

Annual Report 2004

Ordnance Survey Ireland Annual Report 2004



Contents

2004 Highlights	2
Chairman's Statement	4
Chief Executive's Review	5
Operational Report	8
OSi Organisation	17
Corporate Governance	18
The Board of OSi	19
Financial Statements	23
Board Members and Other Information	26
Statement of Board Members' Responsibilities	27
Statement of Internal Financial Control	28
Report of Comptroller and Auditor General	29
Accounting Policies	30
Income and Expenditure Account	32
Balance Sheet	33
Cashflow Statement	34
Notes to the Financial Statements	35

2004 Highlights

- Record sales of €20.657 million achieved, from commercial activities such as licensing, data and map sales.
- Renewal of contracts with major clients, including ESB, Bord Gais and CSO.
- Completion of new contracts with Co. Councils.
- Further development of the national Place Map Agents network and significant growth in income generated through this network.
- Revision of 1,810 urban maps at a scale of 1:1,000 and 1,490 suburban maps at a scale of 1:2,500 as part of one year revision cycles for both series.
- Revision of 175 rural maps at a scale of 1:2,500 completed, 60 more than target, as part of the three year revision cycle.
- Production of 741 orthophoto tiles, completing the 1:40,000 series commenced in 2000.
- Development and implementation of a new in-house statistically-based quality assessment programme encompassing positional accuracy, thematic accuracy, logical consistency, completeness and temporal accuracy of OSi data.
- Further excellent progress in map production and data quality enhancement, including updating and databasing of 91 Discovery Tiles and maintenance of the five year review cycle on all Discovery series mapping.
- Production of new editions of Limerick and Kilkenny Street Maps and the complete Ireland Road Atlas, a 5th edition of the Dublin Street Guide, Holiday East, West and South maps, EuroRegionalMap and EuroGlobalMap data.
- Completion of Phase 2 of the Historical Mapping project prior to launch of the new historical digital archive in 2005.
- Georeferencing of genealogical and environmental data on 3,500 sheets, comprising all counties on 6-inch scale (except Cork and Kerry) and for eight counties on the 25-inch series.
- Significant progress was achieved in Business Continuity Planning, with individual BCPs completed for each department and progress in “data recovery” and “high availability” measures by the IT Department as well as continuing security developments.
- IT network infrastructures were reviewed and updated to facilitate expansion and enhance performance including the provision of broadband for GPS services.
- Significant development work was undertaken in support of the Ecommerce system, including rationalisation of the technical environment to take advantage of advances in hardware, prior to roll-out to Agents in 2005.



Chairman's Statement

OSi's activities will only be limited by our imaginations and those of existing and potential customers.

Twenty years ago we believed it was possible to define the scope and the limitations of the OSi's future marketplace with reasonable confidence. Since then there have been vast changes in both technology and markets. Today OSi's area of activity may still be defined as the geography of the Republic of Ireland. Its activities, however, will only be limited by our imaginations and those of existing and potential customers.

In 2004 the fruits of a number of years' efforts began to be seen with the completion of digital remapping of the entire country. This has been a monumental task, but it now provides us with a robust yet highly flexible basis for the development of a wide range of future information services.

The entire project has been achieved much sooner than was anticipated in the mid 1990s despite the serious interruption to activities when all field staff had to be withdrawn from agricultural areas in 2001 because of the outbreak of Foot & Mouth Disease in Northern Ireland.

This exceptionally detailed and accurate core mapping will serve well into the future for all foreseeable applications. But, most crucially, it will facilitate the evolution and development of many entirely new applications in a world in which technology changes on almost a daily basis.

The biggest single challenge facing OSi today is to identify and meet these evolving needs, particularly in terms of services which will be valued and therefore willingly paid for by both the public and private sectors.

I would commend the management and staff of OSi for their success in successfully managing the transition to a semi-State body since new legislation brought this to pass in March 2002. With a strong commercial mandate, the team led by CEO Richard Kirwan has shown that it has an enthusiasm for creating change and for harnessing new technologies to meet the ever more challenging demands and expectations of customers.

It is government policy to decentralise OSi to Dungarvan in Co. Waterford and this move can be expected to create a range of challenges for the organisation. At the same time OSi must continue to innovate and develop its delivery service to customers, major new developments in the OSi database are currently underway which will benefit the users of our products and services. This is a period of dramatic change for the staff of OSi, yet also one of exciting opportunity. On the basis of what was achieved in 2003 and 2004 in particular, I would express the Board's confidence in the ability of the organisation as a whole to grasp these opportunities with enthusiasm.

Finally, I would like to thank my colleagues on the Board for their continued enthusiasm and to extend our thanks to the Minister for Finance and the officials within his Department for their interest in and support of the OSi's activities throughout the year.

Kevin Bonner
Chairman

Chief Executive's Review



OSi's enthusiasm for positive change has put OSi firmly centre stage in the rapidly progressing spatial data revolution.

I am pleased to report that OSi enjoyed another strong year, achieving further market penetration, completing our major large scale remapping project and building the base for our future development as the Irish specialist in the collection, management, manipulation and dissemination of spatial data.

OSi now enjoys an enviable position of market leadership which has been earned over many years. Since 1824, when work began on the first ever large scale mapping of an entire country, OSi has been a leader in terms of developing new technologies, systems and approaches. Whether to increase efficiency, accelerate production or enhance quality, innovation has been central to the achievement of the organisation's objectives.

This core attribute, an enthusiasm for positive change, has put OSi firmly centre stage in the rapidly progressing spatial data revolution.

Market focus

OSi retains a core public service mandate, which it values highly and will continue to honour. But as a state body we also have a responsibility to increase the proportion of total revenue derived from third party sales. In recent years this has shown significant growth and our aim is to grow it even more over the next three years as part of our business strategy.

That can and will be achieved by unparalleled focus on market innovation and delivery of ever better customer service and value.

Most of all, it will come from using our imagination to increase our penetration of the market through product flexibility and increasing the quality of data. This process, which is already well advanced, will bring significant improvements in both the quality and quantity of information on our databases, allowing increased segmentation of services so that each customer can purchase information tailored precisely to their particular needs.

This will be a key area of development over the next three to five years. The OSi of the future will have four core functions in respect of spatial data in the areas of data collection, data combination, data management and data dissemination.

During 2004 these objectives were given tangible expression in a variety of ways, including the further extension of our network of Agents and the introduction of a more modern flexible and sophisticated pricing structure.

Richard Kirwan
Chief Executive Officer

Orthophotography



Operational Report

Marketing activities

OSi continues to develop and strengthen its brand in the marketplace, making extensive use of carefully selected promotional opportunities to communicate with key target audiences. In 2004 OSi had strong presences at Forecourt, Showcase Ireland and Holiday Fair exhibitions as well as at specialist trade shows such as Survey Ireland and GIS Ireland. We also continued our high profile sponsorship of the Killarney Rally.

Among a number of point-of-sale promotions during the year, we undertook a highly cost-effective joint promotion in association with Timberland footwear.

OSi also undertook three roadshows last year to launch digital data in Cork, Dublin and Galway to invited licence holders, who will be the main customer base for this enhanced spatial data.

Expansion of our network of Agents saw the opening of two new ones, at Cavan and Tallaght in Dublin, giving us a comprehensive nationwide network of 15 Agents. With the roll out of Phase 2 of our e-commerce programme during 2004 our Agents are able to provide a comprehensive range of digital products, including aerial photography, to complement the range of Discovery and large scale maps.

With a view to developing our Agents as "digital hubs" we undertook a programme of Agent education and development, providing them with the understanding and skills needed

to service the needs of an ever-expanding customer base of specialist users, including geologists, archaeologists and environmentalists. We also commenced a programme of education in relation to the ways in which OSi data can be manipulated by customers and integrated within their own databases and software application programmes.

During 2004 we also conducted detailed exercises on new pricing structures. The new e-commerce system facilitates a dynamic approach to pricing, with charging by area and scale as opposed to charging by block of information, as heretofore. The new pricing system is more consistent, and therefore is seen as more equitable by users, and also allows for a consistent, more transparent method of discounting for larger volume account holders.

Reflecting this development of the business, while the overall growth in sales last year was 14%, the growth in sales by Agents was 25%.

Competition

While OSi has enjoyed market leadership for many years it has not done so in the absence of competition. Competitive pressures, furthermore, are intensifying as the cost of entry to the marketplace declines. Using satellite imagery and new techniques for the collection of height data, competitors are naturally keen to "cherry pick" those areas of spatial data provision of highest commercial value.

OSi, however, is well positioned to respond to these pressures. Our national data sets, which are of exceptionally high quality, and the strength of our reputation in the marketplace, are all working in our favour.

Furthermore, the richness of our mapping data, the quality of our data checking and the work which has been undertaken in the area of multicoding to make this data highly flexible and relevant in the hands of customers, all support our continued market leadership.

These attributes, coupled with our proven project management expertise and highly evolved skills, will help to ensure that OSi fully exploits new market opportunities, particularly in the provision of data to specialist businesses.

New technologies & systems

Since OSi introduced digital mapping in the late 1970s it has remained at the leading edge of technological developments among its peers. Digital photogrammetry was introduced in 1992 and more recent developments have included implementation of a national Real Time Kinematic (RTK) GPS network, the development of a new coordinate reference system compatible with GPS and the purchase of the latest LIDAR equipment.

LIDAR is a new technology being employed by OSi to provide height information, effectively affording customers exceptionally accurate three dimensional spatial data. Both airborne and terrestrial LIDAR is now being employed by OSi.

Similarly, digital sensors and infra red photography, currently being pioneered by OSi, will not just ensure improved utilisation of expensive aerial surveying resources, it will provide new information of value to specific users. In the environmental area, for example, it can be used to track progress of disease in forestry and agriculture.

Significant work was undertaken in the development of new systems during 2004. A major Editing Tools project is currently underway and as soon as this is completed and OSi vector data can be delivered via the new Ecommerce system, the existing MapBase database will be replaced by the new Prime Oracle 9i database.

The Editing Tools project will ensure that OSi gains maximum benefit from these new databases. Prime and the Ecommerce databases will be enabled for all types of data. The ultimate aim is to ensure that the new master database is genuinely "open" and provides OSi and its customers with the flexibility needed to exploit future developments in spatial data management, including the move to a "collect once, use many times" approach. This will include moving "multicoding" into full-blown data attribution.

Ecommerce capability

Extended and enhanced e-commerce capability is set to play an ever more important role in the efficient delivery of OSi's spatial data. The increased availability of

New LIDAR

technology will

provide height

information,

effectively affording

customers

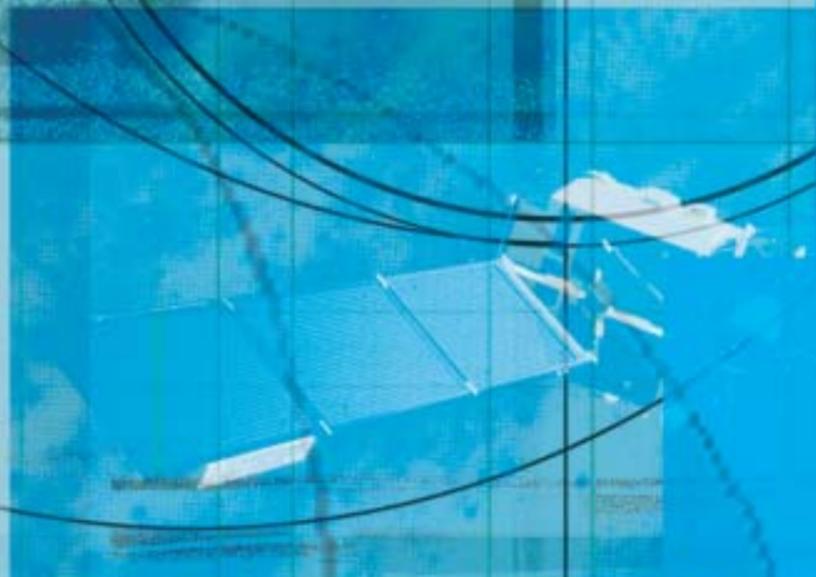
exceptionally accurate

three dimensional

spatial data.

Review Technology

Technical Information
Reference Ellipsoid
Central Meridian
Scale on cylinder
Only
Origin (metres)



*OSi's own Geoportal is
the de facto national
portal for spatially-
related information*

broadband internet connection throughout Ireland is making the downloading of information-rich high volume data a practical option for more and more customers. OSi began rolling out its e-commerce delivery mechanism to agents and selected high volume clients through 2004 and this will be extended further during 2005.

Up to now agents have received data "off-line". Online capability has significantly increased scope, including delivery of aerial photography to meet exact customer specifications.

Irish Spatial Data Infrastructure

OSi continues to play a central role in the development of an Irish Spatial Data Infrastructure, which is currently progressing under the convenorship of the Department of the Environment Heritage & Local Government. A consultation document, circulated to interested parties during 2004, received positive responses and will be followed in 2005 by a draft policy on ISDI for presentation to Government.

OSi's own GeoPortal is the de facto national portal for spatially-related information and is being expanded to include geo-referenced data from a broad range of public service organisations. Work is also under way to build on the work of the Ennis GIS Test Bed to develop and assess ISDI concepts.

Geodesy

OSi has pioneered the use of GPS as an aid to surveying and the commercialisation of web-based real time positioning services (Real Time Kinematic), which were rolled out nationally in 2004 following pilot operation in Dublin in 2003. Work commenced in 2004 to relocate a GPS network station from Dublin to Kerry and to establish a new one in Laois to enhance national coverage. Further work was also undertaken with the Ordnance Survey of Northern Ireland to integrate its active GPS network stations into the OSi's network to provide all Ireland coverage for customers.

GeoDirectory

The collaboration between OSi and An Post on the maintenance and development of GeoDirectory continued successfully during 2004, with the Tuam-based GeoDirectory staff coding all postal route data returned to them in a timely manner and producing urban Internet maps in line with customer requirements.

Copyright protection

OSi continued to take action to protect valuable OSi/Government of Ireland copyrights. A combination of approaches has been adopted to encourage compliance with licensing requirements, including, in some circumstances, initiation of legal actions. As far as possible, however, positive encouragement is the favoured approach.

The overall high level of compliance now being achieved is reflected in the growth in the number of OSi licence holders in recent years. Six years ago there were just 70 licence holders. Today, there are 1,850.

Finance function

As OSi develops the commercial side of its business the importance of an efficient finance function becomes ever more critical. New systems were introduced during 2003 and 2004 to support this development and the financial changes necessary to allow OSi to operate as a State Body, including implementation of accrual accounting within the Financial Integra system, were completed in 2004. OSi was established as a State Body, under new legislation, in March 2002, giving it additional freedoms to make business-based decisions.

Monthly management accounts for the organisation are now completed within 12 working days of month end, facilitating monthly performance review by management and the Board.

A review of banking services was completed during the year, as a result of which a change in service provider achieved free banking for OSi for two years.

Electronic payments were also introduced for payment of suppliers and of monthly expenses to employees.

Human Resources

The role of HR Department is to contribute to the delivery of OSi's business strategy by providing the support and expertise necessary to facilitate the implementation of appropriate policies aimed at securing a skilled, flexible and highly motivated workforce as well as to promote the achievement of a work life balance for all concerned in the organisation. The Department provides an organisational context for change management initiatives and is responsible for the conduct of relationships with staff interests.

Throughout 2004 the dedication of the HR team contributed to a number of achievements involving a range of new policies and systems that have inputted to overall organisational efficiency and effectiveness.

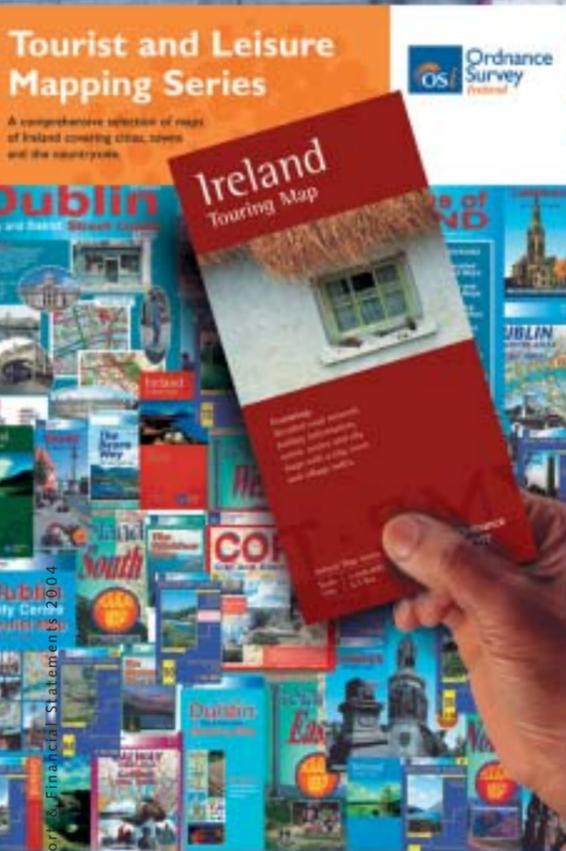
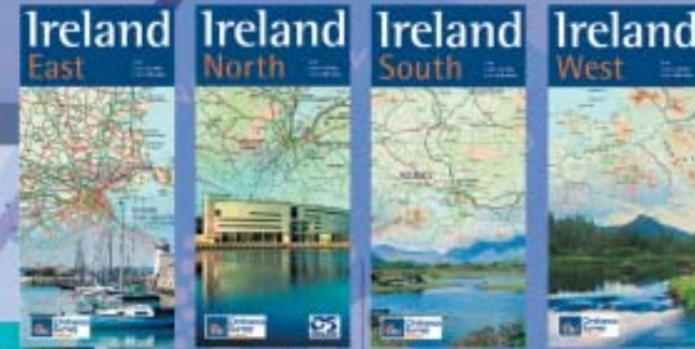
Among the main accomplishments in this regard were, in the area of policy implementation, the continued effective implementation and monitoring of action plans required under the terms of Sustaining Progress. This incorporated the second and third phase verification process as well as new priorities and challenges required under the Mid Term Review of Part Two of Sustaining Progress. Another policy initiative was the launch of an e-working pilot project to assess the overall feasibility of this type of atypical working arrangement in the organisation. Agreement was also reached with staff interests on new policies for the conduct of

Ireland Touring Map

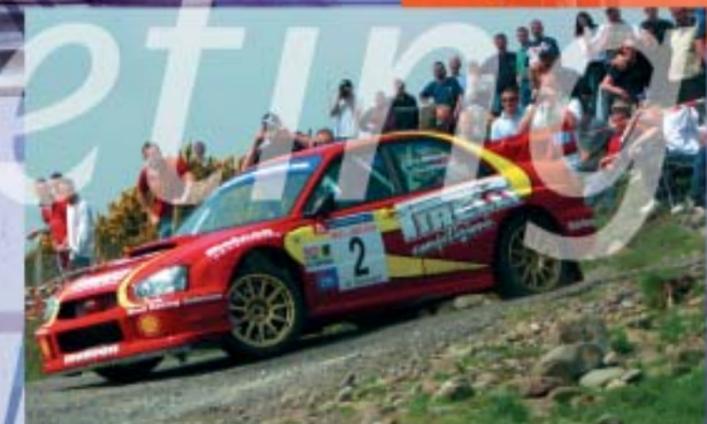


OS
Authorised Selling Agent

Discovery Series
Scale 1:50,000 (2cm=1km)



Marketing



external appeals procedures and industrial relations mechanisms.

In the area of systems improvements, a number of initiatives were undertaken in 2004. These included the changeover to a new payroll provider which was successfully managed with reduced staff numbers in the HR Department. Under the auspices of the Partnership Committee process, improvements to the Performance Management and Development System were concluded. The introduction of a HR helpdesk was proceeded with, offering a more flexible service to staff of the organisation. As part of a more focused service to staff, all employees in the organisation were issued with an employee handbook entailing a range of information on the organisation and conditions of service.

Particular progress was made in the area of training for newly appointed team leaders whose modular training programme concluded during the course of the year. Significant progress was also made in the provision of in-house training in computer skills as well as the roll out of ECDL self-learning programmes.

Decentralisation

Under the Government's decentralisation programme it was announced that OSi is to move its main operations to Dungarvan, Co Waterford. During the course of 2004 the Decentralisation Implementation Group charged with overseeing the putting into effect of this Government policy issued a number of reports. Among these reports was a request for each of the organisations included in the decentralisation programme to prepare plans addressing the People, Property and Business issues associated with the organisation's move. In response OSi prepared the necessary report which was duly returned to the Group. The Decentralisation Implementation Group's reports of 2004 emphasised the fact that the government's decentralisation policy for all the organisations originally included in the Budget 2004 announcement would continue and that the challenges inherent in the programme and solutions developed to address these would need to respect the voluntary nature of the programme.

OSi Organisation



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 2004. Details of the membership of the Board are outlined on page 19 of this report – "Board Members and Other Information".

Board meetings

The Board met ten times during 2004 including one meeting which was specifically dedicated to discussion on corporate strategy.

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 (1), Mr Patrick O'Sullivan (2) and Mr Thomas Madden (3) who served as Chairman throughout 2004.

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

Remuneration Committee



The Remuneration Committee comprises Mr Bill Attley (1), Mr Liam O'Farrell (2) and Mr Rory Scanlan (3), with Mr Kevin Bonner (4) serving as the Chairman.

Accommodation Committee



This sub-Committee of the Board 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. Chaired by Mr Kevin Bonner (1), Mr Liam Egan (2), Mr Anthony Murray (3), Mr Rory Scanlan (4) and Mr Liam O'Farrell (5) are the other members of this Committee.

The Board of OSi

Board Members at 31 December 2004



Mr. Kevin Bonner
Chairman



Mr. Bill Attley



Mr. Liam Egan



Mr. Pat W. Fenton



Mr. Michael D. Hayes



Mr. Thomas K. Madden



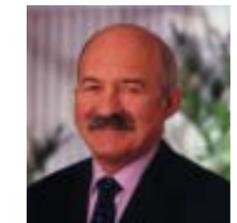
Mr. Anthony Murray



Mr. Liam O'Farrell



Mr. Patrick J. O'Sullivan



Mr. Rory M. Scanlan

Ordnance Survey Ireland
Financial Statements
Year ended 31 December 2004

Contents

Board Members and Other Information	26
Statement of Board Members' Responsibilities	27
Statement of Internal Financial Control	28
Report of Comptroller and Auditor General	29
Accounting Policies	30
Income and Expenditure Account	32
Balance Sheet	33
Cashflow Statement	34
Notes to the Financial Statements	35

Board Members and Other Information

Board Members at 31 December 2004

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. Stephens Green
Dublin 2

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

Statement of Board Members' Responsibilities

Year Ended 31st December 2004.

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 accounts 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

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 2004 of the effectiveness of the system of internal controls in operation during 2004.

Signed on behalf of the Board.



Kevin Bonner
Chairman

Report of Comptroller and Auditor General

I have audited the financial statements on pages 32 to 42 under Section 26 of the Ordnance Survey Ireland Act, 2001.

Respective Responsibilities of the Members of the Board and the Comptroller and Auditor General

The accounting responsibilities of the Members of the Board are set out on page 27. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on the system of internal financial control on page 28 reflects Ordnance Survey Ireland's compliance with applicable guidance on corporate governance 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.

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 auditing standards 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 in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are

appropriate to the 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 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.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the Accounting Policy 6 on page 31 in relation to the ownership of, and the treatment of costs incurred on, the National Topographic Database.

Opinion

In my opinion, proper books of accounts have been kept by Ordnance Survey Ireland and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of Ordnance Survey Ireland at 31 December 2004 and of its income and expenditure and cash flow for the year then ended.



John Purcell
Comptroller and Auditor General

17 June 2005

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. Opening Balances

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 and revenue attributable to the unexpired

portion of the licence at the balance sheet date is shown as deferred revenue.

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 are fulfilled. Costs in relation to these contracts are charged to the Income and Expenditure Account in the period in which the revenues are earned.

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

5. Superannuation

On the establishment date existing staff transferred from the Ordnance Survey to OSi. Such staff retain under statute their existing superannuation entitlements. A new superannuation scheme which will include all staff has been submitted for the approval of the Minister, in accordance with Section 17 of the Ordnance Survey Act 2001. The responsibility for the superannuation entitlements of the transferred staff rests with OSi. Pension payments will be met, as they arise, from total OSi revenues.

It is intended that the new scheme will be a defined benefit scheme. Pending the scheme's establishment it is being operated on an administrative basis.

For accounting periods commencing on or after 1 January 2005 Financial Reporting Standard 17 will require financial statements to reflect at fair value

the assets and liabilities arising from an employer's superannuation obligations and any related funding, and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees. As a transitional measure, the Standard requires that the present value of scheme liabilities be disclosed in the notes to the 2004 financial statements.

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 continued 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 other than land 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	2004 €	2003 €
Sales	1	20,657,327	14,976,442
Oireachtas Grant		2,000,000	8,975,500
Other Operating Income	4	107,926	198,649
		22,765,253	24,150,591
Costs of Production and Sales	2	(19,686,596)	(15,403,213)
Distribution and Administration Costs	5	(7,995,647)	(7,321,866)
Surplus for period before taxation		(4,916,990)	1,425,512
Tax on surplus/(Deficit) on ordinary activities	7	664,051	107,031
Surplus/(Deficit) for period after taxation		(4,252,939)	1,532,543
Balance at beginning of period		4,894,444	3,361,901
Balance at 31st December		641,505	4,894,444

Sales and operating income arose solely from continuing operations. There were no recognised gains or losses other than those dealt with in the income and expenditure account.

The Accounting Policies on pages 30 and 31, and the notes on pages 35-42 form part of these financial statements.

On behalf of the board



Kevin Bonner
Chairman



Richard Kirwan
Chief Executive Officer

Balance Sheet

as at 31st December 2004

	Notes	2004 €	2003 €
Fixed assets			
Tangible assets	8	4,788,647	4,251,649
Current assets			
Stock	9	286,351	259,023
Debtors	10	7,475,299	3,812,572
Deferred tax	7	981,660	342,850
Cash at bank and in hand		35,580	10,633,020
		8,778,890	15,047,465
Creditors – amounts falling due within one year	11	4,459,668	5,938,306
Net current assets		4,319,222	9,109,159
Total assets less current liabilities		9,107,869	13,360,808
Represented by:			
Transfer from Ordnance Survey on 4th March 2002		8,466,364	8,466,364
Revenue reserves		641,505	4,894,444
Closing balance		9,107,869	13,360,808

The Accounting Policies on pages 30 and 31, and the notes on pages 35-42 form part of these accounts.

On behalf of the board



Kevin Bonner
Chairman



Richard Kirwan
Chief Executive Officer

Cashflow Statement

	Notes	2004 €	2003 €
RECONCILIATION OF THE NET MOVEMENT FOR THE YEAR			
Surplus/(Deficit) for period after taxation		(4,252,939)	1,532,543
Depreciation		2,527,218	2,187,300
Deposit Interest		(85,332)	(187,022)
Increase in debtors and prepayments		(4,301,537)	(340,832)
Increase/(Decrease) in creditors		(1,478,638)	1,433,925
(Increase)/Decrease in stocks		(27,328)	22,273
Net cash inflow/(outflow) from operating activities		(7,618,556)	4,648,187
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		(7,618,556)	4,648,187
Return on investments and servicing of finance			
Interest received		85,332	187,022
Net cash inflow (outflow) from return on investments and servicing of finance		85,332	187,022
Capital expenditure			
Receipts on sale of tangible fixed assets		-	-
Purchase of tangible fixed assets	8	3,064,216	2,870,757
Net cash outflow from capital expenditure		(3,064,216)	(2,870,757)
Increase / (decrease) in cash		(10,597,440)	1,964,452
Reconciliation of Net Cash Flow to Movement in Net Funds			
Net increase/(decrease) in cash		(10,597,440)	1,964,452
Net funds at 1 January		10,633,020	8,668,568
Net funds at 31 December		35,580	10,633,020
Movement in net funds		(10,597,440)	1,964,452

The Accounting Policies on pages 30 and 31, and the notes on pages 35-42 form part of these financial statements.

Notes to the Financial Statements

1 Sales	2004 €	2003 €
Long term contracts - County Councils	4,988,135	1,944,767
Long term contracts - Utilities	5,775,011	3,982,318
Map Sales including annual licensing	9,894,181	9,049,357
	20,657,327	14,976,442
2 Costs of Production and Sales		
	2004 €	2003 €
Cost of production (New Mapping and Continuous Revision)		
Salaries & Wages	8,675,481	7,646,094
IT Costs	1,518,020	993,252
Depreciation	2,385,755	2,044,723
Outsourced mapping	5,314,798	2,467,812
Flight and maintenance costs	435,036	756,023
Travel & Subsistence	569,861	376,641
Vehicle Running Costs	175,087	177,465
Contractor costs	26,402	65,253
Film Costs	23,539	16,310
Incidental Expenses	18,062	23,196
Stationery	38,046	35,824
Field Equipment	32,301	7,922
Plotter Costs	61,146	35,117
	19,273,534	14,645,632
Cost of sales:		
Opening stock	182,897	201,549
Outsourced printing costs	437,299	738,929
Closing stock as at 31 December	(207,134)	(182,897)
Total costs of production and sales	19,686,596	15,403,213

Notes to the Financial Statements continued

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 for the current period were as follows:

	2004	2003
	€	€
New Mapping	9,750,215	6,540,172
Continuous Revision	9,523,319	8,105,460
	19,273,534	14,645,632

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

4 Other Operating Income

	2004	2003
	€	€
Deposit Interest	85,332	187,022
Other income	22,594	11,627
	107,926	198,649

5 Distribution and Administration Expenses

	2004	2003
	€	€
Salaries & wages (including pension payments)	5,095,124	4,658,807
Travel & subsistence	141,914	149,276
Training & subscriptions	245,752	244,058
Marketing & promotions	94,020	164,365
Incidental expenses	52,470	76,427
Bank charges	14,313	15,280
Office premises expenses	385,160	376,489
General insurance	198,992	158,891
Light & heat	193,494	218,311
Cleaning	95,088	95,471
Postage & telephone	598,750	460,488
Bad debts provision	-	(200,000)
Depreciation	141,463	142,577
Consultancy	322,555	497,562
Contract photography	76,386	23,680
Legal & professional costs	120,580	29,781
Directors' fees	67,296	67,296
Outsourced payroll services	100,428	78,635
Audit fees	19,000	30,000
Stationery & office equipment	32,862	20,083
Bad debts	-	14,389
	7,995,647	7,321,866

OSi occupies premises rent free in the Phoenix Park, Dublin which is 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.

6 Staff costs and employee information

	2004	2003
	€	€
Wages and salaries (including pension payments)	13,190,490	11,831,349
Social insurance costs	580,115	473,552
	13,770,605	12,304,901

The average number of persons employed during the period was 311.

Notes to the Financial Statements continued

7 Tax on surplus/(deficit) on ordinary activities	2004 €	2003 €
Current tax charge for the period	-	-
Overprovision in respect of previous years	(25,241)	
Deferred tax:		
Origination and reversal of timing differences	(638,810)	(107,031)
Deferred tax charge/(credit) for the period	(664,051)	(107,031)
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:		
	2004 €	2003 €
Surplus/(Deficit) on ordinary activities before tax	(4,916,990)	1,425,512
Surplus/(Deficit) on ordinary activities multiplied by the average rate of Irish corporation tax for the period of 12.5%	(614,624)	178,189
Effects of:		
Disallowable expenses	-	(25,000)
Capital Grant Received	(250,000)	(358,845)
Depreciation in excess of capital allowances	188,419	162,558
Passive income taxed at 25% corporation tax rate	10,666	23,379
Unutilised losses	665,539	19,719
Current tax charge for the period	-	-

8 Tangible assets	Motor Vehicles €	Office Computer Equipment €	Fixtures & Fittings €	Total €
Cost or valuation				
At 1st January 2004	769,372	25,392,033	917,552	27,078,957
Additions	69,903	2,987,401	6,912	3,064,216
Disposals	-	-	-	-
At 31st December 2004	839,275	28,379,434	924,464	30,143,173
Accumulated depreciation				
At 1st January 2004	562,913	21,601,821	662,574	22,827,308
Charge for the period	84,787	2,385,755	56,676	2,527,218
Disposals	-	-	-	-
At 31st December 2004	647,700	23,987,576	719,250	25,354,526
Net book amount				
At 31st December 2004	191,575	4,391,858	205,214	4,788,647
At 31st December 2003	206,459	3,790,212	254,978	4,251,649
9 Stocks		31st December 2004 €	31st December 2003 €	
Consumables		79,217	76,126	
Map stocks		207,134	182,897	
		286,351	259,023	
10 Debtors		31st December 2004 €	31st December 2003 €	
Amounts falling due within one year:				
Trade debtors		1,678,234	1,582,287	
VAT		-	235,004	
Other debtors		12,887	3,462	
Prepayments		48,985	512,075	
Corporation tax recoverable		25,241	-	
Amounts recoverable on contracts		5,709,952	1,479,744	
		7,475,299	3,812,572	

Notes to the Financial Statements continued

11 Creditors - amounts falling due within one year	31st December 2004	31st December 2003
	€	€
Trade creditors	352,198	466,368
Amounts owed to Minister of Finance	-	168,243
Corporation tax	-	710,503
VAT	302,641	-
Income Tax deducted under PAYE	179,287	154,823
Pay Related Social Insurance	76,461	67,598
Other creditors	135,475	161,991
Accruals	2,055,452	2,698,158
Payments in advance on long-term contracts	1,358,154	1,510,622
	4,459,668	5,938,306

12 Reconciliation of movements in reserves	31st December 2004	31st December 2003
	€	€
Opening revenue reserves	4,894,444	3,361,901
Surplus/(Deficit) for the year after taxation	(4,252,939)	1,532,543
Revenue reserves at 31st December	641,505	4,894,444

13 Future capital expenditure not provided for
OSi has not contracted for any future capital expenditure.

14 Superannuation
OSi operates a Staff Superannuation scheme and a Spouses' and Children's Contributory Pension Scheme. These schemes are defined benefit superannuation schemes. Superannuation entitlements arising under the scheme are paid out of OSi current income and are charged to Income and Expenditure account, net of employee superannuation contributions, 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. No provision is made in the financial statements in respect of any liability accruing in regard to future benefits.

Superannuation Costs
The charge for superannuation in the Financial Statements is made up as follows:

	2004	2003
	€	€
Pensions and gratuities paid	506,867	496,846
Payments under Voluntary Early Retirement Scheme	-	-
	506,867	496,846
Less Staff Contributions	270,019	221,782
	236,848	275,064

Superannuation Benefits

For the purpose of reporting in accordance with Financial Reporting Standard 17, Retirement Benefits (transitional arrangements), OSi has been advised by a qualified actuary. A valuation has been prepared by the actuary in order to assess the liabilities of the superannuation scheme at 31 December 2004.

The major financial assumptions used to calculate liabilities under FRS 17 are as follows:

	2004	2003
	% per annum	% per annum
Inflation rate increase	2.00	2.00
Salary rate increase	4.00	4.00
Pension rate increase	4.00	4.00
Scheme liabilities discount rate	5.50	6.00

On the basis of these and other assumptions and applying the projected unit method prescribed in FRS 17, the total accrued pension liability is calculated to be €82.9m at 31st December 2004.

If the requirements of FRS 17 were fully adopted in 2004 the following would have been reflected in the financial statements:

Analysis of the amount that would have been charged to operating surplus under FRS 17

Current service cost:	(€2,200,000)
Past service cost:	-
Total operating charge:	(€2,200,000)

Analysis of the amount that would have been credited to other finance income

Interest on pension scheme liabilities:	(€3,500,000)
---	---------------------

Analysis of the amount that would have been recognised in the statement of total recognised gains and losses (STRGL)

Experience gains and losses arising on the scheme liabilities:	(€8,100,000)
Changes in assumptions underlying the present value of scheme liabilities:	(€10,400,000)
Actuarial gain/(loss) which would be recognised in STRGL:	(€18,500,000)

Movement in deficit during the year

Deficit at beginning of year:	(€58,700,000)
Current service cost:	(€2,200,000)
Interest on scheme liabilities :	(€3,500,000)
Actuarial gain/(loss) :	(€18,500,000)

Deficit in scheme at end of year	(€82,900,000)
----------------------------------	----------------------

As the OSi schemes are unfunded, there are no assets held in respect of scheme liabilities.

Notes to the Financial Statements continued

15 Board Members' remuneration, loans and transactions	31st December 2004 €	31st December 2003 €
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 2004. 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 Approval of financial statements

The directors approved the financial statements on 9 March 2005.

