ORDNANCE SURVEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2021

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Ordnance Survey

CP 450

Ordnance Survey Limited Annual Report and Financial Statements

for the year ended 31 March 2021

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

July 2021.

CP 450

Since 1791

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Directors

Leadership team

Executive Statutory Directors

The following people have served as Executive Directors of Ordnance Survey Limited (appointed in accordance with the Companies Act 2006) during 2020-21:

Steve Blair
Chief Executive Officer

Paul Bragg
Chief Financial Officer
(until March 2021)

Non-Executive Statutory Directors

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

Stephen Lake
Non-Executive Director,
Senior Independent Director
(until March 2021) and Interim
Chair (from March 2021)

Kieran Murphy
Non-Executive Chair
(until March 2021)

Carol Potter
Non-Executive Director
(from August 2020)

Emily Ashwell
Shareholder Non-Executive Director

Jacques Cadranel
Non-Executive Director

John Clarke
Non-Executive Director

Philippa Hird
Non-Executive Director

Ron Mobed
Non-Executive Director
(from July 2020)

Board Development Non-Executive

The following person 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

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

Comptroller and Auditor General

Executive Directors

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

Chris Cottrell
Director of Propositions and Innovation
(until March 2021)

Dan Dukes
Director of Operations
(until May 2021)

David Henderson
Chief Geospatial Officer

Hazel Hendley
Director of People

James Blackman
Finance Director
(from May 2021)

Jo Shannon
Director of Technology
and Design

John Kimmance
Managing Director of
National Mapping Services
(from July 2020)

Jon O'Meara
General Counsel
(from May 2021)

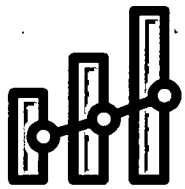
Munir Ismet
Managing Director of
Geospatial Solutions

Nick Giles
Managing Director of OS Consumer

Paul French
Chief Propositions Officer
(from April 2021)

Rebecca Paterson
Customer and Marketing Director

Highlights (financial and non-financial)



Revenue

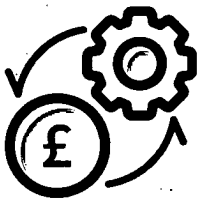
£173.3m

(2019-20: £161.7m)

EBITDA %[1]

30%

(2019-20: 28%)



Free cashflow[2]

£35.9m

(2019-20: £9.9m)

Net Promoter Score[3]

27

(2019-20: 39)

Employee engagement score[4]

74

(2019-20: 68)

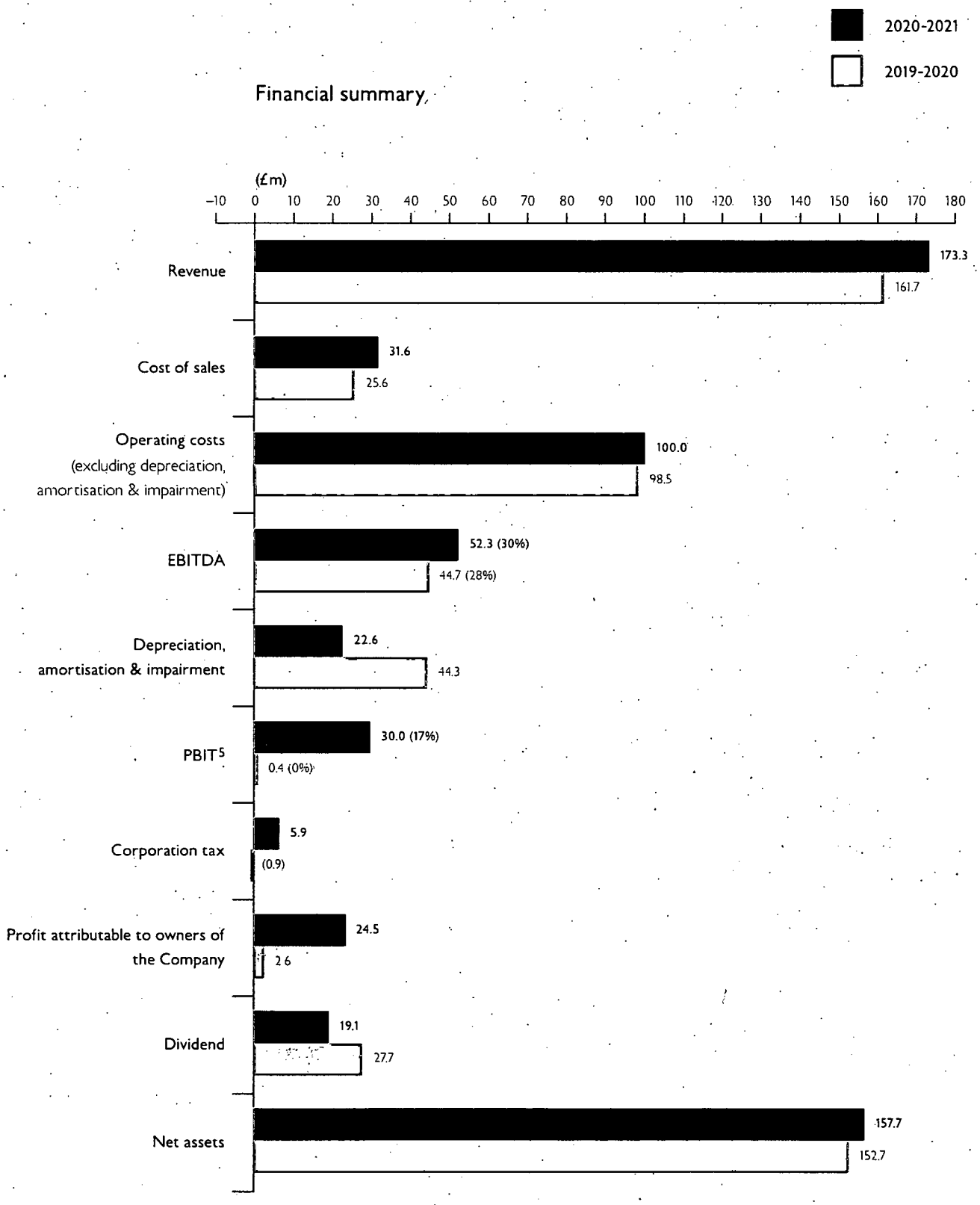
[1] EBITDA % is defined as earnings before interest, tax, depreciation and amortisation as a percentage of revenue.

[2] Free cash flow is defined as total net cash flow with dividend added back.

[3] 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.

[4] Employee engagement score measures how our employees feel about life at Ordnance Survey on a range from 0-100.

Financial summary



[5] PBIT is defined as profit before interest and tax.

Chair's letter

It has been a remarkable year. We have experienced the disruptive impact of the pandemic on the way we work and the way we connect to our family, friends and colleagues. Despite these challenges, we can reflect on a year which has been largely positive for Ordnance Survey.

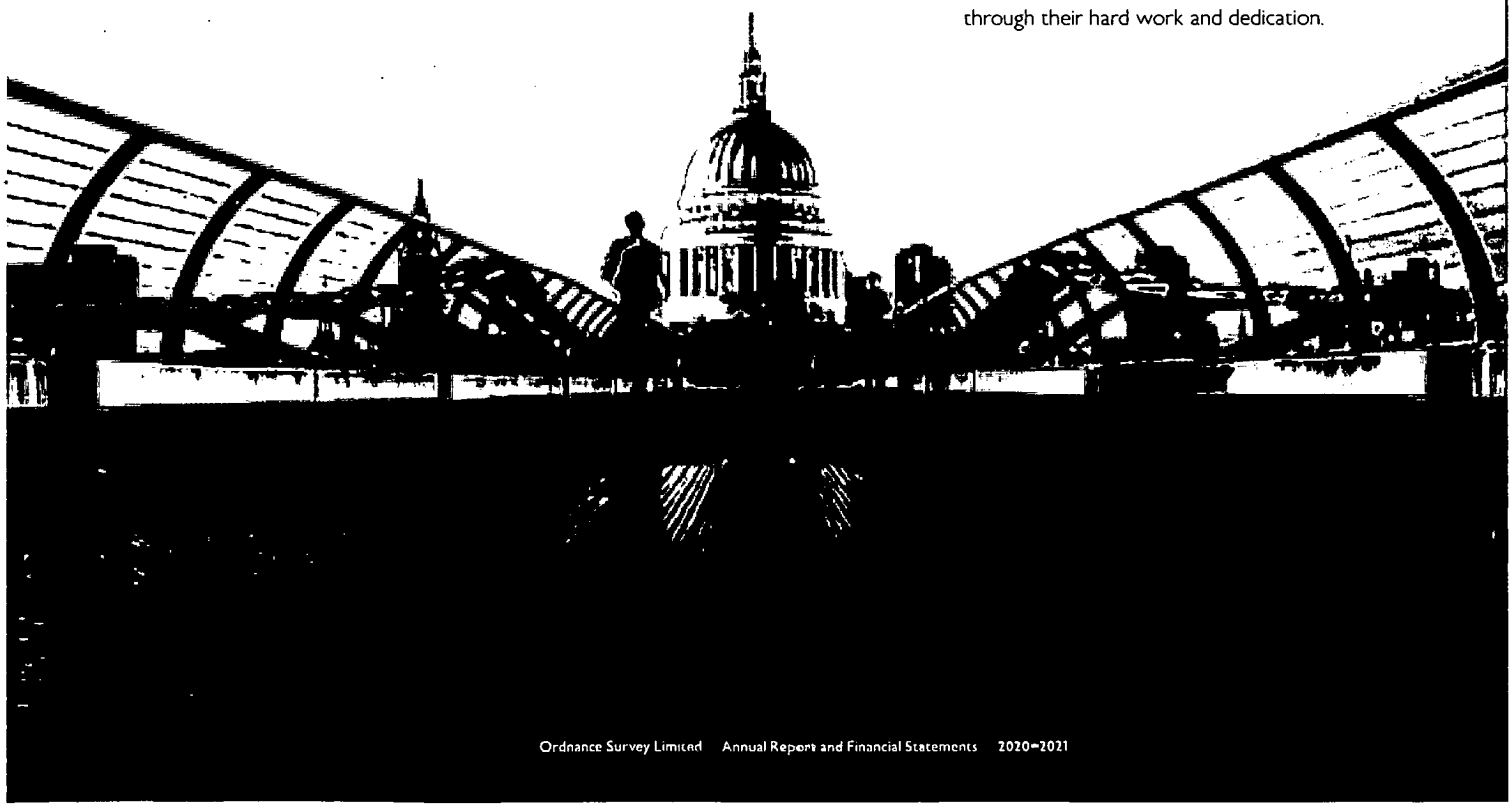
I'd like to acknowledge how quickly the organisation focused on employee safety and wellbeing, as we transitioned to a new way of working. We were also proactive when it came to supporting government, businesses and citizens to help manage the subsequent impacts of Covid-19 and the economic fallout.

Providing location know-how

We provided expert advice and data to support local and national decision-making, including underpinning the government's test and trace system and the Joint Biosecurity Centre, demonstrating the true analytical potential of location data. We also made our authoritative data available to anyone who needed it to tackle the challenges of Covid-19. It's rewarding to read stories from customers, explaining the positive impact our work is having.

Accessible data to more customers

We are one year into the new Public Sector Geospatial Agreement (PSGA) and looking at what has been achieved, I could not be prouder. There are more new customers, including small businesses, and an increased use of data with existing customers. As a commercial contract, it holds us to key deliverables and metrics to deliver against. I'm pleased to see our collective effort has put us in a strong position to deliver more quality location data and expertise for our customers, and teams across the business have brought the contract to life through their hard work and dedication.



Investing for commercial growth

OS has not stood still. Investments in our people and technology are preparing us for the future. The launch of the new Geospatial Production Platform highlights the transition of our operations onto a modern cloud technology platform. This allows us to provide the very best in digital services to our government and business customers.

Another major step in making OS data more accessible, was the launch of the OS Data Hub. So far there have been over 515 million API transactions across a range of users in the public sector, business world and innovation communities. Promoting the wider take-up of location data is a fundamental part of our support for the Geospatial Commission's UK Geospatial Strategy.

We continue to invest in our people, with over 270 new hires across Britain in the year, in all areas of the business including data science, engineering and customer services. This recruitment will enhance the expertise we can offer and shows how OS can support the government's levelling up agenda. We intend to build on this with further recruitment during 2021-22.

Creating location insight for positive impact

OS is also lending its voice to help Britain take a leadership role on the international stage. Our work is shaping global geospatial standards to advance the better use of geospatial in every country. The benefits of geospatial investment are captured in the See Your Nation's Potential report we published this year.

In Britain, OS Maps and the GetOutside campaign helped the nation through the lockdowns, by showing more people how to explore locally, leading to phenomenal growth in downloads. We've all seen the physical and mental benefits of getting out and connecting with the world around us; there is more we can do here. We are expanding the OS Maps app internationally, recently launching in Australia. I look forward to seeing how we build on its success as we bring access to users in other countries.

The provision of free access to DigiMaps meant that OS maps were part of their digital learning for thousands of students around the country. The opportunity of remote training also meant that we could help a record number of teachers to bring their curriculum to life using our mapping.

Fresh leadership for a commercial focus

During the year two Non-Executive Directors were appointed to the OS Board for their deep commercial expertise. Carol Potter, with her wealth of global marketing, brand and communications experience, combined with Ron Mobed's digital transformation, software and geo-data background, will be invaluable to our increased focus on the commercial growth strategy.

I'd like to thank Kieran Murphy who stood down as Chair of the OS Board in March 2021. Kieran served OS for five years and under his stewardship, the organisation navigated a period of dramatic change and grew in relevance and capability. The culmination of his guidance resulted in the signing of the new PSGA agreement, an important milestone putting OS on a sound financial and technical footing, so that we may now focus on the next stage of commercial growth.

I'd also like to recognise the contribution of Paul Bragg, Chief Financial Officer, who departed the business after three years. We wish him well in the future.

I'm pleased to see the positive changes in our company culture, the investments we're making to build our capability, and the partnerships we're forging to realise our commercial ambitions. Combined with the recruitment of new skills and expertise, we are setting OS on course for another good year.

Finally, on behalf of the Board, I'd like to thank all employees for their work, dedication and flexibility in delivering so much through such a difficult period. It's a testament to your resilience that Ordnance Survey has emerged from the pandemic clearer in our purpose and more capable in our delivery.

Stephen Lake
Interim Chair

1 July 2021

Chief Executive Officer's letter

It has been an extraordinary year for Ordnance Survey, and I'm immensely proud of how our people have adapted to the challenges of Covid-19 and executed on the strategy launched in April 2020.

We've executed on the strategy by providing value to our customers across all of our business units. At the heart of our delivery has been the Public Sector Geospatial Agreement (PSGA) - the largest contract in OS's history.

Having promised new data, new access to data and new freedoms to share data, I can reflect on a year where OS has delivered on every one of those promises. But most importantly, we continue to provide real value to our customers, by creating location insight for positive impact.

Delivering the PSGA

This first year of the PSGA has been a resounding success. We delivered all 13 of our agreed key delivery milestones (KDMs) and are underway to deliver the next 21 KDMs over the next two years. Working closely with the Geospatial Commission cements our duty to deliver on our public task and reflects the role we play as the national mapping service provider.

Creating customer value

We have unlocked new value for our customers by launching the OS Data Hub, which gives greater and easier access to our data, including open data and free access to some premium data. Since launching the Data Hub, I'm pleased to have seen an increased use of data from existing customers and thousands of new customers alike.

Showing the world a better place

In this year, we set out a clear purpose for OS, by introducing the See A Better Place branding initiative, to show how we can help customers realise their potential through better use of location data. With more focus and purpose when aligning ourselves closely with our customers' needs, we can deliver on our vision to be recognised as world leaders in geospatial services; creating location insight for positive impact.

World-leaders in geospatial services

Our leisure business helped the nation connect to the outdoors during each of the lockdowns, leading to significant growth in OS Maps downloads. New products were launched, with the highlight being OS Maps in Australia. Internationally we continue to work with our customers, including in Dubai to develop its geospatial capability, and in Zambia on a project to showcase new technology for faster base map creation. We have seen increased use of our high-quality location data, across our business accounts.

We continued to advance the role of geospatial insight globally in our work with UN-GGIM, the United Nations expert group on geospatial, including the publication of the Future Trends report and shaping geographic information standards with international partners.

Our aim is to ensure all countries and sectors understand that geospatial information and enabling technologies are needed for making decisions on national policy, strategic priorities, and sustainable development. This work aligns very well to our commercial strategy and goals.

Supporting the nation

To meet the increasing demand for high-quality location data we've grown our customer and technical support teams. In a year that has challenged all of us, I've seen OS proactively provide our trusted, authoritative data to support positive outcomes for people across Britain during Covid-19. From the distribution of home deliveries, to identifying space for testing and vaccine roll-out programmes, location data has underpinned a wide number of services that the public have relied on in the pandemic.

Innovating for commercial success

Our rigorous approach to research and development, openness to feedback and lean operations means we can meet our customer needs and improve the services and products we offer.

Being able to take this success further in the coming years is the challenge we've proved ourselves worthy of. Indeed, it feels like an exciting time to be helping our customers - knowing that our geospatial capabilities and our ways of doing business will help them see a better place.

Finally, I'd like to thank all colleagues for adapting to the challenges of the pandemic and their continued focus and work on delivering the strategy.

S. Blair

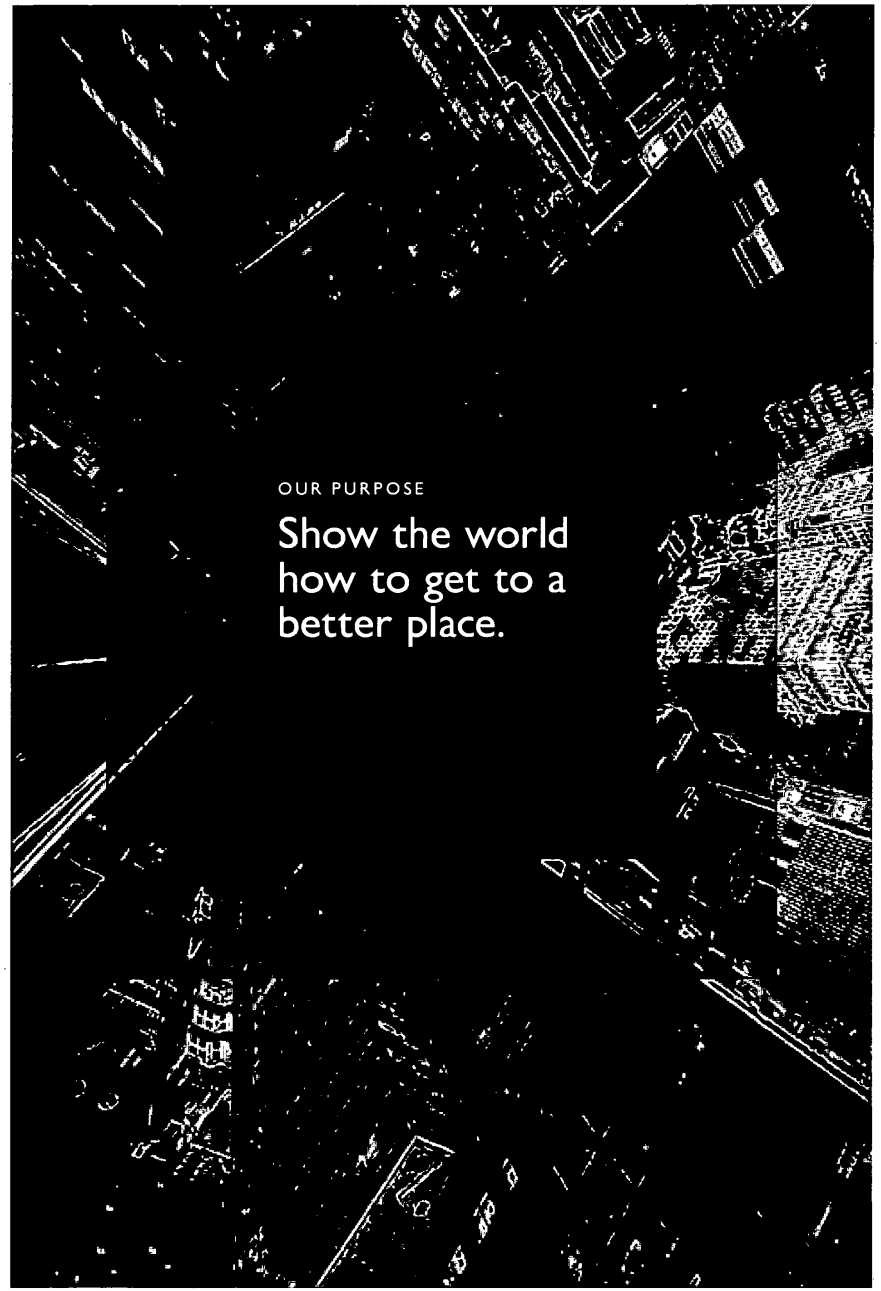
Steve Blair
Chief Executive Officer

1 July 2021

STRATEGIC REPORT

1.1 Purpose, vision and values

A 'Better Place' is our unifying aim. It reflects our desire to take customers on a journey to somewhere new and inspiring – to have a positive impact on their lives, their businesses and their communities. In so doing, we will take a step closer to fulfilling our purpose and making our vision a reality.



OUR PURPOSE

Show the world how to get to a better place.

OUR VISION

To be recognised as world-leaders in geospatial services; creating location insight for positive impact.

From a clearly-defined purpose to an exciting and inspirational vision for our future.

Our vision balances the way the world sees us with the way we see the world; to be trusted and admired, across the globe, for setting the standards and leading the way.

We will be valued, not just for our expertise, but for the difference our expertise makes.

We will create geospatial services that harness the true power of location data and have a positive impact; helping our people, customers and communities to thrive.

OUR VALUES

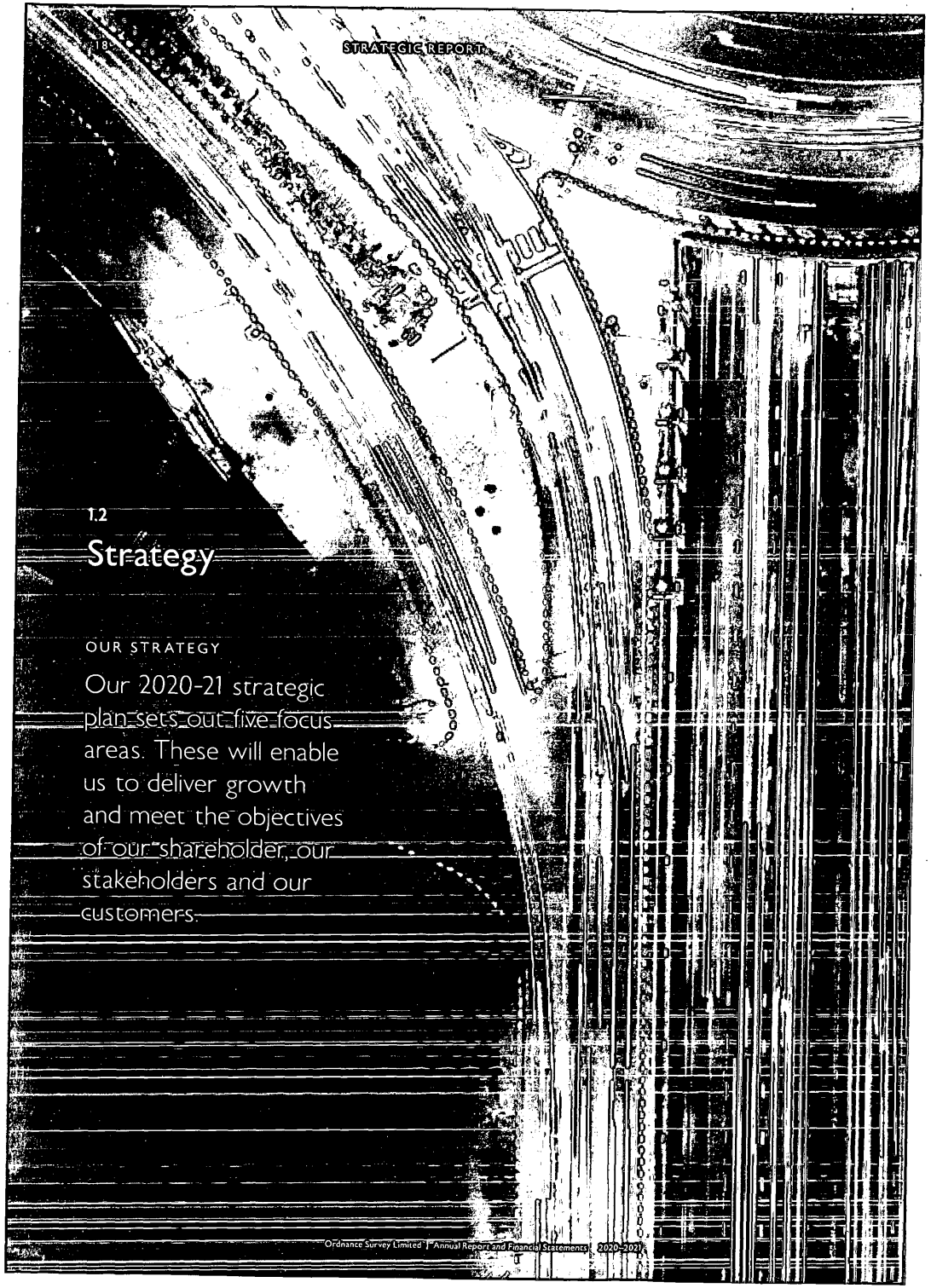
Think Customer

Thrive Together

Stay Ahead

Seize the Moment

We are committed to providing a progressive and inclusive working environment that promotes wellbeing and flexible ways of working, enabling our values to flourish and our people to thrive, wherever they are working.



1.2

Strategy

OUR STRATEGY

Our 2020-21 strategic plan sets out five focus areas. These will enable us to deliver growth and meet the objectives of our shareholder, our stakeholders and our customers.

PSGA

Deliver on our public task commitments to HMG and the public sector under the Public Sector Geospatial Agreement, through new, richer location data, new ways to access our data and new freedoms to share data.

Geospatial Services

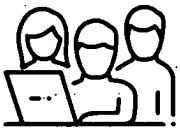
Develop trusted, authoritative platforms to sell geospatial solutions and services that solve real-world business problems for our customers.

International

Partner with international governments seeking to realise their nations' potential, helping them to develop a national geospatial capability in order to increase economic growth, technological innovation and sustainable development.

Leisure

To help more people (globally) get outside, more often, by delivering a range of location-based physical and digital products and services.



Commercial Data

Leverage and grow the value of our location data through direct and partner sales channels.

1.3

Business model

We are 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.

We provide services to governments internationally and sell data directly to sectors including energy and infrastructure, and platform providers.

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

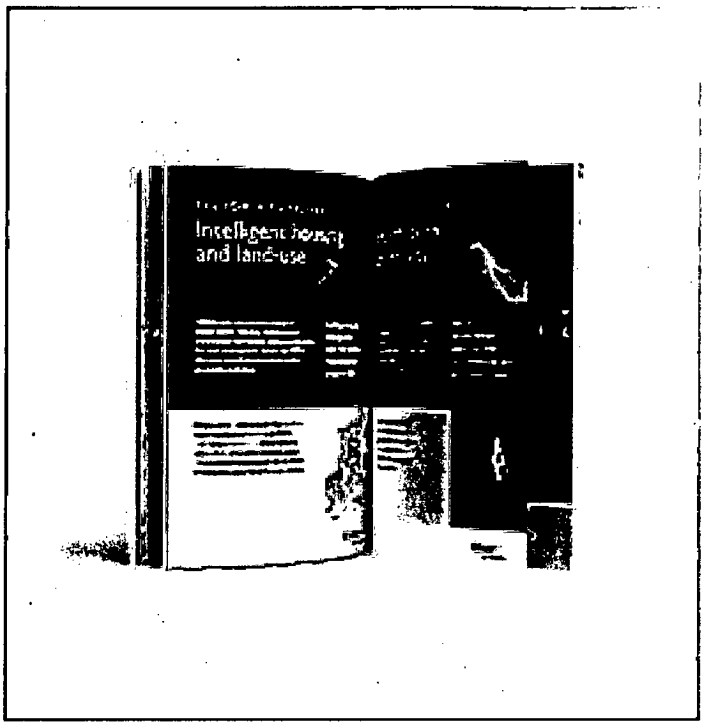
We provide mapping products and experiences to a consumer market to help people get outside.

Underpinned by the following Business Units:

National Mapping Services, Geospatial Solutions, Leisure and Commercial Data with the support of seven expert functions.

1.4

Year in review



National Mapping Services

97%

of PSGA KPIs met

STRATEGY:

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

Building on the new data, access and freedoms phased in over the last year, the NMS strategy is based on three pillars;

- Deliver PSGA contract and meet key delivery milestones (KDMs)
- Funded programmes – maintain existing bi-laterals and develop further pipeline of opportunities to support HMG
- Commercial relationships – maximise value of existing OS data through Partner channel

OUR CUSTOMERS:

The public sector

We've improved public sector services with easier access to our data – benefiting activities ranging from Covid-19 vaccination programmes to broadband roll-out and flood risk management. We help support government by advising, providing know-how and insight for better policy making.

Partners, developers and innovators

By lowering costs and access barriers with our new open data, APIs and free thresholds, we help our Partners and business customers including developers and entrepreneurs to make more of OS data. We've also provided new freedoms for third parties so they can make more of their data available under open terms for others to use in their products and services.

PROGRESS IN THE YEAR:

First year of the PSGA

The Public Sector Geospatial Agreement (PSGA), signed with the Geospatial Commission at the start of the year, provides improved access to better location data for the public and private sectors. Its first year has seen significant growth in the uptake of OS data. Key milestones include; the introduction of new APIs and products, increased customer and tech support, and the launch of a flagship OS Data Hub.

Open MasterMap

As part of the PSGA, OS has made significantly more geospatial data open for businesses and developers to use, free and without restriction. Established businesses and start-ups can deliver new products and services with the data using the free threshold, and access data more easily via our APIs and the new OS Data Hub.

5,626

PSGA members

OS MasterMap updates

26m

Changes in the last year

Covid-19: how Ordnance Survey has supported the nation's response

OS analysis and expertise has been heavily relied on over the last year. We helped the Cabinet Office map the most efficient routes to Covid-19 test centres, and assisted the NHS with the roll-out of the vaccination programme. Our geospatial analysts were seconded to the Joint Biosecurity Centre, and their contribution was recognised for improving data quality and enhancing insights which led to better outcomes including across Test and Trace.

43

Organisations issued with Covid-19 licenses to use OS data and services royalty free

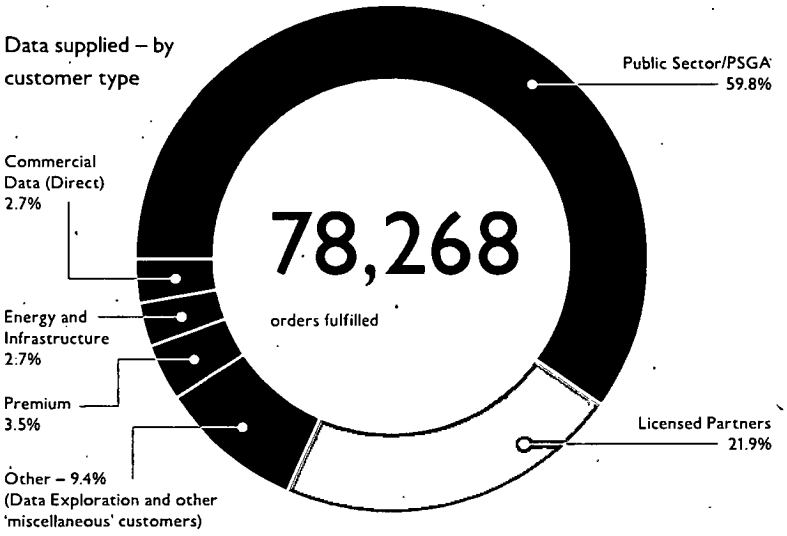
Mapping utilities

The National Underground Asset Register (NUAR) pilot, was a two-year programme run by the Geospatial Commission to create a test bed for the secure and efficient exchange of underground asset data to support two regional pilots (North East and London). OS used its expertise to help the Commission better understand the challenges in establishing a national register of buried infrastructure.

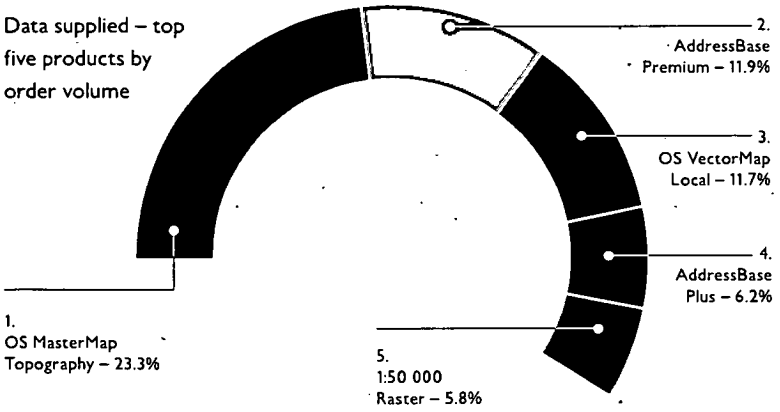
Rural Payments Agency

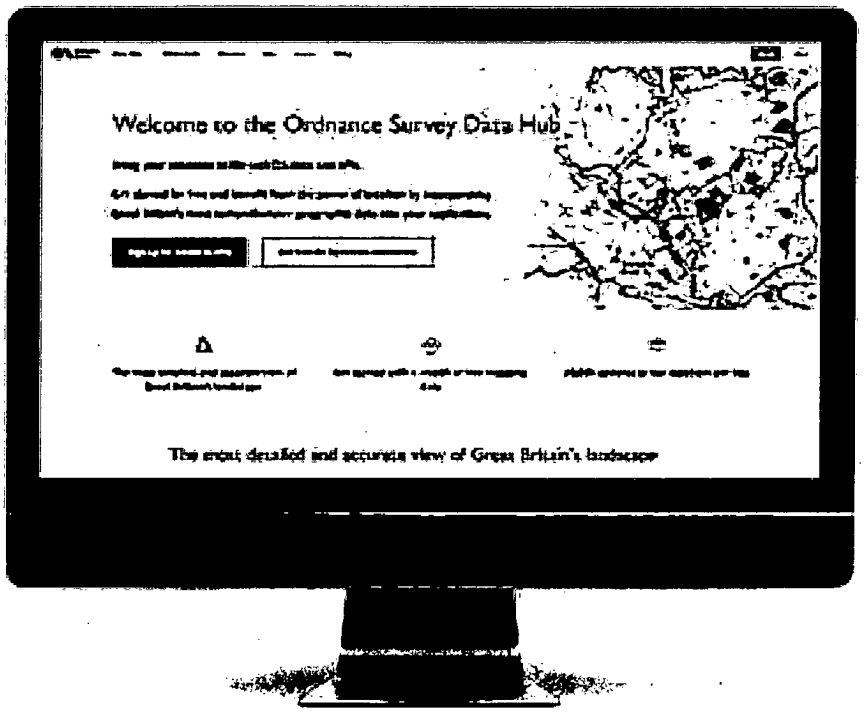
Our reference data enables the Rural Payments Agency (RPA) to verify and process farm grant payments to support a thriving farming and food sector.

Data supplied – by customer type



Data supplied – top five products by order volume



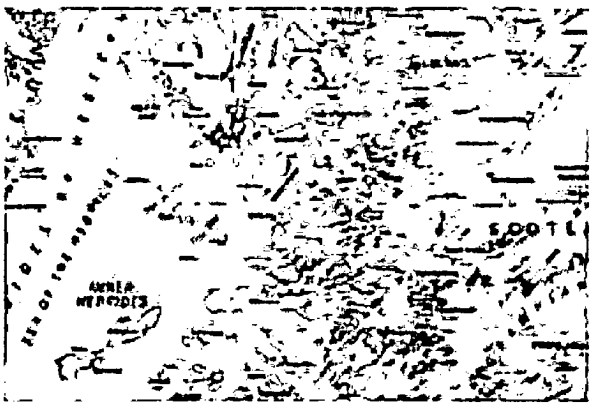


515m

Total API transactions via the OS Data Hub

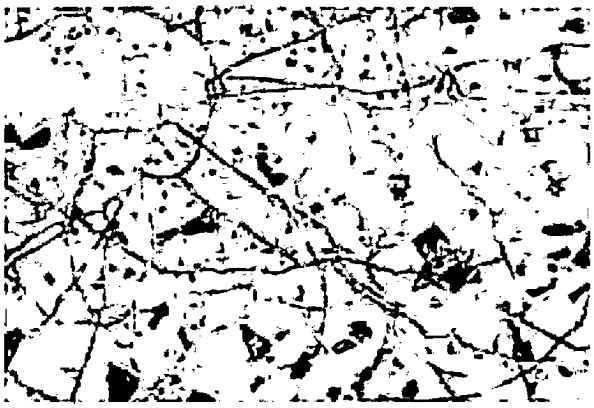
Launch of the Data Hub

To simplify the way customers access the data they need, we launched the Data Hub in July 2020, in support of the PSGA. Since launch, there have been 6,925 new users from 2,200 organisations. We also updated pricing and licensing, giving everyone free access to OS OpenData via APIs*, and to support developers, £1k a month of premium data for free.



OS Maps API

Add Ordnance Survey's detailed maps to your GIS**, web or mobile applications with ease and make location-based decisions with confidence.



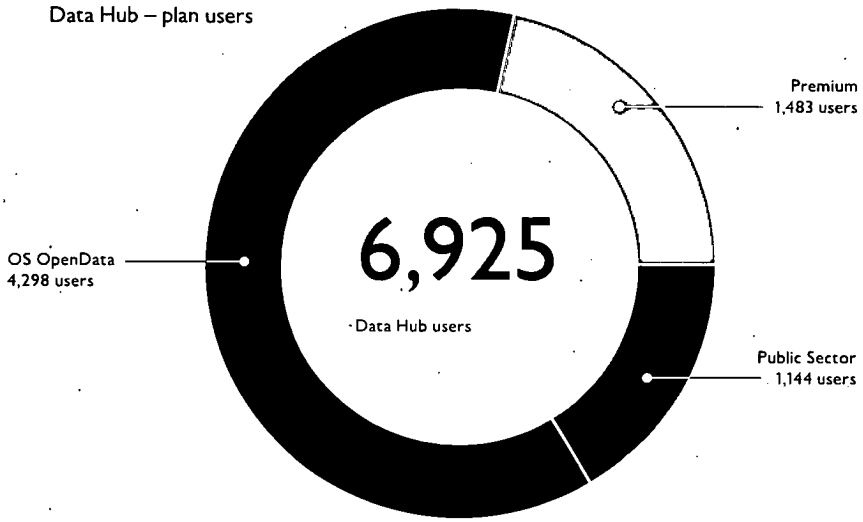
OS Vector Tile API

Slick, quick vector maps. Integrate Ordnance Survey's up-to-date, detailed maps in your applications, enabling better location-based decisions.

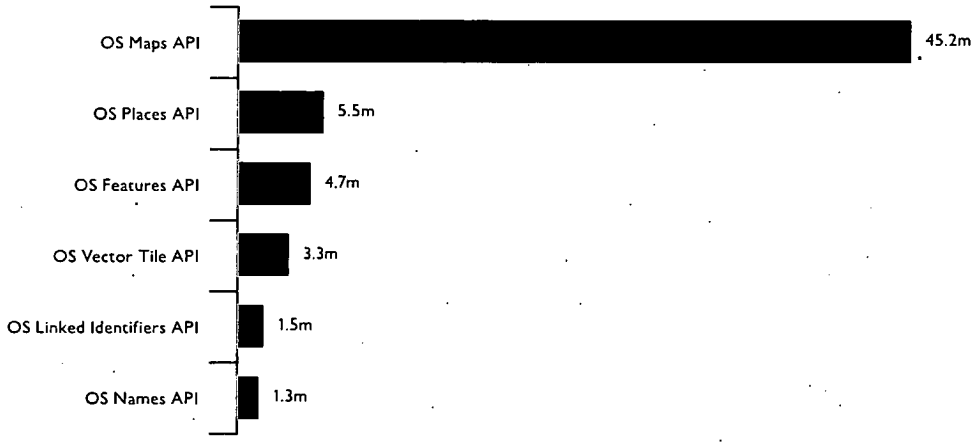
*Application Programming Interface

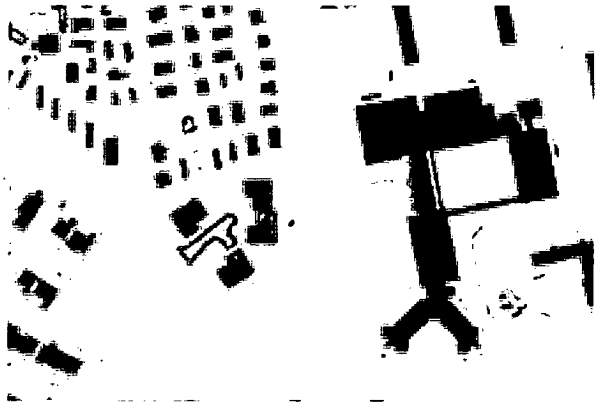
**Geospatial Information Systems

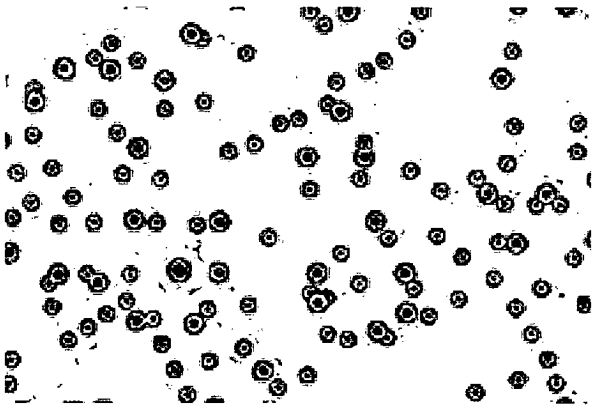
Data Hub – plan users



Data Hub – top six APIs by transactions







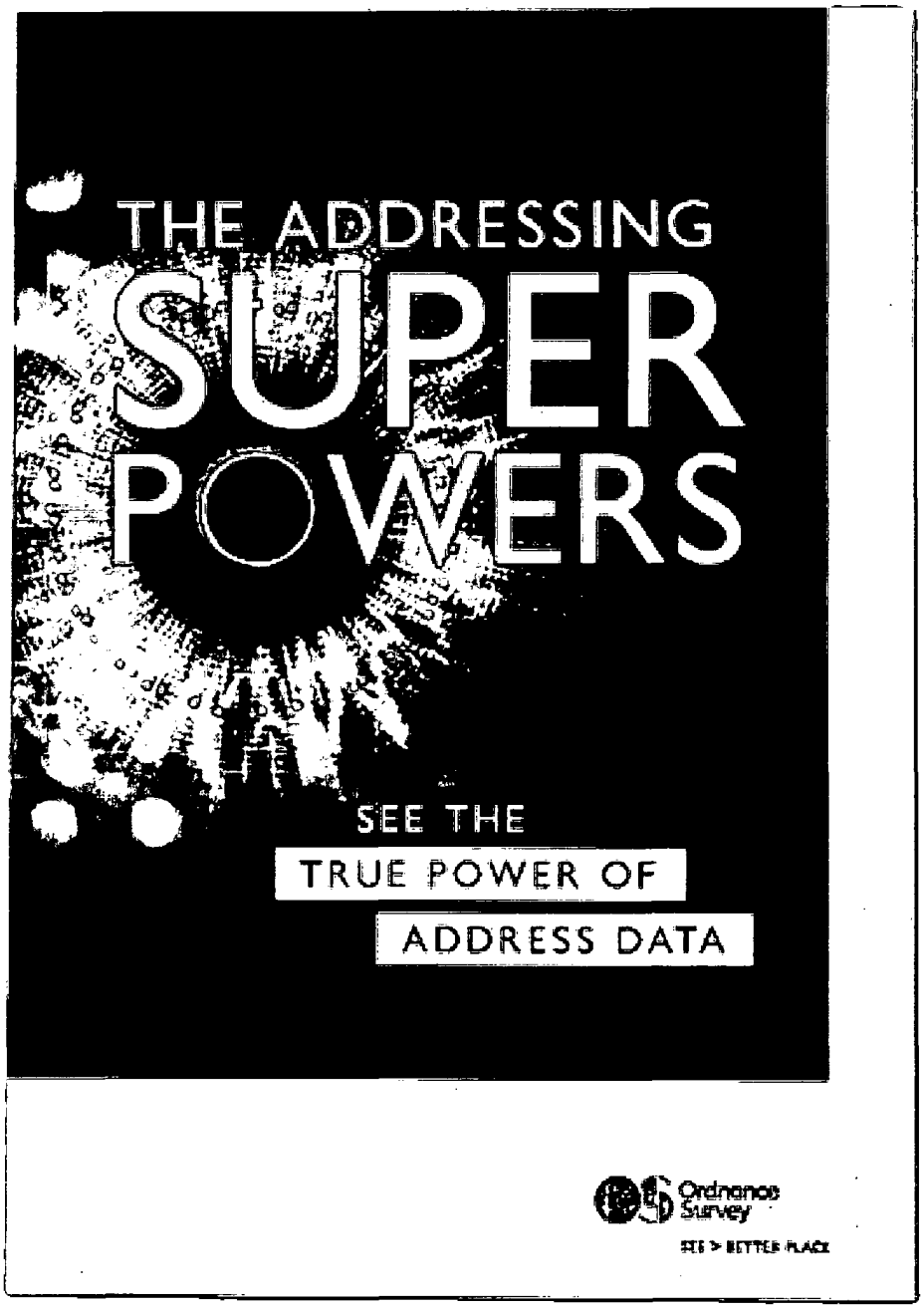
OS Features API

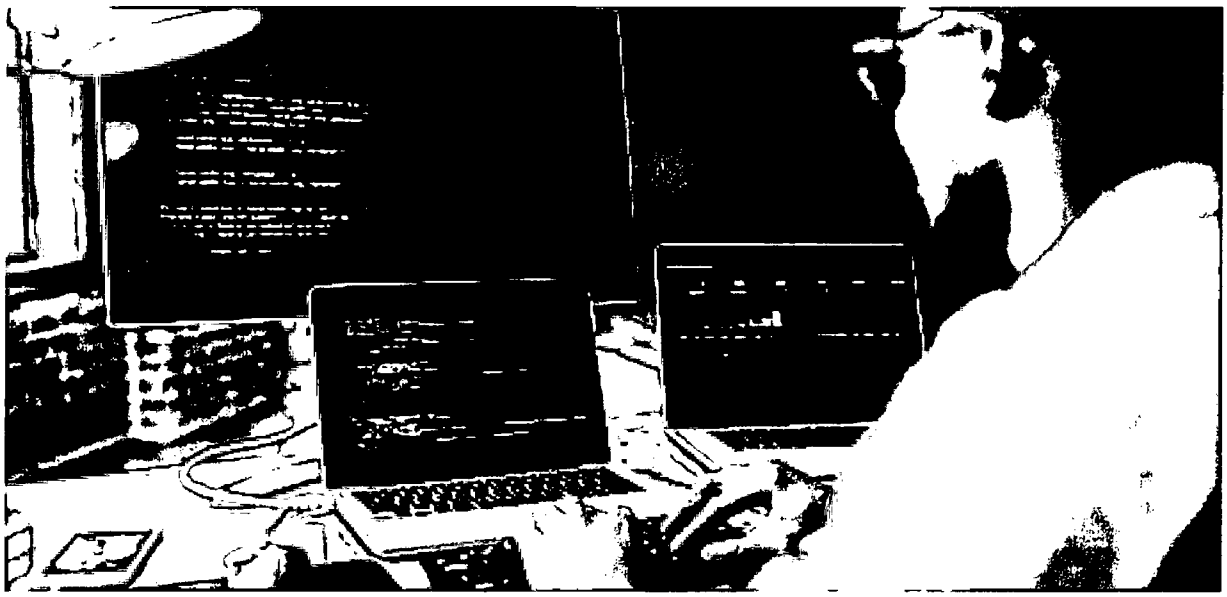
Buildings, roads, greenspaces and much more. Get direct access to the most detailed geographic data for your analysis, taking full advantage of rich geometries and attributes to generate new insight.

OS Names API

A free, searchable, reliable database to help find and verify populated places, road names, road numbers and postcodes.

To promote the hidden power of Britain's most authoritative address data, we ran a campaign to increase adoption of OS addressing.





Communicating the value of OS data

During the year we have increased communications to help customers discover the power of address data. There are over 40 million addresses in Britain, and Ordnance Survey holds the most authoritative detail on where each is located. We have run campaigns including webinars and a report, so customers understand the power that address data holds in connecting and exchanging information.

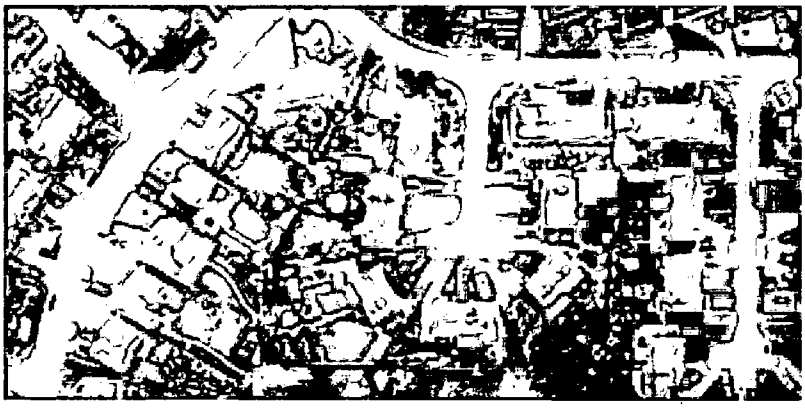
At the heart of linking properties and information is the Unique Property Reference Number (UPRN). We continue to work closely with GeoPlace and partners including the UK Proptech Association to promote the value of the UPRN and OS addressing data to as many organisations as possible.

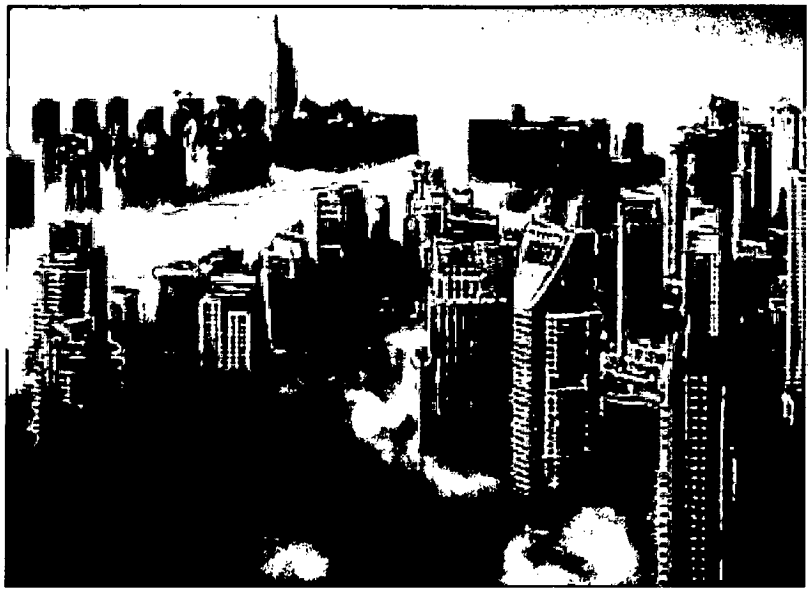
Partner channel

The Licensed Partners channel is a strategically important revenue channel to OS, and a way for customers to access location-based products and services built by Licensed Partners using OS data. We continued to add value to Partners by improving access to data via the OS Data Hub and removing some licensing barriers. Partners were also able to benefit from enhanced technical support, events and webinars.

Building a developer community

To support revenue from APIs and the growth of products including AddressBase Core, we have started a programme to build tools, resources and support for developers and innovators. We're showing developers the value of OS data, to ensure they build next generation applications using location for powerful insight and efficiencies.





Geospatial Solutions

STRATEGY:

To put location at the centre of decision-making.

All countries and sectors need geospatial information and enabling technologies for making decisions on national policy, infrastructure and sustainable development.

We will do this through three main areas of business activity:

1. International
Pursue clear and specific opportunities where we have strong existing relationships.

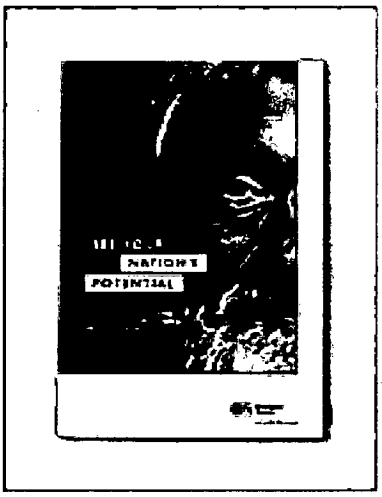
2. OS Connect
Develop the expertise we've gained in building secure and trusted data exchange platforms, into viable customer value propositions.

3. Major accounts
Develop and promote our solutions and services to major accounts, including working with selected Partners.

PROGRESS IN THE YEAR:

Geospatial Solutions continued to work internationally including in Dubai where OS expertise is helping build geospatial capability. The work is to create a Geospatial Services Centre, to support the Dubai Government's aim of building remote sensing skills, and embedding a system of governance for data management and quality assurance.

Another significant project is in Zambia, to showcase new technology for faster base map creation. Using aerial imagery of Lusaka, OS has successfully trialled an advanced automated process to generate a new data map using artificial intelligence across 420km². This innovative technique is a rapid and cost-effective way to generate a robust spatial data infrastructure for integrating census data, as well as for land tenure, ownership and administration purposes.



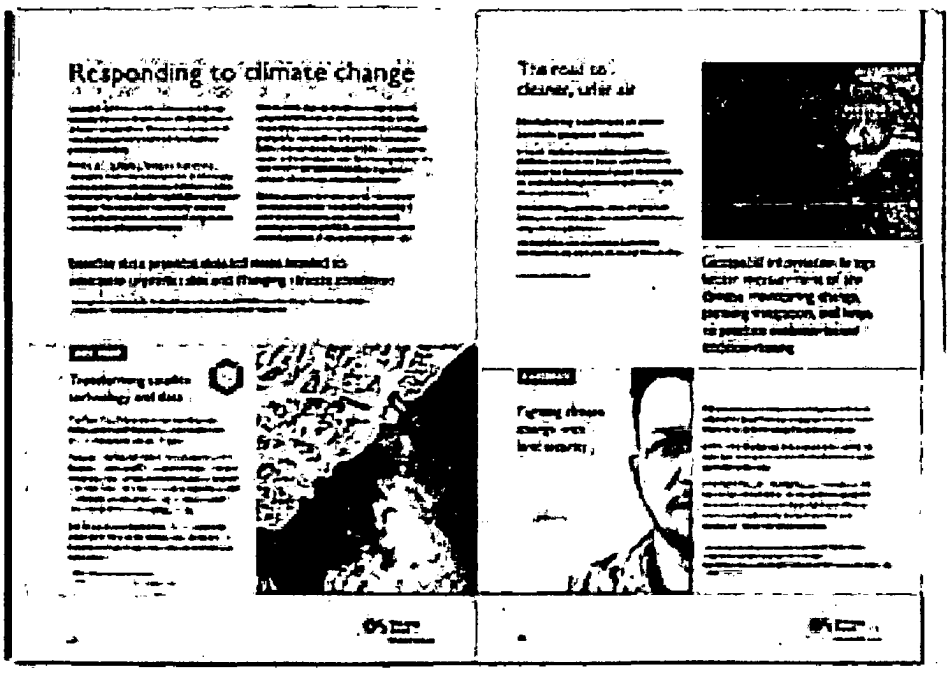
Promoting geospatial information

The global market in geospatial information is measured in hundreds of billions of dollars and is increasing each year. Government spending on geospatial capability is a high-impact investment in a nation's long-term economic health, with benefits 3.2 times larger than the costs. To help governments understand this, we produced a series of reports showing them how investing in geospatial drives economic growth, technological innovation and sustainable development.

The See Your Nation's Potential campaign

This campaign aims to drive awareness and understanding of the business case for investing in developing a national geospatial capability through driving economic growth, technological innovation and sustainable development with geospatial information.

The key audience consists of National Mapping Agencies and geospatial professionals as well as politicians, civil servants, policymakers and consultants.



Leisure

STRATEGY:

To grow revenues of our consumer product range, across navigation, mapping, guides and accessories, by continuous development of the value propositions and simplifying and improving the customer experience.

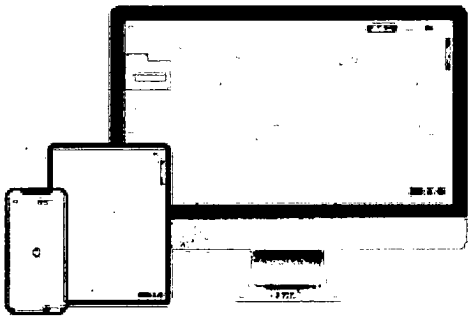
We aim to keep the OS brand at the forefront of the outdoor activity market.

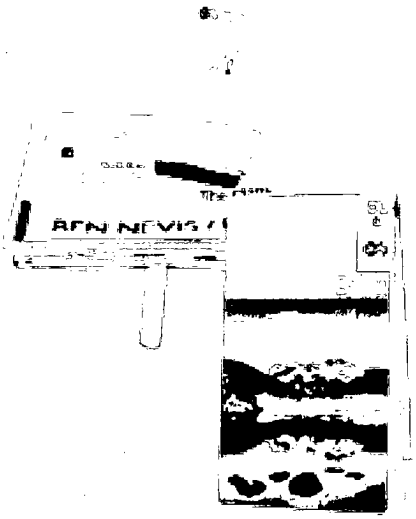
We will expand OS Maps internationally, building on the success of the award-winning OS Maps ecosystem. We will also expand into new content (e.g. virtual guidebooks) and gamified outdoor experiences.

PROGRESS IN THE YEAR:

OS Maps

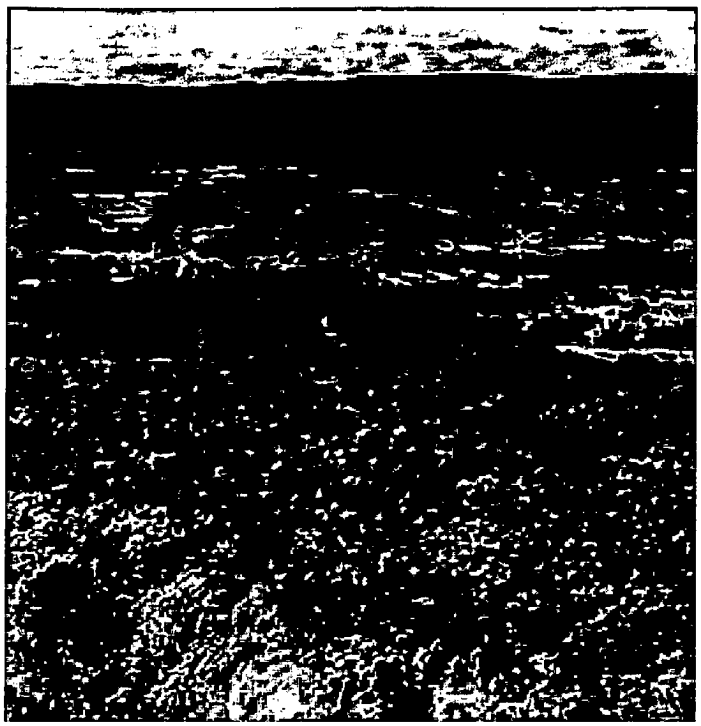
We have seen significant growth in UK users, in part due to the Covid-19 effect of people wanting to connect to nature, maximise their time outside and find new walks in their local area. The 'Greenspace' layer in the app, proved particularly popular during the early part of the year with customers wanting to identify areas they could go to with their precious time outside. In May, we saw nearly 600,000 unique users a week exploring the maps and routes in OS Maps.





Physical products

Our physical products include paper maps and Pathfinder Guidebooks, and in the year we launched an OS Official Accessory Range of map inspired products featuring our world-famous cartography. Pathfinder Guidebooks saw a 58% year-on-year volume uplift with over 130,000 units shipped in the year.

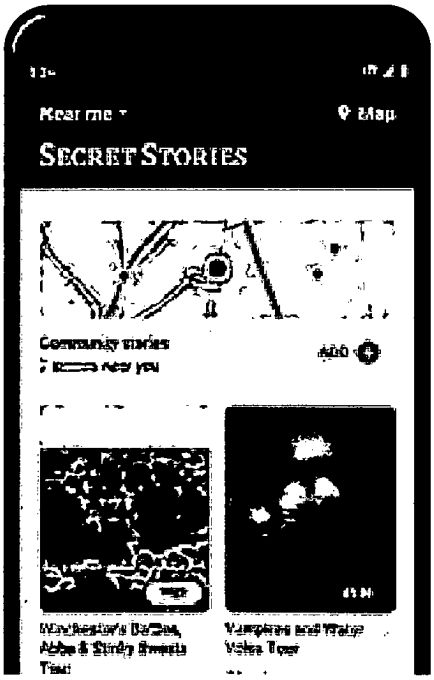


Launch of OS Maps International

In February 2021 we launched OS Maps in Australia with great success. By April 2021, we have seen over 65,000 downloads of the app and a significant number of new premium subscribers. Over 3,000 trusted routes were added through partner networks across Australia and with a significant increase in user generated routes daily. The consumer team are focused on launches in more countries as we continue our international expansion of OS Maps.

Secret Stories

Secret Stories is a new app launched in the year that brings towns and cities to life, with self-guided tours revealing a mixture of folklore, celebrity, history and myths. The app describes the 'secret stories' that can be found all around us, through images, text and audio. More content is being sourced as we expand across the country. In March 2021 we launched in Hampshire, Wiltshire and Dorset – where tours are currently available, and we've had over 6,000 installs.



GetOutside during Covid-19

2020-21 saw significant growth for the GetOutside initiative, in terms of campaign activity and web growth.

As the nation entered its first lockdown, GetOutside pivoted its messaging to 'GetOutside Inside', and created an online central hub of activity to educate, entertain and inspire.

The GetOutside Hub was designed to bring the outdoor community together while ensuring people and communities remained safe but active during Covid-19. As well as a central repository of information, we hosted a series of online quizzes, a national step-up challenge and other campaigns to keep people connected to the outdoors.

As government guidance continued to change and evolve during the year, we committed to providing the latest guidance on our GetOutside pages - a resource pulling together current advice from government, local authorities and other outdoor organisations, so people could search by activity and location to decide how they could get outside safely. The GetOutside website – www.GetOutside.uk saw a 64% increase in visitor numbers in 2020-21, with traffic reaching over 8m unique visits.

The GetOutside App is seeing fantastic growth adding 140,000 downloads in 2020-21. We virtually onboarded 100 OS GetOutside Champions, an important part of our strategy to increase reach and extend into new areas and communities. Our Champions have a collective social reach of over 2.2 million followers.

Commercial data

STRATEGY:

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

PROGRESS IN THE YEAR:

Partner channel

Ordnance Survey Licensed Partners share our belief that access to geospatial data and insights can transform businesses.

We have a network of more than 1,680 Licensed Partners across a wide range of markets, who license our data to provide a wide range of solutions – from large-scale planning application maps to software for GIS mapping tools.

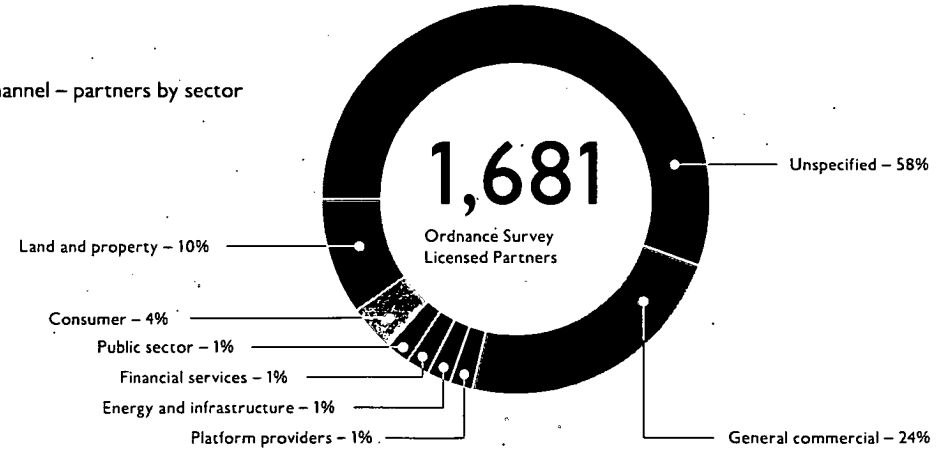
To deliver value to our Licensed Partner, we provided new benefits in the year. We enhanced our technical and customer support teams and removed some licensing barriers including a free threshold to some Premium Data.

Partner engagement

In November we produced a weeklong programme of events, held virtually to showcase the benefits of being a Licensed Partner.

We provided rich content and resources including strategy updates, technical webinars with consultants and developer support teams, a licensing explainer session and a future thinking event looking at the investments OS is making in technology and people.

Partner channel – partners by sector



GB major accounts

Overview

Our GB direct sales channel is part of the Geospatial Solutions business unit and it provides a significant revenue stream by licensing OS data directly to customers.

Customer example

The demand for faster and more reliable broadband has never been greater, and the need has been accelerated with more people at home during the pandemic lockdowns.

OS data is supporting 15 regional broadband companies across GB, to identify locations for network roll-out, as well as for planning maintenance. The regional companies using OS location data include Freedom Fibre, Jurassic Fibre, Lightspeed Broadband and WightFibre.

OS AddressBase provides access to Unique Property Reference Numbers (UPRN) to find properties and hubs that require better connectivity, with address level accuracy on multi occupancy buildings such as offices and flats. OS MasterMap Topography allows providers access to accurate data about the changing landscape and infrastructure. This ensures that the fibre optic broadband is delivered efficiently and cost-effectively.

Some of the customers we serve

CGI
FACTCO
nationalgrid
NORTHERN POWERGRID
Northern Gas Networks
NORTHUMBRIAN WATER living water
SGN Your gas. Our network.
sky
south east water
sse
Virgin media
vodafone
YorkshireWater

GEOVATION

from Ordnance Survey

Geovation

Ordnance Survey founded Geovation to bring new ideas to life by connecting entrepreneurs with geospatial data and thinking.

Since 2009, Geovation has become a leading proponent of open innovation. It has grown to support more than 1,800 entrepreneurs, investors, developers, academics, students and corporate innovators.

Geovation's primary activity is in Accelerator Programmes, which 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.

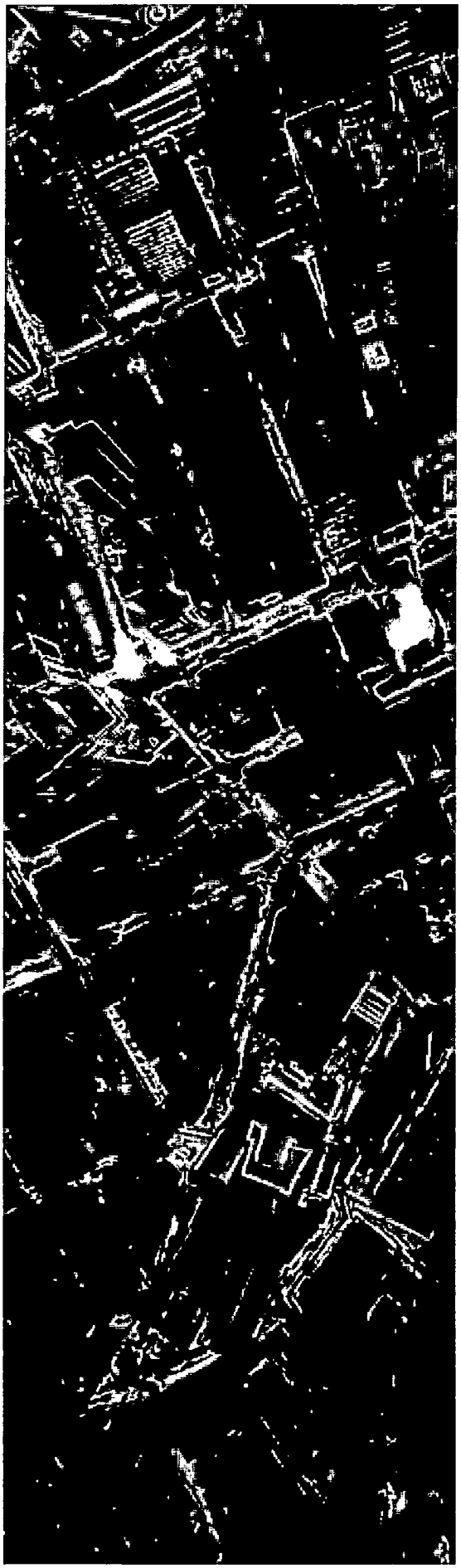
To date they have helped turn 125 start-ups into thriving businesses, which has led to the creation of 566 new jobs and £86m invested into the start-ups.

During the past year, the Accelerator Programme was transformed into a remote offering because of Covid-19. This has seen an increase in the number of international applicants.

Geovation was launched in Wales, in collaboration with Tramshed Tech, bringing benefits including: access to OS and HM Land Registry data, and expert business advice and mentorship, given by Geovation's in-house developer team, as well as mutual benefits to our respective communities.

Ordnance Survey also recruited a new Head of Geovation, Carly Morris, who has taken leadership of Geovation and its strategic direction.

There has been continued momentum in supporting 'positive impact' start-ups, an aim that began since Geovation's inception, in areas including carbon capture, renewable energy and pollution prevention. Some of the start-ups that embody this drive are Planet Patrol, Kids Against Plastic and Slow Ways.



£86m+

raised by Geovation start-ups since 2015

125

new start-ups to date

566

new jobs created

The GeoTech and PropTech businesses accepted onto the Accelerator Programme in the last year are:

Visually Impaired People (VIP) – debut product Travel Hands pairs a visually impaired person with a registered volunteer to walk together in the similar direction of their journeys.

Emma.ai – automatically adds travel arrangements directly to your calendar to help people to choose the best route to travel to their destination based on speed, cost and carbon footprint.

ArchEo – uses AI to automatically detect archaeological sites from earth observation data.

Building Passport – leverages internal geospatial data to create a safer built environment by sharing floor plans with the emergency services.

OneStay – last-minute bidding marketplace for holiday rentals connecting hosts and guests.

Occubly – a platform to automate the resolution of complex issues associated with leasehold property.

BioCap – develops a map to highlight important ecosystems and then recommends interventions to create more valuable wildlife habitat and capture carbon opportunities.

Sail Homes – offers homeowners a stress-free sale by identifying the best buyer and quickly tying up legal details that can cause delays.

Mappin Technologies – develops solutions for users to interact digitally with buildings, from indoor navigation to asset-tracking, to create a digital smart-building ecosystem.

adoor – is a platform to track a house move. Keeping everyone involved up to date, all in one place.

1.5

Financial review

Financial summary (Group)

	2020–21 £m	2019–20 £m
Revenue	173.3	161.7
Cost of sales	31.6	25.6
Operating costs (excluding depreciation, amortisation & impairment)	100.0	98.5
EBITDA	52.6	44.7
EBITDA %	30%	28%
Depreciation, amortisation & impairment	22.6	44.3
PBIT	30.0	0.4
PBIT %	17%	0%
Corporation tax	5.9	(0.9)
Profit attributable to owners of the Company	24.5	2.6
Dividend	19.1	27.7
Net assets	157.7	152.7

Revenue

Total revenue comprises both trading revenue and other operating activities. The trading growth in 2020–21 was due to growth in our direct business, particularly via the PSGA agreement, which provides certain products free at point of use to the private sector and ongoing growth in our consumer business, both digital and traditional.

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

The EBITDA increase is largely driven by increased revenue as above.

Profit Before Interest and Tax (PBIT)

The PBIT outturn of £30.0m (2019–20: £0.4m) was driven by cost savings in relation to our head office as a result of the Covid-19 pandemic, with 2019-20 being affected by additional amortisation on the Geospatial Content Improvement Programme (GCIP) of £18.2m, following a reduction to the useful economic life.

Dividends

In March 2021, we declared a final dividend to our shareholder, the Secretary of State for Business, Energy and Industrial Strategy, of £19.1m (2019-20 £27.7m).

Net Promoter Score

The pandemic increased demand for our services, with subscriptions to OS Maps increasing significantly in 2020. This resulted in our customer services team receiving a substantial increase in queries, impacting our ability to respond within our normal SLA's and causing a temporary downturn in customer satisfaction.

Statement of financial position

Cash

We generated a net cash inflow of £45.4m (2019-20 £25.4m) from operating activities during the year and a further £9.8m (2019-20 £5.3m) received from joint ventures. Our capital expenditure programme of £25.6m (2019-20 £26.1m) included the investment in infrastructure systems as we continually invest in ways to best serve our customers.

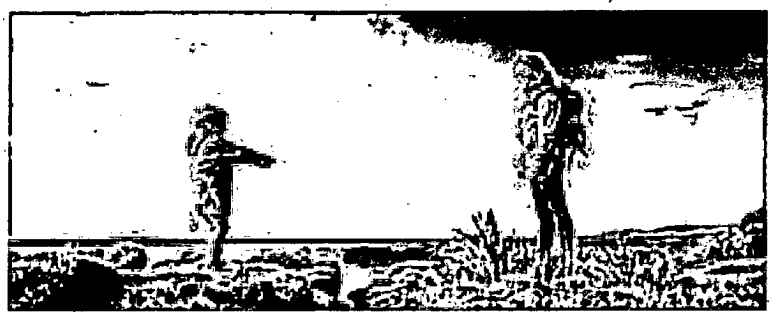
Non-current assets

Our non-current assets are principally:

Explorer House: Our Head Office in Southampton.

Assets under construction: Comprises development activity supporting our commercial strategy as well as development of corporate systems and infrastructure.

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 30. 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 88% from 31 March 2020. 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 9.3m (2019-20 £5.8m) and PBIT of £3.7m (2019-20 £1.9m), both reflecting consumer migration to online purchasing during the year.

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 (The business is included within Geospatial Solutions as outlined on page 28). OSI generated revenue of £1.1m (2019-20 £0.5m) and a loss of £0.9m (2019-20 £1.0m).

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 £9.5m (2019-20 £6.3m), and £9.8m in cash was returned to the Company during the year (2019-20 £5.3m).

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 Astigan made a loss of £0.8m (2019-20 £2.7m). In the prior year 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 (2019-20 £0.1m) and a dividend of £0.1m (2019-20 £nil) was paid to the Company.

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 (2019-20 £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.

	2020–21	2019–20
Revenue	£173.3m	£161.7m
EBITDA	£52.6m	£44.7m
Free cash flow	£35.9m	£9.9m
Net Promoter Score	27	39

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

EBITDA – defined as earnings before interest, tax, depreciation and amortisation as a percentage of revenue.

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.

1.6

Our culture and values

Our purpose at Ordnance Survey is to show the world how to get to a better place. To deliver this we have our inspirational vision – to be recognised as world leaders in geospatial services; creating location insight for positive impact.

Our values

Our vision is powered by the core missions of our business units, and driving our success is a set of values that unify our people, products and services.

OUR VALUES ARE:

Bringing these values to life are ways of behaving that we can all aspire to; we are committed to providing a progressive and inclusive hybrid working environment that promotes wellbeing and flexible ways of working, enabling our values to flourish and our people to thrive, wherever they are working.

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 survey approach. We ask managers and their teams to focus their actions 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.

We also use informal channels such as Yammer, 'Ask Us Anything' sessions and employee networks to enable individuals to have their voice heard on a wide range of issues. To support more effective collaboration and connection, we have introduced new tools such as SharePoint and Microsoft Teams, and we continue to enhance development opportunities using learning resources such as MindTools.

A culture of leadership

Alongside the development of our values, we introduced a set of leader behaviours, to create an environment where our core values can thrive. Across every team, we need leaders who create trusting and open environments, set clear direction, inspire and coach their people to deliver their best outcomes for our customers, drive accountability, and who are open and adaptable to change. 2021 saw the activation of the 'great things leaders do' along with a suite of learning activities to enable leaders to strengthen their capability and confidence.

A new way of working

Following consultation with our people, and as lockdown restrictions ease, we will embrace a hybrid way of working. Colleagues who previously worked from an office are invited to work where it works best for them, to best meet the needs of our customers and business. Providing flexibility means we will need to use our office space differently – creating more opportunities for informal connection and using technology in a way that enables the same inclusive experience, wherever they're working.

Learning and development

We offer learning and development support and a career structure that enables our people to maximise their contribution alongside apprentice, trainee, graduate and university schemes to bring in new talent.

Wellbeing

Ordnance Survey employees have defined wellbeing as feeling 'supported, balanced and content'. We are committed to ensuring this state of wellbeing is achievable for all, via the 'Wellbeing Hub' where everyone can access the support and knowledge they need, when they need it. This includes a wide range of sports and social clubs, support from managers and wellness action plans.

At the start of the first lockdown, we ramped up our wellbeing efforts to include guidance for managers on how to look after their own wellbeing as well as that of their team members. We also offered all employees the opportunity to attend webinars hosted by Solent Mind on resilience and mental health awareness. And we asked employees to self-assess their home-working set-up to ensure their physical wellbeing was being prioritised.

Since Ordnance Survey signed the Time to Change pledge in July 2019, publicly committing to reducing the stigma surrounding mental health, we have seen an overall decline in time taken off for sickness absence whilst reporting under this heading has increased. This shows us that when employees need time off for this reason, they are confident to be open about it. Access to medical professionals via our occupational health service is designed to ensure professional help and support is available at an early stage and we offer access to an Employee Assistance Programme (EAP) service 24/7.

Absence due to Covid-19 symptoms has been managed outside the usual sickness absence structure, ensuring our employees receive full pay and support from their line manager, while preserving confidentiality for individuals. We have also provided paid time off for anyone needing to look after dependants affected by Covid-19.

Employees were able to receive a bee bomb, giving them the opportunity to plant wildflowers, to recognise the one year anniversary of the first lockdown and thank employees for their resilience.

Wellbeing can also be enhanced when giving to others which is why all employees can take a volunteering day, and have the opportunity to provide support to our communities.

We maintain an active partnership with our Trade Unions.

Reward principles

We have a set of structured principles we apply when making pay and reward decisions. The principles are:

- 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.

Health and safety

Health and safety is a key agenda item at both Board and Executive level, especially this past year because of the Covid-19 pandemic.

The Covid-19 adaptions we have put in place are in line with government guidance and include:

- A Covid-19 working group meeting weekly with support of a dedicated response team
- Explorer House protection protocols, with CBRE facilities management support
- Weekly Covid-19 inspection checks and feedback
- Creating safe systems of work practice for field staff

With the sudden working from home measures, we communicated with staff to ensure they could work effectively and comfortably in their home set-up. We reviewed and actioned over 1,100 self-assessments, via a new Essential Skillz training platform and in Workday.

We also kicked off a safety champions scheme, with a group of 15 people from across the business meeting regularly to discuss relevant topics.

Diversity and inclusion

Through our culture and values, we make it clear everyone has a responsibility to promote respect for diversity, a commitment to inclusion and to celebrate 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 for neurodiverse employees and allies.

We have a Diversity and Inclusion Policy which embodies our ongoing commitment and we now support people leaders by promoting behaviours that respect difference, and support a culture where everyone feels welcome, included, and valued.

Our policy is communicated on our careers website and we ensure apprenticeships, the IT trainee scheme and graduate programme provide diverse and talented individuals. We provide webinars including talking about race, inclusive leadership, bias and micro-aggressions, and thriving together.

We continue to promote gender parity at every level. Our Women's Development Network provides learning opportunities with colleague support and mentoring. We are also active members of Hants Women in IT and the Women in Geospatial professional network.

As of 31 March 2021, our combined Board and Executive Leadership Team is comprised of six women and thirteen men.

Gender and career level breakdown

The table below provides a breakdown of employees by career level and gender as at 31 March 2021. We are addressing the gender imbalance by promoting a culture where everyone feels welcome and valued, including in recruitment and leadership coaching.

	31 March 2021			31 March 2020		
	Male	Female	Total	Male	Female	Total
Career Level						
Non Executive	4	3	7	4	2	6
Executive Leadership Team	9	3	12	7	3	10
Heads	10	3	13	5	3	8
Senior Managers/Professionals	95	30	125	77	16	93
Other roles	735	369	1,104	662	308	970
Total	853	408	1,261	755	332	1,087

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 within similar UK organisations. This has been challenging for 2020 as the Covid-19 pandemic has impacted sickness absence data. While the virus may have led to additional sickness absence, measures such as furloughing, social distancing, shielding and increased homeworking have helped reduce other causes of absence. According to figures from the Office of National Statistics, UK 2020 sickness absence rates have fallen to 3.6 days per worker, the lowest ever recorded level.

Employee sickness absence	Total days lost due to sickness	Average sickness days lost per employee
2020-21 total	1,704	1.4
Non-Covid-19 related absences	1,364.5	1.1
Covid-19 related absences	339.5	0.3
2019-20	6,100	5.2

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 2021, off-payroll engagements for more than £245 per day and that last for more than six months are as follows:

	31 March 2021	31 March 2020
Number of existing engagements as at date	41	54
Number that have existed for less than one year at time of reporting	14	47
Number that have existed for between one and two years at time of reporting	24	6
Number that have existed for between two and three years at time of reporting	2	1
Number that have existed for three or more years at time of reporting	1	0

	31 March 2021	31 March 2020
Number assessed as relevant to IR35	0	0
Number assessed as not relevant to IR35	41	47
Number engaged directly and are on payroll	0	0
Number of engagements reassessed for consistency/assurance purposes during the year	41	47

	31 March 2021	31 March 2020
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	18	19

1.7

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 we embrace and support an ethos of 'giving back' by supporting our local community, charities and education.

Corporate charity

Our corporate charity partner from April 2020 is the Rose Road Foundation, who make a positive difference to the lives of young people with disabilities in the South of England. Our fundraising has primarily switched to virtual, which included raffles and quizzes with 13 employees stepping outside their comfort zone by signing up to a skydive.

Ordnance Survey match funded the total amount employees raised, so the overall fundraising total for 2020-21 was £14,497.

We usually support a charity for two years but have decided to add a year because of the pressures the pandemic is having on charities. Therefore, our Rose Road partnership will continue until March of 2023.

Our field surveyors have also nominated two charities, NHS Charities Together & Dandelion Time, and raised £2,460 for them.

Employee match funding

Employees organising their own fundraising activities can request up to £100 match funding. This year, 12 employees participated in the scheme raising almost £13,700 in total for local and national charities.

Volunteering

Ordnance Survey gives every employee a volunteer day. In 2020-21, even with the pandemic, 55 people, including Directors gave more than 1,170 hours to causes from local charities and schools to cleaning beaches.

1.8

Sustainability

Ordnance Survey can help the UK achieve clean growth and protect the natural environment. We can do this by reducing our own environmental and social impact through our operations and supply chain. As OS expects high standards from our suppliers, we too must expect high standards of ourselves.

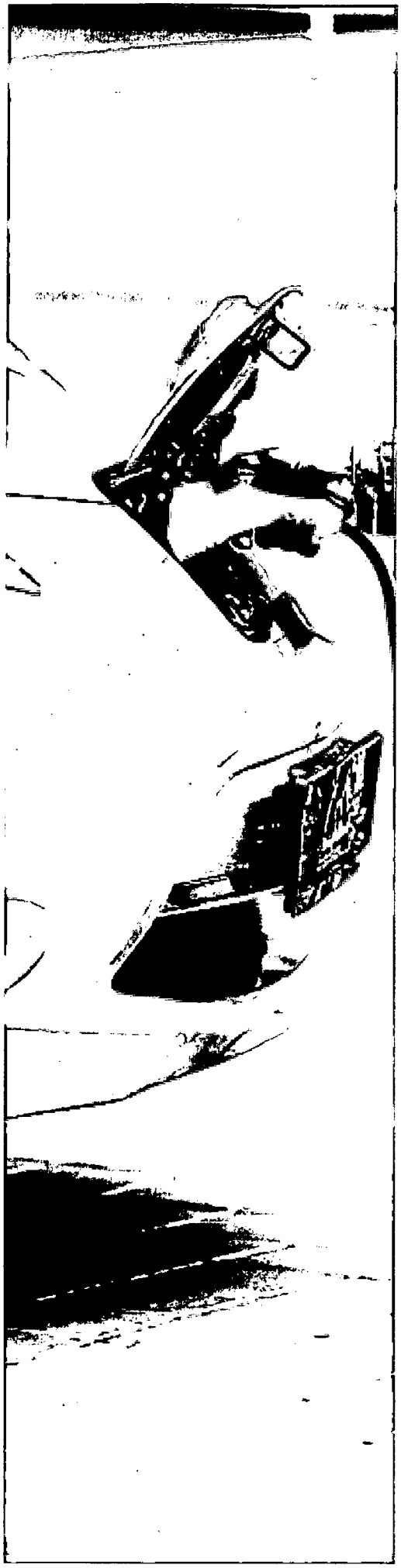
To monitor and reduce emissions, we use an Environmental Management System (EMS), which helps us review and continuously improve our activities. OS has started ISO 14001:2015 certification for this EMS. This certification is a small but key step in a journey to good environmental management.

OS works in partnership with our facilities provider CBRE to review energy usage and potential efficiencies at our Head Office, Explorer House. We use these reviews alongside the EMS to set KPIs and targets to promote how the business can deliver environmental efficiencies. As part of our strategic aim to be recognised as a geospatial global leader, we expect our office-based emissions to fall.

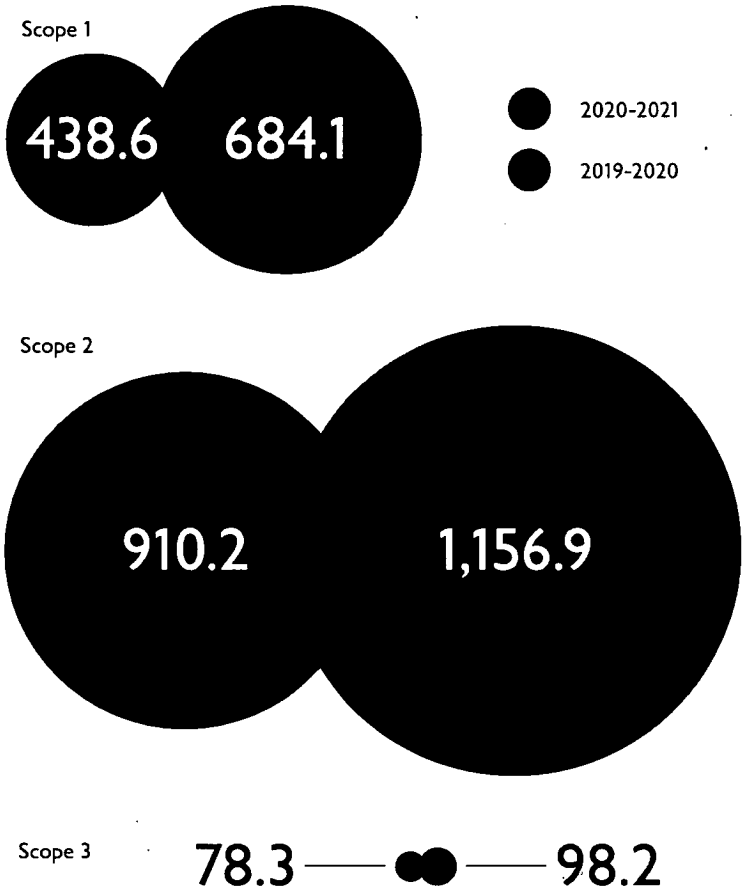
Sustainability Governance

In 2020, a three-tiered sustainability governance structure was formed, engaging employees at all levels and demonstrates our commitment by involving senior leaders. The structure includes a steering group, responsible for setting and overseeing the OS sustainability strategy, a working group, responsible for translating the strategy into actions, and then action teams who deliver the initiatives and identify metrics for measuring success. The action teams encourage inclusion and diverse employee voices, and the structure promotes a system which is leader led, and people driven.

We enhanced our environmental expertise by recruiting an Environmental Specialist, who joined in October 2020.



Carbon emissions (tCO2e)



Greenhouse gas emissions

Electricity consumption has fallen this year, by 21.24% on the 2019-20 figures. As with previous years, there was an ongoing fall in emissions reflecting the continuing decarbonisation of electricity generation. Combined with the lower electricity consumption figures, this has resulted in an electricity emission reduction of 266.6 tCO2e from 1,255.1 tCO2e in 2019-20 to 988.5 tCO2e in 2020-21. This reduction in consumption will be in part due to the reduced number of employees based at Explorer House because of Covid-19. OS will work to continue to minimise electricity consumption in the next year, even as people return to Explorer House.

Total scope 1 emissions fell 35.88%, by 245.5 tCO2e on the 2019-20 figures, despite an increase in gas consumption. We are researching the use of our ground source heat pump as a way to understand where we could make improvements to the technology, which offers potentially high energy efficiency.

Greenhouse gas emissions

Absolute metrics

	Scope/emission/energy use	2020-21	2019-20	2018-19
Non-financial indicators (tCO2e)	Total Scope 1 emissions (gas, fuel for fleet cars and fugitive emissions from air chillers)	438.6	684.1	656.6
	Total Scope 2 emissions (off-site electricity generation)	910.2	1156.9	1410.3
	Total Scope 3 emissions (transmission loss of electricity)	78.3	98.2	120.2
	Total emissions attributed to electricity consumption (Scope 2 and 3)	988.5	1255.1	1530.5
	Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground)	89.7	802.7	1228.5
	Emissions attributable to Scope 3 Managed Assets (Gloucester Data Centre, inc. fugitive emissions and electricity consumption)	123.2	152.0	214.1
	Emissions attributable to Scope 3 Managed Assets (Cessna surveying aircraft)	350.8	304.9	190.1
	Total emissions (all scopes)	**1990.8**	**3198.7**	**3819.8**
Self generated energy consumption (kWhth)	Heat from renewable sources (Ground source heat pump) – Scope 1	**1,067,200**	**1,084,100**	**1,166,383**
Related purchased energy consumption (kWh)	Electricity	4,474,224	5,074,209	5,679,098
	Gas	548,552	379,039	361,073
	Total kWh consumption	**5,022,776**	**5,453,248**	**6,040,171**
Financial Indicators (£)	Expenditure on Energy (Gas, Electricity, Company vehicle fuel, GDC electricity, Cessna fuel)	£768,124	£975,238	£997,394
	Expenditure on CRC (including fees and allowance)	—	£28,665	£30,435
	Expenditure on official business travel (rail, hire cars, taxis, air, vehicle leasing)	£1,466,798	£2,183,198	£2,276,153
	Total expenditure on energy, CRC and official business travel	**£2,234,922**	**£3,187,101**	**£3,303,982**

Normalised metrics

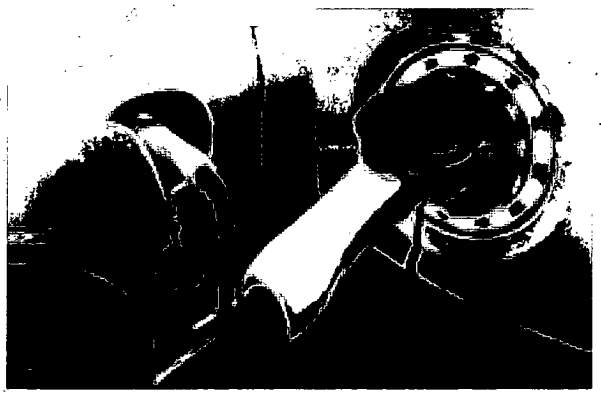
	Asset	2020-21	2019-20	2018-19
kWh/m²	Explorer House	287.0	312.1	341.6
tCO2e/FTE	Explorer House	1.07	1.29	1.83
kWh/m²	Gloucester Data Centre	2,223	2,502	3,182
g CO2e/km travelled	Company vehicle mileage (kilometres)	152.8	155.3	157.8
g CO2e/km travelled	Hire vehicles mileage (kilometres)	76.1	161.8	160.4
Number of instances	Domestic Flights (No.)	20	281	327
kg CO2e/passenger-flight	Domestic Flights	112.9	198.8	244.7
kg CO2e/passenger-flight	Short Haul Flights	156.5	281.7	373.4
kg CO2e/passenger-flight	Long Haul Flights	1367.5	1864.3	2527.2
kg CO2e per journey	Domestic Rail Travel	14.1	9.6	10.6

The Ordnance Survey fleet

Mileage has remained consistent as field surveyors have continued to work throughout the year. Car hire mileage fell as fewer journeys were completed by sales staff. Hire car costs rose in the year due to the employment of contractors who used hire cars in the third and fourth quarter.

OS has an aspiration for 100 percent of company vehicles to be ultra-low emissions vehicles (ULEV) by the end of 2024. Electric vehicles (EV) will be prioritised, with plug in hybrids to be used where this is not possible.

Work has started to look at increasing the number of EV charging points at Explorer House. We are working closely with Zenith to facilitate this commitment and make the transition as easy as possible for company vehicle users.



Air and rail travel

Air and rail travel has decreased significantly with the primary cause being Covid-19. Emissions attributed to scope 3 official business travel, inclusive of air, rail, taxi and underground, have reduced by 89%, or 713 tCO2e, on 2019-20 levels. Long-haul air travel has decreased by 497 kgCO2e / passenger flight from 1864 kgCO2e / passenger flight in the previous year.

We recognise our travel policies must be continually developed and reviewed to address any conflict between planned business growth and travel reduction targets. We aim to use virtual meeting technology to minimise business travel. We have updated our travel policy to include that rail must be the first considered mode of transport for domestic business travel.

Aerial surveying within Remote Sensing Services (RSS) has increased by 15% due to good weather in the first and second quarters. RSS has been identified as a 'hard to decarbonise' aspect because there are no current technologies available to replace the flights, which are essential to Ordnance Survey's data capture. We are investigating the idea of trialling data sharing activity where possible to avoid duplication and repetition of flying. The aim is to reduce our fuel consumption and carbon footprint, without impacting on our data quality or quantity. RSS have set a target to responsibly offset the emissions that they cannot reduce through data sharing and further increased flight efficiencies in the coming year.

Financial breakdown of business travel (£)

Asset	2020-21	2019-20	2018-19
Company vehicle lease	£1,162,031	£1,164,560	£1,216,350
Company vehicle fuel costs	£139,508	£239,231	£233,004
Hire car costs	£141,182	£103,543	£25,330
Domestic Rail Travel (including underground)	£6,333	£257,739	£248,446
Domestic Flights	£2,988	£49,375	£57,964
Short Haul Flights	£2,286	£44,681	£56,405
Long Haul Flights	£10,693	£297,412	£406,246
Domestic Taxis	£1,776	£26,657	£43,799
Total	**£1,466,797**	**£2,183,198**	**£2,287,544**

Water and paper

Mains water consumption dropped significantly by 78.74%, and harvested rainwater consumption dropped by 68.20%. Reduced rainwater harvested is because of warm and dry weather. Total water consumption of mains and harvested rainwater reduced from 6.08m3 per FTE to 1.45m3 per FTE.

Total paper procured has reduced by 47.44% on the previous year. This is a total reduction of 1.65 tonnes, from 3.47 tonnes to 1.82 tonnes. We acknowledge that reduced head count in Head Office due to Covid-19 has contributed to this reduction.

Finite resources consumption - water and paper procured

Absolute metrics

			2020-21	2019-20	2018-19
Non-financial indicators (m^3)	Water Consumed (m3)	Mains water supply (Scope 2)	972	4,573	4,601
		Harvested rainwater used (Scope 1)	463	1,456	852
	Tonnes CO2e	Mains water tCO_2e	0.3	1.6	1.6
		Waste water tCO_2e	1.0	4.3	3.9
		Total tCO_2e	1.4	5.8	5.4
		Total consumption in m^3	**1,435**	**6,029**	**5,453**
Normalised metrics	Water consumed (m^3)	Mains water supply per FTE	0.98	4.61	5.43
		Harvested rainwater used per FTE	0.47	1.47	1.01
		Total consumption per FTE	**1.45**	**6.08**	**6.44**
Absolute metrics	Paper procured (tonnes)	Procurement (through Banner GGC)	0.10	1.06	1.46
		Procurement through FM contractor	1.72	2.41	3.64
		Total paper procured	**1.82**	**3.47**	**5.10**
Financial indicators (£)	Water consumed (£)	Mains water supply & treatment	£3,692	£18,026	£17,669
		Used harvested rainwater treatment	£1,067	£3,560	£2,074
		Total water supply and treatment	**£4,759**	**£21,586**	**£19,743**

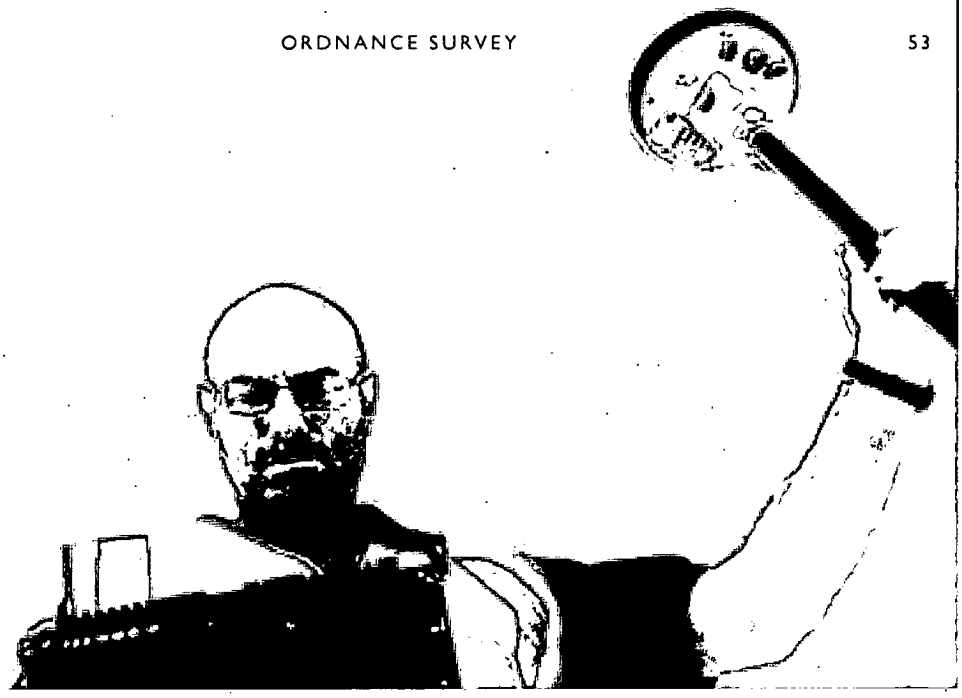
Waste

Total waste from Explorer House reduced by 57.0% from 69.20 tonnes in 2019-20 to 29.75 tonnes in 2020-21. Residual waste which is not recycled or incinerated and is sent to landfill has reduced slightly from 6.00% in 2019-20 to 5.31% in 2020-21. In alignment with the Greening Government Commitments, OS aims to reduce waste sent to landfill to less than 5% and increase the proportion of waste recycled to greater than 70% by 2025.

Absolute metrics

			2020-21	2019-20	2018-19
Non-financial indicators (tonnes)	Total waste arisings (tonnes)		29.75	69.20	66.88
	Non-hazardous waste	Waste Recycled/reused (exc. ICT)	12.01	25.61	25.49
		ICT equipment reused/recycled externally	—	2.95	3.24
		Waste composted	2.94	7.17	2.85
		Toner cartridges (recycled)	0.26	0.26	0.26
		Waste sent to incinerator (energy recovery)	11.90	28.58	27.31
		Residual waste sent to landfill	1.58	4.15	4.04
	Hazardous waste	Batteries (recycled)	—	—	0.10
		HCFC equipment (fridges etc.)	—	0.38	0.38
		Fluorescent lamps (recycled)	1.01	—	0.18
		Sanitary waste (not recycled)	0.06	0.06	0.06
		WEEE	—	0.04	2.98
		Engine oil	—	—	—
Financial indicators (£)	Total disposal costs (£)		£20,052	£25,370	£26,078
	Non-hazardous waste	Total non-hazardous waste costs	£15,787	£20,549	£19,460
		Waste Recycled/reused	£14,330	£16,347	£16,248
		ICT equipment reused/recycled externally	—	£2,113	£3,251
		Toner cartridges (recycled)	£114	£114	£114
		Waste composted / anaerobic digestion	£933	£1,057	£428
		General waste skips	£410	£1,616	£805
		Waste sent to incinerator (energy recovery)	*	*	*
		Residual waste sent to landfill	*	*	*
		Metal waste	—	£140	£281
	Hazardous waste	Total hazardous waste costs	£4,265	£4,820	£6,619
		Batteries (recycled)	—	—	£395
		HCFC equipment (fridges etc.)	—	£398	£389
		Fluorescent lamps (recycled)	£251	—	£421
		Sanitary waste (not recycled)	£4,014	£3,698	£4,257
		WEEE	—	£723	£1,156
		Engine oil	—	—	—

*Included in total waste cost



Sustainable procurement

Ordnance Survey drives sustainable procurement by including carbon footprint, energy reduction, staff travel, and recycling targets 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. They are also certified to the ISO 14001:2015 standard.

To support OS's Environmental Management System (EMS), a sustainable supply and procurement policy has been developed. In addition to the policy, the OS Supplier Due Diligence Questionnaire has been updated to include three sustainability questions.

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. In addition, completion of a Modern Slavery digital course is required for all Ordnance Survey employees to promote awareness.

Future Improvements in Sustainability

Carbon target

Ongoing pressure to act on climate change and pollution means stakeholders look to Ordnance Survey, as Great Britain's National Mapping Service, to demonstrate best practice in environmental management. Therefore, OS has committed to set an ambitious carbon target within the 2021-22 financial year. We will also seek to apply best practice on climate reporting including the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Biodiversity

The sustainability action team has encouraged employee action at home, such as tips on how to have a sustainable Christmas throughout December, and how to promote biodiversity in gardens throughout January. They are also working with CBRE and Countrywide to improve biodiversity at Head Office. Phase one of the initiative will include wildflower planting, bee poles and a walkway through the rough meadow, as well as taking part in No Mow May.

ISO Standards

ISO 14001:2015 certification is aimed to be achieved by 2022, ahead of the 2024 deadline set by the PSGA. Ordnance Survey will then look ahead to aligning our environmental and health and safety management systems and will begin the process of becoming ISO 45001:2018 certified.

1.9

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 Board have agreed an updated Shareholder Framework Document during 2020-21 (see page 57). This sets the Company's overall control framework for decisions which could have material long-term consequences. In turn the Board have set internal financial delegations which provide the Board with a control mechanism for any decision which could have material long-term implications.
- The Board 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. As a result of my appointment a further review and update of the strategic plan was performed during 2020-21. 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:

- 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 ongoing engagement with Prospect and PCS, who are the recognised Trade Unions representing OS employees.
- Considered ways in which the employee's voice can be enhanced in the Boardroom, including identifying opportunities for all Non-Executive Directors to engage across the employee population.

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 38, but in summary our methods of engagement have included the following:

- Quarterly engagement surveys for all employees hosted by Glint.
- Ongoing consultation with Trade Unions, including on pay and Covid-19 response and also projects such as the roll-out of electric vehicles.
- Various employee groups enabling community-led involvement and decision-making to inform policy. Groups include Women's Development Network, LGBT+, Disability Awareness, Neuro Diversity Support Network and Sustainability Community, with plans to initiate a Parents and Carer's Network.
- Employee representatives involved on strategic projects, for example graduate representation on the Sustainability Steering Group.
- Employee action teams to lead initiatives aligned to our strategy deliverables.
- Online events including discussions hosted by Directors, where employees can ask questions directly (for example the annual strategy launch and monthly 'ask us anything' sessions).

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.
- Our engagement activities with our Licensed Partners, including our Licensed Partner week conference held virtually in November, together with Licensed Partner Advisory Council meetings held virtually during the year.
- 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 45, 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.
- 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:

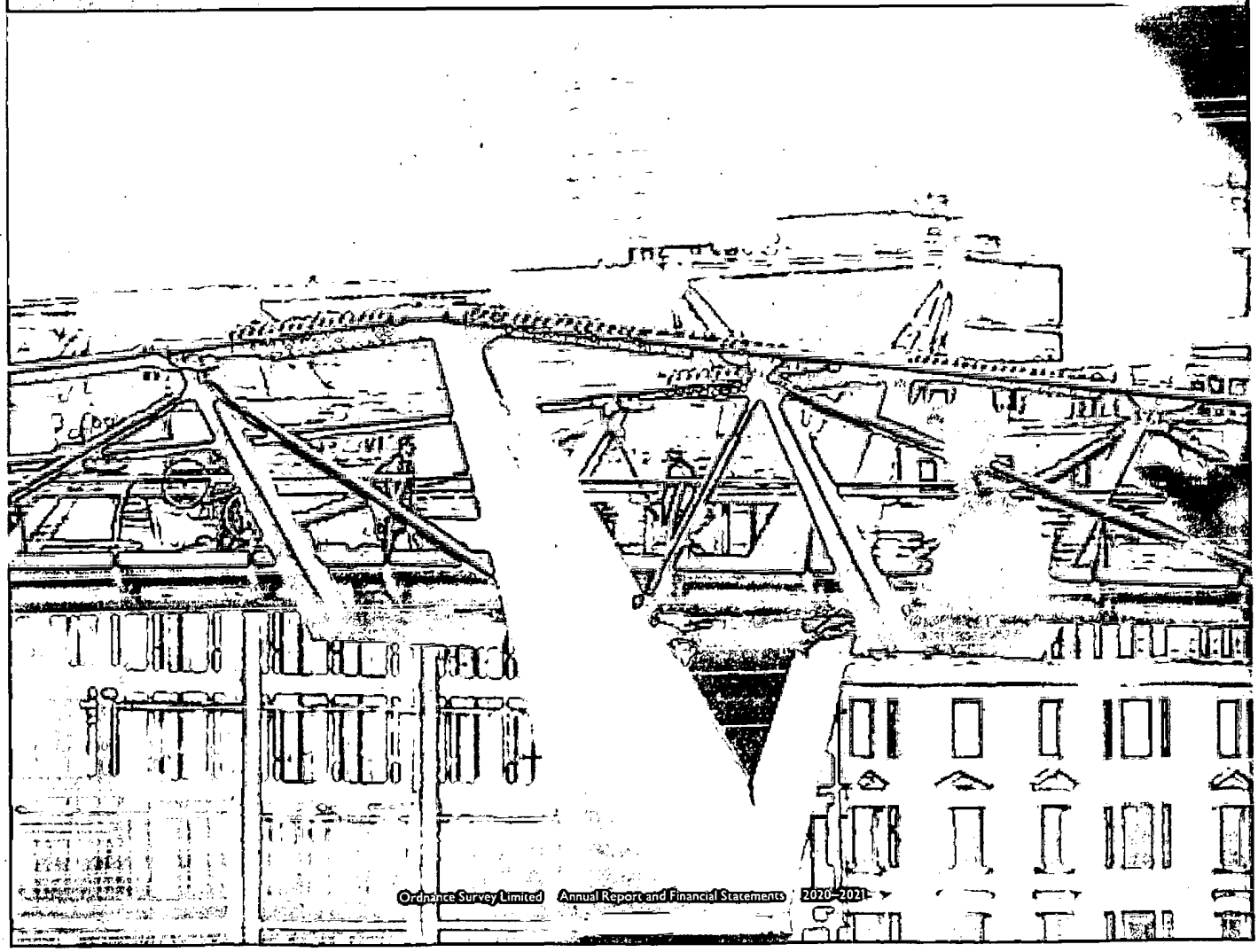
- Our Annual Assurance Statement process (as described on page 56).
- Review and update of our whistleblowing procedures (as described on page 56).
- The various internal audits conducted during 2020-21 (as described on page 56).

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

S. Blair

Steve Blair
Chief Executive Officer

GOVERNANCE STATEMENT



The purpose of the governance statement

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

Scope of responsibility

As Chief Executive Officer of Ordnance Survey, I fulfill 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.

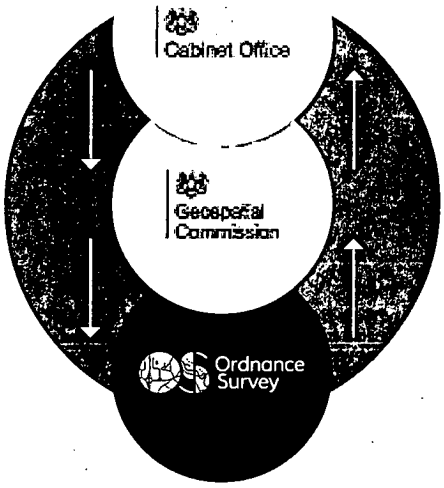
The SFD was revised in December 2020 and builds on the previous version and incorporates a refreshed statement of the Company's Strategic Objectives. This includes; to provide world-leading geospatial services and data in the UK and internationally, which involves delivery of the Public Task as required under the PSGA. The Strategic Objectives also include operating as a sustainably profitable commercial organisation, on a self-financing basis, with the aim of decreasing the net cost to the public sector of the Company. It also outlines the need to support the Geospatial Commission in its role to provide strategic oversight of the geospatial ecosystem in the UK.

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. The Shareholder Framework Document requires Ordnance Survey Limited to operate corporate governance arrangements that accord with corporate governance best practice. The Board believes in strong governance and recognises the value of the 2018 UK Corporate Governance Code and therefore where possible it aligns its governance processes and arrangements with the best practices outlined in its principles and provisions.

Geospatial Commission

The Geospatial Commission was established in 2018 as an independent, expert committee responsible for setting the UK's geospatial strategy and coordinating public sector geospatial activity. Its aim is to unlock the significant economic, social and environmental opportunities offered by location data and to boost the UK's global geospatial expertise.



The Commission has a mandate and budget to drive and deliver changes by working in partnership with others.

This includes to:

- **Provide strategic oversight** of the geospatial ecosystem in the UK, setting geospatial strategy, policy and standards.
- **Hold the budget** for the public sector's largest investment in geospatial data.
- **Make targeted investments** in data projects that accelerate innovation and adoption of geospatial data applications.

There are six formal Partner Bodies (Geo6)

The commission has a formal relationship with six, core 'partner bodies' (the Geo6). The partner bodies are:

United Kingdom Hydrographic Office

Ordnance Survey

The Coal Authority

Land Registry

BGS 1835

Valuation Office Agency

Relationship with government

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

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:

Non-Executive Chair | Shareholder Non-Executive Director | Non-Executive Directors (including the Senior Independent Non-Executive Director) | Statutory Executive Directors

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 managing strategic and operational risks to the achievement of objectives.

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.

Remuneration Committee: The Remuneration Committee approves the Company's Remuneration Policy and determines remuneration levels under the policy, in accordance with the provisions and criteria set out in the SFD. See page 72.

Nomination Committee: In line with the SFD, the Committee is responsible for reviewing the structure, size, experience 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

During the year, the Board identified various actions to improve Board effectiveness, following on from the self-assessment carried out towards the end of the previous financial year.

This includes measures such as increased Non-Executive input and co-ordination on the Board forward agenda to prioritise Board time on strategy and other key areas of focus; a renewed focus on Board review of top risks; greater NED co-ordination ahead of Board meetings, including separate NED only meetings ahead of each Board meeting.

An external independent Board and committee evaluation will take place during 2021-22.

Board changes during 2020-21 have resulted in increased diversity on gender, skills and experience.

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

Managing conflicts of interest

The Board agrees and documents an appropriate system to record and manage actual and potential conflicts of interest.

Attendance at Board and Committee meetings in 2020-21 was as follows:

Board and Committee Composition and Attendance	Committee Membership	Ordnance Survey Board	OSARC	Remuneration Committee	Nomination Committee	Pensions Committee
Total number of meetings		11	5	12	5	1
Kieran Murphy, Non-Executive Chair and Nomination Committee Chair (to March 2021)	• Nomination • Remuneration	10/10	5/5	12/12	4/4	—
Jacques Cadranel, Non-Executive Director and Pensions Committee Chair and OSARC Chair	• OSARC • Pensions • Nomination • Remuneration	10/11	5/5	11/12	5/5	1/1
Stephen Lake, Non-Executive Director, (Interim Chair from March 2021)	• OSARC • Nomination	11/11	5/5	—	5/5	—
Philippa Hird, Non-Executive Director and Remuneration Committee Chair	• Remuneration • Nomination	10/11	—	12/12	5/5	—
John Clarke, Non-Executive Director	• OSARC • Nomination	10/11	5/5	—	4/5	—
Emily Ashwell, Non-Executive Director, UKGI representative	• OSARC • Nomination • Remuneration	11/11	4/5	12/12	5/5	—
Ron Mobed, Non-Executive Director (from July 2020)	• Nomination • Remuneration	8/8	—	5/5	2/2	—
Carol Potter, Non-Executive Director (from August 2020)	• OSARC • Nomination	7/7	2/2	—	2/2	—
Steve Blair, Chief Executive Officer	—	11/11	4/5	10/10	2/2	1/1
Paul Bragg, Chief Financial Officer	—	6/10	3/5	—	—	1/1

2.1

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 Risk Officer is responsible for monitoring risk, reporting to OSARC and the Board on the adequacy of the strategic and operational 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.

OSARC receive an update on the status of strategic risks at each meeting in addition to conducting Deep Dive reviews of strategic risk. Strategic risks are also reported to each Board meeting as part of the performance management report.

Senior management assurance

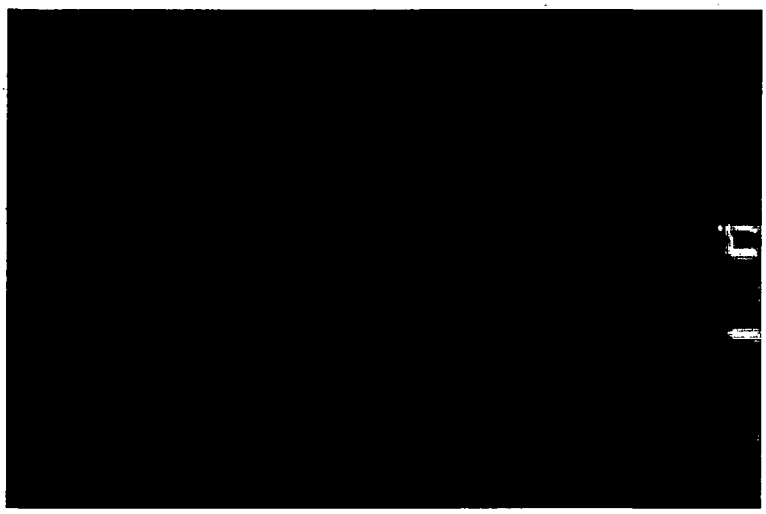
As part of the year end process the Head of Risk and Assurance conducted a control self-assessment and annual assurance statement exercise whereby ExCom members and senior management provide me as the Accountable Person with written assurance on the reliability and effectiveness of:

- Strategic and Annual Operating Plan and Budget delivery
- Performance reporting
- Risk management
- Arrangements for conveying and living the OS 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 constantly reviewed by OSARC and the Board during the year. The latest review highlighted the following strategic risks and opportunities to achieving the OS strategy.



	Overview	Mitigation	Focus Areas for 2021-22
Strategy Delivery	Position Ordnance Survey commercially for the future, deliver sustainable commercial growth and deliver the PSGA. International growth is reliant on a small number of opportunities in a volatile post Covid-19 political landscape.	• Consumer, NMS and Geospatial Solutions Annual Operating Plan and Budget • Performance reporting to Board tracking strategy progress, including Business Unit updates and delivery confidence • Monthly review process for each Business Unit and Expert Function to consider achievement of Annual Operating Plan & Budget goals to support delivery of long- term strategy • Quarterly Review Meetings • Vision & Strategy launch • Brand positioning project	• Consumer product and services growth projects • Strategic delivery partners • Develop customer value propositions • Commercial models and licensing • Alternative commercial models • NMS Development activity • Implement and deliver Brand positioning • Enhance customer experience
People	The recruitment and development of people is intrinsic to successfully delivering the strategy and building commercial capability.	• HR Strategy • Career architecture • Early talent scheme • Workforce planning	• Strategic Workforce Plans • Develop organisational capability, and ways of working required to deliver strategy
Digital & Technology	Successful PSGA and commercial delivery and sustainability must be underpinned by robust digital development, resilient technology, and process.	• Core technology systems Architecture Roadmap • Investment planning and project governance	• New maintenance layer systems go live and legacy system decommissioning • Core data services platform • National Geographic Database • Decommission legacy APIs

	Overview	Mitigation	Focus Areas for 2021-22
Cyber Security	A cyber-attack or other serious cyber security breach may cause serious damage to OS's trusted reputation and brand, fraud, and/or business continuity.	• Intelligence-led emerging cyber threat profile and risk-based response • Monitoring of networks and systems to rapidly detect and respond to threats • Security policies and standards to support secure configuration, access controls, patch management etc. • Pen testing of cyber defences to identify and remediate vulnerabilities • Raising security awareness and promoting good security hygiene across the business through campaigns, training, and phishing tests	• Keeping pace with, and monitoring evolving threats • Continued investment in cyber defences, including cyber team capability and capacity, technology, and cyber hygiene
Management Stretch	Level of activity and change required to deliver the strategy may limit senior management team bandwidth and undermine effective prioritisation, oversight, control, and strategy delivery.	• Recent and planned recruitment • Actively monitor and report to Board • Future ways of working project	• Leadership initiatives and empowerment • Identify and minimise barriers to execution • Mentoring programme

Covid-19

Covid-19 is having and continues to present business continuity, strategic, organisational delivery, people, financial, customer, and commercial risks arising from employee absence, health and wellbeing, remote working, supply chain disruption, cyber compromise, weakened control environment, and a world-wide recession

A thorough and continuous assessment of the risks and potential impact associated with Covid-19 is carried out and we have implemented long, medium, and short-term responses to mitigate any business disruption.

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.

Ordnance Survey continued to achieve Cyber Essentials PLUS accreditation which demonstrates information security compliance to our stakeholders. We also completed the annual HM Government Departmental 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 to address the always evolving cyber risk landscape.

Protecting personal data

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

During 2020-21, all data compromise and data loss incidents were logged and investigated but none were considered to present substantial harm or distress to the data subject, so were not reported to the Information Commissioner's Office (ICO).

The Data Protection Officer, the Information Assurance Manager and Cyber Security team has sought to ensure OS continues to understand its obligations to comply with GDPR.

Audit and Risk Committee Report

The Audit and Risk Assurance Committee supports the Board in executing its responsibilities for issues of risk, control, and governance. It is therefore responsible for the independent appraisal of the OS control environment, the effectiveness of corporate governance, and for providing advice and challenge on the management of risks that may impact the organisation.

Five meetings were held during the year and the Chair and at least two other Non-Executive Directors were present at all meetings.

OSARC effectiveness

The Committee confirmed it acted in accordance with its terms of reference and it ensured the independence, objectivity, and independence of the internal and external auditors.

The Chair maintained a regular dialogue with the Head of Risk & Assurance, our external auditors at the National Audit Office (NAO), Chief Executive and Accountable Person, Chief Finance Officer, and the Finance Director to provide the opportunity for independent discussions relating to the effective discharge of the Committee's responsibilities.

The Committee reviewed the risks and issues brought to it and reported any issues requiring attention to the Board and/or Accountable Person.

The Committee will continue to acknowledge and embrace its role in supporting the Board by providing an independent appraisal of the OS control environment, financial reporting, risk management and effectiveness of corporate governance, and for providing advice and challenge on risks that may adversely affect the business.

Internal Audit opinion

Internal Audit assessed the systems of governance, risk management and internal control based on a programme of work reviewed and agreed by OSARC. The results of Internal Audit activity, including assurance opinions and progress with implementing recommendations arising from that work, were reviewed at each OSARC.

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

Internal Audit published 11 assurance opinion-based reports (comprising one limited, six partial and four substantial opinions) and 18 advisory and support based assignments.

Internal Audit recommendations are tracked with status information provided to me for Business Unit and Expert Function Quarterly 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 will incorporate risk reporting as a key component of the Quarterly Review meetings.

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

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

All the above have a role in ensuring the OS 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.

S. Blair

Steve Blair
Chief Executive Officer

1 July 2021

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 2021. 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 2021 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 36.

Results and dividends

The results are set out in the statement of profit or loss on page 83. The Directors declared a final dividend to our shareholder, the Secretary of State for Business, Energy and Industrial Strategy, of £19.1m. (2019-20 £27.7m)

Directors

The following Directors held office during the year ended 31 March 2021:

Stephen Lake	Non-Executive Director (Senior Independent Director) and Interim Chair (from March 2021)
Kieran Murphy	Non-Executive Chair (until March 2021)
Carol Potter	Non-Executive Director (from August 2020)
Emily Ashwell	Shareholder Non-Executive Director (employed by UKGI)
Jacques Cadranel	Non-Executive Director
John Clarke	Non-Executive Director
Philippa Hird	Non-Executive Director
Ron Mobed	Non-Executive Director (from July 2020)
Steve Blair	Chief Executive Officer
Paul Bragg	Chief Financial Officer (until March 2021)

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 pages 14 to 55.

Corporate governance

These areas are dealt with in the governance statement on pages 56 to 65.

Sustainability

Sustainability, including greenhouse gas emissions, is dealt with in the Sustainability report on pages 46 to 53.

Risk profile

These areas are dealt with in the governance statement on page 61.

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 34.3 days (2019-20: 31.8 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 and Charitable contributions

No political donations were made in the year by the Company or Group. Charitable donations are reported on page 45.

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 (closed 26 October 2020)

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 wellbeing 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.

Exiting the EU

In the opinion of the Directors the exit from the European Union of the UK will not have a material impact on the Group's performance.

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 Comptroller and Auditor General to be the external auditor, and the Comptroller and Auditor General has indicated his willingness to continue in office.

Authority of issue of financial statements

The Directors gave authority for the financial statements to be issued on 1 July 2021. 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:

S. Blair

Steve Blair
Chief Executive Officer

1 July 2021

3.1

Statement of Directors' 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 elected to prepare the financial statements in accordance with International Accounting Standards and the requirements of the Companies Act.

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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

DIRECTORS' REMUNERATION

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 HM Treasury 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
- Remuneration and performance of the senior team
- Gender Pay Gap reporting and activities

Remuneration committee

Philippa Hird	Non-Executive Director, Committee Chair
Kieran Murphy	Non-Executive Chair (to March 2021)
Emily Ashwell	Shareholder Non-Executive Director
Jacques Cadranel	Non-Executive Director
Ron Mobed	Non-Executive Director (from November 2020)
Stephen Lake	Non-Executive Director and Interim Chair (from March 2021)

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.

Paul Bragg resigned as a Director of Ordnance Survey in March 2021 and remained in employment by Ordnance Survey as Chief Financial Officer until April 2021.

Statement of Directors' remuneration (audited)

2020-21

	Salary and fees £'000	Performance-related pay £'000	Benefits in kind* £	Value of Employer pension contributions £'000	Value of exit package payments £'000	Total £'000
Steve Blair	250	29	—	7	—	**286**
Paul Bragg	190	—	—	34	124**	**348**

*Benefits in kind is the monetary value of benefits in kind provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.
**this number comprises minimum Contractual Pay In Lieu of Notice and annual leave not taken.

2019-20

	Salary and fees £'000	Performance-related pay £'000	Benefits in kind* £	Value of Employer pension contributions £'000	Value of exit package payments £'000	Total £'000
Steve Blair (from June 2019)	197 (FYE 250)	79	—	8	—	**284 (FYE 337)**
Neil Ackroyd (to Dec 2019)	133 (FYE 175)	—	23,700	37 (FYE 49)	274**	**468**
Paul Bragg	184	32	—	18	—	**234**
John Clarke (Apr – Dec 2019)	108 (FYE 165)	17	13,300	—	—	**138 (FYE 190)**

*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.

- Salary and fees include gross salary and any other taxable allowances and payments i.e. car allowance.
- The total remuneration includes base salary, non-consolidated performance-related pay, cash allowances/earnings, benefits in kind and the value of pension contributions.
- Steve Blair and Paul Bragg were members of the OS Horizon group personal pension scheme.

Performance-related pay

The Executive Directors performance incentive scheme has a maximum opportunity of 20% of gross annual base salary received.

The Remuneration Committee reviewed the terms of the scheme and agreed that measures for 2020-21 should incentivise:

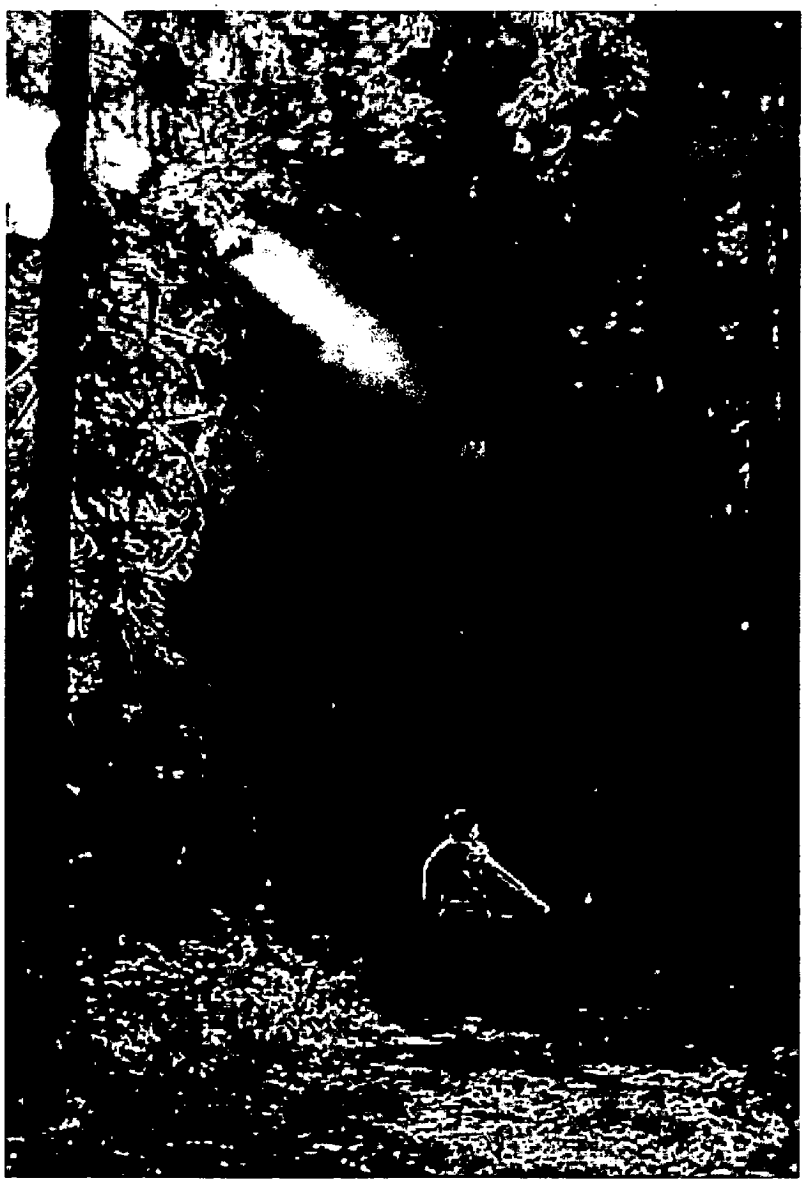
- Corporate performance, using measures applying for the all-employee Delivering Success scheme.
- Strategic targets to focus on delivery of key contracts and strategies as well as consideration of employee engagement and Health & Safety. The Remuneration Committee exercises its discretion to determine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

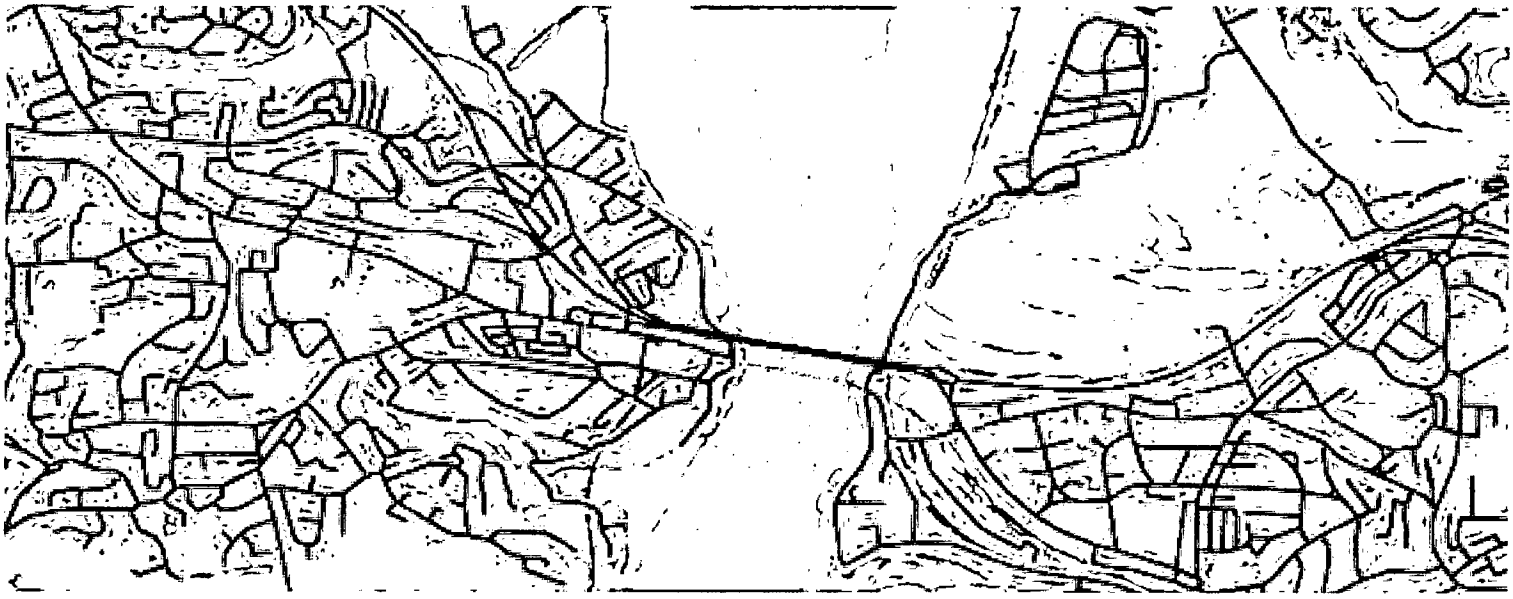
The following weightings were applied to reward positive behaviours with business units being mutually dependent on each other:

Measure	Weighting
Corporate	45%
Strategic	30%
Personal	25%

In determining bonus pay out for 2020-21 the OS Remuneration Committee made their decision around incentive payouts in the context of the significant impact the pandemic has had on our shareholder and major customer and applied discretion.

The Ordnance Survey Chief Executive Officer also has a commercial bonus opportunity of up to 30% salary to reward the development of a growing, profitable and successful commercial business to sustain the future of OS. This is in addition to the Director Bonus plan.





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 2020-21

- 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 2020-21 was £279,000
- This amount represents 7 times the median salary and taxable benefits of the workforce, which was £39,613

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 £329,000
- This amount represents 8.4 times the median salary and taxable benefits of the workforce, which was £39,367

On a total remuneration basis, no employee received remuneration in excess of the highest paid Director. The lower ratio this year is mainly as a result of a lower figure for the most highly paid Director.

Directors' defined benefit pensions (audited)

2020-21 No Director was in receipt of a defined benefit pension.

2019-20

	Real increase in pensions and related lump sum at age 60	Total accrued pension at 60 at 31 March 2020 and related lump sum	Cash Equivalent Transfer Value** (CETV) at 31 March 2020	CETV at 31 March 2019	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Neil Ackroyd*	2.5-5 plus 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

**The cash equivalent transfer value is the amount the current pension scheme will offer individuals if they want to transfer out of the defined benefit pension and into a defined contribution scheme.

Non-Executive Directors (audited)

- The Non-Executive Chair (Kieran Murphy); Non-Executive Interim Chair (Stephen Lake); and the Shareholder Non-Executive Director (Emily Ashwell) are appointed directly by the Secretary of State for BEIS.
- The remaining Non-Executive Directors (Jacques Cadranel, Philippa Hird, Ron Mobed, Carol Potter and John Clarke) are appointed by the Board of Directors of Ordnance Survey Limited, on the recommendation of the Nomination Committee and approval of UKGI. 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:

	2020-21 Remuneration £'000	2020-21 BIK £	2019-20 Remuneration £'000	2019-20 BIK £
Kieran Murphy (to March 2021)	46	—	50	2,900
Mike Carr (to June 2019)	—	—	7 (FYE 28)	1,700
Jacques Cadranel	28	—	28	1,700
John Clarke	28	—	7 (FYE 28)	700
Philippa Hird	28	—	28	1,400
Stephen Lake	28	—	28	800
Ron Mobed (from July 2020)	20 (FYE 28)	—	—	—
Carol Potter (from August 2020)	17 (FYE 28)	—	—	—

Emily Ashwell is not remunerated by Ordnance Survey.

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 Independent Auditor's Report, which can be found in the Annual Accounts. The remaining elements are unaudited.

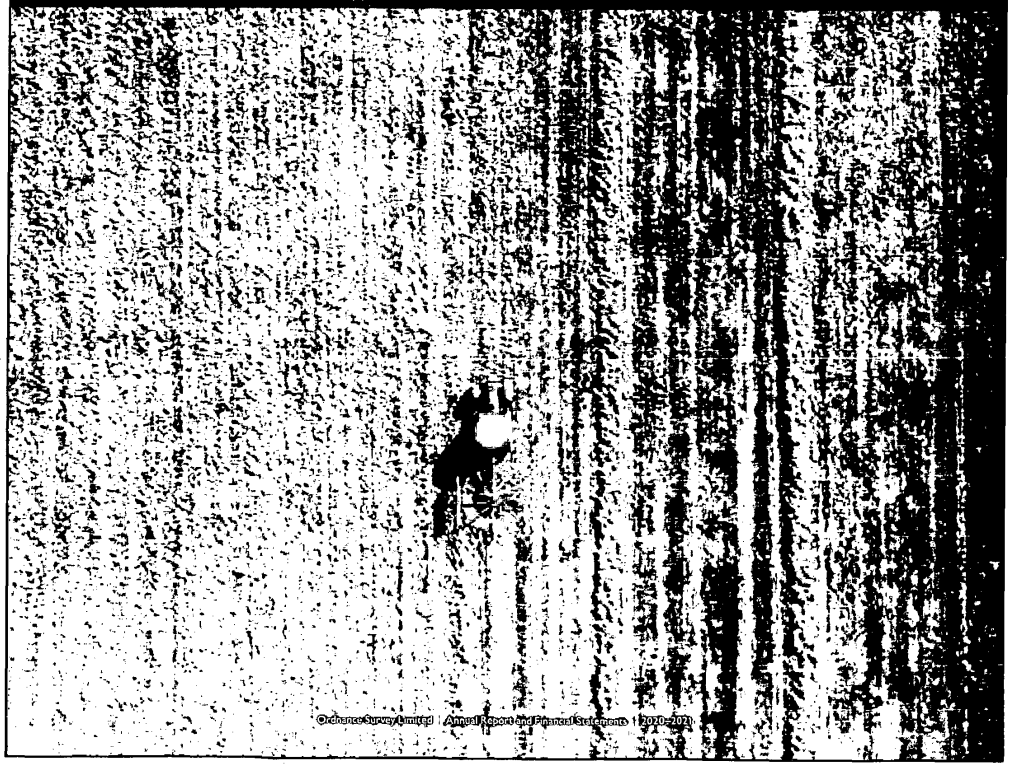
The Directors' remuneration report was approved by the Board and signed on its behalf by:

S. Blair

Steve Blair
Chief Executive Officer

1 July 2021

AUDITOR'S REPORT



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

Opinion on financial statements

I have audited the financial statements of Ordnance Survey Limited for the year ended 31 March 2021 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 notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards in conformity with the requirements of the Companies Act 2006 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 in that report 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), and applicable law. 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Ordnance Survey Limited in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that Ordnance Survey Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Ordnance Survey Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the of the Directors' Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006;
- 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.
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Ordnance Survey Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

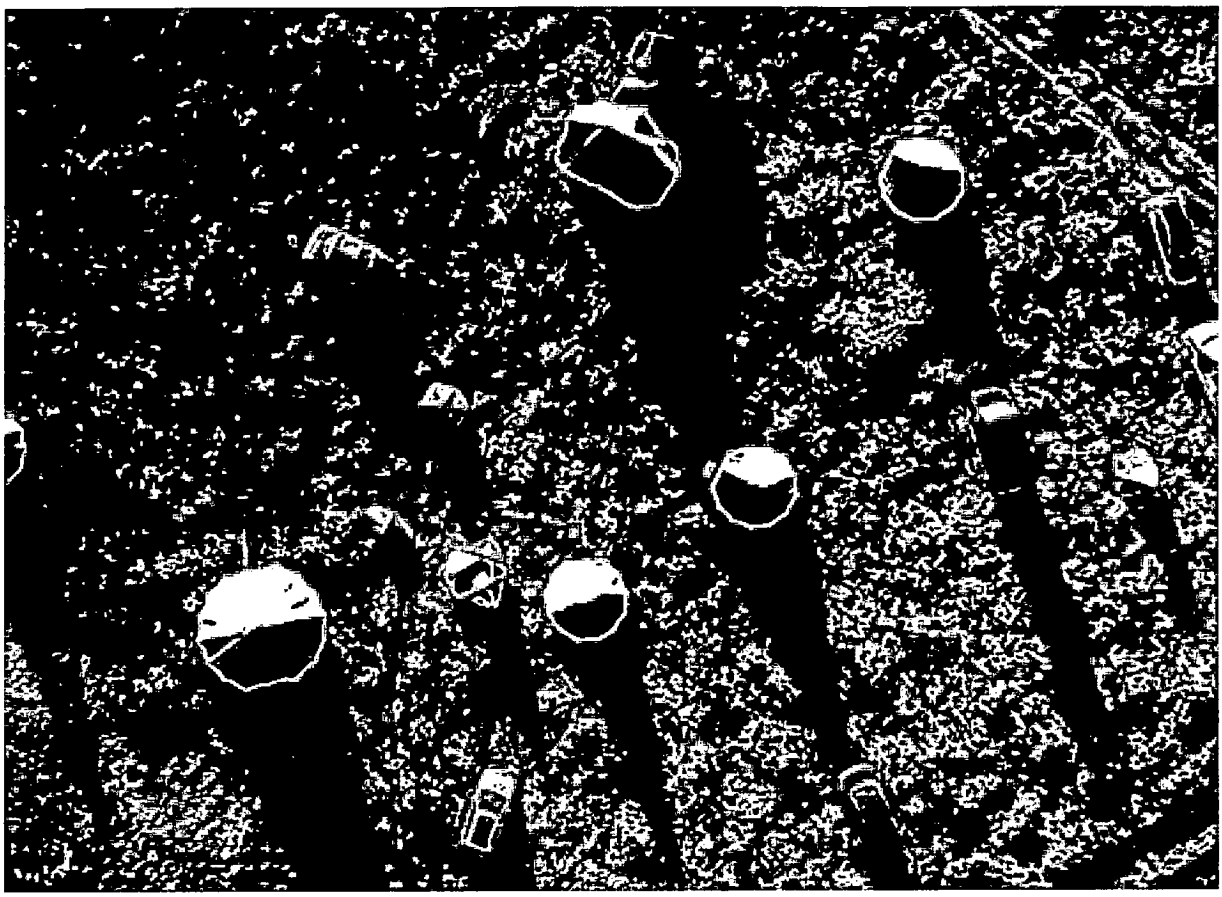
My responsibility is to audit and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Ordnance Survey Limited's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;



- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management's estimates;
- obtaining an understanding of Ordnance Survey Limited and group's framework of authority as well as other legal and regulatory frameworks that Ordnance Survey Limited and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements
- or that had a fundamental effect on the operations of Ordnance Survey Limited and group. The key laws and regulations I considered in this context included Companies Act 2006 relevant employment law and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

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.

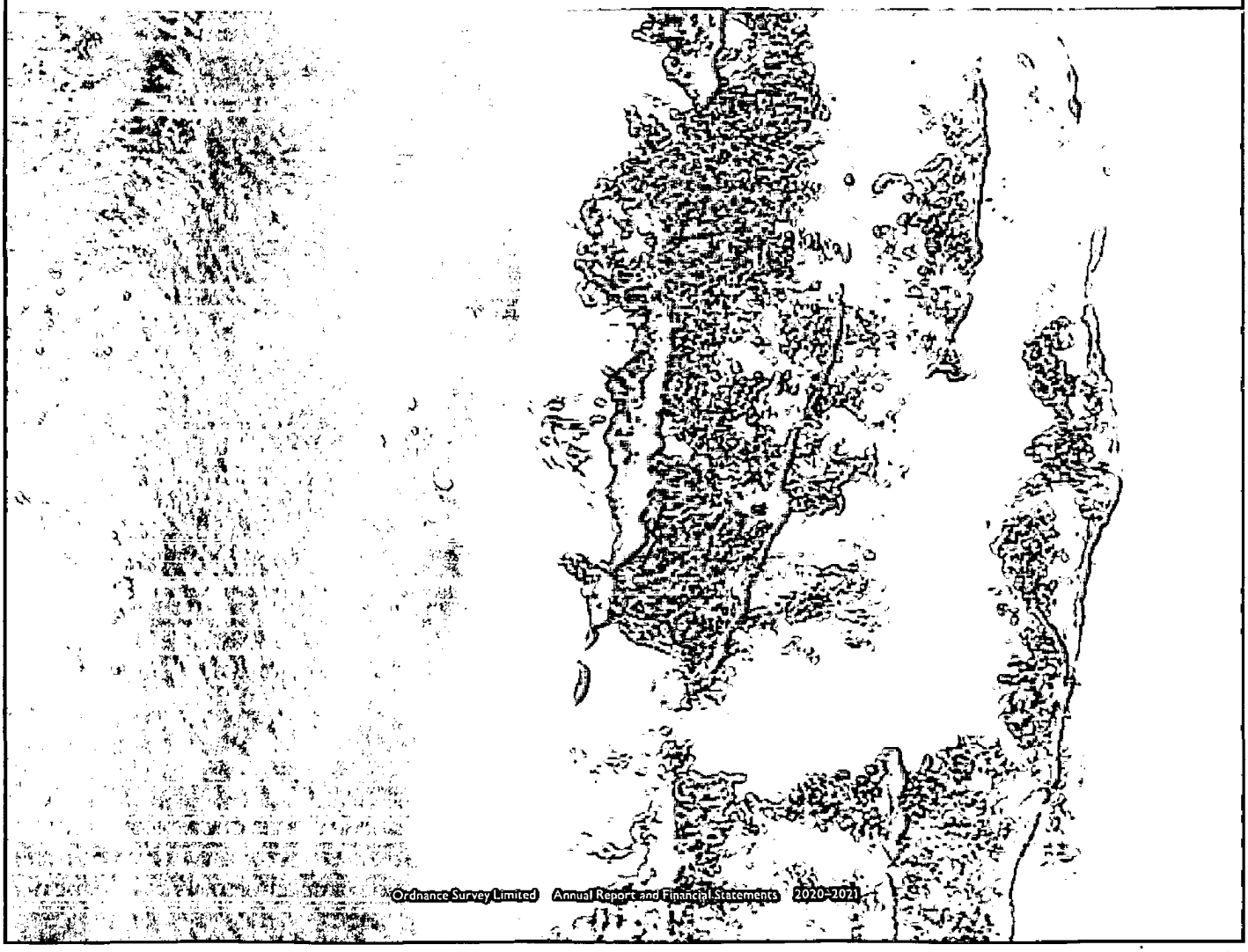
Stephen Young
Senior Statutory Auditor

2 July 2021

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 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Revenue	2	173,317	161,732
Cost of sales		(31,614)	(25,558)
Gross profit		**141,703**	**136,174**
Operating costs	3	(122,594)	(142,820)
Share of results of joint ventures	9	9,644	6,463
Other income		1,280	599
Operating profit		**30,033**	**416**
Finance income	5	8	83
Finance cost	5	(95)	(60)
Finance costs – net		**(87)**	**23**
Profit before corporation tax		**29,946**	**439**
Corporation Tax (charge)/credit on profit	6	**(5,887)**	**890**
Profit for the period		**24,059**	**1,329**
Profit is attributable to:			
Owners of the company		24,472	2,640
Non-controlling interest		(413)	(1,311)
		24,059	**1,329**

All the activities of the Group are classified as continuing.

There were no gains or losses in either the current or preceding year other than those included in the above Statement of Profit or Loss.

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Consolidated statement of financial position

as at 31 March 2021

Group	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Intangible assets	10	48,916	43,801
Property plant and equipment	11	29,947	29,873
Right of use assets	11	2,780	5,205
Deferred tax asset	20	—	401
Interests in joint ventures	9	3,902	4,083
		85,545	**83,363**
Current assets			
Inventories	12	2,316	2,133
Trade and other receivables	13	21,584	29,369
Current tax asset	17	1,508	3,983
Cash and cash equivalents	14	118,433	110,156
		143,841	**145,641**
Total assets		**229,386**	**229,004**
Current liabilities			
Trade and other payables	15	(38,196)	(44,989)
Lease liabilities repayable in less than one year	16	(1,817)	(2,411)
Provisions	18	(707)	(170)
Deferred revenue	19	(26,843)	(21,048)
		(67,563)	**(68,618)**
Net current assets		**76,278**	**77,023**
Non-current assets plus net current assets		**161,823**	**160,386**
Non-current liabilities			
Lease liabilities repayable after one year	16	(1,022)	(2,834)
Provisions	18	(206)	—
Deferred revenue	19	(2,450)	(4,859)
Deferred tax liability	20	(493)	—
Total liabilities		**(71,734)**	**(76,311)**
Net assets		**157,652**	**152,693**
Equity			
Share capital	21	34,000	34,000
Retained earnings		130,112	124,740
Capital and reserves attributable to owners of the Company		**164,112**	**158,740**
Non-controlling interest		(6,460)	(6,047)
Total equity		**157,652**	**152,693**

The Financial Statements were approved by the Board of Directors and authorised for issue on 1 July 2021.

They were signed on its behalf by:

S. Blair

Steve Blair
Chief Executive Officer

1 July 2021

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Company statement of financial position

as at 31 March 2021

Company	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Intangible assets	10	48,916	43,801
Property plant and equipment	11	29,947	29,794
Right of use assets	11	2,780	5,202
Investments	8	400	400
Interests in joint ventures	9	3,902	4,083
		85,945	**83,280**
Current assets			
Inventories	12	2,316	2,133
Trade and other receivables	13	20,668	29,867
Current tax asset	17	1,508	3,989
Cash and cash equivalents	14	112,702	108,473
		137,194	**144,462**
Total assets		**223,139**	**227,742**
Current liabilities			
Trade and other payables	15	(38,524)	(44,755)
Lease liabilities repayable in less than one year	16	(1,817)	(2,408)
Provisions	18	(593)	(170)
Deferred revenue	19	(24,408)	(19,504)
		(65,342)	**(66,837)**
Net current assets		**71,852**	**77,625**
Non-current assets plus net current assets		**157,797**	**160,905**
Non-current liabilities			
Lease liabilities repayable after one year	16	(1,022)	(2,834)
Provisions	18	(206)	—
Deferred revenue	19	(2,450)	(4,859)
Deferred tax liability	20	(499)	(302)
Total liabilities		**(69,519)**	**(74,832)**
Net assets		**153,620**	**152,910**
Equity			
Share capital	21	34,000	34,000
Retained earnings		119,620	118,910
Capital and reserves attributable to owners of the Company		**153,620**	**152,910**

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 1 July 2021.

They were signed on its behalf by:

S. Blair

Steve Blair
Chief Executive Officer

1 July 2021

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Consolidated statement of changes in equity

for the year ended 31 March 2021

Group

(Amounts in £'000)	Share capital	Retained earnings	Total	Non-controlling	Total
As at 1 April 2019	34,000	149,750	183,750	(4,736)	179,014
Profit for the year	—	2,640	2,640	(1,311)	1,329
Total comprehensive income for the period	—	2,640	2,640	(1,311)	1,329
Dividends payable	—	(27,650)	(27,650)	—	(27,650)
As at 31 March 2020	34,000	124,740	158,740	(6,047)	152,693
Profit for the year	—	24,472	24,472	(413)	24,059
Total comprehensive income for the period	—	24,472	24,472	(413)	24,059
Dividends payable	—	(19,100)	(19,100)	—	(19,100)
As at 31 March 2021	34,000	130,112	164,112	(6,460)	157,652

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Company statement of changes in equity

for the year ended 31 March 2021

Company

(Amounts in £'000)	Share capital	Retained earnings	Total
As at 1 April 2019	34,000	147,575	181,575
Profit for the year	—	(1,015)	(1,015)
Total comprehensive income for the period	—	(1,015)	(1,015)
Dividends payable	—	(27,650)	(27,650)
As at 31 March 2020	34,000	118,910	152,910
Profit for the year	—	19,810	19,810
Total comprehensive income for the period	—	19,810	19,810
Dividends payable	—	(19,100)	(19,100)
As at 31 March 2021	34,000	119,620	153,620

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Consolidated cash flow statement

for the year ended 31 March 2021

Group	Notes	31 March 2021 £'000	31 March 2020 £'000
Profit before corporation tax		29,946	439
Amortisation and impairment of intangible assets	10	17,421	39,409
Depreciation of tangible fixed assets	11	5,145	4,973
Decrease/(increase) in deferred tax asset		894	(323)
Share of joint venture results	9	(9,644)	(6,463)
Interest received	5	(8)	(83)
Interest paid	5	95	60
Increase in inventories		(183)	(137)
Increase/(decrease) in trade and other receivables		7,787	(16,052)
(Decrease)/increase in trade and other payables		(6,797)	8,273
Increase/(decrease) in provisions for liabilities and charges		743	(455)
Increase in deferred revenue		3,387	1,272
Cash flow from operations		**48,786**	**30,913**
Income taxes paid		(3,412)	(5,515)
Net cash inflow from operating activities		**45,374**	**25,398**
Cash flows from investing activities			
Interest received	5	8	83
Purchase of plant property and equipment		(3,125)	(9,334)
Purchase of intangible assets		(22,536)	(16,736)
Receipt of loan repayments from associates		—	68
Receipt of Dividends		9,825	5,250
Net cash used in investing activities		**(15,828)**	**(20,669)**
Cash flows from financing activities			
Interest paid	5	(95)	(60)
Lease liabilities		(2,074)	5,245
Payment of Dividends	7	(19,100)	(27,350)
Net cash used in financing activities		**(21,269)**	**(22,165)**
Net increase in cash and cash equivalents		**8,277**	**(17,436)**
Cash and cash equivalents at beginning of year		110,156	127,592
Cash and cash equivalents at end of year	14	118,433	110,156

The notes on pages 92 to 118 are an integral part of these Financial Statements.

Company cash flow statement

for the year ended 31 March 2021

Company	Notes	31 March 2021 £'000	31 March 2020 £'000
Profit before corporation tax		25,006	(1,209)
Amortisation and impairment of intangible assets	10	17,421	39,409
Depreciation of tangible fixed assets	11	5,063	4,754
Increase in deferred tax asset		197	218
Impairment of loans to group companies		2,972	4,651
Share of joint venture results	9	(9,644)	(6,463)
Interest received	5	(887)	(943)
Interest paid	5	94	59
Increase in inventories		(183)	(137)
Decrease/(increase) in trade and other receivables		9,200	(14,085)
(Decrease)/increase in trade and other payables		(6,231)	7,594
Increase/(decrease) in provisions for liabilities and charges		629	(455)
Increase/(decrease) in deferred revenue		2,495	765
Cash flow from operations		**46,132**	**34,158**
Income taxes paid		(2,715)	(5,515)
Net cash inflow from operating activities		**43,417**	**28,643**
Cash flows from investing activities			
Interest received	5	887	943
Purchase of plant property and equipment		(3,126)	(9,148)
Purchase of intangible assets		(22,536)	(16,736)
Loans to group companies		(2,972)	(4,651)
Receipt of loan repayments from associates		—	68
Receipt of Dividends		9,825	5,250
Net cash used in investing activities		**(17,922)**	**(24,274)**
Cash flows from financing activities			
Interest paid	5	(94)	(59)
Lease liabilities		(2,072)	5,242
Payment of Dividends	7	(19,100)	(27,350)
Net cash used in financing activities		**(21,266)**	**(22,167)**
Net increase in cash and cash equivalents		**4,229**	**(17,798)**
Cash and cash equivalents at beginning of year		108,473	126,271
Cash and cash equivalents at end of year	14	112,702	108,473

The notes on pages 92 to 118 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 and in the Strategic Report on pages 14 to 55. 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 Accounting Standards and the requirements of the Companies Act.

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. See page 23 for our Covid-19 response.

(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.
- Assets held for sale – measured at the lower of fair value less cost of disposal or carrying value.

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 deconsolidated from the date that control ceases.

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

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

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

1.3 Joint ventures

Joint ventures are entities over which the Group has significant influence but does not control.

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

1.4 Segment reporting

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

1.5 Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the dates of the transactions. Exchange rate differences are charged to the statement of profit or loss as incurred. Monetary assets and liabilities denominated in foreign currencies at the 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 provision for permanent diminution in value.

1.7 Property, plant and equipment

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

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

Depreciation is charged so as to write off the cost 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 non-current fixed assets:

Asset class	Depreciation policy
Freehold land	Not depreciated
Freehold buildings	40 years from acquisition or remaining useful economic life
Equipment and fixtures:	
IT Equipment	1 to 5 years
Equipment, facilities and fixtures	2 to 15 years
Vehicles	4 years
Assets under construction	Not depreciated
Right of Use Assets	See note 1.15

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 separately identifiable 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 those data sets which have been considered to meet the criteria of IAS 38. The underlying National Geographic Database is not been capitalised as it has evolved from the data capture which commenced over 200 years ago, and therefore the original cost cannot be reliably measured. Significant enhancements and other data content is capitalised where these are considered to meet the criteria of IAS 38.

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.

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:

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

a) Financial assets

Financial assets are classified under IFRS 9 as amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) depending on the Group's business model for that asset category and the contractual cashflow characteristics of the instruments.

The Group recognises a loss allowance for expected credit losses on investments that are measured at amortised cost, trade receivables and contract assets.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) under IFRS 9's simplified model for trade receivables, contract assets and lease receivables.

The expected credit losses on these financial assets are estimated considering the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

b) Financial liabilities

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

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 (the former legal entity through which our business was conducted) 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 statements for the full departure cost of employees who have agreed to exit the group prior to the year end.

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.

Public Sector Geospatial Agreement (PSGA) revenue is recognised each year on 2 bases; a) Direct Licences – Licences which allow the customer to use the data. The revenue deriving from these licences is recognised over the length of the licence agreement as this reflects the usage of the data by the customer and the Group's obligation of ongoing supply and to provide updates. b) Services and data - revenue from services is recognised on a 'performance completed to date' basis by assessing the proportion of the total contract that has been completed at each point in time.

There is a facility for the group to share private sector revenue above a certain threshold with HM Government. This is recognised on an accruals basis.

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

Partner Licences – Licences which enable the customer to add value to the Group data and resell the product to third parties. 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 or on a proportion of completeness of total contract method, depending which is most appropriate to the contract.

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.

Payment is typically due shortly after delivery of goods or services. In respect of bespoke services delivered over longer periods of time, the group negotiates payment terms to match delivery of the contractual obligations.

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.

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.

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:

Data Capture – Data captured in the course of our operations is expensed, unless it meets the criteria of IAS38 for capitalisation.

Development costs – The Group capitalises development costs when the

project meets certain criteria. Costs are only capitalised if they meet the criteria set out in IAS38 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.

Services including data captured for customers – The Group recognises revenue on a percentage completion basis which requires estimating of the total costs throughout the contract.

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.

Asset lives – The determination of asset lives for depreciation and 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.

2. Revenue and Segmental Reporting

Revenue	2020–21	2019–20
	£'000	£'000
Trading revenue	170,891	158,916
Other operating activities	2,276	2,634
Property rental income	150	182
	173,317	**161,732**
Trading revenue		
Channel		
Direct licences	122,745	105,557
Partner licences	32,500	38,376
Paper maps	9,527	6,688
Services	6,119	8,295
	170,891	**158,916**
Segment		
Business to government	101,722	86,493
Business to business	54,637	60,709
Business to consumer	14,532	11,714
	170,891	**158,916**
Geography		
United Kingdom	163,086	148,050
Other European countries	1,131	1,007
Rest of world	6,674	9,859
	170,891	**158,916**

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 £96.3m (2019-20 £73.8m) 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.

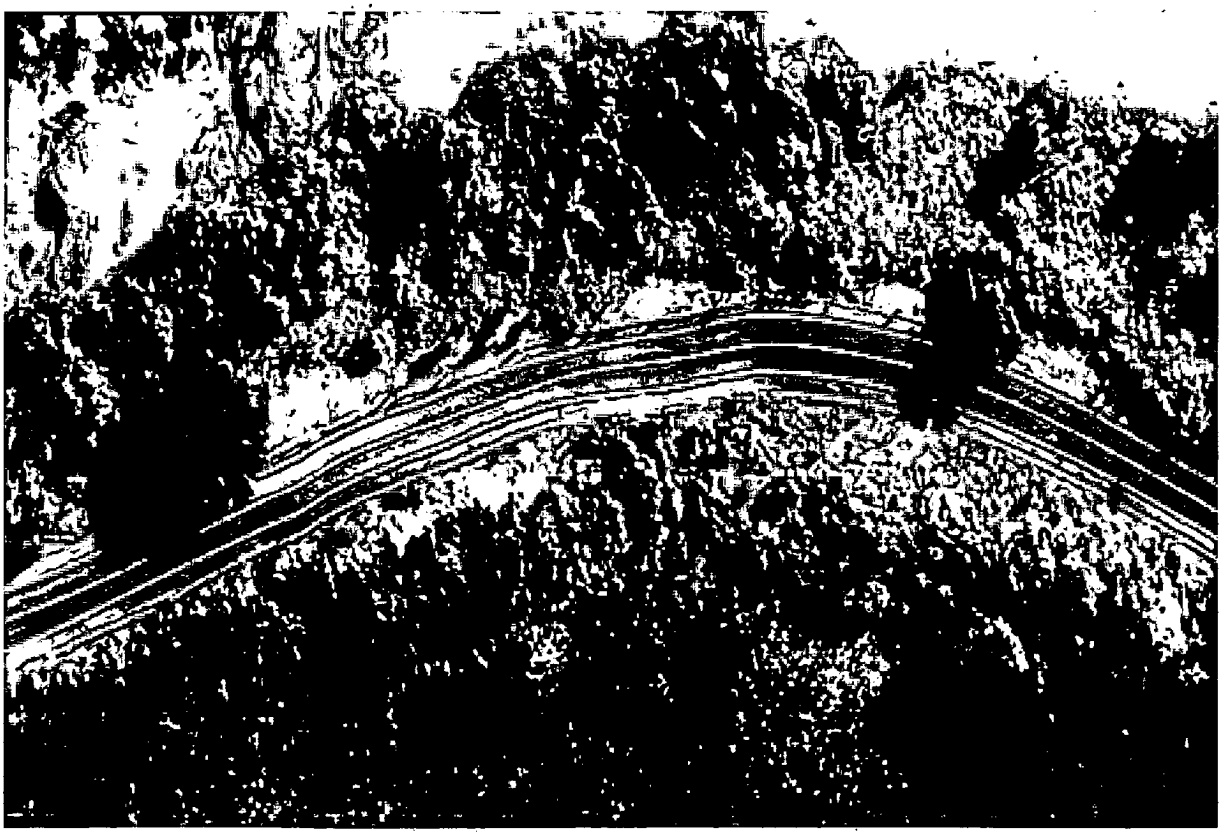
3. Operating costs

	Note	2020–21 £'000	2019–20 £'000
Operating profit for the year has been arrived at after charging:			
Staff costs	4	60,739	52,652
Amortisation of intangible assets	10	15,613	39,333
Impairment of intangible assets	10	1,808	76
Depreciation of tangible fixed assets	11	5,145	4,973
Research and development		6,858	3,346
Operating lease charges - buildings		177	33
Operating lease charges - PPE		578	631
Foreign exchange losses/(gains)		(13)	(574)
Fees payable to auditor for audit of the statutory annual accounts		79	78
Other operating charges		31,610	42,272
		122,594	**142,820**

The Company's auditor is The National Audit Office. Office leasing payments of £344k were made to the auditors for the provision of non audit services during the year (2019-20 £346k). The subsidiaries' auditor is Deloitte. The fee payable to Deloitte for the current year audit is £46k (2019-20 £46k). Payment to Deloitte for non audit services during the year were £nil (2019-20 £nil).

Losses and special payments

There were no losses or special payments to report.



4. Staff numbers and costs

Total employee costs

	2020–21 £'000	2019–20 £'000
Wages and salaries – permanent employees	45,639	40,923
Pension costs	9,120	8,814
Social security costs	5,380	4,841
Additional early release costs in year	745	261
Temporary/agency contract labour costs*	21,331	12,756
	82,215	**67,595**
Capitalised permanent labour	(7,326)	(5,150)
Capitalised temporary/agency contract labour	(14,150)	(9,793)
	60,739	**52,652**

*Includes third party outsourced work packages on a time charged basis.

Total permanent staff numbers, including Directors

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

	2020–21	2019–20
Operations	752	685
Sales and Marketing	218	177
Corporate Services	181	182
	1,151	1,044

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:

	2020–21	2019–20
Operations	82	60
Sales and Marketing	15	7
Corporate Services	10	8
	107	75

Directors' emoluments

	2020–21 £'000	2019–20 £'000
Salaries and other short-term employee benefits	664	898
Pension contribution charged in year – defined benefit	0	37
Pension contribution charged in year – defined contribution	41	26
Highest paid Director (page 74)	279	275

Pension costs – defined benefit

For 2020-21, employers' contributions of £7,485k (2019-20: £7,692k) 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 2020-21 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). 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.

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. The cost in the year was £1,635k (2019-20 £1,123k).

Early release costs provided for in financial year

All early release payments were made in line with employee contractual entitlements and not above.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme made under the Superannuation Act 1972, except for overseas employees who are paid contractually in line with local employment law requirements.

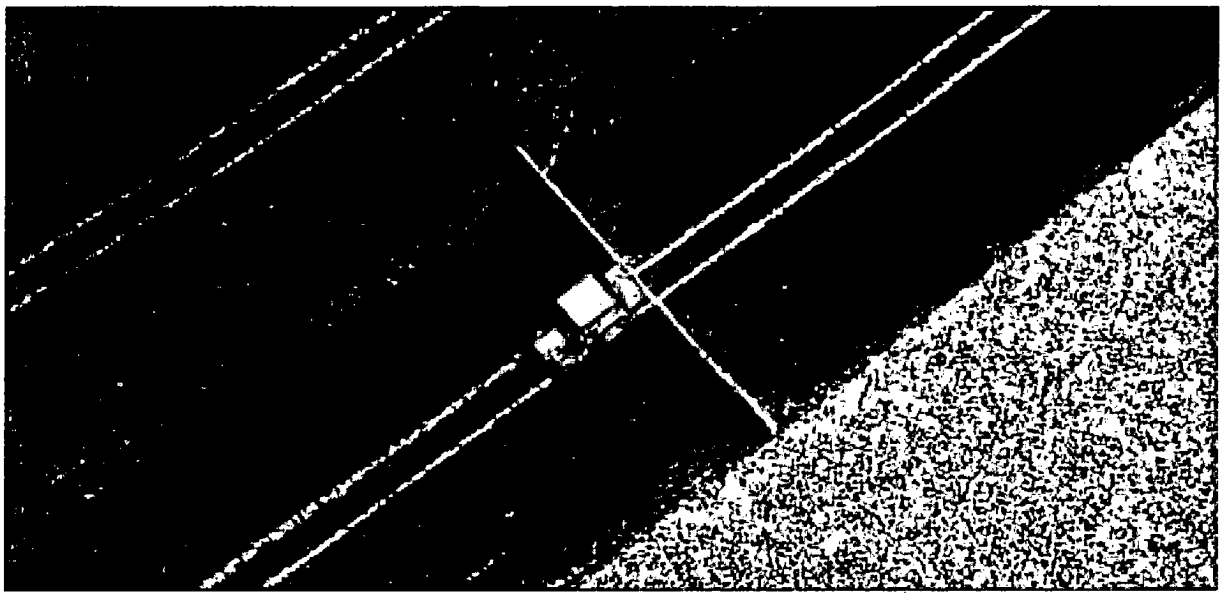
The statement of profit or loss and other comprehensive income includes a charge of 745k (2019-20 £261k) in respect of new leavers identified in 2020-21. This charge reflects the costs of exit packages agreed and accounted for by 31 March 2021.

Early release package cost by band	2020–21	2019–20
Less than £10,000	—	—
£10,000–£25,000	2	—
£25,000–£50,000	1	1
£50,000–£100,000	3	—
>£100,000	2	1
Total number of exit packages	8	2
Total cost £'000	745	261

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	2020–21	2019–20
	£'000	£'000
Interest received	8	83
Interest paid	(95)	(60)
	(87)	23



6. Taxation

The subsidiaries and joint ventures of Ordnance Survey have throughout been subject to UK Corporation Tax.

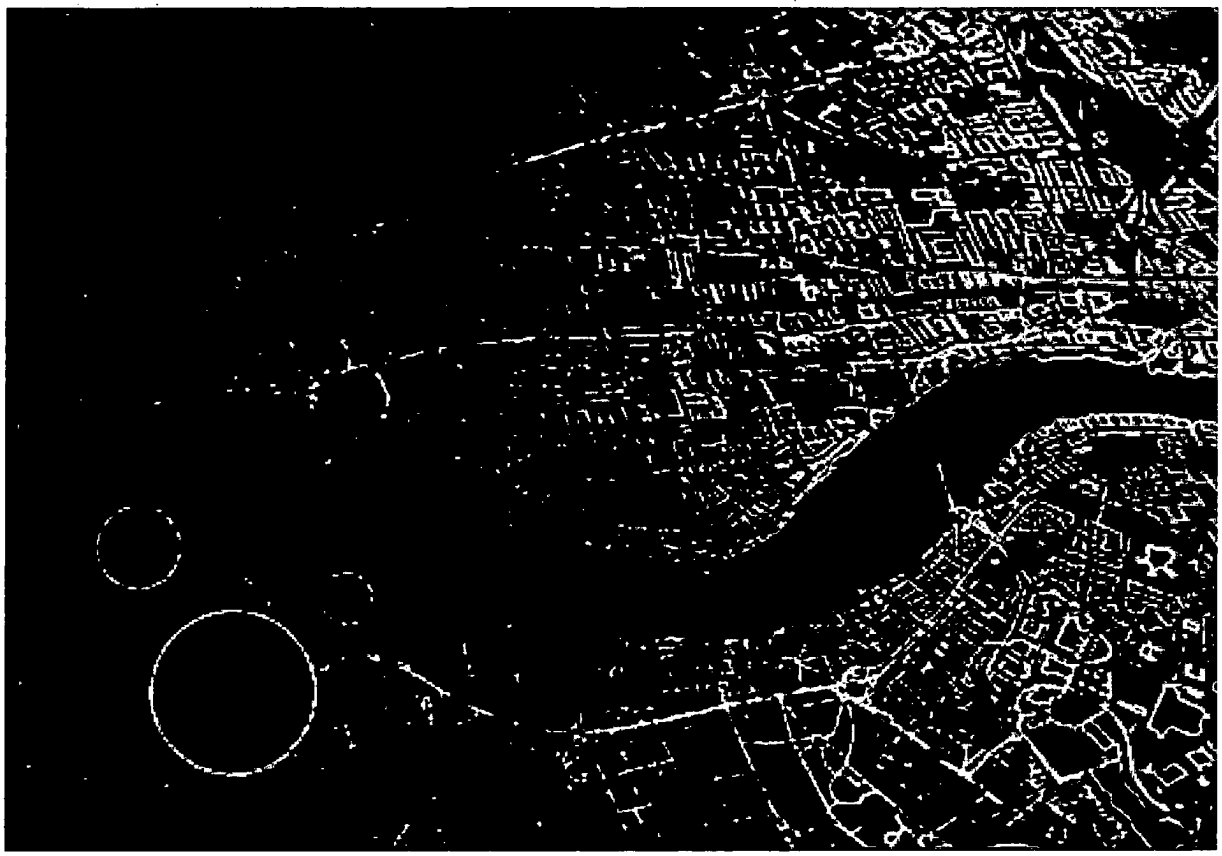
(a) Corporation tax expense

	2020–21	2019–20
	£'000	£'000
Current tax		
Current tax on profits for the year	4,929	(87)
Adjustments in respect of prior years	43	(324)
Total current tax	**4,972**	**(411)**
Deferred tax		
Origination and reversal of temporary differences	774	221
Impact of rate change	—	8
Recognition of deferred tax assets	—	(697)
Adjustments in respect of prior years	141	(11)
Total deferred tax charge/(credit)	**915**	**(479)**
Corporation tax expense/(income)	**5,887**	**(890)**

(b) Reconciliation of income tax expense

	2020–21	2019–20
	£'000	£'000
Profit before income tax expense	29,946	439
Tax on profit at the standard rate of 19% (2020: 19%)	**5,690**	**83**
Reasons affecting charge for the period:		
Prior year adjustments	205	(335)
Impact of rate change	—	8
Impact of expenses not deductible	(23)	10
Utilisation of tax losses	—	(346)
Recognition of deferred tax assets	—	(697)
Current year loss not recognised	15	387
Income tax expense/(income)	**5,887**	**(890)**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and closing deferred tax balances have therefore been measured at 19%.



7. Dividends

	2020–21	2019–20
	£'000	£'000
Dividends	19,100	27,650

In March 2021, the Company declared a dividend of £19.1m (£0.56 per share) for 2020-21. In March 2020 the Company declared a dividend of £27.7m (£0.81 per share) for 2019-20.

8. Investments and loans

Company	2020–21	2019–20
	£'000	£'000
Value of shares at beginning of period	400	400
Value of shares at end of period	400	400
Value of loans at beginning of period	1,220	3,288
Additions	2,972	4,651
Impairment	(2,972)	(4,651)
Loan repayment	(950)	(2,068)
Value of loans at end of period*	270	1,220
Value of investments	670	1,620

*Included within other receivables in note 13

Expected credit loss measurement

IFRS9 outlines a three stage model for impairment based on changed in credit quality since initial recognition;

A financial instrument that is not credit impaired is classified in Stage 1 and has its credit risk continuously monitored by the group. If a significant increase in credit risk since initial recognition is identified the instrument is moved to Stage 2, but is not yet deemed to be credit impaired. If the financial instrument is credit impaired the financial instrument is then moved to Stage 3.

The group defines credit impairment using the following criteria;

The borrower meets unlikely to pay criteria, which indicates borrower is in significant financial difficulty. The borrower is insolvent. The borrower continues to rely on Group support to meet its liabilities as they fall due. The borrower does not have a viable financial plan that indicate likelihood of repayment.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime losses that result from default events within the next 12 months. Instruments in Stage 2 or 3 have their losses measured on the basis of expected credit losses over their lifetime.

Impairment of financial assets

In determining the expected credit losses for these assets, the director of the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. The gross value of these loans is £21.3m (2019-20 £18.3m). This is the maximum credit exposure at 31 March 2021. We consider the ECL's below to be at Stage 3.

Loans in the year were recognised as Stage 3 credit impaired on origination.

Lifetime ECL	Loans to Subsidiaries £'000	Total £'000
Balance as at 1 April 2019	(13,652)	(13,652)
Increase in loss allowance arising from new financial assets recognised in the year	(4,651)	(4,651)
Balance as at 31 March 2020	(18,303)	(18,303)
Increase in loss allowance arising from new financial assets recognised in the year	(2,972)	(2,972)
Balance as at 31 March 2021	**(21,275)**	**(21,275)**

Loans to Astigan Limited and Ordnance Survey International Services Limited are repayable on demand. Interest is charged to Ordnance Survey International Limited at 3% and Interest is charged to Astigan Limited at 6%. The interest earned and unpaid forms part of the impairment balance.

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. Joint ventures and associates

Details of the Company's subsidiaries at 31 March 2021 are as follows:

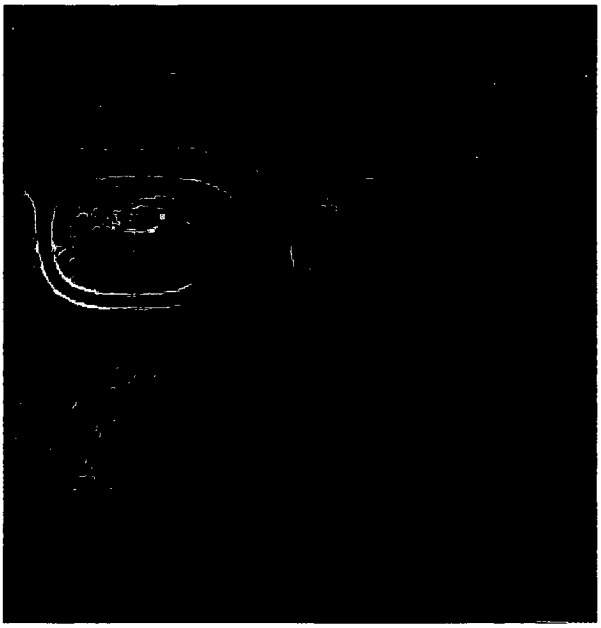
Name of subsidiary	Principal activity	Country of incorporation	Proportion of control/ordinary shares held
Ordnance Survey Leisure Limited	Consumer web	England and Wales	100%
Ordnance Survey International Services Limited	International consultancy	England and Wales	100%
Astigan Limited	Wind down	England and Wales	51%
Ordnance Survey International Services FZ-LLZ	International consultancy	United Arab Emirates	100%
Ordnance Survey Partners Limited	Non-trading holding company	England and Wales	100%
Ordnance Survey International LLP	Dormant	England and Wales	100%

All subsidiaries are Registered at Explorer House, Adanac Drive, Southampton, Hampshire.

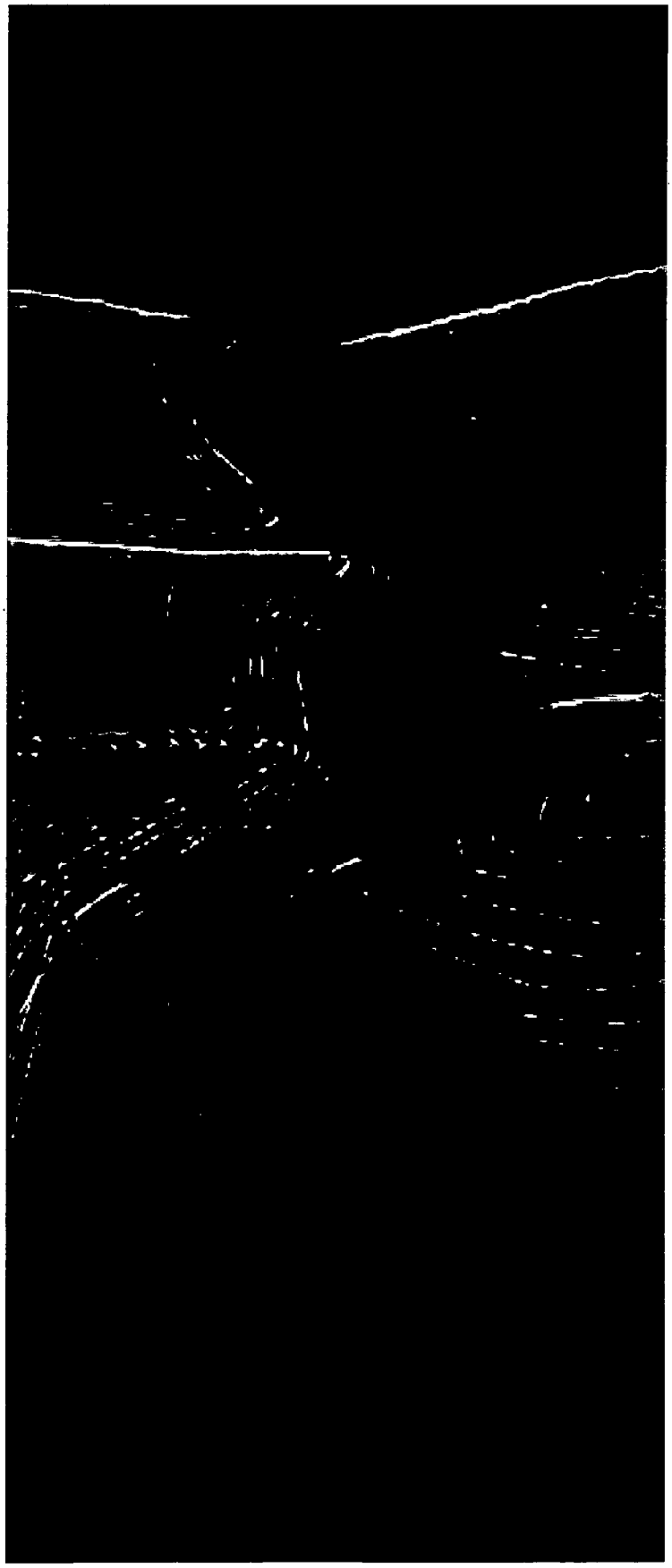
Ordnance Survey Limited has provided an unlimited bank guarantee to secure all bank liabilities of Ordnance Survey International LLP and Ordnance Survey International Services Limited. At the prior year end, the Group decided to end the project which is held within Astigan Limited. The investment is fully impaired.

Details of the Company's joint ventures and associates at 31 March 2021 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	2020–21 £'000	2019–20 £'000
Share of profit/(loss)		
GeoPlace LLP	9,536	6,347
PointX Limited	69	82
Dennis Maps Limited	39	34
	9,644	6,463
Share of net assets		
GeoPlace LLP	3,600	3,814
PointX Limited	101	107
Dennis Maps Limited	201	162
	3,902	4,083



Other investments - GeoPlace LLP

The investment in GeoPlace LLP at 31 March 2021 is as follows:

	2020–21	2019–20
	£'000	£'000
Current assets		
Cash and cash equivalents	419	3,930
Other current assets	5,949	4,126
Total current assets	6,368	8,056
Current liabilities		
Other current liabilities	(1,568)	(2,971)
Total current liabilities	(1,568)	(2,971)
Net assets	4,800	5,085
Ordnance Survey share of net assets at 75%	3,600	3,814

	2020–21	2019–20
	£'000	£'000
Revenue	21,447	15,401
Interest income	5	15
Operating costs	(8,688)	(6,890)
Depreciation and amortisation	(50)	(63)
Operating profit	12,714	8,463
Ordnance Survey share of profit at 75%	9,536	6,347

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 £9.8m were received from GeoPlace LLP during the year (2019-20 £5.3m).

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
Cost at 1 April 2019	89,092	55,276	12,375	156,743
Additions	—	—	16,736	16,736
Additions from assets under construction	2,803	300	(3,103)	—
Cost at 31 March 2020	91,895	55,576	26,008	173,479
Amortisation at 1 April 2019	(62,234)	(22,625)	(5,410)	(90,269)
Amortisation charge	(12,933)	(26,400)	—	(39,333)
Impairment	—	—	(76)	(76)
Amortisation at 31 March 2020	(75,167)	(49,025)	(5,486)	(129,678)
Net Book Value 31 March 2020	16,728	6,551	20,522	43,801
Cost at 1 April 2020	91,895	55,576	26,008	173,479
Additions	52	—	22,484	22,536
Additions from assets under construction	16,881	—	(16,881)	—
Cost at 31 March 2021	108,828	55,576	31,611	196,015
Amortisation at 1 April 2020	(75,167)	(49,025)	(5,486)	(129,678)
Amortisation charge	(9,992)	(5,621)	—	(15,613)
Impairment	—	—	(1,808)	(1,808)
Amortisation at 31 March 2021	(85,159)	(54,646)	(7,294)	(147,099)
Net Book Value 31 March 2021	23,669	930	24,317	48,916

Individual material assets include:

The geoproduction system, current year carrying value £11.1m (2019-20 £6.0m), the asset will be amortised over ten years once brought into life.

Systems of reference, current year carrying value £4.7m (2019-20 £3.0m), the asset will be amortised over five years once brought into life.

Common Services Data Platform, current year carrying value £2.2m (2019-20 £nil), the asset will be amortised over five years once brought into life.

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

Company

	Software	Data content	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2019	89,055	55,276	8,122	152,453
Additions	—	—	16,736	16,736
Additions from assets under construction	2,803	300	(3,103)	—
Cost at 31 March 2020	91,858	55,576	21,755	169,189
Amortisation at 1 April 2019	(62,197)	(22,625)	(1,157)	(85,979)
Amortisation charge	(12,933)	(26,400)	—	(39,333)
Impairment	—	—	(76)	(76)
Amortisation at 31 March 2020	(75,130)	(49,025)	(1,233)	(125,388)
Net Book Value 31 March 2020	16,728	6,551	20,522	43,801
Cost at 1 April 2020	91,858	55,576	21,755	169,189
Additions	52	—	22,484	22,536
Additions from assets under construction	16,881	—	(16,881)	—
Cost at 31 March 2021	108,791	55,576	27,358	191,725
Amortisation at 1 April 2020	(75,130)	(49,025)	(1,233)	(125,388)
Amortisation charge	(9,992)	(5,621)	—	(15,613)
Impairment	—	—	(1,808)	(1,808)
Amortisation at 31 March 2021	(85,122)	(54,646)	(3,041)	(142,809)
Net Book Value 31 March 2021	23,669	930	24,317	48,916

Individual material assets include:

The geoproduction system, current year carrying value £11.1m (2019-20 £6.0m), the asset will be amortised over ten years once brought into life.

Systems of reference, current year carrying value £4.7m (2019-20 £3.0m), the asset will be amortised over five years once brought into life.

Common Services Data Platform, current year carrying value £2.2m (2019-20 £nil), the asset will be amortised over five years once brought into life.

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

11. Property, plant and equipment

Group

	Land	Buildings	IT Equipment	Equipment, facilities and fixtures	Assets under construction	Total	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2019	6,300	22,544	9,403	2,847	—	41,094	5,496	46,590
Additions	—	—	1,263	129	—	1,392	2,446	3,838
Disposals	—	—	—	—	—	—	(551)	(551)
Cost at 31 March 2020	6,300	22,544	10,666	2,976	—	42,486	7,391	49,877
Depreciation at 1 April 2019	—	(2,528)	(5,958)	(1,891)	—	(10,377)	—	(10,377)
Depreciation charge	—	(634)	(1,325)	(277)	—	(2,236)	(2,737)	(4,973)
Released on disposals	—	—	—	—	—	—	551	551
Depreciation at 31 March 2020	—	(3,162)	(7,283)	(2,168)	—	(12,613)	(2,186)	(14,799)
Net Book Value 31 March 2020	6,300	19,382	3,383	808	—	29,873	5,205	35,078
Cost at 1 April 2020	6,300	22,544	10,666	2,976	—	42,486	7,391	49,877
Additions	—	—	2,360	—	351	2,711	415	3,126
Additions from assets under construction	—	—	221	—	(221)	—	—	—
Revaluations	—	—	—	—	—	—	(332)	(332)
Disposals	—	—	—	—	—	—	(429)	(429)
Cost at 31 March 2021	6,300	22,544	13,247	2,976	130	45,197	7,045	52,242
Depreciation at 1 April 2020	—	(3,162)	(7,283)	(2,168)	—	(12,613)	(2,186)	(14,799)
Depreciation charge	—	(634)	(1,761)	(242)	—	(2,637)	(2,508)	(5,145)
Released on disposals	—	—	—	—	—	—	429	429
Depreciation at 31 March 2021	—	(3,796)	(9,044)	(2,410)	—	(15,250)	(4,265)	(19,515)
Net Book Value 31 March 2021	6,300	18,748	4,203	566	130	29,947	2,780	32,727

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 £178k (2019-20 £173k) from sub-letting right of use assets during the year.

Company

	Land	Buildings	IT Equipment	Equipment, facilities and fixtures	Assets under construction	Total	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2019	6,300	22,544	9,403	2,646	—	40,893	5,310	46,203
Additions	—	—	1,263	129	—	1,392	2,446	3,838
Disposals	—	—	—	—	—	—	(551)	(551)
Cost at 31 March 2020	6,300	22,544	10,666	2,775	—	42,285	7,205	49,490
Depreciation at 1 April 2019	—	(2,528)	(5,958)	(1,805)	—	(10,291)	—	(10,291)
Depreciation charge	—	(634)	(1,325)	(241)	—	(2,200)	(2,554)	(4,754)
Released on disposals	—	—	—	—	—	—	551	551
Depreciation at 31 March 2020	—	(3,162)	(7,283)	(2,046)	—	(12,491)	(2,003)	(14,494)
Net Book Value 31 March 2020	6,300	19,382	3,383	729	—	29,794	5,202	34,996
Cost at 1 April 2020	6,300	22,544	10,666	2,775	—	42,285	7,205	49,490
Additions	—	—	2,360	—	351	2,711	415	3,126
Additions from assets under construction	—	—	221	—	(221)	—	—	—
Revaluations	—	—	—	—	—	—	(332)	(332)
Disposals	—	—	—	—	—	—	(243)	(243)
Cost at 31 March 2021	6,300	22,544	13,247	2,775	130	44,996	7,045	52,041
Depreciation at 1 April 2020	—	(3,162)	(7,283)	(2,046)	—	(12,491)	(2,003)	(14,494)
Depreciation charge	—	(634)	(1,761)	(163)	—	(2,558)	(2,505)	(5,063)
Released on disposals	—	—	—	—	—	—	243	243
Depreciation at 31 March 2021	—	(3,796)	(9,044)	(2,209)	—	(15,049)	(4,265)	(19,314)
Net Book Value 31 March 2021	6,300	18,748	4,203	566	130	29,947	2,780	32,727

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 £178k (2019-20 £173k) from sub-letting right of use assets during the year.

12. Inventories

Company and Group	2020–21	2019–20
	£'000	£'000
Finished goods	2,316	2,133
	2,316	**2,133**

During the year, Ordnance Survey wrote off and made allowance for potentially unsaleable stock of £118k (2019-20: £232k).

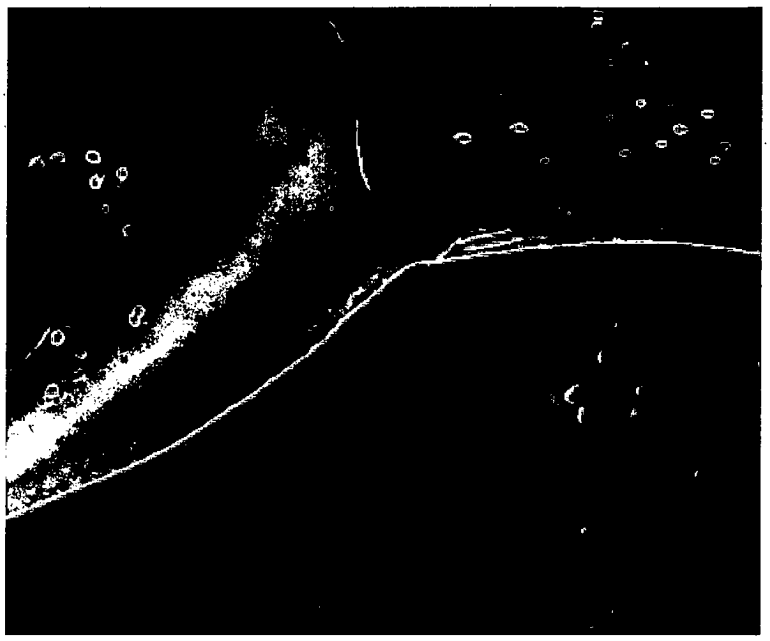
13. Trade and other receivables

Group	2020–21	2019–20
	£'000	£'000
Trade receivables	6,718	10,686
Impairment allowance	(94)	(690)
	6,624	**9,996**
Other receivables	291	290
Taxation and social security receivable	2,341	5,299
Accrued income	4,725	5,443
Prepayments	7,603	8,341
	21,584	**29,369**

Company	2020–21	2019–20
	£'000	£'000
Trade receivables	6,077	10,382
Impairment allowance	(94)	(686)
	5,983	**9,696**
Other receivables	276	276
Taxation and social security receivable	2,265	5,212
Accrued income	4,166	5,130
Prepayments	7,582	8,266
Loans owed by Group undertakings	—	950
Accrued income due from Group undertakings	396	337
	20,668	**29,867**

The total bad debts written off in year were £0 (2019-20: £44k).

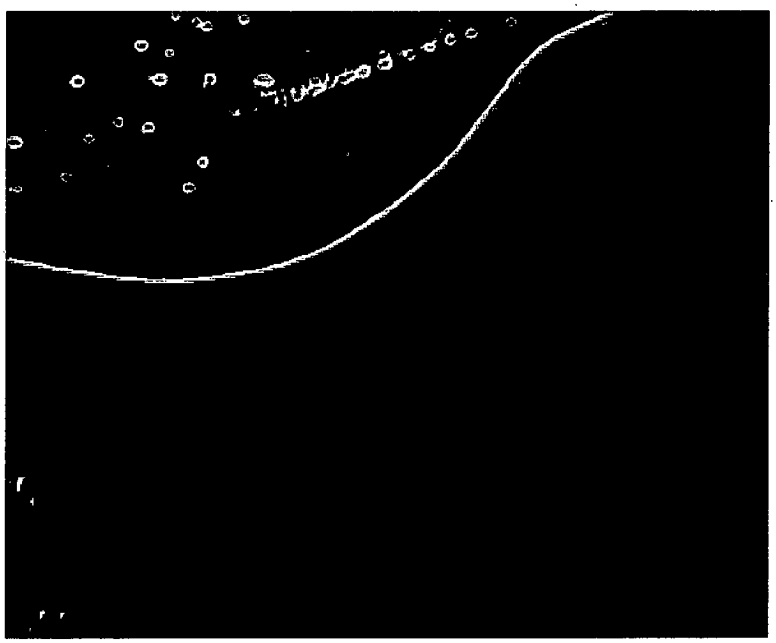
Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on a regular basis.



14. Cash and cash equivalents

Group	2020–21	2019–20
	£'000	£'000
Balance held at Government Banking Service	102,141	96,721
Balance held in commercial banks and cash in hand	16,292	13,435
	118,433	**110,156**

Company	2020–21	2019–20
	£'000	£'000
Balance held at Government Banking Service	102,126	96,656
Balance held in commercial banks and cash in hand	10,576	11,817
	112,702	**108,473**



15. Trade and other payables

Group	2020–21	2019–20
	£'000	£'000
Trade payables	2,633	1,976
Taxation and social security payable	2,514	2,177
Other payables	1,511	1,218
Accruals	12,438	11,968
Dividend payable	19,100	27,650
	38,196	**44,989**

Company	2020–21	2019–20
	£'000	£'000
Trade payables	2,575	1,913
Taxation and social security payable	2,475	2,178
Other payables	1,510	1,167
Accruals	12,094	11,493
Dividend payable	19,100	27,650
Inter-company payable	770	354
	38,524	**44,755**

The trade payables balance for both Group and Company includes long term payables of nil (2019–20: nil).

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

16. Lease liabilities

Total liabilities as at 31 March.

Group	2020–21	2019–20
	£'000	£'000
Less than one year	(1,817)	(2,411)
One to five years	(1,022)	(2,834)
Total liabilities at 31 March	**(2,839)**	**(5,245)**
Current	(1,817)	(2,411)
Non-current	(1,022)	(2,834)

Company	2020–21	2019–20
	£'000	£'000
Less than one year	(1,817)	(2,408)
One to five years	(1,022)	(2,834)
Total liabilities at 31 March	**(2,839)**	**(5,242)**
Current	(1,817)	(2,408)
Non-current	(1,022)	(2,834)

17. Current tax asset/liability

Group	2020–21	2019–20
	£'000	£'000
Corporation Tax	1,508	3,983

Company	2020–21	2019–20
	£'000	£'000
Corporation Tax	1,508	3,989

18. Provisions for liabilities and charges

Group

	Restructuring provision	Provision for Dilapidations	Other	Total
	£'000	£'000	£'000	£'000
As at 1 April 2020	164	—	6	170
Additional provision in year	587	326	—	913
Utilisation of provision	(164)	—	(6)	(170)
As at 31 March 2021	**587**	**326**	**0**	**913**

	2020–21	2019–20
	£'000	£'000
Included in current liabilities	707	170
Included in non–current liabilities	206	—
	913	**170**

The above amount is estimated as falling due as follows:

	Current liabilities	Non–current liabilities
	£'000	£'000
2021-22	707	—
2022-23	—	—
2023-24	—	206
	707	**206**

Provisions are un-discounted as the effect is immaterial.

Company

	Restructuring provision	Provision for Dilapidations	Other	Total
	£'000	£'000	£'000	£'000
As at 1 April 2020	164	—	6	170
Additional provision in year	473	326	—	799
Utilisation of provision	(164)	—	(6)	(170)
As at 31 March 2021	**473**	**326**	**0**	**799**

	2020–21	2019–20
	£'000	£'000
Included in current liabilities	593	170
Included in non–current liabilities	206	—
	799	**170**

The above amount is estimated as falling due as follows:

	Current liabilities	Non–current liabilities
	£'000	£'000
2021-22	593	—
2022-23	—	—
2023-24	—	206
	593	**206**

Provisions are un-discounted as the effect is immaterial.

19. Deferred revenue

Group	2020–21	2019–20
	£'000	£'000
Current deferred revenue	26,843	21,048
Non-current deferred revenue	2,450	4,859
	29,293	**25,907**

Company	2020–21	2019–20
	£'000	£'000
Current deferred revenue	24,408	19,504
Non-current deferred revenue	2,450	4,859
	26,858	**24,363**

20. Deferred tax liability/asset

Group

	Losses	Provisions	Fixed assets	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	—	202	(280)	(78)
(Charged)/credited to the income statement	697	(61)	(157)	479
At 31 March 2020	**697**	**141**	**(437)**	**401**
(Charged)/credited to the income statement	(697)	(32)	(165)	(894)
At 31 March 2021	—	**109**	**(602)**	**(493)**

Company

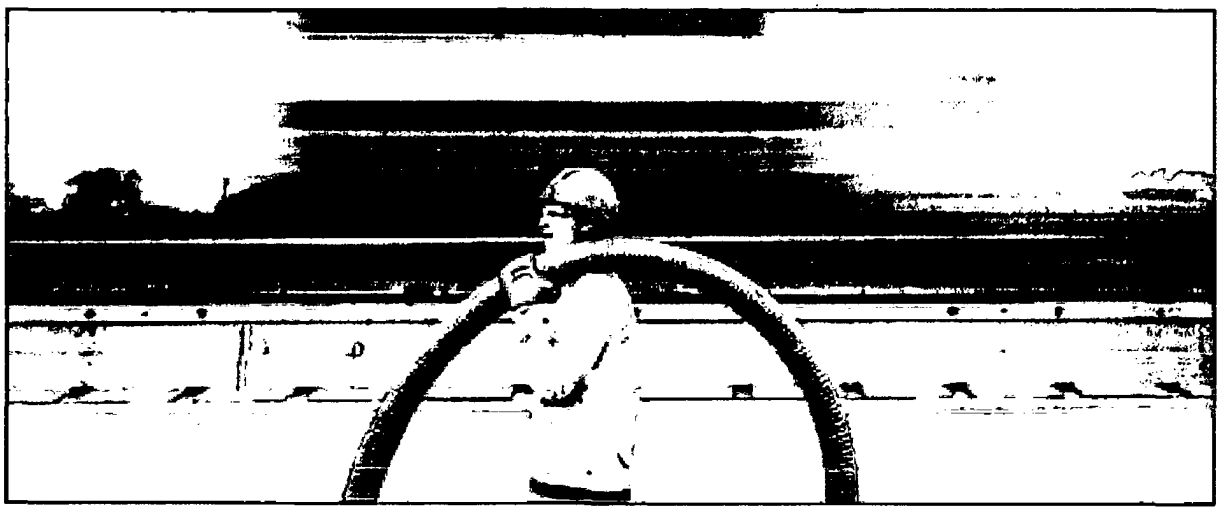
	Losses	Provisions	Fixed assets	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	—	202	(286)	(84)
(Charged)/credited to the income statement	—	(61)	(157)	(218)
At 31 March 2020	—	141	**(443)**	**(302)**
(Charged)/credited to the income statement	—	(32)	(165)	(197)
At 31 March 2021	—	**109**	**(608)**	**(499)**

Ordnance Survey Leisure Limited

Ordnance Survey Leisure Limited generated a current year profit before tax of £3,670,000 (2019-20 profit: £1,823,000). Ordnance Survey Leisure Limited has estimated tax losses of £nil (2019-20 £3,670,000) available to carry forward against future profits of the same trade. A deferred tax asset of £nil (2019-20 £697,000) has been recognised in respect of these losses.

Astigan Limited

Due to the group's holding in Astigan Limited, losses before tax of £77,000 (2019-20: £2,550,000) 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 £13,076,000 (2019-20 £12,999,000) 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 2020	34,000
Balance as at 31 March 2020	**34,000**
Balance as at 1 April 2020	34,000
Balance as at 31 March 2021	**34,000**

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	2020–21	2019–20
	£'000	£'000
Minimum lease payments under operating leases as an expense in the year	225	180

As at 31 March 2021, Ordnance Survey Limited has future minimum lease payments under non-cancellable operating leases as set out below:

Group and Company	2020–21	2019–20
	£'000	£'000
Within one year	17	14
	17	**14**

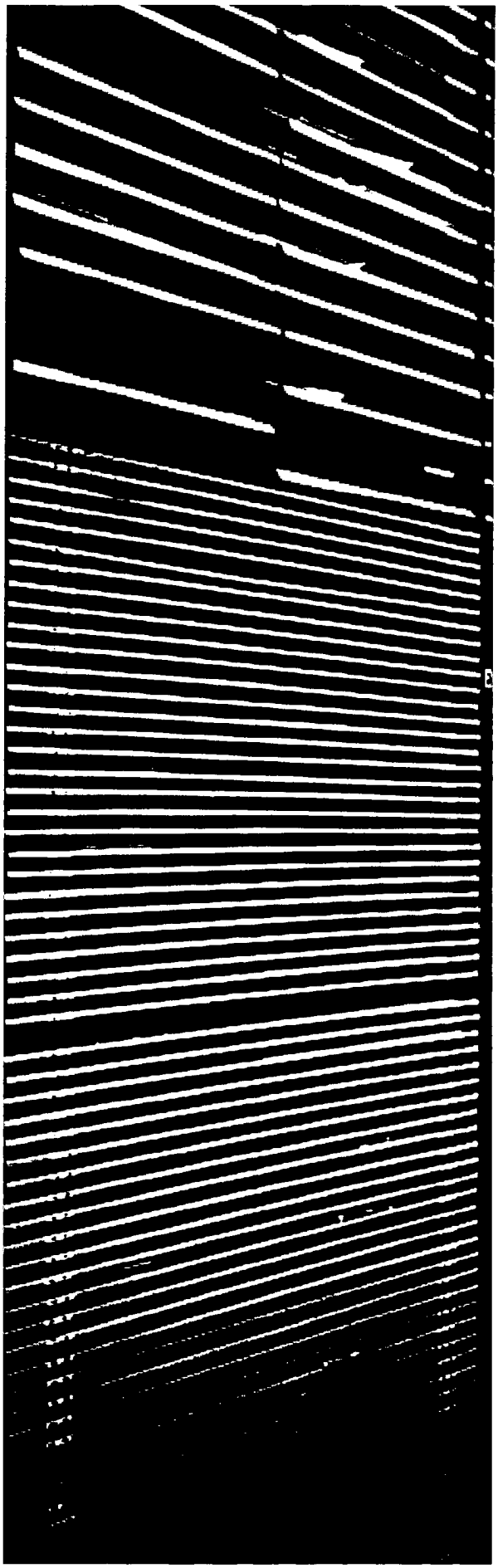
23. Contingent liabilities and contingent assets

No significant contingent assets or liabilities noted for current year.

24. Capital commitments

At 31 March 2021, the company had the following capital commitments:

	2020–21	2019–20
	£'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:

	2020–21			2019–20		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Not yet due	4,418	(3)	4,415	10,040	(455)	9,585
Past due 0–30 days	1,813	—	1,813	417	(43)	374
Past due 31–60 days	42	—	42	208	(183)	25
Past due 61–90 days	175	—	175	3	(3)	—
Past 90 days	270	(91)	179	14	(2)	12

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

- An individual account-by-account a 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.

Disclosures on credit risk related to intercompany loans are provided in note 8.

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 (2019-20: £12k).

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 at fair value subsequent to initial recognition.

Interest rate risk profile

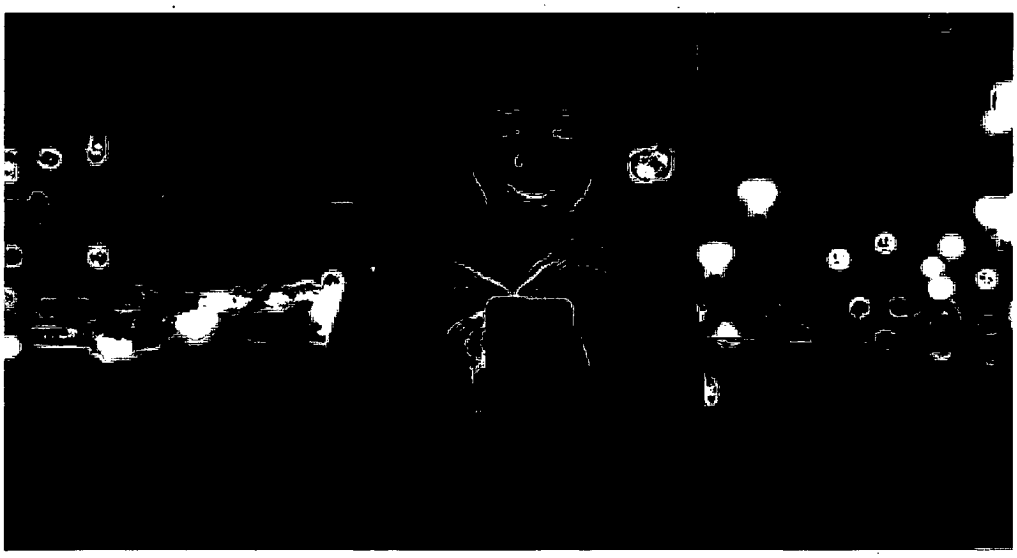
The interest rate profile of the Group's financial assets and liabilities at 31 March 2021 are set out below. All balances are held in sterling:

Group

	2020–21			2019–20		
Financial assets	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank	—	118,433	118,433	—	110,156	110,156

26. Contract assets and contract liabilities

Group	2020–21	2019–20
	£'000	£'000
Deferred revenue included in contract liability at the beginning of the period	5,408	5,047
Accrued revenue satisfied in previous periods	615	725



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 2021.

27. Related parties

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

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

In the course of its normal business the Group provides mapping data and licences to both the private and public sectors.

During the year the Group had a significant number of material transactions with other governmental departments and central government bodies. Most of these transactions have been with the Secretary of State for Business, Energy & Industrial Strategy, Land Registry, the Scottish Government, Cabinet Office and GeoPlace LLP.

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

Ordnance Survey Leisure Limited, is 100% owned by the company. The Director of Ordnance Survey Leisure Limited at the 31 March 2021 was Nicholas Giles.

Ordnance Survey International Services Limited, is 100% owned by the company. The Director of Ordnance Survey International Services Limited at the 31 March 2021 was James Blackman.

Ordnance Survey International LLP is a joint venture in which the Company indirectly controls 100% of voting rights. At 31 March 2021, the Company was represented on the Board of Ordnance Survey International LLP by James Blackman.

Astigan Limited is 51% owned by Ordnance Survey. The Directors of Astigan Limited at the 31 March 2021 representing the Company were Stephen Lake and James Blackman.

GeoPlace LLP is a joint venture LLP with Local Government Association. At 31 March 2021, The Company was represented on the Board of GeoPlace by John Kimmance.

PointX Limited is a related party. At the 31 March 2021, Daniel Dukes represented the Company as director of PointX Limited.

Dennis Maps Limited is a related party. At the 31 March 2021, 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 LLP, Astigan Limited, GeoPlace LLP, PointX Limited and Dennis Maps Limited are included in the consolidated financial statements as described in the accounting policies.

28. Post balance sheet events

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

29. Control

The immediate parent undertaking and ultimate controlling part 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/collections/beis-annual-reports-and-accounts

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Unique Property Reference Number (UPRN): 200010019924
Ordnance Survey Grid Reference: SU 37294 15540
Latitude: 50 56 15.75 N, Longitude: 1 28 13.56 W, Height: 73.84m

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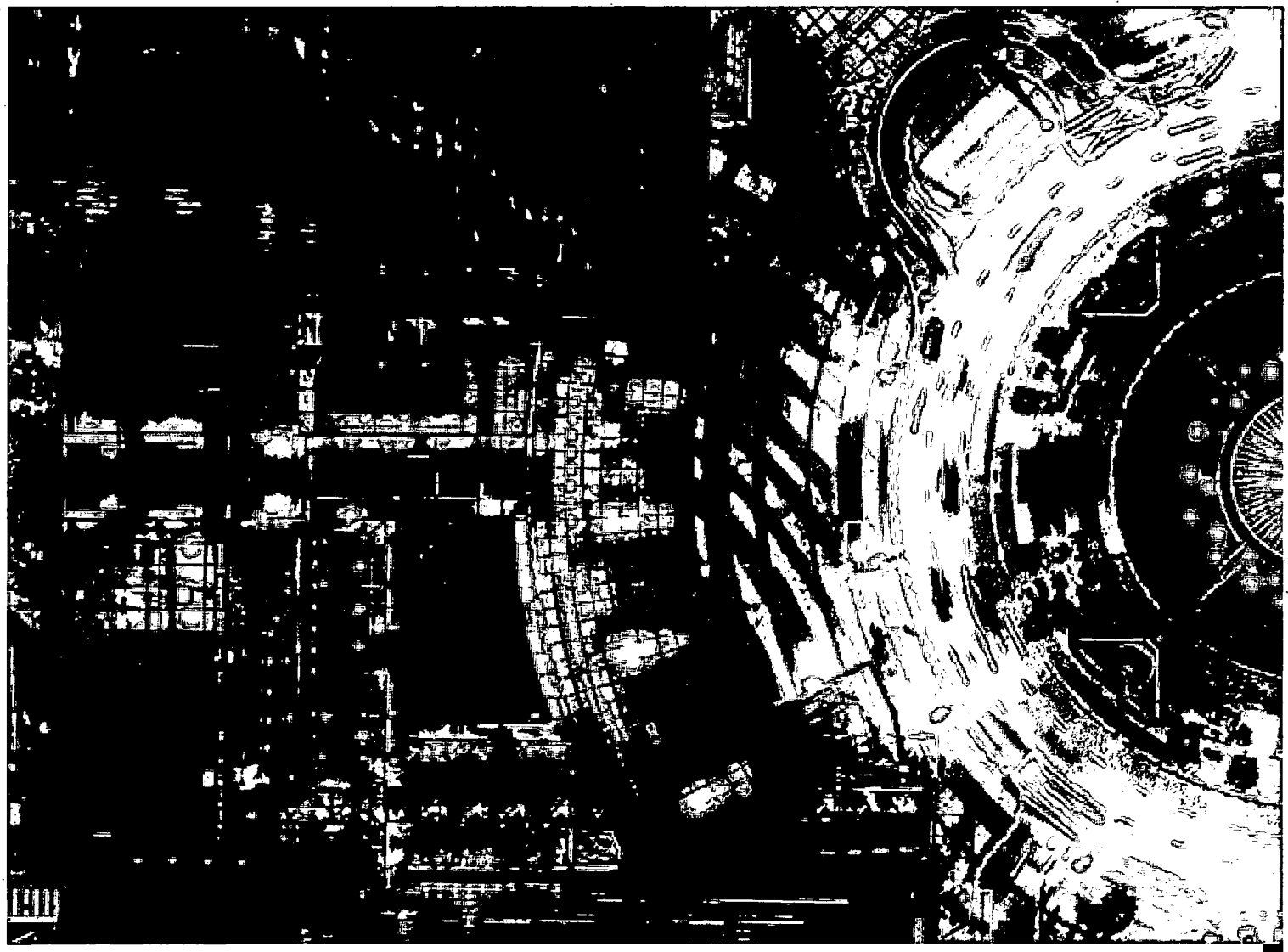

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