

Annual Report & Accounts

for the year ending 30 April 2008



CAMBRIDGE
UNIVERSITY PRESS

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Press publications in 2007

A complete list of 2007 publications is available online at www.cambridge.org/annualreport

Executive summary

- 2007/08 was a first-class year for the Press with sales reaching £179.5 million. This represents another year of market-leading growth, at 11.8%.
- Operating net income rose yet again, though without the additional benefit of revenue from asset disposals.
- The Press has now achieved and exceeded its five-year plan objectives.
- Academic & Professional publishing recorded a strong performance in its books business and, yet again, in Journals.
- English Language Teaching continues to fulfil its promise as our highest-growth business across the globe, with universal recognition of and confidence in the Cambridge brand.
- Commonwealth Education markets have again performed well, but the UK market for both books and digital products is fragile, with inadequate state-sector funding.
- The Press continues to achieve recognition as a leader in the digital publishing sector, with its extensive range of online book packages, e-books, online journals, educational courseware and mobile-phone-based products.
- After its strong showing in 2007, the Printing business went into a slump in 2008, along with the whole UK industry. Reduced print volumes, customer uncertainties and Eastern European competition are taking their toll, resulting in regular bankruptcies. Now, notwithstanding a year of impeccable service from our Confidential business, Cambridge Assessment has decided to explore new avenues for exam-paper production from 1 October 2008, which will inevitably have a serious impact on Cambridge Printing.
- A prudent decision to convert the equity investment portfolio progressively into cash enabled the Press to lock in considerable investment gains accumulated in recent years and to avoid the losses now being experienced in the turmoil of the financial markets.
- The funding deficit in the Press's post-retirement benefits has been aggravated by the inclusion of pensioners' medical benefits in the FRS17 calculation, but the Press is in a good position to deal with these problems in the long term.

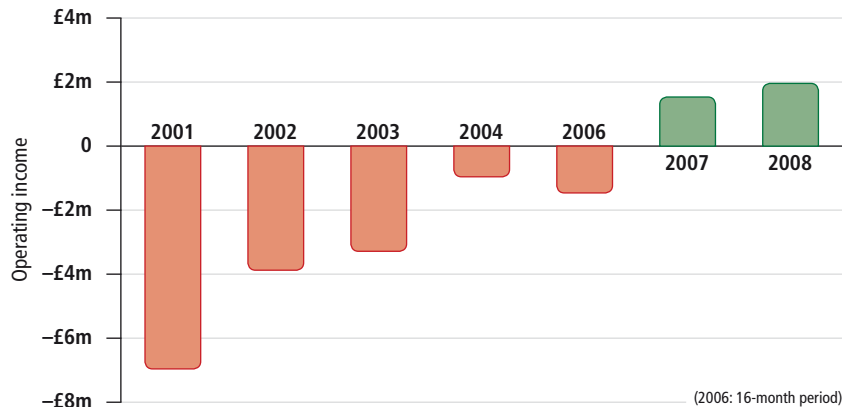
Chief Executive's overview

Business Performance

The financial year 2007–08 (FY2008) is something of a landmark year, during which the Press achieved – indeed exceeded – the objectives set out in the first five-year plan under the present leadership team. In the 64 months since 31 December 2002 (there was a change of year-end during that period), revenues rose 40%, from £129 million to £181 million, driving a steady improvement, every year, from operating loss to surplus. In itself, a compound annual growth rate of less than 7% may seem unremarkable, but it actually represents a recovery from a period of stagnation followed by three years of industry-leading growth rates. It places the Press on a solid trajectory of continued growth in its publishing business, which should enable us to ride out the storm of global economic recession.

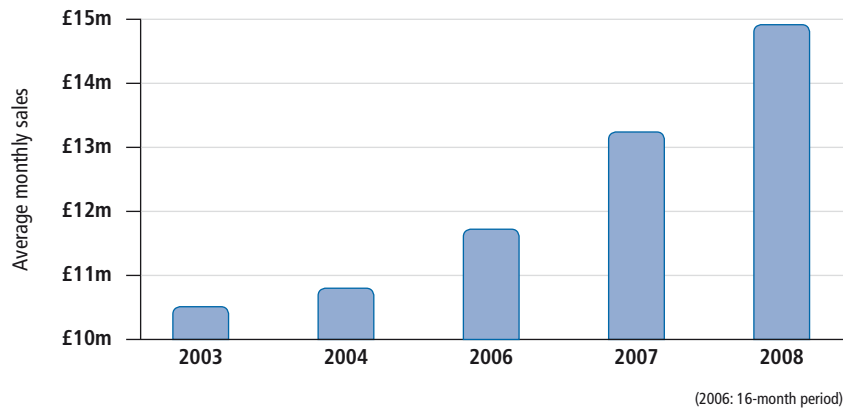


Operating Income



(Operating income: Net incoming resources less investment income and other incoming resources)

Sales Trends 2003 – 2008



The progress of a university press should not be measured solely in terms of its financial fortunes, but also in relation to sustainability and quality. I am pleased to report that the former has improved markedly, through serious investment in the English Language Teaching (ELT) list, through continued expansion in the Asian markets, and by embracing unreservedly a digital publishing agenda.

The Press is well recognised for its willingness to experiment in this area, and for the diversity of its product list. We now offer both journals and books online; online websites and interactive sites that complement our academic and educational materials in print; educational courseware on CDs and online; the Global Grid for Learning archive of learning objects; dictionaries accessible from desktop computers, mobile phones and PDAs; online collections of books and other resources; the Historical Statistics of the United States online; some 18,000 titles in Google Book Search; and our eBookstore which already contains seven thousand titles. We have recently acquired Archive Editions Limited, whose wonderful historical materials will be converted into a digital resource in the coming months. And in January 2008 we established a New Directions Group to map out and pursue the opportunities presented by the digital age. Little surprise, then, that the Press is widely recognised as being at the forefront of the digital revolution.

To revert to the financial results for FY2008, excellent progress was made on sales, with revenues increasing by 11.8% to £179.5 million. Some £4.5 million of this income may be ascribed to United Publishers Services, an addition to the Press

family in June 2007, but that still leaves a pleasing organic growth rate of 9%.

All this was achieved despite an unhelpful decline in the US\$ exchange rate. The health of the dollar is of great importance to the Press, with some 50% of revenues now coming from business denominated in dollars or in dollar-related currencies. This proportion will grow further over time, with the continued development of markets in the USA itself and in the Asia-Pacific Region. To a large extent, increased levels of Press expenditure in those dollar economies provide a natural hedge against the changing fortunes of the currency, but the Press is well placed to take advantage of any strengthening of the dollar, such as has occurred during the few months since our year-end.

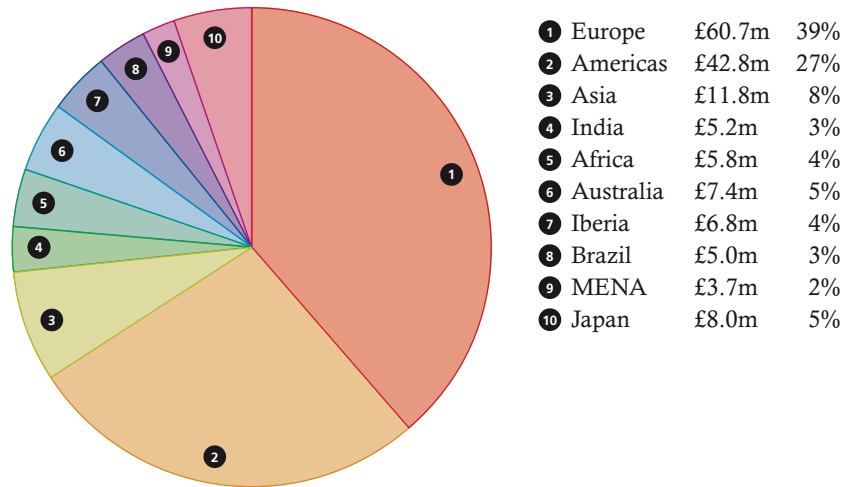
Both costs and headcount have grown during the year, but the cost increases are commensurate with the growth in business volumes plus the additional headcount attributable to the development of the Indian company in which the Press acquired a majority stake in July 2006.

Two significant new cost strands have affected the net outcome for the Press. The first of these is a programme of investment to upgrade our information systems, which is likely to cost some £8 million over the next four years. The second is the application of an FRS 17 accounting treatment to post-retirement medical benefits, the consequence of which is that the cost of these future obligations has been brought forward, partly by way of prior-year adjustment and partly as an increase of £1.2 million in the current year charge. Needless to say, action is now in hand to mitigate this unacceptably high long-term cost.

Notwithstanding these two new cost burdens, the Press was able to report an increase in its operating income in FY2008, once allowance is made for the gains from the exceptional disposal of assets in the previous year.

As regards the Press's various business streams, this was a special year in that virtually every publishing strand and every territory in which we operate made useful progress during the year. This kind of uniformity of success in our publishing businesses is most unusual, but reflects the strategic plan of the last five years, which called for diversification in both our products and territories. Special mention should however be made of the splendid performances of our branches in Asia, Australia, Brazil, Iberia, and, yet again, both Africa and India.

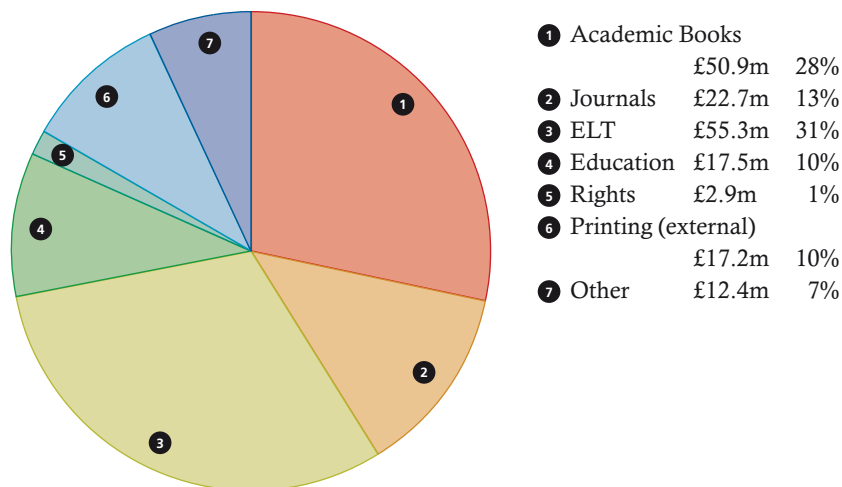
Publishing revenue by region



The *Publishing* commentary, which follows this report, provides an extensive review of the past year's activities. Our core publishing business is now split equally between the Academic and Professional strand (which includes both books and journals) and the Learning strand (English Language Teaching and Education), each of which recorded sales of £73 million. As anticipated, ELT continued to grow very strongly, with sales up by 13%, which is approximately double the growth rate of other principal players. Meanwhile, schoolbooks also sold well in all territories except for the UK, where the inadequacy of state funding is causing significant difficulties for all publishers in this field.

Academic and Professional publishing did far better than planned, with 1,401 new titles being published and almost 1,000 out-of-print books being brought back to market through our digital reprinting programme. With a high proportion of monographs, this is an extraordinary feat of publishing, unrivalled amongst our competitors. Our output included a large number of Research Assessment Exercise titles, most of which arrived late in the year but all of which were delivered by the required year-end deadline. As my colleagues report later on, Cambridge University Press's academic offering is truly unique in its scale, range and depth, and in the commitment of its staff.

Revenue by product



The average meeting of the Press Syndicate now reviews in excess of 75 proposed publications. As we work through the agenda, it is instructive to note the subject lists in which the Press is developing a truly dominant position. Recent examples include politics, where the range of both books and journals is outstanding; international law, which has been an area of focus for the Press in recent years; linguistics, where our long-standing strength has been widely recognised; and climate change and environmental issues, in which field the Press is unquestionably the foremost publisher. The gratifying feature of these examples is that they are all subjects which should be durable in the long term and which will therefore add to the traditional areas of strength that the Press has built up over centuries.

Alongside the book programme sits the scholarly Journals business, which now numbers some 227 titles and which has achieved greatly improved citation ratings. Despite the inexorable movement towards online publishing, we see a strong future for our Journals business, as consumers look for the marketing reach we are able to offer and the hallmark of authority represented by the Cambridge brand.

Regrettably, I am unable to report equivalent progress in our printing business. In my last report, I noted that we had finally managed to return printing to surplus, after almost a decade of unprofitable operations. For some time, Cambridge Printing has been recognised as one of the premier manufacturers of

its kind in the country, and we have been able to boast of Printer of The Year Awards. We have always recognised that awards do not equate to profit, and this has been illustrated graphically in recent times through the closure of several very excellent printers around the country. Times are unfavourable for the printing industry in the UK, but we have proudly bucked the trend – until this year.

2007 was the calendar year in which the printing business had to cope with huge numbers of titles for the periodic Research Assessment Exercise. Unfortunately, few of those titles came in during the first half of the year, with damaging consequences. Our printers had to work long hours to produce them all by the 31 December deadline, and in so doing they refused other business which would have been more profitable. That, however, is the lot of the University Press, which rightly puts the need of the academic community first.

And they did a splendid job. The quality of production was universally applauded, as also the matchless standards of performance by our Confidential unit for Cambridge Assessment. We were therefore dismayed to discover that Cambridge Assessment had chosen this particular time to put their printing work out to tender, a process on which I will make further comment in next year's Report.

But this must raise a question about the wisdom of a governance structure within the University which permits and even encourages its two key businesses to plough diverging furrows, with potentially damaging consequences. We would welcome discussion of that issue during the forthcoming year, with a view to ensuring that we are making best use of all our assets to create world-leading business propositions befitting our great University's name.

Cambridge's world, Cambridge's people

We have long recognised that our business at Cambridge University Press revolves around people: our staff, our authors, researchers, students, educators and the general public. We have also understood that such a diverse range of constituencies requires excellent communication, and we have been working hard to enhance the ways in which we deliver our message to those various people. We were therefore delighted when our new intranet newsletter, *e-expressions*, won this year's Best Online News Award from Communicators in Business. This is an initiative which involves the interaction of our people around the world and which has done much to increase the sense of community for people both in Cambridge and in our far-flung outposts. It is an excellent first step, but we are aware that there is still a job to be done to achieve equivalent involvement with the body of academics within our University here in Cambridge.

Throughout the Press, there has been a remarkable range of community involvement initiatives in the past year, which are discussed in the report which follows. One of the leaders in this regard was our office in São Paulo, Brazil, where the Press team has been working on reducing hunger amongst the poorer sections of the community, on teaching English to children in Rio de Janeiro, and on helping Unipalmars, a new university for the disadvantaged, to achieve its niche in the São Paulo community. Their efforts have been an inspiration for the rest of us around the world, so it was perhaps no surprise when staff in our entire global network of offices gladly responded to a request from our Beijing team to help rebuild the educational infrastructure in China and Myanmar following the earthquakes and cyclones in those countries. I am immensely proud of what was achieved in that particular fund-raising effort, and I look forward to working with all our offices to ensure that they are recognised as servants of their communities.

Behind the scenes, all these activities have received important support from the Syndics of the Press, who continue to be a formidable intellectual resource to which the Officers are able to turn for advice. During the year, one of our longest serving Syndics, Professor Geoffrey Hawthorn, retired. The Press has been the beneficiary of much excellent advice from him, and we greatly appreciate his contributions. New appointees to the Press Syndicate were Dr Jean Chothia, Dr Timothy Harper and Dr David Runciman, all of whom are already bringing most welcome new perspectives to our work. In addition, Mr Nicholas Wright of Murray Edwards College joined the Audit Committee, and Mr Simon Baynes the Press's Pensions Investment Committee.

The role of the Press Syndicate and the way in which it functions has been the subject of considerable discussion in recent months, and a formula has been agreed with the Old Schools which will see the Syndicate's activities split more specifically between the publishing activities and the more general business oversight requirements. From January 2009, the Syndicate will therefore operate through four Committees: Publishing, Finance, Audit and Remuneration. Each of these Committees will include such other external advisers as will ensure that an appropriate level of expertise is available to the Press, in line with modern governance standards.

Two key appointments were made to the Press's staff during the year. Howard Buckley joined us as Finance Director for Europe, Middle East and Africa, and Judith Grace joined the New York office to lead the Human Resources team. Chrisjan Stimie moved from Cambridge to New York, where he became Operations Director for the Americas. In the Asia-Pacific Region, Sandra

McComb retired as Director of the Australia and New Zealand Branch, to be succeeded by Mark O'Neil, who moved from Japan, where he was in turn replaced as Country Director by Mark Gresham. We greatly appreciate Sandra's leadership during her years with the Press and wish her all joy in her retirement.

As this report goes to Press, the world faces economic turmoil on a scale never before seen by today's business community. This will be a testing period for the Press during which we will rely on the fortitude and imaginative enterprise of all our colleagues. Such periods of financial stress tend to bring out the finest qualities in excellent teams of people, and I have no doubt that the Cambridge team will shine.

Stephen R. R. Bourne

University Printer and Chief Executive

Publishing

Publishing programme

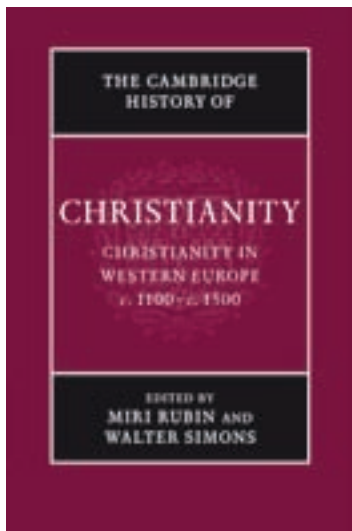
Academic and Professional

The financial year ending April 2008 was one of consolidation for Academic and Professional books, after three previous years of sustained revenue growth. Total sales revenues (books and journals together) rose to £73 million. Overall book sales rose by 1% to £50 million, and although there was significant double-digit growth in key Asian markets, notably China and India, the continued weakness of the US dollar tended to cancel out the effects of this expansion. Expressed in sterling, the EMEA region (Europe, Middle East and Africa) accounted for 37% of our overall academic book sales, the Americas 50%, and the Asia-Pacific region 13%.

The output of new publishing reached new heights over the year: in total, 1,401 academic and professional titles, including new online collections, were released – an increase of 9% on the previous financial year. Within the Humanities and Social Sciences (H&SS), 987 new titles were published, an increase of 12% on the previous year and reflecting in part the cyclical publication bulge generated by the Research Assessment Exercise (see below). Scientific, Technical and Medical (STM) output rose by 3% to 414 titles. In addition to this new scholarship, a further 964 items from the Cambridge backlist were brought out in the Press's 'Lazarus' programme of short-run and on-demand paperback reprints, further consolidating a cohort of publishing that now represents as much as 15% of overall academic book revenues.

In sterling terms overall revenues in the **Humanities and Social Sciences** sector were almost the same as the previous year at just over £32 million. Sales grew by 5% in EMEA to £11.7 million, and by 16% in Asia-Pacific to £3.97 million, but in the Americas (where the extraordinary success of the *Historical Statistics of the United States (HSUS)* had helped to generate double-digit growth for the previous two years) sales fell to £16.4 million. By subject, law (up 21% to £3.84 million), classics and archaeology (up 15% to £2.97 million) and politics (up 10% to £3.28 million) all performed particularly strongly, while history (without the *HSUS* factor) fell back by 13% to £5.52 million, though it remains comfortably the largest academic subject for the Press as a whole.





The latest Research Assessment Exercise (RAE) had a major effect on both publication levels and publishing processes. The academic production team in Cambridge was exposed to massive pressure from authors understandably anxious about securing publication within the approved window for RAE submission, though not always so concerned to deliver copy in good time to achieve this. To secure 100% RAE compliance was a major achievement with very positive local and national resonance, even if the specific publication impact of the RAE continues to be problematic.

Many individual Press books won prizes and awards in the course of the year, and these are listed at the conclusion of this section of the report. Among the most notable publications were *The Cambridge History of Greek and Roman Warfare*, *The Cambridge Economic History of the Greco-Roman World* and further volumes of *The Cambridge History of Christianity*. At the very end of the financial year the Press published one of its most significant academic electronic products to date, when *Cambridge Histories Online* went live. The web delivery of one of the Syndicate's most prestigious and long-standing 'brands' was a major event, and one which the library and scholarly communities have welcomed with great enthusiasm.

Science, Technology and Medical (STM) book publishing at Cambridge grew over the year by 3% to £17.83 million. Sales grew by 1% in EMEA to £6.74 million, by 1% in the Americas to £8.37 million, and by 20% in Asia-Pacific to £2.72 million. In subject terms, earth sciences (up 23% to £2.13 million) and mathematics (up 13% to £3.54 million) performed particularly strongly, though life sciences and medicine fell back by 4% (to £5.84 million).

The principal new publications of the year in STM included two major third editions: *Numerical Recipes* by William Press *et al.* and Stahl's *Essential Psychopharmacology*. Perhaps the most widely noticed STM titles of financial year 2008 were the latest volumes in the sequence published by Cambridge on behalf of the Intergovernmental Panel on Climate Change, confirming the Press's presence as the world's premier publisher in this vital area, from both a scientific and public policy perspective.

In recent years Cambridge has invested significantly in its STM publishing programme, and in medical publishing in particular. Forecasts for the current financial year suggest substantial growth in medical sales, as output expands rapidly in both Cambridge and New York. Engineering, notably electronic engineering, is another area of increasing potential; the Asian market opportunities for this list are substantial, and it is appropriate that a Japanese edition of Goldsmith's *Wireless Communications* was the inaugural title of last year



in the co-publication venture between Cambridge and Maruzen. STM publishing is very different from scholarly publishing in the humanities and social sciences, with different author imperatives, competitor publishers, pricing structures, production complexities and channels to market. The traditional book trade is increasingly less significant within STM than various forms of direct sale and purchase, and the Press is therefore investing substantially in developing its online presence (for the sale of both electronic and print items), with a redesigned academic website scheduled to go live later this year.

As noted in previous Annual Reports, the academic offerings of Cambridge University Press remain unique in their scale, range and depth. The publishing programme remains profoundly serious, occasionally even austere. Contrary to some received wisdom, the Press published more monographs (often seen as an endangered scholarly species) in the last financial year than ever before. At the same time professional and textbook programmes continue to grow significantly, and there is keen contest for resources to produce, sell and distribute this huge array of new titles. Heavy investment in new systems and structures is intended to enable better modes of access for academic and professional communities worldwide. As the Press enters its 425th year of continuous publication, the Academic and Professional Group's current strapline – 'the future of publishing, since 1584' – has never been more apposite, or more necessary.

Cambridge Journals continued to grow and perform well in a market dominated by commercial goliaths. The number of titles grew from 213 to 227 and sales grew to £23 million, an increase of 5.7% on the previous year.

The results demonstrate a robust business that was able to weather the impact of the weak US dollar (which accounts for over 40% of the Journals business) and the poor market for subscription growth. The financial year 2008 saw a deliberate strategic move to increase non-subscription income, mainly through special sales and licensing which included a partnership with ProQuest, a major content aggregator selling to complementary markets. This revenue stream grew by over 30%. However, 90% of the Journals business is still made up of traditional and consortia subscriptions.

The migration from traditional subscriptions to consortia continued with 20% of subscription revenue derived from consortia customers, an increase of 17% over the previous year. Consortia business is primarily an online delivery subscription, which inevitably further removes the core Journals business from the printed copy. Online access via Cambridge Journals Online (CJO), the Press's publishing and delivery platform, exceeded 8 million full-text downloads of articles; an additional


 The logo consists of a dark brown rectangular box on the left containing the word "CAMBRIDGE" in white, uppercase letters. To its right is a white rectangular box containing the word "JOURNALS" in dark brown, uppercase letters.

journals.cambridge.org



£200,000 came from pay-per-view customers.

Cambridge Journals again scored highly in the Thomson Reuters 2007 Journal Citation Reports® (JCR). Both *Behavioral and Brain Sciences* and *International Organization* were ranked number 1 in their categories. *Behavioral and Brain Sciences* retained its position as the highest ranked of all journals in the Social Science Citation Index.

Science journals ranked in the top five included *Microscopy and Microanalysis*, *Psychological Medicine*, and *International Psychogeriatrics* published on behalf of the International Psychogeriatric Association. There were significantly higher rankings for the *Quarterly Reviews of Biophysics*, the official journal of the International Union for Pure and Applied Biophysics, *Zygote*, and the *Journal of Systematic Paleontology*.

Social Science journals ranked within the top five included the *Journal of Economic History*, the *Journal of Social Policy*, and the *Journal of Navigation* with significant increases for the *British Journal of the History of Science*, published for the British Society for the History of Science, and the *Journal of Economic History*, published on behalf of the Economic History Association.

Future large investment initiatives are in train to increase global subscriptions and archiving initiatives, and to increase sales activity in China, Korea, Singapore and Japan.

The process of reshaping the **Bibles and Prayer Books** list continued, and the range of Bible versions published by the Press increased with the addition of some notable new styles. Publications included two settings in the *New King James Version*, a wide margin edition of the *New American Standard Bible*, and pew and lectern Bibles using the text of the *New Revised Standard Version, Anglicised Edition*. Sales performance across the three major market segments during the financial year was uneven: the UK declined as a consequence of some upheavals in the specialist Christian retail sector, but North America continued the previous year's encouraging pattern of growth while sales of custom editions to other organisations or societies once again exceeded expectations. Overall, sales revenue increased by 10% to over £1 million.

Cambridge Learning

Cambridge Learning now consists of the two major business activities of English Language Teaching (ELT) and Education. When New Directions was formed (see later), Cambridge–Hitachi was taken under the umbrella of that Group. This past year the Learning business passed a number of important milestones, perhaps the

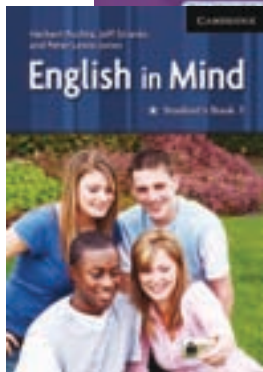
most remarkable of which is that it has achieved significant growth figures for five consecutive years, and now accounts for half of the Press's total publishing revenues at a value of £73 million. Expressed in sterling, in the financial year 2008 Cambridge Learning sales achieved 8% growth over the previous year. The EMEA region accounted for 53% of overall Learning sales, the Americas 24%, and the Asia-Pacific region 23%. The highlight was the performance of ELT, achieving another year of double digit growth, with a 13% increase. The numbers indicate that the Press is taking market share from its competitors by exceeding the industry's rate of growth, which averages 5–6%.

For many years Cambridge Learning planned for the day when technology would transform education, invested accordingly, and is now well on the way to becoming one of the leaders in digital publishing. Driven by the increasing demand for blended learning materials across both the ELT and Education sectors, the editorial teams have been engaged in the complex process of balancing pedagogically sound electronic materials with top-quality, traditional print products. The electronic publishing output has more than doubled this past year. The most significant developments in ELT publishing include: further refinements to the blended course for Italian universities with partners Conferenza dei Rettori delle Università Italiane (CRUI) and Cambridge ESOL (English for Speakers of Other Languages); Cambridge English Readers on iTunes; content for classroom interactive whiteboards; expansion of website offerings; and ground-breaking interactive DVDs to accompany *Kid's Box*, a new four-level primary ELT course. Other significant developments this year were the good results achieved by the e-business centre established in Hong Kong in 2007 to develop content for online and mobile delivery; and collaborations with technology partners in diverse areas such as text-to-speech, online adaptive testing, talking pens, learning management systems, dynamic speech analysis, virtual classrooms and interactive PDFs.

Cambridge ELT continues to strengthen its position as intellectual leader through the unique English Profile programme, which was jointly set up with Cambridge ESOL and is hosted within the University of Cambridge. The aim of the programme is to develop reference-level descriptions to support the Common European Framework of Reference, specifically applied to the English language.

In addition, through the course of financial year 2008 a number of publications were acknowledged as cutting-edge contributions in their respective professions: *Good Practice: Communication Skills in English for the Medical Practitioner* by Marie McCullagh and Ros Wright, and *World Englishes: Implications for International Communication and English Language Teaching* by Andy Kirkpatrick





were both shortlisted for the British Council Innovations awards; one of the titles in the *Cambridge English Readers* series, *Let Me Out!* by Antoinette Moses, won an Extensive Reading Foundation Language Learner Literature award; and *Cambridge School Shakespeare Picture Collection CD-ROMs* were nominated for the Educational Resources Awards.

A range of landmark publications was launched from the Americas. The adult education series *Ventures*, which embeds active-learning strategies, has received excellent reviews from users and the media. The activities of the newly founded Adaptations and Versioning Unit enabled the business to increase its presence in the British English and franchise-schools market in Brazil with two levels of *face2face* for *Cultura Inglesa* in São Paulo.

Within the European Branch, publication of the 24-component *Cambridge English Skills: Real Listening and Speaking, Real Reading, and Real Writing* was one of the highlights. In addition, two new ELT courses for schools were launched (*Kid's Box* for primary, and *More!* for lower secondary); two more levels were added to the successful *English in Mind* series for teenage students; new English for Special Purposes (ESP) titles, including *Professional English in Use: Marketing* and several exams titles, including *Complete FCE* for the updated First Certificate, were launched. The continued growth in the Press's dominant series *Grammar in Use* and expansion in all list areas contributed to excellent sales results.

The newly established Middle East and North African (MENA) Branch produced its first product aimed specifically at primary-age learners in the Arab World: an edition of *Primary Colours* for Saudi Arabia and neighbouring Gulf countries, through the joint venture with Obeikan Research & Development. The Press has been selected as the exclusive supplier of ELT materials, in collaboration with Bell International, for an intensive preparatory-year programme at King Saud University that is expected to act as a role model for the entire higher education sector in Saudi Arabia.

In Spain, the provision of free schoolbooks threatened to change the market dynamics drastically, and the ELT market there continues to evolve at a rapid pace. The joint venture with Ediciones SM has been re-evaluated in this light, and the Iberian Branch has put forward a radically altered business plan exploiting the unique Learners Corpus, targeting new sectors which promise significant growth. One such area is *CLIL* (Content and Language Integrated Learning) at both primary and secondary levels. This presents the Press with exciting challenges, including closer collaboration between the two Learning businesses.

Significant staff changes within the EMEA region included Ron Ragsdale's

appointment as ELT Publishing Director, after a successful period of leadership of ELT Schools, Regional and Electronic Publishing, and Jeannine Bogaard's appointment as Publishing Manager in Iberia, succeeding Josep Mas.

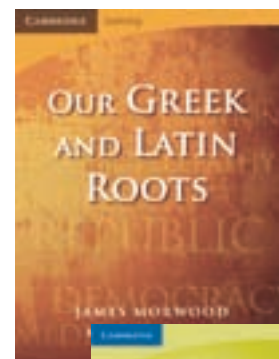
Under Josep Mas's new leadership, the Asian Branch has continued its strategy of localised adaptations and versions, while progressing plans for original publishing for the region.

The recently founded publishing centre in India launched three new ELT series – *Funtastic Grammar*, a six-level course for schools; *Feathers*, a five-level multi-skill course for primary schools; and the best-seller, a three-level *Course in Communication Skills*.

The global **Education** business is now serviced by four publishing centres based in the UK, South Africa, Australia and India. In the UK the new Cambridge OCR Advanced Sciences series was successfully launched, featuring unique electronic resources and tools to provide full student and teacher support. There were several new product launches, including *Cambridge Collections*. In addition, the publication of the *SMP Interact 2-Tier GCSE Mathematics* was completed with new Practice Books. *Our Greek and Latin Roots* was a key development for the extensive classics list this year and both Cambridge Latin Courses retained their respective positions as market leaders in North America and the UK.

The international Education list was strengthened through increased output from both India and the UK; most notable were the publishing of IGSCE and O-Level titles endorsed by Cambridge International Examinations (CIE) in accounting, economics and English, and the completion of the core books for the International Baccalaureate (IB) mathematics series. The Caribbean programme saw a range of new product launches, including new courses such as *Our English* and *Our Science* for lower secondary and the launch of a brand-new range of materials for the syllabi of the Caribbean Secondary Education Certificate (CSEC) and Caribbean Advanced Proficiency Examination (CAPE).

The African Branch revised the first editions of the *Little Library* kits for mathematics and English as well as the *Lifeskills Project* kit, thereby increasing the number of ISBNs published there from about 140 in the previous year to just under 500. All three kits carry the same branding, and the 36 readers, available in the 11 official South African languages, are already hugely popular. *Study & Master Physical Sciences Grade 12* became the market leader in this area, while excellent sales from other books at this level resulted in an increase in market share. Highlights in the Cameroon were the completion of *Mastering Mathematics*, as well





as the publication of the first three levels of *Sign In to English*.

Australia and New Zealand had an impressive year in Education publishing. The *Essential Mathematics* series for Victoria has for some years been the Branch's core product line; but sales growth of 28% in humanities titles saw revenue from that sector exceed that of mathematics for the first time, contributing to Education growth of 14%. In particular, the new series for health and physical education studies, *Jump Start*, and *Checkpoints*, a range of study guides for examinations in Victoria, reached new sales heights. The Branch's entry into the primary market continued apace with new products for grammar, literacy and new levels of the successful *Maths-in-a-Box*.

Education best-sellers from the Indian Branch included *Stories of Ourselves*, *IT Kids* (a ten-level computer textbook series), and *I Did It Mathematics* (a five-level primary mathematics series). *Reflections on Teaching Today and Tomorrow* by Beedle and Burkill was published in record time so that it could be launched in Delhi to coincide with the visit by the Vice-Chancellor of the University of Cambridge.

The New Directions Group

The Press has an ambitious strategy to embrace and exploit opportunities arising from the digital age, and it is recognised that taking an early leadership position in the digital delivery of knowledge, information, products and services is key to gaining competitive advantage.

In February 2008 the New Directions Group (NDG) was formed to support an accelerated engagement across the Press in digital business development. It recognises that the Press can play a central role within a network of government agencies, academic and educational institutions, major software providers and end users in the manifestation of knowledge using new technology applications.

NDG has a remit to implement new initiatives on behalf of the Press as a whole. It has three principal areas of activity that combine to provide a business environment capable of agile experimentation and engagement with external partners:

1. A recently configured Global Digital Publishing Services unit will ensure the development of suitably flexible technologies, using carefully designed workflows.
2. New business streams with potential for worldwide application will be generated through acquisitions, joint ventures and strategic alliances. The NDG will act as an incubator for these enterprises.

3. The NDG will facilitate an Innovation Forum drawing on ideas from across the Press. The selection and ultimate realisation of these ideas will be managed by a new management process capable of acting quickly.

A portfolio of digital enterprises is under construction. These include Cambridge–Hitachi, the Global Grid for Learning and English 360.

Cambridge–Hitachi has continued to develop innovative curriculum software for whole-class teaching using interactive whiteboards, with the launch of a new flagship *i-learn* brand for the UK primary school market. New series include *i-learn: writing*, a non-fiction writing resource designed to guide a class through the whole writing process, and *i-learn: speaking and listening*, a flexible resource to support the teaching of these skills. Access to high-quality numeracy resources for all 2,000 London primary schools has been boosted by the online delivery of *Multi-e-Maths* across the London Grid for Learning.

Cambridge–Hitachi has invested in a sophisticated web-based publishing platform and content management system, which enables authors and editors to build new *i-learn* products faster and with greater flexibility for adaptation for international markets.

Global Grid for Learning (GGfL), the digital content supply network for education worldwide, has extended a partnership with SMART Technologies to deliver over 1 million digital learning assets from leading educational content providers to teachers across North America, the UK, Australia and Mexico through the *SMART Learning Marketplace*.

GGfL has a content repository that is growing apace with over 2 million assets under licence. Suppliers include the Bridgeman Art Library, Corbis, *Encyclopaedia Britannica*, Reuters and The Learning Federation, providing a range of asset types, images, audio, video and animated learning objects.

The Press is also working with a number of academic partners including the Learning, Innovation and Knowledge Research Centre (Dublin City University), the Applied Learning Technologies Institute (Arizona State University), and the Centre for Applied Research in Educational Technologies (University of Cambridge) on the development of a non-commercial website for the education community to share free educational resources (www.globalgridforlearning.org). As well as providing a destination site to share content, GGfL will work with non-government organisations, academic and commercial partners to provide free online training opportunities for educators, authors and indigenous education publishers to develop their content creation and usage skills.



NDG has identified a joint venture opportunity to provide a web application for the English for Special Purposes (ESP) market. English 360 employs software approaches to collaborative language learning and teaching. It is primarily focused on training adults. The application is designed for learners, teachers, private language schools and company clients to use together, and provides digital tools to support classroom, blended and online learning. NDG will foster the development of this enterprise, which complements Cambridge Learning's activity and helps the Press enter a market segment not currently serviced.

It is expected that the New Directions Group will play a significant role in enabling the Press to evolve its business models and range of publishing activities.

Regional businesses

Europe, Middle East and Africa

The EMEA region provided sales revenues of £78 million during the fiscal year, amounting to 44% of the Press's global revenues, with net contribution results exceeding the expectations of the current business plan.

As the region continues to grow and develop with the implementation of new business plans throughout its branches, the need for strong financial management continues to increase. A key appointment was made with this in mind when Howard Buckley was recruited as Chief Financial Officer for the EMEA region, bringing considerable experience from previous senior roles in the publishing industry.

The **European Branch** demonstrated growth of 7% over the previous year, delivering sales of £65 million, with all publishing groups showing increased revenues. The Learning businesses grew by 9%, as Educational publishing saw good growth in the UK, and ELT publishing achieved impressive results, with notable share increases in France, Poland, Russia, Switzerland and the UK. The Academic and Professional book publishing business experienced difficult trading conditions during the first half of the year, but still managed to deliver sales 4% ahead of the previous year. The Journals business increased sales by 5%, and Bibles publishing by 7%.

In Cambridge, the Press Bookshop continued to attract customers to its prestigious location in the heart of the city, and for the second year running sold Press publications worth more than £1 million. The Pitt Building, the ceremonial headquarters of the Press in the city centre, which also hosts meetings, conferences, exhibitions and receptions, expanded its business by 45%.

There were several new appointments to the Branch Board in Europe, with



Geoff Staff (Press Design Director and Business Process Director, Cambridge Learning), Andy Williams (Production Director, Academic and Professional Publishing), Ron Ragsdale (ELT Publishing Director) and Simon Read (Education Director) all being elected to the Board during the course of the year. Ian Farnell was appointed as Distribution Consultant to the Board.

Improvements to central business systems featured high on the agenda throughout the year. A full audit of the Press's IT systems was carried out, followed by a strategic review of IT requirements for the global business, and recommendations for improvements over a four-year period were approved by the Press Board in November 2007. In March 2008, a new warehouse management system was implemented, to improve levels of service, provide additional marketing capabilities and increase efficiencies in capacity and productivity. At the year end, the Journals group benefited from the introduction of a new subscriptions system, providing this increasingly complex business with more sophisticated market intelligence, allowing quality management information, analysis, and reporting.

The **Iberian Branch** continued to forge ahead in a highly competitive marketplace, delivering sales of nearly £7 million, a remarkable increase of 29% over the previous year. Aggressive sales campaigns provided excellent results for the ELT list as a whole, with significant market share penetration for two courses in particular – *English in Mind* and *face2face*.

A major business planning exercise has been undertaken by the Iberian Branch management team to draw up a new business plan for the schools market. A fresh ELT publishing programme for primary and secondary schools is now under way, and a new sales and marketing initiative will focus on this sector.

The **African Branch** achieved positive financial results for the third year running, with sales close to £6 million, 16% ahead of plan. Sales revenues were in fact reduced from financial year 2007 due to significant growth opportunities offered by curriculum change in South Africa in the previous year. The implementation of the final Grade 12 level in the South African syllabus resulted in sales of nearly £3 million for the *Study and Master* series, with the Physical Science text selling an impressive 240,000 copies. Sales in the rest of Africa were slightly under budget, but sales to the Caribbean grew by 25% over the previous year. Careful measures were taken throughout the year to ensure positive compliance with Black Economic Empowerment legislation in South Africa.

Sales in the **Middle East and North African Branch**, managed primarily from the office in Dubai, continued to grow at a fast rate. Particularly strong



The Cape Town office



The Manhattan office occupies two floors of the AT&T building

results came from Libya and Egypt, where new staff members became productive very quickly. Piracy and political instability obstruct publishing operations in the Levant and Iran, so results depend heavily on the Gulf area and North Africa. The Press's joint venture company, Cambridge–Obeikan, has now taken on the task of sales representation for international ELT publishing in Saudi Arabia, and strong growth is anticipated both there and in Egypt, where steps have been taken to increase personal selling to a wider range of ELT institutions.

The Americas

After a second successive year of spectacular growth, it was not surprising that prevailing market conditions made the fiscal year 2008 a much more challenging one for the **American Branch**. Nevertheless, thanks in part to a very strong finish, the overall sales budget was achieved.

Academic book sales as a whole reached just under \$50 million, rising by 2% over the previous year, but this figure masks the effects of publication patterns. While sales in the Humanities & Social Sciences were almost exactly the same as in the previous year, no major new product on the scale of the *Historical Statistics of the United States* (see Annual Report 2007) was published, and if adjustment is made for this, the underlying sales pattern showed growth. Meanwhile, STM sales grew by over 7%. Given the depressed market conditions in the latter part of the year, this was a very creditable performance.

ELT had a much better year, with sales rising by 11%. This was driven by another fine performance in Mexico and Central America, where sales were up by over 25%, partly due to a major contract to supply teaching materials to Harmon Hall, a chain of private language schools with whom the Branch has established an ongoing relationship. In South America there was tremendous growth in Colombia and Ecuador. US sales were also healthy, and the launch of the new *Ventures* course (the Press's first purpose-built course for the US market) should ensure continuing growth there. Education sales recovered from the previous year's decline and rose by 18%, with the result that total Cambridge Learning sales in North America were a fraction under \$25 million, an increase of \$2.6 million.

Overall book sales for the year were \$74.8 million, an increase of \$3.5 million on fiscal year 2007. The proportion of those sales represented by ELT grew in line with the overall strategy of the Americas business plan.

Journals sales missed their planned increase, but rose by a very significant 15%, while sales of rights in Press publications remained at 2007 levels.

The **Brazilian Branch** had another very successful year, substantially

improving even on the previous year's fine performance. Sales of ELT books rose by a dramatic 33%, and beat budget by 18%.

The development of the Branch's Central and South American operations continued. 'ELT Trading SA' was founded in Mexico so that the Press could begin the process of distribution and invoicing itself rather than exclusively through third parties. The Argentina office was reactivated, and a multi-year arrangement was concluded to supply textbooks to the government of Costa Rica.

Within the Branch, as elsewhere, attention is increasingly focused on the Press's future as a publisher of digital materials. Journals has been a digitally based business for some years now, but it is clear that the major end-users of Press publications, the libraries, are keen to expand this into the realm of books. Many of the Branch's senior staff were involved in the preparation of a global report to summarise current activities and propose moves for the future.

Overall, the Americas Region had another good year, despite the continuing weakness of the dollar against sterling and other important currencies (notably the Brazilian real and the Mexican peso), and the progressive worsening of economic conditions in the USA itself. The economic downturn was beginning to be reflected in dealings with major customers towards the end of the year, but the concentration of business in the hands of fewer, bigger customers continued; independent bookstores now account for only about 2% of American book sales.

There were two major changes in the management of the Region during the year. In October 2007 Chrisjan Stimie moved from the Finance Department in Cambridge to assume the newly created role of Operations Director, and in December HR Director Carol New retired after many years of service to the Press. In addition, the Board of Management was strengthened by the addition of Ken Clinton (ELT Sales & Marketing Director), Cathy Felgar (Academic & Professional Production Director), and Howard Siegelman (ELT International Marketing & Business Development Director).

Asia-Pacific

All three parts of the Asia-Pacific Region (Asia, Australia and India) performed well and exceeded budget. Sales for the region as a whole were US\$ 68.8million, representing nearly 20% of the global sales of the Press.

In August the Managing Director, Christopher Boughton, relocated from Cambridge back to the region in order to be closer to the business. In October Sandra McComb retired as Executive Director of the Australian Branch, but later returned there as a freelance Academic commissioning editor. Sandra was

succeeded as Director by Mark O'Neil who was formerly the Director of North East Asia. Mark Gresham, President of United Publishers Services and a former Cambridge Japan employee, was appointed as Mark O'Neil's successor.

Asia experienced another year of transition and growth. The biggest change came in June when the Press acquired its own long-time distributor in Japan, United Publishers Services. UPS is the largest foreign language academic book importer in Japan, representing over 200 foreign publishers. With the acquisition of UPS, Japan regained its position as by far the largest revenue-generating country in the Branch.

The merger of Cambridge Japan and UPS under a single management team was successfully completed. From October the Asian ELT publishing group was relocated to Tokyo. A new strand of the UPS–Cambridge business, UPS Medical, was launched in November, taking over the distribution of foreign language medical titles from a number of foreign publishers who had relied for years on the services of Igaku-Shoin, Japan's largest local-language medical publisher.

The outstanding sales performances this year were from China and South Korea. China grew by 44% over the previous year and exceeded annual sales of \$5 million for the first time, while South Korea grew by 6.5% and achieved over \$7 million in annual sales, exceeding last year's performance.

In South East Asia the director, Gareth Knight, was promoted to a new role of Business Development Director for the Asian Branch. His replacement is T. V. Govindan, formerly South India General Manager. New offices were leased in Bangkok to accommodate growth.

In Hong Kong the eBusiness unit continued to transform print content into formats suitable for delivery through the web and mobile devices. Helen Kenyon, eBusiness Development Editor from Cambridge, spent six months in Hong Kong helping the team to complete projects.

Sales in Australia and New Zealand continued to grow, increasing revenue generated by the **Australian Branch** by 10% over financial year 2007. The Education group continues to be the engine of the business. The market leading position of mathematics publishing for secondary schools in Victoria has been consolidated while at the same time new publishing in humanities subjects across the major states has driven substantial growth. New products for the primary school sector continue to come on stream from the New South Wales office and revenue, though relatively modest, grew by more than 300% over the previous year.

Academic and Professional sales grew modestly, but a highlight was the strong performance of sales of both imported and locally published textbooks.

ELT sales grew by 8%, in part due to the increased influx of students from China and the Middle East. The uptake of new adoptable products originating from the EMEA Branch added to strong sales of self-study and reference materials.

The **Indian Branch**, Cambridge University Press India Pvt. Ltd, had a very successful year with revenue growth of 34.4%. Publishing was focused mainly on local needs and syllabuses primarily for ELT and Education. *Funtastic Grammar*, a primary grammar series, and a school computer textbook series, *IT Kids*, were successfully published. Five books written for and endorsed by Cambridge International Examination (CIE) syllabuses were published. Sales of books originated by the Indian branch went up by 95% during the year.

In January the Vice-Chancellor and a number of senior University academics visited several cities in India, helping to raise the profile of the University and the Press. The Branch took the opportunity to host a reception in Delhi for Dr Gordon Johnson, President of Wolfson College and Chairman of the Press Syndicate. Dr Johnson also visited the Hyderabad and Mumbai offices.



Printing

At the start of the financial year there was an air of optimism about the continued recovery of the printing business. This suffered a major setback as the year progressed, with a convergence of difficulties which stalled growth in the main book printing division and severely damaged the financial results.

The biggest challenge was to manage the production of books supporting the Research Assessment Exercise (RAE). Stock of those titles was required before the deadline of December 2007 but tended to come in *en masse* towards the end of the period rather than steadily throughout the year. Capacity at the Printing House had to be committed early on, but was not filled straight away, which meant that early losses could not be mitigated; and when the work did come through it incurred high levels of expensive overtime and subcontracting. These additional costs had a devastating impact on the business's profitability. The successful delivery of all RAE titles to deadline was a remarkable achievement but little consolation in financial terms for the printing business.

During the year there was also evidence that print runs were reducing by an average of 15%. So while the business saw an increase in the number of titles produced, revenue itself dropped in line with print runs. This is a trend which will continue as publishers limit their stock holding on the one hand whilst increasing their digital online presence.

Pricing was, as ever, a sensitive issue. Printers faced huge price increases for raw materials and energy, but had little opportunity to pass on these extra costs because competition from Eastern Europe took greater hold. Slovenian competitors, for example, can produce titles for less than 50% of the Press's prices; so although the Printing House is competitive within the UK market, it cannot compete with Eastern Europe. The Press decided to focus instead on those publishers who are required to print in the UK, either because of policy or because their publications are more time-sensitive. The strategy was moderately successful and was helped by the voluntary closure of some of the Press's established competitors in the industry: Bath Press, St Edmundsbury Press and Butler and Tanner, although the last has since found new investors.

The closure of such businesses is telling in itself. For years the Press has won prestigious quality awards for print manufacturing, and at almost every such

ceremony the title was hotly contested either by Bath Press or by Butler and Tanner. These were not inconsequential printers, but large, established, quality printers who found the investment, pricing and general business environment of print too tough.

The annual review for the printing business could not be complete without mention of a debilitating blow – the loss of the Cambridge Assessment contract. Hot on the heels of the news that the Confidential (examination printing) business stream had just completed its most successful year since 2000 in terms of quality and delivery, came the news that it had been de-selected from the Cambridge Assessment tender process, failing to make it to the final bidding. The new investment in technology, intended to enhance the integrity of the Confidential product, had indeed contributed to improved performance. A successful year was not enough, however, and it became clear that Cambridge Assessment's requirements from a service provider have shifted balance away from the printed product to a more technologically engineered solution.

The financial impact of the loss of this business will not be felt until later in the current fiscal year; but because the major slice of profitability for Printing was derived from the Confidential business stream, there are wider implications for the immediate viability of the Printing business and various options are now being considered.

Notwithstanding that disappointment, the book printing business faces further significant change during the coming year. Distributed print, where the publisher prints closer to market, is daily becoming more of a reality. Within the Press's Academic publishing £3.6 million worth of product printed in Cambridge is shipped to the USA and Asia. These publications then attract shipping and distribution costs, with further implications for stockholding. In the long term it makes no sense to continue to produce materials for overseas markets from the University Printing House. Combined with the issue of distributed print comes pressure for shorter and more frequent print runs closely matched to demand. For a viable printing business to exist in the future it will need to become more dynamic, agile and responsive to changes in the publishing world. Besides this, the investment and return programme needs to be short and flexible enough to ensure adaptability in advance of competitors. With such considerable challenges both behind and before, the current year will not be easy, but out of adversity comes opportunity.





Global business services

Finance

The Finance Department continues to provide key support to the overall business, focusing on improving revenue, gross margin, net margin and other operating metrics.

Balance sheet and operating reviews were conducted at all the Press's major branches during the past year and Key Performance Indicators (KPIs) were more formally implemented. As economic conditions become more difficult the involvement of the Finance Department across the branches will become even more crucial.

Additional activities included the implementation of a formal foreign currency hedging program, participation in the incorporation of the Printing business, and due diligence and integration work on the UPS (Japan) acquisition.

On the personnel side, the senior financial management team was further strengthened. The former European Chief Financial Officer, Chrisjan Stimie, took the position of Operations Director in the Americas Region. Howard Buckley joined the European Branch as CFO. Another key addition was Colin Meads as Global Treasurer and Director of Financial Systems. All are experienced financial executives and all have already made significant contributions in their respective areas.

With these changes and appointments the Finance Department ended the financial year in a good position to support the Press's various businesses around the world.

Legal Services

The Legal Services Department, based in Cambridge, has been active in the pursuit of e-piracy, which has sometimes resulted in serving notice to infringing websites and internet service providers. The Department has provided official documentation in support of local actions in India where lawyers working with the New Delhi office have obtained several injunctions against the sale of illegal printed copies of works; and of the action initiated by the Americas Region (together with Oxford University Press and Sage) against illegal e-coursepacks at Georgia State University.

On the corporate and commercial front, the Department has finalised the legal aspects of acquisitions and new ventures including UPS (Japan), ELT Trading (Mexico), Cambridge/Obeikan (Saudi Arabia) and the Global Grid for Learning. Careful attention was paid to issues surrounding the Press's charitable status in light of the Charities Act 2006 and 'public interest' guidance emerging from the Charity Commission. Officers also played a mediating role in various disputes between authors, and in several plagiarism and copyright-infringement cases.

Nearly 3,500 contracts are sent out each year by the Legal Services Department. The value of permissions sold in the financial year was close to £1 million worldwide, the majority of that revenue being administered from within Legal Services.

The Press's Legal Services Department played a crucial role in important global-strategic projects such as those for new Rights & Royalties and Digital Asset Management systems. The appointment of Fiona Kelly as Head of Intellectual Property and Anita Parkash's new designation as Legal & IP Manager in Singapore will strengthen the legal function and allow the Department to continue to be responsive to the Press's many and varied legal needs worldwide.

Distribution

In Cambridge, 'Project Tardis' was completed with the implementation of the RedPrairie warehouse management system. New processes were developed to consolidate picking, checking and packing activities into a single operation, using smart mobile workstations, designed and manufactured specifically for the Cambridge warehouse. These new processes produce major productivity gains by reducing the number of times each product is handled during fulfilment, by maximising the efficiency of the picking sequence, and by picking customer orders directly into shipping cartons. Being driven by radio frequencies, the entire system is paperless, with despatch labels and customer invoices being produced at the end of the process. However, as with many highly complex systems, initial startup was not without problems, but considering that the project involved a critical change from a paper-based pre-invoicing system to a paperless post-invoicing process, the operation was brought up to speed in a relatively short period. Support from the branches was key to an ultimately successful implementation.

The financial year-end saw the culmination of another major project with the transfer to the Author2Reader (A2R) journals subscription and fulfilment system. A2R replaces two disparate legacy systems in Cambridge and West Nyack with a





The Singapore office

single unified global solution. Working in close cooperation with each other, Customer Services staff in both geographical locations played a pivotal role in bringing the combined system to fruition. The Press now has a solid fulfilment system that will support the planned enhancements to functionality that our journal customers demand.

In West Nyack, a Pakrobat Q-12 automated packing machine was purchased to supplement existing equipment, in order to cope with the ever-increasing number of small package shipments. The Mexico office changed to a full service operation with local customer service and distribution responsibilities. The new entity, ELT Trading, utilises Kuehne & Nagel's third-party warehousing and distribution operation, and West Nyack staff helped to test the entire process flow for the new distribution set-up in Mexico City.

In the Australian Branch, several new systems were implemented, including a fully functional EDI suite, foreign currency invoicing (for New Zealand dollars), and a module that facilitates the raising of claims for shortages and damages against inbound supplier invoices.

In Singapore, the contract with the Asian Branch's distributor, Keppel Logistics, was re-negotiated, resulting in significant cost savings. An operations seminar was held and attended by most staff from the Asian offices, and proved to be informative and highly useful to all. The acquisition and integration of UPS in Japan was a significant achievement, necessitating major changes to distribution and supply arrangements.

The African Branch introduced an automated email confirmation system, with customers now receiving order processing, shipping, invoice and backorder detail information. In Madrid, the Iberian Branch implemented a barcode labelling system and, through efficient planning and re-organisation of the warehouse, was able to cope with a significant increase in throughput.

Information and Publishing Services

The last year has seen many changes within the IT Division. After joining the Press in May 2007, one of Maralyn Johnson's first objectives was to record the number of IT systems in use globally. In October a Strategic Review was presented to the Press Board, identifying 197 systems worldwide, most of them in a healthy condition. For those at risk, the Press Board approved an investment plan of £9 million over the next four years, a strong commitment to providing the systems necessary for a dynamic business.

Some of the most pressing work has already begun, especially on the Asset

Store, one of the major projects in the Press's portfolio, vital for the use and repurposing of the content of Press products. The IT department is working with the Content Management team to replace and enhance the Store.

The process of replacing and updating Vista hardware and programs has begun. The change is urgent because Vista – which provides order processing, stock, royalty and finance systems – will withdraw support for any of its systems remaining on the Press's existing hardware by January 2011. Eventually staff will be upgraded to Vista Client, which looks and feels more like a Windows application.

A review of current Royalties and Finance systems is also under way with a view to replacing them. Both systems are old, underdeveloped and not well placed to support an industry where the ISBN will no longer rule in the sale of online services and repurposed products.

The IT department has been restructured to deliver projects more professionally. Nik Louch, as the new Head of Applications, took on responsibility for the Vista Development team in addition to the Vista Operations team, the various databases and Cognos. Rod Duncan joined the Press in December 2007 as Head of the Web, Data Services and Projects Office, bringing to the team a wealth of project management experience and knowledge of a wide range of technologies.

Andy Mell, as Head of Infrastructure, took over the team who develop and support the current Asset Store. He recruited a new manager and together they have dramatically improved the newly branded 'Service Desk'. Calls to the Desk have more than doubled over the last twelve months, but over three-quarters of them are now resolved on the same day.

Andrew Harley, who previously worked on business systems for Cambridge Learning, became Head of Business Solutions and moved with five members of staff into the IT department, along with Robert Whitelock from Academic, to form a new team, who work with members of the Press to identify and find solutions for their IT requirements.

The year also saw major challenges with the introduction of the new warehouse management system, implementation of the new Journals subscriptions system, A2R, and a new telephone system for Customer Services.

During the year the Press both lost and regained its e-commerce accreditation – E4Books – which was recovered through collaboration with sales teams and improvements in reporting tools. The datacare team works closely with all departments in the Press providing a valued service and maintaining essential systems.

The software development team based in Manila has continued to grow in size and stature. Among major achievements were three releases for Cambridge Journals Online (CJO).

Environmental and community programmes

Environmental management

In 2007 the Press made available to Cambridgeshire County Council a strip of Press-owned land stretching south from the main Shaftesbury Road site in Cambridge, for the protection of valuable plant and animal species that would otherwise be disturbed by the Cambridge Guided Busway, currently being developed. That piece of land now accommodates two dozen bat and bird boxes, as well as transplanted colonies of plants including hedge-parsley, dittander, perennial flax and wild liquorice. If the Press cannot claim direct credit for the award of the 2007 Nobel Prize for Peace to the Intergovernmental Panel on Climate Change (IPCC), it can take some pride in having published the IPCC Reports for fifteen years, consolidating its position at the leading edge of environmental science. On World Environment Day, 5 June 2008, the United Nations Environment Programme made a selection of 93 books on relevant subjects that every professional and scholarly library should have. Twelve of these were published by Cambridge, more than any other publisher on the list.

The Press's own environmental behaviour remains under close scrutiny. It runs probably the largest industrial facility in the city of Cambridge, a major centre of population and destination for tourism. The Press has retained its accreditation to ISO 14001:2004, with no non-conformities reported in the early 2008 inspection. Greenhouse-gas emissions in the year from the Cambridge site were 8,744 tonnes of CO₂ equivalent, a 13% increase over the previous period. Two thirds of the increase was attributable to heavier usage of new printing machines; but business travel and airfreight will also need to come under closer scrutiny in the year ahead. Meanwhile, landfill waste was reduced from 11% of total waste in 2006 to 6.5% in 2007.

Even more significant than emissions is the impact on the world's forests of the extraction of wood for paper and book-binding. For several years the University Printing House has had systems in place, which meet FSC and PEFC standards, to ensure that only pulp from sustainably managed or recycled sources



Spreading hedge-parsley



Flax



Dittander

is used in Cambridge books and journals. Such control systems need to apply to overseas and ultra-short-run printing. In 2007, the Press became the 11th member of an organisation called PREPS (Publishers' database for Responsible Environmental Paper Sourcing). This enables manufacturing staff to trace all paper types, regardless of where in the world they are bought, back to the mill and forest from which they come. It gives customers, authors and staff assurance that only sustainably farmed trees are used to make the paper in their books. The database has been widely used by Press staff in Europe, the USA, Australia and Africa, and its adoption in Press operations in Asia is an objective for 2008–2009.

Publishing technology itself continues to evolve in ways that make possible a reduction in paper use. The (free) Cambridge Dictionaries Online service, by far the web's most successful ELT dictionary site, averaged over 29 million page views per month in January to May 2008, a 45% increase over the previous year. About 2% of book publishing revenues are now attributable to products that are delivered electronically. While online access is often bundled with paper content, it is increasingly possible to deliver and sell the two product forms separately. For recent reference publications, between one tenth and one third of the revenue has been obtained through online sales.

Dramatic reductions in the most wasteful kind of paper use are achieved through the harnessing of digital technology for very ultra-short-run printing. Over 40% of the Press's Academic and Professional ISBNs are now produced in this way. In the past, such books were the hardest to keep in print: demand was low and unpredictable, and the need to print in economic quantities often led to excess stocks in the warehouse and ultimately to their reconversion to paper pulp. Digitally printed titles in 2007–2008 sold in excess of 400,000 copies (these from the specialised titles in least demand) while the stock required to service this business is kept to below three months' worth. The printing itself is split between European and North American centres, saving the transatlantic freight of about 200,000 books.

In July 2008, as this Report was going to press, Cambridge won the coveted Quality in Print Environmental Publishing Award, ahead of other finalists Reed Elsevier, Penguin, Haymarket, and our own consultants Acona-PREPS! The judges' view: 'Cambridge University Press ... is not just talking about improving its environmental credentials but actually doing ... something about it.'

Community involvement

As the Press has expanded internationally it has begun to formalise relationships with the communities that house its staff and authors, in outreach programmes that contribute both to growth for the Press's business and staff and to meeting some of the needs of the communities in which those staff live and work.

The African Branch has established a relationship with Scottsdene High School, in a suburb of Cape Town. The list of needs for such a school is long. Its association with the Press, however, has helped it to achieve a dream: a sports field for the school. There was no government funding available for the establishment or maintenance of such a field, so the first requirement was an independent water source. The Press sponsored the drilling of a borehole. Only then could the school proceed to grass the field; and the Press took a leading role in funding the equipment to turn this newly green space into a proper sporting facility. On 13 February 2008, Stephen Bourne cut the ribbon between the new rugby posts to declare the Scottsdene sports field open, and to start a friendly soccer match between Press African Branch staff and Scottsdene's teachers. The result was a 3–3 draw – and, more importantly, space and opportunity for hundreds of young people. The Press in Africa also participates in industry-wide initiatives such as the 'Rally-to-Read' project, which involves delivery of library reading to schools in remote areas of South Africa.

Access to high-quality English teaching and materials is a key determinant of life chances for many young people around the world. This is nowhere more starkly apparent than in the cities of Brazil. The Press is a partner in a number of programmes which deliver free or very low-cost tuition to young people who would not otherwise have access to good English teaching. Over 26,000 books have been donated through programme partners since 2002.

In the normal course of carrying out business in Brazil, the Press organises hundreds of teacher-information events. No charge is made for these events; instead participants are asked to bring a small package of non-perishable food, which is then donated through partner organisations to needy people. Seven tons of food have made their way to hungry citizens in this way since 2003.

During the year the Press supplied 10,000 sets of 42 easy-reading materials to an Indian NGO called Pratham, which provides school education for poor children. The materials are supplied at unit manufacturing cost, with authors and rightsholders also waiving their fees. Two hundred teachers were trained to work with the materials, and it is envisaged that the project will eventually reach 200,000 children.



Press African Branch staff and Scottsdene's teachers at the Scottsdene sports field

Two humanitarian disasters hit Asia towards the end of the financial year: an earthquake in southwest China and Cyclone Nargis in Myanmar. Press employees all over the world clubbed together and organised fundraising events: cooking demonstrations, concerts, raffles and donation drives raised \$27,000, with the Press contributing from its funds an amount that trebled this. Over \$81,000 was divided between the two good causes, and disbursed through partners who will ensure the money is spent on restoring and enhancing educational opportunities for children.

If the Press has more people in Cambridge than elsewhere, it also has more industrial capacity. Printing services are supplied free or at cost price to support a range of local activities: the Wildlife Trusts for Cambridgeshire and neighbouring counties, Addenbrooke's Hospital, the Cambridge Science Festival and the Festival of Ideas.

As in Africa and the Americas, the Press provides books to needy local people and institutions: to prisons, immigration centres, some schools and rural libraries in Cambridgeshire with new and fast-growing immigrant communities.

In the UK each year staff are given the chance to select three charities, which are of educational interest or embedded in the local community, to benefit from funds raised by staff through various means in the course of that year, together with generous donations by the Press itself. Recently, monies from staff fundraising initiatives have gone to the Teenage Cancer Trust (Addenbrooke's Hospital), The Shark Trust and East Anglia Children's Hospice (Milton).

Perhaps the greatest gift of all that the Press can offer to the community in and around Cambridge is the time and expertise of its people. Volunteer programmes have been established in two local schools, involving long-term commitments from 14 staff members. Editors from the Academic and Professional publishing group have been working as Science and Engineering Ambassadors under a national programme called Setpoint. The most popular volunteering activity, however, is doubtless that with long-term partner the Wildlife Trust, which has attracted 44 participants in activities ranging from fen dredging, to hedge laying, to hay strewing!

As last year, the Press team was the largest in the annual Cambridge 'Bridge the Gap' charity walk. In total, over one-quarter of Europe-based staff are now enrolled in one or other Press-supported volunteer programme.



Appendices

I. Statistical data May 2007 to April 2008

NB The following tables do not include digitally reprinted books.

Table 1: Hback and Paperback ISBNs by Publishing centre

	Cambridge	Americas	Australia	Africa	Iberia	Asia	Total
Bibles	5	0	0	0	0	0	5
Education	47	4	79	453	0	73	656
ELT	142	107	0	1	0	16	266
HSS	817	480	29	0	0	8	1334
STM	377	97	1	0	0	1	476
Total	1388	688	109	454	0	98	2737

Table 2: Sales revenue ranked by country (first 15 by value)

Academic and Professional	Education	ELT
USA	South Africa	Spain
UK	Australia	Brazil
Australia	UK	UK
Germany	USA	Mexico
Japan	Namibia	USA
Canada	Trinidad and Tobago	South Korea
India	Jamaica	Italy
The Netherlands	Cameroon	China
South Korea	Indonesia	Switzerland
China	United Arab Emirates	Germany
Switzerland	India	Japan
Italy	Mauritius	Russian Federation
Taiwan	Malta	Poland
Spain	Swaziland	Thailand
France	Singapore	France

Table 3: Percentage of Publishing sales by market, split by category

	Academic & Professional	Education	ELT	Journals	Bibles	Total
Europe & Middle East	28%	9%	33%	28%	2%	100%
America	59%	3%	27%	11%	0%	100%
Australia	29%	55%	16%	0%	0%	100%
Iberia	7%	1%	92%	0%	0%	100%
Africa	3%	87%	10%	0%	0%	100%
Asia	24%	5%	71%	0%	0%	100%
Brazil	0%	0%	100%	0%	0%	100%
India	34%	21%	45%	0%	0%	100%
Total	34%	12%	38%	15%	1%	100%

Table 4: Percentage of sales by category, split by market (excluding UPS Limited Sales)

	Academic & Professional	Education	ELT	Journals	Bibles	Total
Europe & Middle East	36%	32%	38%	34%	100%	43%
America	50%	8%	20%	38%	0%	29%
Australia	4%	22%	2%	4%	0%	5%
Iberia	1%	0%	11%	3%	0%	5%
Africa	0%	29%	1%	2%	0%	4%
Asia	6%	3%	15%	15%	0%	8%
Brazil	0%	0%	9%	1%	0%	3%
India	3%	6%	4%	3%	0%	3%
Total	100%	100%	100%	100%	100%	100%

Table 5: New hardback-only publications from the Academic Group

Anthropology	1
Archaeology	10
Art	7
Astronomy	28
Bibles	5
Chemistry	3
Classical studies	45
Computer science	7
Drama and theatre	7
Earth, atmospheric sciences	16
Economics, business studies	26
Education	1
Engineering	46
Experimental biology and biomedicine	10
History	76
Language and linguistics	9
Law	103
Literature	66
Management	10
Mathematics	41
Medicine	29
Music	14
Philosophy	29
Physics	19
Politics, social theory, history of ideas	28
Psychology	12
Religion	18
Sociology	5
Zoology, botany	13
Total	684

Table 6: New paperback publications from the Academic Group

Anthropology	4
Archaeology	11
Art	1
Astronomy	5
Cambridge University publications	2
Classical studies	20
Computer science	7
Drama and theatre	7
Earth, atmospheric sciences	13
Economics, business studies	23
Education	1
Engineering	3
Experimental biology and biomedicine	12
Film, media, mass communication	3
Geography, the environment	2
History	56
Language and linguistics	24
Law	53
Literature	38
Management	8
Mathematics	51
Medicine	52
Music	6
Philosophy	56
Physics	6
Politics, social theory, history of ideas	90
Psychology	22
Religion	15
Sociology	14
Zoology, botany	19
Total	624

II. Awards and prizes

Among the awards and prizes for Press publications received in 2007 were:

Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy*, winner of the 2007 Woodrow Wilson Foundation Award and winner of the 2007 William H. Riker Award, Political Economy Section.

Richard Bauman and Charles L. Briggs, *Voices of Modernity*, winner of the Sapir Book Prize awarded by the Society for Linguistic Anthropology.

Clifford Bob, *The Marketing of Rebellion*, winner of the 2007 Best Book Award, International Studies Association, Top Book of 2006, The Globalist, and winner of the 2007 Scholarly Achievement Award, North Central Sociological Association.

Arjen Boin, Paul t'Hart, Eric Stern and Bengt Sundelius, *The Politics of Crisis Management*, winner of the Herbert A. Simon Award for the best book in Public Administration of ASPA.

Ronald Carter and Michael McCarthy, *The Cambridge Grammar of English*, winner of the British Council Innovation Award.

John Foran, *Taking Power*, winner of the Best Recent Book on Globalisation, awarded by the Society for the Study of Social Problems, Global Division.

Marie Gottschalk, *The Prison and the Gallows: The Politics of Mass Incarceration in America*, received honourable mention in the 2007 shortlist for the J. David Greenstone Award, Politics and History Section.

Avner Greif, *Institutions and the Path to the Modern Economy*, joint winner of the AFEE-EAEPE Veblen Prize for 2007.

Henry E. Hale, *Why not Parties in Russia? Democracy, Federalism, and the State*, winner of the 2007 Leon Epstein Award, Political Organisations and Parties Section.

Fredrick C. Harris, Valeria Sinclair-Chapman and Brian D. McKenzie, *Countervailing Forces in African-American Civic Activism, 1973–1994*, winner of the 2007 Ralph Bunche Award.

Vincent Hendricks, *Mainstream and Formal Epistemology*, Choice Outstanding Academic Title 2006.

Coral Ann Howells, *The Cambridge Companion to Margaret Atwood*, winner of the Margaret Atwood Society Best Book Award for 2006.

Jacques E. C. Hymans, *The Psychology of Nuclear Proliferation*, winner of the Edgar S. Furniss Book Award 2006 for the best first book in international security, and winner of the 2007 Alexander George Award from the International Society for Political Psychology.

Stathis N. Kalyvas, *The Logic of Violence in Civil War*, winner of the 2007 Woodrow Wilson Foundation Award and honourable mention in the 2007 J. David Greenstone Award, Politics and History Section.

Esther Kim Lee, *A History of Asian American Theatre*, winner of the Research Award for Outstanding Book-length Study in Theatre Practice and Pedagogy given by the Association for Theatre in Higher Education.

Timothy J. M. Ling, *The Judaeen Poor and the Fourth Gospel*, winner of the John Templeton Award for Theological Promise, 2007.

Julia Lynch, *Age in the Welfare State: The Origins of Social Spending on Pensioners, Workers, and Children*, winner of the 2007 Best Book Award, European Politics and Society Section.

John Macnicol, *Age Discrimination*, declared Best New Publication, 2006–2007 by the Social Policy Association.

Beatriz Magaloni, *Voting for Autocracy: Hegemonic Party Survival and its Demise in Mexico*, winner of the 2007 Leon Epstein Award, Political Organisations and Parties Section, and winner of the 2007 Best Book Award, Comparative Democratisation Section.

Hedwig te Molder and Jonathan Potter, *Conversation and Cognition*, winner of the 2007 EMCA Section Book Award.

Diana C. Mutz, *Hearing the Other Side: Deliberative versus Participatory Democracy*, winner of the 2007 Robert E. Lane Best Book Award, Political Psychology Section.

Stephen C. Neff, *War and the Law of Nations*, winner of the 2007 ASIL Book Prize.

Ben Rampton, *Language in Late Modernity*, winner of the 2007 BAAL Book Prize.

Jonathan A. Rodden, *Hamilton's Paradox: The Promise and Peril of Fiscal Federalism*, winner of the 2007 Gregory Luebbert Award, Comparative Politics Section.

Reuel R. Rogers, *Afro-Caribbean Immigrants and the Politics of Incorporation: Ethnicity, Exception, or Exit*, winner of the 2007 Best Book Award, Urban Politics Section and winner of the 2007 Best Book Award, Race, Ethnicity and Politics Section.

Mark Q. Sawyer, *Racial Politics in Post-Revolutionary Cuba*, winner of the 2007 Ralph Bunche Award.

Jillian Schwedler, *Faith in Moderation: Islamist Parties in Jordan and Yemen*, winner of the 2007 Best Book Award, Comparative Democratisation Section.

Peter Shillingsburg, *From Gutenberg to Google: Electronic Representations of Literary Texts*, winner of the first-ever Richard Finneran Award.

Quentin Skinner, *Visions of Politics: Volume 1: Regarding Method, Volume 2: Renaissance Virtues, Volume 3: Hobbes and Civil Science*, winner of the 2007 David Easton Award, Foundations of Political Theory Section.

Ole Spiermann, *International Legal Argument in the Permanent Court of International Justice*, winner of the 2007 Idman Award for work in public and private international law produced by a Nordic author during 2004–2006.

Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan*, received honourable mention in the 2007 J. David Greenstone Award, Politics and History Section.

Kathrin S. Zippel, *The Politics of Sexual Harassment: A Comparative Study of the United States, the European Union, and Germany*, winner of the 2007 Victoria Schuck Award, Women and Politics Section.

III. Statute J The University Press

1. There shall be in the University a University Press which shall be devoted to printing and publishing in the furtherance of the acquisition, advancement, conservation, and dissemination of knowledge in all subjects; to the advancement of education, religion, learning, and research; and to the advancement of literature and good letters.
2. There shall be in the University a Press Syndicate. The management of the finance, property, and affairs generally of the University Press shall be the responsibility of the Press Syndicate which shall exercise in relation thereto all the powers of the University except in so far as the Statutes and Ordinances expressly or by necessary implication provide otherwise. The Press Syndicate shall consist of the Vice-Chancellor or a duly appointed deputy as Chairman and such number of members of the Senate appointed in such manner as shall be determined from time to time by Ordinance.
3. The Press Syndicate shall have power in the name of the University and for the purposes of the University Press to purchase, lease, retain, sell, or transfer property real or personal and to purchase, retain, sell, or transfer securities (which term shall include stocks, funds, and shares) of any description whether or not authorised by law for the investment of trust funds, and this power shall extend to the investment (including the variation of the investment) of all endowments or other funds of the University Press.
4. All income accruing to the University Press shall be credited to the accounts of the Press Syndicate and all University Press capital and income shall be controlled by the Press Syndicate and applied by them at their sole discretion for the purposes of the University Press.
5. The Press Syndicate shall have power to borrow money for the purposes of the University Press and to make the property or income of the University Press security for any loan, provided that
 - (a) the Council shall have authority to impose limitations on the power of the Press Syndicate to borrow money under this section, and
 - (b) the terms of any loan so secured on the property or income of the University Press shall be in accordance with the Universities and College

Estates Acts 1925 and 1964, and shall be approved by the Vice-Chancellor on behalf of the Council.

6. The Press Syndicate shall have power in the name of the University to engage persons for employment in the service of the University Press, determine their salaries and pensions, and prescribe the conditions of their service.
7. Persons holding certain posts in the University Press which have been specially designated under this section by the Council on the recommendation of the Press Syndicate shall be treated as University officers for the purposes of Statute A, III, 7(b), Statute B, I, 1, Statute B, III, 6, and Statute K, 3(h). The following have been specially designated under this section: the Secretary of the Press Syndicate, Directors, Associate Directors, Senior Editors, and Senior Managers of the Press.
8. The accounts of the University Press shall be audited annually by one or more qualified accountants appointed by the Council. The Council shall in every year appoint one or more persons from among the members of the Finance Committee, who shall examine these accounts, confer with the auditor or auditors, and report to the Council.
9. There shall be a Press Seal, as a seal of the University to be used on the directions of the Press Syndicate in matters relating to the affairs of the University Press; but the existence of the Press Seal shall not invalidate the use in connection with such matters of any other seal of the University. The University shall have power to make Ordinances concerning the custody and affixing of the Press Seal.

10. The Press Syndicate shall have power to delegate any of their powers under this Statute subject to any limitations imposed by Ordinance.
11. The term property of the University Press here and elsewhere in Statutes and Ordinances shall refer to property of the University held or used for the purposes of the University Press. In favour of any person having dealings with the University Press a certificate signed by the Registrar that any particular property is the property of the University Press, or that any limitations on borrowing have been complied with, shall be conclusive.
12. The Press Syndicate shall make an Annual Report to the Council, which shall be published to the University either as a whole or in summary.
13. Notwithstanding the provisions of the foregoing sections, the Council shall have power in circumstances which the Council deems to be exceptional, on the advice of its Finance Committee, to discharge the Press Syndicate, and to assume full responsibility itself for the management of the Press for the time being. If the Council has occasion to exercise the powers available under this section, the Council shall make a full report to the University on the circumstances necessitating such action.

Annual Accounts

for the year ending 30 April 2008

Report of the Press Syndicate

for the year ended 30 April 2008

The Members of the Press Syndicate are pleased to present their report together with the financial statements of the Press for the year ending 30 April 2008.

The Press Syndicate

The Members of the Press Syndicate during the year were as follows:-

Dr G. Johnson, The President of Wolfson (Chairman)*

Professor W. A. Brown, The Master of Darwin*

Professor S. A. Collini

Professor T. M. Cox

Professor U. C. Goswami

Professor G. P. Hawthorn*

Professor B. J. Heal

Professor C. J. Humphreys

Professor D. J. Ibbetson

Professor T. W. Körner

Professor D. J. McKitterick*

Professor J. S. Morrill*

Dr R. G. Barker*

Dr C. Y. Barlow**

Dr M. S. Lane

Mrs A. M. Lonsdale, The President of New Hall**

Mr A. M. Reid, Director of Finance of the University of Cambridge*

*Members of the Press Syndicate's Finance Committee

Mr S. J. Webster, OBE, and Mrs S. Coutu also served on the Press Syndicate's Finance Committee.

**Members of the Press Syndicate Audit Committee

Mr N. Wright also served on the Press Syndicate's Audit Committee.

The Secretary of the Press Syndicate is Mr Stephen R. R. Bourne, University Printer and Chief Executive of Cambridge University Press.

Members of the Press Syndicate receive no remuneration in their role as trustees. No individual member of the Press Syndicate received any remuneration from Cambridge University Press, other than in their capacity as authors, series editors or editorial advisors. The remuneration that these individuals would receive in this capacity is under normal contract terms. There were no reimbursed expenses in the current or previous period.

Executive Directors

During the year ended 30 April 2008

S. R. Bennett

C. P. Boughton*

S. R. R. Bourne*

J. R. Bradie

Dr A. M. C. Brown*

P. J. Davison

R. K. Fisher

A. C. Gilfillan*

S. A. McComb

S. H. Miller*

J. M. Pieterse*

K. J. Taylor

J. G. Tuttle

S. J. Ward

Dr R. L. Ziemacki*

*also members of the Press Board

Professional advisors and principal office

Bankers

Barclays Bank
Bene't Street
PO Box No 2
Cambridge
CB2 3PZ

Solicitors

Mills & Reeve Solicitors
Francis House
112 Hills Road
Cambridge
CB2 1PH

External Auditor

KPMG LLP
37 Hills Road
Cambridge
CB2 1XL

Internal Audit Service Provider

Deloitte and Touche LLP
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

Investment Managers

Barclays Global Investors
54 Lombard Street
London
EC3P 3AH

Legal & General Investment
Management Limited

Bucklersbury House
3 Queen Victoria Street
London
EC4N 8NH

Principal Office

The Edinburgh Building
Shaftesbury Road
Cambridge
CB2 8RU

Organisation and governance

Cambridge University Press is the printing and publishing house of the University of Cambridge, whose right to print and sell ‘all manner of books’ was granted by Henry VIII in 1534. It is the oldest Press in the world, having printed and published continuously since 1584.

Cambridge University Press is established by Statute of the University and is an educational charitable enterprise dedicated to printing and publishing for the advancement of knowledge, education and learning worldwide.

Statute J (full text in Appendix III above) of the University of Cambridge states: *There shall be in the University a University Press which shall be devoted to printing and publishing in the furtherance of the acquisition, advancement, conservation, and dissemination of knowledge in all subjects; to the advancement of education, religion, learning, and research; and to the advancement of literature and good letters.*

The Press is a unitary organisation, with its centre in Cambridge and with an integrated international network of Branches, many of which have non-profit status in their countries of operation.

The University Press is governed by the Press Syndicate, a body consisting of the Vice-Chancellor’s deputy as Chairman and sixteen senior members of the University. The powers of the Syndicate are fully set out in Statute J and the supporting Ordinances of the Press.

Appointment of members of the Syndicate

As set out in Statute J, the Press Syndicate shall consist of the Vice-Chancellor or a duly appointed deputy as Chairman and such number of members of the Senate appointed in such manner as shall be determined from time to time by Ordinance.

Induction and training of the members of the Syndicate

Each new member of the Syndicate is briefed on his/her duties and on the business of the Press by the Chief Executive. Periodically, the Syndicate as a whole receives further briefings on legislative changes and on developments in the Press’s business, insofar as they affect their responsibilities as Syndics.

Management and structure

The Press Syndicate as a whole exercises ultimate authority over the Press’s publishing, approving every Academic title and the publishing programmes of the Cambridge Learning business stream. The day-to-day management of the Press is delegated to the Chief Executive, who appoints the Press Board (consisting of

seven Directors), and such other senior managers as he deems necessary to conduct the Press's business around the world. The Press Syndicate maintains a watching brief over these activities, through its Finance Committee, Remuneration Committee and Audit Committee.

Related parties

The Press is a department of the University of Cambridge. It provides services to the University, to the Colleges and to Cambridge Assessment.

Risk management

Cambridge University Press is both the oldest publishing and printing house in the world and the oldest university press, and has been operating continuously as a publishing and printing business since the first Cambridge book was printed in 1584. Very few organisations in the world have survived and prospered for more than four centuries. The Press Syndicate adopts a very long-term view, monitors both risks and opportunities, and aims to mitigate the former while taking advantages of the latter.

The Press Syndicate and its Finance Committee adopt a number of complementary approaches to managing risk. First, the Press Syndicate has for many years followed a Reserves Policy. It maintains bank balances and invested funds, both to provide funding for Press growth and expansion, and to counteract potential business risk. Second, annually, the Press Syndicate conducts a detailed risk analysis, resulting in the preparation of a Risk Register, which evaluates the possible effects on the Press of a series of potentially damaging business factors, any or all of which are familiar problems in the world of international business. Third, executive management sets detailed budgets for all areas of income, expenditure and cash flow, monitors performance monthly, and takes prompt action in response to departures from budget. The financial results are reported to, and reviewed by, the Finance Committee. Fourth, the Audit Committee operates a rolling internal audit programme, which is undertaken by Deloitte & Touche LLP. This programme raises awareness of risk and improves internal control in the Press, measured against private sector and industry best practices. Finally, the Press has developed arrangements for business continuity planning, with the intention of quickly restoring operations in the aftermath of a major disaster.

Through a combination of these and other measures, the Press Syndicate is confident that the major risks to which it is exposed have been revised and that the systems are in place to mitigate those risks.

Investment policy

The management of invested funds is consistent with the risk management policy and also the principles of the reserves policy. Progress towards the achievement of these objectives has been satisfactory.

Objectives, activities and financial performance

The objectives of the Press are defined in Statute J (Appendix III above). The key elements of the Press's strategy, and its recent performance and achievements, are set out in the Chief Executive's overview.

Going forward, the Press's strategy is centred on three simple propositions: growth, financial performance and quality.

Growth will be realised in part organically; in part through investment in products, software, services and people; and in part by opening up new channels to market, whether through partnerships, acquisitions or technology.

Financial performance will be achieved by selling more while controlling costs, both of which will improve our ratio of sales to fixed overheads; by working our balance sheet harder than ever before, to achieve a return on net assets that justifies continued investment in the business; and by giving our business managers around the world greater responsibility – and accountability – for the financial results of their respective business streams.

The quality proposition lies at the heart of what our University expects of the Press, and it is what the Cambridge name has come to mean to customers. Crucially, it is where the Board perceives economic advantage to lie in an increasingly competitive market. While producers of commodity products will struggle, the quality proposition will differentiate the Press and permit it to prosper.

With the above strategies in mind, the Press's immediate plans are to continue to invest in new publishing; to invest considerable sums in the new information systems and publishing platforms essential to the e-vision; and to continue to capture market share from its competitors.

Responsibilities of the Press Syndicate for the preparation of the financial statements

for the year ended 30 April 2008

The Press Syndicate as a body of trustees is responsible for keeping proper accounting records which disclose at any time, with reasonable accuracy, the financial position of the Press. It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of Cambridge University Press and to prevent and detect fraud and other irregularities.

Statute J requires that the accounts of the Press Syndicate of Cambridge University Press are audited annually by one or more qualified accountants appointed by the Council. In order to give a true and fair view of the state of affairs of Cambridge University Press and of the incoming resources and applications of resources for that period, in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), the Press Syndicate has elected that the financial statements will be presented in compliance with the Statement of Recommended Practice 'Accounting and Reporting by Charities'. The Press Syndicate has satisfied itself that the accounting policies selected by the executive management are appropriate, and the Press Syndicate as a body approves the financial statements. In preparing those financial statements, the executive management are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. make a judgement as to whether the Press is a going concern, and account for it accordingly.

Report of the Independent Auditor to the Press Syndicate

for the year ended 30 April 2008

We have audited the financial statements of Cambridge University Press for the year ended 30 April 2008 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Press Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Press Syndicate, as a body of trustees. Our audit work has been undertaken so that we might state to the Press Syndicate those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Press Syndicate, for our audit work, for this report, or for the opinions formed.

Respective responsibilities of the Press Syndicate and auditors

The responsibilities of the Press Syndicate for preparing the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out on page 56.

Our responsibility is to audit the financial statements in accordance with the terms of our engagement letter dated 10 May 2007 and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable UK Accounting Standards.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 by the Press Syndicate in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Cambridge University Press and the Group, consistently applied

and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of affairs of Cambridge University Press and of the Group as at 30 April 2008, and of the Group's incoming resources and applications of resources in the year then ended;
- have been properly prepared in accordance with applicable UK accounting standards.

KPMG LLP

Chartered Accountants

Registered Auditor

10 October 2008

Consolidated Statement of Financial Activities*for the year ended 30 April 2008*

	Notes	2008 £m	2007 (as restated) £m
Incoming resources			
Incoming Resource from charitable activities			
Publishing and Printing Services		179.5	160.5
Incoming Resources from generated funds			
Investment income	3	1.0	2.1
Other incoming resources		–	3.2
Total incoming resources		180.5	165.8
Resources expended			
Charitable activities			
Cost of publishing and printing services	4	(177.0)	(159.2)
Governance costs	4	(0.5)	(0.5)
Net incoming resources before transfers		3.0	6.1
Transfer to the University of Cambridge	13	(1.8)	(1.8)
Taxation		(0.4)	(0.7)
Attributable to minority interest	18	(0.1)	0.8
Net incoming resources before other recognised gains and losses		0.7	4.4

The notes on pages 67–89 form part of these accounts.

Consolidated Statement of Financial Activities (Continued)

for the year ended 30 April 2008

	Notes	2008	2007
		£m	(as restated) £m
Other recognised gains/losses			
Net (losses)/gains on invested funds	8	(2.3)	0.3
Actuarial (loss) on post-retirement benefits	16; 17	(6.8)	(0.3)
Currency translation		2.0	(1.9)
Net movement in funds		(6.4)	2.5
Reconciliation of Funds (excluding minority interest)			
Total funds brought forward (as originally stated)		80.4	91.4
Prior year adjustment	2	–	(13.5)
Total funds brought forward (as restated)		80.4	77.9
Total funds carried forward		74.0	80.4

The notes on pages 67–89 form part of these accounts.

Consolidated Balance Sheet

at 30 April 2008

	Notes	2008 £m	2007 (as restated) £m
Fixed assets			
Intangible fixed assets	5	3.8	5.7
Tangible fixed assets	6	44.4	40.7
Invested funds	8	–	18.5
		48.2	64.9
Current assets			
Stock and work in progress	9	46.4	42.1
Debtors	10	44.7	41.6
Bank balances and short-term deposits		36.4	14.6
		127.5	98.3
Creditors			
Amounts falling due within one year	11	48.4	42.2
Net current assets		79.1	56.1
Long term financing	12	7.8	2.7
Net assets excluding post-retirement benefit liabilities		119.5	118.3
Defined benefit pension scheme liability – funded	16	30.6	23.9
Other post-retirement benefits liability – unfunded	17	14.9	14.2
Net assets including post-retirement benefit liabilities		74.0	80.2
Funds			
General		119.5	118.5
Pension & other post-retirement benefits reserve		(45.5)	(38.1)
Minority Interest	18	–	(0.2)
		74.0	80.2

The notes on page 67–89 form part of these accounts.

Press Balance Sheet

at 30 April 2008

	Notes	2008 £m	2007 (as restated) £m
Fixed assets			
Intangible fixed assets	5	3.5	5.0
Tangible fixed assets	6	39.7	39.9
Fixed asset investments	7	2.0	2.0
Invested funds	8	–	18.5
		45.2	65.4
Current assets			
Stock and work in progress	9	38.0	39.0
Debtors	10	61.4	54.0
Bank balances and short-term deposits		30.4	11.5
		129.8	104.5
Creditors			
Amounts falling due within one year	11	44.5	44.9
Net current assets		85.3	59.6
Long term financing	12	5.1	–
Net assets excluding post-retirement benefit liabilities		125.4	125.0
Defined benefit pension scheme liability – funded	16	30.6	23.9
Other post-retirement benefits liability – unfunded	17	14.9	14.2
Net assets including post-retirement benefit liabilities		79.9	86.9
Funds			
General		125.4	125.0
Pension & other post-retirement benefits reserve		(45.5)	(38.1)
		79.9	86.9

The notes on pages 67–89 form part of these accounts.

Approved by the Press Syndicate on 10 October 2008 and signed on its behalf by
 Dr GORDON JOHNSON, Chairman of the Press Syndicate, and
 Mr STEPHEN R. R. BOURNE, Secretary of the Press Syndicate.

Notes to the Financial Statements

for the year ended 30 April 2008

1. Accounting Policies

Basis of accounting

The Annual Report and Accounts for the year ended 30 April 2008 have been prepared in compliance with the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) (“the SORP”), and with applicable accounting standards. The Press has recognised certain previously unrecognised post-retirement benefit obligations in these financial statements. The comparative results have been restated accordingly. Further details are set out in note 2 to the Accounts. The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value.

In accordance with the exemption provided by FRS 1 the Press does not present a cash flow statement, on the basis that the ultimate parent prepares a consolidated cash flow statement which includes these results.

Transactions with the University of Cambridge

In accordance with the exemption conferred by FRS 8, the Press has not disclosed related party transactions with the University of Cambridge and subsidiary undertakings where at least 90 per cent of a subsidiary’s voting rights are controlled within the group headed by the University.

Basis of consolidation

The consolidated financial statements include the financial statements of the Press and its subsidiary undertakings made up to 30 April 2008, with the exception of Cambridge University Press India (Private) Ltd which prepares financial statements to 31 March. This entity has been consolidated using Management information at 30 April 2008.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated Statement of Financial Activities from the date of acquisition or up to the date of disposal.

In accordance with the exemption in paragraph 397 of the SORP the Press has included in its financial statements only a consolidated Statement of Financial Activities.

Value of publishing and printing services supplied

The value of publishing and printing services supplied represents the amount of goods and services, net of value added tax and other sales taxes, excluding trade discounts and anticipated returns, provided to external customers. In the case of books and printing, income is recognised upon delivery of the goods to the customer. In the case of journals income is recognised when the journal is published. Payments received in advance are initially recorded as deferred income. Anticipated returns are based primarily on historical return rates.

Governance costs

Governance costs consist of audit fees and other professional fees together with a proportion of senior executive costs related to strategic development and compliance.

Taxation

Cambridge University Press is not subject to taxation on charitable activities undertaken in the United Kingdom, nor the majority of its principal Branch locations, namely Australia, Brazil, Spain, Singapore and the United States of America.

The charge for taxation is based on the net income for the year on activities which are not covered by charitable exemptions and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No deferred taxation has been provided as, in the opinion of the Press Syndicate, the balance is immaterial to the financial statements.

Investments

Invested funds are stated at market value. As a result, the Consolidated Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continuing holdings, since they are together treated as changes in the value of the investment portfolio during the year. Investments in subsidiary undertakings are held at historic cost.

Intangible Fixed assets

Intangible fixed assets consist of goodwill and booklists. Goodwill represents the excess of the consideration given over the fair value of the net assets acquired in an acquisition. Goodwill is amortised by equal annual instalments over its

estimated useful life. Book lists purchased separately are capitalised at cost.

Booklists acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably and are fully amortised by equal annual instalments over their useful economic lives.

Tangible fixed assets and depreciation

Fixed assets are stated at cost, less depreciation. Assets costing less than £5,000 per individual item are expensed in the period in which they are acquired.

Depreciation is provided on all fixed assets at rates calculated to expense the cost of each asset on a straight line basis over its expected useful life, as follows:

	Estimated life for depreciation
Freehold properties	50 years
Plant, machinery and vehicles	4 to 10 years
Leasehold improvements	Over the life of the lease
Intangible assets	5 years

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items. In the case of a group company where development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty the costs are deferred and amortised from the month of publication over the lesser of the life of the project or 3 years. In order to estimate net realisable value, the Press fully provides for any stocks in excess of 18 months' worth of sales with publication dates more than two years old.

Debtors

Debtors are recorded net of bad and doubtful debt and credit note provisions.

Foreign currency translation

Financial statements of foreign operations, for which the functional currency is the local currency are translated into sterling using the exchange rate at each balance sheet date for assets and liabilities, and at weighted average exchange rate for the Statement of Financial Activities.

Pensions

The Press operates a number of defined contribution and defined benefit pension schemes. The assets of all the schemes are held in separate trustee-administered funds. For the defined contribution schemes, the amounts charged in the Statement of Financial Activities represent the contributions payable to the scheme in respect of the accounting period.

For the defined benefit schemes, the scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full within the balance sheet. The movement in the scheme deficit is split between resources expended, pension finance costs, and, in other recognised gains/(losses), actuarial gains and losses.

Other post-retirement benefit obligations

The Press provides post-retirement medical and insurance benefits to certain retired employees of the Press in both the United Kingdom and United States of America. Liabilities in respect of these benefits are calculated based on actuarial assumptions at each balance sheet date.

Leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

2. Prior Year adjustment

The Press provides medical and insurance benefits for certain employees on retirement for the remainder of their lives. The liabilities in respect of these benefits fall within the scope of FRS 17 and are calculated based on actuarial assumptions at each balance sheet date. Previously these liabilities had been expensed when premiums were paid. Moving to the basis of accounting for these benefits under FRS 17 gives rise to an additional charge to the prior year financial statements of £1.0m and a reduction in the prior year opening reserves of £13.5m.

3. Income from invested funds and bank balances

	2008	2007
	£m	£m
Re-investment of distributions from invested funds	0.3	1.0
Interest on bank deposits	0.7	1.1
Total income	1.0	2.1

4. Costs of activities in furtherance of charity's objectives

	2008	2007
	£m	(as restated) £m
Staff costs	57.9	53.8
Other costs in connection with publishing and printing activities	119.6	105.9
	177.5	159.7

Staff costs consist of

Gross wages and salaries	45.8	40.7
Employer's national insurance	4.4	5.3
Pension cost	6.8	6.9
Other post-retirement benefits	0.9	0.9
	57.9	53.8

The monthly average number of permanent staff was	1,748	1,524
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Other costs

Fees for external audit services were £235,500 (2007 £262,663).

Payments for non-audit work in the year £91,980 (2007 £42,345).

Fees for internal audit services were £16,683 (2007 £21,339).

5. Intangible fixed assets: *Group*

Cost	Book lists	Goodwill	Total
	£m	£m	£m
1 May 2007	5.2	5.4	10.6
Disposals and foreign exchange differences	0.1	(0.2)	(0.1)
30 April 2008	5.3	5.2	10.5

Amortisation

1 May 2007	1.9	3.0	4.9
Charge for the period	1.2	0.6	1.8
Disposals and foreign exchange differences	0.1	(0.1)	0.0
30 April 2008	3.2	3.5	6.7

Net book value

30 April 2008	2.1	1.7	3.8
30 April 2007	3.3	2.4	5.7

Intangible fixed assets: *Press*

Cost	Book lists	Goodwill	Total
	£m	£m	£m
1 May 2007	7.1	1.6	8.7
Additions			
Disposals and foreign exchange differences	0.2	(0.2)	0.0
30 April 2008	7.3	1.4	8.7

Amortisation

1 May 2007	2.4	1.3	3.7
Charge for the year	1.3	0.2	1.5
Disposals and foreign exchange differences	0.1	(0.1)	0.0
30 April 2008	3.8	1.4	5.2

Net book value

30 April 2008	3.5	(0.0)	3.5
30 April 2007	4.7	0.3	5.0

	Total
Acquisition of United Publishing Services Ltd	£m
Net assets acquired at book value	3.3
Fair value adjustments	(1.4)
Fair value	1.9
Goodwill arising	
Total consideration in cash	1.9

The assets of the company were purchased at fair value except for the deferred tax asset recognised by UPS Ltd in respect of previously incurred tax losses (£1.4m) which the Press has provided in full.

6. Tangible fixed assets: *Group*

	Freehold property	Plant, machinery, vehicles & office equipment	Leasehold properties	Total
	£m	£m	£m	£m
Cost				
1 May 2007	33.9	22.6	3.4	59.9
Additions	1.0	5.8	0.2	7.0
Disposals and foreign exchange differences	0.4	(1.6)	(0.5)	(1.7)
30 April 2008	35.3	26.8	3.1	65.2
Accumulated depreciation				
1 May 2007	3.6	15.0	0.6	19.2
Charge for the year	0.6	2.2	0.2	3.0
Disposals and foreign exchange differences	0.0	(1.0)	(0.4)	(1.4)
30 April 2008	4.2	16.2	0.4	20.8
Net book value				
30 April 2008	31.1	10.6	2.7	44.4
30 April 2007	30.3	7.6	2.8	40.7

Tangible fixed assets: Press

	Freehold property	Plant, machinery, vehicles & office equipment	Leasehold properties	Total
	£m	£m	£m	£m
Cost				
1 May 2007	33.6	21.8	3.4	58.8
Additions	0.9	3.9	0.2	5.0
Disposals and foreign exchange differences	0.4	(14.8)	(0.5)	(14.9)
30 April 2008	34.9	10.9	3.1	48.9
Accumulated depreciation				
1 May 2007	3.7	14.7	0.5	18.9
Charge for the period	0.5	1.4	0.2	2.1
Disposals	0.0	(11.4)	(0.4)	(11.8)
30 April 2008	4.2	4.7	0.3	9.2
Net book value				
30 April 2008	30.7	6.2	2.8	39.7
30 April 2007	29.9	7.1	2.9	39.9

7. Fixed asset investments: Group and Press

Press
Cost

Share in Group undertakings
£m

At 1 May 2007 and 30 April 2008

2.0

The principal undertakings in which the Group's interest at the period end is more than 20% are as follows:

	Country of Incorporation	Principal activity	Class and percentage of shares held	
			Group	Press
Subsidiary undertakings				
Cambridge University Press (Holdings) Limited	England	Holding company	2 ordinary £1 shares 100%	2 ordinary £1 shares 100%
Cambridge-Hitachisoft Educational Solutions PLC	England	Electronic educational publishing	24,000 ordinary £100 shares 60%	
Cambridge University Press South Africa (Proprietary) Ltd	South Africa	Academic and educational book publisher & distributor	1,000 ordinary ZAR 1 shares 100%	
Cambridge University Press India (Private) Ltd	India	Academic and educational book publisher & distributor	642,697 ordinary INR 10 shares 51%	
Cambridge University Press Japan KK	Japan	Representative office	200 ordinary Yen 50,000 shares 100%	
Cambridge Knowledge (China) Limited	Hong Kong	Representative office	10,000 ordinary HK\$1 shares 100%	
Cambridge Global Grid for Learning Limited	England	Electronic educational publishing	2.8m ordinary £1 shares 100%	
Cambridge Printing Services Ltd	England	Printing Services	2 ordinary £1 shares 100%	
United Publishing Services Ltd	Hong Kong	Distribution	200,000 HK\$10 shares 100%	

7. Fixed asset investments: *Continued*

	Cambridge University Press (Holdings) Limited Consolidated	
	30 April 2008	30 April 2007
	£m	£m
Turnover	46.5	15.5
Profit/(Loss) on ordinary activities before taxation	0.8	(1.9)
Fixed assets	4.7	3.9
Current assets	32.0	13.3
Liabilities due within one year	(33.0)	(17.7)
Liabilities due after one year	(9.7)	(4.0)

None of the subsidiary undertakings is a registered charity.

Cambridge University Press (Holdings) Limited is a multi-purpose holding company, and was set up to simplify the process of raising funding from financial institutions.

Cambridge University Press Japan KK is a Japanese company established to provide the Press with improved access to the Japanese market.

Cambridge-Hitachisoft Educational Solutions PLC is the Press's e-learning joint venture with Hitachi software.

Cambridge Knowledge (China) Limited is a Hong Kong based company established to provide the Press with improved access to the Hong Kong and Chinese market.

Cambridge Global Grid for Learning Ltd is launching an online exchange of diverse and rich digital resources for teachers and learners worldwide.

Cambridge Printing Services Ltd provides printing services.

Cambridge University Press South Africa (Proprietary) Ltd is the academic and educational book publisher & distributor for South Africa.

Cambridge University Press India (Private) Ltd is the academic and educational book publisher & distributor for India.

8. Invested funds: *Group and Press*

Legal & General Investment Management Ltd managed general funds, which were invested in companies listed on recognised UK and international stock exchanges. These general funds were held in unit trusts consisting of UK, US and European equities.

	Total funds	
	2008	2007
	£m	£m
Movements in market value		
Market value at 1 May	18.5	32.9
Distributions	–	1.0
Net investment (losses)/gains	(2.3)	0.3
Disposals	(16.2)	(15.7)
Ending market value	–	18.5
	Total funds	
	2008	2007
	£m	£m
Asset allocation		
UK Equities	–	14.8
Non-UK Equities	–	3.7
Total	–	18.5
Historic cost	–	8.8

9. Stock and work in progress

	Group		Press	
	2008	2007	2008	2007
	£m	£m	£m	£m
Raw materials	0.4	0.3	–	0.3
Work in progress	8.0	8.1	6.5	7.4
Stocks of publications	38.0	33.7	31.5	31.3
	46.4	42.1	38.0	39.0

10. Debtors

	Group		Press	
	2008	2007	2008	2007
	£m	£m	£m	£m
Trade debtors	37.4	30.8	27.7	26.5
Other debtors	3.7	8.1	3.0	7.9
Amounts owed by group undertakings	–	–	28.3	17.4
Prepayments and accrued interest	3.6	2.7	2.4	2.2
	44.7	41.6	61.4	54.0

11. Creditors (amounts falling due within one year)

	Group		Press	
	2008	2007	2008	2007
	£m	£m	£m	£m
Bank overdraft	1.4	4.5	–	3.6
Bank loans	0.6	0.8	0.4	0.5
Creditors for publishing and printing services	17.9	13.9	10.2	12.8
Amounts owed to group undertakings	–	–	7.4	5.8
Deferred Income	14.5	12.2	14.5	12.2
Accrued expenses	14.0	10.8	12.0	10.0
	48.4	42.2	44.5	44.9

12. Creditors (amounts falling due after more than one year)

	Group		Press	
	2008	2007	2008	2007
	£m	£m	£m	£m
Bank loans	5.1	–	5.1	–
Loan from minority interest	2.7	2.7	–	–
	7.8	2.7	5.1	–

Analysis of debt

	Group		Press	
	2008	2007	2008	2007
	£m	£m	£m	£m
Falling due:				
Within 1 year	0.6	0.8	0.4	0.5
Between 1 and 2 years	0.7	0.3	0.5	–
Between 2 and 5 years	2.8	1.2	1.5	–
After more than 5 years	4.3	1.2	3.1	–
	8.4	3.5	5.5	0.5

The loan from the minority interest represents an unsecured loan from Hitachi Software Engineering (UK) Limited for general commercial purposes. The outstanding debt bore interest at 2% above the Bank of England base rate until 23 June 2007. From this date the loans accrue interest at 0.3% above the British Bankers Association 6 month LIBOR rate.

On 28th April 2008 the Press drew down a US dollar denominated unsecured fixed rate loan repayable over 10 years with Barclays Bank PLC to provide for the long term funding of the Americas branch operations. The rate of interest was fixed at 4.50% for the period of the loan.

13. Support for the University of Cambridge

Support for the University of Cambridge, including cash transfers and printing services, in the period amounted to £1.8m (2007 £1.8m).

14. Related party transactions: Group and Press

During the year, the Press entered into transactions with Cambridge-Hitachisoft Educational Solutions PLC and Cambridge University Press India Private Ltd.

The Press holds 60% of the issued share capital of Cambridge-Hitachisoft Educational Solutions PLC and re-charged costs totalling £1.0m, charged interest of £0.1m and purchased product totalling to £1.3m during the year. At the year end there was a loan receivable of £1.3m and no debtor.

The Press holds 51% of the issued share capital of Cambridge University Press India Private Ltd and sold product totaling to £1.5m in the year. At the year end the trade receivable balance with the subsidiary was £0.4m.

15. Operating leases: Group and Press

The annual commitments for assets held under operating lease contracts are as follows:

	Land and buildings		Other		Total	
	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m
Expiry date:						
Less than 1 year	0.2	0.2	0.5	0.2	0.7	0.4
Between 2 and 5 years	0.7	0.4	2.1	1.5	2.8	1.9
After 5 years	1.3	1.1	–	–	1.3	1.1
	2.2	1.7	2.6	1.7	4.8	3.4
					2008	2007
					£m	£m
Operating lease charges for the year were					4.8	3.4

16. Pensions

Cambridge University Press operates both defined benefit and defined contribution pension schemes. In the UK, the Press operates a defined contribution stakeholder pension scheme and two defined benefit pension schemes the Contributory Pension Fund (CPF) and the Senior Staff Pension Scheme (SSPS). In the US, the Press operates the Cambridge University Press Defined Benefit Plan (DBP) and a separate defined contribution scheme. The Press also has defined contribution and defined benefit schemes in the Australian Branch, and a defined contribution scheme in the African Branch. The defined benefit schemes provide benefits based on pensionable pay. Pension costs are determined by independent qualified actuaries and are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Press. The assets of all the schemes are held in separate trustee-administered funds. All of the Press's defined benefit plans have been closed to new members.

A triennial valuation of each UK defined benefit scheme was undertaken by independent qualified actuaries at 1st January 2007, using the Attained Age Method in the UK and the Projected Unit Credit Cost Method in North America, and the annual contributions to the schemes are paid in accordance with their recommendations.

The total current service cost of the defined benefit schemes in the year ended 30th April 2008 was £4.4m (2007 £5.6m) and for the defined contribution schemes was £2.4m (2007 £1.2m). The latest valuations were carried out by the actuaries for the purpose of the annual accounts on a FRS 17 basis as at 30 April 2008. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, owing to the timescale covered, may not necessarily be borne out in practice.

Defined Benefit Pension Plans

The information disclosed below is in respect of the whole of the plans for which the Press is the sponsoring employer throughout the periods shown.

	2008	2007
	£m	£m
Present value of funded defined benefit obligations	(205.5)	(202.5)
Fair value of plan assets	174.9	178.6
Net liability	(30.6)	(23.9)

Movements in present value of defined benefit obligation

	2008	2007
	£m	£m
At 1 May	(202.5)	(190.0)
Current service cost	(4.4)	(5.6)
Interest cost	(11.0)	(9.6)
Actuarial gains/(losses)	4.2	(4.6)
Benefits paid	8.1	7.3
Exchange adjustments	0.1	–
At 30 April	(205.5)	(202.5)

Movements in fair value of plan assets

	2008	2007
	£m	£m
At 1 May	178.6	164.7
Expected return on plan assets	11.4	10.4
Actuarial (losses)/gains	(11.5)	4.0
Contributions by employer/members	4.6	6.6
Benefits paid	(8.1)	(7.3)
Exchange adjustments	(0.1)	0.2
At 30 April	174.9	178.6

Expense recognised in the statement of financial activities

	2008	2007
	£m	£m
Current service cost	(4.4)	(5.6)
Interest on defined benefit pension plan obligation	(11.0)	(9.6)
Expected return on defined benefit pension plan assets	11.4	10.4
Total	(4.0)	(4.8)

The expense is recognised in the following line items in the Statement of Financial Activities:

	2008	2007
	£m	£m
Investment income	0.4	0.8
Cost of Publishing and Printing services	(4.4)	(5.6)
	(4.0)	(4.8)

The total amount recognised in the Statement of Financial Activities in respect of actuarial losses are £7.3m (2007 : £0.6m).

Cumulative actuarial gains reported for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £4.1m (2007: £11.4m).

The fair value of the plan assets and the return on those assets were as follows:

	2008	2007
	Fair value	Fair value
	£m	£m
Equities	90.9	105.3
Corporate bonds	67.8	53.5
Property	15.7	17.6
Other	0.5	2.2
	174.9	178.6
Actual return on plan assets	(0.1)	14.4

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

Defined Benefit Pension Plan

CPF &SSPS Scheme

	2008	2007
	%	%
Discount rate	6.5	5.4
Expected rate of return on plan assets	6.2	6.3
Expected return on plan assets at beginning of the period	6.3	6.3
Future salary increases	0	3.4
Inflation assumption	3.8	3.4

DBP Scheme

	2008	2007
	%	%
Discount rate	6.0	6.0
Expected rate of return on plan assets	7.5	7.5
Expected return on plan assets at beginning of the period	7.5	7.5
Future salary increases	3.5	3.5
Inflation	3.0	3.0

In valuing the liabilities of the UK pension fund at 30 April 2008, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 30 April 2008 would have increased by £4.29m.

The assumptions relating to longevity underlying the UK pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 22.0 years (male), 24.9 years (female).

Future retiree upon reaching 65: 22.8 years (male), 25.6 years (female).

History of plans

The history of the plans for the current and prior periods are as follows:

Balance sheet*Defined Benefit Pension Plan*

	2008	2007	2006	2004
	£m	£m	£m	£m
Present value of scheme liabilities	(205.5)	(202.5)	(190.0)	(182.4)
Fair value of scheme assets	174.9	178.6	164.7	142.0
Deficit	(30.6)	(23.9)	(25.3)	(40.4)

Experience adjustments

	2008	2007	2006	2004
	%	%	%	%
Experience adjustments on scheme liabilities as a percentage of scheme liabilities	(0.4)	(1.1)	(0.3)	(1.4)
Experience adjustments on scheme assets as a percentage of scheme assets	(6.6)	2.2	12.0	3.2

The Press expects to contribute approximately £5.0m to its defined benefit pension plans in the next financial year

17. Post retirement medical benefits

Cambridge University Press provides post retirement medical benefits to some of its employees in the form of private health, dental care and Lifetime care. The total current service cost in the year ended 30 April 2008 was £0.9m (2007 £0.9m). The latest valuations were carried out by the actuaries for the purpose of the annual accounts on a FRS 17 basis as at 30 April 2008.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, owing to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which the Press is the sponsoring employer throughout the periods shown.

	2008	2007
	£m	£m
Present value of unfunded defined benefit obligations	(14.9)	(14.2)
Deficit	(14.9)	(14.2)
Net liability	(14.9)	(14.2)

Movements in present value of defined benefit obligation

	2008	2007
	£m	£m
At 1 May	(14.2)	(13.5)
Current service cost	(0.9)	(0.9)
Interest cost	(0.8)	(0.7)
Actuarial gains	0.5	0.3
Benefits paid	0.5	0.5
Exchange adjustments	–	0.1
At 30 April	(14.9)	(14.2)

Expense recognised in the statement of financial activities

	2008	2007
	£m	£m
Current service cost	(0.9)	(0.9)
Interest on post retirement medical benefits	(0.8)	(0.7)
Total	(1.7)	(1.6)

The expense is recognised in the following line items in the Statement of Financial Activities:

	2008	2007
	£m	£m
Investment income	(0.8)	(0.7)
Cost of Publishing and Printing services	(0.9)	(0.9)
	(1.7)	(1.6)

The total amount recognised in the Statement of Financial Activities in respect of actuarial gains is £0.5m (2007: £0.3m).

Cumulative actuarial gains reported for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £0.8m (2007: £0.3m).

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

United Kingdom scheme

	2008	2007
	%	%
Discount rate	6.5	6.5
Future salary increases	0.0	0.0
Medical premium inflation assumption (10% year 1, 9% year 2 and then constant at 5%)	10.0	10.0

United States of America scheme

	2008	2007
	%	%
Discount rate	6.5	6.5
Medical premium inflation assumption (9% year 1, 8% year 2, reducing 1% annually to 5% and then constant at 5%)	10.0	10.0

In valuing the liabilities of the scheme at 30 April 2008, inflation assumptions have been made as above. If inflation rates increase by 1% the reported liabilities at 30 April 2008 would increase by £1.7m.

History of plans

The history of the retirement healthcare plans for the current and prior periods are as follows:

Balance sheet

Retirement Healthcare Benefits

	2008	2007	2006
	£m	£m	£m
Present value of scheme liabilities	(14.9)	(14.2)	(13.5)
Deficit/surplus	(14.9)	(14.2)	(13.5)

Experience adjustments

	2008	2007	2006
	%	%	%
Experience adjustments on scheme liabilities as a percentage of scheme liabilities	(0.3)	(1.2)	(0.0)

The Press expects to contribute approximately £0.5m to its retirement healthcare plans in the next financial year.

18. Minority Interest

The minority interest represents 40% of the invested share capital in Cambridge –Hitachisoft Educational Solutions plc and 49% of the share capital in Cambridge University Press India (Private) Ltd.

	2008	2007
	£m	£m
Minority interest brought forward	(0.2)	(0.9)
Further investment in subsidiaries	–	0.8
Profit/(loss) for the period	0.1	(0.8)
Currency translation	0.2	–
Dividend paid	(0.1)	–
Issue of shares to minority interest	–	0.7
Minority interest carried forward	0.0	(0.2)

Reaching out to the world



ISBN: 978-0-521-99540-5

Printed in the United Kingdom at the University Press, Cambridge, on totally chlorine-free paper containing at least 80% recycled fibres. The UK printing and publishing operations of Cambridge University Press are registered to ISO 14001:2004. 2008.



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