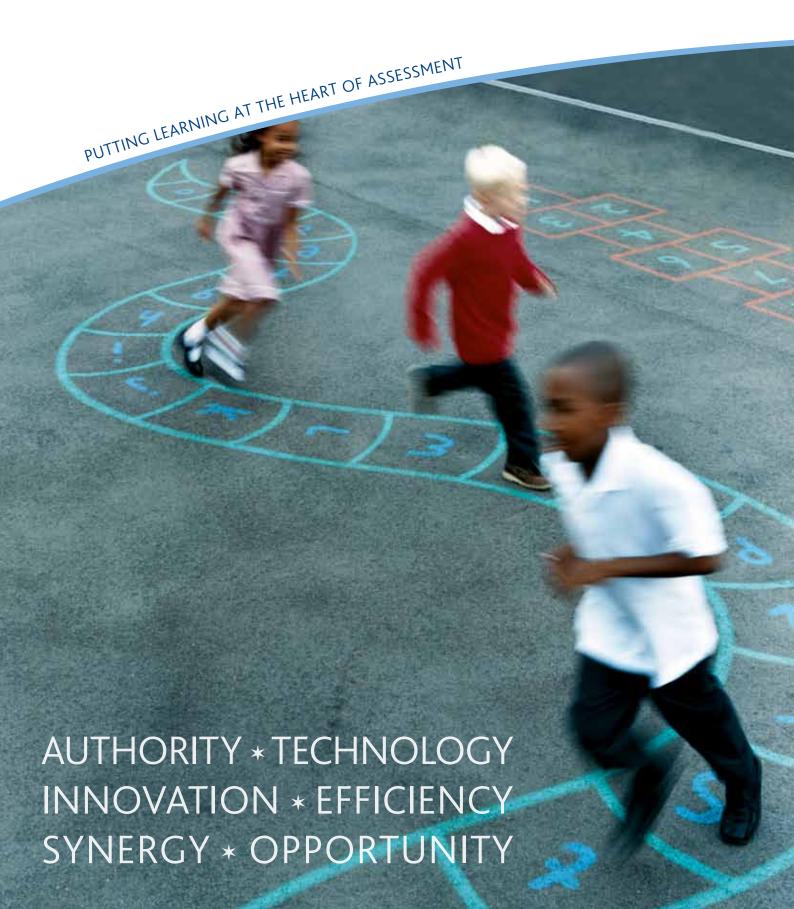


Annual Review 2010–2011





INTRODUCTION

Despite the constrained UK public spending environment and the fallout from the global financial crisis, the Group had another successful year.



Our strategic change programme entered a new phase with the development of an implementation roadmap. It marks a key stage of our transformation from an organisation whose primary activity is the delivery of paper-based exams via infrequent, large scale sessions to one that is primarily an 'information business' that delivers a wide variety of products and services through multiple channels to a richer mix of customers, audiences and commercial partners. This transformation is vital to our future success and is a very significant change, touching every aspect of our organisation.

In the UK, we are continuing to build strong relationships with education ministers in the new coalition Government to ensure that our voice is heard and our expertise recognised. We believe that it is our role, as experts in assessment and a body independent of government, to influence, advise and guide on all aspects of education policy and strategy.

Our Group Director of Assessment Research and Development, Tim Oates, was appointed a key advisor on the National Curriculum Review. This is not only a testament to Tim but also an acknowledgment of the level of expertise that resides within the Group.

The much anticipated Wolf Report on vocational education was published and recommended a raft of

changes to the infrastructure that currently dictates how vocational qualifications are developed, delivered and funded. We believe these changes will serve learners across the spectrum of achievement much better than the current system.

Regulation continues to be an area of great interest to the Group. In the UK, the exams regulator, Ofqual, decided to regulate awarding bodies, rather than individual qualifications, in a process called 'recognition'.

The English Baccalaureate (EBacc) was introduced as a recommendation of the Government's Schools White Paper, 'The Importance of Teaching'. We voiced concerns over the removal of breadth from the learning experience in our findings submitted to the parliamentary select committee.

Internationally, in an uncertain global climate, Cambridge ESOL and University of Cambridge International Examinations continue to grow. This is primarily due to our commitment to supporting governments around the world on education reform. We continue to act as a trusted advisor to overseas ministries, a role made more complicated by recent political upheavals, helping them develop curricula for state schools' systems. With our focus on education as a whole rather than simply assessment, we are becoming more involved in education at the primary level so that we are providing support for the learner throughout their educational journey.

In November we welcomed Mark Dawe as the new Chief Executive for OCR. Mark comes with a wealth of experience from within the sector particularly through his roles within the Association of Colleges and as Principal and Chief Executive of Oaklands College.

Simon Lebus
Group Chief Executive
Cambridge Assessment

AUTHORITY * TECHNOLOGY INNOVATION * EFFICIENCY SYNERGY * OPPORTUNITY



Ann Puntis, Chief Executive, University of Cambridge International Examinations

Simon Lebus, Group Chief Executive, Cambridge Assessment Dr Michael Milanovic, Chief Executive, University of Cambridge ESOL Examinations Mark Dawe, Chief Executive, Oxford Cambridge and RSA Examinations (OCR) We continue to influence and improve education policy and strategy around the world by positioning the Group at the heart of key education topics.

***** AUTHORITY



TO REINFORCE OUR POSITION AS A RECOGNISED AND RESPECTED LEADING AUTHORITY ON ASSESSMENT

We continue to influence and improve education policy and strategy around the world by positioning the Group at the heart of key education topics.

To highlight the need for education and curricula to respond to changing global societal, individual and economic needs, we championed a debate on 'education in an interconnected world'. Attended by around 100 educational specialists — with a further 700 watching live online — it put the Group at the forefront of an important debate, further strengthening our position as experts in assessment, and providing a muchneeded forum in which to air ideas and raise issues. The discussion was led by a panel of national and international experts from the worlds of work and education.

The Group also took the lead in another important educational debate – the role and value of testing students at age 14 instead of 16. The campaign, which was centred on a live debate at the British Library in London, tackled the pros and cons of a routed education system. Top education experts agreed that it is the content of a learning programme and not the system – academic, technical or vocational – that matters and we should not see the issue as vocational versus academic. More than 80 people attended the event and nearly 1,000 people watched and interacted with us live online.

We also held our 5th Cambridge Assessment conference which addressed the theme 'challenges of assessment reform'. Professor Paul Black of Kings College London and Dr Philip Davies from Oxford Evidentia Limited provided keynote talks. A new addition to the conference was a panel discussion, streamed live and watched online by over 400 people from around the world.

In his opening remarks at the conference, Group Chief Executive Simon Lebus called for: further collaboration between Higher Education and awarding bodies to ensure that A levels continue to offer adequate preparation for undergraduate study; politicians to stand aside and let assessment experts carry out full trials of any changes before they are implemented; and UK exams watchdog Ofqual to manage the regulatory cycle so to promote stability rather than entrench an expectation of automatic change.

Influencing thinking

Following our consultation on higher education and awarding body engagement, we produced a policy paper that called for greater involvement of university academics in setting the content of A levels in order to better guarantee standards and improve the university admissions process. Our proposals were welcomed by the UK Universities Minister, David Willetts.

Building on our policy paper, our UK exam board established a series of strategic forums to forge closer relationships between qualifications stakeholders. The forums – which have been positively received by UK universities – were also designed to give institutions a strong mechanism for presenting their concerns and requirements to us.



UK Education Secretary Michael Gove addressing the question, 'what do you think makes a good education?' at one of our events.

UK Education Secretary, Michael Gove, endorsed the Group's international curriculum analysis. He shared our view that recent reviews of the National Curriculum have failed to harness the insights emerging from high quality transnational comparisons. The Government called upon our educational expertise by appointing the Group Director of Assessment Research and Development as Chair of the National Curriculum Review Expert Panel.

There was a lively debate about the science of how children learn and the implications this has for education

policy at Cambridge Assessment's seventh Parliamentary Research Enquiry at the House of Commons. Experts in neuroscience, psychology and education emphasised the importance of motivational and contextual influences, together with the importance of active, directed learning in ensuring that a child's potential is realised. Those attending agreed that neuroscience needs to have a bigger impact on policymakers than at present. A fair degree of consensus emerged around the need for discourse to shift to a focus on children and learning, both in terms of cognitive and emotional development.

Addressing the question, 'what do you think makes a good education?' at one of our events, the UK Education Secretary Michael Gove said he believed all children should have had a broad academic education by the time they are 16. We shared this view and spoke of the need for students to have well recognised qualifications and that different teachers and students need different qualifications to reflect learning and teaching styles, and that attempts to put students through a 'single doorway' had not been successful. We also emphasised the need for proper user involvement in the development of qualifications, raising concerns about the gradual stepping back of Higher Education from what goes on in secondary schools.

The Group attends all three main UK political party conferences each year to engage with politicians and stakeholders on education policy. As well as holding events, we meet with ministers and other parliamentarians at party conferences to discuss issues around qualifications, curriculum and assessment.

We also contributed to public debate on the language skills of overseas medical professionals in the UK through a series of articles in high-profile publications including the British Medical Journal, The Lancet and Nursing Times, and ran a week of events in the European Parliament promoting the benefits of multilingualism.

Tessa Munt MP, and member of the House of Commons Education Select Committee, addressing the question, 'what do you think makes a good education?' at one of our fringe events.

As well as holding events, the Group met with Ministers and other Parliamentarians at all three main UK political party conferences to discuss issues around qualifications, curriculum and assessment.



Making our voice heard

Our UK exam board submitted evidence to the much anticipated Wolf Report on 14–19 vocational education. The findings of which, the Group wholeheartedly supports. The recommendations safeguard the interests of young people with measures that can support real progression, raise the quality of vocational provision and, crucially, secure core achievements in English and maths. We agree with the report's statement that no single, centrally defined option is likely to suit everyone; the proposals have the potential to sweep aside systemic barriers created by target-driven funding regimes, a plethora of quasi-official approval processes and invidious league table measures. We see this as a real opportunity to engage with schools, colleges, independent providers and employers to develop appropriate curriculum choices.

The Government's retrospective introduction of the English Baccalaureate (EBacc) as a new key indicator of how schools are performing certainly caused a reaction.



Research conducted by our UK exam board suggested that many schools were responding quickly to the new EBacc criteria with planned changes to curriculum on offer to 14 to 16 year olds from September 2011.

The EBacc recognises the attainment of GCSE and IGCSE grades A* to C in five subject areas; English, Maths, Humanities, Science and Languages (Ancient or Modern). For many, the EBacc is a welcome and wholly appropriate means of rewarding young people who have succeeded across a number of strong academic subjects. However, in our findings which we submitted to the parliamentary select committee, we voiced concerns over the removal of breadth from the student learning experience, especially in applied learning routes, as well as the exclusion of qualifications such as Asset Languages.

Our views were recognised in the Review of Offender Learning report published by the UK Department for Business, Innovation and Skills. We emphasised the need to get as many prisoners as possible on an appropriate programme, and then to support them up to the highest level, right up to degree standard. We also defined five key principles: secure IT facilities and internet access for offenders; the integration of learning programmes with other prison activities to extend learning opportunities; relevant training and development for prison officers and other contributors to offender learning programmes; a service-wide database of transferable offender records; and incentives – in particular, equal or higher pay – for offenders to participate in education.

During the year we made sure our business and processes met the requirements of Ofqual's new approach to regulation; giving 'recognition' to awarding bodies, rather than individual qualifications. The new approach will mean big changes and challenges for all awarding bodies. We've been arguing for an approach that focuses on principles and high level outcomes for all qualification users, leading to greater flexibility and reduced costs. In the rapidly moving education sector, innovation and efficiency must drive the development of qualifications that meet learners' needs.

Publishing our research

Our research continues to demonstrate that we have a strong research base from which to influence thinking, highlighting the organisation's academic integrity and educational values. In addition to sharing our research via our own publications *Research Matters, Research Notes* and *Studies in Language Testing*, the Group also contributed articles to a wide selection of well-regarded books and journals published around the world. We are currently preparing a special publication on Comparability to give clarity to the definitions of comparability and its objectives – this will be available in the autumn. And in an attempt to make our research more accessible, we also produced *Research Matters: A selection of articles* for dissemination to a wider, non-technical audience.



Delegates from the 6th Cambridge Assessment Network International Study Programme outside Madingley Hall, Cambridge.

The 24 delegates came from countries including Barbados, Botswana, Brunei, Jamaica, Malaysia, and Kenya, to share best practice in assessment and discuss issues faced by assessment experts around the world.

Our researchers have also presented papers at many renowned research conferences around the world including British Educational Research Association's annual conference, European Conference on Educational Research, International Association for Educational Assessment Annual Conference and American Educational Research Association's conference.

Supporting education

We continue to work with governments around the world on education reform. We signed a Memorandum of Understanding with the Mongolian Ministry of Education, Culture and Science – to give Mongolia an education system of international standard. Cambridge international education programmes will be introduced into a new model of bilingual school in Mongolia, as well as development of the national schools' curriculum, resources and training for teachers.

Working in partnership with the Egyptian Ministry, our international exam board was asked to develop English and Arabic medium curriculum and assessments for the first five Nile Egyptian Schools, which will be fully open by July 2015. We are also providing extensive teacher

training and resources to ensure that teachers are familiar with the learning and teaching approach required by the new curriculum.

Our international exam board became a certified provider of board examination systems in the US for a pilot programme designed by the National Council on Education and Economy. From September 2011, schools in 11 US states can choose to offer Cambridge exams.

The full range of Cambridge English exams was included in the UK Border Agency's new list of qualifications which are recognised for all categories of visa for immigration to the UK. Seventeen of the twenty-six qualifications included in the list are produced by the Group. The French and German versions of our BULATS business English qualification were also recognised by the French Ministry of the Interior and several German federal states for naturalisation purposes.

Sharing expertise

The Group won a tender from the Ministry of Education in Singapore to run a bespoke four-week course for Singaporean teachers. This builds on the success of our International Study Programme which continues to remain popular, providing a well-needed forum for assessment professionals to share their knowledge and expertise.

In order to set minimum standards of language ability for future graduates, our Business English Certificates (BEC) are being integrated into the Universidad Contemporánea (UCO) in Querétaro Mexico's business programmes. The adoption will mean that from 2011, those studying subjects such as business, marketing, accounting and finance will have to sit an internationally recognised BEC qualification.

We signed an agreement with STO - the Association of Civic Schools – to offer Cambridge English exams in schools throughout Poland, working with Warsaw-based exam centre Lang LTC. This large-scale project will raise the profile of language education in schools for students and teachers.

To increase the English language ability of future graduates, the Frankfurt School of Finance and Management is integrating a range of Cambridge English exams into its Master's programmes. From 2011, those enrolling onto the university's Master of Finance and Master of International Business courses will need to prove their English skills with a certificate in Cambridge English: Advanced or Proficiency.

We teamed up with International House World Organisation (IHWO) in an initiative which will result in IH students and clients having better access to the BULATS exam and increase the number of schools around the globe that offer the popular test.



Group Chief Executive Simon Lebus.

Transferring knowledge

200 Cambridge teachers from 40 countries, across all five continents, came to this year's sixth Cambridge International Teachers' Conference. Delegates came to the annual professional development and networking event for the Cambridge global learning community from as far away as the USA, New Zealand, Mexico, India and Sweden. Keynote speakers put the concept of global learning into context, preparing delegates for facilitated workshops that explored the nature of the global learner.

Leading voices in language assessment from around the world showcased how they are promoting multilingualism and fairness in language testing at a conference in Krakow organised by one of our exam boards and its partners in the Association of Language Testers in Europe (ALTE). The ALTE 4th International Conference focussed on the importance of using frameworks when testing language ability, especially in the case of examinations for high stakes purposes such as immigration.

As well as hosting our own knowledge sharing events we also participated in a plethora of external education events around the world either by speaking or exhibiting. In January we attended the British Education and Training Technology exhibition showcasing our Group capabilities together for the first time at this major event in London. At Going Global in Hong Kong, in March, we supported the IELTS sponsorship and Simon Lebus, our Group Chief Executive, presented at the e-Assessment Question Asia Pacific event in Singapore.

In the UK we participated in events aimed at policy makers, including Westminster Education Forum and Westminster Briefing where we often had a speaker presence. We are also visible at events held by the Association of Colleges, Association of School and College Leaders and Universities and Colleges Admissions Service. And, of course, it is important that we are also represented at the many subject specific events that take place annually.

(L:R) Brian Lightman, General Secretary of ASCL, Tim Oates, Group Director of Assessment Research and Development at Cambridge Assessment and Kim Catcheside, former BBC education correspondent.



Recognition

The Central Office for Foreign Education in Germany, an institution of the Ministries of Education and Cultural Affairs, approved a resolution recognising Cambridge Pre-U Principal Subjects, Cambridge Pre-U Global Perspectives and Research and the Cambridge Pre-U Diploma. This is good news for students wishing to apply to undergraduate courses in Germany with Cambridge Pre-U qualifications.

Cambridge Pre-U also received recognition from Brown University in the US, meaning that every US Ivy League university – such as Harvard, Princeton and Yale – now welcomes applications from Cambridge Pre-U students.

Australian Minister for Immigration and Citizenship, Chris Bowen MP, announced that the Cambridge English Advanced exam (also known as Certificate in Advanced English) will be recognised for Australian student visas. The new rules give students who want to study in Australia the opportunity to use this high quality, secure international qualification to prove that they have the language skills they need for academic success. Previously, IELTS was the main English language test accepted by the Department of Immigration and Citizenship for Australian visa purposes.

The Vietnam National University in Ho Chi Minh City is the latest to join the 12,000 organisations around the world to adopt Cambridge English standards of language ability. From 2011, undergraduate and postgraduate students can prove their English language ability at the start and finish of their courses using Cambridge English: Key, Preliminary, First, Advanced and Proficiency. Our Business English Certificates and BULATS are also accepted under the new scheme.

Cambridge English is also helping to fuel the buoyant international student market in Canada. New additions to the list include Saint Mary's University, University of British Columbia (Okanagan) and Thompson Rivers University.

Meanwhile, the number of medical schools in the UK recognising Cambridge English language tests more than trebled in a 12 month period. As of December 2010, 26 medical schools from across the UK now accept the English language tests from Cambridge ESOL compared to just seven a year earlier.

The Bahrain Institute of Banking and Finance is the first institute in the region to adopt the popular Cambridge

Financial English blended learning course to help develop the language skills in the finance sector. The move is part of a growing trend which is seeing English ability becoming an essential skill in the finance sector.

The UK exams regulator, Ofqual, confirmed that our Delta qualification for teachers is at the same level as a Master's degree or a professional diploma in the UK, Ireland and other European Countries. This is a result of Delta being placed at Level 7 of the UK Government's Qualification and Credit Framework, making it the only English language teaching diploma currently included at this level.

New exam chief

We appointed a new Chief Executive of our UK exam board. Mark Dawe, who joined on 1 November 2010, was previously the Principal and Chief Executive of Oaklands College in Hertfordshire. He was a board member of the Association of Learning Providers, Chair of the Association of Colleges for the Eastern Region, a Trustee of awarding body VTCT and board member of the Principals' Professional Council. He also recently headed the Capital Task Group on behalf of the Association of Colleges and is now Chair of the National Capital Reference Group.



Mark Dawe, Chief Executive of OCR (centre).

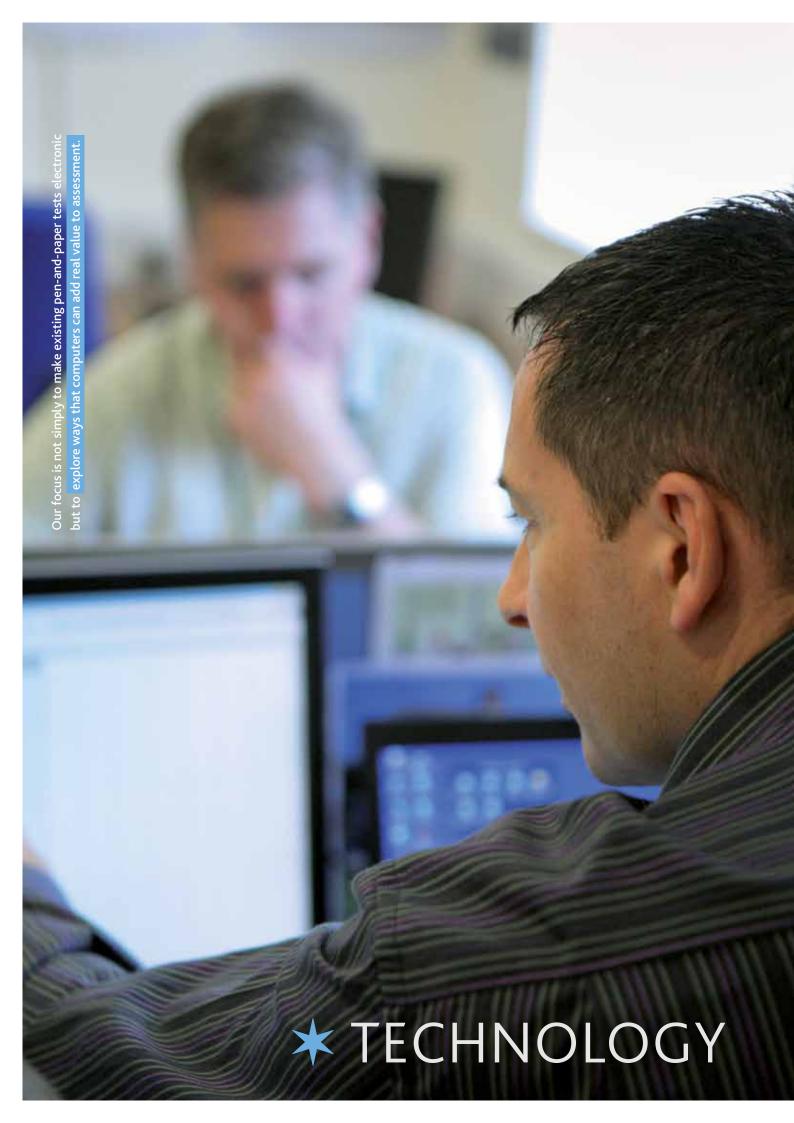
TO REINFORCE OUR POSITION AS A RECOGNISED AND RESPECTED LEADING **AUTHORITY ON ASSESSMENT**

* The Group championed debates on education in an interconnected world and the role and value of testing students at age 14 instead of 16.

- * Our Group Chief Executive called for further collaboration between HE and awarding bodies to ensure that A levels continue to offer adequate preparation for undergraduate study.
- * The Government called upon our educational expertise by appointing our Group Director of Assessment Research and Development as Chair of the National Curriculum Review Expert Panel.

A LEADING AUTHORITY ON ASSESSMENT IN BRIEF

- * Our research continues to demonstrate that we have a strong research base from which to influence thinking.
- * We continue to work with governments around the world on education reform.



TO EFFECTIVELY USE AND DEPLOY MODERN TECHNOLOGY

Concepts, including virtual learning environments, on-screen testing and marking systems, electronic portfolios and mobile technologies, have now become integral in modern education, helping to drive personalised learning and reach previously untapped areas of assessment. This provides benefits for learners, teachers and those involved with the administration of assessment within schools, colleges and training providers.

Our focus is not simply to make existing pen-and-paper tests electronic but to explore ways that computers can add real value to assessment. Education not technology must dominate online exams.

We have a vital role to play not only in delivering technological solutions but also in reflecting on any shift in practice and influence thinking on how technology can best support assessment.

e-Testing

Over 350 centres from around the world have now registered to run computer-based versions of our English tests. Cambridge ESOL's network of computer-based testing centres now covers 52 countries and this figure is likely to increase further. As a result, we are continually reducing the time it takes from entering for an exam to receiving results, without compromising our rigorous quality controls or the thoroughness of the assessment.

e-Marking

We signed a six year contract with a leading supplier of educational software, RM. The company has been providing e-marking services to the Group since January 2004. The two organisations entered into a strategic managed service agreement in May 2007, which marked the Group's decision to adopt e-marking for a significant proportion of

its activities. The new contract extends this relationship for a further six years, with increased marking volumes. RM will offer a comprehensive managed service including scanning of examination scripts, electronic distribution of script images to examiners, an on-screen marking application, and workflow management. The service will be backed up by telephone and online support for markers.

e-Processing and administration

Trying to make the communication of exam data easier and more streamlined for schools and colleges is a constant driver of change. A major project, in which our UK exam board is participating, is now underway to simplify the exchange of exam entry and exam result data between all UK awarding bodies and their customers resulting in a new system by the end of 2014. The 'A2C' project will change the format and the way that data are exchanged resulting in a universal system which can be used between all schools and colleges and awarding bodies, replacing the need for separate transactions that currently exists.



Cambridge English exams are being increasingly used around the world within mainstream education in schools and universities, increasing the need for suitable preparation materials. Consequently, we launched four new Online Practice Tests aimed at the hundreds of thousands of candidates preparing for Cambridge English exams each year. The Online Practice Tests are for: Cambridge English: Key, Key for Schools, Preliminary and Preliminary for Schools; Cambridge English: Advanced; and Cambridge English: First. The tests will help students to prepare for exam day by familiarising themselves with the format of the real exam.

Improvements were made to CIE Direct, our international exam board's online tool for its exams officers. New functionality was added to help make it easier for schools to make entries and administer our exams. For the June 2011 exam series 627 centres submitted a total of 89,699 entries or amendments using online entries.

We launched new support websites, which include tools to help teachers measure and assess students' performance, and new online introductory training courses for Cambridge Primary and Cambridge Secondary 1.

Active Results, our results analysis service for UK schools, continues to be popular. It helps teachers and learners by drilling down exam performance, per candidate, per specification and per unit. It also enables schools to compare their performance against other schools across the country.

In the UK we launched our first 'Online Training' pilot for teachers wishing to teach GCSE Maths, English and ICT plus OCR Functional Skills. We are delivering the training through 'Moodle', a well-known and widely used Virtual Learning Environment designed to provide a safe and secure portal for sharing information.



e-Security

As a Group we are always looking for new ways to maintain the integrity of Cambridge exams, and during the year we deployed a new security technique. Detailed marks from paper-based GCSE, international GCSE, AS and A level examinations, offered by the Group that are marked online will be statistically screened for signs that might indicate malpractice. The latest advance, developed by our researchers, adds additional detection measures for exams on paper. In many cases papers are now scanned and marked online by examiners and the new screening service uses the detailed marks that are now captured.



We continue to be particularly interested in how technology can be deployed in assessment and harnessed to deliver an education system more in tune with society and the workplace.

TO EFFECTIVELY USE AND DEPLOY MODERN TECHNOLOGY

TECHNOLOGY IN BRIEF

- * Education not technology must dominate online exams.
- * During the year we deployed a new security technique. Detailed marks from paper-based GCSE, IGCSE, AS and A level exams, offered by the Group that are marked online will be statistically screened for signs that might indicate malpractice.
- * We launched new support websites and added new functionality to help make it easier for schools to make entries and administer our exams.
- * The Group extended its contract with a leading supplier of educational software, RM, to reflect the decision to adopt e-marking for a significant proportion of our activities.



TO CONTINUE TO EXPAND THE ORGANISATION BY PROVIDING THE BENEFITS OF A BROAD, ATTRACTIVE AND INNOVATIVE PORTFOLIO OF ASSESSMENTS AND QUALIFICATIONS, AND RELATED SERVICES

We continue to develop, design and deliver assessments that truly reflect our commitment to providing qualifications that engage and inspire learners around the world and help them to achieve their full potential.

Assessments and qualifications

To meet the rising demand from UK schools and pupils we launched the first ever Entry Level qualification in Latin. This pre-GCSE level qualification is funded for use by the state sector and can be used as a stand-alone qualification or as a stepping stone to further study of the subject at GCSE and A level.

For students who want to extend their maths studies beyond GCSE, without committing to an in-depth two-year course, we launched a new Cambridge Pre-U Short Course in Mathematics (Statistics with Pure Mathematics), first examination in June 2012.

In response to the rise of entrepreneurialism, we launched a Cambridge IGCSE in Enterprise. This is the first Cambridge IGCSE syllabus which asks learners to adopt the thoughts and actions of entrepreneurs, developing their knowledge and understanding of the practicalities of setting up and running their own new enterprise.

We strengthened our Global Perspectives offering – which develops students' independent research and thinking skills, and prepares them for higher education - with the launch of an AS level in the subject. We also gained UK accreditation of our Cambridge Pre-U Short Course in Global Perspectives which was launched in response to schools requesting a one-year standalone course.

We listened to the needs of teachers, learners and professionals in the UK Health and Social Care sector and launched two new Post 19 Health and Social Care Qualifications – Children and Young People's Workforce (Levels 2 and 3) and Dementia Care (Levels 2 and 3).

United Arab Emirates-based students at Higher Colleges of Technology (HCT) planning to study on Higher Education courses in English speaking environments, will be able to prove they have the necessary language skills by taking the newly developed Higher Education Admissions (HEA) Test. Developed by experts from Cambridge ESOL and the Higher Colleges of Technology in Abu Dhabi, the HEA Test will allow students to prove their language ability in line with international standards recognised by universities all over the world.

A new partnership with the Institute of Career Guidance (ICG) reflects a shared commitment to the delivery of careers advice and guidance. Our UK exam board has launched three new Advice and Guidance qualifications



Cambridge IGCSE is the world's most popular international curriculum for 14-16 year olds.



which would suit a variety of people working in careers roles. The partnership also benefits those taking the ICG's own qualifications which have now been mapped to OCR's to encourage stronger progression and reduce assessment burden.

We continued to work with leading companies such as Microsoft, Cisco and Oracle to help ensure that vocational qualifications stay relevant to the needs of both employers and employees. During the year, our UK exam board joined forces with Adobe to integrate the Adobe Certified Associate qualification into two of our IT qualifications – Creative iMedia and ITQ. This means that those with skills in Adobe's creative software can now achieve two nationally-recognised IT qualifications.

To help Italian universities differentiate between highly able candidates, we worked in partnership with the Italian Ministry of Higher Education and Research to deliver an admissions test for medical courses – the International Medical Admissions Test. The Group also continued to

We continue to develop, design and deliver assessments that truly reflect our commitment to providing qualifications that engage and inspire learners around the world and help them to achieve their full potential.

work in partnership with the University of Oxford to jointly administer its undergraduate Aptitude Tests for History and Physics entry in November 2011. The tests are taken by all candidates for History and for Physics or Engineering courses at Oxford.

In September, we announced a major collaboration with the University of Michigan in the US to establish Cambridge-Michigan Language Assessments. This will provide a wide range of services for universities and other sectors and brings into our portfolio a range of internationally recognised qualifications in American English.

Growth and expansion

The UK Government's decision earlier this year to fund Cambridge IGCSE in state maintained schools has led to a huge increase in the numbers of UK schools offering the qualification. In recent years, the growth of Cambridge IGCSE in the UK has mirrored worldwide growth trends. However, this year we have seen exceptional growth in the UK; it was up by 104 per cent on last year. Worldwide, the number of Cambridge schools offering Cambridge IGCSE rose by 17 per cent. In particular there was strong growth in China, Egypt, Indonesia, Malaysia, and UK. The qualification is now taught in 550 UK schools (200 state and 350 independent).

Cambridge IGCSEs are also increasingly being adopted in schools throughout Europe as a means of educating students bilingually, often alongside a national curriculum.

The number of schools making Cambridge Pre-U entries rose from 60 last year to 90 in 2011. Overall, entries for Cambridge Pre-U, the Group's alternative qualification to the A level, are up by 34 per cent compared to last year. 148 schools registered to teach Cambridge Pre-U in July 2011 (up from 101 in 2010) – 55 per cent independent; 45 per cent state. Increase in demand for this qualification follows research by our international exam board, which showed that many students felt unprepared for university study after their school education.

We successfully delivered the first year of time zoned question papers on all Cambridge international qualifications – independently and externally audited for security.

Resources

We launched an Arabic website to provide an introduction to Cambridge qualifications and programmes for our audiences in the Middle East and North Africa. The Arabic website is the fourth non-English website to be launched since last year, in addition to Chinese, Hindi and Vietnamese, complementing the existing range of multilingual websites around the world.

Cambridge Primary, our integrated education and assessment programme for primary stage learners, underwent some exciting new developments. Revised





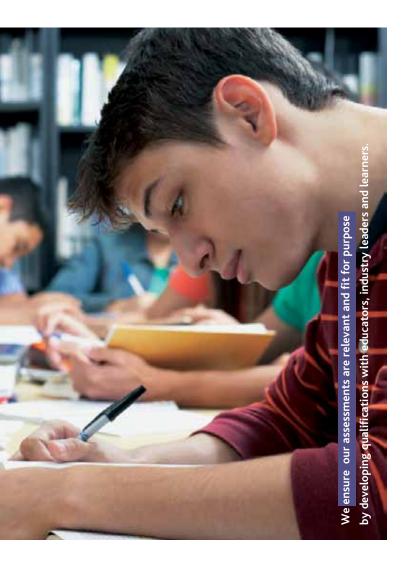
All our assessments are developed in line with the Cambridge Approach – a set of best practice principles. Our approach is evidence-based and research-led. We take our responsibility seriously to ensure that assessment promotes educational excellence and the benefits that come with it.

curriculum frameworks, expanded assessment and reporting, and new support tools and resources for teachers have all been introduced in the way that customers want.

In the UK we launched a new digital tool to support science teachers. Our World of Science is the first virtual world to be launched by an exam board, and can be thought of as "Sims meets Science" for schools and colleges. Players learn in part through completing a range of tasks, which reflect the decisions they make to keep their world alive. The main link back to our science specifications, however, comes from the work shed, where they have to go to earn money. While in there, a range of scientific facts will appear on screen, all of which relate to OCR science topics.

We have been working with Doublestruck, market leaders in creating databases of assessment material, to produce the first Cambridge Qkit. Cambridge Qkit for Mathematics is an easy-to-use, subject specific database of authentic Cambridge exam questions, related mark schemes and examiner commentary.

A brand new pack of teaching materials for use in the classroom is now available online for our Certificate in Employability Skills, part of our UK Ready Steady Work



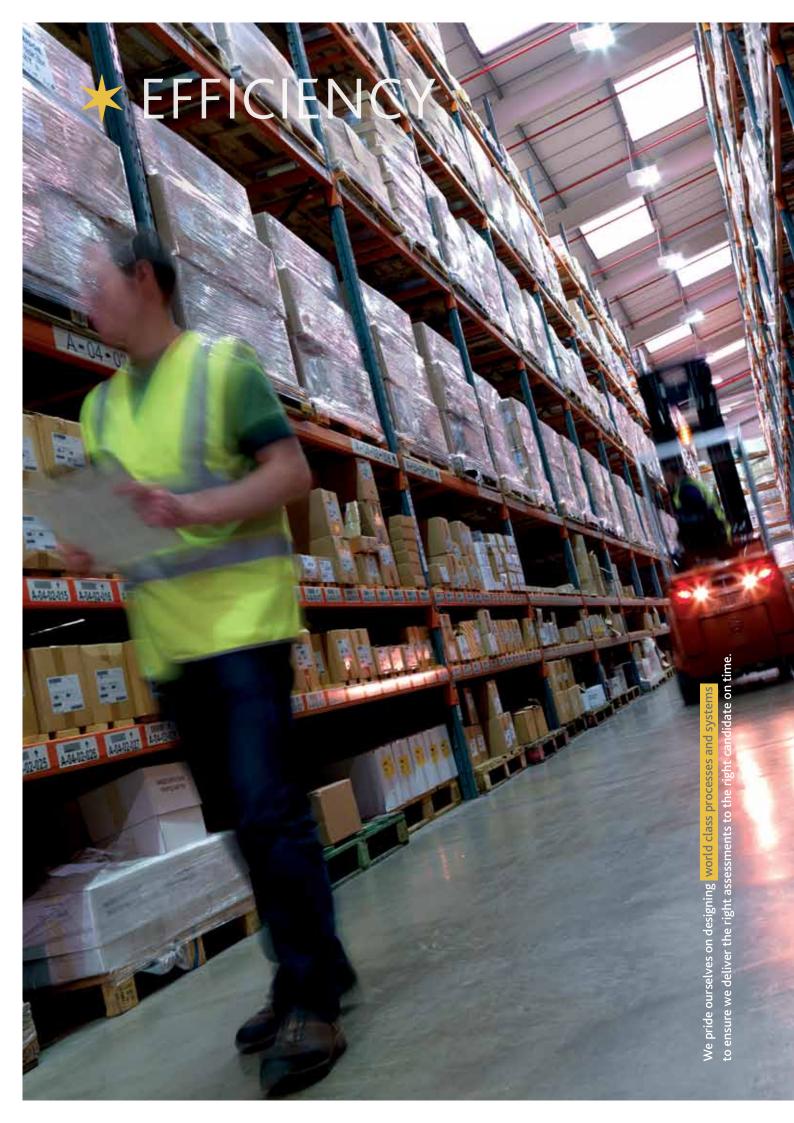
suite of qualifications. The qualification suite offers core employment skills ranging from interviews and practical tasks, to learning how to be financially capable.

A partnership between our UK exam board and the British Library provided teaching professionals with an exclusive opportunity last July to attend informed workshops and presentations on our GCSE specifications in Citizenship and Religious Studies. The key aim of the day was to promote community cohesion within schools and to demonstrate how the teaching of both subjects has a critical part to play in the process.

TO CONTINUE TO EXPAND THE ORGANISATION BY PROVIDING THE BENEFITS OF A BROAD, ATTRACTIVE AND INNOVATIVE PORTFOLIO OF ASSESSMENTS AND QUALIFICATIONS, AND RELATED SERVICES

* To meet the rising demand from UK schools we launched the first ever Entry Level qualification in Latin.

- We continued to work with leading companies such as Microsoft, Cisco and Oracle to help ensure that vocational qualifications stay relevant to the needs of both employers and employees.
- Working with the Italian Ministry of Higher Education and Research we developed the IMAT to help Italian universities differentiate between highly able candidates.
- * IGCSE and Cambridge Pre-U experienced exceptional growth in
- ★ We successfully delivered the first year of time zoned question papers on all Cambridge international qualifications.



TO MAINTAIN EFFICIENT AND ECONOMIC PROCESSES TO SUPPORT WORLD-WIDE DELIVERY OF EXAMINATIONS

We pride ourselves on designing world class processes and systems to ensure we deliver the right assessments to the right candidate on time. And we believe that it is our role, as experts in assessment and a body independent of government, to influence, advise and guide on all aspects of education policy and strategy around the world.

Extensive works are in progress at our state of the art warehouse, DC10, to optimise space and workflows to create a fully centralised operation. Warehouse capacity will increase from 3,000 to 4,800 pallet spaces and Goods-in/Goods-out area will be separated to provide more efficient workflows.

One of the major highlights is the new post examinations processing area. Previously occupying the ground floor only with offices, this area has been transformed to provide a new first and second floor area of over 900 sq metres per floor. All post examinations processing for scripts, Optical Mark Recognition and art marking are now consolidated in one area. The top floor will provide a large area for onsite art marking with provision of natural light.

Another impressive structure is the high level walkway, currently under construction. This will provide safe access for staff to the ESOL marking area and our print management partner Océ's operation. This will separate pedestrian and fork lift traffic in the new goods-in area.

New smart warehouse lighting is being installed, improving our carbon footprint. Automatic sensing of movement and light levels result in a 75 per cent efficiency saving in comparison with existing lighting.

Works to allow our UK exam board's operation in Birmingham to move to DC10 are complete, the remainder of the programme including site sprinkler installation is planned for completion in early 2012.

The building work to extend Three Crowns House to around 26,000 sq ft was completed in March 2011. We renamed the building 72 Hills Road in line with its postal address and

our other buildings at 1, 7 and 9 Hills Road. The interior fit out works are currently underway and it is planned that our international exams board will move into the building in September 2011 allowing other refurbishment works to proceed elsewhere within Group properties. The finished building has achieved a BREEAM 'Very Good' rating which is an indication of the attention to detail and the management processes that were applied throughout the project to turn the original 1970's building into a modern, fully insulated and air conditioned office block.

TO MAINTAIN EFFICIENT AND ECONOMIC PROCESSES TO SUPPORT WORLD-WIDE DELIVERY OF EXAMINATIONS

EFFICIENCY IN BRIEF

- * Warehouse capacity increased from 3,000 to 4,800 pallet spaces and Goods-in/Goods-out area will be separated to provide more efficient workflows.
- New smart warehouse lighting is being installed, improving our carbon footprint.
- * Our international exams board moved into 72 Hills Road.



TO PURSUE INTERNAL SYNERGIES TO ACHIEVE ECONOMIES OF SCALE AND MAXIMISE EDUCATIONAL IMPACT

Project Threshold, a strategic three to four year programme designed to undertake the comprehensive renewal of the legacy technology infrastructure and complementary modernisation of our business processes, is making good progress in ensuring that the Group is capable of continued, sustainable growth.

During 2010/11 Project Threshold was mobilised fully under the leadership of an Executive Programme Board comprising the Operations Directors of all three of our exam boards. The focus in the first phase has been on the tools and processes used across the Group to manage and support its relationships with customers. To achieve this, the project concentrated on the redesign and renewal of all customer-facing web sites and proposals to introduce formal processes for customer relationship management. In parallel, the project selected a new technology platform which is intended to become the backbone of the Group's administrative processes as Threshold progresses. Delivery of new capability to the business will commence in January 2012 followed by further releases every six months through to 2014.

Elsewhere, our exam boards continue to work collaboratively on projects. For instance, our admissions test team worked in conjunction with ESOL subject officers, to ensure that the linguistic content of assessments being developed were at a suitable level for international candidates who have English as their second language. And our UK and international exam boards continue to promote the benefits of each other's qualifications to their existing customers.

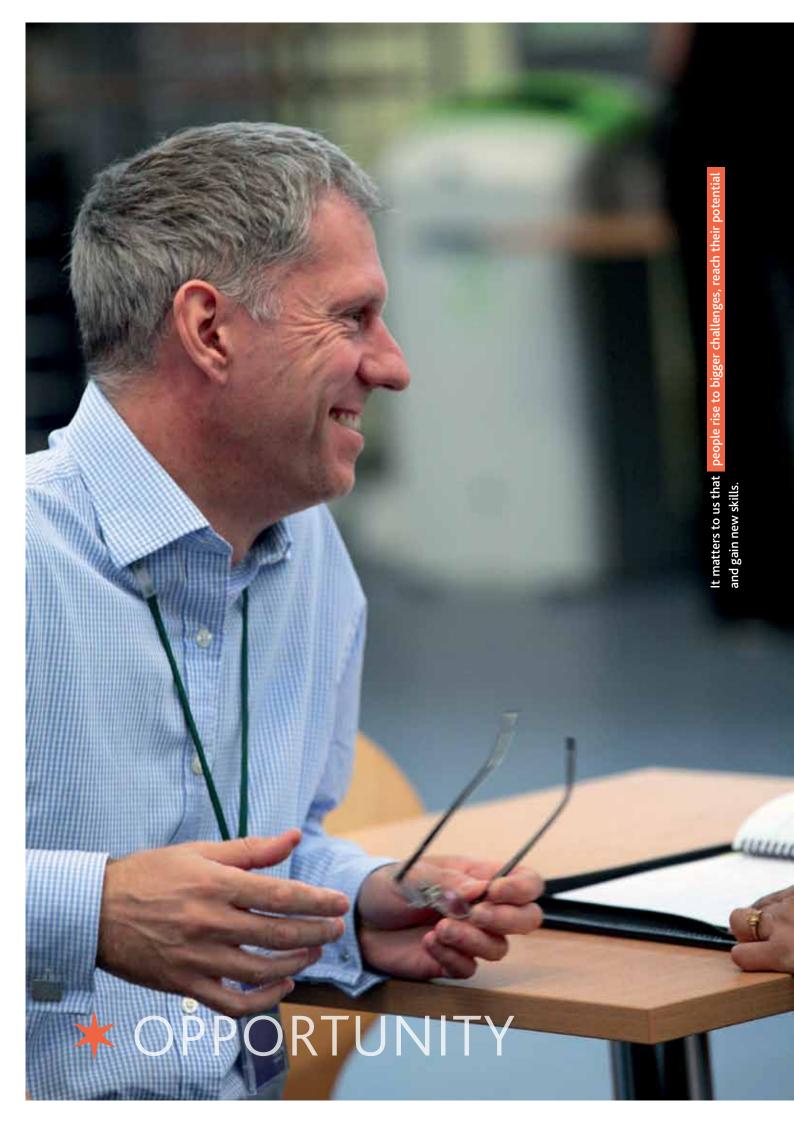
The revised Environment Policy was agreed by the Corporate Board in October 2010. Since then we have achieved the awarding of the Carbon Trust Standard and are continuing to put in place systems and equipment to enable accurate monitoring of energy use. The fitting of half hourly meters has identified energy usage patterns and as part of the development project at DC10, motion and ambient light sensitive lighting has been installed

in the warehouse with an anticipated payback period of less than three years. Dry Mixed Recycling of waste has been rolled out across all our sites to enable us to achieve our target of 0 per cent waste to landfill by 2015. We are currently achieving over 92 per cent of waste being recycled and are focussing on our food and replacement computer packaging to achieve further reductions.

TO PURSUE INTERNAL SYNERGIES TO ACHIEVE ECONOMIES OF SCALE AND MAXIMISE EDUCATIONAL IMPACT

SYNERGY IN BRIEF

- * Our infrastructure programme is making good progress in ensuring that the Group is capable of continued, sustainable growth.
- * Our exam boards continue to work collaboratively on projects.
- * We have achieved the awarding of the Carbon Trust Standard and are continuing to put in place systems and equipment to enable accurate monitoring of energy use.



TO ENSURE THAT STAFF HAVE THE RIGHT SKILLS TO IMPLEMENT AND TO PROVIDE TRAINING AND DEVELOPMENT OPPORTUNITIES

As a vital and integral part of education and training worldwide, it matters to us that people rise to bigger challenges, reach their potential and gain new skills. Our training and development plans are also there to make sure staff across the Group have the necessary skills and abilities to perform to their full potential.

Staff continue to make the most of the training and development opportunities on offer with well over 2,000 people having attended soft skills courses this year. We introduced advanced telephone training to ensure customer service staff have the skills and the confidence to respond effectively to customers.

We also piloted bite sized training courses with a number of volunteers across the Group. The idea of scheduling three short, fast-paced sessions in one day for people to slot one, two or three into their busy schedules appealed to all who attended. We plan to run more next year. We continue to work closely with teams where some managers use established meetings to introduce a short training session on a business specific subject – fully embracing the 'just-in-time' approach to development.

Microsoft e-learning was successfully trialled; this will enhance a blended approach to our continuous learning and development activities. However, classroom based IT events, on-site as well as external, continue as part of our formal training environment.

The Cambridge Assessment Network's Certificate of Continuing Education in the Principles and Practice of Assessment continued to be popular among staff. It offers an excellent opportunity for both employees and other awarding bodies' staff to develop their knowledge and understanding of the theories of assessment that underpin their day-to-day work. In 2010–11, six members of staff participated in the programme, learning not just from the tutors, but also from the experiences of the other participants.



TO ENSURE THAT STAFF HAVE THE RIGHT SKILLS TO IMPLEMENT AND TO PROVIDE TRAINING AND DEVELOPMENT **OPPORTUNITIES**

OPPORTUNITY IN BRIEF

- * Staff continue to make the most of the training and development opportunities.
- * We successfully trialled Microsoft e-learning and piloted bite sized training courses.
- * We have systems in place to continually drive improvements and maintain high quality.

CAMBRIDGE ASSESSMENT

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