



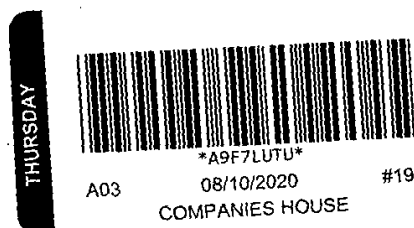
# Ordnance Survey Limited Annual Report and Financial Statements

for the year ended 31 March 2020

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

July 2020.

CP 250





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Statement of profit or loss	68
Statement of comprehensive income	69
Statement of financial position	70
Statement of changes in equity	71
Statement of financial position	72
Statement of financial position	73
Statement of financial position	74
Statement of financial position	75
Statement of financial position	76
Statement of financial position	77
Statement of financial position	78
Statement of financial position	79
Statement of financial position	80

# Directors

## Leadership team

### Executive Statutory Directors

The following people are Executive Directors of Ordnance Survey Limited (appointed in accordance with the Companies Act 2006):

#### Steve Blair

Chief Executive Officer  
(from June 2019)

#### Paul Bragg

Chief Financial Officer

#### John Clarke

Interim Chief Operating Officer  
(April 2019 to December 2019)

#### Neil Ackroyd

Acting Chief Executive Officer  
(until June 2019) and Managing Director  
of OS Ventures (until December 2019)

### Company information

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 (text phone)

customerservices@os.uk

www.os.uk

### External Auditors

The National Audit Office

### Non-Executive Statutory Directors

The following people are Non-Executive Directors of Ordnance Survey Limited (appointed in accordance with the Companies Act 2006):

#### Emily Ashwell

Shareholder Non-Executive Director

#### Jacques Cadranet

Non-Executive Director

#### John Clarke

Non-Executive Director  
(from January 2020)

#### Kieran Murphy

Non-Executive Chair

#### Philippa Hird

Non-Executive Director

#### Stephen Lake

Non-Executive Director (until June 2019)  
Senior Independent Non-Executive Director  
(from June 2019)

#### Mike Carr

Senior Independent Non-Executive Director  
(until June 2019)

### Board Development Non-Executive

The following is a Board Development Non-Executive, who attends the Board meetings of Ordnance Survey Limited, but is not a Company Director in accordance with the Companies Act 2006:

#### Davinder Mann

Board Development Non-Executive  
(from December 2019)

### Executive Directors

The following are Executive Directors, although are not statutory Company Directors in accordance with the Companies Act 2006:

#### Chris Cottrell

Director of Propositions and Innovation  
(from February 2020)

#### Dan Dukes

Director of Operations

#### David Henderson

Chief Geospatial Officer  
(from January 2020)  
Managing Director of OSGB  
(until December 2019)

#### Hazel Hendley

Director of People

#### Jo Shannon

Director of Technology and Design

#### Munir Ismet

Managing Director of Geospatial Solutions  
(from April 2020)

#### Nick Giles

Managing Director of OS Consumer

#### Rebecca Paterson

Customer and Marketing Director

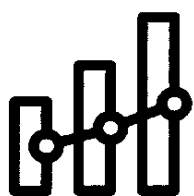
#### Caroline Bellamy

Chief Data Officer  
(until December 2019)



Visualisation of flooding on  
the Somerset Levels using  
Ordnance Survey data.

## Highlights (financial and non-financial)



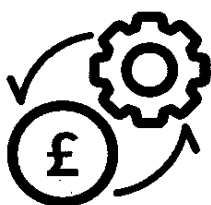
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Revenue  
**£161.7m**  
(2018-19: £157.3m)



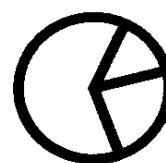
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EBITDA %<sup>1</sup>  
**28%**  
(2018-19: 31%)



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Free  
cashflow<sup>2</sup>  
**£9.9m**  
(2018-19: £35.3m)



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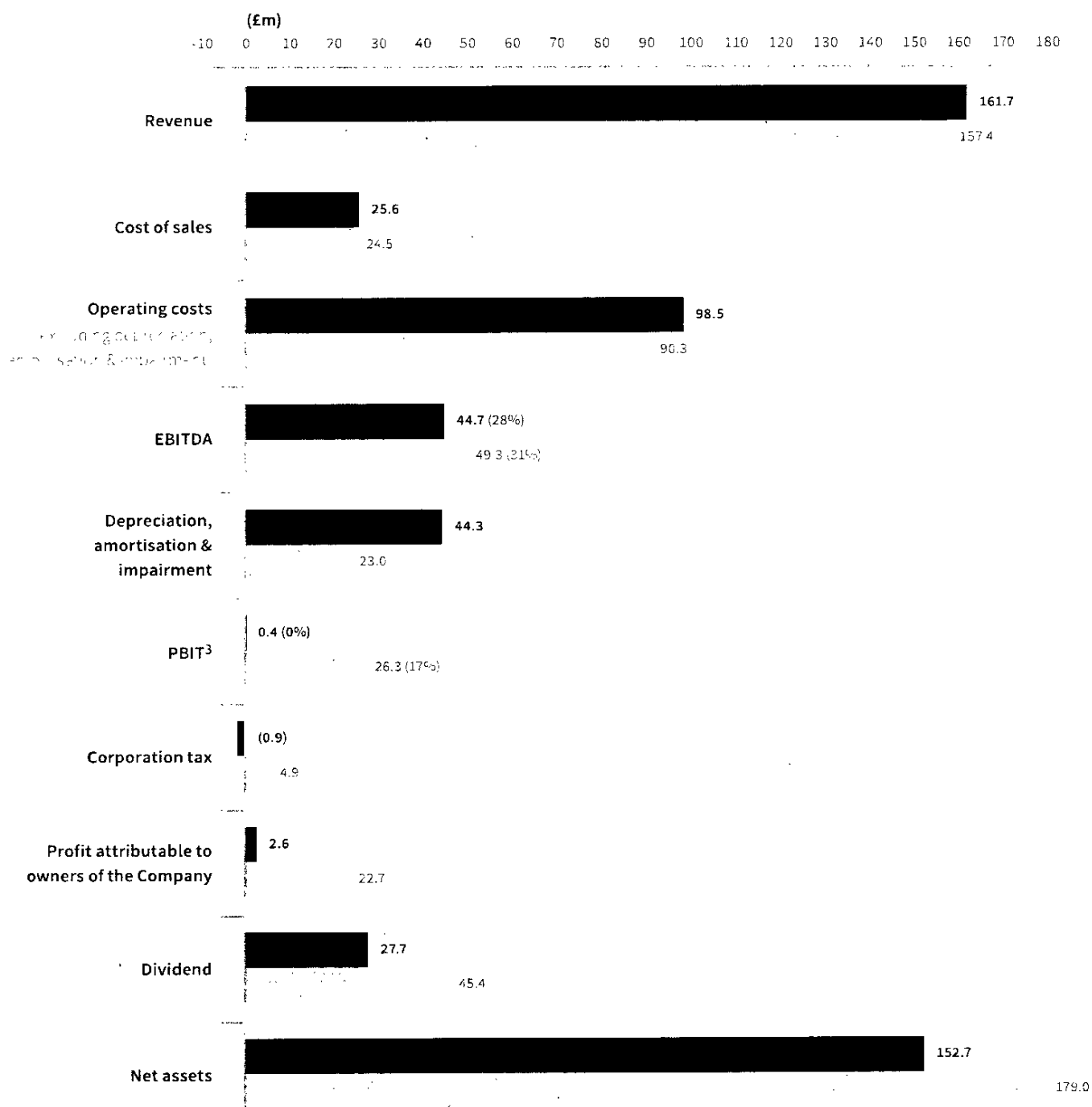
Net  
Promoter Score<sup>2</sup>  
**39**  
(2018-19: 46)

<sup>1</sup> EBITDA % is defined as earnings before interest, tax, depreciation and amortisation as a percentage of revenue.

<sup>2</sup> Free cash flow and Net Promoter Score are defined within the Financial review on page 30.

2019-2020  
2018-2019

## Financial summary



## Chair's letter

The UK today is unimaginably different from the conditions which prevailed throughout 2019 and the early part of this year. The degree and speed with which normal activity can return remains unclear.

The 'lockdown' introduced by the Government in late March required us to react quickly. Our Head Office was effectively closed, and the vast majority of our employees have been working from home. Similarly, our field force across the country were unable to undertake their normal surveying duties. Our colleagues in India, who provide a vital part of our system for updating data, have also been working from home.

**Despite the disruption, the work of the organisation has continued effectively and successfully. We have also managed to undertake an enhanced flying programme while the skies have been quiet. And we have responded to over 200 separate requests for datasets and services from both public and private sector customers who needed our help to respond to the public health emergency.**

I cannot stress too strongly my appreciation of and thanks to the management team for the effectiveness of their planning during this period. Thanks are also due to all colleagues who have adjusted to the new ways of working and kept the business moving forward. It remains our over-riding priority to ensure our people are kept safe and well.

Even with current difficulties, the year ended March 2020 was notably successful for Ordnance Survey. At its close, we entered into a new 10-year agreement with the government, via the Geospatial Commission, to provide data and services to our public sector customers. This new agreement is much more wide-ranging than its predecessor, requiring us to capture more data and to make it easier to access and share. For Ordnance Survey, this agreement represents the culmination of almost two years' work and is a resounding vote of confidence in the capabilities of the organisation for the future to deliver vital geospatial data used throughout the economy.

The agreement also paves the way for the progressive release of more data under the Open Government Licence, starting later this year. My particular thanks go to those members of the team who were instrumental over the year in bringing this agreement to fruition.





In June of last year, we welcomed our new Chief Executive, Steve Blair. In his first 12 months, Steve has made several significant changes to the organisation to provide the key foundations for our future success. Considerable efforts have been made by the Executive team and advisers to create a new corporate strategy which identifies the key elements of our commercial future and the capabilities necessary to deliver them.

Work has already commenced to deliver on the strategy, including the recruitment of new leaders into the business. Ordnance Survey's commercial future is not just to be a supplier of sophisticated geospatial information but also a provider of geospatial services to individuals, business and governments across the world. We will do this with our own augmented resources and in partnership with a range of organisations. The strength of the Ordnance Survey brand will be a key differentiator in our future success.

During the year, two of our Directors, Neil Ackroyd and Mike Carr, left the Board. Neil joined Ordnance Survey in 2001, serving as *Chief Operating Officer*, *Deputy Chief Executive* and, on two occasions, *Interim Chief Executive*. Neil oversaw a number of key innovations, from the use of external suppliers for data change detection, to improving the currency of our data and the creation of our Geovation start-up hub. He travelled extensively, developing our relationships with governments around the world and creating the foundations for our international aspirations. He leaves Ordnance Survey with our best wishes.

Mike Carr was a Non-Executive Director of Ordnance Survey for almost ten years. He brought his understanding and knowledge of technological development, having been chief science officer at British Telecom and a Director of Innovate UK, to bear on the development of Ordnance Survey's technological change programme. We are grateful to him for his contribution.

Finally, I would like to thank John Clarke, one of our Non-Executive Directors, for agreeing to step into an Executive role during the year as *Chief Operating Officer* to support the transition to Steve Blair's arrival. He has returned to his Non-Executive role.

Despite the current difficult operational environment, Ordnance Survey can face the future with confidence. Our role as *the provider of the country's definitive geospatial data framework* is assured.

Over the next few years, I expect our data to become ever more important in underpinning the functions and operations of many enterprises throughout the economy. And we are putting the building blocks in place to develop successful data services which will generate revenue and profits for the organisation into the future. Ordnance Survey is and will remain a great place to work and its success will continue to depend on the enterprise of all our staff. On behalf of the Board, I thank them for their work this year and look forward confidently to 2020-21.

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**Kieran Murphy**  
Chair

7 July 2020

# Chief Executive Officer's letter

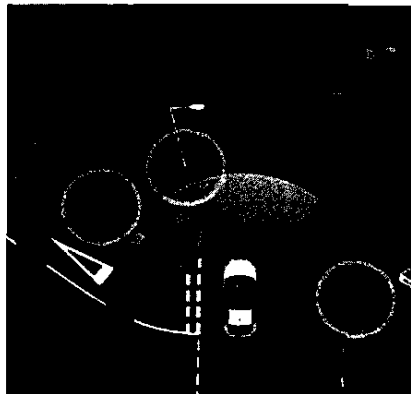
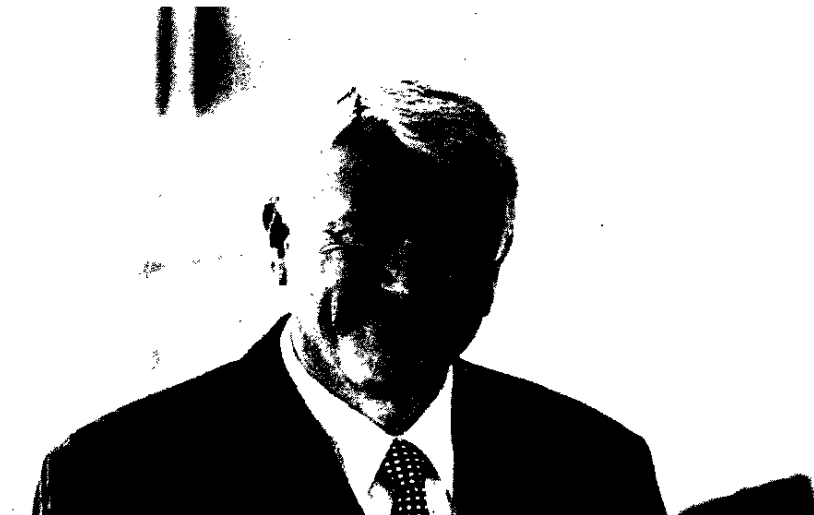
When I joined Ordnance Survey in 2019, I was immediately struck by the passion and expertise within the organisation. By March 2020 I saw the best of our people, providing support for customers responding to coronavirus and how we kept the business moving forward by adjusting to new ways of working.

That dedication to serving customers during the Covid-19 crisis is a great example of how we are transforming ourselves to put the customer at the heart of everything we do. My eyes have been opened to how significant the role of location is, not just in mapping for emergencies during the pandemic, but across the many sectors our data and insights bring to customers in Britain and globally.

**OS's role and purpose in serving Britain is as important as it has ever been. The government recognises this role which is why it has invested in the new Public Sector Geospatial Agreement (PSGA), to help it provide vital public services and to ensure our valuable data unlocks new opportunities for the British economy.**

The PSGA is our most significant achievement of the year. It is the foundation on which we will become a more commercially aware and customer centric organisation. The PSGA is a performance based contract and we will be measured on results. Successful delivery, enabling real economic value creation for the British economy, will translate into Ordnance Survey providing value for all our customers and partners – as we invest in people, data and technology, in line with our public task.

The work on delivering the PSGA has already begun, to create new data that is easier to access, use and share. I'm incredibly impressed by the dedication and hard work that has gone into the PSGA so far. It has been an exciting year with several new products, new ways to access the data and we're pushing ahead with enabling location to be used in new innovative ways by even more customers.



The other significant activity for the year has been setting a new direction for Ordnance Survey by launching the five-year strategy. Delivering on the PSGA is one of the five elements that will drive commercial growth. The others are an evolution of the great foundations which Ordnance Survey has today, and include international geospatial opportunities, geospatial services, consumer and commercial data.

We've seen excellent progress on projects such as roadside assets data capture, working alongside several technology partners. We look forward to seeing how this activity, which is already supporting the utilities sector, develops into a full commercial service. I'm also delighted we're leading the way in the development of the National Underground Assets Register, and look forward to working with all the partners to develop a national model from the excellent findings of the North East pilot.

Our leisure business remains in good shape despite the current situation and we have ambitions to take the flagship OS Maps to customers outside of the UK.

Our strategy will adapt as we move from the situation the world finds itself in, into a new world with new opportunities, new threats, new and stronger competition and technology changing at pace, and we will be ready to respond.

Finally, I'd like to acknowledge and thank all of our colleagues for their hard work in keeping the business moving forward in difficult times. It's been a challenging year, but we've made significant steps forward with a new public task and the launch of a clear strategy.

*S. Blair*

---

**Steve Blair**

Chief Executive Officer

7 July 2020

# Strategic report

1.1

## Vision and strategy

Our vision is  
to be recognised  
as world-leaders  
in geospatial  
services; creating  
location insight  
for positive  
impact.

POSITION ORDNANCE SURVEY  
COMMERCIALLY FOR THE FUTURE



International

Become the partner of  
choice for international  
governments seeking  
geospatial data production  
and land administration  
managed services



Geospatial  
Services

Establish new  
value-added  
geospatial services

## Our strategy

Over the next five years our strategy will focus on five elements.  
These are the building blocks to deliver growth.

### DELIVER COMMERCIAL GROWTH



Consumer

Help more people  
(globally), get outside,  
more often



Commercial  
Data

Grow the value of  
commercial data  
with our partners

### DELIVER THE PSGA



Deliver maximum value for  
UK Government under the  
Public Sector Geospatial  
Agreement (PSGA)



Map of central London  
showing routes taken  
by OS Maps users.

1.2

## Business model

We're a limited company registered in England and Wales.

Our shares are 100% owned by the Secretary of State for Business, Energy & Industrial Strategy (BEIS).

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

**Our operating model is:**



We collect and curate accurate and detailed geospatial data.



We provide trusted and authoritative geospatial data and services to HM Government.



Our geospatial solutions business unit provides services to governments internationally and sells data directly to sectors including energy and infrastructure and platform providers.



Commercial data is licensed to a 'partner' network, which brings in commercial revenue.



We provide mapping products and experiences to a consumer market to help people get outside.

### Business structure

During the year, the divisions were restructured and renamed from OSGB, OS Ventures and Consumer to National Mapping Services, Geospatial Solutions, Partners and Consumer to better serve our customers.

## Year in review

### National Mapping Services

#### STRATEGY:

National Mapping Services (NMS) delivers value to HM Government under the PSGA.

The PSGA enables Ordnance Survey to continue providing world-leading location data and expertise to Ordnance Survey Partners, developers and the public sector across Great Britain, supporting delivery of critical infrastructure and services – from blue lights to street lights.

The agreement creates greater opportunities for the public sector, developers and Ordnance Survey Partners including:

- New, richer data
- New ways to access our data
- New freedoms to share data

#### Public Sector Geospatial Agreement (PSGA)

From 1 April 2020, Ordnance Survey will deliver enhanced location information through the Public Sector Geospatial Agreement (PSGA) to benefit the public sector, businesses, developers and academia. The PSGA is the contract through which OS now delivers its public task.

The 10-year agreement, announced by the UK Government through the Geospatial Commission, replaces the Public Sector Mapping Agreement (PSMA) and the One Scotland Mapping Agreement (OSMA). By providing new, richer data; new ways to access data; and new freedoms to share

data, this significant investment in the Crown's geospatial assets will unlock significant social, environmental and economic benefit for the British economy.

The PSGA enables both government and Ordnance Survey to continue to enhance the Crown geospatial data, not only to meet the current needs of the public and private sector, but also to evolve to meet and take advantage of the opportunities offered from emerging technologies and markets. In doing so, it will maintain the UK's global reputation and competitive advantage in geospatial data.

#### HOW CUSTOMERS WILL BENEFIT:

##### The public sector

Improved public sector services by providing easier access to new, richer data – benefiting activities ranging from emergency services to flood risk management to road gritting. New analysis and insight leading to better policy making

##### Business

The new features of the agreement will enable insights for customers and improve core business processes such as risk analysis, asset management and enhanced route optimisation.

##### Developers and innovators

We're lowering cost and access barriers with our new products and APIs. We're freeing up some of our licensing conditions so third parties can make more of their data available under open terms for others to use in their products and services.

#### PROGRESS IN THE YEAR:

In the year, we completed delivery of the PSMA, OSMA and Open Data contracts.

The signing of the new replacement agreement with the Geospatial Commission, the PSGA, was the most significant achievement in the year.

The work has started with big changes to the data we collect, how customers can access it, and how it can be shared. We're pushing ahead with location being used in new innovative ways by more customers.

##### One consistent watercourses dataset

OS MasterMap Water Network provides data on all 364,177 miles of Britain's watercourses in one place for the first time. Created in conjunction with the Environment Agency (EA) and the Scottish Environment Protection Agency (SEPA), the nationally consistent, topologically structured data identifies how watercourses interact. Uses include managing and reporting water quality, hydrological modelling and flood prediction, protection and response.

# 5,467

PSGA members



## Covid-19 – Ordnance Survey supporting the nation's response

In March, as the Covid-19 pandemic became a national health crisis, Ordnance Survey's Mapping for Emergency service, and its data and technical expertise supported a wide range of public bodies, developers and businesses in their response.

We processed over 200 separate requests for geospatial data and analysis to help manage the crisis. Our support helped underpin decisions on getting support to the vulnerable, find and locate key assets and infrastructure such as hospitals, care homes and supermarkets and allocating resources to the right place at the right time.

Our Mapping for Emergencies team and technical consultants worked with the NHS, Public Health England and government agencies in Scotland and Wales as well as local authorities and resilience forums in analysis including demand on healthcare sites or understanding where critical assets were located.

We also introduced an emergency Covid-19 licence to improve and open access to Ordnance Survey data free of charge for any organisation supporting the national response.

We saw great initiatives from several partners including Esri UK and Europa under our Mapping for Emergencies programme, as well as innovative community apps and services from developers.

The way Ordnance Survey supported vital public services, shows why location plays such a critical role in keeping Britain moving forward.

## Mapping high streets

To help the government identify patterns to sustain successes and fix issues, we're working with the Office for National Statistics (ONS) to define and analyse the characteristics of Britain's high streets. By our methodology, Britain had 6,969 high streets in 2019, with the greatest number found in London (1,204) and the smallest number in the North East (276). Our figures also show that more than half (56%) of high street addresses are residential, with just under a third (31%) being used for retail. The dataset is derived from data products licensed under the PSMA and OSMA. It is now available for evaluation to PSGA members by request.

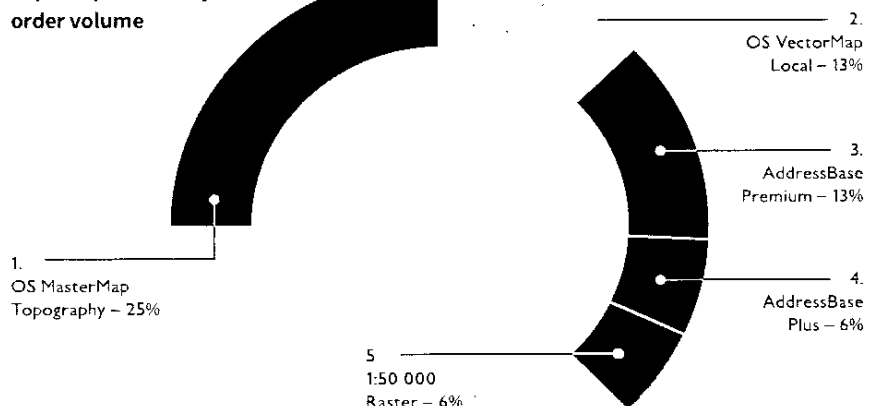
### Data supplied – by customer type



## Reducing bridge strikes with TfL

Transport for London (TfL) has released a free-to-use dataset, underpinned by height data from the OS MasterMap Highways Network, to help combat the issue of oversized vehicles striking low bridges. We worked with TfL through our Presumption to Publish process, available to all our public sector customers, to release the new dataset on the terms of the Open Government Licence which gives freight and fleet operators access to detailed height restrictions on bridges and tunnels across the capital.

### Data supplied – Top five products by order volume



## OS OpenData

A total of

# 195,545

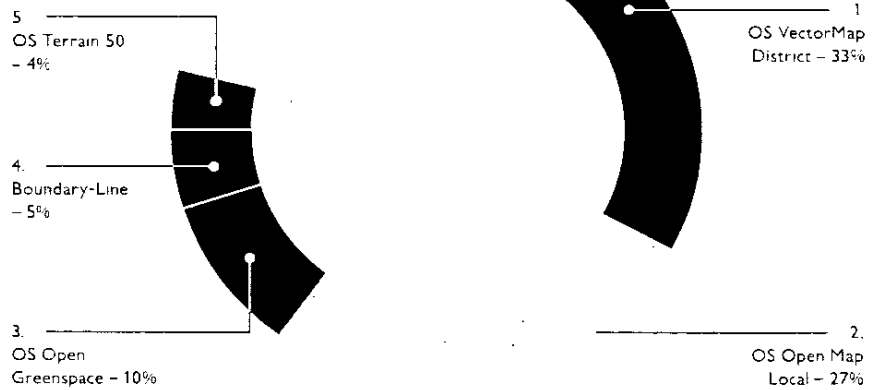
order items fulfilled –  
that's around 98 terabytes

## OS Open Zoomstack

# 7,312

OS Open Zoomstack datasets  
(GB) fulfilled since launch –  
that's around 22 terabytes

## OS OpenData – Top five products by order volumes (items)



OS Open Zoomstack is a comprehensive vector basemap of Great Britain - making it easy to go from national to local in one scroll of the mouse or pinch of the screen. It's highly customisable and can be used in apps, on websites and even offline.



Open Greenspace data shows every public recreation and leisure greenspace in Great Britain - used for analysis and as a means of promoting the benefits of getting outside.



### National Underground Asset Register

We have successfully completed a pilot in the North-East for the Geospatial Commission to create a National Underground Asset Register (NUAR), involving the design and configuration of a mapping platform to enable utility asset owners and operators to securely share information.

Early trials have been very successful. One major utility company has been able to identify significant efficiency savings and health and safety benefits.

### Supporting Scotland's health strategy

OS Open Greenspace is one of the data layers in a Geographic Information System (GIS) Green Health Map created as part of Scotland's first health Board-led Green Health Strategy. The strategy, published by NHS Lothian, Edinburgh and Lothian's Health Foundation and greenspace Scotland, aims to fully realise the potential of the NHS outdoor estate and community green spaces as a community health asset. In addition to identifying priority areas for green health activity development, using OS Open Greenspace in the green health activity mapping also highlights the proximity of parks and links to other spaces, community facilities and residential areas.

### Reducing traffic pollution

Tech firms developing navigational apps will have access to Ordnance Survey data through the Department for Transport's review of legislation around Traffic Regulation Orders (TROs). The initiative aims to give drivers the confidence to plan important trips without the fear of being stuck in traffic, and has the potential to reduce congestion, delays and air pollution. Proposals to make it easier for authorities, private app developers and companies to access data around the predicted 50,000 yearly road closures and use it to its full potential, contributes to Government's commitment to make travelling cleaner and greener, safer, easier and more reliable



Accurately mapping underground assets can reduce excavation delays, costs and injuries.



# £77m

raised by Geovation start-ups  
since 2015

# 117

new start-ups to date

# 484

new jobs created



## Geovation

Geovation was launched in 2010 by Ordnance Survey to support promising GeoTech and PropTech start-ups by offering them focused guidance and support, access to quality data, and technical and financial resources to help them develop and thrive.

Last year Geovation celebrated five years of its London-based Accelerator Programme, run in association with HM Land Registry. It also launched a new Edinburgh based accelerator programme run in association with Registers of Scotland.

The accelerator programmes are specially designed to propel pre-seed or seed stage start-ups to the next level and have established an impressive track record of success. To date they have helped turn 117 start-ups into thriving businesses, which has led to the creation of 484 new jobs and £77m invested into the start-ups.

Over the past 12 months Geovation has also carried out its plan to support and nurture more new businesses through strategic partnerships with complimentary innovation Hubs in Birmingham, Bristol, Cardiff and Manchester.

The latest cohort to be supported through the London-based accelerator programme:

- *Earthscope* which finds, forecasts and assesses wildfires by harnessing AI, satellite images and the weather
- *Hammer-Flights* which provides an adaptive flight automation platform for drone service providers and in-house drone programmes to collect quick and precise data
- *Atmo* which provides air quality monitoring to heavy industry to minimise exposure to personnel.
- *Veya*, a new platform that reduces the number of property non-completions while simultaneously reducing the end to end transaction times
- *Crowdhaus* which is modernising the property search market by providing 'For Sale' Smart Signs
- *SociAbility*, a mobile app allowing users to quickly and easily find detailed and reliable accessibility information for local social venues and shops
- *Lairvue Ltd*, a property viewing company providing a comprehensive seven day viewing service to ensure property viewings do not get cancelled, postponed or missed

The first three tech start-ups set to benefit from Edinburgh-based Geovation Scotland's support were:

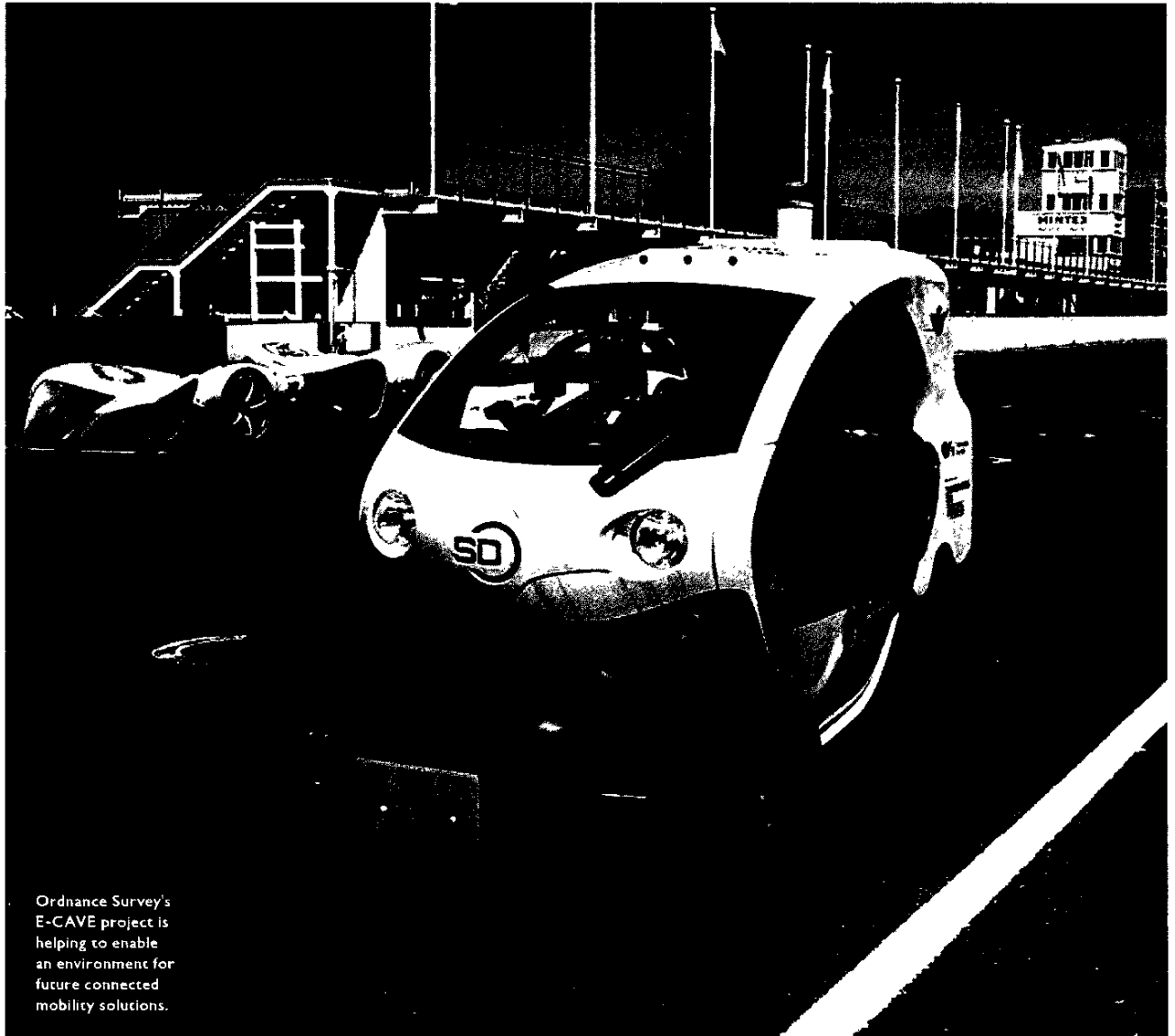
- *Folarity's Forest Planner* software as a service (SAAS) platform to help forest managers plan and monitor their woodlands
- *Walks and Waterfalls*, a treasure app to help users locate Scotland's waterfalls, wild swimming spots, undiscovered walks and heritage sites
- *AboveBoard*, a community-driven, property factoring platform to equip people living in residential blocks and developments with tools to reduce maintenance costs through optional self-management



### Global mapping standards for self-driving cars

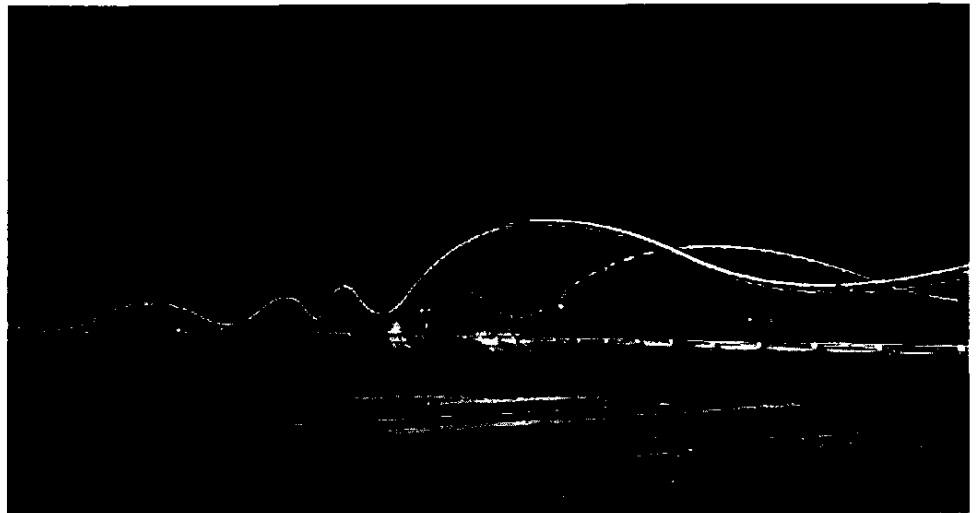
Our report with Zenzic, which was created by the UK Government and industry to coordinate a national platform for testing and developing connected and self-driving vehicles, lays out the importance of collaborative mapping in the development of self-driving vehicles. The 'Geodata report - analysis and recommendations for self-driving vehicle testing' sets out what the global standards should be for high-definition mapping and also calls for the creation of common data standards to promote collaboration and improve confidence in mapping data.

Currently there is no single source of high definition mapping data for self-driving vehicles. We suggest a neutrally hosted platform would increase the confidence in data from multiple sources and help different self-driving vehicles co-exist on the same piece of road. For this to work, standards for data collection and sharing will need to be implemented globally.



Ordnance Survey's E-CAVE project is helping to enable an environment for future connected mobility solutions.

## Geospatial Solutions



### STRATEGY:

We have clear international propositions focused on our strengths in geospatial data production, automated landscape monitoring and land administration.

Geospatial Solutions focuses on future revenue opportunities with support from a newly formed propositions and innovation (P&I) unit. There will be new propositions developed for roadside asset management and trusted geospatial data platforms. These will be built on the expertise gained in projects such as roadside asset data capture.

We will also maintain existing energy and infrastructure and platforms revenue and grow the direct data channel.

### PROGRESS IN THE YEAR:

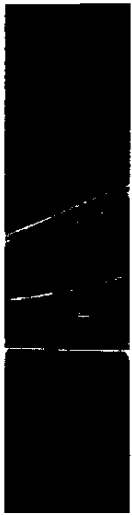
The International team developed clear propositions focusing on winning high priority targets and a pipeline of country opportunities.

A new contract was signed with the Dubai Government, to develop its geospatial capabilities. The landmark deal will see the creation of the Geospatial Services Centre in Dubai, enhancing remote sensing, and embedding a system of governance for data management and quality assurance.

Also delivered in the year was the Automated Product Creation service, which we developed to create the OS VectorMap Local product. It creates a consistent product, improving the currency and quality of national datasets, to produce the end product in hours and days. This is a step-change as typically it would take months for manual cartographic production processes. The process is entirely automated, eliminating the need for manual input

Our team meeting customers from the Hong Kong Land Authority, at Explorer House.





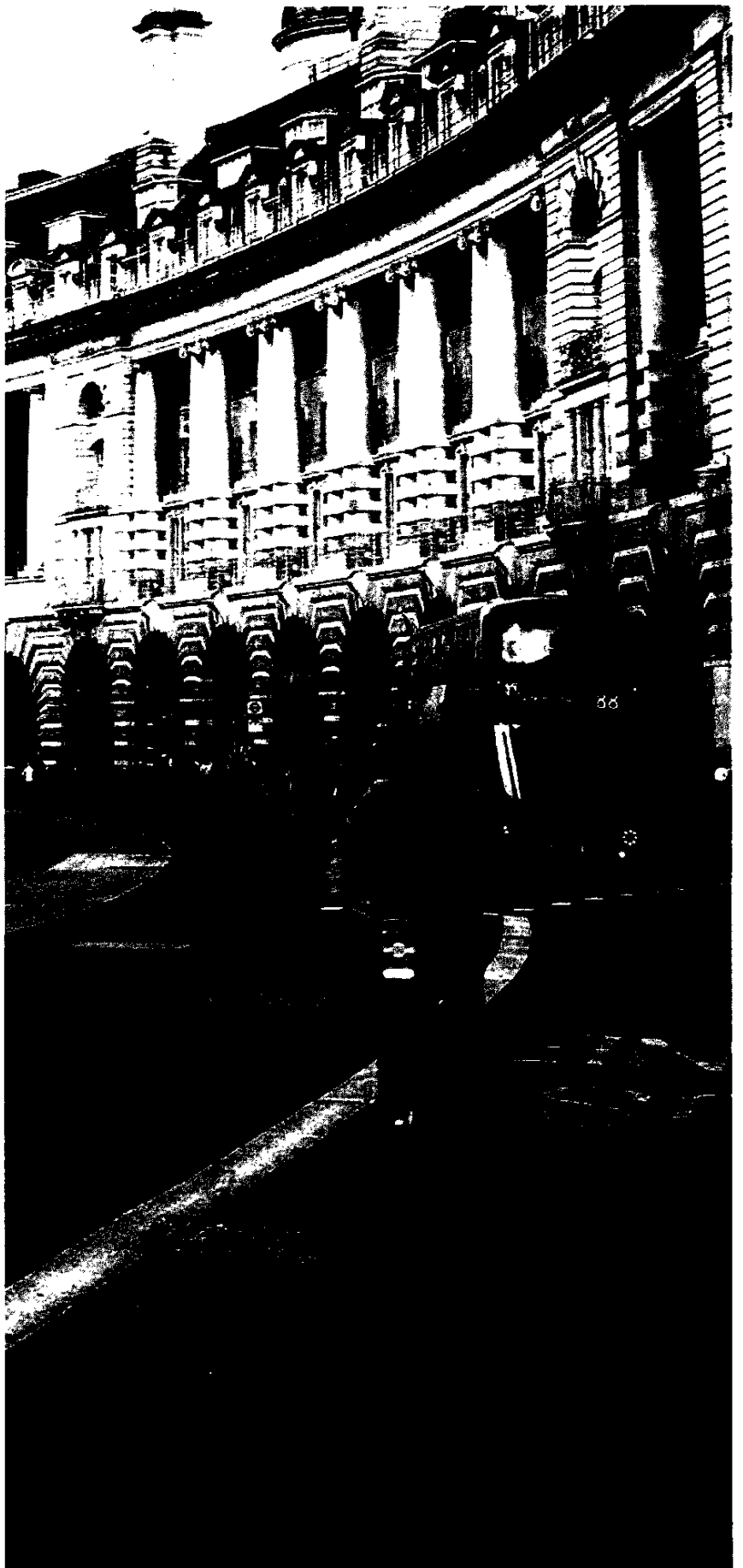
A new contract was signed with the Dubai Government, to develop its geospatial capabilities.

### Geospatial innovations

Ordnance Survey moved forward on innovations in projects such as the roadside asset data capture collaboration with technology partners at Intel.

Propositions are being developed to include richer and more dynamic data, to support markets such as asset management and network planning. We've identified five opportunities that we're pursuing in this market. And trusted geospatial data platforms will draw upon the work that has gone into projects exploring secure and trusted data exchange platforms.

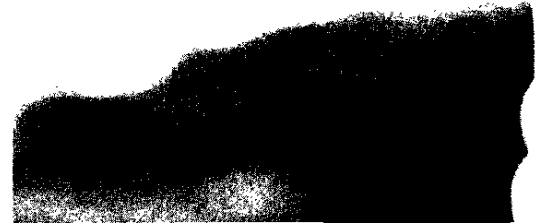
Ordnance Survey launched trials to create the first detailed roadside infrastructure dataset of Britain for a new, accurate and customisable location information service.



Since February, use of the OS Maps app has increased by 300% as the nation went into lockdown.

# 3.5 million

OS Maps users



## Leisure

### STRATEGY:

We help more people to get outside more often so that they live longer and enjoy life more. We do this by providing a range of products and services that help make outdoor activity enjoyable, accessible and safe.

We will drive engagement in outdoor activity to deliver profitable commercial growth of our leisure product range across navigation, mapping, guides and accessories. We intend to further improve the customer experience to ensure ease of purchase across all our channels, (retail, e-commerce and mobile application stores). We aim to keep the Ordnance Survey brand foundational in any outdoor activity.

OS Maps will expand internationally, building on the success of the award-winning OS Maps ecosystem. We will also expand into new content (e.g. virtual guidebooks) and gamified outdoor experiences.

### PROGRESS IN THE YEAR:

#### OS Maps

Our award-winning app grew in popularity and depth. Users created over one million different routes in the app between April 2019 and March 2020. We added a new layer detailing the National Cycle Network for our web version, in partnership with UK walking and cycling charity Sustrans.

During the year the app won five awards:

- Best Use of Technology in Customer Engagement – 2019 Engage Awards
- Best Technology Tool – 2019 Direct Commerce Awards
- App of the Year – 2019 The Great Outdoor Awards
- Best Digital Product – 2020 Outdoor Industry Association Awards
- App of the Year – 2020 Trail Running Magazine Awards



#### GetOutside Campaign

Our flagship initiative to promote the benefits of an active outdoor lifestyle across Britain continued to see significant levels of engagement and participation this year. About six million different people visited our GetOutside.uk website, and we partnered with 75 different organisations throughout the outdoor sector.

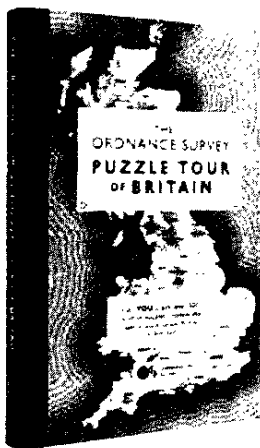


We recruited a 100 strong team of OS GetOutside champions to help spread the message around the country. This was in response to 700 applications wishing to join the programme.

We held our second National GetOutside Day in September 2019, an event that reached an estimated media audience of 6.2 million people. The original event, held in 2018, won Activation of The Year at the ukactive Awards in June.

The OS Maps application is used by over 3.5m people to maximise their enjoyment of the great outdoors and is seamlessly integrated across mobile application and web services.





### Ordnance Survey Puzzle Tour of Britain

The Ordnance Survey Puzzle Tour of Britain, the successor to 2018's best-seller The Ordnance Survey Puzzle Book, was published by Trapeze in October 2019.

The follow-up sold approximately 55,000 units in the lead up to Christmas, peaking at number four on the Non-Fiction Paperback best-seller list. Industry data shows that both The Ordnance Survey Puzzle Tour of Britain and The Ordnance Survey Puzzle Book were the two best-selling titles across the puzzle book market last year.

### Paper Maps (and Guides)

In what has been a declining marketplace for travel guides and maps, sales of Ordnance Survey walking maps outperformed much of the consumer market in this category.

Nielsen BookScan shows that overall value sales for travel guides and maps fell by 3.6% sector wide in 2019 compared to the previous year.

By contrast, sales of Ordnance Survey walking maps in 2019 matched those of 2018.

Our best-selling paper map remains OL1 / Snowdon in the OS Explorer series. We released a new edition of this map in February 2019.

Our Pathfinder Walking Guide series saw a year-on-year sales increase of 27% in 2019.



The moon map was endorsed by Buzz Aldrin, who shared an image of himself studying it on Twitter.

### Moon Map

To commemorate the 50th anniversary of the historic 1969 Apollo 11 moon landing, we designed and published an Ordnance Survey map of the moon.

The map covers an 840 mile by 620 mile area of the lunar surface, to a scale of one to 1,470,000.

The product, which came in either the traditional folded map style or a flat poster format, was a great success.

Ordnance Survey data is trusted for its accuracy and detail.



## Commercial data

### STRATEGY:

We will deliver growth through pricing, licensing and feature offers tailored to target specific user groups.

We plan to develop a systematic approach to growing partner revenue, with an initial goal to roll it out to one target sector.

### PROGRESS IN THE YEAR:

#### Partner channel

##### Our partnership network

Collaboration is key to maximising the value of our location data, delivering innovation and developing the next generation of products and services. Our partnership channel again grew in 2019-20 and there are now more than 400 organisations licensed to use, enhance and distribute Ordnance Survey data. The network continued to benefit millions of customers by providing solutions across all sectors, including land and property; finance and insurance; energy and infrastructure; transport and logistics; consumer; and government.

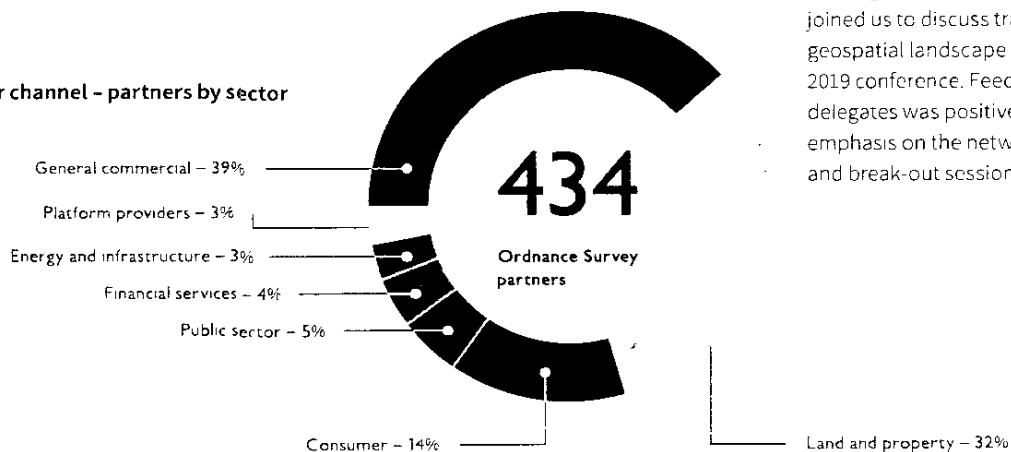
##### Partner engagement

Our webinar series provided an opportunity for us to update partners on our activities but also to hear their feedback on our plans. From web developers wanting to learn more about APIs and their applications to updates on our agenda, the 2019-20 programme covered a wide range of issues. This year we also provided in-depth online briefings on specific developments, including the new PSGA and the Open OS MasterMap Programme together with associated changes to pricing and licensing. To build on this success, further webinars are planned for 2020-21.

##### Partner conference

Existing and potential new partners joined us to discuss transforming the geospatial landscape at our November 2019 conference. Feedback from the 135 delegates was positive, with a particular emphasis on the networking opportunities and break-out sessions.

#### Partner channel – partners by sector



Our partner channel grew in 2019-20 and there are now 434 organisations licensed to use, enhance and distribute Ordnance Survey data.



## GB direct

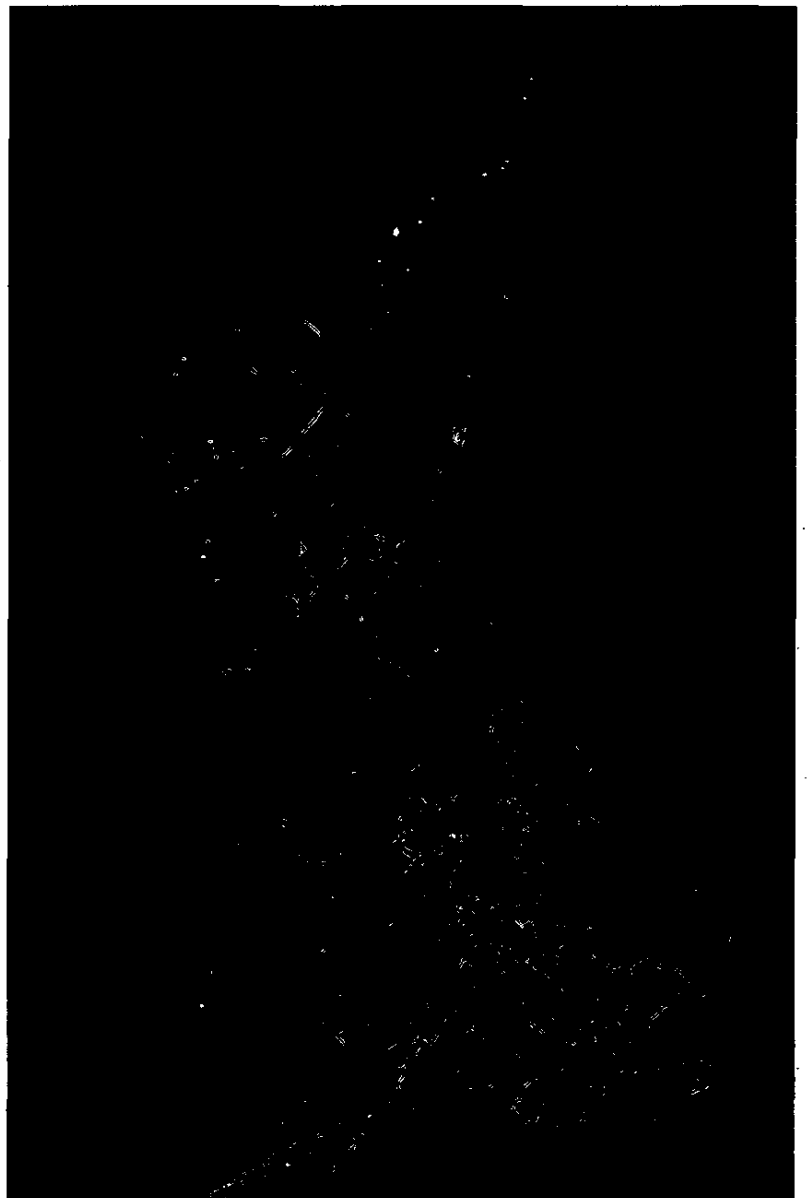
### Overview

Our direct sales channel is part of our Geospatial Solutions business unit. It provides a significant revenue stream by selling OS data directly to customers

### Customer example

Last year one of these customers, Northern Gas Networks (NGN), which supplies 2.7 million homes in the North of England, used OS data to create an automated traffic management plan for street works.

NGN worked with the Energy Innovation Centre and 1Spatial to build a prototype system using OS data which could automate the creation of traffic management plans for street works. This included automatically including industry regulations. It also identifies address affected by street works, to create impact zone notification letters, and shares plans with key stakeholders such as local authorities.



# Financial review

## Financial summary

	2019–20	2018–19
	£m	£m
Revenue	161.7	157.4
Cost of sales	25.6	24.5
Operating costs (excluding depreciation, amortisation & impairment)	98.5	90.3
EBITDA	44.7	49.3
EBITDA %	28%	31%
Depreciation & amortisation	44.3	23.0
PBIT	0.4	26.3
PBIT %	0%	17%
Corporation tax	(0.9)	4.9
Profit attributable to owners of the Company	2.6	22.7
Dividend	27.7	45.4
Net assets	152.7	179.0

### Revenue

Total revenue comprises both trading revenue and other operating activities. The trading growth in 2019–20 was due to growth through our Licensed Partners, continued provision of our services to Government and ongoing sales growth of digital products to consumers.

### Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA reduction has been predominantly driven by the following increases in expenditure; employee costs and professional fees, as we continue to invest in new talent and our strategic direction in preparation for future growth. In addition, we have increased our impairment of receivables reflecting the financial uncertainty as the COVID-19 pandemic affects our customer base.

### Profit Before Interest and Tax (PBIT)

The PBIT outturn of £0.4m (2018–19: £26.3m) was driven by increased amortisation following the update to the useful economic life of the Geospatial Content Improvement Programme (GCIP) reducing the useful economic life from 7.5 years to three years to match the revised formal operational requirement of the data.

### Dividends

In March 2020, we declared a final dividend to our shareholder, the Secretary of State for Business, Energy and Industrial Strategy, of £27.7m. The 2018–19 reported dividend of £45.4m is made up of the March 2019 declared dividend of £27.4m for 2018–19 and the June 2018 declared dividend of £18.0m for 2017–18.

## Statement of financial position

### Cash

We generated a net cash inflow of £25.4m (2018–19: £43.6m) from operating activities during the year and a further £5.3m (2018–19: £6.5m) received from joint ventures. Our capital expenditure programme of £26.1m (2018–19: £15.0m) included the investment in infrastructure systems as we continually invest in ways to best serve our customers.

### Non-current assets

Our non-current assets are principally:

Explorer House, Our Head Office in Southampton

Geospatial Content Improvement Programme. The programme for the improvement of urban content has concluded after five years. Increasing demand for more features and greater urban detail had made this programme a necessity to maintain OS MasterMap's world-leading, best in class status

Geospatial Database Management System. This is the repository for all data content from which all products are derived



## 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 Ordnance Survey products and services online. The business is included within Leisure and an overview is provided on page 26. OSL continues to grow significantly year on year, particularly OS Maps subscriptions, where several innovative product developments have led to our subscriber database growing by 24% from 31 March 2019. Digital products are the key growth area of the business and the business is expected to continue to grow as our traditional customers and new users adopt this digital technology. Total revenue of £5.8m (2018-19: £4.9m) and PBIT of £1.8m (2018-19: £1.3m).

#### Ordnance Survey International Services Limited (OSI)

OSI is our 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 Middle East and North Africa (MENA) and Asia Pacific (APAC). The business is included within Geospatial Solutions as outlined on page 24. OSI generated revenue of £0.5m (2018-19: £1.0m) and a loss of £1.0m (2018-19: £1.4m).

## Shared ownership entities

#### GeoPlace LLP (GeoPlace)

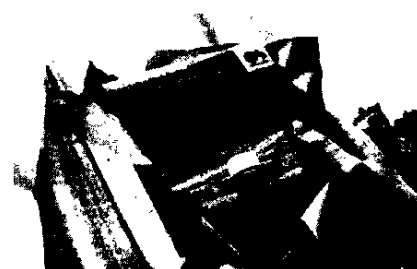
GeoPlace is a 50:50 joint venture with the Local Government Association, which has developed an addressing product licensed to the Company. GeoPlace generated a profit share return of £6.3m (2018-19: £5.6m), and £5.3m in cash was returned to the Company during the year (2018-19: £6.4m).

#### Astigan Limited (Astigan)

Astigan is a 51% owned subsidiary which is consolidated into the Group accounts as Ordnance Survey has control of the Board. During the year, the Company continued to research new ways of remote data collection. Astigan made a loss of £2.7m (2018-19: loss of £2.6m). At the year end, the Group decided to wind down the project as the Board no longer believes it is likely to generate a positive return on investment relative to the risk involved in the absence of being able to secure a strategic partner. The investment is fully impaired in the Company accounts.

#### PointX Limited (PointX)

PointX® is a 50% joint venture with Landmark Information Group®. PointX provides national location information for UK businesses, government, local authorities, emergency services and the commercial sector. During the year PointX generated a profit share of £0.1m (2018-19: loss £0.1m) and nil in cash was returned to the Company during the year (2018-19: £0.1m).



#### Dennis Maps Limited

The Company took a 25% share of Dennis Maps Limited in December 2016. The Group share of profit generated in year is nil (2018-19: nil).

The main objective of the investment is for the Group 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. These KPIs are key to assessing the current performance of the business as well as being a lead indicator on future performance.

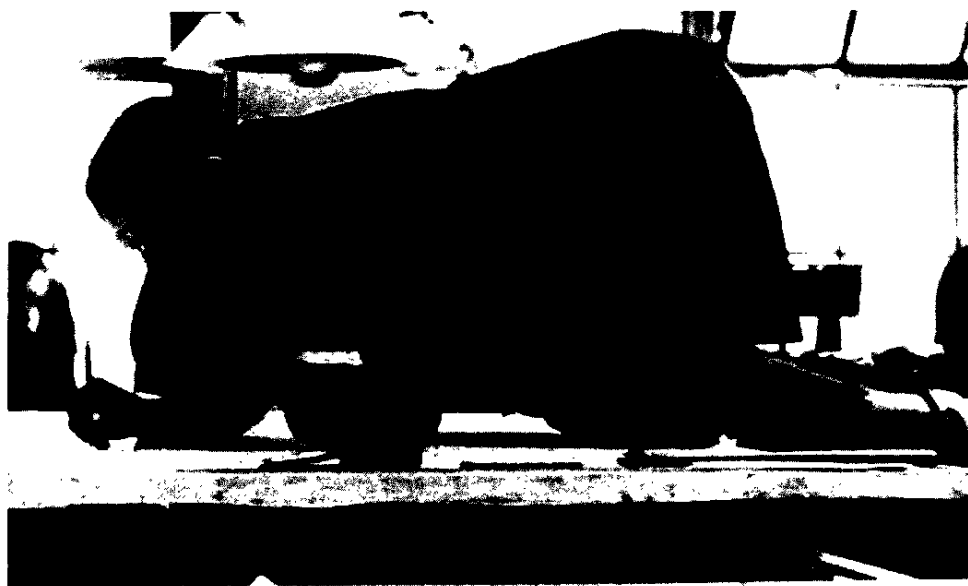
	2019-20	2018-19
Revenue	£161.7m	£157.4m
PBIT	£0.4m	£26.3m
Free cash flow	£9.9m	£35.2m
Net Promoter Score	39	46

**Revenue** – is the total consolidated Group revenue recognised on the statement of profit or loss

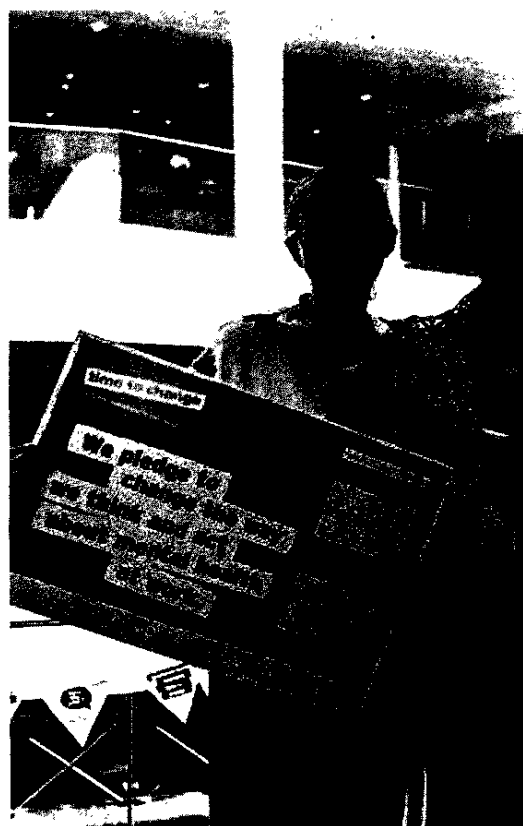
**PBIT** – defined as profit before interest and tax.

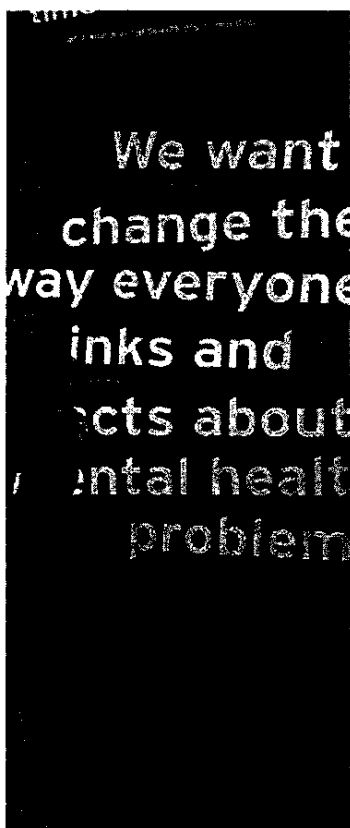
**Free cash flow** – defined as total net cash flow with dividend added back.

**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.



Between April 2018 and March 2020, we raised more than £26,000 for our corporate charity partner, Southampton Children's Hospital Charity - Emergency and Trauma Unit.





1.5

## Corporate and social responsibility

Ordnance Survey is committed to using its expertise and resources not only to deliver its business objectives but also to realise wider social, environmental and economic benefits. Together with our staff, we embrace and support an ethos of 'giving back' by supporting our local community, charities and education.

### Corporate charity

Between April 2018 and March 2020, we raised more than £26,000 for our corporate charity partner, Southampton Children's Hospital Charity - Emergency and Trauma Unit. Chosen by our employees every two years, the corporate charity is supported by a range of fundraising events such as gala concerts by our workplace choir, Off the Scale and interdepartmental competitions.

### Employee match funding

Employees organising their own fundraising activities can request up to £100 match funding. This year, 18 employees participated in the scheme raising almost £1,400 for local and national charities.

### Volunteering

In 2019/2020, we saw a significant increase in employees using their volunteer days with 450 people, including our Directors, giving more than 3,330 hours to support many different causes – from helping in local charities and schools to cleaning beaches.

### Work experience

We have increased the work experience opportunities we offer and this year provided more than 1,000 hours of time to 21 students aged from 11 to 18. Each spent up to a week in departments such as engineering, procurement, our Business Centre, and consultancy and technical services.

### Local community support

We support our local communities in a number of practical and creative ways. For example, we have provided catering and use of Explorer House and our Business Centre to Young Enterprise and Dragons' Den Events and printed leaflets for charity. We have also taken 11 community bookings for our facilities at Explorer House from local schools, the NHS, Southampton City Council, and Hampshire Police.

## Sustainability

Ordnance Survey has a role in helping the UK government and industry to achieve clean growth and protect the natural environment by supplying high quality geospatial data. Internationally, Ordnance Survey can demonstrate best practice in environmental management by reducing our own environmental and social impact through our operations and supply chain.

Ongoing pressure to act on climate change and pollution means stakeholders look to Ordnance Survey, as Great Britain's National Mapping Service provider, to demonstrate best practice in environmental management.

We reduce emissions through a process of review and continuous improvement. Following an energy and efficiency review of our Head Office, Explorer House carried out in partnership with our facilities provider CBRE, we have set KPIs and promote how the business as a whole can deliver environmental efficiencies.

By achieving our strategic aim to be recognised as a geospatial global leader, we expect our office based emissions to fall. Travel related emissions fell in the last quarter because of travel restrictions related to the Covid-19 pandemic.

### Greenhouse gas emissions

Improved metering and management of systems and in-house reporting led to a further fall in Head Office electricity consumption (600,000kWh reduction against 2018-19). Gas consumption went up slightly because the Head Office employee head count increased and put additional demand on the hot water system.

As with previous years, there was an ongoing fall in emission factors reflecting the continuing decarbonisation of electricity generation. Combined with the lower electricity consumption figures, this has resulted in an emission reduction of 275.4 tCO<sub>2</sub>e from 1,530.5 tCO<sub>2</sub>e in 2018-19 to 1,255.1 tCO<sub>2</sub>e in 2019-20.





## Greenhouse gas emissions

### Absolute metrics

	Scope/emission/energy use	2019-20	2018-19	2017-18
Non-financial indicators (tCO <sub>2</sub> e)	Total Scope one emissions (gas, fuel for fleet cars and fugitive emissions from air chillers)	684.1	656.6	667.7
	Total Scope two emissions (off-site electricity generation)	1156.9	1410.3	1916.0
	Total Scope three emissions (transmission loss of electricity)	98.2	120.2	179.1
	Total emissions attributed to electricity consumption (Scope two and three)	1255.1	1530.5	2095.1
	Emissions attributable to Scope three official business travel (rail, taxi, air, underground)	802.7	1228.5	896.3
	Emissions attributable to Scope three Managed Assets (Gloucester Data Centre, inc. fugitive emissions and electricity consumption)	152.0	214.1	273.1
	Emissions attributable to Scope three Managed Assets (Cessna surveying aircraft)	304.9	190.1	188.1
	<b>Total emissions (all scopes)</b>	<b>3198.7</b>	<b>3819.8</b>	<b>4120.3</b>
Self generated energy consumption (kWhth)	<b>Heat from renewable sources (Ground source heat pump) – Scope one</b>	<b>1,084,100</b>	<b>1,166,383</b>	<b>1,501,800</b>
Related purchased energy consumption (kWh)	Electricity (Mains 'Green' Tariff)	5,074,209	5,679,098	6,156,855
	Gas	379,039	361,073	507,182
	<b>Total kWh consumption</b>	<b>5,453,248</b>	<b>6,040,171</b>	<b>6,664,037</b>
Financial Indicators (£)	Expenditure on energy (gas, electricity, BUS fuel, GDC electricity, Cessna fuel)	£975,238.16	£997,394.41	£966,807.44
	Expenditure on CRC (including fees and allowance)	£28,664.80	£30,435.14	£39,720.37
	Expenditure on official business travel (rail, hire cars, taxis, air, BUS leasing)	£2,183,198.49	£2,276,153.35	£2,285,672.82
	<b>Total expenditure on energy, CRC and official business travel</b>	<b>£3,187,101.45</b>	<b>£3,303,982.90</b>	<b>£3,292,200.63</b>

### Normalised metrics

	Asset	2019-20	2018-19	2017-18
kWh/m <sup>2</sup>	Explorer House	312.1	341.6	382.4
tCO <sub>2</sub> e/FTE	Explorer House	1.29	1.83	2.14
kWh/m <sup>2</sup>	Gloucester Data Centre	2,502	3,182	3,228
g CO <sub>2</sub> e/km travelled	Company vehicle mileage (kilometres)	155.3	157.8	157.5
g CO <sub>2</sub> e/km travelled	Hire vehicles mileage (kilometres)	161.8	160.4	157.3
Number of instances	Domestic flights (No.)	281	327	290
kg CO <sub>2</sub> e/passenger-flight	Domestic flights	198.8	244.7	231.8
kg CO <sub>2</sub> e/passenger-flight	Short-haul flights	281.7	373.4	318.7
kg CO <sub>2</sub> e/passenger-flight	Long-haul flights	1864.3	2527.2	2479.0
kg CO <sub>2</sub> e per journey	Domestic rail travel	9.6	10.6	11.2



## The Ordnance Survey fleet

Mileage has remained constant over the last three years. In 2019-20 however, the use and cost of hire cars has risen due to the growth in surveying activity, in particular new surveyors awaiting their business fleet vehicles. Whilst car travel decreased in the last quarter due to the Covid-19 virus halting on the ground surveying, we expect this trend to continue into 2020-21.

The amount of aerial surveying remained consistent between this and the last financial year

## Air and rail travel

Air and rail travel has decreased slightly. Long-haul air travel in particular has decreased by 662.9 kg CO<sub>2</sub>e / passenger flight from 2,527.2 kg CO<sub>2</sub>e / passenger flight in the previous year. This can be attributed to the cancellation of travel in the last quarter and increased use of virtual technology for domestic and international meetings. We recognise that our business strategy impacts both domestic and international travel, and that our travel policies must be continually developed and reviewed to address any conflict between planned business growth and travel-reduction targets.



## Financial breakdown of business travel (£)

Asset	2019-20	2018-19	2017-18
Company fleet lease	£1,164,560.36	£1,216,350.00	£1,359,436.48
Company fleet fuel costs	£239,231.47	£233,004.47	£205,684.70
Hire car costs	£103,543.09	£25,330.07	£17,300.86
Domestic rail travel (including underground)	£257,739.27	£248,446.45	£237,054.61
Domestic flights	£49,374.97	£57,964.37	£51,077.89
Short-haul flights	£44,680.63	£56,404.53	£51,446.49
Long-haul flights	£297,411.65	£406,245.84	£328,100.67
Domestic taxis	£26,657.05	£43,799.46	£35,571.12
<b>Total</b>	<b>£2,183,198.49</b>	<b>£2,287,545.19</b>	<b>£2,285,672.82</b>

Assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The useful life of property, plant and equipment is determined by management based on the expected usage of the asset.

## Water and paper

Total water consumption rose by 576m<sup>3</sup> from 5,453m<sup>3</sup> in the previous year to 6,029m<sup>3</sup>. This is partly due to the increased number of staff frequenting the Head Office and warmer summer period which has increased water usage. We are currently averaging above 6m<sup>3</sup> per FTE.

Paper use has decreased slightly compared with last year. This may be due to a wider range of copying services being offered to the business by our Digital Print Services and less personal printing using the multi-function devices.

There has been a slight increase of 2.32 tonnes of total waste compared with last year.

## Finite resources consumption - water and paper procured

### Absolute metrics

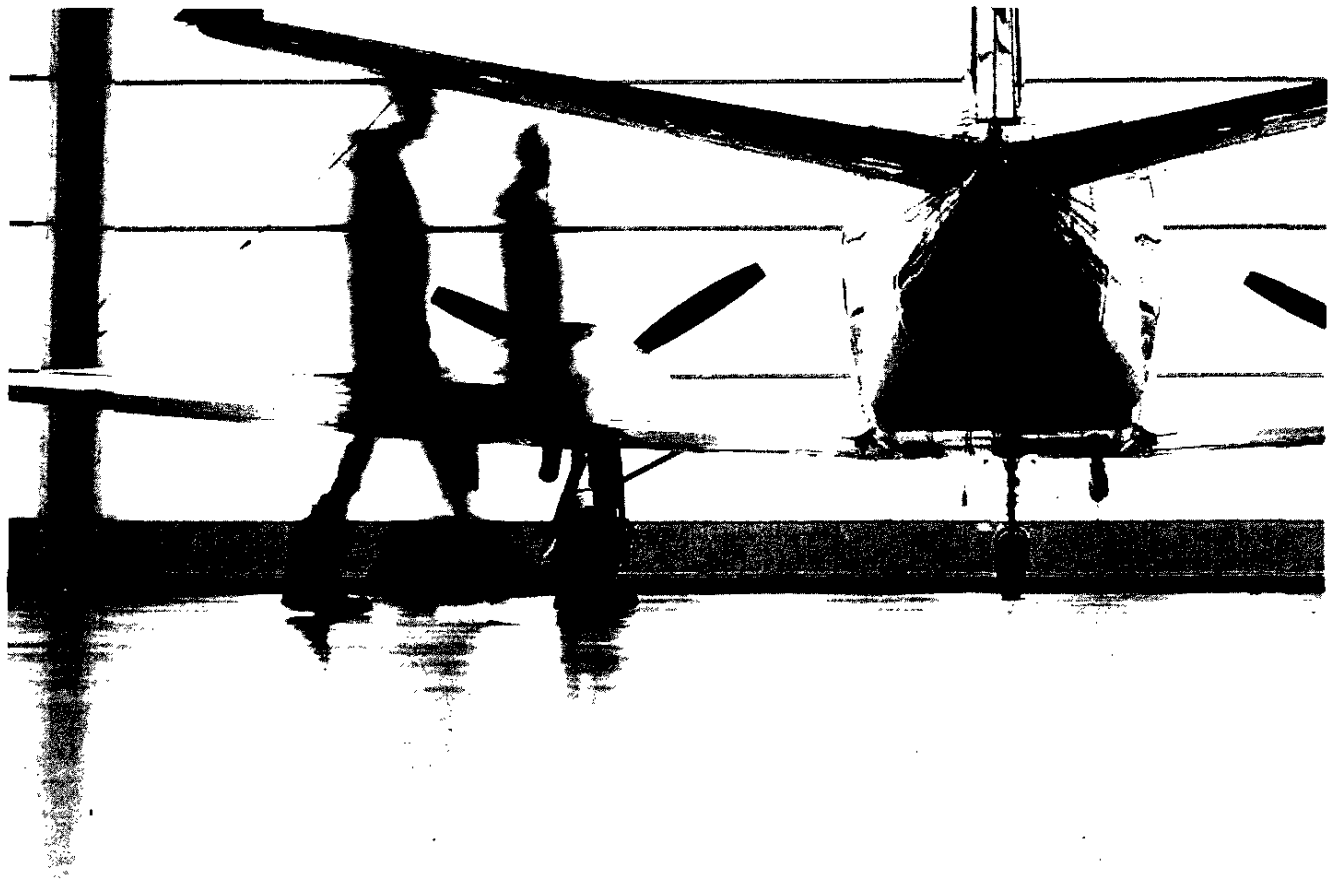
			2019-20	2018-19	2017-18
Non-financial indicators (m³)	Water consumed (m³)	Mains water supply (Scope 2)	4,573	4,601	4,309
		Harvested rainwater used (Scope 1)	1,456	852	1,564
		Mains water tCO₂e	1.6	1.6	1.5
		Waste water tCO₂e	4.3	3.9	4.2
		Total tCO₂e	5.8	5.4	5.6
		Total consumption in m³	6,029	5,453	5,873
Normalised metrics	Water consumed (m³)	Mains water supply per FTE	4.61	5.43	4.32
		Harvested rainwater used per FTE	1.47	1.01	1.57
		Total consumption per FTE	6.08	6.44	5.89
Absolute metrics	Paper procured (tonnes)	Procurement (through Banner GGC)	1.06	1.46	1.15
		Procurement through FM contractor	2.41	3.64	3.28
		Total paper procured	3.47	5.10	4.43
Financial indicators (£)	Water consumed (£)	Mains water supply & treatment	£18,026.34	£17,669.34	£17,604.26
		Used harvested rainwater treatment	£3,559.75	£2,074.07	£3,604.00
		Total water supply and treatment	£21,586.09	£19,743.41	£21,208.26

## Waste

### Absolute metrics

		2019-20	2018-19	2017-18
Non-financial indicators (tonnes)	<b>Total waste arisings (tonnes)</b>	<b>69.20</b>	<b>66.89</b>	<b>78.08</b>
	Waste recycled/reused (excludes ICT)	25.61	25.49	27.48
	ICT equipment reused/recycled externally	2.95	3.24	4.41
	<b>Non-hazardous waste</b>			
	Waste composted	7.17	2.85	4.02
	Toner cartridges (recycled)	0.26	0.26	0.25
	Waste sent to incinerator (energy recovery)	28.58	27.31	37.10
	Residual waste sent to landfill	4.15	4.04	5.07
	Batteries (recycled)	0.00	0.10	0.12
	HCFC equipment (fridges etc.)	0.38	0.38	0.38
	<b>Hazardous waste</b>			
	Fluorescent lamps (recycled)	0.00	0.18	0.00
	Sanitary waste (not recycled)	0.06	0.06	0.06
	WEEE	0.04	2.98	0.38
	Engine oil	—	—	—
Financial indicators (£)	<b>Total disposal costs (£)</b>	<b>£25,368</b>	<b>£26,078</b>	<b>£19,453</b>
	<b>Total non-hazardous waste costs</b>	<b>£20,549</b>	<b>£19,460</b>	<b>£15,454</b>
	Waste recycled/reused	£15,509	£16,248	£15,084
	ICT equipment reused/recycled externally	£2,113	£3,251	£4,520
	<b>Non-hazardous waste</b>			
	Toner cartridges (recycled)	£114	£114	£455
	Waste composted/anaerobic digestion	£1,057	£428	£78
	General waste skips	£1,616	£805	£1,139
	Waste sent to incinerator (energy recovery)	*	*	*
	Residual waste sent to landfill	*	*	*
	<b>Metal waste</b>	<b>£140</b>	<b>£281</b>	<b>—</b>
	<b>Total hazardous waste costs</b>	<b>£4,819</b>	<b>£6,618</b>	<b>£3,999</b>
	Batteries (recycled)	—	£395	£604
	HCFC equipment (fridges etc.)	£398	£389	—
	<b>Hazardous waste</b>			
	Fluorescent lamps (recycled)	—	£421	—
	Sanitary waste (not recycled)	£3,698	£4,257	£3,230
	WEEE	£723	£1,156	£165
	Engine oil	—	—	—

\*Included in total waste cost



### **Sustainable procurement**

Carbon footprint, energy reduction, staff travel and recycling targets are included in our standard tendering documentation. Wherever possible, we use Government Framework contracts where Greening Government Commitments are in place. Our current map print supplier is required to use paper that is either approved by the Forest Stewardship Council or Pan European Forest Council. To support OS's Environmental Management System (EMS), an updated sustainable procurement policy is being developed

### **Anti Slavery Policy**

Our Anti-Slavery Policy Statement, available on our website, sets out how we ensure that modern slavery or human trafficking is not taking place within our business or supply chain. This includes supplier and supply chain reviews specifically centred on the Modern Slavery Act by our Procurement Category Management teams.

### **Future improvements in sustainability**

Over the last 12 months Ordnance Survey has continued to work towards improving its commitment to sustainability. There have been three key areas of activity:

#### **ISO standards**

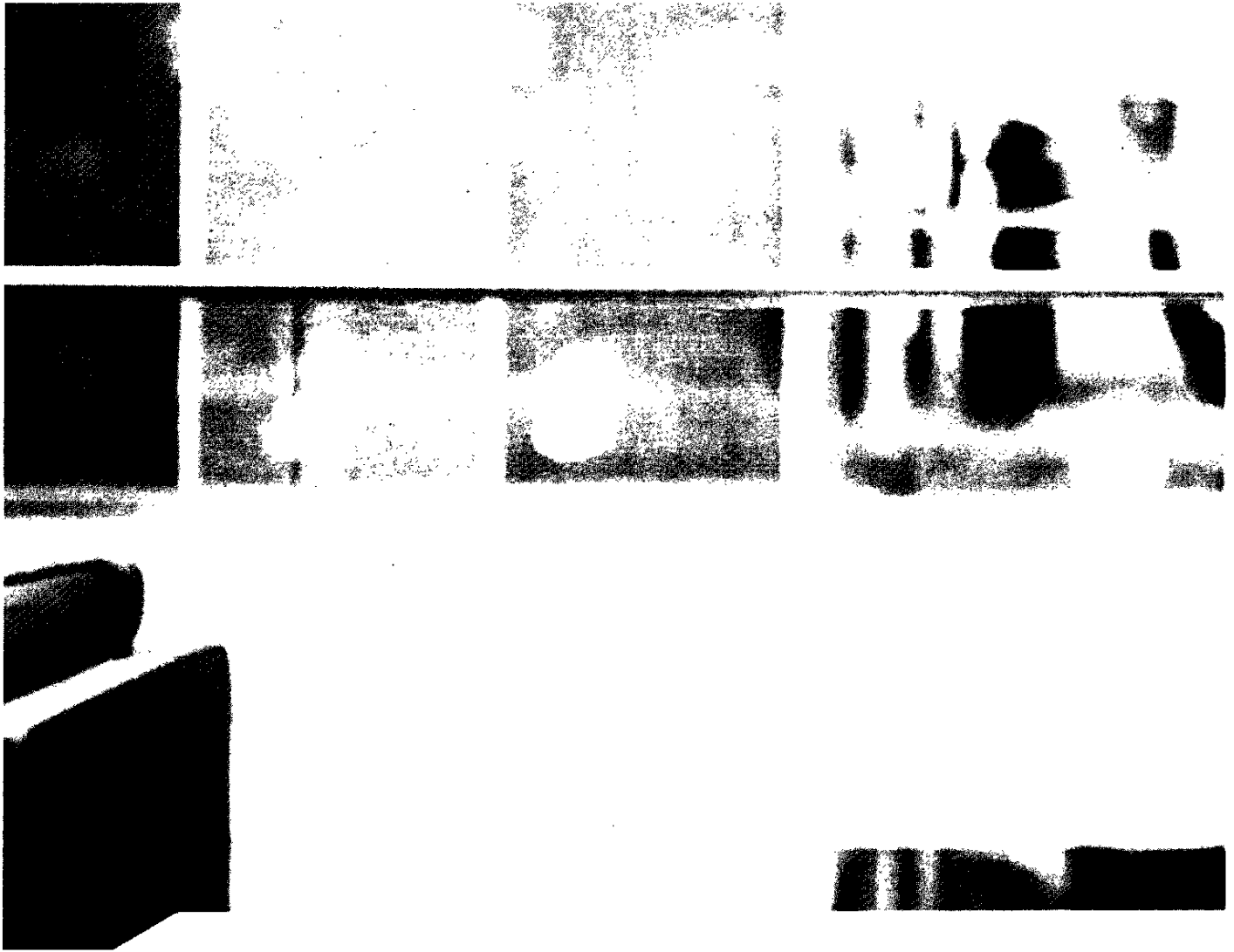
Following a gap analysis against the 14001 Standard by Capita, we expected to start aligning processes to ISO 45001 standards later in 2020. Due to the Covid-19 virus, we now aim to begin this work in Summer 2020.

#### **Energy and Efficiency Review of Explorer House**

Ordnance Survey has worked in partnership with CBRE to carry out a full energy and efficiency review of our Head Office. The review was undertaken in January 2020 and its findings which have been benchmarked against other similar organisations, will be used to derive internal KPIs for reductions in energy and opportunities for efficiencies.

#### **Sustainable business**

Ordnance Survey continues to monitor, review and work with third parties to achieve business efficiencies through incremental changes. Our graduate recruits of 2020 are assessing which of our activities have a significant impact on climate change, and will present their findings and recommendations to our Directors in 2020.



1.7

## Our culture and values

Our people are critical to our success. We are committed to providing a positive, inclusive working environment that meets their expectations, encourages their aspirations and supports their well-being. Implementing new ways of working is endorsed by the Board to empower employees to reach their full potential.

### Engagement

We continue to regularly monitor how people are feeling at Ordnance Survey, and this year we moved from a formal annual survey to a quarterly pulse survey approach. We ask managers and their teams to focus action on one big theme from their results and have seen a positive increase in our overall engagement scores. There are improved trends around action taking, careers and feedback; and positive responses on work life balance, working with my manager and bringing our authentic self to work remain high.

To enable employees to collaborate and connect more effectively, we have introduced new tools such as SharePoint and Microsoft Teams, and we continue to enhance development opportunities using learning resources such as MindTools.



## Well-being

Ordnance Survey signed the Time to Change pledge in July 2019, publicly committing to reducing the stigma surrounding mental health and introducing change/well-being champions, as well as master-classes for line managers. We continued to work closely with Solent Mind and Mind Tools to provide access to in-house and online learning promoting emotional resilience, and have run workshops providing an insight into autism to help better understand our neuro-diverse applicants and employees.

Employees can also join 21 sports and social clubs organised by employees, all of which are eligible to apply for sponsorship to support the purchase of equipment.

## Health and safety

Health and safety is a regular agenda item at both Board and Executive level. Our proactive approach to near miss and hazard reporting identifies trends and enables us to take early action to ensure safe working environments in Head and regional offices. Following positive feedback from our Spring 2018 audit, we have set targets and recommendations for further improvement, including weekly inspections and collaboration meetings with third-party suppliers and Trade Union representatives.

Awareness of health and safety has increased as a result of improved communications, which include the addition of health and safety reporting to our business objectives. In June 2019, we introduced an on-site Capita consultant for three days a week to provide dedicated support to all employees. To enable direct feedback from employees, we have also introduced a safety champions group to act as ambassadors within the business and talk about issues in team meetings.

## Diversity and inclusion

Everyone in the business has a shared responsibility to promote respect for diversity, commitment to inclusion and celebration of difference. Our culture is based on mutual trust. We have a zero tolerance of bullying and harassment and provide employee support networks for women's development, LGBT+, disability awareness and autism support.

In 2019, our Chief Executive Officer reaffirmed the Board's commitment to diversity and inclusion by publishing a revised Diversity and Inclusion Policy and through a statement on the Ordnance Survey Careers website. Our apprenticeships, IT trainee scheme and Geospatial Graduate Programme provide a pipeline of early talent, and we will develop these opportunities to understand how to make them attractive to all.

We continue to promote gender diversity at every level. Our Women's Development Network provides opportunities for targeted learning coupled with colleague support and we are also active members of Hants Women in IT. As of 31 March 2020, our combined Board and Executive Leadership Team comprised nine men and five women. Our gender pay gap for 2019 was 4.8% which is significantly below the national average, and below other similar sized organisations in both the public and private sectors.

## Employee benefits

As well as our core benefits such as flexible working, pension, annual holiday and parental leave, we provide a Bike-to-Work Scheme and a range of employee discounts. We have a 3rd party operated on-site nursery and a range of employee discounts.



## Culture and values

**To attract, retain and engage the best talent, we offer employees:**

- An opportunity to directly impact communities and customers: What we do matters on a national scale with opportunities to work closely with key government departments, such as the MOD and the Cabinet Office, as well as in unique circumstances such as national emergencies.
- A career structure and development support designed to allow talented people to progress
- Apprentice, trainee, graduate and university schemes to bring in new talent with opportunities to make a significant contribution to our activities.
- Work life balance, sports and social clubs, mental health awareness and giving something back to the community, particularly through the Ordnance Survey Get Outside Campaign to which our people are key.
- A commitment to protecting and enhancing the environment, and to being an active participant in the transition to a low-carbon, sustainable society.
- An active partnership with our Trade Unions.

With this context in mind, we apply structured principles and process to the way in which we make pay and reward decisions.

## Reward principles

- We support the delivery of the Ordnance Survey Strategy by ensuring we can recruit, retain and engage the right people
- We demonstrate value for the public purse, ensuring we spend our resources effectively and manage risk with effective controls.
- We recognise that the ability to invest in pay is achieved through our commercial success.
- We ensure that all pay processes and decisions are inclusive, free from discrimination and bias, and deliver consistent and transparent outcomes across our workforce.
- We embrace best practice as set out in the UK Corporate Governance Code and are mindful of public sector pay policy.



## Our people

The table below provides a breakdown of employees by career level and gender as at 31 March 2020.

	31 March 2020			31 March 2019		
	Male	Female	Total	Male	Female	Total
<b>Career Level</b>						
Non Executive	4	2	6	5	2	7
Executive Leadership Team	7	3	10	6	3	9
Heads	5	3	8	2	2	4
Senior Managers' Professionals	77	16	93	75	14	89
Other roles	662	308	970	641	289	930
<b>Total</b>	<b>755</b>	<b>332</b>	<b>1087</b>	<b>729</b>	<b>310</b>	<b>1039</b>

## Employee sickness absence

We monitor employee sickness absence and return-to-work interviews are held to ensure appropriate support or adjustments can be offered. We also reference external benchmarks to understand how our levels of sickness compare with similar UK organisations. Figures for 2019 show a level of 5.9 days for all sectors / 8.4 in the public sector / 7.7 in organisations with a similar number of employees; so it is good to see that we are experiencing lower levels of sickness.

<b>Employee sickness absence</b>	<b>Total days lost due to sickness</b>	<b>Average sickness days lost per employee</b>
<b>2019-20</b>	6,100	5.2
<b>2018-19</b>	5,085	4.4



## Off-payroll engagements

We disclose all off-payroll engagements which exceed six months and £245 per day. We use the services of contractors provided by third-party organisations to cope with peaks of demand on resources. Off-payroll engagements are managed in compliance with IR35 legislation.

As at 31 March 2020, off-payroll engagements for more than £245 per day and that last for more than six months are as follows:

	31 March 2020	31 March 2019
Number of existing engagements as at date	54	23
Number that have existed for less than one year at time of reporting	47	20
Number that have existed for between one and two years at time of reporting	6	3
Number that have existed for between two and three years at time of reporting	1	0
Number that have existed for three or more years at time of reporting	0	0

	31 March 2020	31 March 2019
Number assessed as relevant to IR35	0	0
Number assessed as not relevant to IR35	47	20
Number engaged directly and are on payroll	0	0
Number of engagements reassessed for consistency/assurance purposes during the year	47	20

	31 March 2020	31 March 2019
Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility through the financial year	0	0
Number of individuals on payroll and off-payroll that have been deemed Board members, and/or senior officials with significant financial responsibility", during the financial year	19	18

The increase in off-payroll engagements has been driven by our requirements for targeted short-term specialist capability. These skills were not required permanently within the business but were critical to driving PSGA preparations for implementation; and to providing high-demand skills to support technical elements of the commercial strategy.

1.8

## Principal risks and uncertainties

Details on the Ordnance Survey principal risks and uncertainties and our approach to risk management are reported as part of the Governance statement on page 46.



# Duty to promote the success of the company

Under section 172 of the Companies Act 2006, the Directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard to various factors, including the following:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct

The Strategic Report and Governance statement explain and provide various examples of how the Board of Directors have aimed to comply with this section 172 duty. In summary the Directors have given regard to the above factors via the following means

As a general practice, all Board papers seeking formal decisions and all Board agendas include specific reference to and consideration of the section 172 duty and the various factors.

In terms of having regard to the likely consequences of any decision in the long-term:

- The review and update of the Board's financial delegations during 2019-20, has provided a Board control mechanism for any decision which could have material long term consequences.
- The Board have considered the likely consequences of any decision in the long term in relation to each individual decision. More generally, the group has a five year strategy which is reviewed and updated annually, and this included a detailed review and refresh of the strategy following my joining the Board during 2019, which is described in more detail earlier in this Strategic Report. This also included the long term implications for the success of the Company in relation to the new 10 year PSGA

The Board has considered the interests of the workforce and other stakeholders as part of board discussions and decisions. In relation to employee engagement, the Board has:

- Nominated the CFO as the Board director responsible for employee engagement.
- Recognised the chair of Rem Com as providing the Non-executive Director lead role on oversight of people matters
- Had regular engagement with the Director of People and her team in relation to our company wide employee surveys and workshops, and also in relation to our regular and on-going engagement with Prospect and PCS, who are the recognised Trade Unions representing OS employees.

In terms of how employees are engaged with and how their interests are considered, this is done throughout the decision making processes, as detailed above, and more detail can be found on page 40, but in summary our methods of engagement have included the following:

- On-going consultation with Trade Unions on various matters, but in particular in relation to pay during 2019-20
- Employee surveys and engagement, for instance via @bigopportunity and our quarterly surveys via Glint
- Holding focus groups on key topics throughout year, including well-being (May 2019), employee experience (July 2019), and supporting GetOutside and National Fitness Day (September 2019)
- Our focus on Health & Safety culture throughout 2019-20
- Regular internal engagement through business wide briefings and our intranet

In terms of how we have engaged with and fostered our relationships with suppliers, customers and others, we explain elsewhere in this Strategic report about our various engagement activities, which have included the following:

- Our engagement throughout the year with the Geospatial Commission in relation to the PSGA, together with our engagement activities supporting our

individual public sector customers under the PSMA, OSMA (and now PSGA):

- Our engagement activities with our Licensed Partners, including our Licensed Partner Conference and Licensed Partner Advisory Council
- Regular engagement with our partners
- Engaging with our suppliers through our Procurement and Contract Management activities and processes, including supplier days and monitoring via KPIs e.g. creditor payment days)

In terms of how we have regard to the impact of the company's operations on the community and the environment, more detail on our CSR activities can be found on page 32, but in summary:

- Ordnance Survey is an active participant in the community, both through our corporate charity and through encouraging all staff to utilise their volunteer days in local projects, with engagement monitored via a KPI
- The various community activities which have used our Explorer House HQ
- Our progress towards our Environmental Management Systems and achieving ISO14001 accreditation

As to the desirability of the company maintaining a reputation for high standards of business conduct, the Board have maintained a focus on this through:

- Our Annual Assurance Statement process (as described on page 49)
- Review and update of our whistleblowing procedures (as described on page 52)
- The various internal audits conducted during 2019-20 (as described on page 53).

The Strategic Report was approved by the Board and signed on its behalf by:

*S. Blair*

Steve Blair  
Chief Executive Officer

7 July 2020

# Governance statement

## Relationship with government

The Ordnance Survey governance structure, current roles and high-level responsibilities within the governance framework are outlined here:

## 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 Ordnance Survey has complied with the principles of good governance and reviews the effectiveness of its governance arrangements.

## Scope of responsibility

As Chief Executive Officer of Ordnance Survey, I fulfil the role of Accountable Person. Together with the Ordnance Survey Board, I have responsibility for maintaining a sound system of internal control. This supports the achievement of OS's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me as Accountable Person under *Managing Public Money*, and for which the Board are responsible individually and collectively in accordance with the Companies Act.

## Shareholder framework document

The Board operate the Company in accordance with the Ordnance Survey Shareholder Framework Document (SFD), which sets out the principles underpinning the relationship between the Company, BEIS as the Shareholder, and UK Government Investments as the Shareholder Representative. As the key governance document between the Company, its shareholder and the Shareholder Representative, the SFD sets out the Company's core responsibilities to the Shareholder, and describes the Company's overall governance and accountability framework. The SFD also sets out how the day to day relationship works in practice, including setting the overall framework for governance, financial and remuneration matters: this includes Shareholder reserved matters, and descriptions of the roles of the Shareholder, the Shareholder Representative, the Board, the CEO as Accountable Person, the Chair of the Board and the various committees of the Board, namely Audit & Risk, Nomination, Pension and Remuneration committees.

## UK Corporate Governance Code

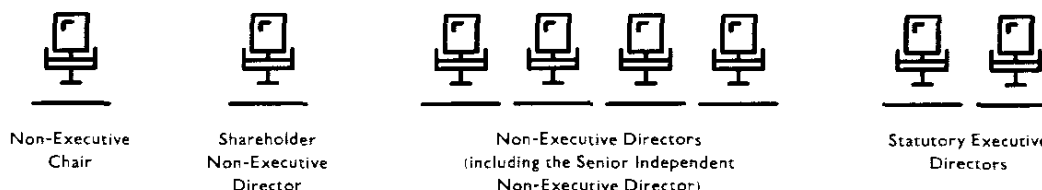
Ordnance Survey Limited is a private company limited by shares and wholly owned by the Secretary of State for Business, Energy and Industrial Strategy on behalf of HM Government. In addition to considering the requirements under the SFD, Ordnance Survey has considered the original 2016 and updated 2018 UK Corporate Governance Code in designing its governance processes and arrangements to align with best practice as far as is possible.



Ordnance Survey reports to the Department for Business, Energy and Industrial Strategy (BEIS) through UK Government Investments Limited (UKGI). UKGI advises the BEIS Secretary of State on the management of his/her shareholder interest in Ordnance Survey, and a UKGI representative sits on the Ordnance Survey Board.

## Ordnance Survey structure

### Ordnance Survey Board:



#### Accountable Person and Chief Executive Officer:

Responsible for day-to-day leadership and proper, effective and efficient use of public funds plus stewardship of Ordnance Survey resources.

#### The Ordnance Survey Board's

role is to run the Company in accordance with the SFD, including responsibility for long-term strategy and vision; monitoring external business environment; and challenging performance to ensure strategy remains relevant and effective.

#### Executive Committee

**(ExCom):** Senior Executive forum led by Chief Executive Officer, responsible for leading delivery and development of Strategic Plan and budget, including assessing and controlling strategic and corporate risks.

#### Audit and Risk Committee (OSARC):

In line with the SFD, OSARC is responsible for the independent appraisal of the Company's control environment, financial reporting, risk management and effectiveness of corporate governance, and for providing advice and challenge on risks that may adversely impact the Company.

During 2019-20 OSARC sponsored the review of strategic risk reporting using a risk map to help visualise each risk profile in addition to undertaking operational risk oversight.

#### Remuneration Committee:

Responsible for developing the Company's Remuneration Policy in line with the parameters set out in the SFD, and for approving Director and designated Senior executive remuneration in line with the policy. See page 60.

The Executive Pay Framework agreed alongside the SFD was superseded by a new HM Treasury-approved pay framework, under which OS began to operate during 2019-20. OS's new Remuneration Policy articulates its approach to remuneration within this new framework.

#### Nomination Committee:

In line with the SFD, the Committee is responsible for reviewing the structure, size and composition of the Board, and making candidate recommendations for approval to fill Board vacancies.

#### Pension Committee:

Responsible for monitoring operation of the OS Horizon, OS Group Life Scheme, and Civil Service Pension Schemes.

### Board effectiveness

An externally facilitated review of the Board was completed in 2018-19 and considered the:

- Adequacy of Board individuals and supporting processes to enable effective oversight.
- Relationships and culture underpinning the processes.
- Arrangements to drive accountability, values and standards.
- Impact and value of the Executive team in supporting the Board

The report acknowledged several Board strengths but also offered suggestions for the immediate and medium term to improve Board composition, dynamics and processes. Implementation of the action plan has been monitored by the Board during 2019-20.

We've conducted an internal Board effectiveness evaluation exercise during 2019-20, following on from the 2018-19 externally facilitated review, and are continuing to review and implement actions identified.

The Chair of OSARC provides the Ordnance Survey Board 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 actual and potential conflicts of interest.

**Attendance at Board and Committee meetings in 2019/20 was as follows:**

<b>Board and Committee Composition and Attendance</b>	<b>Committee Membership</b>	<b>Ordnance Survey Board</b>	<b>OSARC</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>	<b>Pensions Committee</b>
<b>Total number of meetings</b>		<b>13</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>1</b>
<b>Kieran Murphy,</b> Non-Executive Chair and Nomination Committee Chair	• Nomination • Remuneration	13/13	1/2	11/13	4/4	—
<b>Jacques Cadranel,</b> Non-Executive Director and Pensions Committee Chair and OSARC Chair (from July 2019)	• OSARC • Pensions • Nomination • Remuneration	13/13	4/4	7/8	4/4	1/1
<b>Stephen Lake,</b> Non-Executive Director, Senior Independent Director and OSARC Chair (to July 2019)	• OSARC • Nomination	13/13	4/4	—	4/4	—
<b>Philippa Hird,</b> Non-Executive Director & Remuneration Committee Chair	• Remuneration • Nomination	11/13	—	13/13	4/4	—
<b>John Clarke,</b> Non-Executive Director*	• OSARC • Nomination	13/13	4/4	—	2/2	—
<b>Emily Ashwell,</b> Shareholder Non-Executive Director, UKGI representative	• OSARC • Nomination • Remuneration	13/13	4/4	13/13	4/4	—
<b>Mike Carr,</b> Non-Executive Director (to June 2019)	• OSARC • Nomination • Remuneration	4/4	2/2	5/5	1/1	—
<b>Steve Blair,</b> Chief Executive (from June 2019)	—	10/10	2/3	6/6	1/1	1/1
<b>Neil Ackroyd,</b> Acting Chief Executive (to June 2019), Managing Director of OS Ventures (to December 2019)	—	10/10	2/2	1/1	—	—
<b>Paul Bragg,</b> Chief Financial Officer	—	12/13	3/4	—	—	1/1

\*John Clarke acted as Interim Chief Operating Officer between April and December 2019



## Principal risks and uncertainties

### The Risk and Internal Control Framework

Our system of internal control and strategy for risk management is designed to achieve a cost-effective balance between mitigation and acceptance of risk. The risk management framework applies the HM Treasury Orange Book principles to ensure risks are pro-actively identified, assessed and managed at all levels of the organisation so that exposure, including information risk, is captured, reported and maintained at an acceptable level. The Chief Financial Officer acting as Chief Risk Officer is responsible for monitoring risk, reporting to OSARC and the Board on the adequacy of the strategic risk management process. Risk management is supported through the key governance and decision-making groups.

ExCom receives monthly strategic risk updates to maintain the profile and importance of sound risk management across the business and ensure focus and engagement in decision making. The meetings challenge, modify and rationalise the risks. The status of Internal Audit recommendations and strategic and operational risk actions form part of the Quarterly Business Review agenda.

### Senior management assurance

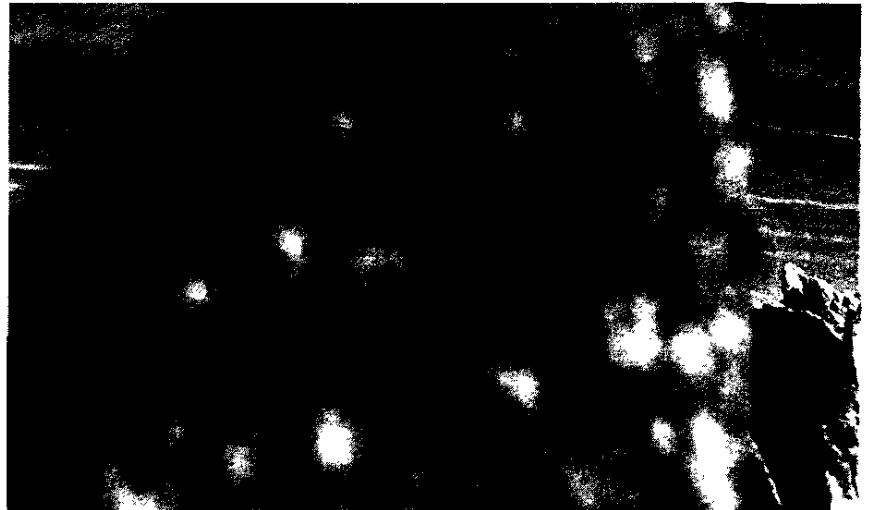
As part of the year end process, the Head of Risk and Assurance conducted a control self-assessment and annual assurance statement exercise. ExCom members and senior management provided me, as the Accountable Person, with written assurance on the reliability and effectiveness of:

- Strategic and Annual Operating Plan and Budget delivery
- Performance reporting
- Risk management
- Arrangements for conveying, updating and living the Ordnance Survey values
- Health and safety awareness, training and reporting
- Arrangements for reporting instances of fraud, bribery or corruption
- Reporting non-compliance with legislation
- The control environment and activities established to meet business objectives
- Information security awareness, training and reporting

## Summary risk profile

Strategic risks are identified and evaluated against a defined set of criteria to consider the likelihood of occurrence and potential impact on the business, facilitated by the risk management framework.

The strategic risk profile changes as the business evolves and was regularly reviewed by OSARC and the Board during the year. The latest review highlighted the following strategic risks and opportunities to achieving the Ordnance Survey strategy.



	Risk	Mitigation
Deliver Value for UK Government	Securing and delivering a sustainable PSGA with HM Government. Impact on forecast revenue and investment opportunities by inability to deliver on KPIs and data royalty uncertainty.	Effective cost management, close contract management, dedicated delivery team and new working practices, investment programme.
	Execution and delivery of the growth strategy is limited by our understanding of the market impacting our ability to develop and offer customers market leading value propositions.	Focus on countries with potential for funding, develop in-house funding capability, develop country plans, customer engagement to develop business cases, phased investment with clear go/no go decision points.
Deliver Commercial Growth	Impact on sustainability of the Ordnance Survey licensing model and associated revenues as a result of EU Directive on Open Data and PSI requirement to make geospatial data open and freely available for re-use.	Liaison across Government to ensure a consistent and joined up approach and response. Regular review by OSARC, including Exiting the EU position and determining catalogue of high value datasets.
	Disruption to commercial growth and revenue arising from inability to maximise and monetise the Ordnance Survey Brand.	Brand strategy aligns Ordnance Survey Brand with strategic vision and commercial plan. Commercial strategy aims to modernise and monetise brand by building reputation for new data, capabilities and services.
	Delivery of new Technical Architecture Roadmap vital to scale business for future growth.	Actively develop technology and design capability and capacity with associated project and programme governance.
	Ability to grow limited by inadequate competitive intelligence and market insight.	Build business capability to track opportunities and competitors. Develop play-books adopting end-user best practice.
	Innovation is crucial to support growth strategy and Ordnance Survey future.	Instigated propositions and innovation function, growing innovation capability, drive innovation and propositions directly aligned to the strategy.





	Risk	Mitigation
Business Resilience	Reputation damage, financial penalties and loss of stakeholder confidence arising from major cyber security breach resulting in a loss or compromise of sensitive information (including personal, customer and commercial) or wilful damage.	Cyber security capability, capacity and assurance, including OSARC monitoring as well as response systems, staff training and awareness campaigns.
	Significant reputation impact on Ordnance Survey as a trusted partner in addition to impact on strategy delivery from any breach or issue affecting safety of people or premises which are a key business priority.	Appointment of Security Advisor, development and implementation of security roadmap.
	Successful business growth and service delivery adversely impacted by inability to source, build and retain employee capability and establish effective succession planning.	Recruitment plan enabling vacancies to be filled quickly, delivery of cultural change and leadership enablement programme, training and development, career architecture and talent strategy to support the commercial growth strategy.
	Dependency on third parties to partner with and help deliver commercial growth may increase value but also increase exposure to security, reputation or disruption risk.	Understand third-party dependencies, risks and their impact on delivering business priorities. Management of third-party relationships, including on-going due diligence and performance monitoring.

The Covid-19 pandemic was, and is, recognised as being a significant risk to the business including business continuity, strategic, organisational delivery, people, financial, customer, and commercial risk arising from employee absence, health and wellbeing, remote working, supply chain disruption, cyber compromise, weakened control environment, and world-wide recession. Further detail regarding the OS response can be found at page 52.

## Covid-19

Since its emergence in December 2019, Covid-19, has had immeasurable consequences on the global economy and presented organisations with a significant challenge. Like many businesses, Ordnance Survey evaluated the impact of Covid-19 on our operations, supply chain and employee well-being and tested our preparedness in real time. However, by implementing and maintaining our established business continuity management programme we effectively sustained, as far as possible, our business-critical functions, activities and processes while also protecting important assets: people, information, and reputation. The main function impacted was the temporary pause in ground surveying in late March-June 2020 for the safety of our surveyors with it resuming in a controlled, safe and compliant manner from June.

A thorough assessment of the risks and potential impact associated with Covid-19 has been carried out and we have implemented long, medium, and short-term responses to mitigate any business disruption. These actions and plans have been continuously monitored and updated as the situation develops.



## People

As an organisation with significant intellectual property, and working in a constantly evolving industry, Ordnance Survey is reliant on the skills, knowledge and integrity of our employees. Ordnance Survey 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 reward. These risks are addressed through appropriate recruitment activities, talent identification with tailored training programmes, graduate schemes, internships and recognition schemes.

Ordnance Survey 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.

## Fraud and whistleblowing

No instances of fraud have been reported to the Head of Risk and Assurance during the year.

Ordnance Survey has established appropriate arrangements for raising concerns and reporting fraud which we consider to be effective. These arrangements include:

- Whistleblowing and counter-fraud policy and procedures
- The Head of Risk & Assurance as a named independent person to whom to report any concerns
- Additional independence with the Chair of OSARC as a named Non-Executive to report to
- The National Audit Office as an alternative independent party
- Regular reminders to ensure all staff remain aware of the whistleblowing and counter-fraud policies

## Information security

Ordnance Survey considers the confidentiality, integrity and availability of its information to be of high importance. We continue to invest resources, both technical and people, to manage and mitigate cyber risk.

Our Cyber Security team also forms our virtual security team working alongside colleagues from technology and design staff.

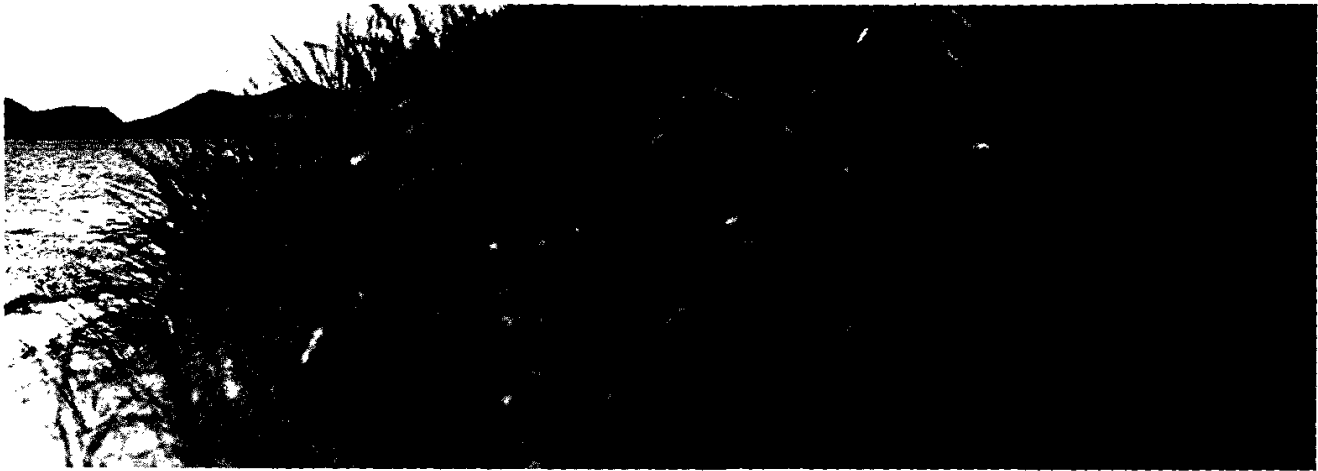
Ordnance Survey continued to achieve Cyber Essentials PLUS accreditation which demonstrates information security compliance to our stakeholders. We also completed the annual HM Government Security Heath Check to assess compliance with the minimum security standards for four technical areas including Cyber. The report confirmed an improvement in meeting the Standards but also recognised further action is required.

## Protecting personal data

Information security risk is a key element of our GDPR compliance arrangements.

During 2019-20, all data compromise and data loss incidents were logged and investigated. One incident, arising from an official Ordnance Survey email account being compromised as a result of a phishing attack, was considered to present potential harm or distress to the data subject and was reported to the Information Commissioner's Office (ICO).

The Data Protection Officer, the Information Assurance Manager and Cyber Security team sought to ensure Ordnance Survey continues to understand its obligations to comply with GDPR. The ICO subsequently confirmed it would take no further action.



### 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, including assurance opinions and progress with implementing recommendations arising from that work, were reviewed at each OSARC.

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, management agreed appropriate corrective actions and a time scale for improvement.

Internal Audit published 15 assurance opinion-based reports (comprising two limited, nine partial and four substantial opinions) and 11 advisory and support based assignments.

Internal Audit recommendations are tracked with status information provided to me for quarterly Director review meetings. There were no high-priority recommendations not receiving adequate management attention.

### Looking ahead

The Board and ExCom have continued to work on developing plans to improve the risk management and governance arrangements at OS. We will continue to review those strategic risks to achieving our strategic goals at ExCom and the Board

with a view to considering the timeliness and success of mitigating actions and have incorporated risk reporting as a key component of the quarterly review.

We will continue to integrate the strategy and business planning, budgeting, performance management and risk management processes as being fundamental to delivering the Ordnance Survey strategy with OSARC and Board oversight.

### Review of effectiveness

As Accountable Person, 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 Ordnance Survey senior management and Executive Directors confirming their responsibilities in relation to Ordnance Survey strategy and values, risk management, internal control and security
- The work of the Risk & Assurance function
- The external auditors, the National Audit Office

All the above have a role in ensuring the Ordnance Survey risk management, governance and internal control structures are adequately designed and operating effectively. This Governance Statement reflects the result of my review and I am satisfied with the effectiveness of the system of governance and the agreed plans to address weaknesses and ensure continuous improvement of the system of risk management and internal control.

### Management certification

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

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**Steve Blair**

Chief Executive Officer

7 July 2020



# 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 2020. 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.

The principal activity of the Company in the year to 31 March 2020 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 30.



## Results and dividends

The results are set out in the statement of profit or loss on page 71. The Directors declared a final dividend to our shareholder, the Secretary of State for Business, Energy and Industrial Strategy, of £27.7m. The 2018-19 reported dividend of £45.4m is made up of the March 2019 declared dividend of £27.4m for 2018-19 and the June 2018 declared dividend of £18.0m for 2017-18.

## Directors

The following Directors held office during the year ended 31 March 2020:

<b>Kieran Murphy</b>	Non-Executive Chair
<b>Emily Ashwell</b>	Shareholder Non-Executive Director (employed by UKGI)
<b>Jacques Cadranell</b>	Non-Executive Director
<b>John Clarke</b>	Non-Executive Director (served in an Executive Director role as Interim Chief Operations Officer from April to December 2019)
<b>Philippa Hird</b>	Non-Executive Director
<b>Stephen Lake</b>	Non-Executive Director (Senior Independent Director)
<b>Mike Carr</b>	Non-Executive Director (until June 2019)
<b>Steve Blair</b>	Chief Executive Officer (from June 2019)
<b>Paul Bragg</b>	Chief Financial Officer
<b>Neil Ackroyd</b>	Acting Chief Executive Officer (until June 2019) and Managing Director of OS Ventures (until December 2019).

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 on page 14.

## Corporate governance

These areas are dealt with in the governance statement on page 46.

## Sustainability

Sustainability, including greenhouse gas emissions, is dealt with in the Sustainability report on page 34.

## Risk profile

These areas are dealt with in the governance statement on page 46.

## 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 31.8 days (2018-19: 33.5 days).

## 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 cash flow 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:

- United Arab Emirates
- Singapore
- Bahrain

## 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.

Since its emergence in December 2019, Covid-19, has had immeasurable consequences on the global economy and presented organisations with a significant challenge. Like many businesses, Ordnance Survey evaluated the impact of Covid-19 on our operations, supply chain and employee well-being and tested our preparedness in real time. However, by implementing and maintaining our established business continuity management programme we effectively sustained, as far as possible, our business-critical functions, activities and processes while also protecting important assets: people, information, and reputation.

## 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 employees 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 collaboration

Ordnance Survey 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 the daily updated intranet (Business Today) and an internal social media channel (Yammer at OS), through to dialogue focused events such as CEO briefings, quarterly surveys and regular listening sessions. Ordnance Survey recognises and works alongside Prospect and PCS trade unions. More details are contained within the Strategic report.

## Corporate governance

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

## Post balance sheet events

There are no events after the end of the reporting period requiring disclosure in or adjustment to the financial statements

## 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. Our framework document requires us to invite the National Audit Office to be the external auditor, and the National Audit Office has indicated its willingness to continue in office.

## Authority of issue of financial statements

The Directors gave authority for the financial statements to be issued on 7 July 2020. 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:



---

**Steve Blair**

Chief Executive Officer

7 July 2020

### 3.1

## Statement of Director's responsibilities

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 UK 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.







# Director's remuneration

Ordnance Survey's vision is to be recognised as world-leaders in geospatial services; creating location insight for positive impact. Over the next five years our strategy will focus on outcomes for our customers and deliver commercial growth.

## Reward principles

- We support the delivery of the Ordnance Survey Strategy by ensuring we can recruit, retain and engage the right people
- We demonstrate value for the public purse, ensuring we spend our resources effectively and manage risk with effective controls
- We use all aspects of total reward and the employee experience as part of a rounded, competitive offer
- We recognise that the ability to invest in pay is achieved through our commercial success
- We ensure that all pay processes and decisions are inclusive, free from discrimination and bias, and deliver consistent and transparent outcomes across our workforce
- We embrace best practice as set out in the UK Corporate Governance Code and are mindful of public sector pay policy

## Decision-making processes

The Remuneration Committee (RemCo) develops the overall Remuneration Policy for the Company, in line with the remuneration parameters and criteria set by the Shareholder Framework Document, and the policy is subsequently approved by the Board. The Remuneration Policy sets out the overall principles and governance for remuneration, and the Remuneration Committee applies this in approving the remuneration for Directors and designated senior roles, as well as seeking Shareholder and HMT approval as required.

RemCo takes into consideration the pay and employment conditions across the wider workforce and the remuneration parameters and criteria set by the Shareholder Framework Document, and is responsible for considering and recommending approval in relation to the annual pay award for all employees, which is subsequently formally approved by the Board.

The Committee meets on a regular basis, as often as is necessary and twice per year as a minimum, to be informed about, debate and decide on matters such as:

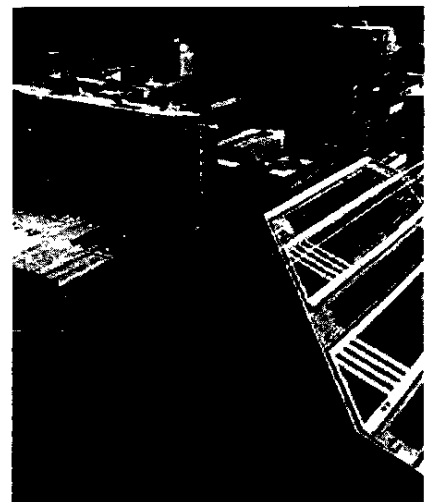
- Appropriate measures and targets for variable pay plans at the start of the year; and then outcomes achieved at the end of the year
- Pay review budgets
- Performance of the senior team
- Gender Pay Gap reporting and activities

## Remuneration committee

	Non-Executive
<b>Philippa Hird</b>	Director, Committee Chair
	Non-Executive
<b>Kieran Murphy</b>	Chair
	Shareholder
<b>Emily Ashwell</b>	Non-Executive Director
	Non-Executive
<b>Jacques Cadranell</b>	Director
	Non-Executive
<b>Mike Carr</b>	Director (to June 2019)

The committee was supported by Steve Blair (Chief Executive Officer) and Hazel Hendley (Director of People).

None of the above were present for discussions or involved in decisions concerning their own remuneration.



## Employment agreements

Non-Executive Directors have a three-year fixed-term tenure.

Other Statutory Directors covered by this Annual Report hold appointments which are open ended until they reach retirement age. Their notice period is six months.

**Steve Blair** was appointed as Chief Executive Officer in June 2019

**John Clarke** was a Non-Executive Director from 1 – 7 April 2019 and 1 Jan – 31 March 2020. He was employed by Ordnance Survey as interim Chief Operating Officer from 8 Apr – 31 Dec 2019.



## Statement of Directors' remuneration (audited)

2019-20

	Salary and fees	Performance- related pay	Benefits in kind*	Value of Employer pension contributions	Value of exit package payments	Total
	£'000	£'000	£	£'000	£'000	£'000
<b>Steve Blair</b> (from June 2019)	195 – 200 (FYE 250 – 255)	75 – 80	—	5 – 10	—	280 – 285 (FYE 335-340)
<b>Neil Ackroyd</b> (to Dec 2019)	130 – 135 (FYE 170 – 175)	—	23,700	35 – 40 (FYE 45 – 50)	274**	465 – 470
<b>Paul Bragg</b>	180 – 185	30 – 35	—	15 – 20	—	230 – 235
<b>John Clarke</b> (Apr – Dec 2019)	105 – 110 (FYE 165 – 170)	15 – 20	13,300	—	—	135 – 140 (FYE 190 – 195)

\*Taxable benefits are captured through P11D and PSA submission. Numbers are presented to the nearest £100.

\*\*This number comprises Severance payment + Pay in lieu of notice and annual leave not taken.

The Performance Related Pay amounts noted in the table above represent accrued potential bonus amounts. At the point of approval no payments have been made. In May 2020, having determined performance outcomes for the 2019/20 management bonus and in the light of COVID-19 and the need better to understand the environment, the Remuneration Committee decided to defer a decision about what payments would be appropriate under the scheme until late July 2020 at the earliest.

## 2018-19

	Salary and fees	Performance- related pay	Benefits in kind*	Value of pension benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Nigel Clifford</b>	45 – 50 (FYE 255 – 260)	110 – 115	2,400	—	<b>160 – 165 (FYE 270 – 275)</b>
<b>Neil Ackroyd</b>	195 – 200	20 – 25	25,200	35 – 40	<b>280 – 285</b>
<b>Paul Bragg</b>	160 – 165	15 – 20	600	15 – 20	<b>195 – 200</b>

\*Taxable benefits are captured through P11D and PSA submission. Numbers are presented to the nearest £100.

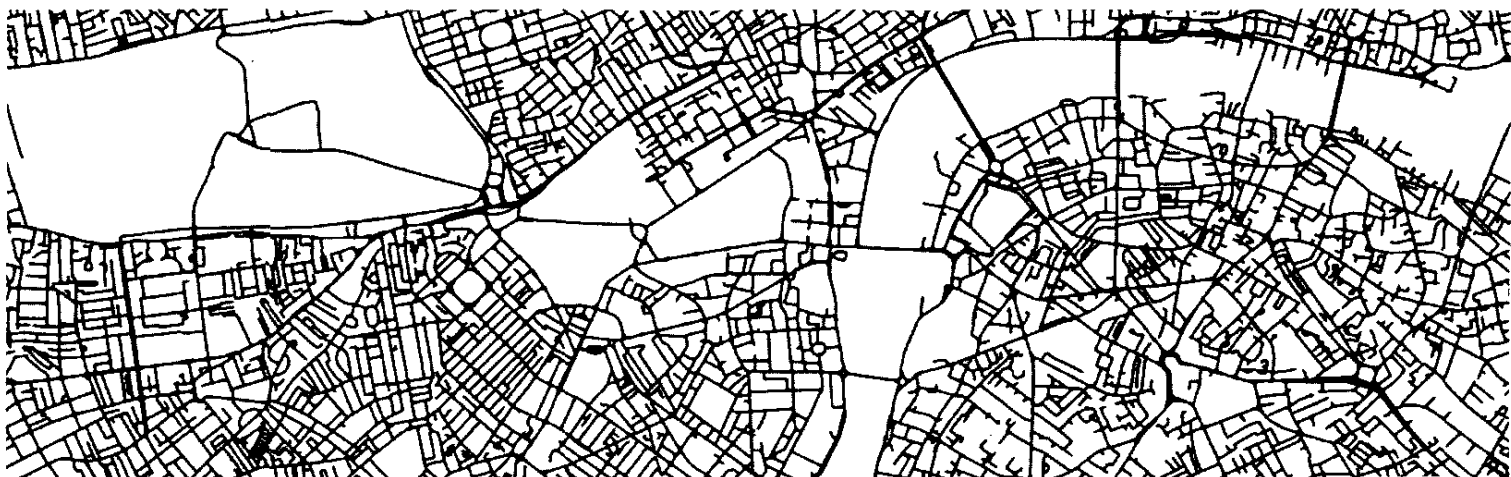
- Salary and fees include gross salary and any other taxable allowances and payments i.e. car allowance.
- Total remuneration includes base salary, non-consolidated performance-related pay, cash allowances/earnings, benefits in kind and the value of pension contributions.
- Neil Ackroyd was a member of the Civil Service Pension Defined Benefit Scheme (Classic Plus). Steve Blair and Paul Bragg are members of the Group personal pension scheme (OS Horizon). John Clarke elected not to join a pension scheme during his temporary appointment.
- Neil Ackroyd received a temporary assignment allowance while covering the Chief Executive Officer role.
- A payment of £115k was made to Nigel Clifford who left his position as Chief Executive Officer in May 2018 as an incentive plan bonus payment in relation to the three-year period ending May 2018.

### Benefits in kind

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

### Pension benefits

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



## Performance-related pay

The Executive Directors Bonus scheme has a maximum bonus opportunity of 20% of gross annual base salary.

The Remuneration Committee reviewed the terms of the scheme and agreed that measures for 19-20 should incentivise:

- Corporate performance, using measures applying for the all-employee Delivering Success scheme
- Specific personal targets
- Strategic targets to focus on delivery of key contracts and strategies as well as consideration of employee engagement and Health & Safety. The Remuneration Committee exercises its discretion to determine the extent to which Strategic Measures are achieved.

The following weightings were applied to reward positive behaviours with business units being mutually dependent on each other:

Measure	Weighting
Corporate	35%
Strategic	35%
Personal	30%

The targets set for the Corporate measures were as per the table below:

Measure	Start to Earn	On Target	Maximum
Revenue	£156.8m	£160.8m	£168.8m
PBIT	£9.8m	£10.1m	£10.6m
Free cash	£2.8m	£2.9m	n/a

**NB. Performance between the defined levels attracts a relative award between the defined award levels**

The Ordnance Survey Chief Executive Officer also has a commercial bonus opportunity of up to 30% salary to further accelerate the commercial elements of our annual and 5-year strategic plans. This is in addition to the Director Bonus plan. The high-level measures are shown in the table below which are supported by detailed targets set and assessed by the Remuneration Committee.

Measure	Weighting
Delivering an updated commercial strategy	50%
Developing the business	50%





## 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.

### Financial Year 2019-20

- The salary and taxable benefits excluding pension of the Company's most highly paid Director on a full year equivalent basis in the financial year 2019-20 was between £325,000 and £330,000
- This amount represents 8.4 times the median salary and taxable benefits of the workforce, which was £39,367

### Financial Year 2018-19

- The salary and taxable benefits excluding pension of the Company's most highly paid Director on a full year equivalent basis in the financial year 2018-19 was between £270,000 and £275,000
- This amount represents 7.2 times the median salary and taxable benefits of the workforce, which was £37,600

On a total remuneration basis, no employee received remuneration in excess of the highest paid Director.

## Directors' defined benefit pensions (audited)

### 2019-20

	Real increase in pensions and related lump sum at age 60 £'000	Total accrued pension at 60 at 31 March 2020 and related lump sum £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2020 £'000	CETV at 31 March 2019 £'000	Real increase in CETV after adjustment for inflation and changes in market investment factors £'000
Neil Ackroyd*	2.5 – 5 plus a lump sum of 0 – 2.5	45-50 plus a lump sum of 5-10	1,001	922	36

\*No longer employed by Ordnance Survey as at 31 March 2020

### 2018-19

	Real increase in pensions and related lump sum at age 60 £'000	Total accrued pension at 60 at 31 March 2019 and related lump sum £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2019 £'000	CETV at 31 March 2018 £'000	Real increase in CETV after adjustment for inflation and changes in market investment factors £'000
Neil Ackroyd	2.5 – 5 plus a lump sum of 0 – 2.5	60 – 65 plus a lump sum of 5 – 10	922	774	56

## Non-Executive Directors

- The Non-Executive Chair (Kieran Murphy) and the Shareholder Non-Executive Director (Emily Ashwell) are appointed directly by the Secretary of State for BEIS.
- The remaining Non-Executive Directors (Jacques Cadranet, Stephen Lake, Philippa Hird and John Clarke) 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. The Shareholder Director is remunerated by their employer UKGI and is a member of the Principal Civil Service Pension scheme offered by their employer.

Remuneration paid to Non-Executive Directors was as follows:

	2019-20 Remuneration	2019-20 BIK	2018-19	2018-19 BIK
	£'000	£	£'000	£
Kieran Murphy	50 – 55	2,900	50 – 55	1,900
Jacques Cadranet	25 – 30	1,700	25 – 30	300
John Clarke	5 – 10 (FYE 25 – 30)	700	10 – 15 (FYE 25 – 30)	500
Philippa Hird	25 – 30	1,400	20 – 25 (FYE 25 – 30)	1,100
Stephen Lake	25 – 30	800	25 – 30	1,600
Mike Carr (to June 2019)	5 – 10 (FYE 25 – 30)	1,700	25 – 30	2,900

The inclusion of a Directors' remuneration report containing information about the salary and benefits of the senior managers and key decision makers at 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 in the Annual Accounts. The remaining elements are unaudited.

The Director's remuneration report was approved  
by the Board and signed on its behalf by:



Steve Blair  
Chief Executive Officer

7 July 2020





# Auditor's report

## Independent auditor's report to the Shareholders of Ordnance Survey Limited

### Opinion on financial statements

I have audited the financial statements of Ordnance Survey Limited for the year ended 31 March 2020 which comprise the Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement, Company cash flow statement and the related Consolidated notes, including the significant accounting policies. 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. I have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 2020 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I

am independent of Ordnance Survey Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Ordnance Survey Limited's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Ordnance Survey Limited have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Ordnance Survey Limited's ability to continue to adopt the going concern basis.

### Responsibilities of the Directors for the financial statements

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
- Such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- Assessing the group's and the parent's company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and Ordnance Survey Limited's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of Ordnance Survey Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the group to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Other Information

Directors are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

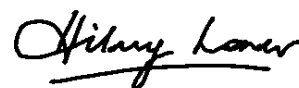
In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006;
- in light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

### 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 and the part of the Directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.



**Hilary Lower**  
Senior Statutory Auditor

8 July 2020

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

as at 31 March 2020

		31 March 2020	31 March 2019
	Notes	£'000	£'000
Revenue	2	161,732	157,354
Cost of sales		(25,558)	(24,477)
<b>Gross profit</b>		<b>136,174</b>	<b>132,877</b>
Operating costs	3	(142,820)	(113,326)
Share of results of joint ventures	9	6,463	5,596
Other income		599	1,128
<b>Operating profit</b>		<b>416</b>	<b>26,275</b>
Finance income	5	83	12
Finance cost	5	(60)	—
<b>Finance costs – net</b>		<b>23</b>	<b>12</b>
<b>Profit before corporation tax</b>		<b>439</b>	<b>26,287</b>
Corporation tax income/(expense)	6	890	(4,924)
<b>Profit for the period</b>		<b>1,329</b>	<b>21,363</b>
<b>Profit is attributable to:</b>			
Owners of the company		2,640	22,661
Non-controlling interest		(1,311)	(1,298)
		<b>1,329</b>	<b>21,363</b>

All the activities of the Group are classified as continuing.

# Consolidated statement of financial position

as at 31 March 2020

Group		31 March 2020	31 March 2019
	Notes	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	10	43,801	66,474
Property plant and equipment	11	29,873	30,717
Right of use assets	11	5,205	—
Deferred tax asset	20	401	—
Interests in joint ventures	9	4,083	2,870
		<b>83,363</b>	<b>100,061</b>
<b>Current assets</b>			
Inventories	12	2,133	1,996
Trade and other receivables	13	29,369	17,368
Current tax asset	17	3,983	—
Cash and cash equivalents	14	110,156	127,592
		<b>145,641</b>	<b>146,956</b>
<b>Total assets</b>		<b>229,004</b>	<b>247,017</b>
<b>Current liabilities</b>			
Trade and other payables	15	(44,989)	(40,702)
Lease liabilities repayable in less than one year	16	(2,411)	—
Current tax liability	17	—	(1,942)
Provisions	18	(170)	(618)
Deferred revenue	19	(21,048)	(19,004)
		<b>(68,618)</b>	<b>(62,266)</b>
<b>Net current assets</b>		<b>77,023</b>	<b>84,690</b>
<b>Non-current assets plus net current assets</b>		<b>160,386</b>	<b>184,751</b>
<b>Non-current liabilities</b>			
Lease liabilities repayable after one year	16	(2,834)	—
Provisions	18	—	(6)
Deferred revenue	19	(4,859)	(5,631)
Deferred tax liability	20	—	(78)
<b>Total liabilities</b>		<b>(76,311)</b>	<b>(67,981)</b>
<b>Net assets</b>		<b>152,693</b>	<b>179,036</b>
<b>Equity</b>			
Share capital	21	34,000	34,000
Retained earnings		124,740	149,772
<b>Capital and reserves attributable to owners of the Company</b>		<b>158,740</b>	<b>183,772</b>
Non-controlling Interest		(6,047)	(4,736)
<b>Total equity</b>		<b>152,693</b>	<b>179,036</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 7 July 2020.

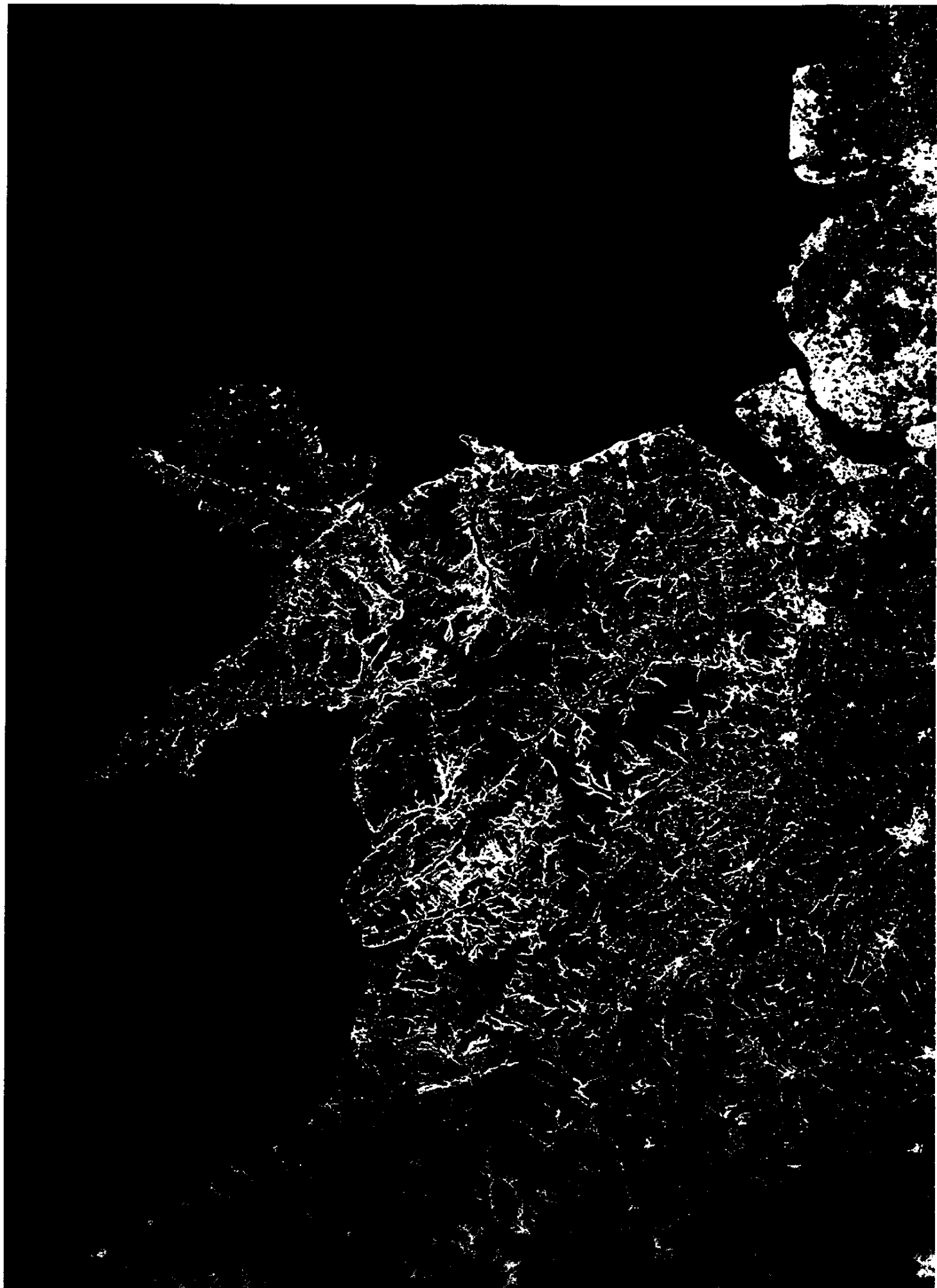
They were signed on its behalf by:

*S. Blair*

Steve Blair  
Chief Executive Officer

7 July 2020

The notes on pages 80 to 106 are an integral part of these Financial Statements.



# Company statement of financial position

as at 31 March 2020

Company		31 March 2020	31 March 2019
	Notes	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	10	43,801	66,474
Property plant and equipment	11	29,794	30,602
Right of use assets	12	5,202	—
Investments	8	400	400
Interests in joint ventures	9	4,083	2,870
		<b>83,280</b>	<b>100,346</b>
<b>Current assets</b>			
Inventories	12	2,133	1,996
Trade and other receivables	13	29,867	19,840
Current tax asset	17	3,989	—
Cash and cash equivalents	14	108,473	126,271
		<b>144,462</b>	<b>148,107</b>
<b>Total assets</b>		<b>227,742</b>	<b>248,453</b>
<b>Current liabilities</b>			
Trade and other payables	15	(44,755)	(40,616)
Lease liabilities repayable in less than one year	16	(2,408)	—
Current tax liability	17	—	(1,936)
Provisions	18	(170)	(618)
Deferred revenue	19	(19,504)	(17,966)
		<b>(66,837)</b>	<b>(61,136)</b>
<b>Net current assets</b>		<b>77,625</b>	<b>86,971</b>
<b>Non-current assets plus net current assets</b>		<b>160,905</b>	<b>187,317</b>
<b>Non-current liabilities</b>			
Lease liabilities repayable after one year	16	(2,834)	—
Provisions	18	—	(6)
Deferred revenue	19	(4,859)	(5,631)
Deferred tax liability	20	(302)	(84)
<b>Total liabilities</b>		<b>(74,832)</b>	<b>(66,857)</b>
<b>Net assets</b>		<b>152,910</b>	<b>181,596</b>
<b>Equity</b>			
Share capital	21	34,000	34,000
Retained earnings		118,910	147,596
<b>Capital and reserves attributable to owners of the Company</b>		<b>152,910</b>	<b>181,596</b>

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report.

The Financial Statements were approved by the Board of Directors and authorised for issue on 7 July 2020.

They were signed on its behalf by:

*S. Blair*

Steve Blair  
Chief Executive Officer

7 July 2020

The notes on pages 80 to 106 are an integral part of these Financial Statements.



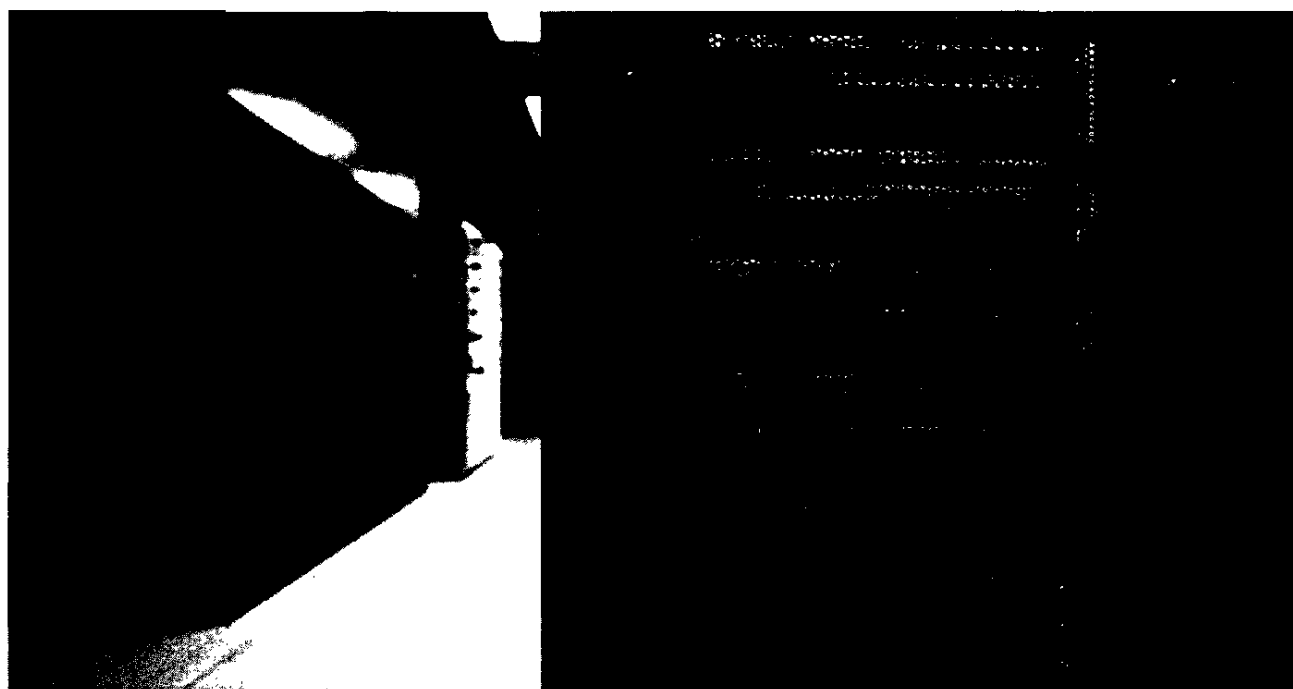
# Consolidated statement of changes in equity

for the year ended 31 March 2020

## Group

(Amounts in £'000)	Share capital	Retained earnings	Total	Non-controlling	Total
As at 1 April 2018	34,000	178,862	212,862	(3,438)	209,424
Adjustment on application of IFRS 15	—	(6,401)	(6,401)	—	(6,401)
<b>As at 1 April 2018 restated</b>	<b>34,000</b>	<b>172,461</b>	<b>206,461</b>	<b>(3,438)</b>	<b>203,023</b>
Profit for the year	—	22,661	22,661	(1,298)	21,363
Dividends payable	—	(45,350)	(45,350)	—	(45,350)
<b>As at 31 March 2019</b>	<b>34,000</b>	<b>149,772</b>	<b>183,772</b>	<b>(4,736)</b>	<b>179,036</b>
As at 1 April 2019	34,000	149,772	183,772	(4,736)	179,036
Adjustment on application of IFRS 16	—	(22)	(22)	—	(22)
<b>As at 1 April 2019 restated</b>	<b>34,000</b>	<b>149,750</b>	<b>183,750</b>	<b>(4,736)</b>	<b>179,014</b>
Profit for the year	—	2,640	2,640	(1,311)	1,329
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>2,640</b>	<b>2,640</b>	<b>(1,311)</b>	<b>1,329</b>
Dividends payable	—	(27,650)	(27,650)	—	(27,650)
<b>As at 31 March 2020</b>	<b>34,000</b>	<b>124,740</b>	<b>158,740</b>	<b>(6,047)</b>	<b>152,693</b>

The notes on pages 80 to 106 are an integral part of these Financial Statements.





## Company statement of changes in equity

for the year ended 31 March 2020

### Company

(Amounts in £'000)	Share capital	Retained earnings	Total
As at 1 April 2018	34,000	178,441	212,441
Adjustment on application of IFRS 15	—	(6,401)	(6,401)
<b>As at 1 April 2018 restated</b>	<b>34,000</b>	<b>172,040</b>	<b>206,040</b>
Profit for the year	—	20,906	20,906
Dividends payable	—	(45,350)	(45,350)
<b>As at 31 March 2019</b>	<b>34,000</b>	<b>147,596</b>	<b>181,596</b>
As at 1 April 2019	34,000	147,596	181,596
Adjustment on application of IFRS 16	—	(21)	(21)
<b>As at 1 April 2019 restated</b>	<b>34,000</b>	<b>147,575</b>	<b>181,575</b>
Loss for the year	—	(1,015)	(1,015)
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>(1,015)</b>	<b>(1,015)</b>
Dividends payable	—	(27,650)	(27,650)
<b>As at 31 March 2020</b>	<b>34,000</b>	<b>118,910</b>	<b>152,910</b>

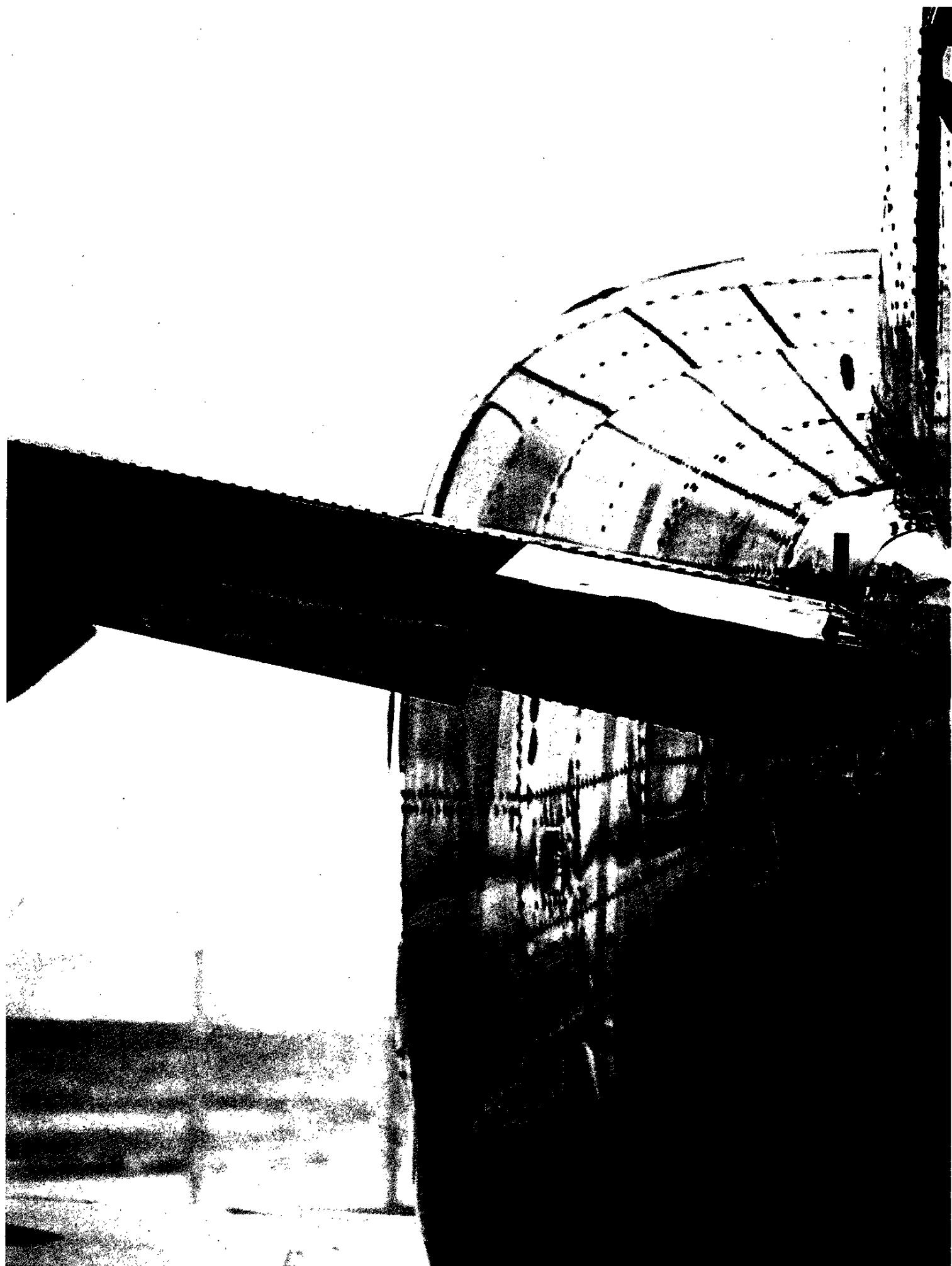
The notes on pages 80 to 106 are an integral part of these Financial Statements.

# Consolidated cash flow statement

for the year ended 31 March 2020

Group		31 March 2020	31 March 2019
	Notes	£'000	£'000
Profit before corporation tax		439	26,287
Amortisation of intangible assets		39,409	20,730
Depreciation of tangible fixed assets		4,973	2,239
Increase in Deferred Tax Asset		(323)	—
Share of joint venture results		(6,463)	(5,596)
Interest received		(83)	(12)
Interest paid		60	—
Increase in inventories		(137)	(253)
(Increase)/decrease in trade and other receivables		(16,052)	8,453
Increase/(decrease) in trade and other payables		8,273	(2,278)
(Decrease)/increase in provisions for liabilities and charges		(455)	423
Increase/(decrease) in deferred revenue		1,272	(2,438)
<b>Cash flow from operations</b>		<b>30,913</b>	<b>47,555</b>
Income taxes paid		(5,515)	(3,950)
<b>Net cash inflow from operating activities</b>		<b>25,398</b>	<b>43,605</b>
<b>Cash flows from investing activities</b>			
Interest received		83	12
Purchase of property, plant and equipment		(9,334)	(2,538)
Purchase of intangible assets		(16,736)	(12,429)
Receipt of loan repayments from associates		68	25
Receipt of Dividends		5,250	6,525
<b>Net cash used in investing activities</b>		<b>(20,669)</b>	<b>(8,405)</b>
Interest paid		(60)	—
Lease liabilities and repayments	16	5,245	—
Payment of Dividends		(27,350)	(18,000)
<b>Net cash used in financing activities</b>		<b>(22,165)</b>	<b>(18,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(17,436)</b>	<b>17,200</b>
Cash and cash equivalents at beginning of year		127,592	110,392
Cash and cash equivalents at end of year	14	110,156	127,592

The notes on pages 80 to 106 are an integral part of these Financial Statements.



# Company cash flow statement

for the year ended 31 March 2020

Company		31 March 2020	31 March 2019
	Notes	£'000	£'000
(Loss)/profit before corporation tax		(1,209)	25,830
Amortisation of intangible assets		39,409	20,730
Depreciation of tangible fixed assets		4,754	2,195
Increase in deferred tax asset		218	—
Impairment of loans to Group companies		4,651	4,197
Share of joint venture results		(6,463)	(5,596)
Interest received		(943)	(587)
Interest paid		59	—
Increase in inventories		(137)	(252)
(Increase)/decrease in trade and other receivables		(14,085)	8,182
Increase/(decrease) in trade and other payables		7,594	(2,451)
(Decrease)/increase in provisions for liabilities and charges		(455)	423
Increase/(decrease) in deferred revenue		765	(2,749)
<b>Cash flow from operations</b>		<b>34,158</b>	<b>49,922</b>
Income taxes paid		(5,515)	(3,950)
<b>Net cash inflow from operating activities</b>		<b>28,643</b>	<b>45,972</b>
<b>Cash flows from investing activities</b>			
Interest received		943	587
Purchase of property, plant and equipment		(9,148)	(2,512)
Purchase of intangible assets		(16,736)	(12,429)
Loans to Group companies		(4,651)	(2,447)
Receipt of loan repayments from associates		68	25
Receipt of Dividends		5,250	6,525
<b>Net cash used in investing activities</b>		<b>(24,274)</b>	<b>(10,251)</b>
Interest paid		(59)	—
Lease liabilities and repayments	16	5,242	—
Payment of Dividends		(27,350)	(18,000)
<b>Net cash used in financing activities</b>		<b>(22,167)</b>	<b>(18,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(17,798)</b>	<b>17,721</b>
Cash and cash equivalents at beginning of year		126,271	108,550
Cash and cash equivalents at end of year	14	108,473	126,271

The notes on pages 80 to 106 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 6. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 9 on page 92 and in the Strategic report on page 14. These financial statements are presented in pounds sterling, because that is the currency of the primary economic environment in which the Group operates.

### 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 – measured at fair value.

#### (iv) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IFRS 16 'Leases'. The impact of the transition is shown in note 26.

The standard replaces IAS 17 'Leases', and related interpretations. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A key change arising from IFRS 16 is that most operating leases will be accounted for on the statement of financial position for lessees.

The Group adopted IFRS 16 using the cumulative catch-up transition method, with the effect of adopting this standard on 1 April 2019, the date of initial application. Accordingly, the information presented for the year ended 31 March 2019 has not been restated. It remains as reported under IAS 17 & related interpretations. The Group has recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at 1 April 2019. Note 26 summarizes the impact of transition to IFRS 16 on the Group's retained earnings as at 1 April 2019.

The Group's accounting policy under IFRS 16 is documented in policy in 1.15.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 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 the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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 statement of financial position reporting date are translated at the rates ruling at that date.

### 1.6 Investments

Investments held as non-current assets are stated at cost less impairment.

### 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:

Asset class	Depreciation policy
Freehold land	Not depreciated
Freehold buildings	40 years from acquisition or remaining useful economic life
<b>Equipment and fixtures:</b>	
IT Equipment	1 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:

Asset class	Estimated useful life
Data content	3 to 5 years
Software	3 to 12 years
Assets under 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 three 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 profit or loss and other 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 statement of financial position reporting 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 statement of financial position reporting 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 and other comprehensive income 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

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, Energy & Industrial Strategy, and the company commenced trading on this date.

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 statement of financial position.



### 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 statement of financial position reporting 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** – 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** – enable the customer to add value to the Group data and resell the product to third parties. 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 end customer and the Group's obligation of ongoing supply and to provide updates.

**Paper maps** – revenue from paper map sales is recognised when the control of ownership passes to the customer.

**Services** – revenue from services are recognised at the point at which the services are transferred to the customer 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 statement of financial position reporting date are included in the trade receivables balance. The net invoiced value relating to revenue to be recognised in the period after the statement of financial position reporting date is recorded in current and long-term creditors as deferred income.

Revenue which is received in the financial period relating to payments received in advance of performance under the contract are contract liabilities and held as deferred revenue on the statement of financial position. Contract assets are recognised when the group has a conditional right to consideration for completed performance under the contract. Contract assets are held

as accrued revenue (within trade and other receivables, on the statement of financial position).

### 1.15 Leases

IFRS 16 was adopted as from 1 April 2019. All operating lease contracts, with limited exceptions, were recognised on the balance sheet by recognising right-of-use assets and corresponding lease liabilities at the transition date.

The Group has applied the simplified transition approach for the adoption. Under this approach the Group has recognised transitional adjustments in retained earnings on the date of initial application (1 April 2019) without restating the comparative period. The Group has reviewed material contracts to identify any embedded leases at the date of initial application and included these as Right of Use assets together with the associated liability. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has applied the portfolio approach, grouping leases with similar characteristics and elected not to apply the recognition requirements of IFRS16 to leases of less than 12 months duration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

## 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 10 for the breakdown of intangible assets classified as software, data & content and assets under construction





## 2. Revenue

	2019-20	2018-19
	£'000	£'000
Trading revenue	158,916	154,756
Other operating activities	2,634	2,177
Property rental income	182	421
	<b>161,732</b>	<b>157,354</b>

### Trading revenue

#### Channel

Direct licences	105,557	104,803
Partner licences	38,376	35,827
Paper maps	6,688	7,570
Services	8,295	6,556
	<b>158,916</b>	<b>154,756</b>

#### Segment

Business to government	86,493	85,171
Business to business	60,709	58,488
Business to consumer	11,714	11,097
	<b>158,916</b>	<b>154,756</b>

#### Geography

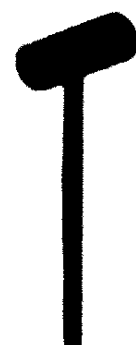
United Kingdom	148,050	144,069
Other European countries	1,007	1,171
Rest of world	9,859	9,516
	<b>158,916</b>	<b>154,756</b>

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

During the year one customer (Cabinet Office) accounted for more than 10% of turnover. The revenue received from this customer is secured under separate long term agreements.

Revenue of £73.8m (2018-19 £73.1m) in relation to this customer is reported in the Direct Licences channel, the Business to Government segment and United Kingdom geographic region in the above tables.

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

		2019-20	2018-19
	Note	£'000	£'000
<b>Operating profit for the year has been arrived at after charging:</b>			
Staff costs	4	52,652	48,596
Amortisation of intangible assets	10	39,333	20,730
Depreciation of tangible fixed assets	11	4,973	2,239
Research and development		3,346	3,730
Operating lease charges – buildings		33	1,022
Operating lease charges – PPE		631	1,975
Foreign exchange losses/(gains)		(574)	(383)
Fees payable to auditor for audit of the statutory annual accounts		78	75
Other operating charges		42,348	35,342
		<b>142,820</b>	<b>113,326</b>

The Company's auditor is The National Audit Office. Office leasing payments of £346k were made to the auditors for the provision of non audit services during the year (2018-19 £346k). The subsidiaries' auditor is Deloitte. The fee payable to Deloitte for the current year audit is £46k (2018-19 £46k). Payment to Deloitte for non audit services during the year were £nil (2018-19 £6k).

#### Losses and special payments

There were no losses or special payments to report.



## 4. Staff numbers and costs

### Total employee costs

	2019-20	2018-19
	£'000	£'000
Wages and salaries – permanent employees	40,923	38,346
Social security costs	4,841	4,541
Pension costs	8,814	6,955
Additional early release costs in year	261	277
Temporary/agency contract labour costs	12,756	6,087
	<b>67,595</b>	<b>56,206</b>
Capitalised permanent labour	(5,150)	(4,166)
Capitalised temporary/agency contract labour	(9,793)	(3,444)
	<b>52,652</b>	<b>48,596</b>

### Total permanent staff numbers, including Directors

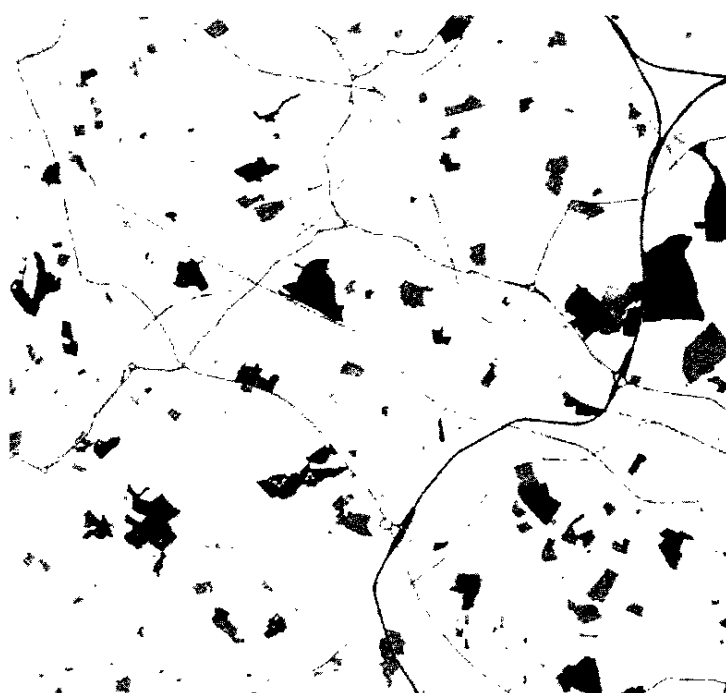
The average monthly number of full time equivalent persons during the year was as follows:

	2019-20	2018-19
Operations	685	656
Sales and Marketing	177	167
Corporate Services	182	174
	<b>1,044</b>	<b>997</b>

### 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:

	2019-20	2018-19
Operations	60	23
Sales and Marketing	7	5
Corporate Services	8	7
	<b>75</b>	<b>36</b>



### Directors' emoluments

	2019-20	2018-19
	£'000	£'000
Salaries and other short-term employee benefits	750	589
Pension contribution charged in year – defined benefit	37	40
Pension contribution charged in year – defined contribution	26	17
Highest paid Director	275	281

At 31 March 2020 two Directors were members 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 calculate the amount of holiday accrued, but not yet taken, as at 31 March 2020.

### Pension costs – defined benefit

For 2019-20, employers' contributions of £7,692k (2018-19: £6,178k) 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 accrued during 2019-20 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. A full actuarial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)). No information is available regarding the overall surplus or deficit of the scheme.

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 [www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha](http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha).

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 and other comprehensive income includes a charge of 261k (2018-19 £277k) in respect of new leavers identified in 2019-20. This charge reflects the costs of leavers identified and confirmed by 31 March 2020, excluding those identified as part of the restructuring provision within note 18.

Early release package cost band (excluding restructure provision)	2019-20	2018-19
Less than £10,000	—	1
£10,000-£25,000	—	3
£25,000-£50,000	1	2
£50,000-£100,000	0	2
>£100,000	1	—
<b>Total number of exit packages</b>	<b>2</b>	<b>8</b>
<b>Total cost £'000</b>	<b>261</b>	<b>277</b>

Redundancy and other departure costs have been paid by the Group in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Early release costs are accounted for as described in note 1.13. Where the Group has agreed early retirements, the additional costs are met by the Group and not by the Civil Service Pension Scheme.

## 5. Finance income/expense

Group	2019-20	2018-19
	£'000	£'000
Interest received	83	12
Interest paid	(60)	—
	<b>23</b>	<b>12</b>





## 7. Dividends

	2019-20	2018-19
	£'000	£'000
Dividends	27,650	45,350

In March 2020, the Company declared a dividend of £27.7m. The 2018-19 reported dividend of £45.4m is made up of the March 2019 declared dividend of £27.4m for 2018-19 and the June 2018 declared dividend of £18.0m for 2017-18.

## 8. Investments and loans

### Company

	2019-20	2018-19
	£'000	£'000
Value of shares at beginning of period	400	400
<b>Value of shares at end of period</b>	<b>400</b>	<b>400</b>
Value of loans at beginning of period	3,288	5,063
Additions	4,651	4,197
Impairment	(4,651)	(4,197)
Loan Repayment	(2,068)	(1,775)
<b>Value of loans at end of period</b>	<b>1,220</b>	<b>3,288</b>
<b>Value of investments</b>	<b>1,620</b>	<b>3,688</b>

Ordnance Survey Limited owns 100% of the ordinary shares in Ordnance Survey Leisure Limited (3,924,000 shares at £1 a share).

Ordnance Survey Limited owns 100% of the ordinary shares in Ordnance Survey International Services Limited (one share at £1 a share).

Ordnance Survey Limited owns 51% of the ordinary shares in Astigan Limited (312,245 shares at £1 a share) and 100% of the preference shares in Astigan Limited (787,756 shares at £1 a share).

Ordnance Survey International LLP does not have share capital. Ordnance Survey appoints 100% of the Board members and has a 100% profit share in accordance with a members' agreement.

Due to uncertainties in future cash flows to Ordnance Survey International Services Limited the loan is impaired. Due to decision to wind down the Astigan project the loan is impaired.



## 9. Subsidiaries and investments

Details of the Company's subsidiaries at 31 March 2020 are as follows:

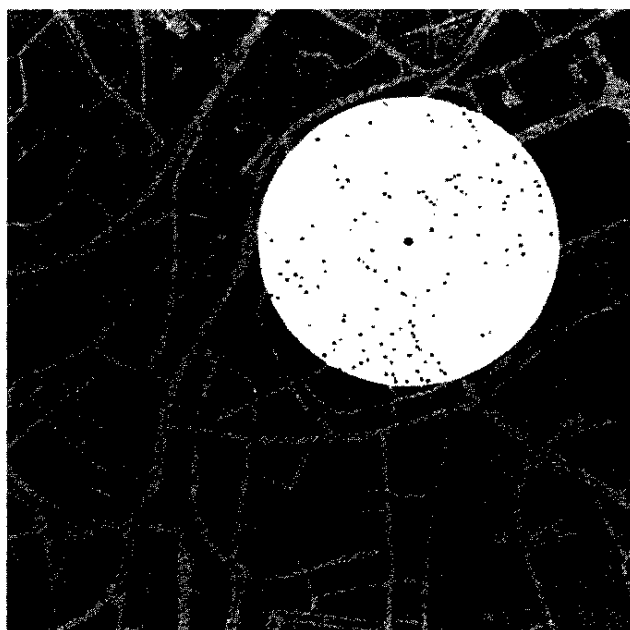
Name of subsidiary	Principal activity	Country of incorporation	Proportion of control/ordinary shares held
Ordnance Survey Leisure Limited	Consumer web	England and Wales	100%
Ordnance Survey Services Limited	Dormant	England and Wales	100%
Ordnance Survey GB Limited	Dormant	England and Wales	100%
Astigan Limited	Research	England and Wales	51%
Ordnance Survey Partners Limited	Non-trading holding company	England and Wales	100%
Ordnance Survey International LLP	Dormant	England and Wales	100%
Ordnance Survey International Services Limited	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 and Ordnance Survey International Services Limited

At the year end, the Group decided to end the project which is held within Astigan Limited. The investment is fully impaired.

Details of the Company's joint ventures and associates at 31 March 2020 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

	2019-20	2018-19
	£'000	£'000
<b>Share of profit/(loss)</b>		
GeoPlace LLP	6,347	5,661
PointX Limited	82	(66)
Dennis Maps Limited	34	1
	<b>6,463</b>	<b>5,596</b>
<b>Share of net assets</b>		
GeoPlace LLP	3,814	2,717
PointX Limited	107	25
Dennis Maps Limited	162	128
	<b>4,083</b>	<b>2,870</b>

## Other investments - GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2020 is as follows:

	2019-20	2018-19
	£'000	£'000
<b>Current assets</b>		
Cash and cash equivalents	3,930	1,645
Other current assets	4,126	4,234
<b>Total current assets</b>	<b>8,056</b>	<b>5,879</b>
<b>Current liabilities</b>		
Other current liabilities	(2,971)	(2,257)
<b>Total current liabilities</b>	<b>(2,971)</b>	<b>(2,257)</b>
<b>Net assets</b>	<b>5,085</b>	<b>3,622</b>
<b>Ordnance Survey share of net assets at 75%</b>	<b>3,814</b>	<b>2,717</b>

	2019-20	2018-19
	£'000	£'000
Revenue	15,401	14,570
Interest income	15	10
Operating costs	(6,890)	(6,871)
Depreciation and amortisation	(63)	(160)
<b>Operating profit</b>	<b>8,463</b>	<b>7,549</b>
<b>Ordnance Survey share of profit at 75%</b>	<b>6,347</b>	<b>5,661</b>

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

Dividends of £5.3m were received from GeoPlace LLP during the year (2018-19 £6.4m).

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

The principal place of business of GeoPlace LLP is 157-197 Buckingham Palace Road, London, SW1W 9SP.

## 10. Intangible assets

### Group

	Software	Data content	Assets under construction	Total
	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2019</b>				
Opening net book value	32,925	33,718	8,132	74,775
Additions	—	—	12,429	12,429
Additions from assets under construction	6,638	6,958	(13,596)	—
Reclassification	—	—	—	—
Amortisation	(12,705)	(8,025)	—	(20,730)
Impairment	—	—	—	—
<b>Closing net book value</b>	<b>26,858</b>	<b>32,651</b>	<b>6,965</b>	<b>66,474</b>
<b>At 31 March 2019</b>				
Cost or valuation	89,092	55,276	12,375	156,743
Accumulated amortisation	(62,234)	(22,625)	(5,410)	(90,269)
<b>Net book value</b>	<b>26,858</b>	<b>32,651</b>	<b>6,965</b>	<b>66,474</b>
<b>Year ended 31 March 2020</b>				
Opening net book value	26,858	32,651	6,965	66,474
Additions	—	—	16,736	16,736
Additions from assets under construction	2,803	300	(3,103)	—
Reclassification	—	—	—	—
Amortisation	(12,933)	(26,400)	—	(39,333)
Impairment	—	—	(76)	(76)
<b>Closing net book value</b>	<b>16,728</b>	<b>6,551</b>	<b>20,522</b>	<b>43,801</b>
<b>At 31 March 2020</b>				
Cost or valuation	91,895	55,576	26,008	173,479
Accumulated amortisation	(75,167)	(49,025)	(5,486)	(129,678)
<b>Net book value</b>	<b>16,728</b>	<b>6,551</b>	<b>20,522</b>	<b>43,801</b>

Individual material assets include the geospatial database management system, current year carrying value £10.0m (2018-19 £15.0m) and the geospatial content improvement programme, current year carrying value £5.2m (2017-18 £29.9m). Both assets have one to two years amortisation remaining to be charged.

The GCIP assets were subject to a review of its useful economic life in year to reflect the formal operational requirements of the data, which resulted in an additional £18.2m of amortisation recorded in the year.

**Company**

	<b>Software</b>	<b>Data content</b>	<b>Assets under construction</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2019</b>				
Opening net book value	32,925	33,718	8,132	74,775
Additions	—	—	12,429	12,429
Additions from assets under construction	6,638	6,958	(13,596)	—
Reclassification	—	—	—	—
Amortisation	(12,705)	(8,025)	—	(20,730)
Impairment	—	—	—	—
<b>Closing net book value</b>	<b>26,858</b>	<b>32,651</b>	<b>6,965</b>	<b>66,474</b>
<b>At 31 March 2019</b>				
Cost or valuation	89,055	55,276	8,122	152,453
Accumulated amortisation	(62,197)	(22,625)	(1,157)	(85,979)
<b>Net book value</b>	<b>26,858</b>	<b>32,651</b>	<b>6,965</b>	<b>66,474</b>
<b>Year ended 31 March 2020</b>				
Opening net book value	26,858	32,651	6,965	66,474
Additions	—	—	16,736	16,736
Additions from assets under construction	2,803	300	(3,103)	—
Reclassification	—	—	—	—
Amortisation	(12,933)	(26,400)	—	(39,333)
Impairment	—	—	(76)	(76)
<b>Closing net book value</b>	<b>16,728</b>	<b>6,551</b>	<b>20,522</b>	<b>43,801</b>
<b>At 31 March 2020</b>				
Cost or valuation	91,858	55,576	21,755	169,189
Accumulated amortisation	(75,130)	(49,025)	(1,233)	(125,388)
<b>Net book value</b>	<b>16,728</b>	<b>6,551</b>	<b>20,522</b>	<b>43,801</b>

Individual material assets include the geospatial database management system, current year carrying value £10.0m (2018-19 £15.0m) and the geospatial content improvement programme, current year carrying value £5.2m (2017-18 £29.9m). Both assets have one to two years amortisation remaining to be charged.

The GCIP assets were subject to a review of its useful economic life in year to reflect the formal operational requirements of the data, which resulted in an additional £18.2m of amortisation recorded in the year.

## 11. Property, plant and equipment

### Group

	Land	Buildings	Equipment IT facilities and fixtures	Equipment, IT facilities and fixtures	Total	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2019</b>							
Opening net book value	6,300	20,650	2,020	1,458	30,428	—	30,428
Additions	—	—	2,474	64	2,538	—	2,538
Disposals	—	—	—	(46)	(46)	—	(46)
Depreciation	—	(634)	(1,049)	(556)	(2,239)	—	(2,239)
Depreciation eliminated on disposals	—	—	—	36	36	—	36
<b>Closing net book value</b>	<b>6,300</b>	<b>20,016</b>	<b>3,445</b>	<b>956</b>	<b>30,717</b>	<b>—</b>	<b>30,717</b>
<b>At 31 March 2019</b>							
Cost or valuation	6,300	22,544	9,403	2,847	41,094	—	41,094
Accumulated amortisation	—	(2,528)	(5,958)	(1,891)	(10,377)	—	(10,377)
<b>Net book value</b>	<b>6,300</b>	<b>20,016</b>	<b>3,445</b>	<b>956</b>	<b>30,717</b>	<b>—</b>	<b>30,717</b>
<b>Year ended 31 March 2020</b>							
Opening net book value (as previously published)	6,300	20,016	3,445	956	30,717	—	30,717
Impact of IFRS 16	—	—	—	—	—	5,496	5,496
Opening net book value restated	6,300	20,016	3,445	956	30,717	5,496	36,213
Additions	—	—	1,263	129	1,392	2,446	3,838
Disposals	—	—	—	—	—	(551)	(551)
Depreciation	—	(634)	(1,325)	(277)	(2,236)	(2,737)	(4,973)
Depreciation eliminated on disposal	—	—	—	—	—	551	551
<b>Closing net book value</b>	<b>6,300</b>	<b>19,382</b>	<b>3,383</b>	<b>808</b>	<b>29,873</b>	<b>5,205</b>	<b>35,078</b>
<b>At 31 March 2020</b>							
Cost or valuation	6,300	22,544	10,666	2,976	42,486	7,391	49,877
Accumulated amortisation	—	(3,162)	(7,283)	(2,168)	(12,613)	(2,186)	(14,799)
<b>Net book value</b>	<b>6,300</b>	<b>19,382</b>	<b>3,383</b>	<b>808</b>	<b>29,873</b>	<b>5,205</b>	<b>35,078</b>

Right of use assets consist primarily of leased properties, vehicles for our field surveyors and planes used for aerial data capture. The Group received income of £173k from sub-letting right of use assets during the year

**Company**

	Land	Buildings	Equipment	Equipment, IT facilities and fixtures	Total	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2019</b>							
Opening net book value	6,300	20,650	2,020	1,315	30,285	—	30,285
Additions	—	—	2,474	38	2,512	—	2,512
Disposals	—	—	—	—	—	—	—
Depreciation	—	(634)	(1,049)	(512)	(2,195)	—	(2,195)
Depreciation eliminated on disposals	—	—	—	—	—	—	—
<b>Closing net book value</b>	<b>6,300</b>	<b>20,016</b>	<b>3,445</b>	<b>841</b>	<b>30,602</b>	<b>—</b>	<b>30,602</b>
<b>At 31 March 2019</b>							
Cost or valuation	6,300	22,544	9,403	2,646	40,893	—	40,893
Accumulated amortisation	—	(2,528)	(5,958)	(1,805)	(10,291)	—	(10,291)
<b>Net book value</b>	<b>6,300</b>	<b>20,016</b>	<b>3,445</b>	<b>841</b>	<b>30,602</b>	<b>—</b>	<b>30,602</b>
<b>Year ended 31 March 2020</b>							
Opening net book value (as previously published)	6,300	20,016	3,445	841	30,602	—	30,602
Impact of IFRS 16	—	—	—	—	—	5,310	5,310
Opening net book value restated	6,300	20,016	3,445	841	30,602	5,310	35,912
Additions	—	—	1,263	129	1,392	2,446	3,838
Disposals	—	—	—	—	—	(551)	(551)
Depreciation	—	(634)	(1,325)	(241)	(2,200)	(2,554)	(4,754)
Depreciation eliminated on disposal	—	—	—	—	—	551	551
<b>Closing net book value</b>	<b>6,300</b>	<b>19,382</b>	<b>3,383</b>	<b>729</b>	<b>29,794</b>	<b>5,202</b>	<b>34,996</b>
<b>At 31 March 2020</b>							
Cost or valuation	6,300	22,544	10,666	2,775	42,285	7,205	49,490
Accumulated amortisation	—	(3,162)	(7,283)	(2,046)	(12,491)	(2,003)	(14,494)
<b>Net book value</b>	<b>6,300</b>	<b>19,382</b>	<b>3,383</b>	<b>729</b>	<b>29,794</b>	<b>5,202</b>	<b>34,996</b>

Right of use assets consist primarily of leased properties, vehicles for our field surveyors and planes used for aerial data capture. The Company received income of £173k from sub-letting right of use assets during the year.

## 12. Inventories

Company and Group	2019-20	2018-19
	£'000	£'000
Finished goods	2,133	1,996
	<b>2,133</b>	<b>1,996</b>

During the year, Ordnance Survey wrote off and made allowance for potentially unsaleable stock of £232k (2018-19: £78k).



## 13. Trade and other receivables

Group	2019-20	2018-19
	£'000	£'000
Trade receivables	10,686	3,128
Impairment allowance	(690)	(104)
	<b>9,996</b>	<b>3,024</b>
Other receivables	290	364
Taxation and social security receivable	5,299	125
Accrued income	5,443	6,134
Prepayments	8,341	7,721
	<b>29,369</b>	<b>17,368</b>

Company	2019-20	2018-19
	£'000	£'000
Trade receivables	10,382	2,818
Impairment allowance	(686)	(104)
	<b>9,696</b>	<b>2,714</b>
Other receivables	276	345
Taxation and social security receivable	5,212	—
Accrued income	5,130	5,774
Prepayments	8,266	7,628
Loans owed by Group undertakings	950	2,950
Accrued income due from Group undertakings	337	429
	<b>29,867</b>	<b>19,840</b>

The total bad debts written off in year were £44k (2018-19: £1k).

The fair value of trade and other receivables is not materially different to the book value above. Receivables less than three months past due are not considered for impairment unless specific circumstances give rise to indication of impairment as historical experience shows these amounts as recoverable. Receivables are reviewed on a regular basis to assess the recoverability of the debt and a provision is made against them based on estimated recoverable amounts from the sales of goods/services determined by reference to past default experience. The value of receivables past due is shown in note 26.

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

## 14. Cash and cash equivalents

Group	2019-20	2018-19
	£'000	£'000
Balance held at Government Banking Service	96,721	112,902
Balance held in commercial banks and cash in hand	13,435	14,690
	<b>110,156</b>	<b>127,592</b>
Company	2019-20	2018-19
	£'000	£'000
Balance held at Government Banking Service	96,656	112,787
Balance held in commercial banks and cash in hand	11,817	13,484
	<b>108,473</b>	<b>126,271</b>



## 15. Trade and other payables

Group	2019-20	2018-19
	£'000	£'000
Trade payables	1,976	586
Taxation and social security payable	2,177	788
Other payables	1,218	960
Accruals	11,968	11,018
Dividend payable	27,650	27,350
	<b>44,989</b>	<b>40,702</b>

Company	2019-20	2018-19
	£'000	£'000
Trade payables	1,913	467
Taxation and social security payable	2,178	770
Other payables	1,167	960
Accruals	11,493	10,695
Dividend payable	27,650	27,350
Inter-company payable	354	374
	<b>44,755</b>	<b>40,616</b>

The trade payables balance for both Group and Company includes long term payables of nil (2018-19: nil).

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

## 16. Lease liabilities

Maturity analysis - contractual, un-discounted cash flows.

Group	2019-20	2018-19
	£'000	£'000
Less than one year	(2,411)	—
One to five years	(2,834)	—
<b>Total un-discounted liabilities at 31 March 2020</b>	<b>(5,245)</b>	<b>—</b>

Current	(2,411)	—
Non-current	(2,834)	—

Company	2019-20	2018-19
	£'000	£'000
Less than one year	(2,408)	—
One to five years	(2,834)	—
<b>Total un-discounted liabilities at 31 March 2020</b>	<b>(5,242)</b>	<b>—</b>

Current	(2,408)	—
Non-current	(2,834)	—

## 17. Current tax asset/liability

Group	2019-20	2018-19
	£'000	£'000
Corporation Tax	3,983	(1,942)

Company	2019-20	2018-19
	£'000	£'000
Corporation Tax	3,989	(1,936)

## 18. Provisions for liabilities and charges

### Company and Group

	Restructuring provision	Other	Total
	£'000	£'000	£'000
As at 1 April 2019	—	624	624
Additional provision in year	164	—	164
Utilisation of provision	—	(618)	(618)
<b>As at 31 March 2020</b>	<b>164</b>	<b>6</b>	<b>170</b>

	2019–20	2018–19
	£'000	£'000
Included in current liabilities	170	618
Included in non-current liabilities	—	6
<b>170</b>	<b>624</b>	

The above amount is estimated as falling due as follows.

	Current liabilities	Non-current liabilities
	£'000	£'000
<b>2020–21</b>	<b>170</b>	<b>—</b>
	<b>170</b>	<b>—</b>

Provisions are un-discounted as current liabilities.

## 19. Deferred revenue

Group	2019–20	2018–19
	£'000	£'000
Current deferred revenue	21,048	19,004
Non-current deferred revenue	4,859	5,631
<b>25,907</b>	<b>24,635</b>	

Company	2019–20	2018–19
	£'000	£'000
Current deferred revenue	19,504	17,966
Non-current deferred revenue	4,859	5,631
<b>24,363</b>	<b>23,597</b>	

## 20. Deferred tax asset/liability

### Group

	Losses	Provisions	Fixed assets	Total
	£'000	£'000	£'000	£'000
At 1 April 2018	—	132	(203)	(71)
(Charged)/credited to the income statement	—	70	(77)	(7)
At 31 March 2019	—	202	(280)	(78)
(Charged)/credited to the income statement	697	(61)	(157)	479
At 31 March 2020	697	141	(437)	401

### Company

	Losses	Provisions	Fixed assets	Total
	£'000	£'000	£'000	£'000
At 1 April 2018	—	132	(209)	(77)
(Charged)/credited to the income statement	—	70	(77)	(7)
At 31 March 2019	—	202	(286)	(84)
(Charged)/credited to the income statement	—	(61)	(157)	(218)
At 31 March 2020	—	141	(443)	(302)

#### Ordnance Survey Leisure Limited

Ordnance Survey Leisure Limited generated a current year profit before tax of £1,823,000 (2018-19 profit: £1,247,000). Ordnance Survey Leisure Limited has estimated tax losses of £3,670,000 (2018-19: £5,490,000) available to carry forward against future profits of the same trade. A deferred tax asset of £697,000 (2018-19: £nil) has been recognised in respect of these losses.

#### Astigan Limited

Due to the group's holding in Astigan Limited, losses before tax of £2,550,000 (2018-19: £2,190,000) are included within the group's profit for the year. On this loss no amounts are due in respect of Corporation Tax. As an entity, Astigan Limited has estimated tax losses of £12,999,000 (2018-19: £10,602,000) 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.



## 21. Share capital

Group and Company	£'000
Balance as at 1 April 2018	34,000
<b>Balance as at 31 March 2019</b>	<b>34,000</b>
Balance as at 1 April 2019	34,000
<b>Balance as at 31 March 2020</b>	<b>34,000</b>

The company has issued 34,000,002 ordinary shares of £1 each

No shares in Ordnance Survey Limited are held by or on behalf of its subsidiaries undertakings.

## 22. Operating lease commitments

Group and Company	2019-20	2018-19
	£'000	£'000
Minimum lease payments under operating leases as an expense in the year	180	2,997

The reduction in operating lease commitments is due to leases being reclassified as right of use assets under IFRS16.

As at 31 March 2020, Ordnance Survey Limited has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Company	2019-20	2018-19
	£'000	£'000
Within one year	14	4,130
Between two and five years	—	6,023
	<b>14</b>	<b>10,153</b>

## 23. Contingent liabilities and contingent assets

No significant contingent assets or liabilities noted for current year.

## 24. Capital commitments

At 31 March 2020, the company had the following capital commitments:

	2019-20	2018-19
	£'000	£'000
Contracts for future capital expenditure not provided in the financial statements	20	—



## 25. 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 and liquidity 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®.

Covid-19 has increased credit risk across the World. The Group continues to closely monitor all credit risk, with particular focus on sectors impacted by Covid-19.

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 debt not impaired is shown below:

	2019–20	2018–19
	£'000	£'000
Not yet due	9,585	2,608
Past due 0–30 days	374	218
Past due 31–60 days	25	82
Past due 61–90 days	—	—
Past 90 days	12	115

In arriving at the impairment 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.
- As a result of the Covid-19 pandemic, the Group are closely monitoring all trade receivables from high risk sectors and have made impairment against trade receivables where judged appropriate.

### 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 £12k (2018-19: £15k).

### 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 one to three based on the degree to which the fair value observable is given. The levels are as follows:

- Level one** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level two** Fair value measurements are those derived from inputs other than quoted prices included within Level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level three** 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 three categorisation.

No assets are measured subsequent to initial recognition.

### Interest rate risk profile

The interest rate profile of the Group's financial assets at 31 March 2020 are set out below. All balances are held in sterling:

#### Group

	2019–20			2018–19		
Financial assets	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank	—	110,156	110,156	—	127,592	127,592

## 26. Changes in accounting policies

This note explains the impact of adoption of IFRS 16 on the Groups financial statements.

Group	As at 31 March 2019 £'000	PP&E Additions £'000	Lease Liabilities £'000	As at 1 April 2019 £'000
<b>Statement of financial position (extract)</b>				
Property, plant and equipment	30,717	5,496	—	36,213
Trade and other Payables < 1 year	(40,702)	—	(5,518)	(46,220)
Trade and other Payables > 1 year	—	—	—	—
Retained Earnings impact of adopting IFRS 16 as at 1 April 2019	—	5,496	(5,518)	(22)

Company	As at 31 March 2019 £'000	PP&E Additions £'000	Lease Liabilities £'000	As at 1 April 2019 £'000
<b>Statement of financial position (extract)</b>				
Property, plant and equipment	30,602	5,310	—	35,912
Trade and other Payables < 1 year	(40,616)	—	(5,331)	(45,947)
Trade and other Payables > 1 year	—	—	—	—
Retained Earnings impact of adopting IFRS 16 as at 1 April 2019	—	5,310	(5,331)	(21)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. *The right-of-use asset is initially measured based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Prior to adopting IFRS 16 the Group accounted for leases under IAS 17, which classified leases as finance leases if substantially all of the risks and rewards of ownership were transferred to the group, with all other leases being treated as operating leases. The Group did not have any finance leases under IAS 17. For operating leases, the lease payments was recognised as an expense in the income statement over the lease term on a straight-line basis*

As per the standard the cumulative impact of the change in the accounting standard is shown through reserves.

### Impact on Financial Statements

On transition to IFRS16 the Group recognised an additional £5,496,000 of right of use assets and £5,518,000 of lease liabilities, recognising the difference in retained earnings. When measuring lease liabilities the Group has discounted lease payments using a rate appropriate to the asset class. The weighted average rate applied is 2.9%.

	2019–20 £'000
Operating lease commitment at 31 March 2019	10,153
Discounted using the rate above	(178)
Non-qualifying items	(4,252)
Short life assets	(205)
<b>Lease liabilities recognised at 1 April 2019</b>	<b>5,518</b>

Non qualifying items include rates, service charges and VAT.

## 27. Contract assets and contract liabilities

Group	2019-20	2018-19
	£'000	£'000
<b>Revenue recognised in the period from:</b>		
Amounts included in contract liability at the beginning of the period	5,047	4,845
<b>Revenue received in the period from:</b>		
Performance obligations satisfied in previous periods	725	4,135

The Group receives payments from customers based on the invoicing schedule, as established in the contracts. Contract assets relate to the groups conditional right to consideration for completed performance under the contract. Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue we perform under the contract. No contract asset were impaired in the financial year ended 31 March 2020.

## 28. 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 (BEIS). BEIS is a ministerial department of HM Government

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 government departments and central government bodies. Most of these transactions have been with the Cabinet Office on behalf of HM Government, HM Land Registry, the Scottish Government and Geo Place LLP.

No 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 the 31 March 2020 were Paul Bragg and Nicholas Giles.

**Ordnance Survey International Services Limited**, is 100% owned by the company. The Directors of Ordnance Survey International Services Limited at the 31 March 2020 were Paul Bragg and James Blackman.

**Ordnance Survey International LLP** is a joint venture in which the Company indirectly controls 100% of voting rights. At 31 March 2020, the Company was represented on the Board of Ordnance Survey International LLP by Paul Bragg and James Blackman.

**Astigan Limited** is 51% owned by Ordnance Survey. The Directors of Astigan Limited at the 31 March 2020 representing the Company were Stephen Lake and James Blackman.

**GeoPlace LLP** is a joint venture LLP with Local Government Association. At 31 March 2020, The Company was represented on the Board of GeoPlace by Paul Bragg and John Kimmance.

**PointX Limited** is a related party. At the 31 March 2020, Daniel Dukes and Paul Bragg represented the Company as Directors of PointX Limited.

**Dennis Maps Limited** is a related party. At the 31 March 2020, Nicholas Giles, James Blackman and Hazel Hendley 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.

## 29. Post balance sheet events

There are no events after the reporting period requiring adjustment to, or disclosure in, the financial statements.

## 30. 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](http://www.gov.uk/government/publications)