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Highlights of 2005

- President Mary McAleese launched "A Journey in the Past", the month long exhibition of OSi's Historical Mapping Archive which was held in Dublin Castle.
- Strong Revenue from sales continued in 2005, reaching €19.1m. *On a year-on-year basis, the underlying revenue grew by 11%.*

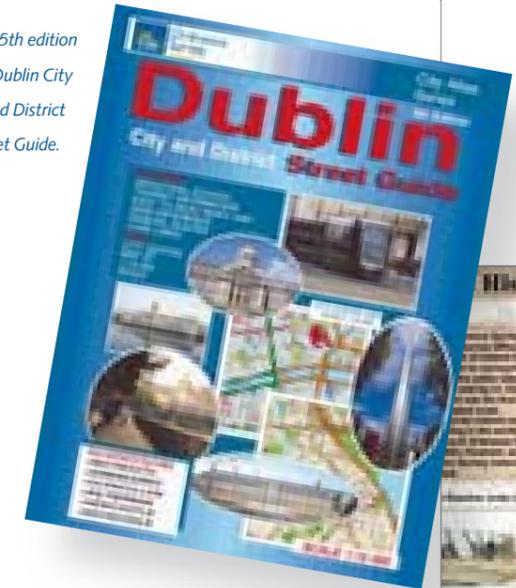


- Significant contracts encompassing both public and private sectors were entered into, the most significant being with the ESB, Bord Gáis and the CSO.
- A quality assessment of a sample of the OSi database was undertaken in 2004 and 2005 and OSi's mapping, and especially its more modern mapping, was shown to be very accurate with better than international norms in certain areas.

- Annual map revision cycles for urban and suburban mapping continued in 2005 and significantly, for the first time ever, every large scale map in two counties (Westmeath and Longford) was revised, quality enhanced and validated for boundary information
- A new ADS40 digital aerial sensor system was acquired representing the major element of a significant capital investment programme over the coming years.
- OSi's new master spatial database (PRIME 1) and upgraded large scale map editing tools were rolled out.
- OSi's innovative web-based real time positioning service for surveyors which uses GPS co-ordinates was further strengthened during the year with additional stations in Tralee and Portlaoise going live.
- LIDAR (Light Detection And Ranging) activity and 3-D modelling of cities continued apace in 2005 following the purchase of a Leica ALS50 in December 2004.
- The final roll out of phase 2 of the eCommerce Supply System enabled the most up to date mapping to be supplied on line to all Agents.
- The number of copyright licences sold grew significantly as professionals and members of the public recognise the increasing value of being authorised to make copies of maps within the business environment

- OSi's product range was further enhanced:
 - Sales of the 5th Edition of the Dublin City and District Street Guide peaked in May 2005 when the publication returned to the top three of the Easons compiled bestsellers list in the "Paperback non-fiction" category.
 - A new design and production of "Holiday North", South, East and West was launched in conjunction with Ordnance Survey Northern Ireland.
 - A new product, the TrailMaster DVD specifically aimed at the Hillwalkers and others interested in outdoor pursuits, was launched.
 - A version of the TrailMaster DVD specifically focused at the Education and Training sector was also launched.
 - A new WeatherProof Series was launched which included sheets for Mount Brandon, Macgillycuddy's Reeks (Na Chruacha Dubha) and Sheet 78 of the OSi Discovery Series of Kerry.

OSi's 5th edition of Dublin City and District Street Guide.



Chairman's Statement



In my statement in the 2004 Annual Report I noted that the completion of digital remapping of the entire country provided us with a robust yet highly flexible basis for the development of a wide range of future information services. In fact, that

10 year programme, which kept close to 100 OSi staff extremely busy over that period, was one of the most complex and far-reaching ever undertaken by the organisation.

In 2005 the challenge for the entire organisation was to adapt to a significantly new environment, placing those staff who had been engaged in that mapping process to work in ways that enhance and add value to our product and service offerings.

I am pleased to report that the plans made by OSi's management, with the enthusiastic support of its Board, for this transition period have shown themselves to be robust and well-considered.

The year under review brought an almost seamless transition from the pace of new mapping to a further shortening of map revision cycles, a systematic programme of data review and quality improvement.

At times of rapid technological change it can be difficult for any organisation to select those opportunities which offer good long-term potential and represent true value-for-money. OSi however has been extremely successful in this regard. Enormous credit is due to Richard Kirwan, who stepped down as CEO in December 2005, for the astuteness he demonstrated over many years in guiding the organisation away from investments in

systems and processes that had already been superseded. Richard brought to his task an in-depth knowledge of mapping and the geospatial data industry. Widely respected as a professional in this area, both at home and abroad, he also brought a rigorous approach to crucial business decisions. Thanks to his stewardship, OSi now enjoys an enviable reputation, both nationally and internationally, as a mapping agency utilising cutting edge technology and processes. We now have an organisation which has a modern database, the knowledge, equipment and skills needed to maintain and enhance that database in a timely manner and a full range of options to allow it to fulfil its commercial and public service mandates.

It also has the trust of its customers and the enthusiasm of its staff – all excellent foundations for Richard's successor, Geraldine Ruane, as she takes over at the helm. On behalf of the Board I would like to extend our sincere thanks to Richard for the excellent job he has done at OSi and to wish Geraldine the very best in her new role.

I would also like to thank the staff of the organisation for their hard work during the year and to commend them for an excellent performance.

Finally I would like to thank my fellow Board members for their support and hard work and to extend our thanks to the Minister for Finance and the officials in his Department for their continued strong interest and support in our activities.

Kevin Bonner
Chairman

Chief Executive's Review



Our aim since we received our new mandate under the OSi Act 2001 has been to continue to meet our public service obligations while at the same time increasing our entrepreneurial and commercial approach to the way we do business.

In reality the two objectives are highly compatible. Whether we are working with a Government Department to achieve an important national objective, supporting a private company as it develops a project, or simply helping a tourist to find his or her way around the country, we must demand of ourselves the same standards of efficiency, product quality and service excellence.

Over many years Irish map users have come to rely upon OSi for its commitment to accuracy and for the relevance of its product range. That they still do today is due to the unswerving determination of countless generations of OSi employees to set and maintain the highest possible standards.

OSi, from the start of its long history, has been proud of its commitment to innovation, harnessing new technologies and directly contributing to new ones of its own, to create mapping and other forms of geospatial data of the very highest quality.

The year under review brought significant technical advances to support us in this endeavour. They included a major investment in new state-of-the-art aerial photographic equipment, employment of new airborne and ground equipment to facilitate the production of highly accurate orthophotos and height models, full implementation of a sophisticated new master database and new software for editing.

OSi also made significant strides in the implementation of its new eCommerce system, extending it to more Agents, to key customers and to members of the general public worldwide for a new series of historic maps now available in a digital archive.

But what impresses me most, and gives me great hope for the future of OSi, is that few if any of these technical developments were undertaken for their own sake. They represent truly "joined up" thinking, undertaken in close consultation between management, staff and, most important of all, customers.

Before making investment decisions we have engaged with our customers to determine both their existing and likely future needs. New technology offers also unlimited possibilities in terms of what we can provide to customers. What is important, however, is to understand their genuine requirements and their priorities so that OSi can respond with cost-effective solutions.

The infrastructure now in place ensures that all revisions are saved to an open database. This system allows for rapid updating and for datasets to be used in often complex ways to best meet the specific needs of individual users.

It means that we are well positioned to develop a wide range of timely products, both on our own and with partners, and to bring them to market quickly and efficiently. This is a sound basis for the future.

And finally, I know that I will enjoy the support of the staff whose loyalty and commitment to the organisation, in many cases over a great number of years, in no small way has contributed to the proud reputation that Ordnance Survey Ireland enjoys with its customers and fellow National Mapping Agencies (NMA's).

Geraldine Ruane
Chief Executive Officer

OSi Trail Master

*A new era for hill-walkers,
cyclists, tourists and outdoor
enthusiasts with OSi Interactive
mapping now available using
GPS and PDA devices.*

**no rest
for the
weary**

leisure products



Operations and Mapping Review

As an organisation OSi moved beyond a period of intense new mapping, which concluded in 2004, and embarked on an exciting new chapter. For the three years 2005 to 2007 the focus is on improving map data revision cycles, further enhancing data quality and becoming even more responsive to customer requirements.

Operations Review

Production

Building on well established foundations and using the full potential of the database and staff, OSi has entered a new phase of quality improvement and development of new, customer focused products.

Some 100 staff are involved in meeting the needs of the organisation for constant revision and maintenance of the OSi mapping database to ensure that users enjoy access to data which is accurate and up-to-date.

The results of a detailed quality assessment of a sample of the OSi database which was undertaken in 2004 and 2005 showed that OSi's mapping, and especially its more modern mapping, is very accurate. The results for the 1:2500 and 1:5000 mapping are better than international norms and exceed the levels indicated to customers. This quality assurance is of enormous importance to OSi in maintaining its reputation as the leading provider of Irish geospatial data.

During 2005 progress on the annual map revision cycles for urban and suburban mapping continued. Significantly, for the first time ever, every large scale map in two counties (Westmeath and Longford) was revised, quality enhanced and validated for boundary information. A 1:5000 map revision programme, using both in-house production capacity in the Sligo, Cork and Dublin offices as well as outsourced production, was begun.

A new ADS40 digital aerial sensor system was acquired from Leica Geo Systems Inc representing the major element of a significant capital investment programme over the coming years. This is essentially a switch from conventional aerial photography to digital imagery. Crucially, it also delivers better quality imagery on poorer flying days.

OSi's new master spatial database (PRIME 1) and upgraded large scale map editing tools were rolled out to all staff, thus ensuring the swift employment of the latest "best practice" approaches in all production areas. These moves, many highly technical in nature, are important in terms of improving efficiency and accuracy and allow for the automation of many repetitive tasks.

The move to a new spatial PRIME 1 data base encourages change and many ideas for the further improvement of the content and structure of data have been put forward by staff and customers. In keeping with OSi's strong focus on being responsive to customer needs, significant consultation has taken place with a number of technology companies and all ideas have been encapsulated under "theme strategies" which seek to prioritise the various elements, taking into account the different priorities of customers and their readiness for various new developments. This important aspect of OSi's work has been the result of close co-operation between production and marketing staff.

Orthophotography has proved highly popular with a range of clients. This specialised approach is far more than a simple process of aerial photography. Captured digitally, it can be corrected to allow for slopes and other distortions, which means that it corresponds exactly to large scale mapping. It affords the high level of accuracy required by many professional users – including local authorities, civil engineers and architects.

In a flourishing economy such as Ireland's, rapid urban development creates a significant challenge for providers of geospatial data. A variety of users require street mapping which shows the position of streets and properties as they are today – not as they were. Last year OSi completed the revision of 55 more town maps throughout Ireland, with enhanced specification.



Education

OSi TrailMaster – Education and Training Version

The Education and Training version of OSi Trail Master is a DVD based, PC compatible interactive mapping application offering users a new and unique way to learn about geography, and is particularly suited for use with primary and secondary schools. The application features a user friendly, intuitive software interface which will allow the students and teachers to interact with the mapping datasets provided to perform a variety of relatively simple GIS functions including:

- Viewing 3D landscapes
- Creating trails and mark points of interest
- Create Trail Profiles
- Print, store and add notes and pictures to routes and much more!

OSi is particularly pleased that the product helps to increase future generations' geographical knowledge of Ireland, and does so in a new and exciting way. The application allows users to select an area and work with the following OSi data:

- 1:450000 maps
- 1:50000 maps
- 50m Digital Terrain Model

and the product also allows users, within selected regions, to work with additional data including:

- OSi aerial photographs and 1930 historic maps
- Geological Survey of Ireland (GSI) geological data
- CSO Census of Population data
- EPA CORINE Land Cover data
- Sustainable Energy Ireland (SEI) wind speed data

National Interest

Small Areas Project

In addition to its commercial mandate, OSi has a proud tradition of continued commitment to development of services which meet the national interest. This remains an important aspect of OSi's overall mandate.

The Small Areas Project within the Irish Spatial Data Infrastructure, for which OSi chairs the Steering Group, is an example of this mandate in action. This Project, which includes virtually every Government Department, while at its early stages, has the potential to provide analysis of data at a more micro level than currently possible.

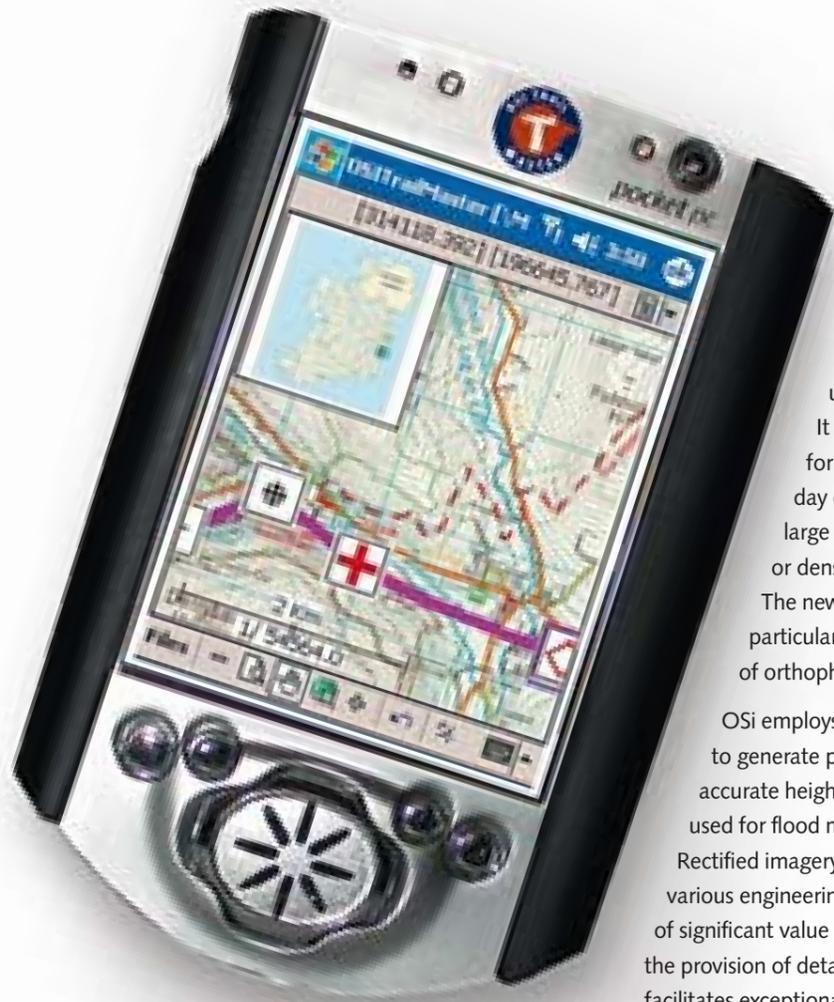
The challenge is to find ways of capturing demographic and other changes and ways of enabling people to access relevant information easily. Significant progress has been made in this. Using a methodology created by researchers at NUI Maynooth, a pilot project was undertaken in Maynooth and Leixlip last year. It was then rolled out to nine other Electoral Divisions, from inner city Dublin to the Aran Islands, to establish how well it would work in different types of locations. The first strand of this project was signed off last year and further strands are now planned. This approach has important potential in terms of both the economic and social development of the country.

GPS device for use with OSi Trail Master.

OSi Trail Master DVD.

3-D Model from Trail Master.





This laser-based system is one of the most versatile and powerful LIDAR systems in the industry and can yield details under tree cover, record data at night and orthorectify imagery using specialised software. It is an especially efficient tool for generating accurate data, day or night, especially over large areas of featureless or densely covered terrain. The new equipment is also particularly useful in the area of orthophotography.

OSi employs this latest technology to generate products such as very accurate height models that can be used for flood modelling, low level Ortho Rectified imagery of cities and towns and various engineering projects. It is proving of significant value already to the OPW in the provision of detailed flood mapping. LIDAR facilitates exceptionally accurate height models and a number of these were completed last year, including ones for Limerick City and its environs. It also enabled OSi to produce 1:10000 scale orthophotos of this area. With the benefit of LIDAR, OSi is now producing height models with a very high level of accuracy.

ADS
(Airborne Digital Sensor)

At the end of 2005, the organisation purchased a Leica ADS40 Airborne Digital Sensor for installation in the organisation's second leased Piper Aztec aircraft. The first of its kind, this high performance camera delivers all digital, 16-bit data. It will allow the collection of panchromatic (Black and White), red, green, blue and near infra red channels simultaneously or independently. With the ADS40, OSi can work digitally from flight planning through image acquisition through to ground processing and archiving stages of the workflow. Over time this will lead to the phasing out of traditional film technology.

Technology

GPS and Orthophotography

OSi's innovative web-based real time positioning service for surveyors which uses GPS co-ordinates was further strengthened during the year with additional stations in Tralee and Portlaoise going live. Further improvements in the area of communications means that the national system became increasingly robust and reliable.

LIDAR
(Light Detection and Ranging)

LIDAR activity and 3-D modelling of cities continued apace in 2005 following the purchase of a Leica ALS50 in December 2004. This equipment was fitted and approved for operation in one of the organisation's leased Piper Aztec aircraft during the first half of 2005.

IT Capability

As OSi moves ever further into the digital age, providing an increased volume of services electronically and some in real time, its IT capability plays an increasingly important role in both production and delivery of OSi's work. Significant investment has been made in this area and during 2005 a large number of IT projects came to fruition. This included the full rollover of all servers to a new Windows operating system and the addition of a further 18 Terrabytes of storage to the Storage Area Networks. With OSi becoming increasingly linked to third parties via the internet, it was also appropriate that significant work was undertaken to enhance IT security by improving firewall resilience.

Sales and Marketing Review

Overview of Marketing Year

2005 proved to be another year of many successes for the Sales and Marketing Department.

Despite inordinate growth during the previous years, revenue continued to grow with year on year revenue for 2005 up over 11% on 2004. An area where this growth was most noteworthy was in the area of sales by the network of 15 Agents located throughout the country (revenue up 27%). This is attributed to the successful rollout in 2005 of the eCommerce delivery system to the remaining 12 Agents thus enabling these Agents to provide higher value digital data to both the public, and increasingly, to the organisation's professional customers.

Sales of the 5th Edition of the Dublin City and District Street Guide which was launched at the latter end of 2004 peaked in May 2005 when the publication returned to the top three of the Easons compiled bestsellers list in the "Paperback non-fiction" category. The product has had a regular presence in the top ten best sellers list since its original launch.

In July, President McAleese launched "A Journey in the Past", the month long exhibition of OSi's Historical Mapping Archive which was held in

Dublin Castle. The exhibition not alone afforded the organisation the opportunity to display printed reproductions from its newly created "Digital Archive of Historic Maps", a database of scanned in maps originally created in the 1824 to 1913 period, but also to exhibit a range of memorabilia associated with the era in which these maps were created and importantly, it afforded visitors to the exhibition an opportunity, via on-line computers and assisted if necessary by staff from the Historic Mapping department of the organisation who were in attendance, to browse the six inch mapping series. Excellent feedback was received during and after the exhibition both from the public and in various media circles.

The organisation continued its practice of attending and, in many cases having an exhibition stand, at a number of important tradeshows and exhibitions where OSi products would be of interest. These included the Outdoor Adventure Show, Forecourt and ShowCase Ireland all held in the RDS in Dublin as well as the National Ploughing Championships and other similar outdoor events. The organisation's sponsorship of "The Ordnance Survey Ireland Rally of the Lakes" continued in 2005 with this event classified in 2005 as a counting round of the Pirelli Irish Tarmac Rally Championship.

New Launches for 2005

- The Historic Map Digital Archive was launched by President McAleese.
- New Design and production of "Holiday North", South, East and West in conjunction with Ordnance Survey Northern Ireland.
- TrailMaster DVD specifically aimed at the Hillwalkers and others interested in outdoor pursuits.
- A version of the TrailMaster DVD for the Education and Training sector.
- A new WeatherProof Series was launched which included sheets for Mount Brandon, Macgillycuddy's Reeks (Na Chruacha Dubha) and Sheet 78 of the OSi Discovery Series of Kerry.



One of the two twin propellered Piper Aztecs 23s leased by OSi.

Orthophoto.

Field Control work using GPS.

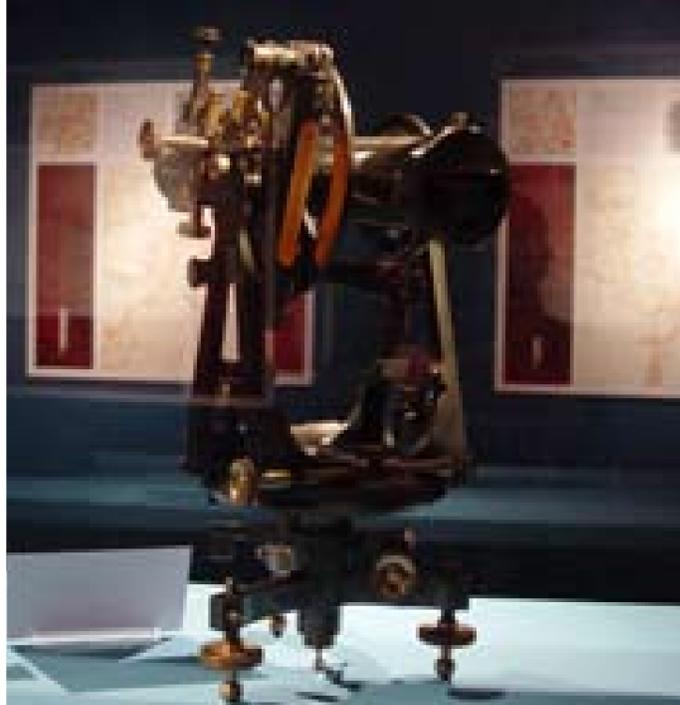


OSI Historical Map Digital Archive, maps dating from 1824-1913 now available for the first time via the Internet.

completion of the important first phase

historic mapping

Theodolite dating from post-1828 used in principal triangulation of Ireland.



Historic Mapping

The organisation was deeply honoured by President Mary McAleese when she accepted an invitation to launch the OSi's Historic Mapping Exhibition in Dublin Castle in July 2005, which celebrated the completion of the important first phase in the Historic Mapping Archive project.

This digital archive of the best preserved volumes of OSi material is now captured for posterity and is available to the wider Irish Community both in Ireland and throughout the world via the Internet. The database will eventually contain the mapping created by OSi from 1824 to 1913.

The service has been made available as an eCommerce pay-per-view, download and map ordering service. Under an agreement with the Library Council of Ireland this mapping service is available in all public libraries by means of a Library Viewer.

The project was facilitated by valuable contributions in the form of both advice and material by many outside organisations which included Trinity College Dublin, The National Library of Ireland and Mr Andrew Bonar Law (who permitted access to the 1st edition Black and White 6" edition), as well as many other university and county libraries.

eCommerce Capability

OSi has long recognised that eCommerce is set to play an increasingly important role in providing access for customers to its database and in the delivery of an increasingly broad range of products. Because it gives immediate access to updated data it provides significant advantages over more traditional approaches. The increasing availability of broadband, furthermore, means that data rich services provided by OSi can be downloaded relatively quickly.

OSi began rolling out its eCommerce delivery mechanism to Agents and selected high volume clients in 2004 and rolled out to a further 12 Agents in 2005. In response to customer demand, internet street mapping for a further 55 towns was provided last year. Towards the end of the year OSi began rolling out a new system which allows key account customers to access data directly on line. OSi's progress in this area fully accords with the Government's eStrategy.

The Historic Mapping project is a useful indicator of the increased marketing scope that can be afforded through digital delivery. Seamless sewing together of traditional sheets and collection of a wide range of information on map features into a vector layer allows data to be analysed in different ways using a variety of tools. Customers are able to select and download directly whatever segment they wish from what is, in effect, a countrywide map, or they can order a print of their selected segment for delivery by post.

It means that OSi can sell its products directly to customers anywhere in the world. The interest already in evidence for just the historic product in the USA and Australia demonstrates the potential that eCommerce holds for the enterprise.

Contract with Land Registry

OSi signed a significant contract with Land Registry in 2005 for the supply of large scale Vector Data (1:1000; 1:2500 and 1:5000) for the complete country. Supplied in Irish Transverse Mercator (ITM) projection and supplying the data on a county by county basis, the initial two counties to be delivered were Westmeath and Longford with all counties to be delivered on an ongoing basis up to the end 2009. The agreement also provides for OSi to provide annual updates to Land Registry with all data changes, appropriately date stamped to facilitate easy identification by Land Registry for importation into their system.

TrailMaster – Hill Walking Version

The launch of TrailMaster, a DVD product which comes with its own highly sophisticated software, represented a significant step forward for OSi in the burgeoning market of outdoor pursuits. This is an interactive mapping tool which enables users to plan and create walking, cycling and hiking routes using a combination of OSi 1:450000 and 1:50000 maps, aerial photography and 10m Digital Terrain Models. Delivered on a DVD, the PC-compatible product allows users to create their own 3D landscapes, provides "fly-throughs" using OSi mapping and aerial photographs and view Trail Profiles. Route co-ordinates, waypoints and interest marks can be transferred to and from a GPS device or a Pocket PC device. Other features include a search and locate tool for over 1,800 place and summit names, support for multiple co-ordinates systems, including Irish Grid, ITM and latitude/longitude, various scale bars, measurement tools and multiple windows. As a fully functional software tool, it allows users to add descriptions and pictures to their routes, print, store and exchange routes with friends and much more!

WaterProof Maps

Three maps on waterproof paper designed particularly for walkers, were also launched in 2005. Two at 1:25000 cover Killarney National Park and the Aran Islands and one Discovery sheet [covering the Wicklow Mountains]. The new waterproof products were launched to coincide with the high profile, OSi-sponsored Rally of the Lakes of Killarney.

Promoting the Brand

OSi has a vibrant brand. Name recognition is consistently high and the association with such values as knowledge, innovation and leadership are strong. It is important that these be fostered, particularly at a time of changing technologies and delivery mechanisms, which is why customers and the public need to be constantly reminded of the dynamism of the organisation. This programme of promoting the brand in 2005 included the continued sponsorship of the Rally of the Lakes of Killarney as well as attendance at many events of prominence, trade shows and conferences which included:

25-inch Mapsheet dating from 1869 (Dublin Civil Parish Survey) Mountjoy Barracks in Phoenix Park depicted.

- The National Ploughing Championships
- The Outdoor Adventure Show Irl held in the RDS, Dublin
- Showcase Ireland
- Forecourt

Protecting the Brand

Copyright Enforcement

The process of protecting the organisation's brand continued in 2005 with further significant increases in licensed use of OSi data by professionals, specifically those engaged in the auctioneering, engineering, architectural and legal professions. Focused training delivered to the staff of the organisation's IPR/Copyright enforcement section realised immediate returns and equipped these staff to deal more authoritatively with issues emerging in relation to compliance requirements.

TradeMark Registrations

During 2005, a number of TradeMarks were secured as Ordnance Survey Ireland "Marks" in Ireland. These included:

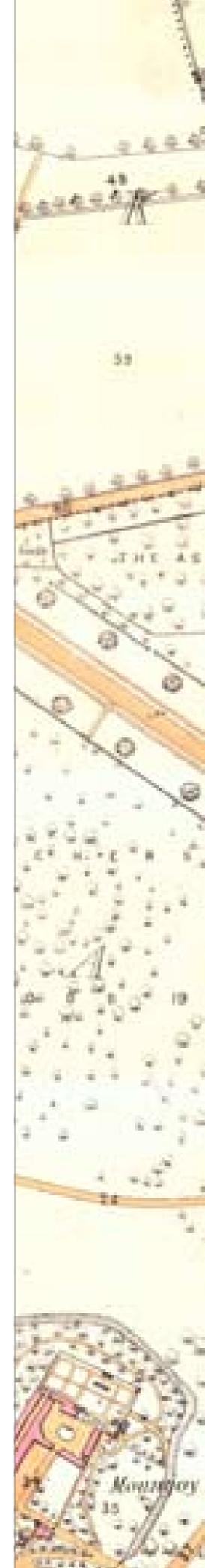
- a. Ordnance Survey Ireland
- b. Suirbhéireacht Ordanáis Éireann
- c. Ordnance Survey Ireland and OSi Logo



A number of other applications were submitted for consideration, both as National and Community marks and are awaiting decision by the relevant Patent Offices.

Official Languages Act

As a result of the 2003 Official Languages Act OSi is required to remove all English language names from its large scale mapping of Gaeltacht areas. The Minister for Community, Rural and Gaeltacht Affairs has also issued orders revising the Irish language forms of towns and cities and Irish language place names for the county of Tipperary. During 2005 OSi conducted a review to ensure compliance with these requirements.



With the conclusion of the new mapping project in 2004 as the foundation, a period of improving map data revision cycles, further enhancing quality and improving responsiveness to customer requirements has commenced.



**building on
well established
foundations**

driving change

Financial Review

Financial Highlights

Trading Revenue

Turnover from operating activities was €19.1m representing a strong performance in 2005. While this figure is lower than that reported for 2004, this is due to the accounting treatment of Long Term Contracts in line with recognised accounting standards. *On a year-on-year basis the underlying revenue, before this technical adjustment, grew by 11% – a very positive outcome.* This strong performance was supported by continued close working relationships with a wide range of key customers. Reflecting this, a number of new multi-year agreements were signed during the year with a number of our larger customers.



Trade sales grew by 19% reflecting the launch of a new DVD range and the expansion of our in-shop merchandising range. Agent's and direct shop sales grew by 27%, contributed by a growing recognition of professional customers on the use of Ordnance Survey mapping and the proactive management of copyright infringement.

The final roll out of phase 2 of the eCommerce Supply System enabled our most up to date mapping to be supplied on line to all Agents. Support was also extended to these Agents with the running

of a number of seminars targeted specifically at our professional customers. Additionally, in 2005, a process of converting paper mapping users to digital users has contributed to sales growth.

The number of copyright licences sold has grown significantly as professionals and members of the public recognise the increasing value of being authorised to make copies of maps within the business environment.

Operating Costs

Cost of goods sold at €16.0m, which includes cost of materials and internal manufacturing expenses, declined by €3.7m or 19% compared to 2004 levels. This reduction is a result of the completion of the outsourced mapping contract in 2004 offset, in part, by cost increases in 2005 related to the roll out of the eCommerce Sales Supply System and depreciation costs in line with capital spend.

Distribution and administration costs at €16.0m, excluding pension costs, increased by €0.3m or 4%. Pension costs of €7.9m, representing service and interest costs on scheme liabilities, grew by €2.2m in 2005 and take account of the introduction of accounting standard FRS 17.

Developing and Caring for our Staff

The success of OSi as an organisation is in large measure due to the commitment and professionalism of its people. A number of initiatives have been undertaken to further enhance their contribution to the achievement of corporate objectives.

Health and Safety

Ordnance Survey Ireland recognises its responsibility with regard to the safety, health and welfare at work of all its employees and members of the public who may be affected by its operations. It is our policy to comply with all legal safety health and welfare requirements as a minimum standard and with relevant codes of practice and guidelines where appropriate. The responsibility for the Safety and Health at work flows from the highest level of Management through to operations line managers and staff.

H&S issues are not ancillary to OSi's business, but part of its core. During 2005, subsidised Health Checks were made available to all staff; assistance with Stress Management was provided as well as the delivery of a number of "Smoking Cessation" programmes.

H&S Initiatives

A number of H&S initiatives progressed well during the year, including:

VDU/Workstation Ergonomic Assessments

VDU Ergonomic Assessments for all staff in the organisation engaged in VDU/PC use commenced in 2005. Due for completion in Q1, 2006, this process set out to establish on an individual basis the standards necessary to be in place for all staff to ensure a comfortable and safe working environment for all.

In addition, the decision to train the organisation's Safety Adviser, Team Leaders and Staff Safety Representatives as "Ergonomic Assessors" was undertaken.

Radon Assessment Programme

With the assistance of the Radon Protection Institute of Ireland (RPII), Ordnance Survey Ireland undertook a comprehensive Radon Assessment of all its offices, both in Dublin and the regional locations. The results, which were provided to all staff, reassuringly indicated that no area of the organisation came close to the limits identified by the RPII above which would warrant remedial action. OSi has recently been requested to lend its name to a promotion campaign aimed at raising employer awareness of their obligations in this area of Health and Safety of their staff.

H&S Training

A range of "Health and Safety" related training was delivered in 2005. Recipients of training included First Aid Staff, Fire Wardens, Staff Safety Representatives, Drivers of Official vehicles as well as the organisation's Health and Safety Adviser.

Performance Management and Development System (PMDS)

PMDS plays an important role in linking the personal work objectives of staff to overall organisational goals. The final phase of the rollout of the Performance Management and Development System was completed towards the end of 2005 with the implementation of the Upward Feedback component of the system. PMDS became more firmly embedded throughout the organisation during the year and significant refinement of many aspects is enhancing its value to the organisation and its staff.

Internal "Help Desks"

OSi is increasingly focused on meeting customer needs in a timely and efficient manner. Significant work has been undertaken in looking at processes and procedures with a view to achieve this and identified the need for staff to be better enabled to respond quickly to any problems they encounter. The IT help desk provided a good model and similar desks were established by Finance, HR and Corporate Services to underpin the provision of these vital internal support areas.

eWorking

A pilot project was undertaken in 2005 to facilitate six employees to work from home under an e-working initiative. The initial project was successful, resulting in productivity gains and the number of people e-working from home within the pilot project has been doubled to help in evaluating e-working in different situations. This is seen as an important development which will help the organisation to retain skilled and highly trained staff.

Innovation Scheme

Following a successful pilot, an Innovation Scheme has been rolled out and was formally launched last year. This encourages staff to propose new ideas and approaches to all aspects of the organisation's work and provides tangible rewards to those ideas which are adopted. Indeed, one of the first ideas to have been generated in this way in a precursor scheme, and which has significant potential, was also launched last year – the Historic Mapping digital archive.



Supporting the local community – Castleknock Celtic sponsored by OSi.

OSi Rally of the Lakes, Killarney.

Kathryn Thomas, presenter of RTE's travel programme "No Frontiers" at the launch of OSi TrailMaster.



OSi Corporate Day October 2005.

Staff Awards

OSi is fortunate to have a highly dedicated and professional team of staff. It is important that their efforts are recognised and acknowledged and that they are given appropriate support by their organisation. In 2005, special recognition was given to all staff with over 25 years service. The staff contribution to the successful conclusion of the new large scale mapping project was especially acknowledged.

Benchmarking

In 2005, OSi continued to meet its requirements under the Benchmarking Process of Sustaining Progress.

Developmental Staff Training

Training and development play a critical role in ensuring that the staff of OSi continue to develop the skills needed by the organisation to seize opportunities and meet challenges in its marketplaces. Training needs are primarily identified through the Performance Management and Development System This provides the basis for developing a professional and skilled body of staff in the organisation.

Decentralisation

OSi continues to implement government policy in relation to the proposed headquarters move of the organisation to Dungarvan, Co. Waterford.

Corporate Governance

Ordnance Survey Ireland subscribes to the highest standards of corporate governance, operating to the principals and guidelines enunciated in the "Code of Practice for the Governance of State Bodies".

The Board of OSi

The Board of OSi was established in March 2002 under the provision of the OSi Act 2001. The Act provides for a board membership of 10 persons, the membership of which did not alter during the course of 2005. Details of the membership of the Board are outlined on page 22 of this report.

Board Meetings

The Board met nine times during 2005 including one meeting which was specifically dedicated to discussion on corporate strategy.

Sub-Committees of the Board

There are three sub-committees of the Board as follows:

Audit Committee

Three members of the Board serve on the Audit Committee – Mr Patrick Fenton, Mr Patrick O'Sullivan and Mr Thomas Madden who served as Chairman throughout 2005.

The Committee meet on a regular basis and the minutes of its meetings are circulated to all members of the Board. The Internal Auditor reports directly into the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises Mr Bill Attley, Mr Liam O'Farrell and Mr Rory Scanlan, with Mr Kevin Bonner serving as the Chairman.

Accommodation Committee/ Capital Expenditure Review Committee

The scope of the Accommodation sub-Committee of the Board which was established to advise the Board, as appropriate, on issues relating to the OSi Headquarters accommodation and in particular issues arising because of the ageing nature of the buildings, was broadened in 2005 to provide for this committee to have the responsibility to review and provide the necessary assurance to the Board on major capital projects being considered by the organisation, the final approval for such projects residing with the Board.

Chaired by Mr Kevin Bonner, Mr Liam Egan, Mr Anthony Murray, Mr Rory Scanlan and Mr Liam O'Farrell are the other members of this committee.

The Board of OSi

Board Members at 31 December 2005



Mr Kevin Bonner
Chairman



Mr Bill Attley



Mr Liam Egan



Mr Pat W. Fenton



Mr Michael D. Hayes



Mr Thomas K. Madden



Mr Anthony Murray



Mr Liam O'Farrell



Mr Patrick J. O'Sullivan



Mr Rory M. Scanlan

Financial Statements

Year ended 31 December 2005

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Board Members and Other Information

Board Members at 31 December 2005

Mr. Kevin Bonner – *Chairman*
 Mr. Bill Attley
 Mr. Liam Egan
 Mr. Pat W. Fenton
 Mr. Michael D. Hayes
 Mr. Thomas K. Madden
 Mr. Anthony Murray
 Mr. Liam O'Farrell
 Mr. Patrick J. O'Sullivan
 Mr. Rory M. Scanlan

Auditor

Comptroller and Auditor General
 Treasury Block
 Dublin Castle
 Dublin 2

Solicitor

McCann Fitzgerald Solicitors
 2 Harbourmaster Place
 International Financial Services Centre
 Dublin 1

Bankers

AIB Bank
 West End Retail Park
 Blanchardstown
 Dublin 15

Bank of Ireland
 Main Street
 Blanchardstown
 Dublin 15

Anglo Irish Bank
 18-21 St. Stephen's Green
 Dublin 2

Bank of Scotland (Ireland)
 72-74 Harcourt Street
 Dublin 2

Statement of Board Members' Responsibilities

Year ended 31st December 2005

The Board is required by the Ordnance Survey Ireland Act, 2001 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Ordnance Survey Ireland and of its income and expenditure for that period.

In preparing those statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- disclose and explain any material departures from applicable accounting standards, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Ordnance Survey Ireland will continue in existence.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Ordnance Survey Ireland and to enable the Board to ensure that the financial statements comply with the Act and with the accounting standards laid down by the Minister for Finance. The Board is also responsible for safeguarding the assets of Ordnance Survey Ireland and hence for taking reasonable steps for the prevention and the detection of fraud and other irregularities. The books of account of the Board are held in Ordnance Survey Ireland headquarters in Phoenix Park Dublin 8.

On behalf of the Board



Kevin Bonner
Chairman

Statement of Internal Financial Control

Year ended 31st December 2005

On behalf of the Board of the Ordnance Survey Ireland, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The Board has taken steps to ensure an appropriate control environment is in place by:

- clearly defining management responsibilities and powers
- establishing formal procedures for monitoring the activities and safeguarding the assets of the organisation
- developing a culture of accountability across all levels of the organisation.

The Board has established processes to identify and evaluate business risks by

- Identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
- Assessing the likelihood of identified risks occurring;
- Working closely with Government and various Agencies to ensure that there is a clear understanding of the goals of OSi and support for the strategies to achieve those goals.

The system of internal financial control is based on a framework of regular management information, administration procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- formal project-management disciplines.

The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which OSi is exposed and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee. The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, the executive managers within OSi who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter.

I confirm that the Board carried out a review in December 2005 of the effectiveness of the system of internal controls in operation during 2005.

On behalf of the Board



Kevin Bonner
Chairman

Report of the Comptroller and Auditor General

For presentation to the Houses of the Oireachtas

I have audited the financial statements of Ordnance Survey Ireland for the year ended 31 December 2005 under the Ordnance Survey Ireland Act, 2001.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Board and the Comptroller and Auditor General

Ordnance Survey Ireland is responsible for preparing the financial statements in accordance with the Ordnance Survey Ireland Act, 2001 and for ensuring the regularity of transactions. Ordnance Survey Ireland prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Board are set out in the Statement of Board Members' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on the System of Internal Financial Control reflects Ordnance Survey Ireland's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on the System of Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to Ordnance Survey Ireland's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Comptroller and Auditor General

continued

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of Ordnance Survey Ireland's affairs at 31 December 2005 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by Ordnance Survey Ireland. The financial statements are in agreement with the books of account.



John Purcell

Comptroller and Auditor General

21 September 2006

Accounting Policies

1. General

Ordnance Survey Ireland (OSi) was established by Statutory Instrument No. 73 of 2002, on 4th March 2002 under the Ordnance Survey Ireland Act, 2001.

2. Basis for Accounting

The financial statements have been prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with generally accepted accounting practice. Financial reporting standards recommended by the recognised accounting bodies are adopted as they become applicable.

3. Establishment Reserve

On Establishment day, 4th March 2002, the assets and liabilities of the Ordnance Survey were transferred to OSi on the basis of their values at that date and an amount equivalent to the net assets was credited to Reserves.

4. Income recognition

OSi receives an Oireachtas Grant from the Department of Finance. This amount is shown in the Income and Expenditure Account in the period in which it is received. A Service Contract for the services to be provided in exchange for the Oireachtas Grant is under negotiation with the Minister for Finance.

Digital customers may be supplied by licensing of access to Ordnance Survey data. Revenue from the sale of licences is earned evenly over the life of the licence.

Digital customers may also be supplied with mapping data under annual contracts or for periods in excess of one year. Revenues under these contracts are recognised as obligations under the contracts as fulfilled. Costs in relation to these contracts are charged to the Income and Expenditure Account as incurred.

Other sales and revenues are recognised when the product has been despatched or the service provided.

5. Superannuation

OSi operates defined benefit pension schemes which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Finance and contributions deducted from staff salaries.

OSi has adopted the full provisions of FRS 17 *Retirement Benefits* in 2005. Pension scheme liabilities are measured on an actuarial basis using the projected unit method. Scheme liabilities are presented separately on the balance sheet.

Pension benefits paid in respect of the year are charged in arriving at the Surplus/(Deficit) for the year before taxation and Net Deferred Pension Remuneration.

A further pension charge comprising the current service cost, past service cost plus the difference between the expected return on scheme assets and the interest cost on the scheme liabilities less pension benefits paid in respect of the year is recognised as Net Deferred Pension Remuneration in arriving at the Surplus/(Deficit) for the year. An equivalent amount is charged to the Pension Reserve.

Accounting Policies

continued

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur and are charged to the Pension Reserve.

In previous years, the defined benefit pension charge to the Income and Expenditure Account comprised the cost of pension benefits paid in respect of the period.

The effect of the change of accounting policy is shown in Note 14.

6. The National Topographic Database

The National Topographic Database is used to create and maintain digital mapping data. The database is of central importance to OSi's activities and income generation.

The National Topographic Database comprises two key elements – the database management system and the underlying topographical data (the database).

The database management system is accounted for as computer equipment under tangible fixed assets (see note 8 to the financial statements). The existing asset at 4th March 2002 was transferred into the opening balance sheet at cost less accumulated depreciation.

Although OSi enjoys access to and usage of topographical data, the intellectual property rights to the data are retained by the Government of Ireland. Accordingly, no value has been ascribed to topographic data in these financial statements.

OSi incurs expenditure on an ongoing basis maintaining and enhancing the topographic database. This comprises money spent on New Mapping and Continuous Revision activities. Such expenditure is charged to the Income and Expenditure Account as incurred.

7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets by equal annual instalments. The estimated useful lives by reference to which depreciation has been calculated are as follows:

Fixtures and fittings	3 to 10 years
Motor vehicles	5 years
Computer equipment	4 years

8. Stocks

Stocks comprise printed maps and supplies and are stated at the lower of cost and net realisable value.

9. Foreign currencies

Transactions denominated in foreign currencies are translated into euro at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Income and Expenditure Account for the period.

Income and Expenditure Account

	Notes	2005 €	2004 (As restated) €
Sales	1	19,117,638	20,657,327
Oireachtas Grant		7,000,000	2,000,000
Other Operating Income	4	32,965	107,926
		26,150,603	22,765,253
Costs of Production and Sales	2	(16,000,799)	(19,686,596)
Distribution and Administration Costs	5	(8,346,724)	(7,995,647)
Surplus/(Deficit) for year before tax and Net Deferred Pension Remuneration		1,803,080	(4,916,990)
Net Deferred Pension Remuneration		(7,313,000)	(5,193,000)
Surplus/(Deficit) for the year before tax		(5,509,920)	(10,109,990)
Tax on Surplus/(Deficit) on ordinary activities	7	(981,660)	664,051
Surplus/(Deficit) for year after tax		(6,491,580)	(9,445,939)

Statement of Total Recognised Gains and Losses

Surplus/(deficit) for year		(6,491,580)	(9,445,939)
Experience loss arising on scheme liabilities	14	(2,287,000)	(8,607,000)
Loss due to change in assumptions		–	(10,400,000)
Total recognised gains/(losses) for the year		(8,778,580)	(28,452,939)
Prior years adjustment – Pension Reserve	14	(82,900,000)	
Total losses recognised since the last set of financial statements		(91,678,580)	

Sales and operating income arose solely from continuing operations.

The Accounting Policies on pages 29 and 30, and the notes on pages 34-40 form part of these financial statements.

On behalf of the board



Kevin Bonner
Chairman



Geraldine Ruane
Chief Executive Officer

Balance Sheet

As at 31st December

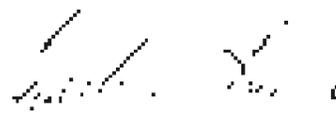
	Notes	2005 €	2004 (As restated) €
Fixed assets			
Tangible assets	8	5,439,759	4,788,647
Current assets			
Stock	9	411,558	286,351
Debtors	10	7,046,813	7,475,299
Deferred tax	7	–	981,660
Cash at bank and in hand		574,581	35,580
		8,032,952	8,778,890
Creditors – amounts falling due within one year	11	3,543,422	4,459,668
Net current assets excluding pension liabilities		4,489,530	4,319,222
Pension liability	14	(92,500,000)	(82,900,000)
Net assets		(82,570,711)	(73,792,131)
Represented by:			
Establishment Reserve		8,466,364	8,466,364
Revenue reserves	12	1,462,925	641,505
Pension reserve	14	(92,500,000)	(82,900,000)
		(82,570,711)	(73,792,131)

The Accounting Policies on pages 29 and 30, and the notes on pages 34-40 form part of these financial statements.

On behalf of the board



Kevin Bonner
Chairman



Geraldine Ruane
Chief Executive Officer

Cashflow Statement

Reconciliation of the Net Movement for the Year

	Notes	2005 €	2004 €
Surplus/(Deficit) for period after taxation		(6,491,580)	(9,445,939)
Depreciation		2,991,479	2,527,218
Net Deferred Pension Remuneration		7,313,000	5,193,000
Deposit Interest		(28,217)	(85,332)
Decrease/(Increase) in debtors and prepayments		1,410,146	(4,301,537)
In Increase/(Decrease) in creditors		(916,246)	(1,478,638)
(Increase)/Decrease in stocks		(125,207)	(27,328)
Net cash inflow/(outflow) from operating activities		4,153,375	(7,618,556)

Cash Flow Statement

Net cash inflow/(outflow) from operating activities		4,153,375	(7,618,556)
Return on investments and servicing of finance			
Interest received		28,217	85,332
Net cash inflow (outflow) from return on investments and servicing of finance		28,217	85,332
Capital expenditure			
Receipts on sale of tangible fixed assets		–	–
Purchase of tangible fixed assets	8	3,642,591	3,064,216
Net cash outflow from capital expenditure		(3,642,591)	(3,064,216)
Increase/(decrease) in cash		539,001	(10,597,440)

Reconciliation of Net Cash Flow to Movement in Net Funds

Net increase/(decrease) in cash		539,001	(10,597,440)
Net funds at 1 January		35,580	10,633,020
Net funds at 31 December		574,581	35,580
Movement in net funds		539,001	(10,597,440)

The Accounting Policies on pages 29 and 30, and the notes on pages 34-40 form part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2005

	2005 €	2004 €
1. Sales		
Long term contracts – County Councils	2,568,123	4,988,135
Long term contracts – Utilities	6,212,503	5,775,011
Map Sales including annual licensing	10,337,012	9,984,181
	19,117,638	20,657,327

2. Costs of Production and Sales

Cost of production (New Mapping and Continuous Revision)

Salaries & wages	9,149,934	8,675,481
IT costs	1,983,283	1,518,020
Depreciation	2,845,335	2,385,755
Outsourced mapping	158,789	5,314,798
Flight and maintenance costs	386,474	435,036
Travel & Subsistence	512,228	569,861
Vehicle Running costs	168,994	175,087
Contractor costs	823	26,402
Film Costs	22,622	23,539
Incidental expenses	62,365	18,062
Stationery	19,823	38,046
Field equipment	16,330	32,301
Plotter costs	59,492	61,146
	15,386,492	19,273,534

Cost of sales

Opening stock	207,134	182,897
Outsourced printing costs	725,069	437,299
Closing stock as at 31 December	(317,896)	(207,134)
	16,000,799	19,686,596

3. New Mapping and Continuous Revision Costs

As described in paragraph 6 to the accounting policies, expenditure incurred on enhancing and maintaining the topographic database is charged to the Income and Expenditure Account in the period in which incurred.

The amounts charged to the Income and Expenditure Account were:

New Mapping	7,770,178	9,750,215
Continuous Revision	7,616,314	9,523,319
	15,386,492	19,273,534

OSi estimates that the topographic database will be renewed through continuous revision over a five-year cycle.

	2005 €	2004 €
4. Other Operating Income		
Deposit interest	28,217	85,332
Other income	4,748	22,594
	32,965	107,926

5. Distribution and Administration Expenses

Salaries & wages	5,373,771	4,858,276
Pension payments*	274,236	236,848
Travel & subsistence	175,897	141,914
Training & subscriptions	392,596	245,752
Marketing & promotions	202,898	94,020
Incidental expenses	106,162	52,470
Bank charges	18,429	14,313
Office premises expenses	317,924	385,160
General insurance	114,528	198,992
Light & heat	209,393	193,494
Cleaning	110,615	95,088
Postage & telephone	353,299	598,750
Depreciation	146,144	141,463
Consultancy	188,157	322,555
Contract photography	92,318	76,386
Legal & professional costs	49,793	120,580
Directors' fees	67,296	67,296
Outsourced payroll services	49,735	100,428
Audit fees	30,200	19,000
Stationery and office equipment	48,245	32,862
Bad debts	25,088	–
	8,346,724	7,995,647

OSi occupies premises rent free in the Phoenix Park, Dublin which are provided by the Office of Public Works. In December 2003 the Minister for Finance announced that OSi Headquarters will be relocating to Dungarvan, Co. Waterford.

* Pension payments are shown net of employee contribution of €313,000.

Notes to the Financial Statements

continued

	2005 €	2004 €
6. Staff costs and employee information		
Wages and salaries (including pension contributions)	14,180,265	13,190,490
Social insurance costs	617,676	580,115
	14,797,941	13,770,605

The average number of persons employed during the period was 310.

7. Tax on surplus/(deficit) on ordinary activities

Current tax charge for the period	-	-
Overprovision in respect of previous years	-	(25,241)
Deferred tax:		
Origination and reversal of timing differences	981,660	(638,810)
Tax charge/(credit) for the period	981,660	(664,051)

Having regard to the level of tax losses it is not considered likely that there will be taxable profits in the foreseeable future against which existing losses will be relieved. Therefore, the deferred tax asset of €981,660 recognised at 31 December 2004 has been written off in full.

The current tax charge for the period is lower than the current charge that would result from applying the standard rate of Irish corporation tax to surplus on ordinary activities. The differences are explained below:

Surplus/(Deficit) on ordinary activities before tax	1,803,080	(4,916,990)
Surplus/(Deficit) on ordinary activities multiplied by the average rate of Irish corporation tax for the period of 12.5%	225,385	(614,624)
Effects of:		
Capital Grant Received	(455,324)	(250,000)
Depreciation in excess of capital allowances	246,452	188,419
Passive income taxed at 25% corporation tax rate	3,527	10,666
Losses forward	(20,040)	665,539
Current tax charge for the period	-	-

8. Tangible assets

	Motor Vehicles €	Computer Equipment €	Fixtures & Fittings €	Total €
Cost or valuation				
At 1st January 2005	513,873	14,748,725	517,414	15,780,012
Additions	82,322	3,498,517	61,752	3,642,591
Disposals	-	-	-	-
At 31st December 2005	596,195	18,247,242	579,166	19,422,603
Accumulated depreciation				
At 1st January 2005	322,298	10,356,867	312,200	10,991,365
Charge for the period	88,062	2,845,365	58,052	2,991,479
Disposals	-	-	-	-
At 31st December 2005	410,360	13,202,232	370,252	13,982,844
Net book amount				
At 31st December 2005	185,835	5,045,010	208,914	5,439,759
At 31st December 2004	191,575	4,391,858	205,214	4,788,647

9. Stocks

	31st December 2005 €	31st December 2004 €
Consumables	93,662	79,217
Map stocks	317,896	207,134
	411,558	286,351

10. Debtors

Amounts falling due:		
Trade debtors	1,806,609	1,678,234
VAT	17,536	-
Other debtors	48,303	12,887
Prepayments	102,422	48,985
Corporation tax recoverable	-	25,241
Amounts recoverable on contracts	5,071,943	5,709,952
	7,046,813	7,475,299

Notes to the Financial Statements

continued

	31st December 2005 €	31st December 2004 €
11. Creditors – amounts falling due within one year		
Trade creditors	144,635	352,198
Corporation tax	–	–
VAT	–	302,641
Income Tax deducted under PAYE	301,426	179,287
Pay Related Social Insurance	127,514	76,461
Other creditors	155,684	135,475
Accruals	1,051,633	2,055,452
Payments in advance on long-term contracts	1,762,530	1,358,154
	3,543,422	4,459,668

12. Reconciliation of movements in reserves (see Note 14 (h))

13. Future capital expenditure not provided for

OSi has not contracted for any future capital expenditure.

14. Pension Costs

(a) OSi operates defined benefit Staff Superannuation and Spouses' and Children's Contributory Pension Schemes. Superannuation entitlements arising under these schemes are paid out of OSi current income and are charged in arriving at the Surplus/(Deficit) before Net Deferred Pension Remuneration to Income and Expenditure account in the year in which they become payable. No separate fund is maintained and no assets are held to finance the payment of pensions and gratuities. An actuarial valuation at 31st December 2005 determined a valuation of pension liability in respect of serving and retired staff in the sum of €92.5m (€82.9m at 31st December 2004). At vesting date the liability was €62m. The results set out below are based on the actuarial valuation of the pension liabilities as at 31 December 2005. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard, *Financial Reporting Standard No. 17 – Retirement Benefits* (FRS 17).

The main financial assumptions used were:

	at 31/12/05	at 31/12/04	at 31/12/03
discount rate	5.5%	5.5%	6.0%
rate of increase in salaries	4.0%	4.0%	4.0%
rate of increase in pensions	4.0%	4.0%	4.0%
inflation	2.0%	2.0%	2.0%

14. Pension Costs continued

	2005	2004
(b) Analysis of the amount charged in arriving at the surplus for the year		
current service costs	€3,300,000	€2,200,000
interest on pension scheme liabilities	€4,600,000	€3,500,000
Benefits paid	(€587,000)	(€507,000)
Net Deferred Pension Remuneration	€7,313,000	€5,193,000
Charged in arriving at Surplus/(Deficit) before Net Deferred Pension Remuneration	€587,000	€507,000
Total charged to Income and Expenditure Account	€7,900,000	€5,700,000
(c) Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)		
experience losses/(gains) arising on scheme liabilities	€2,287,000	€8,607,000
changes in assumptions	–	€10,400,000
actuarial loss/(gain) recognised in STRGL	€2,287,000	€19,007,000
(d) Analysis of the movement in liability during the year		
Scheme liability at 1 January	€82,900,000	€58,700,000
Current service cost	€3,300,000	€2,200,000
Interest cost	€4,600,000	€3,500,000
Actuarial loss/(gain)	€2,287,000	€19,007,000
Benefits paid in the year	(€587,000)	(€507,000)
Scheme liability at 31 December	€92,500,000	€82,900,000
(e) History of experience gains and losses		
experience losses/(gains) on scheme liabilities		
amount (€)	€2,287,000	€8,607,000
percentage of the present value of the scheme liabilities	2%	10%
total amount recognised in STRGL		
amount (€)	€2,287,000	€19,007,000
percentage of the present value of the scheme liabilities	2%	23%
(f) Effects of the Change in Accounting policy		
The effect of the change in accounting policy arising from the introduction of FRS 17 is to recognise as expenditure in the year the cost of pensions earned rather than the payments made to pensioners. In addition the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 31st December 2005, whereas previously such liabilities were disclosed by note only.		

As a result, opening reserves have been reduced by €82,900,000 and the deficit for 2004 has increased from €4,252,939 to €9,445,939.

Notes to the Financial Statements

continued

14. Pension Costs *continued*

(g) Departure from FRS 17 presentation

The financial statements disclose both the surplus for the year after charging pension benefits paid in respect of the period and the deficit after providing for all pension costs as determined under FRS17. The Board believes that this presentation gives a fairer presentation of OSi's financial performance having regard to the fact that its pension schemes are operated on a pay-as-you-go basis and the fact that its funding from the state is not intended to enable OSi to pre-fund its pension liabilities.

(h) Movement on Reserves

	Opening Balance	Movement	Closing Balance
Income & Expenditure A/c	641,505	821,420	1,462,925
Pension Reserve	(82,900,000)	(9,600,000)	(92,500,000)
Establishment Reserve	8,466,364	–	8,466,364
	(73,792,131)	(8,778,580)	(82,570,711)

31st December 2005	31st December 2004
€	€

15. Board Members' remuneration, loans and transactions

Emoluments:

for services as Board Members	67,296	67,296
for other services	–	–
	67,296	67,296

There were no loans to, or transactions with Board Members in the year ended 31st December 2005.

The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures have been adhered to in the year. There were no transactions in relation to the OSi's activities in which Board Members' had any beneficial interest.

16. Post balance sheet events

There are no events of significance.

17. Going Concern

The balance sheet discloses a substantial deficit arising out of the adoption of FRS 17. Notwithstanding this the Board believes that OSi will have sufficient resources available to it in the foreseeable future either from its commercial activities or by way of State grant to continue its operations and discharge its statutory mandate. In the circumstances the Board believes that it continues to be appropriate to prepare the financial statements on the going concern basis.

18. Approval of financial statements

The directors approved the financial statements on 27th July 2006.







PARK

Tennis Ground

ELM PARK

ELM PARK

FARRA

Union Cross

ENNIS ROAD

ROAD

School

Church

ROAD

Kilmoyle

School

shop's
use

CLANMA

Schools

ROAD

New Westfields

Westfields

PARK

NORT

N16