

**Edinburgh University Press Limited**

Trustees' report and financial statements

Registered number SC139240

Scottish charity number SC035813

31 July 2019



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## Trustees' report

The Trustees present their annual report and audited financial statements for the year ended 31 July 2019. The financial statements have been prepared on the basis of the accounting policies set out in note one to the financial statements and comply with the requirements of the 'Charities SORP (FRS 102): Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' and the Companies Act 2006.

### Reference and administrative details

<b>Name</b>	Edinburgh University Press Limited	
<b>Scottish charity number</b>	SC035813	
<b>Company registration number</b>	SC139240	
<b>Principal and Registered office</b>	The Tun – Holyrood Road 12 (2f) Jackson's Entry Edinburgh EH8 8PJ	
<b>Trustees and directors</b>	Professor Ewen Cameron (Chair) Professor Alvin Jackson Mr Hugh Edmiston (resigned 1 August 2019) Dr Alex Thomson Dr Catherine Martin (appointed 20 August 2018) Ms Ashley Shannon (appointed 1 August 2019)	
<b>Charity secretary</b>	Timothy E Wright	
<b>Board of Management</b>	Ivon Asquith Richard Fisher Margaret Hewinson Mark Allin Timothy E Wright Jan Thomson Nicola Ramsay Sarah Edwards Ian Davidson Anna Glazier Charlotte Mason	Chairman - Non Executive Non-Executive Non-Executive Non-Executive Chief Executive Head of Finance & Subscriptions Head of Editorial (books) Head of Journals Head of Production Head of Marketing Head of Sales
<b>Bankers</b>	RBS St Andrews Square Edinburgh EH2 2AD	
<b>Solicitors</b>	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA	
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ	

## **Trustees' report (*continued*)**

### **Structure, Governance and Management**

#### *Governing document*

Edinburgh University Press Limited ("the Press") is a charity limited by shares and governed by its memorandum and articles of association dated 16 June 1992, updated by written resolution on 20 July 2004 to take effect from 1 August 2004.

#### *Trustees*

Trustees are appointed by the Court of the University of Edinburgh ("the University Court"). Appointments are not made for specific periods but are normally subject to re-appointment on a triennial basis. The articles of association stipulate a minimum of three Trustees and the University Court has recommended that there shall normally be five; three of whom will be academic appointments including the Convenor of the Press Committee; and two of whom will be from other backgrounds (e.g. the Director of Corporate Services and an appropriate external appointment).

Current and future trustees receive a full briefing on the relevant provisions of the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees are legally responsible, and accountable to the University, for the Press's compliance with:

- the Companies Act 2006;
- the Charities and Trustee Investment (Scotland) Act 2005;
- other statutes;
- the University of Edinburgh's requirements and for the general oversight of key issues of policy and strategy; and
- financial performance as proposed to them or reported to them by the Board of Management (see below).

The Press Committee, a committee of the University of Edinburgh, is responsible for considering and, if thought fit, approving all of the Press's publication proposals. Its membership of senior academics is at the invitation of its Chair, subject to the approval of the Principal, and so far as possible are representative of the academic fields in which the Press publishes.

#### *Organisational structure*

Ultimate responsibility for the conduct of the business of the Press rests with the Trustees. Certain matters have been delegated to the Board of Management and these are set out in the Press's Scheme of Delegation, which is set out below.

The Trustees normally meet four times a year with the Board of Management in attendance and will receive at such meetings financial reports, budgets, publishing and title reports and papers on key issues of policy or strategy. They report to Corporate Services and through them to the University Court.

#### *The Board of Management*

Members of the Board of Management are appointed by the Trustees. Currently its members are its non-executive Chairman, the Chief Executive and Charity Secretary, Head of Finance, Head of Editorial (Books), Head of Production, Head of Sales & Marketing, Head of Journals and two other non-executives selected for their appropriate publishing and book trade experience.

## Trustees' report *(continued)*

### *Board of management (continued)*

The key meetings of the Board of Management are those with the Trustees but the Board may meet at any time as may be required (e.g. publishing planning meetings, strategy development etc.) The Executive Management Group which consists of the Chief Executive and Charity Secretary, the Head of Finance & Subscription Management, the Head of Book Publishing, the Head of Production, the Head of Sales & Marketing and Head of Journals meet weekly.

A Remuneration Committee consisting of the Trustees, with advice from non-executive members of the Board of Management will agree the terms and conditions of the executive members of the Board of Management. The Chair of the Management Board will act as Secretary to the Remuneration committee.

### *Scheme of delegation*

Without derogating from the Trustees' ultimate powers and responsibilities in relation to the conduct of Edinburgh University Press Limited's business, the Trustees hereby delegate to their appointed Board of Management their responsibility for the overall and day-to-day executive management of the Press subject to the following:

- 1 The Trustees' approval of appointments to the Board of Management and the levels of remuneration payable to non-executive members (see also 7 below).
- 2 The Trustees' approval of the annual budget within which the Board of Management have full authority to operate.
- 3 The Trustees receiving a prompt report in the event of significant financial under performance against budget and of action being taken in the light of it, and / or any serious management issues, public relation issues and any legal difficulties.
- 4 The Trustees' approval of significant planned deviation from budget.
- 5 The Trustees' approval of any item of capital expenditure within or outside budget of an amount above £15k.
- 6 The Trustees' approval of any overall business plan for the Press.
- 7 The Trustees' approval (through their Remuneration Committee) of the overall terms and conditions of executive members of the Board of Management.
- 8 The provision to the Trustees of the following reports (normally at the meetings of the Trustees with the Board of Management): annually the draft budget; management accounts and cash position for the relevant period; annually the draft statutory financial statements (subsequently legally subject to the Trustees' approval); papers on major issues of policy or strategy and publishing title reports and acquisition of new journals (for information).

Note: The Chief Executive is responsible to the chairman of the Board of Management for the day-to-day management of the Press.

The Board of Management shall be subject to the direction and control of the Trustees and shall at all times act in accordance with resolutions of the Board of Trustees that are communicated to them.

The powers and responsibilities conferred by the Scheme of Delegation may be extended, reduced or otherwise varied at any time by resolution of the Board of Trustees.

## Trustees' report *(continued)*

### Risks

- Changes in customer purchase patterns away from print purchases in particular by US libraries. We will continue to focus on continued growth on E sales.
- Brexit – resulting in a change of trading terms, movement of goods and exchange rate fluctuations. In addition, Brexit related third party suppliers may be affected by procurement issues. We will work with suppliers in ensuring any risks are mitigated against – for instance by arranging for production of books in Europe.
- Open Access - should there be a final decision to mandate OA for the REF 2027. Our view is that the business will not be majorly affected. We will ensure that we are ready to comply with any decision.  
Open Access - further growth in new University Presses or libraries masquerading as publishers. We are already producing OA books and are confident that we have the structure in place to meet any requirements.
- Removal of support for Magento 1 software – the open source software that the books site is built on will be unsupported after June 2020. We are actively looking to replace the software and upgrade the book site by March 2020.
- Increase in provision/wastage costs through continued overprinting and pulping. As we increasingly move our printing to a Print on Demand model the provisions should reduce significantly.

## Trustees' report *(continued)*

### Objectives and activities

The Press publishes scholarly works and monographs (the advancement of knowledge), textbooks and supplementary textbooks (the educational role), and works of reference (supporting both scholarly and educational utility). It also has a portfolio of over forty journals.

The Press's chosen fields of publishing are Classics, Film Studies, Media & Cultural Studies, Islamic Studies, Language and Linguistics, Law, Literary Studies, Philosophy, Politics, and Scottish History.

The Press's publishing is recognised as being of the highest quality as monitored by the University's Press Committee which has to approve all titles proposed for publication. The sale of its publications is increasingly international and does much good for the University and for Scotland around the world; in the year ended 31 July 2019 over 60% of the Press's book revenues were outside the UK. The Press has a network of distributors' world-wide including partnerships with Taylor & Francis (an Informa business), in Singapore and Oxford University Press in North and South America.

In summary the Press:

- Contributes significantly to 'knowledge transfer' and the dissemination of the results of scholarly research.
- Contributes significantly to the education of university students and others.
- Contributes as the leading university Press in Scotland to the dissemination of scholarly work in Scottish history and other Scottish subjects and on contemporary Scottish issues.
- Enhances the university's reputation internationally through the acknowledged high quality of its publishing.

The key objectives set by the Trustees for the year were to grow the total income of the Press through continuing to publish high quality books & journals and subsequently increase the gross and net margins. These overall objectives are supported by a number of detailed targets which are monitored by the Trustees on a regular basis.

### Achievements and performance against 2019 objectives

- The Press achieved top line book sales of £2.6 million, against a budget of £2.6 million. (2018: £2.40 million)
- E-book sales of £617k against a budget of £602k – (2018 £521k).
- Top line journal sales were £760k against a budget of £784k (2018: £772k).
- Rights and Permissions revenue of £267k against a budget of £264k (2018: £267k)
- The overall gross margin was 66% against a budget of 67%. (2018: 67%)  
Increase commissioning in Islamic and Middle East studies
- Increase commissioning in Islamic and Middle East studies. We appointed a Full-time ISMES commissioning editor. 54 IMES books signed with 5 new series. (2018: 35 IMES books signed with 0 new series.

## Trustees' report *(continued)*

### In summary the key business developments and results for the year:

- 224 new books published and 100 new in paperback (2018: 204 new books, 138 NIP).
- 45 journals published (2018: 42 journals).
- Regionally UK sales +6% (2018: -15%), European sales +12% (2018: +4%), USA sales +4% (2018: +23%) and Rest of the World sales +15% (2018: -15%).
- Cash inflow of £173k with cash at the end of the year of £1.75 million.
- Net surplus of £84k (2018: £147k) against a budget for the year of 126k.

### Financial review

Books sales were up by 8% year on year with 224 new titles being published – compared with 204 in 2018. This increase in sales came primarily from E sales which grew by 18% year on year. Print sales grew by 5% year on year. Journal Subscriptions sales were 2% down on budget and 1% down year on year, due to a number of anticipated releases slipping into FY20.

### Reserves policy and going concern

At the end of financial year 18/19, The Press held £1.65m in the general, unrestricted funds. This fund includes £5k of designated funds from the sale of journals copyright. These funds are used to invest in the journals business. We expect to utilise this £5k within FY21. The Trustees review the level of reserves on an annual basis during decisions on future operating plans and budgets. The Trustees recommend that a minimum of £965k is held in reserve in order to secure a minimum of 3 months of budgeted trading. This would give a surplus this Financial Year of £681k. The Press's objective is to reinvest any surplus in suitable acquisitions to fit with the charities objectives. The trustees are of the view that the Press is a going concern and have therefore prepared the financial statements on this basis.

### Plans for future periods

The Press intends to continue to develop its activities in both book and journals publishing in the year ahead. Central to this development will be implementing the recommendations of the three year strategic review completed in June 2019. A major restructure of the sales team will see increased investment in this area to drive forward book & journal sales in global markets, particularly Europe, the USA & China. We will also be continuing to look to invest in a small number of start-up journals in subject areas which we have identified as ripe for expansion. We will begin to make preparations for our planned move to Ingram academic who will handle our sales, marketing and distribution in North & South America from June 2020. We will work closely with the University, the library and senior management in identifying further opportunities for OA publishing and we will continue to monitor the potential implications for our journal programme through the implementation of Plan S. We will throughout the year be reviewing various systems within the business – specifically our journals website and our title management database. On the personnel front we will be looking to recruit replacements for our Heads of Finance & Production, following their forthcoming retirements.



## Trustees' report *(continued)*

### Key objectives for 2020

- Publish 252 books on agreed schedule
- Achieve print book sales of £2,091k (2019: £1,979k).
- Achieve E book sales of £738k (2019: 617k)
- Achieve journal revenues of £811k (2019: £760k).
- Achieve Rights & Permissions of £274k (2019: £267k).
- Maintain cash positive position.
- Achieve a consolidated net profit of 1% of top line sales before write downs. (£) (2019: 4%).
- Prepare for move to Ingram Academic from June 2020 including agreeing contract terms and marketing plan. October 2019.
- Invest in the sales area from August 2019, including the recruitment of an Institutional Sales Manager to drive forward our subscription business globally.
- Make further journal acquisitions, including small/medium sized societies & start-ups where appropriate.
- Review potential investment in Classics & Philosophy lists, including the recruitment of a new Commissioning Editor from FY20/21 & report back by June 2020.
- Undertake a review of our journals website with a view to upgrading through our existing supplier or consider a move to an alternative third party supplier. By April 2020.
- Complete the review of the production area including a skills audit, an examination of our processes and a cost analysis & implement any recommendations. March 2020.
- Plan & recruit a replacement for Head of Finance role. By December 2019.
- Maintain good communication with University, the Library and senior Management on OA & Plan S policy with emphasis on co-operation whilst firmly defending the interest of the Press.

### Disclosure of information to Auditors

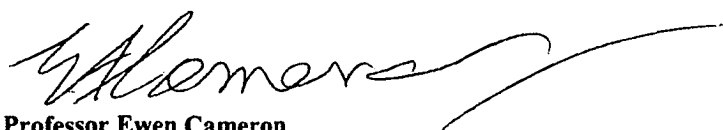
The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Press's auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Press's auditors are aware of that information.

### Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report has been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board



**Professor Ewen Cameron**  
Chairman of the Board of Trustees

3 December 2019

## **Corporate governance statement**

The University of Edinburgh is the sole member of Edinburgh University Press Limited. The University of Edinburgh adheres to recognised best practice in relation to Corporate Governance. Edinburgh University Press Limited will have regard to the University's policies on all aspects of Corporate Governance.

This statement describes how the Press is working towards best practice in corporate governance.

### ***The Board of Directors/Trustees***

The practice since 1st August 2004, when charitable status was obtained, has been established as follows:

The Board will meet four times annually and is charged with the general oversight and control of the Press.

The Board consists of Directors/Trustees, all of whom are non-executive.

The Directors/Trustees are independent of management and all bring their independent judgement to bear on issues of strategy, performance, resources, key appointments and standards of conduct. To enable them to do this, they have full and timely access to all relevant information. They also have access to independent professional advice at the Press's expense, if and when required. They were not appointed for a fixed term.

### ***Board of Management***

Edinburgh University Press Limited has a Board of Management, with a Non-Executive Chairperson, two Non-Executive Members, Chief Executive, Head of Editorial (Books), Head of Finance, Head of Sales, Head of Marketing, Head of Production and Head of Journals. The Non-Executive members are appointed for an initial three year term and can serve for a maximum of three terms.

### ***Remuneration Policy***

The Board of Directors/Trustees has a formal and transparent procedure for developing policy on executive remuneration for the Board of Management. A Remuneration Committee is in place.

### ***Financial Reporting***

The Board of Directors/Trustees accepts responsibility for preparing the financial statements and presenting a balanced and understandable assessment of the Press's position. The Board confirms that it is satisfied that the Press can continue to operate for the foreseeable future and is financially sound. For this reason they adopt the going concern basis in preparing the financial statements.

### ***Internal Control***

The Board of Directors/Trustees accepts responsibility for the Press's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The University of Edinburgh's Internal Audit function reviews internal controls in key activities of the Press and reports their findings to the board and the University's Audit Committee, recommending improvements to controls and procedures.

### ***Compliance with corporate governance policies of the University of Edinburgh***

In the year to 31 July 2019 the Press was fully compliant with the corporate governance policies of the University of Edinburgh in the year then ended and will continue to do so.

### ***Audit Committee***

The Press's operations are considered by the University of Edinburgh Audit Committee, which meets four times a year with the University's internal and external auditors in attendance.

## **Corporate governance statement (continued)**

### ***Risk Management***

The Press is fully aware of risk management responsibilities and a risk register for the Press has been drawn up in conjunction with the Project Management Office within the Department of Corporate Services at the University.

### ***Environmental Policy***

The Press recognises that it has a role to play in promoting sustainable development in business. We will strive over time to manage our operations and those of our suppliers in ways that are environmentally sustainable and economically feasible.

Where appropriate the Press is committed to delivering sustainability in its own business practices and through its values and policies. We recognise this to be a continuous process of improvement and we seek to improve our performance in areas such as production, marketing and distribution of our publications and in our general office operations including paper and cartridge recycling, packaging and the use of fair trade products where possible.

## Statement of trustees' responsibilities

The trustees (who are also directors of Edinburgh University Press Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members and trustees of Edinburgh University Press Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Edinburgh University Press Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2019 and of its incoming resources and application of resources, including its income, expenditure and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Trustees' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2019; the statement of financial activities (incorporating an income and expenditure account) and the cash flow statement for the year then ended; and the notes to the financial statements.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charitable company's activities, customers, suppliers and the wider economy.

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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Trustees' Report*

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities set out on page 11, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Matters on which we are required to report by exception**

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate and proper accounting records have not been kept; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
3 December 2019

**Statement of financial activities**  
*(incorporating an income and expenditure account)*  
*for the year ended 31 July 2019*

	<i>Note(s)</i>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Permanent Endowment</b>	<b>Total Funds</b>
		<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income from:</b>					
Charitable activities	2	3,622,905	36,539	-	3,659,444
Investments	3	<u>10,915</u>	<u>-</u>	<u>-</u>	<u>10,915</u>
<b>Total income</b>		<u><b>3,633,820</b></u>	<u><b>36,539</b></u>	<u><b>-</b></u>	<u><b>3,670,359</b></u>
<b>Expenditure on</b>					
Charitable activities	4-6	<u>3,545,144</u>	<u>38,757</u>	<u>-</u>	<u>3,583,901</u>
<b>Total Expenditure</b>		<u><b>3,545,144</b></u>	<u><b>38,757</b></u>	<u><b>-</b></u>	<u><b>3,583,901</b></u>
<b>Net income/(expenditure) for the year</b>		<b>88,676</b>	<b>(2,218)</b>	<b>-</b>	<b>86,458</b>
Fund balances brought forward at 1 <sup>st</sup> August 18		<u>1,560,521</u>	<u>32,286</u>	<u>357,482</u>	<u>1,950,289</u>
<b>Fund balances carried forward at 31<sup>st</sup> July 19</b>		<u><u><b>1,649,197</b></u></u>	<u><u><b>30,068</b></u></u>	<u><u><b>357,482</b></u></u>	<u><u><b>2,036,747</b></u></u>

All of Edinburgh University Press Limited's activities are continuing.

The Statement of Financial Activities includes all gains and losses recognised in the year.

Company registration number: SC139240



**Statement of financial activities**  
*(incorporating an income and expenditure account)*  
*for the year ended 31 July 2018*

	<i>Note(s)</i>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Permanent Endowment</b>	<b>Total Funds</b>
		<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income from:</b>					
Charitable activities	2	3,437,694	39,509	-	3,477,203
Investments	3	<u>12,173</u>	<u>-</u>	<u>-</u>	<u>12,173</u>
<b>Total income</b>		<u><b>3,449,867</b></u>	<u><b>39,509</b></u>	<u><b>-</b></u>	<u><b>3,489,376</b></u>
<b>Expenditure on</b>					
Charitable activities	4-6	<u>3,306,461</u>	<u>45,136</u>	<u>-</u>	<u>3,351,597</u>
<b>Total Expenditure</b>		<u><b>3,306,461</b></u>	<u><b>45,136</b></u>	<u><b>-</b></u>	<u><b>3,351,597</b></u>
<b>Net income/(expenditure) for the year</b>		<b>143,406</b>	<b>(5,627)</b>	<b>-</b>	<b>137,779</b>
Fund balances brought forward at 1 <sup>st</sup> August		<u>1,417,115</u>	<u>37,913</u>	<u>357,482</u>	<u>1,812,510</u>
<b>Fund balances carried forward at 31<sup>st</sup> July</b>		<u><u><b>1,560,521</b></u></u>	<u><u><b>32,286</b></u></u>	<u><u><b>357,482</b></u></u>	<u><u><b>1,950,289</b></u></u>

All of Edinburgh University Press Limited's activities are continuing.

The Statement of Financial Activities includes all gains and losses recognised in the year.

Company registration number: SC139240

## Balance sheet

As at 31 July 2019

	Note	2019	2018
		£	£
<b>Fixed Assets</b>			
Tangible assets	10	15,264	19,080
Intangible assets	11	122,000	118,250
<b>Current assets</b>			
Stock and Work In Progress	12	504,550	555,535
Debtors	13	603,092	553,856
Cash at bank and in hand		1,752,231	1,579,339
<b>Total current assets</b>		<b>2,859,873</b>	<b>2,688,730</b>
Creditors: amounts falling due within one year	14	(960,389)	(875,771)
<b>Net current assets</b>		<b>1,899,484</b>	<b>1,812,959</b>
<b>Total assets less current liabilities</b>		<b>2,036,748</b>	<b>1,950,289</b>
<b>Net assets</b>		<b>2,036,748</b>	<b>1,950,289</b>
<b>The Funds of the Charity</b>			
Permanent Endowment funds	15	357,482	357,482
Restricted income funds	16	30,068	32,286
Unrestricted income funds	16	1,649,198	1,560,521
<b>Total Charity Funds</b>		<b>2,036,748</b>	<b>1,950,289</b>

The notes on pages 20 to 31 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 15 to 31 were approved by the Board of Trustees on 3<sup>rd</sup> December 2019 and were signed on its behalf by



**Ewen Cameron**  
Chairman of The Board of Trustees

Company registration number: SC139240

**Cash Flow Statement**  
*for the year ended 31 July 2019*

	<i>Note</i>	<b>2019</b> £	<b>2018</b> £
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	<i>19</i>	<b>223,977</b>	214,406
<b>Cash flows from investing activities:</b>			
Income from investments	<i>3</i>	<b>10,915</b>	12,173
Purchase of intangible assets	<i>11</i>	<b>(62,000)</b>	(51,000)
<b>Net cash used in investing activities</b>		<b>(51,085)</b>	(38,827)
Change in cash and cash equivalents in the reporting period		172,892	175,579
Cash and cash equivalents at the beginning of the reporting period		1,579,339	1,403,761
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>1,752,231</b>	1,579,339

## Notes to the financial statements for the year ended 31 July 2019

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Press's financial statements except as noted below.

#### *General Information*

The Press received charitable status on 1 August 2004. Edinburgh University Press Limited is a charity limited by shares and governed by its memorandum and articles of association. The charity is registered in Scotland, United Kingdom and is a public benefit entity.

#### *Statement of compliance*

The financial statements of Edinburgh University Press Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charity and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities SORP (FRS 102) and the Companies Act 2006.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The financial statements have been prepared on the accruals basis, on the historical cost basis, and on the going concern basis.

As the company is a wholly owned subsidiary of the University of Edinburgh, it has taken advantage of the exemption contained in FRS 102 Section 33.1A *Related Party Disclosures* and has therefore not disclosed transactions or balances with entities which form part of the group. Additionally, as a qualifying entity, disclosure exemptions have been taken in respect of financial instruments, under paragraph of 1.12 of FRS 102. The consolidated financial statements of the University of Edinburgh, within which this company is included, can be obtained from the address given in note 20.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the charitable company's accounting policies. The directors of the charitable company acknowledge that there are no areas in the financial statements which involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### *Tangible fixed assets and depreciation*

All fixed asset additions are capitalised at cost, with no minimum capitalisation limit. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	-	3 years
Fixtures and fittings	-	3 years

#### *Intangible fixed assets and amortisation*

All intangible asset additions are capitalised at cost, with no minimum capitalisation limit. Amortisation is provided to write off the cost by equal instalments over their estimated useful economic lives as follows:

Website	-	3 years
Journal Acquisitions	-	4 years
DUP Acquisition	-	10 years

#### *Stocks*

Work in progress comprises books and journals in the course of production and is valued on the basis of direct costs incurred to date. Finished goods and goods for resale comprise books and journals held by the Press and its

## Notes to the financial statements

for the year ended 31 July 2019 (continued)

### 1 Accounting policies (continued)

#### *Stocks (continued)*

distributors, which are valued on the basis of the lower of cost and net realisable value. Provisions for obsolescence are charged on the basis that, one year after publication all stock units in excess of two year's unit sales, based on the previous 12 months unit sales, are written off.

#### *Taxation*

The Press has no liability to tax as the Trust is exempt from tax under s505 of the Income and Corporation Tax Act 1988 and is therefore exempt from income tax, and s145 of the Capital Gains Tax Act 1979, on its charitable activities. The Press is registered for VAT and is able to recover all of its input VAT.

#### *Income*

Income is recognised when the Press is entitled to the funds, any performance conditions attached to the item(s) of income have been met it is probable that the income will be received and the amount can be measured reliably.

#### *Investment income*

All investment income is interest earned on bank deposits and recognised in the period to which it relates.

#### *Income from charitable activities*

Book and journal sales – these are recognised as they are sold by the Press's distributors.

#### *Expenditure*

All expenditure is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to the relevant category of resources expended as follows:

#### *Charitable activities*

These costs are the direct costs of producing books and journals and the costs incurred by staff to support these activities.

#### *Governance costs*

Governance costs are those costs incurred in connection with the general running of the charity as opposed to the management and administration of its activities. They include costs relating to statutory requirements.

#### *Pension costs*

The Press participates in a multi-employer pension plan, a group defined benefit plan and a defined contribution pension plan. Further details of the accounting policies for these plans are included in note 18.

#### *Employee Benefits*

An evaluation of employee benefits for outstanding annual leave entitlement at year end has been undertaken. The trustees considers this balance to be immaterial to its operations (less than 0.5% of turnover). Therefore a provision for employee benefits has not been made in the financial statements. This position will be reviewed each year end.

#### *Funds*

The Press maintains four types of funds as follows:

#### *Unrestricted funds*

General funds are unrestricted funds which are available for use for any purpose at the discretion of the trustees in furtherance of the general objectives of the charity.

#### *Designated unrestricted funds*

Designated funds are those funds which are ring-fenced for specific purposes as agreed by the Press' Board of Management.

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**1 Accounting policies (continued)**

*Funds (continued)*

*Restricted funds*

Restricted funds are those funds, which have been received subject to conditions from the donor in relation to their use. Details of the restricted funds are given in note 16.

*Permanent endowment fund*

The permanent endowment fund represents the share capital of the Press issued before the Press received charitable status on 1 August 2004. Under charity law, the share capital must be maintained, in perpetuity; the share capital has therefore been included as a permanent endowment fund.

*Leases*

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the period of the lease.

**2 Income from charitable activities**

	2019 £	2018 £
<i>By activity</i>		
Books	2,700,598	2,516,818
Journals	958,846	960,385
	<u>3,659,444</u>	<u>3,477,203</u>

**3 Income from investments**

	Unrestricted Fund £	Restricted Fund £	2019 Total £	2018 Total £
Bank interest & exchange gains	10,915	-	10,915	12,173
	<u>10,915</u>	<u>-</u>	<u>10,915</u>	<u>12,173</u>

**4 Charitable activities**

For the year ended 31 July 2019

Activity	Activities Undertaken Directly £	Support Costs (note 5) £	Governance Costs (note 6) £	2019 Total £
Books	2,033,430	652,598	10,700	2,696,728
Journals	622,326	222,828	3,262	848,416
	<u>2,655,756</u>	<u>875,426</u>	<u>13,962</u>	<u>3,545,144</u>

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**4 Charitable activities (continued)**

For the year ended 31 July 2018

Activity	Activities Undertaken Directly £	Support Costs (note 5) £	Governance Costs (note 6) £	2018 Total £
Books	1,902,780	617,047	9,880	2,529,707
Journals	594,261	223,794	3,835	821,890
	<u>2,497,041</u>	<u>840,841</u>	<u>13,715</u>	<u>3,351,597</u>

**5 Support costs**

	Books £	Journals £	2019 £	Books £	Journals £	2018 £	Basis of allocation
Chief Executive & Finance	123,760	35,236	158,996	115,825	40,044	155,869	% of time (75/25)
Publicity/Promotion	115,457	30,319	145,776	102,648	24,613	127,261	Actual costs
General Running Costs	413,381	157,273	565,910	398,574	159,137	557,711	Estimate of time spent
	<u>652,598</u>	<u>222,828</u>	<u>875,426</u>	<u>617,047</u>	<u>223,794</u>	<u>840,841</u>	

**6 Governance costs**

	2019 £	2018 £
Legal fees	3,301	4,499
External audit fee	9,461	8,016
Tax/other Professional Services	1,200	1,200
	<u>13,962</u>	<u>13,715</u>

**7 Net income**

	2019 £	2018 £
<i>Net income is stated after charging</i>		
Auditors' remuneration:		
Audit of financial statements	9,461	8,016
Inventory recognised as an expense	879,145	783,747
Impairment losses in relation to inventory recognised as an expense	38,838	43,109
Depreciation and other amounts written off tangible fixed assets	3,816	3,817
Amortisation – written off intangible assets	58,250	49,963

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**8 Trustee remuneration and expenses**

The Trustees received no remuneration in the year for their services, or reimbursement of out of pocket expenses (2018: nil).

**9 Staff numbers and costs**

The monthly average number of persons employed by the Press during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Office administration	32	32

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	1,119,718	1,018,991
Social security costs	108,461	100,510
Other pension costs	121,882	128,072
	<u>1,350,061</u>	<u>1,247,573</u>

32 FTE (2018: 32) staff members, based on a 35 hr week. 37 (2018: 38) staff members are on permanent contracts. There are no members of staff on fixed term or open ended contracts (2018: no members of staff).

One employee earned between £70,000 - £79,999 (2018: one). No employees earned between £60,000-£69,999 (2018: nil), two employees earned between £50,000 - £59,999 (2018: one).

The Executive Management Group earnings were £340,238 (2018:£ 291,696)

Contributions to pension schemes in year for employees earning over £60,000 were £16,066 (2018: £14,468)



**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**10 Tangible Assets**

	Computer Equipment	Fixtures and fittings	Total
	£	£	£
<i>Cost</i>			
At 1 August 2018	132,042	83,115	215,157
At 31 July 2019	132,042	83,115	215,157
<i>Accumulated Depreciation</i>			
At 1 August 2018	132,042	64,035	196,077
Charge for year	-	3,816	3,816
At 31 July 2019	132,042	67,851	199,893
<i>Net book value</i>			
<b>At 31 July 2019</b>	<b>-</b>	<b>15,264</b>	<b>15,264</b>
At 31 July 2018	-	19,080	19,080

All assets are held for charitable use.

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**11 Intangible Assets**

	Books Website	Journal Assets	DUP Acquisition	Total
	£	£	£	£
<i>Cost</i>				
At 1 August 2018	43,840	131,000	100,000	274,840
Additions	-	62,000	-	62,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2019	43,840	193,000	100,000	336,840
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated Amortisation</i>				
At 1 August 2018	43,840	62,750	50,000	156,590
Charge for year	-	48,250	10,000	58,250
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2019	43,840	111,000	60,000	214,840
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 July 2019	-	<b>82,000</b>	<b>40,000</b>	<b>122,000</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2018	-	68,250	50,000	118,250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All assets are held for charitable use.

**12 Stock and Work In Progress**

	2019 £	2018 £
Work in progress	110,881	120,393
Finished goods and goods for resale	393,669	435,142
	<hr/>	<hr/>
	504,550	555,535
	<hr/> <hr/>	<hr/> <hr/>

**13 Debtors**

	2019 £	2018 £
<i>Due within one year:</i>		
Trade debtors	533,084	503,316
Publishing Advances	34,932	34,196
Other debtors	35,076	16,344
	<hr/>	<hr/>
	603,092	553,856
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

for the year ended 31 July 2019 (continued)

### 14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade Creditors	218,345	180,633
Amounts owed to group undertakings	117,143	111,836
Other Creditors	61,905	62,611
Accruals and Deferred Income*	<u>562,996</u>	<u>520,691</u>
	<b>960,389</b>	<b>875,771</b>

\*Accruals and Deferred Income includes £333,020 (2018: £286,898) of Subscription Income which is held until release of the journal before being transferred to Journals Subscription Income. The movement in deferred income is as follows:

	2019	2018
	£	£
Balance at 1 August	286,899	316,530
Additional amounts recognised as deferred income	811,237	674,802
Amounts released from deferred income	<u>(765,116)</u>	<u>(704,433)</u>
Balance at 31 July	<b>333,020</b>	<b>286,899</b>

### 15 Permanent Endowment funds

The Press's permanent endowment fund represents the share capital issued by the Press prior to its registration as a charity from 1 August 2004. The share capital has been treated as a permanent endowment fund on the basis that the capital has to be retained by the Press and is therefore not expendable.

	2019	2018
	£	£
<i>Authorised</i>		
Equity: 500,000 (2018: 500,000) Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: 357,482 (2018: 357,482) Ordinary shares of £1 each	<u><u>357,482</u></u>	<u><u>357,482</u></u>

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**16 Unrestricted and Restricted income funds**

	Brought forward £	Incoming resources £	Outgoing resources £	Transfers £	Carried forward £
Unrestricted funds – general	1,557,478	3,633,820	(3,546,834)	-	1,644,464
Unrestricted funds – designated	3,044	-	1,690	-	4,734
Other restricted funds	32,286	1,150	(3,368)	-	30,068
<b>Total</b>	<b>1,592,808</b>	<b>3,634,970</b>	<b>(3,548,512)</b>	<b>-</b>	<b>1,679,266</b>

Designated funding is income from the sale of journal assets, which is set aside for investment back into the journals business.

The Trustees consider there are no significant restricted funds which require separate disclosure. Restricted funds were spent on publications related to the specific area specified by the donor. There are no individual restricted funds in deficit.

**17 Analysis of net assets between funds**

	Fixed Assets £	Cash £	Net Current Assets £	Total £
Permanent endowment fund	-	357,482	-	357,482
Restricted funds	-	30,068	-	30,068
<hr/>				
<i>Unrestricted funds</i>				
Designated funds	-	4,734	-	4,734
General funds	137,264	1,359,947	147,253	1,644,464
<hr/>				
<b>Total</b>	<b>137,264</b>	<b>1,752,231</b>	<b>147,253</b>	<b>2,036,748</b>

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 18 Pension schemes

#### Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Press's financial statements except as noted below.

The Press participates in the Universities Superannuation Scheme, the University of Edinburgh Staff Benefits Scheme and a Group Personal Pension Plan.

#### The Universities Superannuation Scheme (USS)

Five members of staff working in Edinburgh University Press are enrolled in the USS. These members of staff are all employed by the University of Edinburgh but are engaged full time on Edinburgh University Press business. Under the Charity SORP, information provided for employee benefits must also include expenditure on staff working for the charity whose contracts are with a related party. In line with this, the University of Edinburgh account disclosures relevant to the USS are given below to give context to the scheme itself.

The institution participates in the USS. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit). The resulting expense is recorded in the Consolidated Statement in accordance with section 28 of FRS 102. Court is satisfied that the scheme provided by the USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the Consolidated Statement is £86.5 million (2018: £78.4 million) as shown in the overall scheme participation and pension costs table.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete. Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole. The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004. It requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion.

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	<b>2017 valuation</b>
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.  <u>Post retirement:</u> 96.5% of SAPS SINMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total Scheme liabilities	£79.2bn	£72.0bn
FRS 102 total Scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5 per cent of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

## **Notes to the financial statements** *for the year ended 31 July 2019 (continued)*

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95 per cent.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2 per cent of salaries from 1 October 2019 to 30 September 2021 and then payments of 6 per cent of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £165.3 million, a decrease of £136.0 million from the current year end provision and a lower charge to USS increase in provision on the Consolidated Statement of £59.2 million.

### **The University of Edinburgh Staff Benefits Scheme (EUSBS)**

At 31 July 2019, The Press had five active members participating in the scheme. Total pension contributions charged to the income and expenditure account and payable by the Press for the year in respect of participation in the EUSBS scheme amounted to £26,736 (2018: £25,815).

The EUSBS is an externally-funded defined benefit scheme. The assets of EUSBS are held in a separate trustee-administered fund. The formal triennial actuarial valuation as at 31 March 2018 was finalised in June 2019 and the results have been used as the basis for the following valuation under FRS 102. As at 31 July 2019, the value of the assets in the scheme was £461.4 million (2018: £427.5 million) and the present value of the funded and unfunded benefits accrued was £582.3 million (2018: £482.1 million), leaving a shortfall of £120.9 million (2018: £54.6 million) included in the University pension liability.

Further information is available at: [www.ed.ac.uk/schools-departments/finance/pensions/scheme-details/sbs](http://www.ed.ac.uk/schools-departments/finance/pensions/scheme-details/sbs).

### **The Group Personal Pension Plan**

With effect from March 2006, new staff joining the Press participate in the Group Personal Pension plan administered by Scottish Widows Services plc. This is a defined contribution scheme and the amount charged to the profit and loss account represents the employer's contributions payable to the scheme in respect of the accounting period. The contribution rate payable by the Press during the year was 7%. Pension contributions payable by the Press on behalf of its employees during the year amounted to £46,781 (2018: £56,347). No retirement benefits from this scheme are accruing to any directors of the Press.

**Notes to the financial statements**  
*for the year ended 31 July 2019 (continued)*

**19 Reconciliation of net income to net cash flow from operating activities**

	2019	2018
	£	£
Net income for the reporting period (as per the statement of financial activities)	86,458	137,779
<b>Adjustments for:</b>		
Depreciation charges	3,816	3,817
Amortisation charges	58,250	49,964
Income from investments	(10,915)	(12,173)
Decrease/(increase) in stocks	50,986	(67,186)
(Increase)/Decrease in debtors	(49,236)	67,728
Increase in creditors	84,618	34,477
Net cash provided by operating activities	<u>223,977</u>	<u>214,406</u>

**20 Related party transactions**

HR & payroll resource policy and support is provided gratis through the University. Information Technology support is provided through the University at a rate per hour. A Scholarly Publishing Initiative Fund agreement of £20k per annum is in operation with the University.

**21 Ultimate parent undertaking**

The Press is a subsidiary undertaking of The University of Edinburgh (SC005336), who is the ultimate parent of the Press. The results of the Press are included within the financial statements of The University of Edinburgh. The consolidated financial statements of the University of Edinburgh are available from Old College, South Bridge, Edinburgh EH8 9YL.

The purpose and activities of the parent undertaking, The University of Edinburgh, is the advancement of education and any other purpose that may reasonably be regarded as analogous to that purpose.