

Annual Report & Accounts
for the year ending 31 December 2003



CAMBRIDGE
UNIVERSITY PRESS

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 and has printed and published continuously since 1584.

Cambridge University Press is established as a trust by Statute of the University and has its own charitable status separate from that of the University. It is an educational charitable enterprise dedicated to printing and publishing for the advancement of knowledge, education and learning worldwide.

Statute J of the University 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, all of which have charitable, 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, the University Treasurer and sixteen senior members of the University appointed by the Council. The powers of the Syndicate are fully set out in Statute J (Appendix III to the Annual Report) and the supporting Ordinances of the Press.

Annual Report

Contents

Executive summary	1
Chief Executive's overview	3
Publishing	9
Publishing programme and business developments	9
<i>Academic and Professional books</i>	9
<i>Journals</i>	12
<i>Education</i>	13
<i>English Language Teaching</i>	14
Business performance	16
Printing	22
Business developments and Cambridge Printing	22
Business performance	24
Business services	25
Distribution	25
Information Management	26
Other business departments	27
<i>Finance</i>	27
<i>Personnel services</i>	28
<i>Corporate relations</i>	29
Appendices	31
<i>I Statistical data</i>	31
<i>II Awards and prizes</i>	34
<i>III Statute J</i>	42

Press Publications in 2003

A complete list of 2003 publications is available online
at www.cambridge.org/annual/report

A printed copy is available on request from
Marcella Tuttle – mtuttle@cambridge.org

Executive summary

- The revival continues: in an improving economic climate, the Press recorded a surplus of £3.4 million, before contributions to the University.
- Operational performance continues to improve in both publishing and printing, but further initiatives are in hand to improve results.
- Pension fund deficits are manageable and a funding programme has been identified.
- The Press has forged promising new collaborations with high-quality organisations outside the UK, including ground-breaking ventures with Ediciones Santa Maria in Spain and with Hitachi Software Engineering.
- Acquisitions include the Greenwich Medical Media group and the Law in Context list, while recently acquired Roedurico Trust has exceeded expectations.
- Projects under development remain on schedule, with new ELT courses and Cambridge–Hitachi e-learning developments already coming to market.
- The North American Branch completed the acquisition of an extensive Distribution Center at West Nyack, NY.
- The programme of disposing of non-core capital assets has yielded £1.35 million of cash, to date.
- The Press's publishing and printing businesses have won significant awards, as have its personnel development policies in the UK and South Africa.

Chief Executive's overview



2003 is probably best characterised as a year of revival. After a sustained period of operating in recessionary economies, the business environment improved in our principal markets. I am happy to report that the Press was able to record a surplus for the first time since 2000, aided by a modest recovery in the stock markets.

In last year's Annual Report, I noted that the Press would not be relying solely on organic growth, but would be pursuing carefully selected partnerships and acquisitions to strengthen its core lines of business. The implementation of that strategy is our main story for 2003, as we witnessed the fruits of our latest acquisitions, invested in further publishing lists and journals, and embarked on some ground-breaking joint ventures that hold great promise.

In South Africa, Roedurico Trust, acquired at the turn of the year, helped to transform us into one of the best recognised educational publishers in that country. Roedurico's financial performance has exceeded our expectations, and the cultural fit with the Press's existing Branch organisation has been splendid. Similar satisfaction was gained in Australia with the Wizard educational list, which also came to us at the beginning of the year. Then, as the year progressed, the Executive Board examined a number of other acquisition possibilities, before agreeing to purchase the Law in Context list from LexisNexis (completed in early 2004) and acquiring the excellent Greenwich Medical Media group, a London-based publisher of medical books and journals. GMM also brought to the Press two website resources, *Breast Cancer Online* and *Nurse Prescriber*, both with outstanding reputations and both offering professional information in a way that is new to the Press.

As regards partnership and joint venture activities, marketing and publishing arrangements were developed in a number of European countries, including Poland (with our German colleagues Klett and also with Nowa Era) and Russia (with Drofa). In the Netherlands, the respected international law publisher TMC Asser Press appointed the Press as exclusive distributor of its books and journals, thereby adding lustre to our law list. And in Spain we forged an exciting relationship with that country's leading educational publisher, Ediciones Santa Maria (SM), an educational charity founded by the Roman Catholic church. For SM, the Press is developing English-language courses to address the new focus on English in Spanish schools,

but, above all, this is a fine example of a publisher with whom we see a natural fit, as we share common educational values.

Perhaps the most dramatic new development has been the creation of a company, Cambridge–HitachiSoft Educational Solutions plc, which was established in December 2003, and through which the Press will join forces with Hitachi Software Engineering to develop a range of multimedia classroom courses, in CD-Rom format or online, for display on interactive whiteboards or on more conventional desktop screens. Cambridge enjoys a 60% stake in this joint venture, which we believe will revolutionise teaching and learning in all subjects, in the UK and in international markets. Already, Cambridge–Hitachi has rolled out its first products and is attracting great interest from the UK Government, as well as from a number of other countries. We are confident that we stand at the forefront in a new era in education, and we look forward to broadening our reach internationally.



Launch of the Cambridge–Hitachi joint venture, with Charles Clarke, Secretary of State for Education and Skills

A key feature of all the relationships described above is that they are intended to play to the magnificent brand name of Cambridge University Press, without in any way compromising its integrity or its impact. To achieve that, we have taken great care to collaborate only with businesses that have respectable and powerful brand names, thereby enhancing the image and market appeal of each organisation.

To facilitate the development of the Press's business interests around the world, three subsidiary companies were formed during the year. In addition to the Cambridge–Hitachi company, Cambridge University Press (Holdings) Limited was set up to act as a multi-purpose holding company and to simplify the process of raising funding from financial institutions. This company is wholly owned by the Press, as is Cambridge University Press Japan KK, a Japanese company established to provide us with improved access to the Japanese market and to demonstrate our commitment to that country's economy.

The financial performance of the Press in 2003 indicates that we are on the path to recovery. At first sight, an operating deficit of £2 million suggests that there remains room for substantial improvement, and indeed that is the case. However, when taken against a background of building for the future and tidying up the past, this outcome promises better results in the future. The Officers of the Press are very conscious of their primary obligations as disseminators of scholarship and learning, but that should be no excuse for inadequate financial performance. Not only is it perfectly possible to achieve the objective of reasonable profitability alongside our charitable objectives, but indeed it is necessary that we should generate surpluses if

we are to reinvest and survive in the face of intense competition. So, for the past four years, we have been investing heavily in new offerings, the first of which will come to market during 2004. At the same time, we have been taking stock of the damaging after-effects of the recession of recent years, in terms of unsold inventories and cash-strapped customers. We have learned valuable lessons through this process, but that is always one of the positive consequences of economic downturn. Meanwhile, our balance sheet remains enviably strong, though we are now setting about moving the assets into more productive categories.

The North American Branch made its final instalment payment on the West Nyack Distribution Center in the spring of 2003, and completed moving its inventories from Port Chester to the new facility in May. It is the mark of the splendid planning and execution of this move that it was achieved with virtually no disruption of service to our customers.

The West Nyack facility will be the last significant investment by the Press in bricks and mortar, as our attention turns to freeing up capital for the development of new product streams. The long-standing policy of investment in key buildings has generated handsome returns, but now is the time to capitalise on some of those values and to invest in the publications which are, after all, our core business. To that end, we are looking at options for refinancing West Nyack to release cash; and the Press sold a house in Cambridge last year and an apartment in New York shortly after year-end, generating some £1.35 million in sale proceeds. The bigger cash-generation opportunity has yet to materialise, namely the sale of some 3 hectares of vacant land alongside the main Cambridge site. Progress on this has been blighted by local government's plan to build a Guided Busway over part of that land, which, while welcome as an enhancement to the local transport infrastructure, is creating many uncertainties and thereby sterilising adjacent land.

Much of the cash we hope to realise from land sales will be applied to meeting our statutory and moral obligations to our defined-benefit pension schemes (which have now been closed to new entrants). The effect of the stock market crash has been to create a Sword of Damocles over the heads of many companies, who face the prospect of working for years to come, simply to rebuild their pension funds. That can be a debilitating situation for any business, especially since it may well result in business behaviours being modified to reduce normal risk profiles. We at the Press are fortunate in having a manageable hole in our pension funds which, although sizeable, will essentially be covered by windfall gains from past investments in land.





The Queen's Anniversary Prize for the Darwin Correspondence Project team

In the pages that follow, my colleagues speak of developments and innovations in their various sectors of the Press's printing and publishing. We all have our personal predilections and, for my part, I was delighted by two particular successes among our publications and two that reflect our management ethos. Michael Thomas's *Stamp Duty Land Tax* was our first foray into publishing for the taxation community. Published within weeks of the introduction of this new tax, the book's first print run was sold out almost as quickly. Then the Darwin Correspondence Project team was awarded a Queen's Anniversary Prize for their extraordinary work in assembling and interpreting Charles Darwin's extensive exchanges with correspondents around the world. As the project's publishers, we have little claim on this prize, but we are nonetheless delighted to be collaborators in this very worthy work. On the management side, Cambridge Printing won national awards for its training schemes, while the Cape Town office justifiably received 'Proudly South African' recognition for its initiative to recruit and train black graduates. These two awards reflect the Press's commitment to training and to diversity, and we are all proud to have been recognised in this way.

Finally, 2003 was a year which should be remembered for the movement of many of the Press's people. Among the Syndics, The Principal of Newnham, the Mistress of Girton, Professor P. E. Easterling and Professor J. R. Crawford all retired from the Syndicate at the end of 2002, as did Mrs J. M. Womack and Professor E. S. Paykel during the course of 2003. We are deeply grateful to all of them for their unstinting service and support. Dr C. Y. Barlow and Professors D. Ibbetson, J. Rudduck, A. Minson and U. Goswami have filled their seats on the Syndicate, and we greatly welcome their participation and insights.

As regards the Press's staff and Directors, Riitta da Costa returned to Europe after many years as Branch Director in South America, and was replaced by João Madureira; Dr Richard Barling, Director of STM Publishing, joined the Executive Board, as did Ron Bennett, who succeeded to the role of Director of Legal Services; and Christopher Boughton joined the Press and the Executive Board in the new position of Technology Director.

Several of our number have retired or left us for other reasons since my last report. All of them were valued colleagues and friends, and we wish them well for the future. However, I would like to make special reference to the contributions made over many years by Nigel Atkinson, Director of Corporate Relations; Ray Bateman, Technical Director of the Bindery; James Berry, Financial Director; Penny Carter,

Director of Legal Services; Dr Alan Crowden, Director of Science Publishing; Bill Davies, Senior History Publisher; Chris McKeown, Journals Production Director; Charly Nobbs, UK Distribution Director; Penny Souster, Senior Commissioning Editor responsible for the music list; and Rod Willett, Executive Director of Cambridge Printing. All of them were renowned characters within the Press and far further afield, who enriched our lives and our business. We shall miss them all, but I am glad to be able to report the appointment of Steven Miller, CPA, as Chief Financial Officer of the Press in succession to James Berry, and Sandra Ward, who becomes Executive Director of Cambridge Printing.

In closing, a Hail and a Farewell. We welcome Professor Alison Richard in her appointment as Vice-Chancellor of the University and we look forward to continuing the businesslike interaction we have enjoyed in her first few months back in Cambridge. We believe, as she does, that the Press's role in the life and mission of the University is of great relevance, and we look forward to continuing to play our part. And we bid godspeed to Professor Sir Alec Broers, who has been a great friend and staunch supporter of ours, and who encouraged us in building our business into one of the internationally recognised faces of the University. We were delighted to have been invited to host a farewell dinner in his honour at Stationers' Hall, and we hope that Lady Broers will prevail on him to enjoy life at a slightly slower pace in the future.

STEPHEN R. R. BOURNE

Publishing

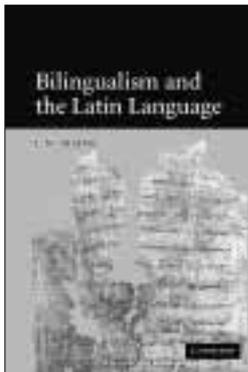
Publishing programme and business developments

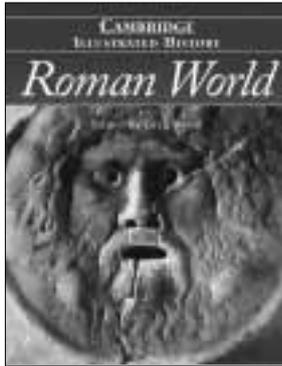
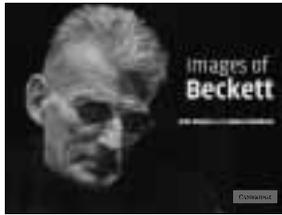
Academic and Professional books

2003 saw a substantial increase in academic book publishing output, with 1,458 ISBNs issued compared to 1,364 in 2002. This growth was the more notable given our strategic decision to reduce output in subjects such as art history and film studies, which, due to declining demand, could no longer be sustained at historical levels. Other subjects such as law and political science, mathematics and computer science (much of it commissioned from the North American branch) more than made up for this shortfall, indicating our progressive rebalancing of commissioning priorities in reaction to market demand worldwide.

The Humanities and Social Sciences Group published 1,074 ISBNs in 2003, an increase of nearly 8% on the previous year with strong inputs from all three publishing centres (Cambridge, New York and Melbourne). Indeed, output in certain major subject areas like politics reached an all-time high. Faced with a demanding external climate in 2003, the Group has focused on those subjects where Cambridge publishing can claim to be among the best in the world, modifying the publishing 'mix' in order to remain financially viable. There has been an increase in the programme of textbooks for students and the provision of materials for professional disciplines like law and management. Cambridge can no longer try to publish at every level and in every subject within the humanities and social sciences. This renewed clarity of purpose was manifest in two important publishing developments: the announcement of a new distribution relationship with the distinguished Dutch law publisher T.M.C. Asser Press, and the acquisition from LexisNexis of the long-standing textbook series *Law in Context*. Both of these initiatives have now been finalised. In addition, a substantial list in law titles for undergraduates and professionals was commissioned for the local markets in Australia and New Zealand, run from the Melbourne office.

Among the more traditional types of publication in 2003 were *Understanding Early Civilisations* by Bruce Trigger; *Bilingualism and the Latin Language* by J. N. Adams;





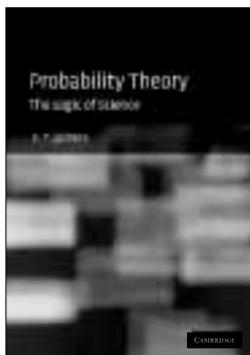
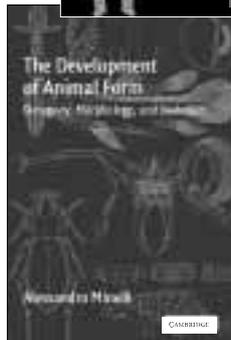
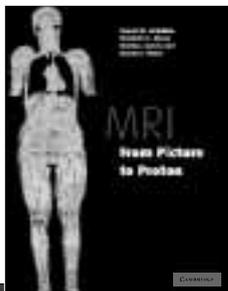
European Integration 1950–2003 by John Gillingham; *The Cambridge History of Philosophy, 1870–1945*, edited by Tom Baldwin; *The Cambridge History of Twentieth-Century Political Thought*, edited by Terence Ball and Richard Bellamy; and volumes IV and VII of the *Cambridge History of Science*. Two particularly important illustrated works were *Images of Beckett* by John Haynes and James Knowlson, and *The Cambridge Illustrated History of the Roman World*, edited by Greg Woolf. On the professional side the publication of *Stamp Duty Land Tax* by Michael Thomas et al. in November 2003 was in many ways a landmark for the Press – a work produced in a matter of weeks in response to specific legislative change and hence practitioner need.

Important new projects contracted by the Press Syndicate in 2003 included *The Cambridge World History of Slavery*, *The Cambridge Edition of the Letters of Samuel Beckett*, *The Cambridge History of Japanese Literature* and *The Cambridge History of the Cold War*, and *Language and Mind* by Noam Chomsky. The following new series were established: Cambridge Introductions to Philosophy and Law; The Oliver Wendell Holmes Devise History of the Supreme Court of the US; Cambridge Studies in Social Theory, Religion, and Politics; Analytic Methods for Social Research; Key Conflicts of Classical Antiquity; and the Cambridge Law Practitioner Series. The Spanish language programme for academic books was discontinued for strategic reasons.

The ‘Lazarus programme’ of very-short-run paperback reissues from the history backlist has proved immensely popular: there are now over 600 titles extant in this format, and during 2004 the programme will extend to literature, music, classics and philosophy. The digital asset store of the Press’s more recent publications encourages the re-purposing of its huge holdings of scholarly content in different ways, which may include some form of electronic delivery. That said, the broad humanities and social sciences community remains far from consensus about what constitutes viable forms of electronic publication.

Within the Science, Technology and Medicine Group (STM), 2003 was a year of major reorganisation and recruitment internationally. In the North American branch a new Publishing Director for STM and new editors in engineering and medicine were appointed. In Cambridge a new Publisher was appointed in medicine.

The acquisition in December of Greenwich Medical Media, a London-based publisher of books, journals and professional electronic resources, added further strength to Cambridge as a medical publisher, and serves as a growing sign of the Press’s commitment to STM publishing for academic and professional markets.



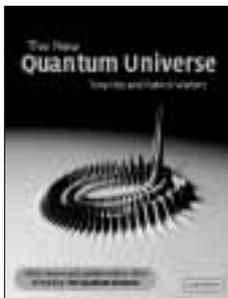
Greenwich's Managing Director joined the Press as Publisher, Medical Media. The published output in medicine continued to demonstrate strength in core clinical areas with titles including *Neoplastic Diseases of the Blood*, edited by Peter H. Wiernik et al.; *Bone Marrow and Stem Cell Transplantation*, edited by Kerry Atkinson et al.; *Biology and Pathology of the Oocyte*, edited by Alan O. Trounstein and Roger G. Gosden; *Micromanipulation in ART* by Steven D. Fleming and Robert S. King; *MRI: from Picture to Proton* by Donald W. McRobbie et al.; and the *Color Atlas of Emergency Trauma*, edited by Diku P. Mandavia et al. Richard Epstein's *Human Molecular Biology* won the British Medical Association's Book of the Year Prize. *The Moral Economy of AIDS*, the first academic title to be completely written and produced in South Africa, was launched on World AIDS day.

In life sciences there was a shift in emphasis and expansion into new areas such as bioinformatics. Key titles for the year included *Microarray Bioinformatics* by Dov J. Stekel, *The Phylogenetic Handbook* by Marco Salemi, and *The Development of Animal Form* by Alessandro Minelli.

Cambridge took over distribution of books published for the British Ecological Society, establishing with them a new series, Ecological Reviews. These arrangements were negotiated by Alan Crowden, who has since left the Press after many years as Director of Life Sciences publishing. He will continue to work as a consultant, giving us ready access to his unrivalled knowledge of ecology, conservation and related areas.

In mathematical sciences there were strong publishing programmes from both the UK and the North American branch, including important new textbooks such as *Information Theory, Inference and Learning Algorithms* by David J. C. MacKay, *An Introduction to Numerical Analysis* by Endre Suli and David F. Mayers, and *Differential Equations* by A. C. King et al. Three new professional-level titles in statistics were also published. A further series, New Mathematical Monographs, was established during the year.

The key title in physics in 2003 was the long-awaited *Probability Theory* by the late Ed T. Jaynes. Other important titles included *The Future of Theoretical Physics and Cosmology*, a volume celebrating Stephen Hawking's sixtieth birthday, edited by Gary Gibbons et al.; *The Discovery of Subatomic Particles* by Steven Weinberg; and *The New Quantum Universe* by Tony G. Hey and Patrick J. Walters. The expanding engineering program was fuelled by titles such as *Introduction to Space-Time Wireless Communications*, by Arogyaswami Paulraj et al. Notable titles in chemistry included



the second edition of *Atkins' Molecules* by the best-selling author Peter W. Atkins.

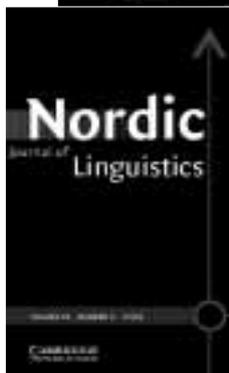
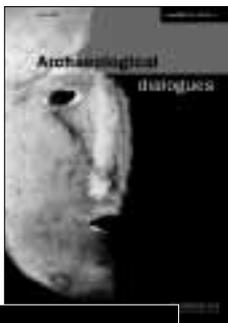
During the year the Press's publishing in the earth sciences and astronomy was restructured for greater efficiency. A new co-publishing relationship for textbooks with the Open University was inaugurated and a new series, Cambridge Planetary Science, established. Astronomy highlights included *Astronomy: A Physical Perspective* by Marc Kutner, *Visions of the Cosmos* by Carolyn Collins Petersen and John C. Brandt, and *The Cambridge Encyclopedia of Space* by Fernand Verger et al. Notable new titles in the earth sciences included *Life's Solution* by Simon Conway Morris, *Climate: Into the 21st Century* by William Burroughs for the World Meteorological Organization, and *The Sedimentary Record of Sea-Level Change* by Angela Coe et al., co-published with the Open University.

Journals

Considerable efforts went into expanding the list of journal titles in 2003. Two journals, *Archaeological Dialogues* and *Tempo*, were acquired from other publishers and four new titles were launched: the *Journal of Systematic Palaeontology* and *Systematics and Biodiversity*, both for the Natural History Museum; *Palliative & Supportive Care*; and *Perspectives on Politics*, published jointly with the American Political Science Association. The Press took over the publication of a further four titles from other publishers or institutions: *International Organization*, published on behalf of the International Organization Foundation; the *Journal of Advertising Research*, published for the Advertising Research Association; the *Leiden Journal of International Law*, published on behalf of that journal's Foundation; and the *Nordic Journal of Linguistics*, published on behalf of the Nordic Association of Linguists.

In total 166 journals were published in 2003, compared with 165 in 2002 (six of these having transferred at the end of the year to other publishers) of which 38 were managed by the North American Branch. The acquisition of Greenwich Medical Media in December 2003 added a further four print journals (the *European Journal of Anaesthesiology*, *Cardiology in the Young*, the *Journal of Radiotherapy in Practice* and the *Journal of Diagnostic Radiography and Imaging*) and two online-only journals (*Breast Cancer Online* and *Nurse Prescriber*). Submissions to journals continued to rise and the page extent was increased for four titles.

By the end of the year 161 journals were available from the Cambridge Journals Online (CJO) service, an increase of seven titles, bringing the CJO database to over 65,000 articles going back to 1997. During 2003 the Journals team began the



specification process for the 2004 upgrade of the online system and added new functionality for consortia handling and usage reports. There were almost 2 million full-text downloads from the online service in 2003, the leader in this respect being the *Journal of Fluid Mechanics*. Email marketing initiatives are now fully integrated into the marketing programme and as a result the Press has enjoyed increased sample material circulation. Journals production was further streamlined by consolidating work with fewer suppliers, by transferring more origination work offshore and by using electronic files for proofing out articles.

Education

Educational publishing was developed from the Press's centres in Cambridge, Melbourne, Cape Town and New York.

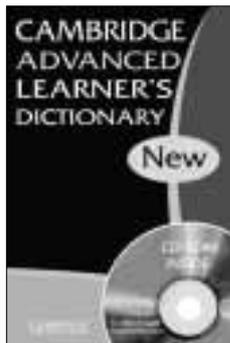
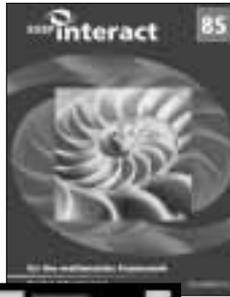
In December the Press announced a new joint venture company, Cambridge–HitachiSoft Educational Solutions plc, branded Cambridge–Hitachi. The Press owns 60% of the equity in the company. This is a major initiative designed to access the global market for electronic learning materials by combining the content creation expertise of the Press with innovative technologies from Hitachi. It positions the Press ahead of much of the competition as governments seek to raise educational standards through the creation and delivery of digital curricula. A series of strategic alliances under the Cambridge–Hitachi umbrella were simultaneously put in place to accelerate product development.

This initiative also led to significant restructuring and new appointments, including the appointment of colleagues from Hitachi. The changes were designed to improve efficiency, to encourage greater engagement with the educational community and to develop products which combine print and electronic media.

The publishing strategy for UK schools took account of government policy and curriculum change. For the primary market, the new *Penpals for Handwriting* quickly established itself as the rival to the market leader. *Apex Mathematics* provided more challenging work for higher-achieving pupils. The publication of *Searchlights for Spelling CD-ROMs* began the move into the provision of electronic materials.

Secondary science and mathematics saw the release of substantial new courses. *Spectrum Science Key Stage 3* course was completed to critical acclaim and encouraging sales. A substantial rewriting of *SMP Interact*, aligned to the new government framework for teaching mathematics at Key Stage 3, was completed against a demanding





schedule. A major new work, *SMP Interact for GCSE Mathematics*, was published with textbooks and complete support materials.

Secondary school English and humanities saw the publication of *Literacy in Context* with a specific version for AQA. Further additions to the lists included *The Pocket Guide to English Language*, an additional tranche of *Cambridge Student Guides: Shakespeare* and three new titles in Cambridge Contexts in Literature.

The completion of the UK Fourth Edition of the Cambridge Latin Course (CLC), together with a North American Fourth Edition, consolidated the Press's long-standing position as the leader in classics publishing for schools.

Within Australia a new publishing initiative in secondary school mathematics and humanities for New South Wales, the second largest state, is in progress.

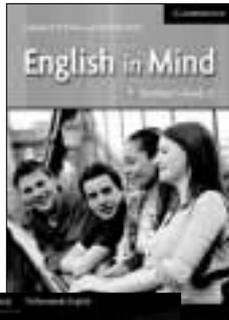
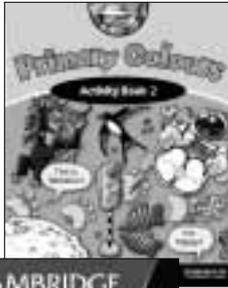
In 2003 the Press consolidated its new publishing for the international market in educational textbooks. A major strategy has been the development of texts to accompany the main Cambridge International Examinations (CIE) offered by UCLES around the world. By the end of 2003, 37 titles endorsed by CIE for use with their syllabuses had been published.

A further collaboration with local publishing partners also came to fruition in 2003. Russian versions of titles within Cambridge Reading have been produced in collaboration with Drofa in Moscow and translations of Cambridge Advanced Physics have been completed and co-published with Nowa Era in Warsaw.

The acquisition of the Roedurico Trust late in 2002 has enabled the expansion of educational publishing in South Africa. Roedurico brought with it well-known products, strong branding and new markets, particularly within the Further Education and Training and senior secondary school sectors. The integrated branding was successfully launched and positively accepted in the market, encouraging ambitious but realistic sales expectations for the list in future.

English Language Teaching

Publishing highlights for the year included *The Cambridge Advanced Learner's Dictionary*, featuring a CD-ROM with a unique Smart Thesaurus; the second and third levels of *Primary Colours*, a new four-level course for 6–11 year olds by Diana Hicks and Andrew Littlejohn, and two new titles in the successful *In Use* range: *English Pronunciation in Use* by Mark Hancock and *English Phrasal Verbs in Use* by Michael McCarthy and Felicity O'Dell. Publishing development in support of Cambridge ESOL examinations continued with a substantial programme of texts



and practice tests for the Key English Test, the Preliminary English Test, and the First Certificate of English. Four sets of materials relating to the Cambridge ESOL exam for university and college entrance (IELTS) were published in editions for Chinese learners.

The first two levels of *Primary Colours* were adapted into American English and launched in Korea, Japan and Taiwan, and the first two levels of Strategic Reading, a three-level series by Jack C. Richards and Samuela Eckstut-Didier, were published for students of American English. *The Cambridge Dictionary of American Idioms* was published at the end of the year, including more than 5,000 idioms based on the 500 million-word Cambridge International Corpus.

The year was highly significant in terms of planning for the recovery and reconstruction of the Press's future ELT publishing programme. Investment has been made to increase the publishing output and restore the Press's position as a leading ELT/ESL publisher. Recruitment continues to take place to strengthen the editorial team in Cambridge and New York to deliver an ambitious publishing programme over the next five years.

The first fruits of reconstruction appeared in December when stock of four main courses was delivered ready for launch in the first quarter of 2004: the first two levels of *English in Mind* and the first level of two other new British English courses: *English 365*, a course for professional adults, and *Business Goals*. The first level of *Connect*, a new secondary school course in American English, aimed at the Brazilian market, also came into stock.

The business plan for renewal involves working with strategic partners to access new market sectors, particularly in the fast-growing and competitive young learner market. A Polish edition of *English in Mind* will be published early in 2004 for the Polish state schools' market, to be promoted and distributed by LektorKlett. Co-publishing arrangements were made with Italian publisher Loescher, and special editions of *Primary Colours* and *English in Mind* were adapted for the Italian school curriculum for publication in 2004.

In November the Press announced a new and exciting joint venture partnership with Ediciones Santa Maria (SM), the leading Spanish schoolbook publisher, to co-publish ELT courses for primary and secondary schools in time for the introduction of a new school curriculum in September 2004. Spain is one of the largest ELT markets in the world. The first materials in an extensive publishing programme were prepared for publication early in 2004. The agreement entailed considerable restructuring of the

editorial and sales teams in Spain, where SM and the Press are currently sowing the seeds of success, by establishing a solid market share which will increase in future years.

The regeneration of the Press's ELT publishing programme has become a business priority, with strategic objectives to build the highly acclaimed Cambridge brand through growth and the development of new business opportunities. The preparation and planning for publishing development during 2003 should prove an important foundation for the future.

Business performance

The climate for the sale of academic books worldwide remained challenging throughout 2003. Reductions in real overall funding levels for higher education were experienced in many countries, notably the USA and Japan, and this effect was compounded by the strength of sterling against the US dollar and those Asian currencies that shadow the dollar. It is no coincidence that our best sales performances were in regions such as Western Europe and Australia whose currencies remained strong against sterling. SARS also took its toll on Asian sales in the first part of the year. Given the difficulties of the university press sector as a whole, the increase in book sales worldwide by 2% on 2002 levels was an acceptable outcome.

Within Humanities and Social Sciences, the global value of publications supplied was £24,717, 000. Of those sales, 22% were achieved within the United Kingdom, 4% within Australia and New Zealand, 52% within North America, and the remaining 22% within the various International sales territories, which performed particularly strongly in 2003. Sales within North America held up remarkably well and grew by 7% in dollar terms (although their ultimate value to the Press as expressed in £ sterling was depressed by the weakening dollar exchange rate). Academic sales in Australia for 2003 were 2% up on 2002.

Overall sales for STM were almost £14.3 million, providing a slight increase over 2002 (£14.1 million). Continuing growth in medical publishing, together with a welcome resurgence in computer science, helped to offset some disappointing results in the physical and life sciences. Medicine delivered its best performance yet, with sales growth of 13.1% on 2003. Life sciences turnover for 2003 was 2.7% down on 2002. In mathematical sciences sales increased by 5.5%. Turnover in physics fell by 1.2% in 2003, but there are encouraging signs that the decline in physics sales since 2000 is beginning to bottom out. Overall sales in engineering increased by 4% on

the previous year, with the electrical engineering list up by 23%. Sales of the chemistry and materials science list increased by 28%. Earth sciences and astronomy both experienced declining sales, by 19% and 8% respectively against 2002.

Despite tight control of production and marketing expenditure, the overhead costs of the academic publishing operation continue to rise, encouraging increased concentration on areas of potential sales growth – books for students and professionals – to complement those research-driven publications in core areas such as literature, mathematics, history and philosophy.

Journals sales grew by 1.3% in North America and by 1.8% in all other markets. However, after many years of continuous growth, the combined Journals sales total registered a decline of 2%, entirely accounted for by the effect of currency fluctuations. In North America there was a noticeable shift from traditional single institutional subscriptions to sales of electronic journal packages to library consortia. While conventional sales (which still constitute the vast majority of journals business) fell by 4.3% in North America, sales to consortia grew by almost 32%. Elsewhere there was significant growth in consortia sales of online access to the entire suite of journals; by comparison, the take-up of online-only subscriptions to individual journals remained insignificant. Across most of Europe, journal sales were sustained and in many markets increased, showing the resilience of budgets in higher education for serial publication. Subscription revenue in the Middle East increased by 14%, notably in Iran and Turkey.

Sales of Bibles in 2003 were considerably affected by the general weakness of the US economy and the Christian bookselling sector, resulting in a shortfall on budget predictions in North America and a static market elsewhere.

Education sales at £14 million were £300,000 down on 2002. This represented a shortfall of 17% on budget due mainly to the unexpected funding crisis in the UK schools market. Despite increased central government investment in education, many school budgets proved insufficient to fund teacher pay awards. The funding shortfall had a direct, negative effect on book buying in schools. *The Bookseller* described 2003 as bringing ‘some of the worst trading conditions in living memory’ and reported in December 2003 that approximately 10% of people in the educational publishing industry had lost their jobs by September. The Educational Publishers Council reported the primary book market standing at its lowest level for over five years. The secondary market also fell substantially by some 8%. Against this background the government confirmed its commitment to e-learning by announcing protected

funding of £300 million for content in the period September 2003 to 2006, encouraging the development of the new Cambridge–Hitachi brand.

There were more encouraging signs elsewhere within the Press's educational publishing. In the United States, the new edition of the Cambridge Latin Course gained key state adoptions. The new list of publications for the international market sold over 200,000 volumes over the year. Australian sales grew during 2003, especially in the secondary school sector, with revenue growth of 7%, a signal achievement within the context of a local market which decreased by 2%.

2003 proved a difficult year for the Press's ELT business. International events at the beginning of the year had an adverse influence on the global market, as the effects of SARS, the war in Iraq and a general fear of terrorist activity combined to depress trading conditions in Asia and the Middle East, and deterred students travelling to the traditional ELT centres in the United Kingdom, the USA, Australia and New Zealand. As attention focused on the need to regenerate the ELT catalogue from January 2004, sales performance in 2003 was below budgetary expectation, with year-end results showing 2% growth over the previous year. Australia and New Zealand remained steady following a year of substantial growth between 2001 and 2002. ELT sales grew in China and India, but in the more traditional Asian ELT markets the replacement edition for *New Interchange*, the Press's best-selling ELT course, is eagerly awaited. In North America and Spain, sales also suffered from ageing products. In South America, which experienced a difficult year overall, there was growth in ELT sales in Colombia and Ecuador and sustained sales in Peru and Chile.

Turning now to consider sales from the perspective of some of the Press's main branches and regional offices, there are some striking local differences.

Market conditions in the **North American Branch** remained unfavourable, but the size of the business increased marginally over 2002. The Branch ended the year with sales of \$58.6 million – 1.1% higher than in 2002, even without the revenue from Stanford University Press titles, that arrangement having been discontinued in the spring of 2002. Journals grew by 1%. Book sales of \$45.5 million were 1% greater than in 2002. It was particularly gratifying that Academic books were responsible for this growth, with sales up 7% on the previous year. Like most other business sectors, the book publishing industry was beset with economic difficulties. While the North American branch saw a decline in bookshop sales, the rapid increase in sales via the internet continued, with a dramatic 32% increase in sales to internet retailers.

Libraries worldwide continued to endure funding shortages, and in the USA some faced substantial cuts. Accordingly, one of the Press's major markets was in a depressed state, but revenue from wholesalers rose by 10%. The Press participated in ventures with major individual customers. One of these was Amazon's 'Look inside the book' program which allows customers on the Amazon site the ability to browse the pages of titles in which they are interested.

The situation in Canada was weaker in terms of Academic book sales, but stronger in both ESL and Education which saw smaller declines than in the USA. The dominant bookstore chain in Canada, Indigo, had another turbulent year. In Mexico and Central America there was a large increase in Academic sales (from an admittedly very small base) and a 6.5% increase in ESL sales. Mexico is now a very much larger market for the Branch than Canada, though most of the business remains in ESL.

In the **United Kingdom** Academic sales were level with those of 2002 but 5% below budget at £7,725,000. Declining library budgets, a trade dispute with a major customer, lower than expected title output and generally weak book sales across all publishers contributed to a succession of disappointing sales months, exacerbated by changes in the ways the online bookshop, Amazon, purchased their books for supply.

Despite these problems the changing publishing emphasis began to bear fruit. Sales of professional titles were generally strong and sales through bookshops, particularly of textbooks, improved in the last quarter. The increased output in the second half of the year coincided with the release of some much needed library funds. Sales to high street shops of ELT products remained strong, and the previous year's ELT revenue of over £3 million was matched.

2003 was a very successful year for Academic sales in **Europe**, the largest market outside UK and North America, with revenue of more than £5 million, 14% up on 2002. Humanities and Social Sciences performed particularly well, despite reduced budgets in higher education across much of Europe. The best performing markets were Norway, Germany and the Netherlands. Two issues should be singled out. Firstly the impressive growth of the German branch of Amazon, which is now the biggest single account in continental Europe and which provided 65% of the market growth. This also reflects the absolute decline of the German academic retail book trade. Secondly, the 43% increase of sales in Eastern Europe and Russia, as a result of more aggressive sales and marketing campaigns.

The development of business relationships with key bookseller partners has been an ongoing theme for European sales and marketing in 2003. A European newsletter for booksellers was produced and mailed with two issues in 2003. A programme of visits to Cambridge for major booksellers has continued. Improvements to the website aimed at booksellers have speeded up the supply of information and encouraged better sales.

Political issues made it inevitable that the Middle East would have a difficult year, although there was some success with Journal sales.

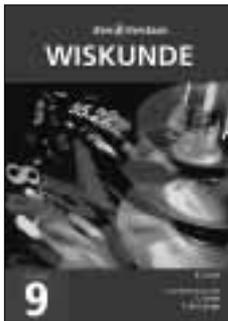
Academic sales in **Australia and New Zealand** were 2% above 2002 in revenue terms, despite a competitive market. Refined efforts in sales, marketing and distribution have supported the publishing programs from the USA and the UK as well as Australia. Educational publishing had a successful sales year and ELT sales were steady.

Sales of books and journals in **Asia** exceeded GBP 14 million for the first time in 2003 though growth was slower than in previous years.

In the Academic books sector, Japan began to show growth after several years of declining sales and, for the first time since the Asian Branch was established, grew at a faster rate (7%) than ELT sales, a pleasing performance in view of adverse market conditions. Cambridge University Press Japan KK, a limited company, was established in December, giving the Press in Japan greater financial security and the potential for a wider array of local business partnerships. Journal sales continued strongly in all major Asian markets.

Despite the extremely competitive market, the **African Branch** achieved growth of 91% in 2003, representing the Branch's biggest increase since it began trading. Of this, 60% was accounted for by the acquisition of Roedurico. Compared with the previous year, both East and West Africa achieved modest growth. In Southern Africa the most significant growth markets, other than South Africa itself, were Zambia and Botswana.

2003 was a good year for the Press in **Iberia**. Total sales in sterling ended 13.6% above the previous year, despite the severe recession in Portugal. Local Adult ELT sales continue to decline – a reality which will not be changed until new courses are launched in 2005–6. The local textbook market came to a standstill after the Spanish government announced the third educational reform since 1992. The new agreement with Grupo Santa Maria offers excellent prospects for the immediate future.



South America experienced another poor year for sales, with total sales 20% below forecast. There were some positive signs, such as the smooth transition to an ELT trading operation in Brazil, replacing the work which had been done by local importers, and the maintenance of key adoptions of our major ELT product in several countries. Argentina's economic collapse and political turmoil in Venezuela, followed by a complete halt in the local economy, determined virtually no sales in those countries. The outlook for 2004 is more optimistic.

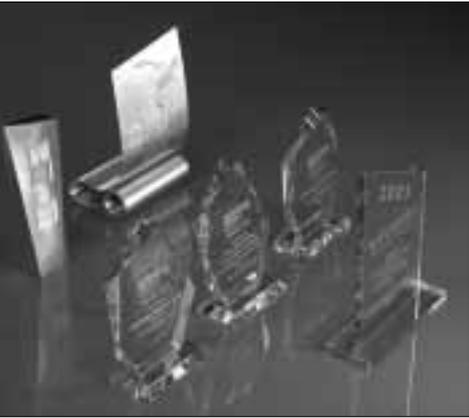
Sales of translation and reprint rights in Press publications grew by 5% over 2002 and for the first time rights sales alone exceeded £1m. A significant increase in sales was achieved in H&SS, which rose by 20%, and STM, which increased by 23%, both areas boosted by re-promotion of some key backlist titles. Linguistics was helped by Chomsky's *On Nature and Language*, which sold into six languages, but philosophy, history and economics also showed strong sales. Revenue from ELT sales increased by 38% largely due to continued growth in China and some large royalty payments. Spanish and Italian publishers continued to acquire much from the history and philosophy lists, and a number of education titles were sold into Taiwan. In North America, rights sales rose by almost 28%, a very successful year, only partly due to the sale of paperback rights of *Negotiating with the Dead* by Margaret Atwood.

The **Press Bookshop** recorded its best ever performance with sales of £840,000, 4.4% ahead of 2002. Growth was achieved across Academic, ELT and Bibles publishing. Local interest titles remain consistently among the shop's best performing books.

Another important function of the bookshop continues to be the links between the Press, the University and the local community. There were joint projects with the Corn Exchange, Britten Sinfonia, the Arts Picture House, Cambridge Summer Recitals, the Cambridge History Festival, Wordfest and the Cambridge Agenda Short Story competition. Collaborative events were held with the Cambridge Science Festival, Conference Cambridge and for the Cambridge University Alumni Weekend.



Printing



The Press's printing business ended 2003 in impressive style, having picked up six national industry awards during the year. The awards provided timely recognition for the radical, often painful, transformation that has taken place in the Printing House over the past five years. More particularly, they reflected major improvement in three key areas: investment in new technology, business efficiency and staff development. Printing at Cambridge has now resumed its ancient role at the cutting edge of technological innovation, and has become an industry leader in business management and staff training. In June, this process of change culminated with the launch of the new brand, Cambridge Printing, establishing a clear identity for the printing business and the implementation of a new two-year business plan. Cambridge Printing still represents outstanding quality, but also now employs the latest technologies, highly effective business management techniques and the most highly skilled workforce in the industry.

Business developments and Cambridge Printing

Putting Cambridge Printing forward for national awards was part of a concerted effort to gain industry-wide recognition for the significant improvements implemented. Winning six awards provided a clear demonstration of quality and skills. *Printing World's* judges presented both their Book Production Award and their Finishing Award for 'the outstanding repro and printing skills of Cambridge Printing staff'. Cambridge Printing also won a Balacron Designer Award, and three awards for staff training, including the prestigious National Training Award (East of England), and the British Printing Industry Federation's Employer's Award. According to the latter's judges, 'the companies being recognised are outstanding, not only because they demonstrate best practice in the business, but also because they have won against many great companies in the sector'. Entering competitive business awards is one of the tactics Cambridge Printing will continue to employ, with the aim of being recognised as one of the UK's leading printing businesses.

Throughout the year, Cambridge Printing continued to work in close partnership with three major international technology manufacturers: IBM, Océ and Akiyama.

Cambridge Printing remains the test site for new technologies being developed by IBM and Océ, partnerships that benefit and enhance customers' businesses. Work with IBM is of direct benefit to UCLES, facilitating the digital production of examination papers with variable data capability. Work with Océ will benefit academic publishers, providing a cost-effective digital solution that will maintain the viability of short-run publishing. And work with Akiyama will benefit publishers who require lightweight printing. The waterless sheet-fed printing that has been pioneered is superior in quality to anything on the market, and will further enhance the reputation of the Press's craftsmanship.

Cambridge Printing now possesses some of the most technically advanced equipment in the world. During 2003 two new Japanese Akiyama presses, as well as a new Bible folder, were acquired, advancing the Press's aim to be the world's premier supplier of high-quality lightweight printing. In addition, new digital print lines were delivered into both our security and digital book production areas, providing competitive advantage.

Amongst industry commentators Cambridge Printing is now regarded as being at the forefront of the business process. Consequently Cambridge Printing was asked to play a leading role in providing management support to the DTI's Industry Forum, 'Vision in Print', set up to improve the competitiveness of the UK printing industry. Throughout the year, performance indicators showed improvement, in terms of efficiency of manufacture, timely delivery and waste/spoilage ratios. On all three of these scores, Cambridge Printing rated highly compared to the competition. In addition, environmental improvements included the pioneering use of waterless printing for lightweight production lines, a process which avoids the use of hazardous chemicals.

That three of the national awards were given in recognition of training programmes came as no surprise. For the past three years the Press's printing operation has been running a far-reaching programme of staff training and skills development to support the major restructuring that has taken place. According to the *Printing World* judges, the Skills Recognition Scheme was 'an excellent example of what could be achieved through training investment in times of rapid change'. There are currently 30 staff studying for NVQs. Also, for the first time in ten years, eight new apprentices were taken on as part of the 'Cambridge Plus' scheme. The aim is to ensure that vital skills are replenished and retained for the future. In embarking on this programme, the Press is showing confidence in achieving future business goals and ensuring that staff remain the most highly skilled in the industry.



Business performance

From a commercial perspective, sales targets were not realised, although Cambridge Printing delivered an operating surplus of about £500,000. There were several reasons for the shortfall. First, in Confidential business, the primary customer UCLES reduced its expenditure significantly on previous years' levels – a move which also impacted on Promotional business. Both these business streams experienced considerable downward pressure on pricing after a benchmarking exercise, undertaken within the UK printing community, concluded that the Press's pricing was higher than the industry average. The new digital book production did not meet an over-ambitious sales projection. Finally, the Bible business, although the recipient of heavy investment in new technology, experienced a time lag in production throughput. However, in order to compensate for reduced sales, expenditure was contained. The sales results do not adequately reflect the underlying improvements that have taken place within the business: the heavy investment in new technologies, the drive towards more effective business processes and the investment in staff development. Cambridge Printing is now a stronger business, with enviable expertise in niche areas.

Business services

Distribution



The main Press distribution activity of the year was the relocation in May of the North American branch distribution centre from Port Chester to West Nyack, just west of the Hudson River in Rockland County, New York. It was to the enormous credit of all concerned that the move went relatively seamlessly, the huge logistical challenges being overcome with hard work, cooperation and good grace from all staff. Ian Bradie's splendidly effective project management of the process deserves special mention.

Productivity and efficiency gains are already evident, and a much higher percentage of the workload is being shipped each day compared with the Port Chester experience. To improve service to customers, more stock is being held at the Nyack warehouse. An electronic data interchange was implemented for several major customers. Work also started on the SolidVision project, which will enable staff to view and access data from the LogisticsPro warehouse management system. Finally, an electronic upload of journal subscription renewal data into the Eclipse system was created and implemented, significantly reducing the previous need for re-keying of customer-produced data.

In Cambridge, the satellite storage facility at Sawston was closed and 600,000 units of stock were absorbed into the Edinburgh Building warehouse. To accommodate this, and to allow increased utilisation of the High Bay warehouse, additional beams were added to the existing racking, significantly increasing the overall bulk storage capacity. To relieve the relentless pressure on space in the Low Bay warehouse, additional picking locations were created by introducing shelving with smaller-sized bays, configured to house the entire stockholding of many slower-moving titles. Throughout the year, Stock Management dealt with the rapidly escalating number of titles entering the centrally managed program of ultra-short digital reprints. In addition, software was developed and implemented to allow us to fulfil orders for such titles directly from the Press's digital vendor, Lightning Source, to its end customers. In Customer Services, a considerable amount of time was devoted to testing software modifications, including developments to the Press's electronic Authornet, e-learning

credit functionality, the supply of full journal sets, revised CJO reporting, and amendments to invoice documentation to ensure compliance with revised Customs & Excise export requirements.

In Port Melbourne, the distribution centre team implemented their Star Track Express project, resulting in improved freight rates, better consolidation of outbound orders and access to a full track and trace facility, enabling Customer Services to gain online electronic proof-of-delivery for customer shipments and to achieve 'first call' resolution on many freight queries. In Madrid, the Iberian Branch developed and implemented a new system to control stock levels that takes into account delivery times from the UK and facilitates the automatic replacement of stock. In Cape Town, a customer survey undertaken by the African Branch confirmed a marked improvement over the previous years with a customer satisfaction level of 85% for consistently good service.

Information Management

2003 was a year of transition for the Information Management department: new working practices provided better service to the internal and external users; new standard software architectures were implemented; and an offshore software development organisation was established in Manila, Philippines, to enhance our web development efforts. At the end of the year this offshore team was twelve strong with another eight recruits planned for 2004.

The Information Management department was restructured into three groups: a core commercial systems group which comprises the Vista development and operations team; an infrastructure group which is responsible for network and desktop deployment and support, and the web services team which develops and maintains all web-based systems. The Manila operation is part of the web services group and a number of key systems, such as Cambridge Journals Online, are being developed there.

The Vista systems, which are the core of the Press's commercial operations, were enhanced by more applications and reports being made available through the web browser interface introduced the previous year. After a long period of evaluation, it was decided not to upgrade or replace Vista during 2004.

The Press's network infrastructure was enhanced and the firewalls upgraded to guarantee continuous access to Cambridge hosted systems.

The Press's capacity to filter email spam was significantly enhanced. There was one virus infection during the year which resulted in approximately 200 desktop PCs becoming infected. The clean up operation took three days and as a result new procedures governing the connection of visitor machines to our network were introduced.

Press email and web traffic continued to grow, with message volumes increasing at the rate of several thousand a month, and daily web traffic increasing from an average of 7.5Gb in January to 26.6Gb in December. The resulting pressure on hardware led to a server consolidation study and the acquisition of two large SUN Microsystems 12 processor systems, due for delivery and deployment in the first quarter of 2004.

UK direct website sales increased by 18% over 2002 to £527,000, and the upgraded Bookseller site (www.forbooksellers.cambridge.org) showed a large increase in UK and international sales to £660,000 for the year. The US website direct sales increased substantially to \$466,000. The first phase of the AuthorNet (authornet.cambridge.org), the self-service site for authors, was launched, producing revenue of nearly £20,000 in its first eight months.

The Datacare group continued to maintain the Press's bibliographic databases and the Press was proud to receive the BIC ONIX Accreditation.

Work also commenced on implementing a global collaboration platform from IBM, Lotus Notes, to improve efficiency and communication throughout the organisation. This project, when completed in 2004, will provide a single email platform, reduce training and support costs and provide a base for enterprise applications in the future.

In the Printing House, the implementation of the new management information system was suspended when it became clear that requirements had changed significantly since the original research was conducted. A new system is now being selected.



Other business departments

Finance

As a charitable educational enterprise, which faces tough competition from commercial publishers and printers, the Press must operate profitably and efficiently in order to survive. Most Finance staff now have well-developed business skills, mainly acquired in the commercial sector, and professional qualifications, mainly acquired through in-house training, which they deploy to the Press's advantage.

The Finance function continues to be devolved from the centre, with resources and responsibilities being moved into the Branches and business streams to empower senior management. Three members of the Finance team were deployed in new positions within ELT, Academic and Cambridge Printing. A Financial Controller for the Education Group and Cambridge–Hitachi will follow.

The Finance team was enthusiastically involved in business development, including the Cambridge–Hitachi joint venture, the Greenwich Medical Media acquisition and a range of new partnerships. They helped management to reduce costs without damaging the business, through short-term measures in response to disappointing sales and longer-term benchmarking exercises. Finally, they provided timely and relevant management information, presented in an accessible and positive way, to underpin informed decision-making.

Personnel services

During 2003 there were occasions for celebration and for reflection in equal measure. The team continued to recruit for posts associated with the Press's new business initiatives, including the Digital Production Unit in Cambridge Printing and in law, medicine and academic textbook publishing, ELT and 'eLearning'. Several international transfers reflected the global scope of the Press's business activities.

Recruitment for Printing's high-profile 'Young Apprentice Scheme' featured an open evening where interested candidates could learn something of the Press's work and its renewed commitment to train young people for the future. The prestigious national awards for Cambridge Printing's training and development schemes were another highlight.

In South Africa, an exciting development in 2003 was the launch of the internship programme for graduates from previously disadvantaged backgrounds. The initiative, designed to promote and develop skills in publishing management, will run from 2004 for seven years and will involve on-the-job training of graduates for an 18-month period. The Branch has earned a listing among the 'Top 300' black empowerment companies in South Africa. It also enjoyed recognition for its contribution towards local business development by being granted 'Proudly South African' status, a logo that may be displayed on all South African products.

The importance to the business of professional managerial skills was reflected in a training and development initiative, the Business Leadership Programme. Senior Directors in Cambridge and from other parts of the global business were included,



and other managers undertook the Management Foundation Programme. Using the convenient and excellent on-site facilities, external trainers provided sessions covering all aspects of a manager's role, including effective two-way communication, health and safety, data protection, email and internet protocol.

Late in 2003 a proposal was accepted by the Executive Board and affected staff to introduce a clearer reward framework for Publishing office staff, linking career progression to an assessment of what people achieve, as well as how they go about achieving their individual and team objectives. The 'Performance Recognition Scheme' will be introduced in 2004, and will dovetail into the well-established Performance Review process.

The Staff Committee formulated a global staff Training Policy, and reviewed the Global Communications Cascade initiative which now occurs each month – managers meet with their staff face to face to present business information and answer questions. The twice-yearly 'all-staff briefings' occurred again in 2003 and are now a regular feature of Press life throughout the world.

While some people changed roles, learned new skills, developed their careers or transferred to another branch or office, others arrived at the Press or left our employment. Some colleagues retired, or left to take jobs elsewhere, or to return to education or to travel the world (still a popular alternative). Business restructuring resulted in some people leaving employment because their roles were no longer sustainable. In all of these situations, the Personnel team implemented professional processes and provided the business and the affected staff and managers with advice and support. As the business continues to change to fit new market circumstances, 2004 will be filled with the same challenging variety.

Corporate relations

2003 saw the continued progress and recognition of the corporate relations agenda at the Press. Key messages were clear and consistent, and were designed to enhance the reputation of the Press with its main audiences. These include local, trade and national media, customers, suppliers, partners, authors and the University itself.

The Press's involvement in the community was clearly appreciated: in the main local business awards for 2003, the Press was one of four organisations short-listed for the 'community business of the year' award. The Press sponsored Bridge the Gap, a charity walk organised by the Cambridge Evening News, which raised over £35,000 for local hospices, hosted BBC Radio Cambridgeshire's charity auction,

which raised over £45,000 for local good causes, and partnered the Arts Theatre in the new literary festival, Cambridge Wordfest.

Events like these brought good media coverage. Solid partnerships were forged with large organisations in the city where we have strong business interests. The City Council is a prime example. In its sponsorship of publicity material for the Cambridge Children's Festival and the Cambridge Concert Series at the Corn Exchange, the Press was seen to provide excellent quality and service and as a consequence has made good progress towards becoming the City Council's 'printer of choice'.

Fundamentally though, it was the Press's relationship with the University which continued to be the centre of local activities. Examples of involvement included the much publicised Cambridge Science Festival, the Cambridge History Festival, projects with the Sedgwick and Fitzwilliam Museums, events with Britten Sinfonia (the University's associate orchestra) and the continued support by the Press of departmental, faculty and College libraries.

Finally, the Press's formal links with Arts and Business and Business in the Community continue. In both cases these relationships confirm the Press as a caring employer and community-friendly organisation, an image which is further strengthened by the presence and activities of the Bookshop and the apprenticeship scheme created by Cambridge Printing.

On the wider international scene, the training scheme in the South African branch and the incorporation of the Japan office are examples of the Press's growing corporate identity beyond its key relationship with the immediate University, city and community of Cambridge.

Appendices

I Statistical data

Table 1 2003 hardback, paperback and e-publication units, by publishing centre

	Cambridge	N America	Australia	Africa	Iberia	Total
Humanities & Social Sciences	658	369	39	0	8	1074
Science	254	93	1	0	8	385
Professional	84	10	1	1	0	96
Education	126	8	135	69	0	338
ELT	181	32	0	0	31	244
Bibles	15	0	0	0	0	15
Other	21	1	0	0	0	22
Total	1,339	513	176	70	47	2,145

Table 2 2003 sales revenue ranked by country (first fifteen by value)

Academic and Professional	Education	ELT
USA	UK	USA
UK	Australia	UK
Australia	South Africa	Mexico
Japan	USA	Spain
Germany	Zambia	Brazil
Netherlands	Botswana	South Korea
Canada	Jamaica	Japan
Spain	Trinidad and Tobago	Italy
Taiwan	Poland	Taiwan
Italy	Malaysia	Germany
China	Namibia	Peru
South Korea	Cameroon	China
India	New Zealand	Switzerland
France	United Arab Emirates	France
Switzerland	Egypt	Greece

Table 3 2003 results (% rounded) by market, subdivided by category

	Academic and Professional	Education	ELT	Journals	Bibles	Total
UK	40	30	15	14	1	100
North America	55	3	20	21	1	100
Australia	31	47	22	0	0	100
Iberia	15	1	75	9	0	100
Africa	7	83	6	4	0	100
Other international	22	3	58	17	0	100
All markets	37	13	33	16	1	100

Table 4 2003 results (% rounded) by category, subdivided by market

	Academic and Professional	Education	ELT	Journals	Bibles	All
UK	22	45	9	17	40	22
North America	52	7	20	42	57	36
Australia	4	16	3	0	1	4
Iberia	1	0	8	2	0	3
Africa	1	23	1	1	1	2
Other international	20	9	59	38	1	33
Total	100	100	100	100	100	100

Table 5	
New hardback-only publications in 2003, from the Academic and Professional Groups	
Agriculture	1
American history	2
American literature	8
Anthropology	2
Archaeology	2
Art	22
Astronomy	17
British history	14
Cellular and molecular biology	10
Chemistry	1
Classical studies	17
Computer science	8
Earth sciences	8
Economics and business studies	28
Engineering	15
English language and linguistics	16
English literature	51
European history	34
European literature and language	2
Film	3
General science	5
Geography	1
History of science	4
History – other areas	13
Law	37
Literature – other	2
Materials science	1
Mathematics	35
Medicine	21
Music	13
Philosophy	24
Physics	17
Politics	22
Psychology	6
Religion	7
Sociology	3
Zoology and botany	9
Total	481

Table 6	
New paperback publishing in 2003 from the Academic and Professional Groups	
Agriculture	1
American history	9
American literature	2
Anthropology	6
Archaeology	6
Art	5
Astronomy	12
British history	3
Cellular and molecular biology	10
Chemistry	4
Classical studies	6
Computer science	8
Earth sciences	14
Economics and business studies	25
Engineering	11
English language and linguistics	27
English literature	37
European history	13
European literature and language	4
Film	6
General science	3
Geography and the environment	1
History of science	1
History – other areas	29
Law	17
Materials science	2
Mathematics	49
Medicine	33
Music	15
Philosophy	43
Physics	15
Politics	73
Psychology	22
Religion	17
Sociology	21
Zoology and botany	18
Total	568

II Awards and prizes

Our special congratulations go to Professor Michael Cook of Princeton University who has won the Arthur W. Mellon Foundation award for Distinguished Achievement, for the period 2003–6. Michael Cook's *Commanding Right and Forbidding Wrong in Islamic Thought* was published by the Syndicate in 2001. Congratulations also to Clive Granger who was named Nobel Laureate in Economic Science (2003).

Among the awards and prizes for Press publications received in 2003 were:

Margaret Ackrill, *Barclays*, winner of the 2002 Wadsworth Prize.

Philip Allott, *The Health of Nations: Society and Law beyond the State*, winner of the American Society of International Law 2003 prize for pre-eminent scholarship.

Scott Althaus, *Collective Preferences in Democratic Politics*, co-winner of the Goldsmith Book Prize from the Joan Shorenstein Center on the Press, Politics, and Public Policy, John F. Kennedy School of Government, Harvard University.

Carol Anderson, *Eyes off the Prize: The United Nations and the African American Struggle for Human Rights, 1944–1955*, co-winner of the Myrna F. Bernath Book Prize and the Gustavus Myers Outstanding Book Award.

Masano Aoki, *Modeling Aggregate Behavior and Fluctuations in Economics: Stochastic Views of Interacting Agents*, winner of the Nikkei Shinbun/Japan Center for Economic Research Prize.

Adele Marie Barker, *A History of Women's Writing in Russia*, winner of the The Heldt Book Prize awarded by the Committee of American Women in Slavic Studies for the best book in Slavic/East European/Eurasian Women's Studies.

Mark R. Beissinger, *Nationalist Mobilization and the Collapse of the Soviet State*, winner of the Best Book on European Politics Award, European Politics and Society Section of the American Political Science Association, the Woodrow Wilson Foundation Award (also APSA), and the Society for Comparative Research Mattei Dogan Award.

Lauren Benton, *Law and Colonial Cultures*, winner of the Distinguished Scholarship Award, given by the American Sociological Association and of the James Willard Hurst Prize of the Law and Society Association.

- Richard Franklin Bensel, *The Political Economy of American Industrialization, 1877–1900*, winner of the J. David Greenstone Award.
- Nora Berend, *At the Gate of Christendom: Jews, Muslims and 'Pagans' in Medieval Hungary, c. 1000—c. 3000*, winner of the American Association for the Study of Hungarian History Book Award.
- Jonathan P. Berkey, *The Formation of Islam*, winner of the Middle East Studies Association Albert Hourani prize.
- Cyprian Broodbank, *An Island Archaeology of the Early Cyclades*, winner of the James R. Wiseman Book Award.
- Gary W. Cox and Jonathan N. Katz, *Elbridge Gerry's Salamander: The Electoral Consequences of the Reapportionment Revolution*, winner of the APSA George H. Hallett Award and *Choice* Outstanding Academic Title.
- Clifton Crais, *The Politics of Evil: Magic, State Power and the Political Imagination in South Africa*, winner of the Ohio Academy of History Book Prize.
- Neta C. Crawford, *Argument and Change in World Politics: Ethics, Decolonization, and Humanitarian Intervention*, co-winner of the APSA Jervis-Schroeder Prize for the best book on international history and politics.
- Partha Dasgupta & Geoffrey Heal, *Economic Theory and Exhaustible Resources*, winner of the AERE Award for Publication of Enduring Quality.
- Steven Dick, *Sky and Ocean Joined: the U. S. Naval Observatory 1830–2000*, winner of the Society for History in the Federal Government's George Pendleton Prize.
- Paul Downes, *Democracy, Revolution, and Monarchism in Early American Literature*, winner of the MLA First Book Prize for 2002.
- Wilma A. Dunaway, *Slavery in the American Mountain South*, winner of the Weatherford Prize of the American Studies Association for the best book published in 2003.
- Richard J. Epstein, *Human Molecular Biology*, winner of the Medical Book of the Year by The Society of Authors and Royal Society of Medicine Medical Book Awards and also winner of the Richard Asher Prize for best new textbook.
- Jesús Escobar, *The Plaza Mayor and the Shaping of Baroque Madrid*, winner of the Eleanor Tufts Award of the American Society for Hispanic Art Historical Studies.

- Simon Franklin, *Writing, Society and Culture in Early Rus, c. 950–1300*, winner of the Alec Nove Prize, given by the British Association for Slavonic and East European Studies for the best book of 2002 in Russian, Soviet or Post-Soviet studies.
- Lawrence J. Friedman and Mark D. McGarvie, *Charity, Philanthropy and Civility*, co-winner of the Virginia Hodgkinson Research Prize from the Independent Sector.
- Max Paul Friedman, *Nazis and Good Neighbours*, winner of the Herbert Hoover Book Award and the Southeastern Council on Latin American Studies Award.
- Peter Gibian, *Oliver Wendell Holmes and the Culture of Conversation*, winner of the Lois Rudnick Prize of the American Studies Association, New England Chapter.
- Joshua S. Goldstein, *War and Gender: How Gender Shapes the War System and Vice Versa*, co-winner of the Victoria Schuck Award.
- Jeff Goodwin, *No Other Way Out: States and Revolutionary Movements, 1945–1991*, winner of the 2002 American Sociological Association Collective Behavior & Social Movements Outstanding Book Prize.
- Errol G. Hill and James V. Hatch, *A History of African American Theatre*, winner of the Theatre Library Association's George Freedley Memorial Award.
- David H. Guston, *Between Politics and Science: Assuring the Productivity and Integrity of Research*, winner of the Don K. Price Award.
- John D. Huber and Charles R. Shipan, *Deliberate Discretion? The Institutional Foundations of Bureaucratic Autonomy*, winner of the Richard Fenno Award, co-winner of the William H. Riker Award of the American Political Science Association and of the Gregory Luebbert Award (also APSA).
- Rodney Huddleston and Geoffrey K. Pullum, *The Cambridge Grammar of the English Language*, winner of the Linguistic Society of America Leonard Bloomfield Book Award.
- Joseph E. Inikori, *Africans and the Industrial Revolution in England*, winner of the Herskovitz Prize of the African Studies Association and of the Leo Gershoy Award of the American Historical Association.
- Edward James and Farah Mendlesohn, *The Cambridge Companion to Science Fiction*, winner of the British Science Fiction Association Award for Best Non-Fiction of 2003.

- Scott C. James, *Presidents, Parties, and the State: A Party System Perspective on Democratic Regulatory Choice, 1884–1936*, winner of the Leon Epstein Outstanding Book Award.
- Andrew Jamison, *The Making of Green Knowledge*, winner of the prize for the outstanding book of 2002 from the Division of Ecological and Transformational Politics of the American Political Science Association.
- Jeremy Johns, *Arabic Administration in Norman Sicily*, winner of the British-Kuwait Friendship Society Prize in Middle Eastern Studies.
- Peter Karsten, *Between Law and Custom: “High” and “Low” Legal Cultures in the Lands of the British Diaspora – The United States, Canada, Australia, and New Zealand, 1600–1900*, winner of the Alpha Theta Best Subsequent Book Prize.
- Yitzhak Katznelson, *An Introduction to Harmonic Analysis*, winner of the 2002 Steele Prize.
- Paul M. Kellstedt, *The Mass Media and the Dynamics of American Racial Attitudes*, co-winner of the Goldsmith Book Prize from the Joan Shorenstein Center on the Press, Politics, and Public Policy, John F. Kennedy School of Government, Harvard University.
- Karen Knop, *Diversity and Self-Determination in International Law*, winner of the American Society of International Law 2003 prize for a specialised area.
- Michael Laver, *Making and Breaking Governments*, winner of the American Political Science Association prize for best book in political economy.
- Daniel Leech-Wilkinson, *The Modern Invention of Medieval Music*, winner of the Royal Philharmonic Society Book Award.
- Nigel Llewellyn, *Funeral Monuments in Post-Reformation England*, winner of the 2002–3 British Art Book Prize.
- Margaret Lock, *Pragmatic Women and Body Politics*, winner of the Annual Edited Book Prize from the Council on Anthropology and Reproduction of the Society for Medical Anthropology.
- Isabela Mares, *The Politics of Social Risk: Business and Welfare State Development*, winner of the Best Book Award, Council for European Studies.
- Christopher Morash, *A History of Irish Theatre, 1601–2000*, winner of the 2002 Theatre Book Award from The Society for Theatre Research.

- Sean D. Murphy, *United States Practice in International Law*, winner of the 2003 American Society of International Law 2003 prize for a book of high technical craft.
- J. Payne-James, J. A. Busittil and W. Smock, *Forensic Medicine: Clinical and Pathological Aspects*, winner of the Minty Prize from the Society of Authors/ Royal Society of Medicine for the Best Medico-Legal Book.
- John Rink, *Chopin: The Piano Concertos*, winner of the Stefan and Wanda Wilk Book Prize for Research in Polish Music.
- Richard Rodger, *The Transformation of Edinburgh*, winner of the Frank Watson Prize.
- Anne Walters Robertson, *Guillaume de Machaut and Reims: Context and Meaning in His Musical Works*, winner of the Otto Kinkeldey Award.
- Adam Rome, *The Bulldozer in the Countryside: Suburban Sprawl and the Rise of American Environmentalism*, winner of the Lewis Mumford Prize of the Society for American City and Regional Planning History.
- Guy Rowlands, *The Dynastic State and the Army under Louis XIV*, joint winner of the 2002 Gladstone History Book Prize.
- Benjamin Schmidt, *Innocence Abroad: The Dutch Imagination and the New World, 1570–1670*, winner of the Hendricks Book Prize.
- Kenneth A. Schultz, *Democracy and Coercive Diplomacy*, winner of the 2001 Edgar S. Furniss Book Award.
- Ayelet Shachar, *Multicultural Jurisdictions: Cultural Differences and Women's Rights*, winner of the Best First Book Prize in the Foundations of Political Theory.
- Ethan H. Shagan, *Popular Politics and the English Reformation*, winner of the 2002 Whitfield Book Prize, the 2003 Bainton Prize and the Morris D. Forkosch Prize of the American Historical Association for the best book in British history.
- Stephanie A. Shields, *Speaking from the Heart*, received a Distinguished Publication Award by The Association for Women in Psychology.
- Scott Simon, *The Invention of Western Film: A Cultural History of the Genre's First Half-Century*, winner of the Theatre Library Association Award, Best Book on Recorded or Broadcast Performance.
- Leonard V. Smith, *France and the Great War*, winner of the Western Front Association Book Prize.

Jane Stabler, *Byron, Poetics and History*, co-winner of the Rose Mary Crawshay Prize.

Susan C. Stokes, *Mandates and Democracy: Neoliberalism by Surprise in Latin America*, winner of the Comparative Democratization Section Best Book Award.

Valerie Traub, *The Renaissance of Lesbianism in Early Modern England*, winner of the 2002 Best Book Award from the Society for the Study of Early Modern Women and among the 2003 Choice Outstanding Academic Titles.

Steven W. Usselman, *Regulating Railroad Innovation: Business, Technology, and Politics in America, 1840–1920*, winner of the Ellis W. Hawley Prize from the Organization of American Historians.

Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis, 1979–1999*, winner of the Gregory Luebbert Book Award.

Paul Weithman, *Religion and the Obligations of Citizenship*, winner of the North American Society for Social Philosophy's Annual Book Award.

Susan Welch, Lee Sigelman, Timothy Bledsoe and Michael Combs, *Race and Place: Relations in an American City*, co-winner of the Best Book Award in Urban Politics.

James Whitley, *The Archaeology of Ancient Greece*, winner of the 2002 Runciman Prize.

Michael Willrich, *City of Courts*, winner of the John H. Dunning Prize of the American Historical Association.

Anders Winroth, *The Making of Gratian's Decretum*, winner of the Samuel and Ronnie Heyman Prize for Outstanding Scholarly Publication.

Susan Woodford, *Images of Myths in Classified Antiquity*, winner of the 2003 Criticos Prize, London Hellenic Society.

Alison Wray, *Formulaic Language and the Lexicon*, winner of the British Association of Applied Linguistics Book Prize.

Michael Zeilik, *Astronomy: The Evolving Universe*, winner of the Texty Award in Physical Sciences.

The following publications were selected by *Choice* as Outstanding Academic Titles

Hadley Arkes, *Natural Rights and the Right to Choose*

Arthur C. Aufderheide, *The Scientific Study of Mummies*

- Janis Bell and Thomas Willette (eds.), *Art History in the Age of Bellori*
- Marina Belozerskaya, *Rethinking the Renaissance: Burgundian Arts across Europe*
- Sacvan Bercovitch (ed.), *The Cambridge History of American Literature, volume 6: Prose Writing, 1910–1950*
- Ruby Blondell, *The Play of Character in Plato's Dialogues*
- Mark Blyth, *Transformations: Economic Ideas and Institutional Change in the Twentieth Century*
- Daniel Byman and Matthew Waxman, *The Dynamics of Coercion: American Foreign Policy and the Limits of Military Might*
- Bernard Cohen and George E. Smith (eds.), *The Cambridge Companion to Newton*
- Anna Elisabetta Galeotti, *Toleration as Recognition*
- Helen Graham, *The Spanish Republic at War: 1936–1939*
- Sandra Lauderdale Graham, *Caetana Says No: Women's Stories from a Brazilian Slave Society*
- Dorothy Metzger Habel, *The Urban Development of Rome in the Age of Alexander VII*
- William W. Hagen, *Ordinary Prussians: Brandenburg Junkers and Villagers, 1500–1840*
- John R. Hibbing and Elizabeth Theiss-Morse, *Stealth Democracy: Americans' Beliefs about how Government Should Work*
- Dewey H. Hodges and G. Alvin Pierce, *Introduction to Structural Dynamics and Aeroelasticity*
- David C. Kang, *Crony Capitalism: Corruption and Development in South Korea and the Philippines*
- Michael Shalom Kochin, *Gender and Rhetoric in Plato's Political Thought*
- David Loewenstein and Janel Mueller (eds.), *The Cambridge History of Early Modern English Literature*
- Vera Mackie, *Feminism in Modern Japan: Citizenship, Embodiment and Sexuality*
- Pippa Norris, *Democratic Phoenix: Reinventing Political Activism*
- David Ormrod, *The Rise of Commercial Empires*

James R. Otteson, *Adam Smith's Marketplace of Life*

Johan Pottier, *Re-imagining Rwanda: Conflict, Survival and Disinformation in the Late Twentieth Century*

J. Racy, *Making Music in the Arab World: The Culture and Artistry of 'Tarab'*

Chase F. Robinson, *Islamic Historiography*

David Rosand, *Drawing Acts: Studies in Graphic Expression and Representation*

Nancy Rothwell, *Who Wants to be a Scientist? Choosing Science as a Career*

Rabun M. Taylor, *Roman Builders: A Study in Architectural Process*

Alan Ware, *The American Direct Primary Party: Institutionalization and Transformation in the North*

John Witte, Jr., *Law and Protestantism: the Legal Teachings of the Lutheran Reformation*

David G. Yearsley, *Bach and the Meanings of Counterpoint*

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, the Treasurer, 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 authorized 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 Treasurer 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(*b*).¹
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 Treasurer 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.

¹ 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.

Annual Accounts

for the year ending 31 December 2003

Statement of Financial Activities

incorporating Income and Expenditure

for the year ended 31 December 2003

	<i>Notes</i>	<i>2003 General funds £m</i>	<i>2003 Designated funds £m</i>	<i>2003 Total £m</i>	<i>2002 Total £m</i>
Incoming resources					
Value of publishing and printing services supplied		124.5		124.5	127.8
Income from invested funds and bank balances	6	0.6	0.6	1.2	1.4
Total incoming resources		125.1	0.6	125.7	129.2
Resources used					
Expenditure	2	(127.7)		(127.7)	(131.7)
Net incoming/(outgoing) resources for the year		(2.6)	0.6	(2.0)	(2.5)
Net incoming/(outgoing) resources for the year					
Exchange gains/(losses)		0.5		0.5	0.6
Net gains/(losses) on invested funds	6	3.4	1.5	4.9	(8.6)
Net movement in funds before transfer of funds to the University of Cambridge		1.3	2.1	3.4	(10.5)
Transfer of funds to the University of Cambridge	11	(0.6)	(0.6)	(1.2)	(1.0)
Net movement in funds		0.7	1.5	2.2	(11.5)
Fund balances brought forward at 1 January		102.3	9.7	112.0	123.5
Fund balances carried forward at 31 December		103.0	11.2	114.2	112.0

As set out in note 1, all funds are unrestricted funds.

As set out in note 5, during the year the Press acquired a number of subsidiary undertakings.

As a consequence the results for 2003 are for the Group and the results for 2002 are for the Press. There are no other recognised gains or losses apart from those disclosed above, all of which derive from continuing activities. These accounts are prepared on an unmodified historical cost basis, so the note of historical cost profits is not produced. These accounts should be read in conjunction with the annual report. The notes on pages 50–66 form part of these accounts.

Consolidated Balance Sheet

at 31 December 2003

	<i>Notes</i>	<i>2003 General funds £m</i>	<i>2003 Designated funds £m</i>	<i>2003 Total £m</i>	<i>2002 Total £m</i>
Fixed assets					
Intangible fixed assets	3	3.5		3.5	0.7
Tangible fixed assets	4	49.4		49.4	45.2
Invested funds	6	22.3	11.2	33.5	28.0
		75.2	11.2	86.4	73.9
Current assets					
Stock and work in progress	7	33.2		33.2	34.5
Debtors	8	28.0		28.0	26.1
Bank balances and short-term deposits	15	1.7		1.7	11.2
		62.9		62.9	71.8
Creditors					
Amounts falling due within one year	9	32.0		32.0	30.2
Net current assets		30.9		30.9	41.6
Long-term financing	10	2.7		2.7	3.5
Net assets		103.4	11.2	114.6	112.0
Funds					
General				103.0	102.3
Designated	11			11.2	9.7
				114.2	112.0
Minority interest				0.4	
				114.6	112.0

As set out in note 5, during the year the Press acquired a number of subsidiary undertakings. As a consequence the results for 2003 are for the Group and the results for 2002 are for the Press. The notes on pages 50–66 form part of these accounts.

Press Balance Sheet

at 31 December 2003

	<i>Notes</i>	<i>2003 General funds £m</i>	<i>2003 Designated funds £m</i>	<i>2003 Total £m</i>	<i>2002 Total £m</i>
Fixed assets					
Intangible fixed assets	3	1.7		1.7	0.7
Tangible fixed assets	4	49.4		49.4	45.2
Fixed asset investments	5	2.0		2.0	
Invested funds	6	22.3	11.2	33.5	28.0
		75.4	11.2	86.6	73.9
Current assets					
Stock and work in progress	7	32.6		32.6	34.5
Debtors	8	29.1		29.1	26.1
Bank balances and short-term deposits					11.2
		61.7		61.7	71.8
Creditors					
Amounts falling due within one year	9	31.4		31.4	30.2
Net current assets		30.3		30.3	41.6
Long-term financing	10	2.5		2.5	3.5
Net assets		103.2	11.2	114.4	112.0
Funds					
General				103.2	102.3
Designated	11			11.2	9.7
				114.4	112.0

As set out in note 1, all funds are unrestricted funds.

The notes on pages 50–66 form part of these accounts.

Approved by the Press Syndicate on 9 July 2004 and signed on its behalf by:

Dr GORDON JOHNSON
Chairman of the Press Syndicate

STEPHEN R. R. BOURNE
Secretary of the Press Syndicate

Cash Flow Statement

for the year ended 31 December 2003

	<i>Notes</i>	<i>2003</i> <i>£m</i>	<i>2002</i> <i>£m</i>
Net incoming/(outgoing) resources for the year		(2.0)	(2.5)
Income from invested funds and bank balances		(1.2)	(1.4)
Exchange differences		0.5	(0.6)
Depreciation and amortisation	3,4	2.9	2.1
Profit on sale of fixed assets		(0.6)	
Loss on termination of project			1.1
(Increase)/decrease in stock and work in progress		1.8	1.5
(Increase)/decrease in debtors		(1.4)	1.1
Increase/(decrease) in creditors		0.1	(1.6)
Net cash inflow/(outflow) from operating activities		0.1	(0.3)
Return on investment and servicing of finance		1.2	1.4
Capital expenditure and movement in invested funds			
Purchase of fixed assets	3,4	(7.0)	(1.6)
Disposal of fixed assets	3,4	1.0	1.1
(Purchase)/disposal of invested funds	6		(1.5)
Investment income reinvested	6	(0.6)	(0.5)
		(6.6)	(2.5)
Acquisitions and disposals			
Purchase of Greenwich Medical Media	3	(2.2)	
Purchase of Roedurico Trust		(0.8)	
Transfer of funds to the University of Cambridge	11	(1.2)	(1.0)
Cash inflow/(outflow) before management of liquid resources and financing		(9.5)	(2.4)
Management of liquid resources			
(Increase)/decrease in cash on short-term deposits	15	9.0	(2.5)
Financing			
Issuing of ordinary share capital in subsidiary undertaking to minority interest	5	0.4	
Issuing of loan to minority interest	10	0.2	
(Repayment)/receipt of secured loan	10	(1.7)	4.3
Increase/(decrease) in cash in the year		(1.6)	(0.6)

The notes on pages 50–66 form part of these accounts.

Notes to the Financial Statements

for the year ended 31 December 2003

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in October 2000 and applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the charity and its subsidiary undertakings made up to 31 December 2003. 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.

The Charity Commission accepts consolidated accounts which include only the Group Statement of Financial Activities.

Charitable exemption

Cambridge University Press is recognised as being engaged in charitable activities, and therefore is not subject to taxation on those activities in the United Kingdom, nor in its principal Branch locations, namely Australia, Brazil, Spain, Singapore, South Africa and the United States of America.

Restrictions on funds

There are no external restrictions on funds in these accounts and their disposal is solely at the discretion of the Press Syndicate.

Value of publishing and printing services supplied

The value represents the amount of goods and services, net of value added tax and other sales taxes, and excluding trade discounts and anticipated returns, provided to external customers in the United Kingdom and overseas.

Income is recognised upon delivery of the goods to the customer. Subscription income is recognised on a straight line basis over the length of the subscription period, payments received in advance are initially recorded as subscriptions income received in advance.

Anticipated returns are based primarily on historical return rates.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Invested funds

Invested funds are stated at market value. It is Cambridge University Press's policy to keep valuations up to date, so that when investments are sold, no gain or loss arises relating to previous years. 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.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Intangible assets are amortised to nil by equal annual instalments over their useful economic lives.

Tangible fixed assets and depreciation

Fixed assets are stated at cost, less depreciation.

Depreciation is provided on all fixed assets at rates calculated to write off 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 properties	Over life of leases
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 against slow moving and obsolete items.

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 shown net of bad and doubtful debt and credit note provisions.

General funds

These are unrestricted funds which are available for use at the discretion of the Press Syndicate in furtherance of the general objective of the Press and which have not been designated for other purposes.

Designated funds

These are funds earmarked by the Press Syndicate and available at the discretion of the Syndicate for specific University purposes consistent with the Press's statutory objectives.

Foreign currencies

Income and expenditure for the overseas branches have been translated into sterling at the rate of exchange on the date of the transaction or at weighted average exchange rates.

Assets and liabilities have been translated at the year-end exchange rates.

Pensions

The Press operates a number of defined contribution and defined benefit pension schemes. The defined benefit schemes provide benefits based on final pensionable pay, contributions being charged to the Consolidated 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.

Leases

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

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

2 Costs of activities in furtherance of charity's objectives

	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>
Staff costs	41.6	41.0
Other costs in connection with publishing and printing activities	86.1	90.7
	127.7	131.7

Staff costs consist of:

	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>
Gross wages and salaries	32.5	32.3
Employer's national insurance	4.0	3.7
Pension contributions	5.1	5.0
	41.6	41.0

The number of staff whose emoluments for the year exceeded £50,000, or the equivalent in other currencies, is shown in the table below. Emoluments of Press staff outside the United Kingdom have been translated at the relevant exchange rate applied to the Statement of Financial Activities and detailed in note 14.

<i>£000s</i>	50–59	60–69	70–79	80–89	90–99	100–109	110–119	120–129	130–139	140–149	190–199	210–219	
<i>2003</i>	30	15	5	6	5	1	1	1	2			1	67
<i>2002</i>	28	20	11	6	4		1	1	1	1	1		74

	<i>2003</i>	<i>2002</i>
The monthly average number of permanent staff was	1,232	1,226

Other costs

Fees for external audit services were £120,750 (2002 – £110,000). There were no additional payments for non-audit work in 2003 (2002 – £0).

Fees for internal audit services were £38,000 (2002 – £45,000).

3 Intangible Fixed Assets Group

	<i>book lists</i> £m	<i>goodwill</i> £m	<i>Total</i> £m
Cost			
1 January 2003	2.5		2.5
Additions		3.3	3.3
Foreign exchange differences		0.1	0.1
31 December 2003	2.5	3.4	5.9
Amortisation			
1 January 2003	1.8		1.8
Charge for the year	0.3	0.3	0.6
31 December 2003	2.1	0.3	2.4
Net book value			
31 December 2003	0.4	3.1	3.5
31 December 2002	0.7		0.7

Acquisitions

Goodwill	£m
Arising on acquisition of:	
Greenwich Medical Media	1.8
Roedurico Trust	1.5
	3.3

During the year, the Press acquired the trade and assets of the Roeduerico Trust in South Africa. Goodwill relating to this acquisition is £1.5m. Of this, £0.8m arose at the date of acquisition. At the beginning of 2006 an amount of deferred consideration becomes payable. This has been estimated as £0.7m, it has been capitalised within goodwill and accrued within creditors.

On 19 December 2003, the Press acquired the share capital of Greenwich Medical Media. The assets acquired were as follows:

	<i>Book and</i> <i>fair value</i> £m
Stock and work in progress	0.5
Debtors	0.5
Creditors due within 1 year	(0.6)
Creditors due after 1 year	(0.2)
Net assets	0.2
Goodwill	1.8
Purchase consideration	2.0

As the company was acquired near the year end, there is no amortisation of goodwill in the current year. The purchase consideration is stated as £2m, but in the Cash Flow statement it is recorded as £2.2m. £0.2m relates to the payment, upon acquisition, of third party loans due after 1 year. This loan now exists between the Press and GMM and therefore is removed upon consolidation. The acquisition also results in variances between the movements in Group stocks, debtors and creditors reported in the Consolidated Cash Flow Statement, as compared with those apparent in notes 7, 8 and 9.

Intangible Fixed Assets Press

	<i>book lists £m</i>	<i>goodwill £m</i>	<i>Total £m</i>
Cost			
1 January 2003	2.5		2.5
Additions		1.5	1.5
Foreign exchange differences		0.1	0.1
31 December 2003	2.5	1.6	4.1
Amortisation			
1 January 2003	1.8		1.8
Charge for the year	0.3	0.3	0.6
31 December 2003	2.1	0.3	2.4
Net book value			
31 December 2003	0.4	1.3	1.7
31 December 2002	0.7		0.7

4 Fixed Assets Group and Press

	<i>Buildings in the course of construction £m</i>	<i>Freehold property £m</i>	<i>Plant, machinery & vehicles £m</i>	<i>Leasehold properties £m</i>	<i>Total £m</i>
Cost					
1 January 2003	6.5	37.2	19.9	1.2	64.8
Additions		3.8	3.2		7.0
Disposals		(0.3)	(1.1)	(0.1)	(1.5)
Transfer between categories	(6.5)	6.5			
31 December 2003		47.2	22.0	1.1	70.3
Accumulated depreciation					
1 January 2003		1.7	17.1	0.8	19.6
Charge for the year		0.8	1.5		2.3
Disposals			(0.9)	(0.1)	(1.0)
31 December 2003		2.5	17.7	0.7	20.9
Net book value					
31 December 2003		44.7	4.3	0.4	49.4
31 December 2002	6.5	35.5	2.8	0.4	45.2

Buildings in the course of construction at the end of 2002 were transferred upon completion to Freehold property. This category relates to the acquisition and refurbishment of the West Nyack Distribution Centre.

Capital commitments

	<i>2003 £m</i>	<i>2002 £m</i>
Contracted but not provided for	0.6	3.2

The capital commitment of £0.6m relates to the refurbishment of the Pitt Building.

The commitment of £3.2m in 2002 relates to the acquisition of the West Nyack Distribution Centre.

5 Fixed Asset Investments Group and Press

Press	<i>Share in group undertakings</i>
	<i>£m</i>
Cost	
1 January 2003	
Additions	2.0
31 December 2003	2.0

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

Subsidiary undertakings	<i>Country of Incorporation</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>	
			Group	Press
Cambridge University Press (Holdings) Limited	England	Holding company	1,000 ordinary £1 shares 100%	1,000 ordinary £1 shares 100%
Greenwich Medical Media Limited	England	Medical publishing	2,000,000 ordinary £1 shares 100%	2,000,000 ordinary £1 shares 100%
Oncoweb Limited	England	Non-trading	180,000 ordinary £1 shares 100%	
Prescribing Professionals Network Limited	England	Non-trading	10,000 ordinary £1 shares 100%	
Cambridge University Press Japan KK	Japan	Representative office	200 ordinary Yen 50,000 shares 100%	
Cambridge–Hitachisoft Educational Solutions PLC	England	Electronic educational publishing	6,000 ordinary £100 shares 60%	

None of the subsidiary undertakings is a registered charity.

As at 31 December, the turnover of Cambridge University Press (Holdings) Limited was nil. There was a net loss of £66,000. Net assets amounted to £68,000.

As Greenwich Medical Media was acquired at the year end, there was no profit or loss in the period. As at 31 December, net assets amounted to £228,000.

As at 31 December, the net assets of Cambridge University Japan KK were £132,000. The company had not commenced any operational activity.

As at 31 December, the turnover of Cambridge–Hitachisoft Educational Solutions PLC was nil. There was a net loss of £97,000. Net assets amounted to £902,536.

6 Invested Funds Group and Press

Legal & General Investment Management Ltd, who replaced Schroder Personal Investment Management Limited in January 2003, manage general funds whilst Foreign & Colonial Management Limited manage designated funds. These funds are invested in companies listed on recognised UK and International stock exchanges. The funds managed by Legal & General are held in unit trusts consisting of UK, US and European equities.

	<i>General funds</i>		<i>Designated funds</i>		<i>Total funds</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Movements in market value						
Market value at 1 January	18.3	24.1	9.7	10.3	28.0	34.4
Purchases				1.5		1.5
Income	0.6	0.7	0.6	0.5	1.2	1.2
Net investment gains/(losses)	3.4	(6.5)	1.5	(2.1)	4.9	(8.6)
Transfer to the University of Cambridge			(0.6)	(0.5)	(0.6)	(0.5)
Market value at 31 December	22.3	18.3	11.2	9.7	33.5	28.0
Asset allocation						
UK						
Equities	17.8	14.2	4.7	4.1	22.5	18.3
Fixed interest			1.1	1.1	1.1	1.1
Property			1.7	1.5	1.7	1.5
Cash		1.0	0.6	0.7	0.6	1.7
Non-UK						
Equities	4.5	3.1	2.7	2.0	7.2	5.1
Fixed interest			0.4	0.3	0.4	0.3
Total	22.3	18.3	11.2	9.7	33.5	28.0
Historic cost	20.9	21.5	9.9	11.0	30.8	32.5
Income from invested funds and bank balances						
Bank interest	0.1	0.1			0.1	0.1
Dividends	0.6	0.5	0.6	0.5	1.2	1.0
Exchange rate movement	(0.1)	0.3			(0.1)	0.3
Total	0.6	0.9	0.6	0.5	1.2	1.4

7 Stock and Work In Progress

	Group	Press	
	<i>2003</i>	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Raw materials	0.5	0.5	0.6
Work in progress	7.4	7.2	8.9
Stocks of publications	25.3	24.9	25.0
	33.2	32.6	34.5

8 Debtors

	Group	Press	
	<i>2003</i>	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Debtors for publishing and printing services	26.9	26.6	25.7
Amounts owed by group undertakings		1.5	
Prepayments and accrued interest	0.5	0.4	0.4
Pension prepayment	0.6	0.6	
	28.0	29.1	26.1

9 Creditors

	Group	Press	
	<i>2003</i>	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Amounts falling due within one year			
Bank overdraft	1.1	1.1	
Bank loans	1.0	1.0	1.7
Creditors for publishing and printing services	16.5	16.2	14.9
Income received in advance	9.8	9.6	10.4
Accruals	3.6	3.5	3.2
	32.0	31.4	30.2

Income received in advance represents cash received during the year in respect of subscriptions for journals that are yet to be issued, during the year £10.4m brought forward from 2002 was recognised as journals were issued and £9.8m was received in respect of journals to be issued in 2004.

10 Creditors

Amounts falling due after more than one year	Group	Press	
	2003 £m	2003 £m	2002 £m
Bank loans	2.5	2.5	3.5
Loan to minority interest	0.2		
	2.7	2.5	3.5

Analysis of debt

	2003	2003	2002
	£m	£m	£m
<i>Falling due:</i>			
Within 1 year	1.0	1.0	1.7
Between 1 and 2 years	1.0	1.0	1.0
Between 2 and 5 years	1.7	1.5	2.5
	3.7	3.5	5.2

At 31 December 2003, the Press had in place long-term financing of £3.5 million, in the United Kingdom, for a project to extend the UK warehousing facilities. The project was terminated in December 2002. The loan was secured on the equity portfolio of the Press.

11 Designated Fund Group and Press

These are funds earmarked by the Press Syndicate and available at the discretion of the Syndicate for specific University of Cambridge purposes consistent with the Press's statutory objectives.

Income arising from designated funds of £0.6 million (2002 £0.5 million) has been transferred to the University of Cambridge. In addition, the Press provided, from general funds, other support for the University of Cambridge to the value of £0.6 million (2002 £0.5 million).

12 Related party transactions Group and Press

During the year, the Press entered into transactions with the University of Cambridge Local Examinations Syndicate. The Press and UCLES are both part of the University of Cambridge. During 2003, sales of printing services to the value of £8.5m were made by the Press to UCLES. At the year end, there was a debtor balance of £0.4m outstanding in favour of the Press. Similarly, sales of printing services to the value of £0.9m were made by the Press to other University departments.

Cambridge University Press is the printing and publishing house of the University of Cambridge, governed by a Statute of the University. As such the Press enters into related party transactions as described in note 11.

13 Operating leases Group and Press

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

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Expiry date:				
Less than 1 year	0.1	0.3	1.0	0.2
Between 2 and 5 years			0.6	0.4
After 5 years	0.1	0.1	0.4	
	0.2	0.4	2.0	0.6
			<i>2003</i>	<i>2002</i>
			<i>£m</i>	<i>£m</i>
Operating lease charges for the year were			2.2	1.4

14 Foreign Currencies Group and Press

Income and expenditure and assets and liabilities have been translated at the following rates:

	<i>Statement of Financial Activities (average rates)</i>		<i>Balance Sheet (year end rates)</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
North American Branch	\$1.63	\$1.50	\$1.79	\$1.61
Australian Branch	A\$2.52	A\$2.76	A\$2.37	A\$2.87
Iberian Branch	€1.45	€1.59	€1.42	€1.54
African Branch	R12.32	R15.74	R11.93	R13.81
East Asian Branch	S\$2.85	S\$2.69	S\$3.04	S\$2.79
South American Branch	£1.00	£1.00	£1.00	£1.00

15 Bank Balances and Short-Term Deposits Group

	<i>31 Dec 2002 £m</i>	<i>cashflows £m</i>	<i>Other non-cash changes £m</i>	<i>31 Dec 2003 £m</i>
Cash at bank and in hand	2.2	(0.5)		1.7
Overdraft		(1.1)		(1.1)
	2.2	(1.6)		0.6
Short-term deposits	9.0	(9.0)		
Bank balances and short-term deposits	11.2	(10.6)		0.6
Debt due within 1 year	(1.7)	1.7	(1.0)	(1.0)
Debt due after 1 year	(3.5)	(0.2)	1.0	(2.7)
Net funds	6.0	(9.1)		(3.1)

16 Pensions

In the UK, Cambridge University Press operates two defined benefit pension schemes – the Contributory Pension Fund (CPF) and the Senior Staff Pension Scheme (SSPS) – and also a defined contribution stakeholder pension arrangement. The pension plan in the North American Branch is the Cambridge University Press Defined Benefit Plan (DBP). This builds on a long-standing defined contribution scheme, and state-funded social security benefits, to deliver defined benefits comparable with those provided under the CPF. 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 final pensionable pay, contributions being 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.

A complete valuation of each scheme is undertaken by independent qualified actuaries, using the Modified Aggregate 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 pension cost of the defined benefit schemes was £4.9m (2002 £4.8m) and for the defined contribution schemes was £0.2m (2002 £0.2m).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. However, the Press decided to make an additional contribution

of £0.6m to the CPF in 2003, anticipating that poor investment returns for 2001 and 2002 were likely to require higher contributions in the future. This additional contribution has been treated as a prepayment in these accounts.

A summary of the most recent valuations for the principal schemes is as follows:

	<i>CPF</i>	<i>SSPS</i>	<i>DBP</i>
Valuation date	1 January 2001	1 January 2001	1 December 2001
Assumed rate of return on investments	7.0%	7.0%	7.5%
Assumed rate of increase in salaries	4.0%	4.0%	5.0%
Assumed rate of increase in pensions	3.0%	3.0%	3.5%
Assumed price inflation	3.0%	3.0%	3.5%
Total liabilities	(£50.0m)	(£43.9m)	(\$18.0m)
Assets	£64.4m	£46.4m	\$12.9m
Surplus (deficit)	£14.4m	£2.5m	(\$5.1m)

The Press's actuary has prepared draft actuarial valuations for the two UK schemes as at 1 January 2004. These show that the schemes have moved from surplus to deficit. Formal actuarial valuations are conducted triennially and the results of the formal valuation at 1 January 2004, which is currently in course, are not yet available. The results of this valuation may result in a higher pensions charge from January 2004. These deficits derive from the global stock market decline in 2001 and 2002. In accordance with the Government's Minimum Funding Rules, the Press is providing additional funding over a 10-year period, starting with a transfer of £2.0m in 2004. In addition, the Press has earmarked surplus land in Cambridge, with an estimated market value at least equal to the SSPS deficit.

The DBP deficit arises mainly from the fact that employees were given a credit for past service upon the introduction of the scheme in 1993. This is being funded through supplementary payments in accordance with actuarial advice.

All the Press's defined benefit schemes - in the UK, North America and Australia - have now been closed to new members. The UK pension investments have been restructured to match future liabilities and reduce the exposure to UK equities and gilts, with higher allocations to overseas equities, corporate and index-linked bonds, and property. The Press is also considering ways in which its current defined benefit schemes might be reshaped, with the dual aim of retaining a key staff benefit whilst ensuring the business can afford to keep up the required contributions. In the long term, all these measures will reduce the Press's exposure to defined benefit pension liabilities.

FRS17

Whilst the Press continues to account for pension costs in accordance with the Statement of Standard Accounting Practice 24 'Accounting for Pension Costs', under FRS17 'Retirement Benefits' the following transitional disclosures are required:

The valuations in the table above have been updated and amended by the actuaries on an FRS17 basis at 31 December 2003. 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 major assumptions are:

	2003 CPF/SSPS	2002 CPF/SSPS	2003 DBP	2002 DBP
Long-term interest on AA-rated corporate bonds	5.5%	5.5%	7.5%	7.5%
Rate of increase in salaries	3.5%	3.5%	5.0%	5.0%
Rate of increase in pensions in payments and deferred pensions	3.0%	3.0%	3.5%	3.5%
Price inflation	2.5%	2.5%	3.5%	3.5%

The fair value of the schemes' assets so estimated at 31 December 2003, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2003 CPF	2002 CPF	2003 SSPS	2002 SSPS	2003 DBP	2002 DBP
Scheme assets	£m	£m	£m	£m	\$m	\$m
Equities	48.1	42.1	32.3	29.2	11.2	8.4
Bonds	16.5	11.2	11.1	7.8	6.1	4.5
Cash	1.3	2.3	0.9	1.6		
Total	65.9	55.6	44.3	38.6	17.3	12.9
Present value of scheme liabilities	(77.7)	(72.1)	(62.8)	(59.9)	(21.9)	(20.0)
Surplus (deficit)	(11.8)	(16.5)	(18.5)	(21.3)	(4.6)	(7.1)

The Syndicate of the Press notes that the valuation methodology under FRS17 is not directly appropriate to the Press's pension schemes, as the assets are invested primarily in equities for long-term growth rather than in AA-rated corporate bonds or equivalents. The Press Syndicate therefore concur with the Trustees' view that the actuaries' conventional valuations are a more relevant measure of the solvency of the pension schemes.

Movement in surplus/deficit during 2003

	<i>CPF</i>	<i>SSPS</i>	<i>DBP</i>
	<i>£m</i>	<i>£m</i>	<i>\$m</i>
Surplus/deficit in scheme at beginning of year	(16.5)	(21.3)	(7.1)
Current service cost	(4.1)	(1.6)	(1.2)
Contributions paid	2.5	1.3	1.6
Past service cost	0.0	0.0	0.0
Other finance income/cost	(0.2)	(0.7)	(0.5)
Actuarial gain/loss	6.5	3.8	2.6
Surplus (deficit) in scheme at year end	(11.8)	(18.5)	(4.6)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at net incoming resources 2003

	<i>CPF</i>	<i>SSPS</i>	<i>DBP</i>
	<i>£m</i>	<i>£m</i>	<i>\$m</i>
Current service cost	4.1	1.6	1.2
Past service cost	0.0	0.0	0.0
Previously unrecognised surplus deducted from past service cost	0.0	0.0	0.0
Gains/(losses) on settlements or curtailments	0.0	0.0	0.0
Previously unrecognised surplus deducted from the settlement or curtailment losses	0.0	0.0	0.0

Analysis of amounts included in other finance income/costs 2003

	<i>CPF</i>	<i>SSPS</i>	<i>DBP</i>
	<i>£m</i>	<i>£m</i>	<i>\$m</i>
Expected return on pension scheme assets	3.7	2.6	1.0
Interest on pension scheme liabilities	(3.9)	(3.3)	(1.5)
	(0.2)	(0.7)	(0.5)

Analysis of amount recognised in statement of total recognised gains and losses 2003

	<i>CPF</i>	<i>SSPS</i>	<i>DBP</i>
Actual return less expected return on scheme assets	£6.4m	£3.9m	\$2.3m
Percentage of year end scheme assets	9.7%	8.8%	13.3%
Experience gains and losses arising on scheme liabilities	£0.1m	(£0.1m)	\$0.3m
Percentage of present value of year end scheme liabilities	0.1%	-0.2%	1.4%
Changes in demographic and financial assumptions underlying the present value of scheme liabilities	£0.0m	£0.0m	\$0.0m
Percentage of present value of year end scheme liabilities	0%	0%	0%
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	£6.5m	£3.8m	\$2.6m
Percentage of present value of year end scheme liabilities	8.4%	6.0%	11.9%

Responsibilities of the Press Syndicate for the Preparation of the Financial Statements

for the year ended 31 December 2003

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, the Press Syndicate has decided that the financial statements will be presented in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities'. The Press Syndicate (through its Finance Committee), satisfy themselves 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.
- 4 Make a judgement as to whether the Press is a going concern, and account for it accordingly.

Statement on Risk Management and Reserves Policy

for the year ended 31 December 2003

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 anywhere 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 whilst taking advantage 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, maintaining bank balances and invested funds, both to provide funding for Press growth and expansion, and to counteract potential business risk. The Press Syndicate considers that its level of reserves is consistent with this policy. Second, in 1997, the Press Syndicate commissioned a detailed risk analysis from Arthur Andersen, which evaluated 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. This risk analysis reinforced the necessity for the Press Syndicate's Reserves Policy, as a hedge against business risk and uncertainty. 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 Finance Committee operates a rolling internal audit programme, which is undertaken by Deloitte & Touche LLP, and which covers the Press's major operating centres in Cambridge and New York. 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.

The management of invested funds is also consistent with the principles of the reserves policy and progress towards the achievement of the policy's objectives has been satisfactory. Through a combination of these and other measures, the Press Syndicate is confident that the major risks to which it is exposed have been reviewed and that systems are in place to mitigate those risks.

Auditors' Report to the Press Syndicate

for the year ended 31 December 2003

We have audited the accounts on pages 46–66.

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 we have formed.

Respective responsibilities of trustees and auditors

As a body of trustees, the Press Syndicate is responsible for preparing the Annual Report and, as described on page 67, the accounts in accordance with applicable accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by our engagement letter dated 30 July 2002, by the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and have been properly prepared in accordance with applicable accounting standards. We also report to you if, in our opinion, the Annual Report is not consistent with the accounts, if proper accounting records have not been kept and if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Press Syndicate in the preparation of the accounts, and of whether the accounting policies are appropriate to Cambridge University Press's circumstances, 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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of Cambridge University Press and of the Group as at 31 December 2003, and of the Group's incoming resources and applications of resources in the year then ended and have been properly prepared in accordance with applicable accounting standards.

KPMG LLP

Chartered Accountants and Registered Auditor

37 Hills Road

Cambridge

CB2 1XL

9 JULY 2004

The Press Syndicate

for the year ended 31 December 2003

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 year (2002 – Nil).

Members of the Press Syndicate in the year were as follows:

Dr G. Johnson, *The President of Wolfson* (Chairman) *
Mrs J. M. Womack, *Treasurer of the University* *
Professor A. Minson, *Acting Treasurer of the University* *
Professor W. A. Brown, *The Master of Darwin* *
Professor R. N. Perham, *The Master of St John's* *
Professor D. M. Broom
Professor S. A. Collini
Professor T. M. Cox
Professor D. F. Ford
Professor G. P. Hawthorn *
Professor A. B. Holmes
Professor C. J. Humphreys
Professor D. Ibbetson
Professor T. W. Körner
Professor J. S. Morrill *
Professor E. S. Paykel
Professor J. Rudduck
Dr C. Y. Barlow
Dr D. J. McKitterick *

* Also members of the Press Syndicate's Finance Committee.

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

Professional Advisors and Principal Office

for the year ended 31 December 2003

Professional Advisors

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 Auditors

KPMG LLP
Chartered Accountants and
Registered Auditor
37 Hills Road
Cambridge
CB2 1XL

Internal Auditors

Deloitte and Touche
Chartered Accountants and
Registered Auditors
Leda House, Station Road
Cambridge
CB1 2RN

Investment Managers

Barclays Global Investors
54 Lombard Street
London
EC3P 3AH

Foreign & Colonial Management Limited

Exchange House
Primrose Street
London
EC2A 2NY

Legal & General Investment Management Limited

Bucklersbury House
3 Queen Victoria Street
London
EC4N 8NH

Principal Office

The Edinburgh Building
Shaftesbury Road
Cambridge
CB2 2RU