	(615)
		16,262	17,488

All the activities of the Group are classified as continuing.

Consolidated statement of financial position as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Intangible assets	12	86,702	85,242
Property plant and equipment	13	30,247	31,518
Interests in joint ventures	11	3,141	2,209
Deferred tax asset	14	854	407
		120,944	119,376
Current assets			
Inventories	15	1,642	1,885
Trade and other receivables	16	24,064	21,920
Cash and cash equivalents	17	88,417	83,055
		114,123	106,860
Total assets		235,067	226,236
Current liabilities			
Trade and other payables	18	(14,969)	(27,107)
Current tax liability	19	(2,015)	(2,457)
Provisions	20	(4,652)	(1,067)
Deferred Revenue	21	(12,089)	(10,899)
		(33,725)	(41,530)
Net current assets		80,398	65,330
Non-current assets plus net current assets		201,342	184,706
Non-current liabilities			
Trade and other payables	18	(160)	–
Provisions	20	(184)	(446)
Deferred Revenue	21	(10,617)	(10,141)
Total liabilities		(44,686)	(52,117)
Net assets		190,381	174,119
Equity			
Share capital	22	34,000	34,000
Retained earnings	24	157,695	141,270
Capital and reserves attributable to owners of the Company		191,695	175,270
Non-controlling Interest		(1,314)	(1,151)
Total equity		190,381	174,119

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 June 2017.
They were signed on its behalf by

Nigel Clifford
Chief Executive Officer
20 June 2017

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Company statement of financial position as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Intangible assets	12	85,121	85,242
Property plant and equipment	13	30,192	31,489
Investments	10	400	400
Interests in joint ventures	11	3,141	2,209
Deferred tax asset	14	848	401
		119,702	119,741
Current assets			
Inventories	15	1,642	1,885
Trade and other receivables	16	26,265	22,446
Cash and cash equivalents	17	87,282	82,278
		115,189	106,609
Total assets		234,891	226,350
Current liabilities			
Trade and other payables	18	(14,875)	(27,003)
Current tax liability	19	(2,008)	(2,451)
Provisions	20	(4,652)	(1,067)
Deferred revenue	21	(11,679)	(10,699)
		(33,214)	(41,220)
Net current assets		81,975	65,389
Non-current assets plus net current assets		201,677	185,130
Non-current liabilities			
Trade and other payables	18	(160)	-
Provisions	20	(184)	(446)
Deferred revenue	21	(10,637)	(10,221)
Total liabilities		(44,195)	(51,887)
Net assets		190,696	174,463
Equity			
Share capital	22	34,000	34,000
Retained earnings	24	156,696	140,463
Capital and reserves attributable to owners of the Company		190,696	174,463

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 June 2017.
They were signed on its behalf by

Nigel Clifford
Chief Executive Officer
20 June 2017

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Consolidated statement of changes in equity for the year ended 31 March 2017

	Share capital	Retained earnings	Share premium	Total	Non-controlling	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2015	-	-	-	-	-	-
Profit for the year	-	18,103	-	18,103	(615)	17,488
Total comprehensive income for the period	-	18,103	-	18,103	(615)	17,488
Transactions with owners in their capacity as owners						
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	34,000	(185)	135,752	169,567	(536)	169,031
Capital reduction	-	135,752	(135,752)	-	-	-
Dividends payable	-	(12,400)	-	(12,400)	-	(12,400)
As at 31 March 2016	34,000	141,270	-	175,270	(1,151)	174,119
As at 1 April 2016	34,000	141,270	-	175,270	(1,151)	174,119
Profit for the year	-	16,425	-	16,425	(163)	16,262
Total comprehensive income for the period	-	16,425	-	16,425	(163)	16,262
Transactions with owners in their capacity as owners						
Dividends payable	-	-	-	-	-	-
As at 31 March 2017	34,000	157,695	-	191,695	(1,314)	190,381

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Company statement of changes in equity for the year ended 31 March 2017

	Share capital	Retained earnings	Share premium	Total
	£'000	£'000	£'000	£'000
As at 1 April 2015	-	-	-	-
Profit for the year	-	17,111	-	17,111
Total comprehensive income for the period	-	17,111	-	17,111
Transactions with owners in their capacity as owners				
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	34,000	-	135,752	169,752
Capital reduction	-	135,752	(135,752)	-
Dividends payable	-	(12,400)	-	(12,400)
As at 31 March 2016	34,000	140,463	-	174,463
As at 1 April 2016	34,000	140,463	-	174,463
Profit for the year	-	16,233	-	16,233
Total comprehensive income for the period	-	16,233	-	16,233
Dividends payable	-	-	-	-
As at 31 March 2017	34,000	156,696	-	190,696

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Consolidated cash flow statement for the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Profit before corporation tax		20,173	22,338
Amortisation of intangible assets		18,236	19,202
Depreciation of tangible fixed assets		2,471	3,832
Impairment of intangible assets		1,650	1,500
Share of joint venture results		(5,057)	(4,320)
Interest		(6)	1
Movements in working capital			
Inventories		243	(217)
Trade and other receivables		(2,144)	(4,763)
Trade and other payables		423	(1,052)
Provisions for liabilities and charges		3,322	(1,079)
Deferred revenue		1,666	10,395
Cashflow from operations		40,977	45,837
Corporation taxes paid		(4,800)	(2,800)
Net cash inflow from operating activities		36,177	43,037
Cash flows from investing activities			
Interest received		12	9
Purchase of plant, property and equipment		(1,200)	(993)
Purchase of intangible assets		(21,346)	(28,738)
Cash received on the transfer of trade and assets from Ordnance Survey Trading Fund		–	64,785
Payment of dividends		(12,400)	
Loans to associate undertaking		–	(400)
Receipt of dividends		4,125	5,365
Net cash used in investing activities		(30,809)	40,028
Cash flows from financing activities			
Interest paid		(6)	(10)
Net cash used in financing activities		(6)	(10)
Net increase in cash and cash equivalents		5,362	83,055
Cash and cash equivalents at beginning of year		83,055	–
Cash and cash equivalents at end of year	17	88,417	83,055

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Company cash flow statement for the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Operating profit		20,144	21,961
Amortisation of intangible assets		18,236	19,164
Depreciation of tangible fixed assets		2,452	3,818
Impairment of intangible assets		1,650	1,500
Impairment of loans to Group companies		2,000	2,000
Share of joint venture results		(5,057)	(4,320)
Interest		(335)	1
Movements in working capital			
Inventories		243	(217)
Trade and other receivables		(2,018)	(5,153)
Trade and other payables		433	(1,012)
Provisions for liabilities and charges		3,322	(1,079)
Deferred revenue		1,396	10,275
Cashflow from operations		42,466	46,938
Corporation taxes paid		(4,800)	(2,800)
Net cash inflow from operating activities		37,666	44,138
Cash flows from investing activities			
Interest received		339	9
Purchase of plant, property and equipment		(1,154)	(984)
Purchase of intangible assets		(19,766)	(28,901)
Cash received on the transfer of trade and assets from Ordnance Survey Trading Fund		-	64,061
Payment of dividends		(12,400)	-
Loans to associate undertaking		-	(400)
Loans to group companies		(3,800)	(1,000)
Receipt of dividends		4,125	5,365
Net cash used in investing activities		(32,656)	38,150
Cash flows from financing activities			
Interest paid		(6)	(10)
Net cash used in financing activities		(6)	(10)
Net increase in cash and cash equivalents		5,004	82,278
Cash and cash equivalents at beginning of year		82,278	-
Cash and cash equivalents at end of year	17	87,282	82,278

The notes on pages 43 to 64 are an integral part of these Financial Statements.

Notes to the consolidated financial statements

1 Principal accounting policies

Ordnance Survey Limited (the Company) is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 5. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 11 and in the Strategic report on pages 8 to 11. These financial statements are presented in pounds sterling, because that is the currency of the primary economic environment in which the Group operates.

The net assets of the Ordnance Survey Trading Fund were transferred to the Company on 1 April 2015 and the Company commenced trading from this date. These accounts are for the year ended 31 March 2017. The principal activity of the Company is consistent with the Trading Fund before it, the collection, maintenance and distribution of up to date geospatial information.

1.1 Basis of preparation

(i) Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Standard Interpretation Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB).

Where IFRS permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the specific circumstances of Ordnance Survey Limited ('Ordnance Survey') for the purpose of giving a true and fair view has been selected. The policies adopted are described below. They have been applied consistently unless otherwise stated in dealing with items that are considered material to the financial statements.

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account.

(ii) Going concern

The financial statements have been prepared on a going concern basis.

(iii) Historical cost convention

The financial statements have been prepared under the historic cost convention except for the following:

- Financial assets and liabilities (including derivative instruments) – measured at fair value.
- Assets held for sale – measured at fair value less cost of disposal.

(iv) New and amended standards adopted by the Group

There were no new and amended standards and interpretations mandatory for the first time for the financial year.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 reporting periods and have not been early adopted by the Group.

The new revenue standard (IFRS 15 Revenue from Contracts with Customers) has now been published and is mandatory for financial years commencing on or after 1 January 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (for example, 1 April 2017), that is, without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Management is currently assessing the impact of the new rules and has identified the following areas that are likely to be affected:

- Consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards.
- The balance sheet presentation of rights of return, which will have to be grossed up in future (separate recognition of the right to recover the goods from the customer and the refund obligation).

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

The following standards are not expected to have a material impact on the Group:

IFRS 9 Financial Instruments – IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. This must be applied for financial years commencing on or after 1 January 2018.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The full impact of IFRS 16 has not yet been assessed.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct those returns through its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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 Group has significant influence but does not control.

The Group 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 Segment reporting

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

1.5 Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the dates of the transactions. Exchange rate differences are charged to the statement of profit or loss as incurred. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

1.6 Investments

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

1.7 Property, plant and equipment

Property, plant and equipment held for use in the supply of goods or services, or for administration purposes, are stated in the statement of financial position at costs less any accumulated depreciation.

The depreciable amount of an asset is calculated by deducting its residual value from its initial cost. The residual value of an asset is the estimated amount that the Group would obtain from the disposal of the asset after deducting the estimated cost of disposal.

Depreciation is charged so as to write off the costs of assets less their residual value over their estimated useful lives, using the straight line method.

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
IT Equipment	3 to 5 years
Equipment, facilities and fixtures	2 to 15 years
Vehicles	4 years
Assets under construction	not depreciated

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) bought together are grouped as one asset.

1.8 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 and meets the following criteria:

- It is probable that the asset will give rise to future economic benefit.
- The original cost can be reliably measured.
- It is technically feasible that the asset can be completed for use.
- There is the intention to complete and use it.
- There is the ability to use it.
- Resources are available to complete the development.

These assets are capitalised at the cost of development.

Amortisation is charged on a straight line basis in order to write down the asset over its useful life. Useful lives are 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:

Data content	5 to 10 years
Software	3 to 10 years
Assets in course of construction	not amortised

The Group's internally generated intangible assets consist of:

a) Data content

Data content represents the core geographic data sets from which the business provides its products and services.

b) Software

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

c) Assets in course of construction

Assets in course of construction are capitalised at cost and carried at cost less any recognised impairment loss. Cost includes all directly attributable costs including professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Amortisation of these assets commences when the assets are ready for their intended use.

1.9 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed annually to consider whether there have been any events or changes in circumstance that indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.10 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 weighted 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.

1.11 Financial assets and liabilities

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

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 statement of profit or loss.

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

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

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

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.

1.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event. It is probable that the Group will be required to settle that obligation and 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.

1.13 Employee benefits

a) Pensions – legacy schemes

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 Company staff are members.

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

All new employees who joined the Trading Fund on or after 30 July 2007 could choose between membership of the Nuvos scheme and a partnership pension account. The defined benefit schemes were closed to employees on 31 March 2015.

All employer pension contributions payable are charged to the statement of profit or loss for the financial year as incurred, on the basis that the schemes are multi employer and the Company is unable to identify its share of the underlying assets and liabilities.

b) Pensions – Horizon scheme

From 1 April 2015, all new Company employees were offered the opportunity to join the Horizon defined contribution pension scheme. For this scheme the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

c) 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 Company 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 2015 has been provided for in earlier years. Funds are released from the provision annually to fund payments for pensions and related benefits to the retired employees until normal retirement age. Under the different funding arrangements, which applied between October 1994 and 31 March 1997, 80% of the costs were met centrally from the Civil Superannuation Vote (CSV).

The requirement of IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been adopted to state the early release and pension commitment provision at a discounted amount where the time value of money is material. The provision for the estimated payments has been discounted by the HM Treasury discount rate of 0.24% in real terms. The discount is unwound over the anticipated duration of the provision.

1.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the delivery of mapping goods and services, which comprises mapping data, information, customer tailored services and copyright revenue, in the ordinary course of business. Revenue is shown net of 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 of ongoing supply and to maintain accurate data sets.

Public Sector Mapping Agreement (PSMA) revenue is recognised each year at the amount agreed with HM Government, reflecting customer usage and the Group's obligation of ongoing supply and to provide updates.

Direct Licences – Licences which allow the customer to use the Group 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 obligation of ongoing supply and to provide updates.

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

1.15 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 statement of profit or loss 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 statement of profit or loss 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

Current taxation

The corporation tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current corporation tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred corporation tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred corporation tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred corporation tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred corporation tax asset is realised or the deferred corporation tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1.17 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds unless otherwise stated.

1.18 Critical accounting estimates and judgements

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

Development costs – 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 the Group. 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, thus limiting the time-frame of the estimate. See note 2 for the breakdown of revenue by channel, segment and geography.

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 with the current net asset value and, if lower, the assets are impaired to current value.

Intangible asset lives – The determination of asset lives for amortisation purposes is reviewed on a regular basis. Assessing the useful economic life of an asset is based on management judgement taking into account historical experience and the impact of technological change. Consequently this represents a source of estimation uncertainty. See note 12 for the breakdown of intangible assets classified as software, data & content and assets under construction.

2 Revenue

	2016-17 £'000	2015-16 £'000
Trading revenue	151,549	145,272
Other operating activities	1,178	1,372
Property rental income	74	5
	152,801	146,649
Trading revenue		
Channel	2016-17 £'000	2015-16 £'000
Direct licences	104,134	104,085
Partner licences	31,730	28,218
Paper maps	8,633	7,828
Services	7,052	5,141
	151,549	145,272
Segment	2016-17 £'000	2015-16 £'000
Business to government	88,167	87,655
Business to business	52,183	47,742
Business to consumer	11,199	9,875
	151,549	145,272
Geography	2016-17 £'000	2015-16 £'000
United Kingdom	143,653	139,110
Other European countries	1,279	1,141
Rest of world	6,617	5,021
	151,549	145,272

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.

During the year one customer (Department for Business, Energy & Industrial Strategy) accounted for more than 10% of turnover. The revenue received from this customer is secured under separate long term agreements.

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

3 Operating costs

	Note	2016-17 £'000	2015-16 £'000
Operating profit for the year has been arrived at after charging:			
Staff costs	4	58,326	48,754
Amortisation of intangible assets	12	18,236	19,202
Depreciation of tangible fixed assets	13	2,471	3,832
Research and development		2,261	1,097
Operating lease charges – buildings		636	723
Operating lease charges – PPE		1,900	1,484
Foreign exchange losses/ (gains)		619	195
Fees payable to auditor for audit of the statutory annual accounts		85	95
Other operating charges		31,597	32,189
		116,131	107,571

The Company's auditor is The National Audit Office. Office leasing payments of £248k were made to our auditors for the provision of non audit services during the year (2015-16: £305k). The subsidiaries' auditor is Deloitte. The fee payable to Deloitte for the current year audit is £41k (2015-16: £49k). Payments to Deloitte for non audit services during the year were £173k (2015-16: £527k).

4 Staff numbers and costs

	2016-17 £'000	2015-16 £'000
Total staff costs		
Wages and salaries – permanent employees	40,884	41,576
Restructuring costs	4,178	–
Social security costs	4,892	3,705
Pension costs	7,941	8,435
Additional early release costs in year	1,517	983
Temporary/agency contract labour costs	8,884	11,868
	68,296	66,567
Capitalised permanent labour	(6,229)	(8,986)
Capitalised temporary/agency contract labour	(3,741)	(8,827)
	58,326	48,754

The restructuring provision of £4,178,000 (2016: nil) recognised during the year represents the direct obligations associated with organisational restructuring announced March 2017. The provision is expected to be utilised within the next year.

Total permanent staff numbers, including Directors

The average monthly number of full time equivalent persons during the year was as follows:

	2016-17	2015-16
Operations	870	915
Sales and Marketing	161	179
Corporate Services	89	101
	1,120	1,195

Total temporary/agency staff

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

	2016-17	2015-16
Operations	76	116
Sales and Marketing	5	2
Corporate Services	6	15
	87	133

Directors' emoluments

	2016-17 £'000	2015-16 £'000
Salaries and other short-term employee benefits	861	762
Pension contribution charged in year – defined benefit	74	87
Pension contribution charged in year – defined contribution	14	5
Highest paid Director	267	242

At 31 March 2017 two Directors were members of defined benefit schemes and one Director was a member of a defined contribution scheme. The Principal Civil Service Pension Scheme (PCSPS) is a multi-employer scheme. The associated pension contributions have been presented in accordance with accounting policy 1.13.

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.

The Group's holiday year runs from April to March and the payroll records were reviewed to ascertain the amount of holiday accrued, but not yet taken, as at 31 March 2017.

The figure above for wages and salaries includes a charge of £106,000 (2016: £4,000) in respect of additional annual leave earned, but not taken, as at 31 March 2017. The total liability of £963,000 (2016: £857,000) is included within other payables within note 18 of these Financial statements.

Pension costs – defined benefit

For 2016-17, employer's contributions of £7,941,000 (2016: £8,435,000) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% 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 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk>). No information is available regarding the overall surplus or deficit of the scheme.

In 2016-17, there was one retirement on ill health grounds amounting to an additional accrued pension liability in the year of nil.

The Group employees are members of one of the following: The Classic or Classic Plus schemes, the Premium scheme, the Partnership Pension Account or Nuvos.

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

The defined benefit schemes were closed to new entrants on 31 March 2015.

Pension costs – defined contribution

All employees who joined after 1 April 2015 were given the option to join the Company Personal Pension Plan, Horizon, a defined contribution scheme.

Early release costs provided for in financial year

The statement of profit or loss includes a charge of £1,217,000 (2016: £944,000) in respect of new leavers identified in 2016–17. This charge reflects the costs of leavers identified and confirmed by 31 March 2017, excluding those identified as part of the restructuring provision within note 20.

Early release package cost band (excluding restructure provision)	2016–17	2015–16
Less than £10,000	4	–
£10,000–£25,000	7	3
£25,000–£50,000	11	6
£50,000–£100,000	10	6
Total number of exit packages	32	15
Total cost £'000	1,217	983

Redundancy and other departure costs have been paid by the Group in accordance with the Ordnance Survey Compensation Scheme or the Civil Service Compensation Scheme (a statutory scheme under the Superannuation Act of 1972). Early release costs are accounted for as described in Accounting Policy 1.13. Where the Group has agreed early retirements, the additional costs are met by the Group and not by the Civil Service Pension Scheme. All leavers during the year except those identified as part of the restructure provision exited under voluntary terms.

Special payments

No special payments greater than £300,000 were included in the additional early release costs recognised in the year (2015–16: nil). No other special payments greater than £300,000 were made during the year (2015–16: nil).

5 Finance income

	2016–17 £'000	2015–16 £'000
Finance income		
Interest received	12	9

6 Finance cost

	2016–17 £'000	2015–16 £'000
Financing cost		
Unwind of provision discount	6	10

7 Taxation

Ordnance Survey

As set out in the Strategic Report, on 1 April 2015, Ordnance Survey Limited acquired the entire functions, business, subsidiaries, operations and assets of the Ordnance Survey Trading Fund. The Trading Fund was outside the scope of UK Corporation Tax whereas Ordnance Survey Limited is a fully taxable entity. The subsidiaries and joint ventures of Ordnance Survey have throughout been subject to UK Corporation Tax.

(a) Corporation tax expense	2016–17 £'000	2015–16 £'000
<i>Current tax</i>		
Current tax on profits for the year	4,435	5,257
Adjustments in respect of prior years	(77)	–
Total current tax	4,358	5,257
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(168)	(407)
Impact of rate change	151	–
Adjustments in respect of prior years	(430)	–
Total deferred tax credit	(447)	(407)
Corporation tax expense	3,911	4,850
(b) Reconciliation of income tax expense	2016–17 £'000	2015–16 £'000
Profit before corporation tax expense	20,173	22,338
Tax on profit at the standard rate of 20% (2016: 20%)	4,035	4,468
Reasons affecting charge for the period:		
Prior year adjustments	(507)	–
Impact of rate change	151	–
Impact of expenses not deductible	166	144
Current year loss not recognised	66	238
Corporation tax expense	3,911	4,850

Finance (No.2) Act 2015 was substantively enacted on 26 October 2015 and included reductions to the UK main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and further reduced the rate to 17% with effect from 1 April 2020. Deferred tax assets have been valued based on the substantively enacted rates at the balance sheet date at which the assets are expected to reverse.

8 Dividends

Amounts recognised as distributions to equity holders in the year:	2016-17 £'000	2015-16 £'000
Dividend for the year ended 31 March 2016 at £0.36 per share.	-	12,400

No dividend has been declared for 2016-17. The 2015-16 dividend declared, £12,400,000, was paid during the current year.

9 Acquisition of functions, business, operations and assets of the Ordnance Survey Trading Fund

Acquisition

	£'000
Cost	
Acquired in the year end 31 March 2016	169,752

The entire functions, business, operations and assets of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited on 1 April 2015, a limited company wholly owned by the Secretary of State for Business, Innovation & Skills. The consideration for the transfer was £169,752,000, and was initially left outstanding via an interest free loan from the Secretary of State for Business, Innovation & Skills to Ordnance Survey Limited, for £169,752,000. £33,999,999 of this loan was capitalised via the issue of 33,999,999 shares of £1 each and the remaining balance of the loan of £135,752,001 was subsequently released for the consideration of two additional shares of £1 each, which created a share premium account in equity for £135,751,999. See note 23 for details.

Ordnance Survey Trading Fund Assets and Liabilities transferred to the Company at 1 April 2015:

Fixed assets	£'000
Tangible assets	33,717
Intangible assets	77,611
Investments	4,156
Total fixed assets	115,484
Current assets	
Stock	1,668
Trade debtors	7,866
Prepayments	2,778
Other debtors	6,747
Bank	64,061
Total current assets	83,120

Current liabilities

Trade creditors	(674)
Accruals	(11,149)
Other creditors	(5,519)
Deferred revenue	(10,645)
Corporation tax	-
Total current liabilities	(27,987)

Non-current liabilities

Provisions for liabilities & charges	(865)
Total non-current liabilities	(865)

Net assets 169,752

10 Investments and loan

	2016-17 £'000	2015-16 £'000
Value of shares at beginning of period	400	-
On the transfer of trade and assets from the Ordnance Survey Trading Fund	-	400
Value of investments at end of period	400	400
Value of loans at beginning of period	900	-
On the transfer of trade and assets from the Ordnance Survey Trading Fund	-	500
Additions	3,800	1,400
Impairment	(2,000)	(1,000)
Value of loans at end of period	2,700	900
Value of investments and loan	3,100	1,300

During 2015-16 a 25% shareholding was taken in Dennis Maps (25 shares at £1 a share). At the point of investment a loan was provided to Dennis Maps of £400,000.

11 Subsidiaries and investments

Details of the Company's subsidiaries at 31 March 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of control/ ordinary shares held
Ordnance Survey Leisure Limited	Consumer web	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%
Ordnance Survey International Services Ltd	International consultancy	England and Wales	100%
Ordnance Survey International Services FZ-LLZ	International consultancy	United Arab Emirates	100%
Ordnance Survey GeoIntelligence Limited	Dormant	England and Wales	100%

Ordnance Survey Limited has provided an unlimited bank guarantee to secure all bank liabilities of Ordnance Survey International LLP.

Details of the Company's joint ventures and associates at 31 March 2017 are as follows:

Name of joint ventures and associates	Principal activity	Country of incorporation	Proportion of control/ ordinary shares held
GeoPlace LLP	National addressing	England and Wales	50%
PointX Limited	Point of Interest database	England and Wales	50%
Dennis Maps Limited	Map printers	England and Wales	25%

Joint ventures and associates

The share of joint ventures and associates is as follows:	2016-17 £'000	2015-16 £'000
GeoPlace LLP	5,006	4,275
PointX Limited	43	42
Dennis Maps	8	3
	5,057	4,320

The share of assets of joint ventures and associates is as follows:	2016-17 £'000	2015-16 £'000
GeoPlace LLP	2,959	2,078
PointX Limited	171	128
Dennis Maps	11	3
	3,141	2,209

Material other investments – GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2017 is as follows:	2016-17 £'000	2015-16 £'000
Current assets		
Cash and cash equivalents	1,736	317
Other current assets	3,719	3,748
Total current assets	5,455	4,065
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	-	-
Other current liabilities	(1,510)	(1,294)
Total current liabilities	(1,510)	(1,294)
Net assets	3,945	2,771
Ordnance Survey share of net assets at 75%	2,959	2,078

	2016-17 £'000	2015-16 £'000
Revenue	13,248	13,175
Interest income	5	5
Operating costs	(6,397)	(5,786)
Depreciation and amortisation	(180)	(1,693)
Operating profit	6,676	5,701
Ordnance Survey share of profit at 75%	5,006	4,275

GeoPlace LLP is a joint venture limited liability partnership set up in 2010-11 to develop and market a national addressing product. GeoPlace LLP commenced trading on 1 April 2011 and is not subject to UK Corporation Tax. GeoPlace LLP does not have share capital. Ordnance Survey appoints 50% of the Board Members of the LLP and has a 75% profit share in accordance with a members' agreement.

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

12 Intangible assets

Group	Software	Data content	Assets under construction	Total
Year ended 31 March 2016	£'000	£'000	£'000	£'000
Opening net book value	–	–	–	–
On the transfer of trade and assets from the Ordnance Survey Trading Fund	53,146	6,085	17,975	77,206
Additions	–	–	28,738	28,738
Additions from assets under construction	7,553	13,317	(20,870)	–
Amortisation	(16,517)	(2,685)	–	(19,202)
Impairment	(1,500)	–	–	(1,500)
Closing net book value	42,862	16,717	25,843	85,242
At 31 March 2016				
Cost or valuation	60,699	19,402	25,843	105,944
Accumulated amortisation	(18,017)	(2,685)	–	(20,702)
Net book value	42,682	16,717	25,843	85,242
Year ended 31 March 2017				
Opening net book value	42,682	16,717	25,843	85,242
Additions	–	–	21,346	21,346
Additions from assets under construction	24,887	14,508	(39,395)	–
Reclassification	(4,232)	4,232	–	–
Amortisation	(13,238)	(4,998)	–	(18,236)
Impairment	(1,314)	–	(336)	(1,650)
Closing net book value	48,785	30,459	7,458	86,702
At 31 March 2017				
Cost or valuation	81,354	38,142	7,458	126,954
Accumulated amortisation	(32,569)	(7,683)	–	(40,252)
Net book value	48,785	30,459	7,458	86,702

In 2016–17 £4,232k of existing intangible fixed assets were reclassified to from software to data content due to the nature of the underlying assets.

In the prior year, on recognition of fixed assets transferred from the Trading Fund on 1 April 2015, the assets were assessed and £606k of assets classified as intangibles in the acquisition accounts were reclassified to tangibles due to the nature of the underlying asset. An additional £34k of existing fixed assets were reclassified to tangibles during the prior year due to the nature of the underlying assets.

Individual material assets include the geospatial database management system, current year carrying value £25.0m (2015–16: £31.5m) and the geospatial content improvement programme, current year carrying value £27.2m (2015–16: £21.6m).

Company	Software	Data content	Assets under construction	Total
Year ended 31 March 2016	£'000	£'000	£'000	£'000
Opening net book value	–	–	–	–
On the transfer of trade and assets from the Ordnance Survey Trading Fund	52,949	6,081	17,975	77,005
Additions	–	–	28,901	28,901
Additions from assets under construction	7,712	13,321	(21,033)	–
Amortisation	(16,479)	(2,685)	–	(19,164)
Impairment	(1,500)	–	–	(1,500)
Closing net book value	42,682	16,717	25,843	85,242
At 31 March 2016				
Cost or valuation	60,661	19,402	25,843	105,906
Accumulated amortisation	(17,979)	(2,685)	–	(20,664)
Net book value	42,682	16,717	25,843	85,242
Year ended 31 March 2017				
Opening net book value	42,682	16,717	25,843	85,242
Additions	–	–	19,765	19,765
Additions from assets under construction	24,887	14,508	(39,395)	–
Reclassification	(4,232)	4,232	–	–
Amortisation	(13,238)	(4,998)	–	(18,236)
Impairment	(1,314)	–	(336)	(1,650)
Closing net book value	48,785	30,459	5,877	85,121
At 31 March 2017				
Cost or valuation	81,316	38,142	5,877	125,335
Accumulated amortisation	(32,531)	(7,683)	–	(40,214)
Net book value	48,785	30,459	5,877	85,121

In 2016–17 £4,232k of existing intangible fixed assets were reclassified to from software to data content due to the nature of the underlying assets.

In the prior year, on recognition of fixed assets transferred from the Trading Fund on 1 April 2015, the assets were assessed and £606k of assets classified as intangibles in the acquisition accounts (see note 9) were reclassified to tangibles due to the nature of the underlying assets.

Individual material assets include the geospatial database management system, current year carrying value £25.0m (2015–16: £31.5m) and the geospatial content improvement programme, current year carrying value £27.2m (2015–16: £21.6m).

13 Property, plant and equipment

Group	Land	Buildings	IT Equipment	Equipment, facilities and fixtures	Total
Year ended 31 March 2016	£'000	£'000	£'000	£'000	£'000
Opening net book value	–	–	–	–	–
On the transfer of trade and assets from the Ordnance Survey Trading Fund	6,300	22,208	4,135	1,714	34,357
Additions	–	336	648	9	993
Depreciation	–	(625)	(2,524)	(683)	(3,832)
Closing net book value	6,300	21,919	2,259	1,040	31,518
At 31 March 2016					
Cost or valuation	6,300	22,544	4,783	1,723	35,350
Accumulated depreciation	–	(625)	(2,524)	(683)	(3,832)
Net book value	6,300	21,919	2,259	1,040	31,518
Year ended 31 March 2017					
Opening net book value	6,300	21,919	2,259	1,040	31,518
Additions	–	–	1,129	71	1,200
Depreciation	–	(634)	(1,425)	(412)	(2,471)
Closing net book value	6,300	21,285	1,963	699	30,247
At 31 March 2017					
Cost or valuation	6,300	22,544	5,912	1,794	36,550
Accumulated amortisation	–	(1,259)	(3,949)	(1,095)	(6,303)
Net book value	6,300	21,285	1,963	699	30,247

In the prior year, on recognition of fixed assets transferred from the Trading Fund on 1 April 2015, the assets were assessed and £606k of assets classified as intangibles in the acquisition accounts were reclassified to tangibles due to the nature of the underlying assets. An additional £34k of existing fixed assets were reclassified to tangibles during the prior year due to the nature of the underlying assets.

Company	Land	Buildings	IT equipment	Equipment, facilities and fixtures	Total
Year ended 31 March 2016	£'000	£'000	£'000	£'000	£'000
Opening net book value	–	–	–	–	–
On the transfer of trade and assets from the Ordnance Survey Trading Fund	6,300	22,208	4,134	1,681	34,323
Additions	–	336	648	–	984
Depreciation	–	(626)	(2,523)	(669)	(3,818)
Closing net book value	6,300	21,918	2,259	1,012	31,489
At 31 March 2016					
Cost or valuation	6,300	22,544	4,782	1,681	35,307
Accumulated depreciation	–	(626)	(2,523)	(669)	(3,818)
Net book value	6,300	21,918	2,259	1,012	31,489
Year ended 31 March 2017					
Opening net book value	6,300	21,918	2,259	1,012	31,489
Additions	–	–	1,129	26	1,155
Depreciation	–	(634)	(1,424)	(394)	(2,452)
Closing net book value	6,300	21,284	1,964	644	30,192
At 31 March 2017					
Cost or valuation	6,300	22,544	5,911	1,707	36,462
Accumulated amortisation	–	(1,260)	(3,947)	(1,063)	(6,270)
Net book value	6,300	21,284	1,964	644	30,192

In the prior year, on recognition of fixed assets transferred from the Trading Fund on 1 April 2015, the assets were assessed and £606k of assets classified as intangibles in the acquisition accounts (see note 9) were reclassified to tangibles due to the nature of the underlying assets.

14 Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 20% (2014: 21%).

Group	Provisions	Fixed assets	Total
	£'000	£'000	£'000
At 1 April 2015	–	–	–
On the transfer of trade and assets from the Ordnance Survey trading fund – see Note 9	–	–	–
(Charged)/credited to the income statement	–	407	407
At 31 March 2016	–	407	407
(Charged)/credited to the income statement	424	23	447
At 31 March 2017	424	430	854

Company	Provisions	Fixed assets	Total
	£'000	£'000	£'000
At 1 April 2015	–	–	–
On the transfer of trade and assets from the Ordnance Survey trading fund – see Note 9	–	–	–
(Charged)/credited to the income statement	–	401	401
At 31 March 2016	–	401	401
(Charged)/credited to the income statement	424	23	447
At 31 March 2017	424	424	848

Ordnance Survey Leisure Limited

Ordnance Survey Leisure Limited generated a current year profit before tax of £160,000 (2015–16 loss: £156,000). Ordnance Survey Leisure Limited has estimated tax losses of £7,362,000 (2015–16: £7,523,000) available to carry forward against future profits of the same trade. No deferred tax asset has been recognised due to uncertainty over the timing and continuity of taxable profits.

Astigan Limited

Astigan Limited generated a loss before tax of £332,000 (2015–16: £1,188,000). On this loss no amounts are due in respect of Corporation Tax. Astigan Limited has estimated tax losses of £3,222,000 (2015–16: £2,894,000) available to carry forward against future profits of the same trade. No deferred tax asset has been recognised due to uncertainty over the timing of taxable profits.

15 Inventories

Company and Group	2016–17 £'000	2015–16 £'000
Finished goods	1,642	2,138
Provision for obsolete stock	–	(253)
	1,642	1,885

During the year, Ordnance Survey wrote off stock carried at £99,000 (2016: £286,000)

16 Trade and other receivables

Group	2016–17 £'000	2015–16 £'000
Trade receivables	10,991	11,070
Allowance for doubtful debts	(376)	(503)
	10,615	10,567
Other receivables	422	606
Taxation and social security receivable	35	23
Accrued income	7,825	6,172
Prepayments	5,167	4,552
	24,064	21,920

Company	2016–17 £'000	2015–16 £'000
Trade receivables	10,653	10,885
Allowance for bad debts	(300)	(465)
	10,353	10,420
Other receivables	421	606
Accrued income	7,631	6,131
Prepayments	5,067	4,458
Loans owed by Group undertakings	2,300	500
Trade receivables owed by Group undertakings	493	331
	26,265	22,446

No bad debts were written off in the year (2015–16: £18,000).

A breakdown of intra government receivables is given in note 25.

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 29.

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.

17 Cash and cash equivalents

Group	2016-17 £'000	2015-16 £'000
Balance held at Paymaster General's Office	17,158	61,242
Balance held in commercial banks and cash in hand	71,259	21,813
	88,417	83,055

Company	2016-17 £'000	2015-16 £'000
Balance held at Paymaster General's Office	16,847	60,885
Balance held in commercial banks and cash in hand	70,435	21,393
	87,282	82,278

18 Trade and other payables

Group	2016-17 £'000	2015-16 £'000
Trade payables	1,138	1,309
Taxation and social security payable	924	1,505
Other payables	1,042	1,166
Accruals	11,865	10,727
Dividend payable	-	12,400
	14,969	27,107

Company	2016-17 £'000	2015-16 £'000
Trade payables	1,106	1,244
Taxation and social security payable	1,024	1,648
Other payables	988	1,138
Accruals	11,497	10,354
Dividend payable	-	12,400
Intercompany payable	260	219
	14,875	27,003

The trade payables balance for both Group and Company excludes long term payables of £160k (2015-16: nil).

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

19 Current tax liability

Group	2016-17 £'000	2015-16 £'000
Corporation Tax	2,015	2,457

Company	2016-17 £'000	2015-16 £'000
Corporation Tax	2,008	2,451

20 Provisions for liabilities and charges

Group and Company	Restructuring provision	Early release provision	Other	Total
	£'000	£'000	£'000	£'000
As at 1 April 2016	–	1,466	47	1,513
Additional provision in year	4,178	184	40	4,402
Utilisation of provision	–	(1,069)	(16)	(1,085)
Financing charges – unwind of provision discount	–	6	–	6
As at 31 March 2017	4,178	587	71	4,836

	2016–17	2015–16
	£'000	£'000
Included in current liabilities	4,652	1,067
Included in non-current liabilities	184	446
	4,836	1,513

The above amount is estimated as falling due as follows:

	Current liabilities	Non-current liabilities
	£'000	£'000
2016–17	4,652	–
2017–18	–	145
2018–19	–	34
2019–20	–	5
2020–21	–	–
Other provisions	–	–
	4,652	184

Provisions are discounted at 0.24% in accordance with HM Treasury guidance.

In the other provisions balance is a provision for onerous leases as a result of regional office closures of £71,000 (2015–16: £47,000) which covers residual commitments to lease expiry, after application of a risk factored allowance for anticipated sublet rental income, together with other sundry provisions.

The restructuring provision of £4,178,000 (2016: nil) recognised during the year represents the direct obligations associated with organisational restructuring announced March 2017. The provision is expected to be utilised within the next year.

The early release provision £587,000 (2015–16: £1,466,000) represents the full cost of funding early leavers identified prior to 31 March 2015. Funds are released from the provision annually to fund payments for pensions and related benefits to retired employees until normal retirement age.

21 Deferred revenue

Group	2016-17 £'000	2015-16 £'000
Current deferred revenue	12,089	10,899
Non-current deferred revenue	10,617	10,141
	22,706	21,040
Company	2016-17 £'000	2015-16 £'000
Current deferred revenue	11,619	10,639
Intercompany current deferred revenue	60	60
Non-current deferred revenue	10,617	10,141
Intercompany non-current deferred revenue	20	80
	22,316	20,920

22 Share capital

Group and Company	£'000
Balance as at 1 April 2015	–
Issue of shares on the transfer of trade and assets from the Ordnance Survey Trading Fund – see note 9	34,000
Balance as at 31 March 2016	34,000
Balance as at 31 March 2016	34,000
Acquisition	
Balance as at 31 March 2017	34,000

23 Share premium

Group and Company	£'000
Balance as at 1 April 2015	–
Issue of shares – note 9	135,752
Capital reduction	(135,752)
Balance at 31 March 2016	–
Balance at 31 March 2016	–
Balance at 31 March 2017	–

The share premium reserve was recreated as part of the acquisition of the trade and assets of the Ordnance Survey Trading Fund, see note 9 for details. On 22 March 2016 the Company undertook a capital reduction. In total £135,751,999 of shareholders' funds in the share premium reserve was cancelled and transferred to the profit and loss reserve of the Company.

24 Retained earnings

Group	£'000
Balance as at 1 April 2015	–
Profit for the year	18,103
	18,103
Dividend payable	(12,400)
On the transfer of trade and assets from the Ordnance Survey Trading Fund	(185)
Capital reduction – see note 23	135,752
Balance at 31 March 2016	141,270
Balance as at 1 April 2016	141,270
Profit for the year	16,425
Dividend payable	–
Balance at 31 March 2017	157,695
Company	£'000
Balance as at 1 April 2015	–
Profit for the year	17,111
Dividend payable	(12,400)
Capital reduction – see note 23	135,752
Balance at 31 March 2016	140,463
Balance as at 1 April 2016	140,463
Profit for the year	16,233
Dividend payable	–
Balance at 31 March 2017	156,696

25 Intra-government balances

Group	2016-17			2015-16		
	Receivables: falling due within one year £'000	Payables: falling due within one year £'000	Payables: falling due after more than one year £'000	Receivables: falling due within one year £'000	Payables: falling due within one year £'000	Payables: falling due after more than one year £'000
Balances with:						
Other central government bodies	1,778	-	-	755	2	-
Local authorities	142	1	-	28	154	-
NHS trusts	2	-	-	-	-	-
Public corporations & trading funds	400	-	-	-	-	-

26 Operating lease commitments

Group and Company	2016-17 £'000	2015-16 £'000
Minimum lease payments under operating leases as an expense in the year	2,536	2,684

At 31 March 2017, the Company has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Company	2016-17 £'000	2015-16 £'000
Within one year	1,984	2,456
Between two and five years	2,639	3,387

27 Contingent liabilities and contingent assets

No significant contingent assets or liabilities noted for current year.

28 Capital commitments

No significant capital commitments noted for current year.

29 Financial instruments

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.

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. The Group'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 affected at the relevant spot exchange rate.

Credit risk

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

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

	2016-17 £'000	2015-16 £'000
Past due 0-30 days	10,521	10,463
Past due 31-60 days	93	216
Past due 61-90 days	65	43
Past 90 days	11	249

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

The Group finances its operations through equity and retained profits thus is not exposed to interest rate risk.

Liquidity risk

The Group has maintained short-term liquidity throughout the year by management of its cash deposits.

Foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes in foreign currencies.

The sensitivity analysis below has been determined based on the exposure to foreign exchange 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.

An increase of 5% of the US dollars versus sterling would result in a reduction of the Group's profit by £180,000 (2015-16: £153,000).

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.

Interest rate risk profile

The interest rate profile of the Group's financial assets at 31 March 2017 are set out below. All balances are held in sterling:

Financial assets	2016-17			2015-16		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash at bank	-	88,417	88,417	-	83,055	83,055

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

	2016-17	2015-16
	£'000	£'000
Current liabilities		
Forward foreign exchange contracts – held for trading	–	(164)

Derivatives

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

(ii) Fair value measurement

At 31 March 2017, the group held no derivatives. As at 31 March 2016, the only class of derivative held by the Group were forward foreign exchange contracts. Where applicable, these have been valued using a marked to market methodology as defined by HM Treasury.

30 Related parties

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

The Company is wholly owned by the Secretary of State for Business, Energy & Industrial Strategy, which is a ministerial department of HM Government. The Secretary of State for Business, Energy & Industrial Strategy is regarded as a related party as it has both an ownership and customer role.

In the course of its normal business the Group provides mapping data and licences to both the private and public sectors. During the year the Group had a significant number of material transactions with other governmental departments and central government bodies. Most of these transactions have been with the Secretary of State for Business, Energy & Industrial Strategy, Land Registry, the Scottish Government and GeoPlace LLP.

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

Ordnance Survey Leisure Limited is 100% owned by the Company. The Directors of Ordnance Survey Leisure Limited at 31 March 2017 were Nigel Clifford, Craig Lester and Helen Webb.

Ordnance Survey International Services Limited, is 100% owned by the company. The Directors of Ordnance Survey International Services Limited at the 31 March 2017 were Nigel Clifford and Andrew Loveless.

Ordnance Survey International LLP is a joint venture in which the Company indirectly controls 100% of voting rights. At 31 March 2017, The Company was represented on the Board of Ordnance Survey International LLP by Andrew Loveless, Neil Ackroyd and Nigel Clifford.

Astigan Limited is 51% owned by Ordnance Survey. The Directors of Astigan Limited at 31 March 2017 representing the Company were Mike Carr, Neil Ackroyd and Clive Mosey.

GeoPlace LLP is a joint venture LLP with Local Government Association. At 31 March 2017, The Company was represented on the Board of GeoPlace by Will Davies and John Kimrance.

The Company and PointX Limited are related parties. At 31 March 2017, Daniel Dukes and Clive Mosey represented the Company as Directors of PointX Limited.

The Company and Dennis Maps Limited are related parties. At 31 March 2017, Nick Giles, Neil Ackroyd and Clive Mosey represented the Company as Directors of Dennis Maps Limited.

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

Remuneration of key management staff

Key management staff are considered to be the Company's Executive Leadership team. Remuneration of key management staff is set out below:

	2016-17	2015-16
	£'000	£'000
Salaries and other short-term employee benefits	1,400	1,106
Pension contribution charged in year	173	154
	1,573	1,260

31 Control

The immediate parent undertaking and ultimate controlling party of the Company is the Secretary of State for Business, Energy & Industrial Strategy on behalf of HM Government.

The annual report and accounts for the Secretary of State for Business, Energy and Industrial Strategy on behalf of HM Government is available at www.gov.uk/government/publications.