

Annual Report & Accounts

for the year ending 30 April 2007



CAMBRIDGE
UNIVERSITY PRESS

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Press publications in 2006

A complete list of 2006 publications is available online at www.cambridge.org/annualreport

Executive summary

- The Press achieved record sales of £160.5 million. Sales grew by a market-leading 12% during the past year (and almost 25% in two years). All of this was in spite of the significant deterioration in the dollar.
- Driven by increased sales volumes and improved business management, the Press returned a net surplus of £3.2 million after transfers to the University.
- Academic products performed especially strongly, with monograph output continuing unabated and important new revenue streams being generated from digital products.
- The Journals group's 213 titles performed well, fuelled by strong consortia demand for digital packages.
- English Language courses are now reaping the rewards of investment since the turn of the century, capturing market share from our competitors and enjoying the opportunities presented by a growing demand for English.
- Educational publishing experienced a welcome resurgence, led by outstanding performances in South Africa and Australia.
- The Printing businesses achieved their first surplus in seven years, bucking the trend of decline and collapse elsewhere in the UK printing industry.
- Both printers and publishers in Cambridge agreed new pension terms which will limit the Press's exposure in volatile investment markets, thereby materially helping to ensure the long-term well-being of the Press and of the pension funds.
- Cambridge University Press India performed above expectations in its first year in the Cambridge family. The family was expanded further by the acquisition of the Global Grid for Learning and, shortly after the year-end, of our long-standing Japanese distributor, United Publishers Services Limited.

Chief Executive's overview

Business performance

I am very pleased to be able to report that the trend of improving business performance continued in 2006/07. In fact, it was an exceptional year, in which the Press's revenues grew by more than 12%, following the 10% achieved in the previous year. That means that the Press has grown by almost 25% in the last two years, a figure which is well ahead of our entire competitor group.

Sales growth, however, is not the only important measure of performance. Indeed, profitability, cash generation and return on net assets are arguably more important, though the Press's strategy is very clearly one of developing the top line, which will then deliver significant benefits to the bottom line. As it is, we returned to profitability for the first time this century, in both our business operations and our investment activities; we generated useful cash from our day-to-day activities and from the realisation of non-core assets, which then enabled us to continue investing in both our publishing and printing businesses, to fund our pension plans and to support our University; and we produced a respectable return on net operating assets.

All the above was achieved despite the US dollar having moved significantly against the Press's interests. An increasing proportion of our global revenues is now denominated in or linked to the US dollar and, although we are pursuing a strategy of increasing our dollar-related expenditures as a natural hedge, there nonetheless remains significant exposure to adverse movements in the US currency. For example, if the dollar/sterling exchange rate had remained constant throughout the year, we would have been able to report a further £3 million of sales, bringing our growth closer to 15%. We certainly do not blame the US markets for this misfortune, as much of our good fortune in the past year was realised in the United States, where sales were particularly strong; and we continue to believe that the outlook for the US dollar relative to sterling is favourable in the long term, and that we will reap the benefits of a positive movement in the currency, in due course.

This was an exceptional year in that virtually all of our business streams, as



well as all of our territories, managed to achieve an improvement in their fortunes simultaneously. Most notable among our product lines was perhaps our Journals group, now under the direction of Simon Ross, which generated sales of £21.5 million from 213 active titles – a remarkable change of fortunes from three or four years ago when the business was struggling. Since then, a combination of investment in systems, new journals and stronger sales and marketing initiatives has enabled the Journals business to prosper and to grow, often at the expense of more established competitors. The digital revolution has also worked in our favour, as will be discussed later in this report.

Our various Education lists also over-achieved this year with a particularly strong performance from South Africa, which was able to supply that country's needs at a time when the educational curricula were still being debated. In so doing, the Cape Town office exceeded its budgets by more than 60%, which qualifies it as our star performer for the year. At the same time, our Australian business was experiencing splendid growth on the back of some excellent new educational publishing, targeted principally at the states of New South Wales and Victoria.

Equally pleasing was the performance of our Academic list, which is traditionally viewed as an area of publishing with limited potential. In fact, we experienced very strong demand in this sector, not only from Science, Technology and Medicine publishing, where we have an expanding list, but also in the Humanities and Social Sciences. In part, this was attributable to strong spending by American institutions; in part to a change in focus in some of our publishing, with greater emphasis on professional disciplines and on textbooks, though not at the expense of our world-leading monograph programme; in part to a re-energised programme of sales and marketing activities; and in part to digital permutations of our products. Among the highlights of the year were Sir Nicholas Stern's *The Economics of Climate Change*, which stimulated debate on a global basis; and the achievements of Professor Phelps, author of *Designing Inclusion: Tools to Raise Low-end Pay and Employment in Private Enterprise*, who was awarded the Nobel prize in Economic Science, thereby joining over fifty other Nobel Laureates who have chosen to be published by the Press. We congratulate both Professors Stern and Phelps on their successes, together with our many other authors who have received critical acclaim.

2006/07 was also the year in which our English Language Teaching publications began to take hold in all three of our operating regions, achieving overall growth of some 15%, which indicates that we were taking market share

from our competitors, in addition to benefiting from the ever-increasing demand for English as a second language. Spain, Brazil and Australia were all examples of countries in which our ELT business has made significant progress, but the larger Press markets such as South Korea, China and America also delivered splendid results for us, demonstrating the Press's strength in both British and American English offerings.

It is also very pleasing to report a significant turnaround in our Printing businesses. For the past decade, these have been doing a magnificent job, but running at a loss. During recent times, they have been slimmed down to focus on niche areas in which we can claim real superiority; they have benefited from the kind of investment in new equipment that few other printing businesses in this present age can hope to afford; and they have streamlined processes and overheads to bring about an extraordinary transformation of their fortunes, at a time when competitors are being forced to close their doors and make their workforces redundant. It is therefore with heartfelt thanks and due humility that I thank the staff of our Printing businesses for voting to accept their management's plan to adopt a reduced package of pension benefits, in order to ensure that their businesses will remain competitive in the long term and to warrant the continuation of investment in the finest machinery available, both digital and lithographic. This was not an easy decision for our colleagues to reach, as it affected their own pension prospects, but it was a responsible decision for which we thank both them and their union, Amicus (now Unite).

Strategic matters

Remaining on the theme of pensions, which have been discussed at considerable length in previous years' editions of this Report, the Press Board, having taken extensive advice as to what would and would not be legally possible, agreed on a package of measures designed to limit the Press's long-term pension liability from its two defined benefit schemes. Although, in hindsight, I believe that the plan could have been communicated more delicately, it was always going to be a bitter pill to be swallowed by all those affected, including the Board members themselves. At the personal level, this was a no-win situation, but it was necessary to take robust measures, not only to safeguard the future viability of the Press itself, but also to ensure that the Press would continue to be able to fund the pension benefits that its employees are expecting to receive over the next fifty or more years. In the end, and again with the constructive engagement of the Amicus union, every member of the schemes in question signed up to the new pensions

package, thereby putting an end to a most difficult period in management/staff relations, but more importantly putting into manageable proportions the ever-growing cost impact on the Press's finances. It is no exaggeration to say that the structure of the pension plans, the volatility of the equity and fixed interest markets, and the sheer scale of the pension funds (with assets in excess of £160 million), had the potential to threaten the very existence of the Press at some point in the future. My Board and I are once again most grateful to our colleagues for agreeing to subscribe to our new plan, so enabling us now to focus on building a sustainable and vibrant business.

Another plank of our strategy for the past five years has been to expand our publishing operations, in terms of both product and geographical reach. In a recent review of this strategy, the Press Board reaffirmed its commitment to realising the benefits of greater scale, and therefore to developing its overseas markets. To that end, a new Branch, Middle East and North Africa (MENA), has been established to focus on the Press's nascent business in the Arabic-speaking world. This Branch is based in Dubai, under the local leadership of Peter Holly, and under the central direction of Peter Davison, who had previously been responsible for building the Press's fortunes in Asia.

As I reported last year, the Press acquired in July 2006 a 51% stake in Foundation Books of India, our long-standing partner in that country. Since that time, the business has gone from strength to strength, recording a 25% growth rate in a single year. This acquisition has given the Press and thereby the University of Cambridge and our sibling organisation, Cambridge Assessment, a degree of visibility in India which begins to match the splendid reputation enjoyed by Cambridge throughout the sub-continent. At a stroke, we acquired six offices and showrooms in Delhi, Mumbai, Kolkata, Bengaluru, Chennai and Hyderabad, and we will shortly be opening a seventh. Now known as Cambridge University Press India Private Limited, Foundation will continue to publish, primarily for the Indian markets, under the Foundation imprint, and will remain a distributor on behalf of a number of foreign academic and educational publishers.

In similar vein, the Press acquired, shortly after year-end, its distributor in Japan, United Publishers Services Limited, which has been looking after our interests and those of other foreign publishers for the last fifty years. While this acquisition was made principally in order to protect our channels to market, it nonetheless affords us new opportunities for operating more effectively and commencing new lines of business in the Japanese market. Again, it is a delight to be able to bring such long-standing friends of the Press within the Cambridge

family and to have been able to do so with the active involvement of the local union.

Another major strand of the Press's strategy has been to embrace the opportunities presented by the digital age. There is no doubt that the second industrial revolution is now upon us, and we take the view that any publisher who fails to engage with it with enthusiasm will be travelling down the road to perdition. In the few short years of this new century, the Press has already brought to market a remarkable library of electronic products, ranging from online journals packages to talking dictionaries available through mobile phones, and on to e-books and web-based learning resources. Two prime examples of these products are the *Historical Statistics of the United States*, which has continued to achieve enormous sales as researchers reap the benefits of massive volumes of data delivered digitally to their desktop; and the Global Grid for Learning, an Irish business acquired by the Press in January 2007, which offers the educational world access to a digital repository of learning objects (diagrams, video clips, photographs, exercises and all manner of materials which are designed to facilitate teaching and learning), which may be selected by teachers or by school districts and paid for on an as-used basis. Both these products are trailblazers on the path the Press has decided to follow, and we have high hopes for them.

Perhaps less obviously, the Board also attaches real strategic importance to the development of two programmes which are much discussed in the public media: Environmental Awareness and Community Involvement. To many other businesses, these programmes may merely smack of political correctness, with no apparent business benefit. In the case of Cambridge University Press, however, we believe that they are not only proper things to do, but they also confer an identifiable return for the Press. In the case of the environmental or 'green' agenda, it is clear that most of our printing customers now expect us to be able to demonstrate credible 'environmentally friendly' printing solutions; our University, as a leader in the field of climate change research, expects us to live up to its own policies in this regard; and our publishing business, with the world's premier list in climate change, must be seen to be doing its bit to limit the damage caused to the planet by human business activity. And our own staff expect us to behave responsibly, and are enthusiastic supporters of our programme. We can now confirm that we have achieved the environmental standard ISO 14001.

As for Community Involvement, we recognise that, despite the fine reputation that we enjoy around the world as a result of our long engagement in overseas markets, we remain a British institution, and we are not perceived as we would

like to be, as members of the local communities in which our staff live and work. It is important for our commissioning and sales efforts that we should be recognised as being genuine long-term contributors to local life. With that in mind, we have embarked on a programme of initiatives – largely educational – which vary from country to country, depending on the needs of the particular communities. Already these have achieved significant profile for the Press in cities as far apart as Cape Town and São Paulo and they have enjoyed the enthusiastic participation of significant numbers of our staff who give their own time to these projects. I look forward to reporting more fully on these activities in future years, as our programmes develop.

The people of Cambridge University Press

It has been a busy year in terms of the governance of the Press. We welcomed Mr Andrew Reid, the University's Director of Finance, on to the Syndicate, in place of Professor Tony Minson, to whom we are grateful for the work he has done with us. Similarly our gratitude is due to Professor Richard Perham who retired from the Syndicate during the year and to Professor Stefan Collini, who has recently stepped down, for all their support and contributions over the course of many years. We wish all of them great joy in their future activities.

On a less happy note, we are sad to have to record the death of Professor Jean Rudduck who had advised us on educational matters until she was forced to withdraw from the Syndicate through ill health last year. Jean was a woman of immense stature in her field, as attested by the several glowing tributes she received in the national press, and we shall miss her presence around the Syndicate table.

The Press has established, under the leadership of the President of New Hall, Mrs Ann Lonsdale, an Audit Committee, which in the future will fulfil some of the functions previously undertaken by the Press's Finance Committee. To that latter committee, we welcome Mrs Sherry Coutu, who also sits on the University's Finance Committee and has generously agreed to give us the benefit of her perspectives as an entrepreneur and as a lecturer in business management. We thank her, as we thank all our Syndics and Committee members for all the time and counsel they give to the Press in the pursuit of its mission.

In January 2007, Andrew Gilfillan took up the post of Managing Director, Europe, Middle East and Africa, in succession to Michael Holdsworth. Andrew in turn was succeeded as Managing Director, Cambridge Learning, by Hanri Pieterse who had previously been the Press's Director of Strategy, following a

highly successful period as Director of the African Branch. Christopher Boughton, who has been serving in a dual role as Managing Director, Asia-Pacific and Head of the Press's Information Services, will be relinquishing the latter role and relocating to Manila, where he will be able to concentrate on the explosive growth of the Press's business in that Region. We welcome Maralyn Johnson as his successor in Information Services.

The Press has a splendid reputation for keeping good staff, many of them for very many years. Inevitably, however, staff do move on, often through retirement. During the course of this year, Dr Richard Barling, our STM Director and Geoff Nuttall, who joined us with the Greenwich Medical Media acquisition and latterly directed our Journals business, both retired and we wish them a more enjoyable and relaxed lifestyle. Michael Holdsworth, for many years a Director of the Press and a key figure in our Academic publishing business, also decided that the time had come to take on new challenges. He did much to lead the Press into the electronic age and will doubtless continue to be a force in helping other businesses to engage with this extraordinary opportunity that is available to us all.

Amongst the other retirements, I cannot fail to mention Tricia James and Angela Marcham, both of whom had the questionable pleasure to serve as Personal Assistant to me and my two predecessors. Both Angela and Tricia became institutions within the Press in their own right and I am deeply grateful to them for their kindness to us and to so many other people, and for the good humour they both succeeded in displaying around the Chief Executive's Office, through thick and thin. To them, too, I wish the very best in their retirement.

In this modern age, it is relatively uncommon for colleagues to die while still in the service of the Press. I am therefore sad to have to record the passing of two such colleagues in Cambridge, Paul Atkinson and Ivan Cronk, both of them valued friends.

I am also bound to record the passing of one of the Press's legendary figures, Ronald Mansbridge, who became the face of the Press in the United States, and who was the founding father of our Branch office in New York. Dr Richard Ziemacki, the President of the Press's American operations, was delighted to be able to visit Ronald and to celebrate with him his 100th birthday in 2006, a short time before his death. Ronald was a larger-than-life character who helped to put Cambridge University Press firmly on the map of the United States.

Finally, I am deeply saddened to have to record the passing of one of the Press's authors, Professor Liviu Librescu, a most remarkable man, who ultimately gave his life in the defence of his students during the shocking rampage at Virginia

Tech, USA. Having survived the concentration camps of wartime Germany, and having subsequently rebuilt his life in Israel and America, it is appalling that he should have died under such circumstances. Professor Librescu was in the process of completing a book for publication by the Press, and we are proud to have been associated with such a man, who exemplified the very best in the world of the academics whom we seek to serve. I trust that Cambridge University Press will do proper honour to his work and that we shall live up to the standards he has set for all of us.

Stephen R. R. Bourne

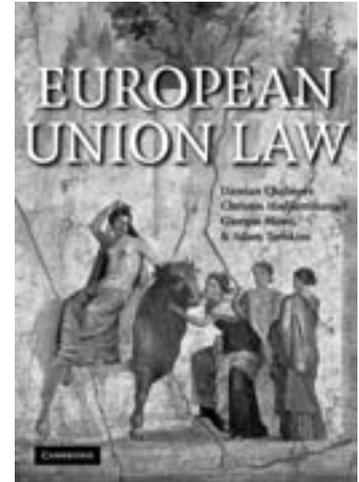
Publishing

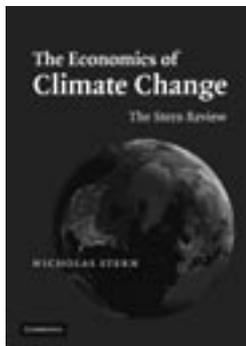
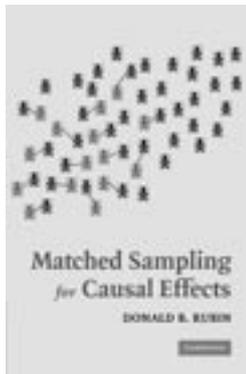
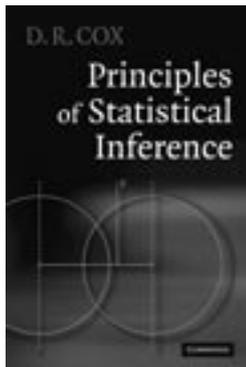
Publishing programme

Academic and Professional

Academic and Professional Publishing delivered another year of growth well ahead of the university press sector average, with total sales revenue increasing by 11% to £71 million. This expansion was achieved despite exposure to the effects of a weakening US dollar – the currency in which over 60% of academic books and journals are sold, in the Americas and in Asia. The exchange rate was in fact less favourable than at any point during the last 25 years, and worsened by a further 10% during the period. In this adverse financial context the underlying strength of the sales growth is clear.

The Humanities and Social Sciences group saw sales growth of 8% worldwide, following similar advances in the previous two accounting periods. Despite the weakness of the dollar it was the United States which spearheaded this achievement. Led by the continued success of the *Historical Statistics of the United States* (with sales worth over £1 million in its print and online formats), the history list as a whole grew by a remarkable 30% within North America and by 21% worldwide. The continued strength of the US performance in subjects such as classics, literature and religious studies is also gratifying at a time when library funding for these monograph-dominated subjects is being reduced. European markets remained robust, and responded well to the developing programme of core undergraduate textbooks, a particular success being Chalmers' *European Union Law*. The group also benefited from our sustained investment in digital short-run printing – sales through this channel grew by almost 30% worldwide, and at over £7 million for the year now represent nearly 15% of all academic book sales. Four new online projects were launched during the year: *Orlando* (a database of material relating to women's writing in the British Isles), *Lectrix* (a pedagogic tool for classical language teaching, developed in conjunction with the Faculty of Classics), *Shakespeare Survey Online* and *Cambridge Companions Online*. Many individual Press books won prizes and awards in the course of 2007. Among the more notable collaborative publications were the three volumes of *The Cambridge History of Russia*, the three volumes of *The Cambridge History of Libraries in Britain*





and Ireland, *The Cambridge Dictionary of Classical Civilisation* and several volumes of the Cambridge Histories of *Christianity*, of *Turkey* and of *Political Thought*. *A History of Ancient Greek*, edited by the late A. F. Christidis, was a similar work of sustained collective scholarship that will stand for at least a generation.

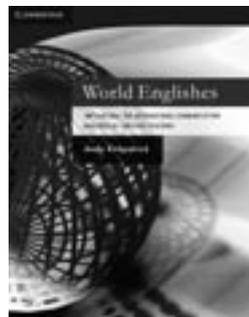
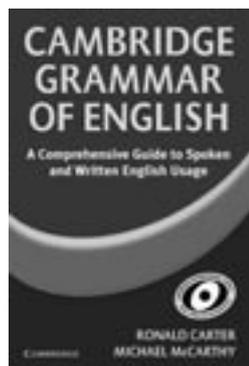
The **Science Technology and Medicine** (STM) group also performed strongly, with sales growth of 7% worldwide and with particular success in the Asia-Pacific region. The year was an excellent one for mathematical sciences, in which the major development was an agreement to distribute, outside North America, book titles from the Society for Industrial and Applied Mathematics. The Society's booklist complements the Press's with titles in numerical analysis, optimisation and control theory, and greatly strengthens it in applied mathematics. In statistics, key titles included *Principles of Statistical Inference* by Sir David Cox, and *Matched Sampling for Causal Effects* by Donald Rubin. In pure mathematics, Terry Tao, co-author with Van Vu of *Additive Combinatorics*, was awarded a Fields Medal. Editorial responsibility for books and journals in mathematical science is now handled by the same team, an arrangement which is yielding considerable benefit to the Press and to journal proprietors. Physics has long been one of the Press's most successful lists and a number of outstanding titles were added during the year, including *String Theory and M-Theory*, *Supersymmetry and String Theory*, and *Quantum Field Theory*. Sales in engineering achieved double-digit growth for the third successive year, another impressive outcome given the weakness of the US dollar. Important new titles included *MIMO Wireless Communications*, *Fundamentals of Signals and Systems*, and *Combustion Physics*. In recent years we have invested significantly to strengthen our medical publishing programme on both sides of the Atlantic. We now have an editorial team of 10 working in Cambridge and New York, and the large Cambridge medical list now extends from pocket handbooks for daily clinical use (and electronic PDA delivery), to major works of research like Edward Jones's *The Thalamus*. Without doubt the most publicised single science publication of the year was the Stern Review of *The Economics of Climate Change*, manufactured entirely on recycled paper, and selling 8000 copies in its first few weeks of publication. This was another major contribution to the already substantial Cambridge list on climate change and environmental issues, which includes contributions from earth and environmental science, astronomy and ecology, as well as from law and economics.

Relatively few university presses are major science publishers, and Cambridge is unusual in its emphasis on STM. In the STM arena globally, however, we are a relatively small publisher, competing for the most part with very large multi-

national commercial organisations. In the humanities and social sciences, by contrast, Cambridge is one of the very largest players – though the size of the worldwide market is substantially smaller. The range of disciplines in which Cambridge is active is entirely appropriate given the status of its parent university, but the practicalities of marketing so wide a range of disparate subjects is also very challenging. Recent years have seen consistently strong sales growth from the Academic and Professional division, well above competitor norms. Going forward, the priority will be to retain this dynamic and expansive momentum, while at the same time retaining the global cohesion and reputation for scholarly and pedagogic excellence that the list currently enjoys.

Cambridge Journals increased sales revenue by 14% to £21.5 million. Title output grew by 9% to a total of 213 titles (168 of these originate from Cambridge, the remaining 45 from New York). Fifteen science journals were acquired in July 2006 from CAB International, including the prestigious journals of the Nutrition Society, and these have now been fully integrated into Cambridge's list. Several competitive tenders to publish on behalf of societies were successful – including the *Journal of Asian Studies* on behalf of the Association of Asian Studies. The American Political Science Association, with over 14,000 members, renewed its agreement, after considering bids from several other publishers, to publish its journals with Cambridge. A tender to publish the *Journal of Politics* from 2008 was also successful, further strengthening Cambridge's position as the publisher of choice in the field of political science. Cambridge Journals were rated higher than ever before in the results released from the Thomson Scientific 2006 Journal Citation Reports®. This reports on the 'Impact Factor', a widely used measure of journals performance based on citation. *Behavioural and Brain Sciences* attained the top position of all 1768 journals indexed in the Social Science Citation Index. That journal is also ranked top in the category of Behavioural Sciences in the Science Citation Index. Other Cambridge journals ranked number 1 in their categories include *Journal of Navigation*, *American Political Science Review* and *The China Quarterly*. The *Journal of Economic History*, *International Organization* and *Studies in Second Language Acquisition* fall within the top five journals in their categories and *Bulletin of Entomological Research*, *Microscopy and Microanalysis*, and *Psychological Medicine* were placed within the top five journals in Science. The development of the electronic Journals platform – Cambridge Journals Online (CJO) – was further resourced in the period, resulting in significantly more usage. The CJO website saw 75 million hits, including nearly 10 million full-text views and over 25 million abstract views. CJO supports the increasing online focus of





the journals business, which is migrating to consortia (multi-user, multi-site) licences. During this period consortia deals grew by nearly 50% and are now becoming a major revenue stream for the business, with an increasing amount of digitised archive material. The Press's first major archive, for the leading title, *Journal of Fluid Mechanics*, was launched to celebrate the journal's 50th anniversary. To respond to these changes in the business, a new subscription and fulfilment system, 'Author 2 Reader', was initiated this year, offering a unified system which will ensure that in the future the Press's journal group will be well prepared to deal with the increasing complexity of this global business.

The process of rationalising and reshaping the **Bibles and Prayer Books** list continued. Publications included a number of new styles of familiar editions and versions, and some notable additions in the form of new settings and formats, for the New American Standard Bible among others. The three major market segments all experienced growth during the financial year: sales in the United Kingdom continued the satisfactory pattern of the previous period, sales in North America – traditionally more volatile and also disadvantaged by exchange rate movements – showed some encouraging growth over the previous year, while sales of custom editions to other organisations or societies once again exceeded expectations.

Cambridge Learning

The Press's business activities in English Language Teaching (ELT), educational publishing and electronic products developed by Cambridge–Hitachi are consolidated under the umbrella of Cambridge Learning, in order to coordinate the global opportunities represented by the Cambridge brand. In the financial year 2007, these businesses accounted for just under half of the Press's total publishing revenues, and represented 12% growth on the previous year.

Over the past four years the Press has engaged in an ambitious growth plan for ELT publishing. Significant investment in the development of new learning materials in both British and American English is now yielding success and delivered 15% growth on the previous year with a particularly strong performance in Europe, the Middle East and Africa (EMEA), where sales grew by 21%. In addition to the investment in new products, the Press also invested in infrastructure, and now has six ELT publishing centres.

Several landmark publications have been launched from the Cambridge office. The *Cambridge Grammar of English*, which was informed by advice from a panel of grammar consultants worldwide, won the prestigious British Council Innovations Award for 2007. To mark the new Cambridge/Obeikan joint venture, *Primary*

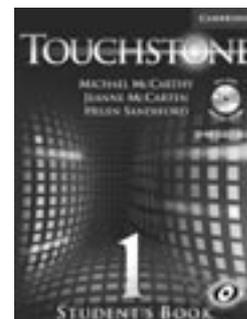
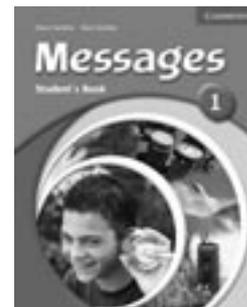
Colours for Saudi Arabia was launched at the Riyadh Book Fair. *The Experience of Language Teaching* won the Ben Warren prize and *World Englishes* is the latest ground-breaking title in applied linguistics. Two major professional books were published: *International Legal English*, in partnership with Cambridge Assessment, to prepare for their new ILEC examination, and *Target Score*, a preparation course for the TOEIC examination.

New electronic publishing includes CD-ROMs to accompany the English Pronunciation in Use and English Vocabulary in Use series and the first ever online subscription website for the Cambridge Advanced Learners Dictionary. Cambridge ESOL and the Press released the first fully blended English course for university students in Italy in partnership with Conferenza dei Rettori delle Università Italiane. The collaboration with Cambridge ESOL continues to provide new opportunities to promote the Cambridge brand, with shared offices in a number of countries. Flagship titles in the *In Use* series continue to exceed expectations – 30 million students globally have used at least one of the *In Use* titles.

ELT sales in Spain and Portugal finished 13% above last year. These excellent results indicate that the Iberian branch has entered a period of sustained growth based on the timely publication of superb products and the promotional activity of a highly experienced team. Local publishing concentrated on the production and manufacturing of *Colours* (primary), *Messages* (secondary) and *Tactics* (*Bachillerato*), with a total of 208 elements divided among the three courses.

From the Americas, the last level of *Touchstone*, an innovative corpus-informed course for adult learners, was published with pioneering test-generating software to follow. The first component of *Ventures*, the Press's first course specifically aimed at adult immigrants to the United States, was launched at TESOL 2007. The second edition of *Active Listening* and the fourth of *Cambridge Preparation for the TOEFL* proved highly successful.

The Spanish-speaking countries of the Americas, now managed by the Mexican office, enjoyed a pleasing 21% sales growth from the previous year, mainly from successful co-publishing with key partners, new material for the adult and secondary markets, and interactive whiteboard products. An Adaptations and Versioning Unit was established in the Americas and a number of projects, in collaboration with strategic partners, generated significant additional income for the region. One of these partnerships is with Harmon Hall, a large Mexican franchise with 100 language schools in Mexico. They are currently using an adaptation of *Touchstone* and the partnership offers distinct potential for future revenue.





In recent years, the strategic plan entailed an increased focus on Asia and as a result the region has shown 12% growth over the previous year. The new publishing centre carried out considerable market research during the last financial year, in order to inform the publishing plan. The Branch continued its strategy of localised adaptation and versions, but most exciting is the new e-business centre established in Hong Kong to serve the region in its quest to develop content for use in online delivery and mobile phone technology. Joint ventures with companies well versed in these delivery mechanisms offer Cambridge a market never before reached. In China business grew well, mainly from co-publishing and importing. The new, third edition of *Interchange* by Jack Richards continues to do well, not only in Asia but also globally.

Cambridge Learning continues to develop its interests in e-learning through **Cambridge–Hitachi** and the acquisition of Global Grid for Learning (GGfL). The latter is a recent acquisition from Atomic Assets Limited, a software and services company. GGfL is an online exchange for digital education content. It seamlessly integrates a variety of platforms and devices to provide access to a library of learning objects, video, audio and images that teachers can use to create assignments for their students. To date, agreements have been negotiated with Microsoft, SMART Technologies and Intel. In addition to the GGfL website there is a community website where education stakeholders and teachers can share content with the global education community for free.

Cambridge–Hitachi gained market share in the primary literacy UK market with the launch of *i-read*, an innovative resource designed to teach reading skills to the whole class, using the interactive whiteboard through audio and video. Following the now dominant interactive handwriting course – *Penpals for Handwriting* – Cambridge–Hitachi has established itself as a premier provider of interactive literacy resources, including a new edition of the highly acclaimed *Mult-e-Maths series*.

Cambridge–Hitachi has invested in a project funded by the European Commission, involving 12 ministries of education in member states. The project aims to enhance the use of search meta-data applied to digital content in educational projects across Europe. This sophisticated meta-tagging of content has enabled Cambridge–Hitachi to form an alliance with American Education Corporation to integrate content into their products for use across America.

Global **Educational** sales grew by 12% over the previous year. In the United Kingdom, the programme for English in schools grew by 15% over the year and continues to hold a leading position with, for example, further updated editions of

the Cambridge School Shakespeare and a new electronic resource, the Cambridge School Shakespeare Picture Collection, available on CD-ROMs. International publishing saw good growth, with a range of resources for Cambridge International Examinations (CIE) and for the International Baccalaureate (IB). The Cambridge Latin Course continues to increase market share and was adopted in Florida and Alabama. The related DVD received a highly commended award at the prestigious 2007 BETT show. Key Stage 4 programmes, *Cambridge Gateway Sciences* (OCR) and *Science Foundations* (Edexcel), have been expanded by comprehensive online support. In mathematics a strategy of developing interactive resources has been boosted by the publication of *Task Maths Interactive* and *Maths Trails*, the latter developed in partnership with NRICH, the online mathematics enrichment resources, part of the Millennium Mathematics Project team at the University of Cambridge.

The African Branch had an exceptional year owing to the success of its education publishing. Highlights of the year were the publication of the first levels of the secondary English and science textbooks for the Caribbean and an English second language course for Senegal; obtaining approval of all the submitted titles in South Africa; and sales of over 1 million copies of the *Study & Master Series*.

Press business in Australia and New Zealand again performed creditably, growing both its revenue base and its profitability during 2006/07. Most successful financially was the Education group, which is expanding its influence throughout Australia.

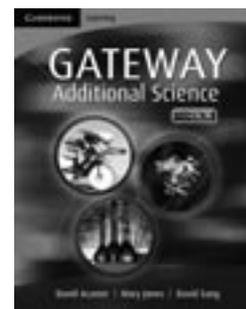
Regional businesses

Europe, Middle East and Africa

These three branches achieved substantially better results than anticipated in the business plan for the fiscal year 2007. The results underline the importance of the region to the Press's overall business performance, as almost three-quarters of global revenues derive from publications acquired and published in Cambridge, Cape Town and Madrid, and more than half of the Press's total sales of books and journals are now made in the EMEA markets.

The largest branch within the region, the **European Branch**, achieved £60 million in revenue, representing a 12% increase over the previous year.

Strategic investment in core publishing programmes, and in staff resources, particularly in sales and marketing, were rewarded by increased revenues from the publishing businesses. Domestic sales from the English Language Teaching business grew by an impressive 21% over the previous year. Through a mixture of





The Press Bookshop staff celebrate 15 years of bookselling

acquisition and subscription growth the Journals business grew 17% year on year, while the Academic and Professional business achieved growth of 11% over the previous period, with gains across most subject lists and new revenues coming from the emerging electronic publishing opportunity.

There were difficult conditions in the UK schools market resulting in declining revenues for the Education group. A new business plan for educational publishing has been developed under a reshaped management team. Income from Bibles publishing experienced a slight decline, and there was a similar reduction in rights income, mainly due to a drop in receipts from English language reprint rights and the diminishing market for selling German language rights. Areas of growth were French, Portuguese, Turkish and Eastern European language rights. Revenue from the sale of permissions to reproduce material from Press publications came in 50% above budget.

The Press Bookshop celebrated 15 years of bookselling and marked its success by recording sales of over £1 million for the first time. A strong list, including *The Economics of Climate Change* by Nicholas Stern, helped to achieve this milestone. The number and range of promotions were expanded, including 'Monograph Fortnight' which highlighted the Press's extraordinary prowess in this field of publishing.

The Pitt Building grew in popularity as a central venue for meetings and conferences. The publicity portfolio was developed with a view to extending the range of clients who enjoy its hospitality.

Significant investments during the course of the year included a reorganisation of the warehouse, ready for the introduction of a new management system. Further investments in the Journals business included the acquisition of the Commonwealth Agricultural Bureau International list, the development of a new subscription system, and the appointment of Simon Ross as Journals Director and as a member of the European Branch Board.

The **Iberian Branch** has shown sustained growth for the past two years as ELT sales remained buoyant, with two flagship courses, *face2face* and *English in Mind*, gaining more adoptions. Sales of Academic books, in comparison, were just below budget as internet retail and the activity of UK-based exporters continued to have a direct effect on local sales. Moving warehouses was the most important operational change during the year. The joint venture with Ediciones Santa Maria increased its activity by publishing three new ELT courses for the schools campaign and appointing four consultants to provide specialist ELT services in promotion, product presentation and teacher training.

For the second year running, the **African Branch** sales exceeded expectations, coming in 36% over budget and 42% up on last year. The Branch capitalised on the sales opportunity provided by the big increase in expenditure by the South African education department, which phased in three grades of their new schools curriculum in one year. Sales in West and East Africa were 57% up on the previous year, mainly due to the adaptation of *Language in Use* for the Sudanese market. Caribbean sales also showed good growth at 16%. While the focus was on maximising sales, the net contribution was still a priority and the branch achieved an impressive 27% return on sales.

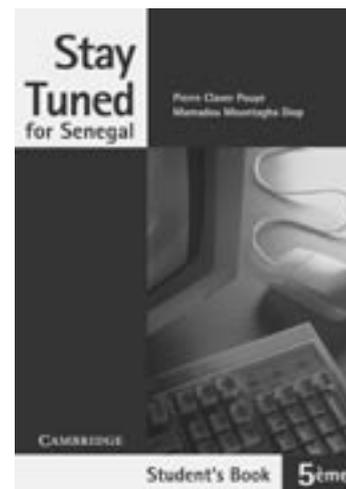
It was also a year of legislative and operational change in South Africa. A redefinition of charitable enterprises led the Press to establish a South African company in November 2006. After the final Black Economic Empowerment codes came into force towards the end of 2006, all companies and organisations conducting business in South Africa became subject to legislation which aims to increase the numbers of black people who manage, own and control the country's economy. Each organisation is audited and must score at a certain level in order to qualify as a supplier to government and to other companies. The Press's South African company achieved a score which allows 100% compliance at this stage.

Late in 2006 the decision was made to establish a **Middle East and North Africa (MENA) Branch** within the EMEA region. Initially, the focus of the new branch will be on the publication of culturally appropriate ELT material for the fast-growing markets in the Arab world. To this end, editors have been recruited to work in the existing offices in Dubai and Cairo. The new branch will also have operational responsibility for the joint venture company established with the Saudi Arabian printing and publishing company, Obeikan Research and Development, to publish and distribute ELT for schools in Saudi Arabia and neighbouring countries.

The Americas

The fiscal year 2007 was remarkable for the **American Branch**. After an outstandingly good previous twelve months, the Branch set aggressive budgetary targets and was able to continue the trend of rapid growth and, indeed, to accelerate it. In dollar terms, book sales rose by a remarkable 17%. This compares very favourably with industry averages – the biggest US university presses saw growth in sales last year of around 6%, while in the commercial sector publishers operating in professional and higher education saw growth in 2006 of about 2.5%.

It is also pleasing to report that the success was shared by every publishing



category: all groups beat their budgets. Interestingly, the most impressive performance came from Humanities & Social Science books – sales were 23% up on the previous year, driven in part by the continuing strength of the print and online versions of the *Historical Statistics of the United States*. The other Academic category, STM, saw sales growth of 18% to finish 2% ahead of budget, so Academic books sales of nearly \$49 million were 21% ahead of budget and 10% up on the previous year.

The vast bulk of Academic sales in the Americas are made in the United States, but in the rest of the region it is ELT that dominates. ELT sales grew by 14% and just exceeded budget, and most of the growth came from Latin America. In the other part of Cambridge Learning, Education saw sales decline, though this had been predicted.

Overall book sales for the year were \$71.3 million, an increase of over \$10 million on the previous year.

With sales more than 6% ahead of plan, Journals also had a good year, as did the sale of rights in Press publications, where revenue increased substantially.

The **Brazilian Branch** also had another very successful year. Sales of ELT books rose by some 13%, and beat budget by nearly 7%.

In sum, the Region as a whole had an extremely successful year, surpassing its sales and financial targets. This was despite the fact that it faced a significant financial challenge which worsened during the year: the continuing decline in the value of the dollar against sterling. This devalued Branch exports and, more importantly, increased the cost of imports – a particular issue for Academic books, of which the American Branch remains a substantial net importer from the United Kingdom. Nevertheless, careful cost control enabled the achievement of the Branch's financial goals.

The concentration of business through fewer and larger customers continued to be a major feature of the landscape, as the demise of independent bookstores and the rise of internet bookselling showed no sign of slackening pace. During the fiscal year 2007, nearly one-third of book sales went to the two biggest customers, and 47% of book sales went to the top five customers (a mixture of wholesale and retail accounts). Success in the American book trade thus requires good relationships with and careful management of a handful of very large clients who have come to dominate the business, and this has become a major factor in our sales operations.

The Region continued to follow the strategy set out in the Press's business plan, and as predicted, expansion of textbook publishing and the launch and

selling of ELT courses made considerable contributions to our growth.

A major change in senior management in the Branch was necessitated by the retirement in April of Richard Milstein, ELT Group Director. It was decided to run the rapidly growing ELT enterprise by means of a team of directors responsible for publishing, marketing and business development, and sales. The three New York-based directors, together with the directors of the Brazilian and Mexican operations, form the new Americas ELT Policy Group. Their remit is to manage the continued expansion of operations and sales throughout the region. As part of the new strategy, the Mexico City office now acts as the focus for operations in Spanish-speaking America.

And finally, the successful move in July 2006 of the New York Office into larger premises allowed the American Branch to begin a programme of staff build-up, in order for the Region to play a larger role in the future of the Press.

Asia-Pacific

The Asia-Pacific Region performed well in the financial year to April 2007. Revenue in the Region as a whole increased by 22% on the previous year, with South Korea overtaking Japan to become the largest market. Growth in China and Thailand was also strong. Australia and New Zealand prospered again, in terms of both revenue and profitability, increasing by 27% over the previous year.

In Australia, the most successful sector in financial terms was the Education group, which is expanding its influence throughout the country. The strength of the *Essential Mathematics* programme and its expansion into the junior secondary market in the state of Victoria has been a rewarding experience. Although based initially on the market in Victoria, the Education business has expanded to New South Wales with the successful uptake of new humanities titles. A new venture into primary school publishing saw its first products launched at the end of the Press's financial year, demonstrating a promising start to this business. An office has been opened in Sydney to support the venture and to offer a venue for authors and visiting staff.

Highlights of the local academic program in the disciplines of history, art history and natural history contributed to an improved financial performance in Australia, alongside a growing local and imported textbook program. Export sales from Australia to other branches continued to expand. Happily, ELT returned to some strength, owing to the stabilising market and new products from the EMEA Region.

In India, the acquisition of a majority shareholding in Foundation Books,



Stephen Bourne opening the new offices of supplier SR Nova in Bengaluru.

now renamed Cambridge University Press India Pvt. Ltd, marked a major expansion into the subcontinent. From July 2006 the Press gained control of a strong distribution and publishing company, which also publishes respected books under the Foundation imprint. An injection of working capital has since expanded the business, funding new publishing in the schools sector and adding staff in order to create further products. The educational publications from India should travel into South-East Asia with minimal adaptation, providing a new set of products to market and sell.

During the year, the local offices in Japan, Korea and China started to sell intellectual property rights in Press publications, which had previously been handled centrally in Cambridge. This transfer has led to a significant increase in rights income from the region, a trend that is expected to continue. In China, a new co-publishing model was adopted with companies that had not previously been dealt with on any large scale, replacing rights sales with co-publications. This enables the Press to keep its imprint on the books and to strengthen brand recognition in China.

In June 2007, after the close of the financial year, the Press completed its acquisition of United Publishers Services Limited, the largest importer of foreign academic books in Japan. This acquisition will enable the Press to extend its reach and profitability in Japan, for example by importing medical books from other publishers as well as its own publications.

Printing

The printing business continued its financial recovery, showing profitability and achieving budget, in spite of having to absorb the considerable costs of relocating the press hall, where all the large printing presses are housed. This is a remarkable performance, considering that the UK printing industry is still in decline and the Press has seen a number of its competitors closing their businesses in recent months.

Printing Cambridge's own books continued to be the mainstay of the book production sector, with sales exceeding £10 million. Although manufacturing prices were lowered throughout the year, for both books and journals, this loss of revenue was tempered in part by higher than budgeted sales to the Education and Academic groups.

As far as sales to other book publishers were concerned, Cambridge Printing ended the year in style, with another year of growth, resulting in the £5 million sales barrier finally being breached. Getting new business is rare in the industry nowadays, with work continuing to drift towards the Far East and Eastern Europe for manufacturing. This growth has been secured by giving the sales teams well-researched and targeted leads to pursue. Cambridge Printing continues to work hard to differentiate its brand in the marketplace, thus maximising sales. Winning the Printing World Awards 2006 Grand Prix for the best piece of British printing, awarded to the Press in July 2006 for the manufacture of the Folio Society's *Wind in the Willows*, provided an excellent opportunity to showcase the Press's technical capabilities and to win prestigious new business with clients such as English Heritage and Countryside Books.

With regard to the Confidential (examination printing) business, the past year has been exceptionally busy with an increase in contracts. Gains have come from both UK and overseas school examination authorities, together with continued growth in existing accounts.

To accommodate growth, space, equipment and staff were increased and improved. Investment in equipment was significant, particularly with the introduction of a 10-unit KBA press, now installed in the new press hall. For the Confidential business, new technology was introduced to enhance the integrity of the product by increasing the use of barcodes and optical camera recognition



systems while further automating production processes to eliminate human error.

Staff responded well to a call for a more flexible approach to resource management, with staff being transferred to departments or processes requiring higher than usual levels of manning. As the demand for capacity grew, so the business shifted to attain full use of machinery, 24 hours a day, five days a week, to meet the changing requirements of customers, who demand ever shorter manufacturing times. Staff also responded responsibly to the Press's need to move away from the expensive final salary pension scheme and voted to accept a different proposition effective from 1 September 2007. This was achieved even though pay had been frozen since 2004 in order to realign it more closely to industry norms.

Behind the scenes, a number of initiatives were under way to improve the Press's market position and to maximise efficiency. These include a review of the business and production management systems; the transfer from central finance to printing-specific financial systems; the merging of the production and finance aspects of the conventional printing businesses of what were previously two separate streams, Books and Promotional; the restructuring of the senior management team around functional responsibility; a complete overhaul of the Service Level Agreement with Cambridge Assessment; the introduction of a 'green' agenda; and the relocation of the press hall, as described above.

Of all these initiatives, the one that is perhaps most topical is the green agenda. The Press has now achieved certification to ISO 14001. This project is not restricted to Cambridge Printing alone but works across the Cambridge site and is managed by the Environmental Management Group. It is another way by which the Press, as both publisher and printer, differentiates itself from the competition. The printing business already holds FSC (Forest Stewardship Council) certification, which complements the Press's long-standing commitment to use only papers from sustainable sources.

The senior management team was strengthened during the year with the appointments of Mark Whitehouse as Financial Director and Chris Brannan as the head of the Confidential business stream, both bringing invaluable commercial experience from outside the Press to their new roles.

Looking forward to the coming year, it is clear that customers will continue to exert pressure on both price and turnaround times, forcing the Press to remain alert to market conditions and agile in response, in order to continue the strategy for growth and to build long-lasting partnerships.

Global business services

Finance

As the Press has continued to extend its global reach, so the Finance Department has responded to the rapid changes and challenges of a sizeable multi-national business, through systems and business process improvements, and by adding high calibre staff where appropriate.

In addition to the department's day-to-day responsibilities, the last financial year saw a further wide range of activities, consisting of acquisition analysis, including due diligence and integration for the acquisitions of Foundation Books, India and the Global Grid for Learning; incorporation of the South African and Printing organisations; pension change management; the sale and relocation of the New York office; and the move of the Finance Department, within the Cambridge site, from the Fitzwilliam Building to the University Printing House.

The Press has also strengthened its Corporate Governance this year with the creation of an Audit Committee, and has created charters for the Audit Committee, Finance Committee, and Remuneration Committee, all of which report to the Syndicate. There have been changes to the Annual Report and Accounts, resulting from incorporation of the new Charities Statement of Recommended Practice.

On the personnel side, Mark Whitehouse, the Printing Division Finance Director, has taken on additional responsibilities as Global Financial Controller. In the American Branch, Tom Vitkowski was recruited as Controller, operating from the West Nyack office.

Legal Services

As the Press's publishing continues to expand with the proliferation of new offices, joint ventures and other partnerships around the world, the number of contracts and the amount of legal activity have been increasing rapidly. The Legal Services Department, based in Cambridge, caters for the Press's contractual needs, and for many of its other legal and administrative needs, worldwide. The department authorises the issue of some 2500 new ISBNs each year and signs off almost as many contracts of various kinds. The sale of permissions to reproduce

material from Press publications, which depends on a knowledge of copyright and contracts, is a revenue-generating part of the department's work.

Legal Services takes care of a number of central administrative tasks including the organisation of Syndicate meetings and agendas, the validation of author royalties and ISBNs, and the management of the Press's insurance, trademarks, charitable status, the Press Seal, and other aspects of corporate governance. It initiates and updates Press-wide policies on privacy, data protection, institutional repositories and posting material on the web. The Legal Services Department is responsible for countering cases of piracy, copyright infringement and plagiarism; and for dealing with legal actions or the threat of actions arising in some of the controversial subject areas in which the Press publishes.

Distribution

In Cambridge, a major review of space requirements and processes within the Edinburgh Building warehouse was undertaken in 2006. The review was necessitated by several factors: the recent change in the business model to inter-branch trading; the direct supply of bulk stock to the Press branches from overseas printers; and the constant need for additional picking locations caused by the inexorable growth in new title output. As a result of the review, 'Project Tardis' was initiated, involving significant capital investment, and included a major physical reconfiguration of the low bay warehouse and the introduction of a modern Warehouse Management System (WMS). The first phase of the project entailed the installation of a mezzanine floor and a complete reorganisation of the order picking and processing floor. New shelving on and below the 465 square metre mezzanine floor created a 30% increase in picking location capacity. In addition, all the existing shelving and forward stock was relocated alongside the mezzanine, thereby significantly increasing the operational space available for goods-in, despatch and pallet consolidation. The move of the shelving and stock, and the subsequent physical stocktake, were successfully completed without any disruption to service levels. The second phase of the project (the WMS implementation) has begun and is due for completion in the financial year ending April 2008.

At the West Nyack warehouse, two flat-bed, powered conveyor lines with workstations were installed in the goods-in area, and dramatically improved the receiving and locating process for the ever-increasing number of ultra-short-run digital reprints. The distribution centre has a sophisticated materials handling

infrastructure, but the packing element was identified as a bottleneck in the physical fulfilment process. Therefore, to provide sufficient capacity to deal with surges in throughput and the increasing number of cartons being shipped, a third SpeedyPacker void-fill packing machine was installed. Further, a major upgrade to the Rapistan parcel sortation system involved installing replacement servers for both the production and back-up environments, and upgrading the operating system and modem infrastructure.

In Singapore, a new role of Operations Manager (Asia) was created, responsible for coordinating the Customer Service and Stock Control departments. New procedures and policies for stock ordering and stock holding were implemented, and for the support of the regional sales offices. In Port Melbourne, despite an increase in activity of 11% in Distribution and 15% in Customer Services, no additional staff appointments were made, and it is pleasing to report that solid, experienced, and stable teams are now established for both departments.

In Cape Town, the African Branch upgraded its Bookmaster fulfilment system and, with sales up 42% on last year, two additional staff members were employed in Customer Services in order to cope with the department's increased workload.

In Madrid, the Iberian Branch relocated its distribution operation to a new warehouse and, as a result of careful planning, the transfer was successfully completed within one month and without any service dislocation.

Information and Publishing Services

During the year, a major global project was to make the internal and external web and VISTA systems ISBN-13 compliant. The change to the financial year also required further work. The introduction of a new Warehouse Management System and a new Journals Subscriptions Management System dominated much of the second half of the year.

In November 2006, the development teams for both websites and VISTA were brought together to form a new team – Information Services – combining Content Systems, Software Operations, Database Management, Data Care and the newly formed Projects Office. For the first time there was an approved list of IT projects for initiation, drawn up by the Business Effectiveness Committee.

The creation of the new MENA branch and the acquisition of Foundation Books in India required changes to screens, reports and data-processing routines. The same was true for the restructuring of the African region and the management of sales data from Brazil.

The quality of the Press's bibliographic data was rewarded with a silver award from BIC, the coordinators for publishing industry standards, while commitment to e-commerce was recognized by E4Books accreditation – achieved through close work with sales teams and substantial improvements across our range of bookseller services.

The software development team based in Manila has continued to grow. Among major achievements were three releases for Cambridge Journals Online (CJO) and new functionality for XML uploading. Enhanced third-party delivery and archive facilities were implemented for CJO. New online products such as *Dictionary Extra* and *Science Foundation Online* were integrated with the Cambridge Learning Online portal.

The Infrastructure group focused on three major objectives: bringing new storage platforms and back-up strategies into operation, improving internal network reliability and the replacement of the 20-year-old telephone system.

A new storage and back-up system supports online services and provides long-term storage of publishing assets. The internal data network was reorganised to provide more resilient connectivity for our customers. Changes were also made to support voice and video applications across the network. For the first time, every Press branch worldwide was connected via a unified network security management and virtual private network arrangement. Initial work was carried out to replace the telephone system, and will continue during the current financial year.

Total internet traffic increased by 49% over the previous twelve months, largely due to the increasing number of online products served from Cambridge.

The whole department felt the loss of Paul Atkinson, who died in a car accident just before Christmas 2006. As Data Architect, Paul brought order and wry humour to a complex area, and had made some close friends despite his short time with the Press.

In May 2007, new Chief Technology Officer, Maralyn Johnson, joined the Press and the European Branch Board, one of whose first tasks is a strategic review of the Press's global IT systems.

Environmental and community programmes

Environmental management

In the course of the year, an Environmental Management Group (EMG) was established, under the leadership of David Royal, Technical Director, Printing. The key mission for the EMG was to examine the Press's management systems

and to develop those into a coherent whole. A key step was the adoption by the Press Board of an Environment Policy, which reads:

At Cambridge University Press we recognise that we have a responsibility to the environment and to future generations, to manage and continually improve our environmental performance at every stage of our operations.

We recognise that our activities, products or services may have an impact on the environment. It is our aim to reduce that impact to a minimum, by implementing an effective system for managing our environmental aspects.

By regularly assessing the significance of our interactions with the environment, we will set objectives and targets relating to our operations. In particular we will continually strive to:

- *Prevent or reduce pollution, wherever practicable.*
- *Minimise consumption of natural resources and energy.*
- *Reduce, reuse or recycle wastes.*
- *Comply with applicable regulatory and other requirements.*
- *Adopt best available techniques in our operations and activities where feasible.*
- *Promote our environmental policy among our employees, our suppliers, our customers, our local community, our University and others in our industry.*

This policy applies to all Cambridge University Press's activities, products and services and is reviewed on a regular basis.

A review was undertaken of energy use and other greenhouse-gas generating activity on the Cambridge site, and a baseline level of 8,700 tonnes of CO₂ equivalent has been identified against which reduction targets have been set. Recycling of waste from the Cambridge site went from 82% (by weight) to 89% from 2005 to 2006. Sites outside Cambridge are much less energy-intensive and will be reviewed.

Paper supplies have been subject to continuing review from a forestry-management point of view. Cambridge Printing has certification from the two major schemes, FSC and PEFC, and is now achieving levels of traceably sustainable sourcing that are among the best in the UK printing industry.

The means of publication have become more environmentally friendly. The Cambridge Dictionaries Online free site averaged 20 million page views per month; the ELT group's online *CRUI* course, developed with Cambridge Assessment and a consortium of Italian universities, has its first users across northern Italy; and the students' 'Arcade' web resources accompanying the



Some keen English learners in Brazil on a Press-supported project.

American English publishing had in excess of 300,000 visits. E-publishing from Cambridge–Hitachi and the Education group in the UK achieved sales worth more than £1 million.

Academic e-publishing revenues are harder to isolate, as major products such as the *Historical Statistics of the United States* have a print component; but these are also comfortably over £1 million. Meanwhile, electronic access to Press journals is now the default expectation of authors, publishers and readers, and online journals articles are receiving in the region of 800,000 full-text views per month.

Community involvement

The Press has responded to increasing evidence that staff involvement within their local communities, beyond the immediate working environment, leads to greater motivation and job satisfaction as well as a higher profile and better public relations for the organisation as a whole. A formal Community Involvement programme has gathered pace, with fruitful results.

In the UK, Press staff have volunteered to provide learning assistance within two local schools, Chesterton Community College and Netherhall School. There has been active participation in the Cambridge Science Festival and fund-raising collaboration with the city and University in the ‘Bridge the Gap’ walk. The Press has also become the first Educational Partner of the Wildlife Trust, working on the ‘Great Fen’ conservation project in rural Cambridgeshire.

In North America, a book allowance has been provided to selected schools in the New York area. Community involvement is particularly dynamic in Latin America, where staff in São Paulo participate in the teaching of English as a means for social inclusion, and where they are supporting a university catering for underprivileged Afro-Brazilians.

Projects in Africa and Australia focus on book donations, training and the subsidising of developing educational communities and other charity sectors.

Asian projects include cooperation with the British Council in Hong Kong, Korea and Thailand to donate books and take part in various reading and mobile-classroom enterprises.

In all these endeavours the Press aims to give something back to local communities, a strategy which not only benefits the communities but also increases awareness of the Press as a positive organisation and an attractive employer, easing job recruitment and promoting staff well-being.

Appendices

I. Statistical data May 2006 to April 2007

NB The following tables do not include digitally reprinted books

	Cambridge	Americas	Australia	Africa	Iberia	Asia	Total
HSS	759	403	27	1	0	0	1190
Bibles	3	0	0	0	0	0	3
STM	379	72	3	0	0	5	459
ELT	154	23	0	2	0	42	221
Education	34	0	64	162	0	22	282
Total	1329	498	94	165	0	69	2155

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

Table 3: Sales revenue (% rounded) by market, subdivided by category

	Academic & Professional	Bibles	Journals	Education	ELT	Total
Africa	3%	0%	0%	91%	6%	100%
Americas	61%	0%	12%	3%	24%	100%
Asia	28%	0%	0%	4%	68%	100%
Australia	30%	0%	0%	53%	17%	100%
Brazil	0%	0%	0%	0%	100%	100%
Europe & Middle East	29%	2%	28%	9%	32%	100%
Iberia	8%	0%	0%	1%	91%	100%
Total	35%	1%	15%	13%	36%	100%

Table 4: Sales revenue (% rounded) by category, subdivided by market

	Academic & Professional	Bibles	Journals	Education	ELT	Total
Africa	1%	0%	0%	45%	1%	7%
Americas	52%	0%	22%	7%	21%	30%
Asia	8%	0%	0%	3%	20%	10%
Australia	3%	1%	0%	17%	2%	4%
Brazil	0%	0%	0%	0%	8%	3%
Europe & Middle East	35%	99%	78%	28%	38%	42%
Iberia	1%	0%	0%	0%	10%	4%
Grand Total	100%	100%	100%	100%	100%	100%

Anthropology	2
Archaeology	6
Art	9
Astronomy	21
Classical studies	44
Computer science	13
Earth, atmospheric sciences	23
Economics, business studies	30
Engineering	39
English language and linguistics	12
Experimental biology and biomedicine	13
General	1
General Science	1
History	75
Bibles	3
Law	76
Literature	64
Mathematics	42
Medicine	28
Music	13
Philosophy	38
Physics	27
Politics, social theory, history of ideas	27
Psychology	14
Religion	17
Sociology	2
Zoology, botany	18
Total	658

Anthropology	1
Archaeology	9
Astronomy	3
Cambridge University publications	3
Chemistry	1
Classical studies	15
Computer science	16
Earth, atmospheric sciences	4
Economics, business studies	29
Education	1
Engineering	1
English language and linguistics	24
Experimental biology and biomedicine	9
Film, media, mass communication	2
History	51
Law	42
Literature	67
Mathematics	42
Medicine	46
Music	2
Philosophy	37
Physics	5
Politics, social theory, history of ideas	70
Psychology	23
Religion	18
Sociology	17
Zoology, botany	22
Total	560

II. Awards and prizes

Among the awards and prizes for Press publications received in 2006 were:

Robert Bittlestone, James Diggle and John Underhill, *Odysseus Unbound*, voted by Foreword Magazine as one of its 'top ten university press books of the year'.

Philip Butterworth, *Magic on the Early English Stage*, awarded the David Bevington Award for Best New Book in Early Drama Studies.

W. N. Ferdinandusse, *Direct Application of International Criminal Law in National Courts*, awarded The Lillich Prize for the best SJD or PhD dissertation on a topic of procedural international law, submitted for the 2004–2005 biennium.

John Foran, *Taking Power*, co-winner of the 2006 Pacific Sociological Association Award for Distinguished Scholarship.

J. S. Gravenstein, Michael B. Jaffe and David A. Paulus, *Capnography*, winner of The Royal Society of Authors and The Royal Society of Medicine Book Awards 2005 – first prize in the new edited book under £75.00 category.

Andrew Hadfield, *Shakespeare and Republicanism*, winner of the 2006 SCSC Roland H. Bainton Prize for Literature.

Edward Hammond and Andrew McIndoe, *QBase Anaesthesia*, highly commended in the BMA Book Competition awards.

Maureen Healy, *Vienna and the Fall of the Habsburg Empire*, winner of the Barbara Jelavich Book Prize from the American Association for the Advancement of Slavic Studies for 2005 and winner of the Herbert Baxter Adams Prize awarded by the American Historical Association for 2005.

Jean-Marie Henckaerts and Louise Doswald-Beck, *Customary International Humanitarian Law*, all volumes, winner of the Ciardi Prize 2006 for an original study dealing with military law or law of war for publications in English, French, German, Italian or Spanish in 2003–2005.

Mark Jaccard, *Fossil Fuel*, winner of the Donner Prize for the best book on Canadian public policy.

Paul. A. Keddy, *Wetland Ecology: Principles and Conservation*, awarded the 2006 Society of Wetland Scientists Merit Award by The Society of Wetland Scientists for unifying ecological theory with conservation of wetlands.

Zachary Lesser, *Renaissance Drama and the Politics of Publication*, winner of the Elizabeth Dietz Award for the best book in Early Modern Studies, given by *SEL: Studies in English Literature, 1500-1900*.

Harro Maas, *William Stanley Jevons and the Making of Modern Economics*, winner of the Joseph J. Spengler Prize of the History of Economics Society.

Robert Pasnau, *Thomas Aquinas on Human Nature*, winner of the 2005 APA Book Prize for best philosophical book by a young scholar.

John G. Peters, *Conrad and Impressionism*, finalist for the best book on Conrad's life for the Adam Gillon Book Award.

Emmanuel Pierrot-Deseilligny and David Burke, *The Circuitry of the Human Spinal Cord*, highly commended in the BMA Book Competition awards.

William Poole, *Milton and the Idea of the Fall*, winner of the James Holly Hanford Award for Distinguished Book from the Milton Society of America.

Mona L. Siegel, *The Moral Disarmament of France*, winner of the 2006 History of Education Society Outstanding Book Award.

E. W. Thomas, *The Judicial Process*, winner of the J. F. Northey Prize for Best Published Work in 2005 by the Legal Research Foundation of New Zealand.

Penny Webb, Chris Bain and Sandi Pirozzo, *Essential Epidemiology*, highly commended in the BMA Book Competition.

Paul J. Weithman, *Religion and the Obligations of Citizenship*, winner of the North American Society for Social Philosophy Book Prize, 2002.

Alexander Wendt, *Social Theory of International Politics*, winner of the International Studies Best Book of the Decade Award.

Odd Arne Westad, *The Global Cold War*, winner of the 2006 Michael Harrington Award, New Political Science section of the American Political Science Association.

Benson R. Wilcox, Andrew C. Cook and Robert H. Anderson, *Surgical Anatomy of the Heart*, winner of First Prize in the Cardiology category, BMA Medical Book Competition awards.

Steven L. Zeichner and Jennifer S. Read, *Textbook of Pediatric HIV Care*, highly commended in the BMA Book Competition awards.

III. Statute J The University Press

1. There shall be in the University a University Press which shall be devoted to printing and publishing in the furtherance of the acquisition, advancement, conservation, and dissemination of knowledge in all subjects; to the advancement of education, religion, learning, and research; and to the advancement of literature and good letters.
2. There shall be in the University a Press Syndicate. The management of the finance, property, and affairs generally of the University Press shall be the responsibility of the Press Syndicate which shall exercise in relation thereto all the powers of the University except in so far as the Statutes and Ordinances expressly or by necessary implication provide otherwise. The Press Syndicate shall consist of the Vice-Chancellor or a duly appointed deputy as Chairman and such number of members of the Senate appointed in such manner as shall be determined from time to time by Ordinance.
3. The Press Syndicate shall have power in the name of the University and for the purposes of the University Press to purchase, lease, retain, sell, or transfer property real or personal and to purchase, retain, sell, or transfer securities (which term shall include stocks, funds, and shares) of any description whether or not 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 Vice-Chancellor on behalf of the Council.

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

12. The Press Syndicate shall make an Annual Report to the Council, which shall be published to the University either as a whole or in summary.

13. Notwithstanding the provisions of the foregoing sections, the Council shall have power in circumstances which the Council deems to be exceptional, on the advice of its Finance Committee, to discharge the Press Syndicate, and to assume full responsibility itself for the management of the Press for the time being. If the Council has occasion to exercise the powers available under this section, the Council shall make a full report to the University on the circumstances necessitating such action.

Annual Accounts

for the year ending 30 April 2007

Report of the Press Syndicate

for the year ended 30 April 2007

The Members of the Press Syndicate are pleased to present their report together with the financial statements of the Press for the year ending 30 April 2007.

The Press Syndicate

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

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

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

Professor S. A. Collini

Professor T. M. Cox

Professor U. C. Goswami

Professor G. P. Hawthorn*

Professor B. J. Heal

Professor C. J. Humphreys

Professor D. J. Ibbetson

Professor T. W. Körner

Professor D. J. McKitterick*

Professor J. S. Morrill*

Dr R. G. Barker*

Dr C. Y. Barlow

Dr M. S. Lane

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

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

*Members of the Press Syndicate's Finance Committee

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

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

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

Executive Directors

During the year ended 30 April 2007

Dr R. W. Barling
S. R. Bennett
C. P. Boughton*
S. R. R. Bourne*
J. R. Bradie
Dr A. M. C. Brown*
P. J. Davison
R. K. Fisher
A. C. Gilfillan*
M. Y. Holdsworth*
S. A. McComb
S. H. Miller*
J. M. Pieterse*
J. G. Tuttle
S. J. Ward
Dr R. L. Ziemacki*

*also members of the Press Board

Professional advisors and principal office

Bankers

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

Solicitors

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

External Auditor

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

Internal Audit Service Provider

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

Investment Managers

Barclays Global Investors
54 Lombard Street
London
EC3P 3AH

Legal & General Investment
Management Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8NH

Principal Office

The Edinburgh Building
Shaftesbury Road
Cambridge
CB2 8RU

Organisation and governance

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

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

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

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

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

Appointment of members of the Syndicate

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

Induction and training of the members of the Syndicate

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

Management and structure

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

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

Related parties

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

Risk management

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

The Press Syndicate and its Finance Committee adopt a number of complementary approaches to managing risk. First, the Press Syndicate has for many years followed a Reserves Policy. It maintains bank balances and invested funds, both to provide funding for Press growth and expansion, and to counteract potential business risk. The Press has invested £46.4m in capital assets in furtherance of the Press's objectives and retains £23.9m to fund the current pension liability. A further £48.0m is retained as unrestricted and undesignated reserves to comply with the Press's Reserves Policy. Second, annually, the Press Syndicate conducts a detailed risk analysis, resulting in the preparation of a Risk Register, which evaluates the possible effects on the Press of a series of potentially damaging business factors, any or all of which are familiar problems in the world of international business. Third, executive management sets detailed budgets for all areas of income, expenditure and cash flow, monitors performance monthly, and takes prompt action in response to departures from budget. The financial results are reported to, and reviewed by, the Finance Committee. Fourth, the Audit Committee operates a rolling internal audit programme, which is undertaken by Deloitte & Touche LLP. This programme raises awareness of risk and improves internal control in the Press, measured against private sector and industry best practices. Finally, the Press has developed arrangements for business continuity planning, with the intention of quickly restoring operations in the aftermath of a major disaster.

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

Investment policy

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

Objectives, activities and financial performance

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

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

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

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

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

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

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

for the year ended 30 April 2007

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

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

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

Report of the Independent Auditor to the Press Syndicate

for the year ended 30 April 2007

We have audited the financial statements of Cambridge University Press for the year ended 30 April 2007 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Press Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the Press Syndicate and auditors

The responsibilities of the Press Syndicate for preparing the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out on page 48.

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Press Syndicate in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Cambridge University Press and the Group, consistently applied

and adequately disclosed.

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of affairs of Cambridge University Press and of the Group as at 30 April 2007, and of the Group's incoming resources and applications of resources in the year then ended;
- have been properly prepared in accordance with applicable UK accounting standards.

KPMG LLP

Chartered Accountants

Registered Auditor

05 October 2007

Consolidated Statement of Financial Activities*for the year ended 30 April 2007*

	Notes	2007	2006
			(16 months)
			Restated
			(See note 1)
		£m	£m
Incoming resource			
Incoming resource from charitable activities			
Publishing and Printing Services		160.5	185.6
Incoming resources from generated funds			
Investment income	2	2.1	1.4
Other incoming resources		3.2	10.8
Total incoming resources		165.8	197.8
Resources expended			
Charitable activities			
Cost of publishing and printing services	3	(158.2)	(187.6)
Governance costs		(0.5)	(0.6)
Net incoming Resources before transfers			
Transfer to the University of Cambridge	12	(1.8)	(2.4)
Taxation		(0.7)	–
Attributable to minority interest	16	0.8	1.0
Net incoming resources			
before other recognised gains and losses		5.4	8.2

The notes on pages 55–74 form part of these accounts.

Consolidated Statement of Financial Activities (Continued)

for the year ended 30 April 2007

	Notes	2007	2006
			(16 months) Restated (See note 1)
		£m	£m
Other recognised gains/losses			
Net gains on invested funds	7	0.3	7.5
Actuarial (loss)/gain on defined benefit pension scheme		(0.6)	12.3
Currency translation		(1.9)	–
Net movement in funds		3.2	28.0
Reconciliation of funds			
Total funds brought forward		91.4	63.4
Total funds carried forward		94.6	91.4

The notes on pages 55–74 form part of these accounts.

Consolidated Balance Sheet*at 30 April 2007*

	Notes	30 April 2007 £m	30 April 2006 £m
Fixed assets			
Intangible fixed assets	4	5.7	2.0
Tangible fixed assets	5	40.7	40.9
Invested funds	7	18.5	32.9
		64.9	75.8
Current assets			
Stock and work in progress	8	42.1	39.2
Debtors	9	41.6	35.6
Bank balances and short-term deposits		14.6	6.3
		98.3	81.1
Creditors			
Amounts falling due within one year	10	42.2	37.9
Net current assets		56.1	43.2
Long term financing	11	2.7	3.2
Net assets excluding pension fund liability		118.3	115.8
Defined benefit pension scheme liability	15	23.9	25.2
Net assets including pension fund liability		94.4	90.6
Funds			
General		118.5	116.7
Pension reserve		(23.9)	(25.2)
Minority Interest	16	(0.2)	(0.9)
		94.4	90.6

The notes on pages 55–74 form part of these accounts.

Press Balance Sheet

at 30 April 2007

	Notes	30 April 2007 £m	30 April 2006 £m
Fixed assets			
Intangible fixed assets	4	5.0	2.9
Tangible fixed assets	5	39.9	40.9
Fixed asset Investments	6	2.0	2.0
Invested funds	7	18.5	32.9
		65.4	78.7
Current assets			
Stock and work in progress	8	39.0	37.8
Debtors	9	54.0	38.9
Bank balances and short-term deposits		11.5	5.4
		104.5	82.1
Creditors			
Amounts falling due within one year	10	44.9	40.1
Net current assets		59.6	42.0
Long term financing	11	0.0	0.5
Net assets excluding pension fund liability		125.0	120.2
Defined benefit pension scheme liability	15	23.9	25.2
Net assets including pension fund liability		101.1	95.0
Funds			
General		125.0	120.2
Pension reserve		(23.9)	(25.2)
		101.1	95.0

The notes on pages 55–74 form part of these accounts.

Approved by the Press Syndicate on 5 October 2007 and signed on its behalf by

Dr GORDON JOHNSON, Chairman of the Press Syndicate, and

Mr STEPHEN R. R. BOURNE, Secretary of the Press Syndicate.

Notes to the Financial Statements

for the year ended 30 April 2007

1. Accounting Policies

Basis of accounting

The Annual Report and Accounts for the year ended 30 April 2007 have been prepared in compliance with the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) ('the SORP'), and with applicable accounting standards. The comparative results, and associated notes have been restated to conform with the SORP. Costs amounting to £0.6m previously shown as cost of activities in furtherance of the charity's objectives have been reclassified as governance costs. Adoption of the revised SORP had no effect on the funds brought forward at the start of the year. The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value.

In accordance with the exemption provided by FRS1 the Press does not present a cash flow statement, on the basis that the ultimate parent prepares a consolidated cash flow statement which includes these results.

Transactions with the University of Cambridge

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Press and its subsidiary undertakings made up to 30 April 2007, with the exception of Cambridge University Press India Private Ltd which prepares financial statements to 31 March. This entity has been consolidated using management information at 30 April 2007.

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

In accordance with the exemption in paragraph 397 of the Statement of

Recommended Practice the Press has included in its financial statements only a consolidated Statement of Financial Activities.

Taxation

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

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

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. Payments received in advance are initially recorded as deferred income. Anticipated returns are based primarily on historical return rates.

Governance costs

The value consists of audit fees and other professional fees together with a proportion of senior executive costs related to strategic development and compliance.

Investments

Invested funds are stated at market value. It is the Press's policy to keep valuations up to date, so that, when investments are sold, no gain or loss arises relating to previous periods. 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 period. Investments in subsidiary undertakings are held at historic cost.

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. Assets costing less than £5,000 per individual item are expensed in the period in which they are acquired. Depreciation is provided on all fixed assets at rates calculated to expense the cost of each asset on a straight line basis over its expected useful life, as follows:

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

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items. In the case of a group company where development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty the costs are deferred and amortised from the month of publication over the lesser of the life of the project or 3 years.

In order to estimate net realisable value, the Press fully provides for any stocks in excess of 18 months' worth of sales with publication dates more than two years old.

Debtors

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

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 period end exchange rates.

Pensions

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

For the defined benefit schemes, the scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full within the balance sheet. The movement in the scheme deficit surplus is split between resources expended, pension finance costs, and, in other recognised gains/(losses), actuarial gains and losses.

Leases

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

2. Income from invested funds and bank balances

	2007	2006
		(16 months)
	£m	£m
Re-investment of distributions from invested funds (note 7)	1.0	0.6
Interest on bank deposits	1.1	0.8
Total income	2.1	1.4

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

	2007	2006
		(16 months)
	£m	£m
Staff costs	52.8	63.9
Other costs in connection with publishing and printing activities	105.9	124.3
	158.7	188.2
Staff costs consist of		
Gross wages and salaries	40.6	48.9
Employer's national insurance	5.3	6.2
Pension contributions as restated	6.9	8.8
	52.8	63.9
The monthly average number of permanent staff was	1,524	1,416

Other costs

Fees for external audit services were £262,663 (2006 £253,350). Payments for non-audit work in the period was £0 (2006 £18,000). Fees for internal audit services were £21,339 (2006 £45,000).

4. Intangible fixed assets: *Group*

The Press acquired the Journals list of CAB International on 30 June 2006 for £4.0m.

On 17 July 2006 the Press acquired 51% of the issued share capital of Cambridge University Press India Private Limited (formerly Foundation Books Private Limited) for a consideration of £2.7m resulting in goodwill of £1.8m.

Cost	Book lists	Goodwill	Total
	£m	£m	£m
30 April 2006	1.2	4.0	5.2
Additions	4.0	1.8	5.8
Disposals and foreign exchange differences	(0.0)	(0.4)	(0.4)
30 April 2007	5.2	5.4	10.6
Amortisation			
30 April 2006	1.0	2.2	3.2
Charge for the period	0.9	1.1	2.0
Disposals and foreign exchange differences	(0.0)	(0.3)	(0.3)
30 April 2007	1.9	3.0	4.9
Net book value			
30 April 2007	3.3	2.4	5.7
30 April 2006	0.2	1.8	2.0

Intangible fixed assets: Press

Cost	Book lists	Goodwill	Total
	£m	£m	£m
1 May 2006	3.2	1.9	5.1
Additions	3.9	–	3.9
Disposals and foreign exchange differences	(0.0)	(0.3)	(0.3)
30 April 2007	7.1	1.6	8.7
Amortisation			
1 May 2006	1.0	1.2	2.2
Charge for the period	1.4	0.3	1.7
Disposals and foreign exchange differences	(0.0)	(0.2)	(0.2)
30 April 2007	2.4	1.3	3.7
Net book value			
30 April 2007	4.7	0.3	5.0
30 April 2006	2.2	0.7	2.9
			Total
Acquisition of Cambridge University Press India Private Ltd			£m
Net assets acquired at book value			0.9
Fair value adjustments			–
Fair value			0.9
Goodwill arising			1.8
Total consideration			2.7
Satisfied by cash paid on acquisition			2.7

5. Fixed assets: Group

	Freehold Property	Plant, Machinery, vehicles and office equipment	Leasehold properties	Total
	£m	£m	£m	£m
Cost				
1 May 2006	40.1	18.9	1.6	60.6
Additions	0.2	5.6	2.5	8.3
Disposals and foreign exchange differences	(6.4)	(1.9)	(0.7)	(9.0)
30 April 2007	33.9	22.6	3.4	59.9
Accumulated depreciation				
1 May 2006	3.9	15.0	0.9	19.8
Charge for the period	0.6	1.7	0.1	2.4
Disposals and foreign exchange differences	(0.9)	(1.7)	(0.4)	(3.0)
30 April 2007	3.6	15.0	0.6	19.2
Net book value				
30 April 2007	30.3	7.6	2.8	40.7
30 April 2006	36.2	3.9	0.8	40.9

Fixed assets: Press

	Freehold Property	Plant, Machinery, vehicles and office equipment	Leasehold properties	Total
	£m	£m	£m	£m
Cost				
1 May 2006	40.1	18.8	1.6	60.5
Additions	–	5.2	2.5	7.7
Disposals	(6.5)	(2.2)	(0.7)	(9.4)
30 April 2007	33.6	21.8	3.4	58.8
Accumulated depreciation				
1 May 2006	3.9	14.9	0.8	19.6
Charge for the period	0.7	1.7	0.1	2.5
Disposals	(0.9)	(1.9)	(0.4)	(3.2)
30 April 2007	3.7	14.7	0.5	18.9
Net book value				
30 April 2007	29.9	7.1	2.9	39.9
30 April 2006	36.2	3.9	0.8	40.9

6. Fixed asset investments: Group and Press

Press	Share in Group undertakings
Cost	£m
At 1 May 2006 and 30 April 2007	2.0

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

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

	Cambridge University Press (Holdings) Limited Consolidated	
	30 April 2007	30 April 2006
		(16 months)
	£m	£m
Turnover	15.5	3.6
Loss on ordinary activities before taxation	(1.9)	(2.3)
Fixed assets	3.9	0.1
Current assets	13.3	2.2
Liabilities due within one year	(17.7)	(2.3)
Liabilities due after one year	(4.0)	(4.0)

None of the subsidiary undertakings is a registered charity.

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

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

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

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

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

Cambridge Printing Services Ltd provides printing services.

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

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

7. Invested funds: Group and Press

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

Movements in market value	Total funds	
	2007	2006
	£m	£m
Beginning market value	32.9	24.8
Distribution	1.0	0.6
Net investment gains	0.3	7.5
Liquidation	(15.7)	0.0
Ending market value	18.5	32.9

Asset allocation	Total funds	
	30/4/2007	30/4/2006
	£m	£m
Equities		
UK	14.8	20.0
Non-UK	3.7	4.8
Total	18.5	24.8
Historic cost	8.8	17.2

8. Stock and work in progress

	Group		Press	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m
Raw materials	0.3	0.3	0.3	0.3
Work in progress	8.1	8.2	7.4	7.0
Stocks of publications	33.7	30.7	31.3	30.5
	42.1	39.2	39.0	37.8

9. Debtors

	Group		Press	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m
Trade debtors	30.8	28.3	26.5	28.3
Other debtors	8.1	3.5	7.9	3.5
Amounts owed by group undertakings	–	–	17.4	3.4
Prepayments and accrued interest	2.7	3.8	2.2	3.7
	41.6	35.6	54.0	38.9

10. Creditors (amounts falling due within one year)

	Group		Press	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m
Bank overdraft	4.5	2.1	3.6	2.1
Bank loans	0.8	1.0	0.5	1.0
Creditors for publishing and printing services	13.9	22.4	12.8	22.5
Amounts owed to group undertakings	–	–	5.8	2.3
Deferred income	12.2	10.0	12.2	10.0
Accruals	10.8	2.4	10.0	2.2
	42.2	37.9	44.9	40.1

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

	Group		Press	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m
Bank Loans	–	0.5	–	0.5
Loan from minority interest	2.7	2.7	–	–
	2.7	3.2	0.0	0.5

Analysis of debt

	Group		Press	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m
Falling due:				
Within 1 year	0.8	1.0	0.5	1.0
Between 1 and 2 years	0.3	3.2	–	0.5
Between 2 and 5 years	1.2	–	–	–
After more than 5 years	1.2	–	–	–
	3.5	4.2	0.5	1.5

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

12. Support for the University of Cambridge

Support for the University of Cambridge, including cash transfers and printing services, amounted to £1.8m (2006 £2.4m).

13. Related party transactions: Group and Press

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

The Press holds 60% of the issued share capital of Cambridge-Hitachisoft Educational Solutions PLC and re-charged costs amounting to £1.1m, charged interest of £0.1m and purchased product amounting to £1.0m during the year. At the year end there was a loan receivable of £1.3m and debtor of £0.1m.

The Press holds 51% of the issued share capital of Cambridge University Press India Private Ltd and sold product amounting to £1.2m in the year. At the year end the trade receivable balance with the subsidiary was £0.9m.

14. Operating leases: Group and Press

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

	Land and buildings		Other		Total	
	30/4/2007	30/4/2006	30/4/2007	30/4/2006	30/4/2007	30/4/2006
	£m	£m	£m	£m	£m	£m
Expiry date:						
Less than 1 year	0.2	0.5	0.2	0.7	0.4	1.2
Between 2 and 5 years	0.4	0.3	1.5	1.2	1.9	1.5
After 5 years	1.1	1.1	–	–	1.1	1.1
	1.7	1.9	1.7	1.9	3.4	3.8
					30/4/2007	30/4/2006
						(16 mths)
					£m	£m
Operating lease charges for the period were					3.4	4.0

15. Pensions

Cambridge University Press operates both defined benefit and defined contribution pension schemes. In the UK, the Press operates a defined contribution stakeholder pension scheme and two defined benefit pension schemes – the Contributory Pension Fund (CPF) and the Senior Staff Pension Scheme (SSPS). In the US, the Press operates the Cambridge University Press Defined Benefit Plan (DBP) and a separate defined contribution scheme. The Press also has defined contribution and defined benefit schemes in the Australian Branch, and a defined contribution scheme in the African Branch.

The defined benefit schemes provide benefits based on 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. All of the Press's defined benefit plans have been closed to new members.

A triennial valuation of each defined benefit scheme was undertaken by independent qualified actuaries at 1st January 2004, using the Attained Age Method in the UK and the Projected Unit Credit Cost Method in North America, and the annual contributions to the schemes are paid in accordance with their recommendations. The latest triennial valuation as at 1st January 2007 is ongoing.

The total pension cost of the defined benefit schemes in the year ended 30th April 2007 was £5.6m (16 months ended 30th April 2006 £7.6m) and for the defined contribution schemes was £1.2m (2006 £0.4m).

The latest valuations were carried out by the actuaries for the purpose of the annual accounts on a FRS 17 basis as at 30 April 2007. 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:

	2007 CPF/SSPS	2006 CPF/SSPS	2007 DBP	2006 DBP
Discount rate applied to scheme liabilities	5.4%	5.0%	6.0%	6.0%
Rate of increase in salaries	3.4%	3.0%	3.5%	3.5%
Rate of increase in pensions in payment and deferred pensions	3.4%	3.0%	3.0%	3.0%
Inflation assumption	3.4%	2.5%	3.0%	3.0%

The fair value of the schemes' assets so estimated at the end of each period, 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:

Scheme assets	Long term rate of return expected at 30/4/2007	Value at 30/4/2007 £m	Long term rate of return expected at 30/4/2006	Value at 30/4/2006 £m
Property	7.0%	17.6	7.0%	16.3
Equities	7.1%	105.3	7.1%	98.0
Bonds	4.6%	53.5	4.6%	49.8
Cash	4.5%	2.2	4.5%	0.6
Total		178.6		164.7
Present value of scheme liabilities		(202.5)		(189.9)
Deficit		(23.9)		(25.2)

Movement in deficit during the period:

	2007	2006
	£m	£m
Deficit in schemes at beginning of period	(25.2)	(38.4)
Current service cost	(5.6)	(7.6)
Contributions paid	6.6	9.5
Other finance income/(cost)	0.8	(0.8)
Actuarial gain/(loss)	(0.6)	12.3
Currency translation	0.1	(0.2)
Deficit in schemes at end of period	(23.9)	(25.2)

Analysis of other pension costs charged in arriving at net incoming/(outgoing) resources for the period:

	2007	2006
	£m	£m
Current service cost	(5.6)	(7.6)

Analysis of amounts included in other finance income/(costs) for the period:

	2007	2006
	£m	£m
Expected return on pension scheme assets	10.4	11.4
Interest on pension scheme liabilities	(9.6)	(12.2)
Total other finance income/(costs)	0.8	(0.8)

Analysis of amount recognised as other gains and losses for the period:

	2007	2006
	£m	£m
Actual return less expected return on scheme assets	4.0	19.7
% of period end scheme assets	2.2%	12.0%
Experience gains and losses arising on scheme liabilities	(2.6)	(0.7)
% of PV of period end scheme liabilities	(1.3%)	(0.3%)
Changes in assumptions underlying the PV of the scheme liabilities	(2.0)	(6.8)
% of PV of period end scheme liabilities	(1.0%)	(3.6%)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	(0.6)	(12.3)
% of PV of period end scheme liabilities	(0.3%)	6.5%

	30/4/2007	30/4/2006	31/12/2004	31/12/2003
	£m	£m	£m	£m
Difference between the expected and actual return on scheme assets:				
Amount (£m)	4.0	19.7	4.2	11.6
Percentage of period end scheme assets	2.2%	12.0%	3.2%	9.7%
Experience gains and losses on scheme liabilities:				
Amount (£m)	(2.6)	(0.7)	(2.5)	(0.4)
Percentage of period end present value of scheme liabilities	(1.3%)	(0.3%)	(1.5%)	(0.3%)
Total amount recognised as other recognised gains/(losses):				
Amount (£m)	(0.6)	12.3	(6.0)	10.5
Percentage of period end present value of scheme liabilities	(0.3%)	6.5%	(3.6%)	8.0%

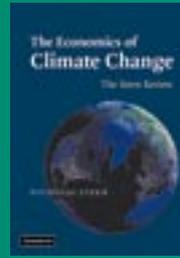
16. Minority Interest

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

	2007	2006
		(16 months)
	£m	£m
Minority interest brought forward	(0.9)	(0.4)
Further investment in subsidiaries	0.8	–
Loss for the period	(0.8)	(1.0)
Issue of shares to minority interest	0.7	0.5
Minority interest carried forward	(0.2)	(0.9)

17. Post Balance Sheet Event

On 18 June 2007 the Press acquired 100% of the issued share capital of United Publishers Services Ltd for a consideration of £2.0m.



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