YouGov

What the world thinks

Annual Report and Accounts 2013

Introduction

YouGov is the **authoritative measure** of public opinion and consumer behaviour. It is YouGov's ambition to supply a **live stream of continuous, accurate data** and **actionable insight** into what people are thinking and doing **all over the world**, all of the time, so that companies, governments and institutions can better serve the people that sustain them.

yougov.com

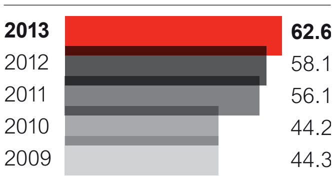
Overview

Operational highlights

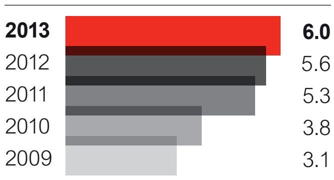
- Group revenue increased by 8%
- Adjusted operating profit up by 7%
- Adjusted profit before tax up by 13%
- Adjusted earnings per share up by 14%
- The Group generated £6.9m in cash from operations (before paying interest and tax) (2012: £4.9m); Good cash conversion at 116% of adjusted operating profit (2012: 88%)
- Net cash balances of £6.7m (2012: £7.2m) after making £2m of earn-out payments for previous acquisitions
- Dividend increased by 20% to 0.6p per share
- Current trading in line with the Board's expectations
- Revenue from Data Products and Services up by 17%; now represents 24% of total
- BrandIndex revenue increased by 22% to £5m
- Omnibus revenue increased by 20% to £7.6m
- Revenue from Custom Research up by 5%, ahead of the global market
- US revenues increased by 8% to £20.8m but adjusted operating profit fell by 15% to £2.3m
- UK revenue up by 11% to £17.4m; adjusted operating profit up 19%
- Middle East revenue grew by 22% reflecting expansion across regional markets
- German performance improved with adjusted operating profit up by 36% to £0.9m
- Nordic turnaround in progress with cost reductions achieved of £0.5m on an annualised basis
- French revenue doubled as planned

Key financials

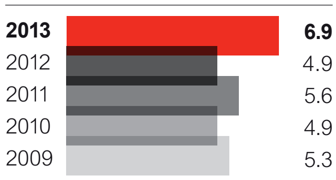
Turnover
£m



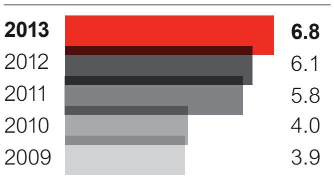
Adjusted operating profit[1]
£m



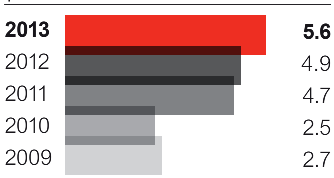
Operating cash generation
£m



Adjusted profit before tax[1]
£m



Adjusted earning per share[1]
pence



Reported operating profit
£1.5m

(2012: £0.8m)

Reported profit before tax
£1.5m

(2012: £0.4m)

1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; in the year to 31 July 2013, amortisation of intangibles was £3.3m (2012: £4.4m) and exceptional costs were £1.2m (2012: £0.5m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

Overview

YouGov at a glance

YouGov plc is an international full-service market research agency which is considered the pioneer of market research through online methods. Our suite of syndicated, proprietary data products includes: BrandIndex, the daily brand perception tracker; SoMA, the social media audience analysis tool; and SixthSense reports which provide comprehensive market intelligence on a range of sectors. The market-leading YouGov Omnibus provides a fast and cost-effective service for obtaining answers to research questions from both national and selected samples. Our custom research business conducts a wide range of quantitative and qualitative research, tailored by our specialist teams to meet our clients' specific requirements.

WE HAVE A PANEL OF SOME

3 million

people worldwide across 33 countries

20 OFFICES

worldwide, in 10 countries covering the UK, Europe, the Nordics, the Middle East and the USA

THIS YEAR WE SERVED OVER

2,000

clients worldwide

OUR PANELLISTS COMPLETED

17 million

YouGov surveys in the 12 months to 31 July 2013 (an increase of 13% in the last year)

511

employees worldwide

"**YouGov** is the most quoted research company in the UK. In the last year, **YouGov** was quoted more than twice as often as any other market researcher in the UK"

YOUGOV HAS BEEN NAMED ONE OF THE WORLD'S TOP 25 RESEARCH COMPANIES BY THE RESPECTED HONOMICHL GLOBAL TOP 25 REPORT 2013

Honomichl GLOBAL TOP 25 FIRM 2013

All figures as at 31 July 2013

Business model and strategy

Our strategy for growth

Mission statement

It is YouGov's ambition to supply a live stream of continuous, accurate data and actionable insight into what people are thinking and doing all over the world, all of the time, so that companies, governments and institutions can better serve the people that sustain them.

Core business model

Established in the UK in 2000 as the first online pollster, YouGov quickly developed a very strong brand widely recognised for accurate political opinion polling. Our highly-responsive proprietary panel and strong reputation opened the doors for YouGov to expand quickly beyond the public service sector to much larger and more profitable commercial market research activity. YouGov's success was also boosted by our aptitude for developing innovative high-margin research products, and our sector expertise that addresses the strategic research needs of both large corporate and public sector organisations.

The key to our business is our panel. We have developed a number of procedures for recruiting, validating and sampling that enable us to use internet samples to represent the population as a whole. We believe that internet research is as accurate as traditional methods, while being faster and more flexible and thereby freeing up resources for the vital interpretation and implementation of results.

Today, YouGov has proprietary online panels in 33 countries worldwide and we continue to engage in opportunities to take our online market research core business model – of a strong brand and panel, coupled with innovative products and sector expertise – to new markets.

Strategy for growth

A key objective for the Group is to increase the proportion of revenue from data products and services over the medium term and bring these closer to parity with custom research. We are focusing on growing revenue from our core product suite across all our existing geographies. This involves bringing to market new products, as well as continuing to innovate with new products. In addition to making targeted investments in growing and expanding our syndicated data products and services suite, we are also continuing to explore opportunities to expand our core model geographically.

Our five key strategic objectives

- Grow our syndicated products suite
- Integrate custom research and syndicated data
- Enhance our user experience
- Boost our public profile
- Expand our geographic footprint

Overview

Business model and strategy

Grow our syndicated products suite

A key objective for the Group is to increase the proportion of revenue from data products and services over the medium term and bring these closer to parity with custom research. In addition to to our regular Omnibus service, we have a suite of syndicated, proprietary data products which includes BrandIndex, SoMA and SixthSense reports.

BrandIndex

BrandIndex, YouGov's flagship brand intelligence service, tells our clients what the world thinks of their brands and their competitors at any given moment and helps our clients understand the link between their media and advertising efforts, brand perception, and consumer response. BrandIndex data is updated daily and holds up to six years of historical data about our client and competitor brands, which is all instantly available to our clients through our user-friendly BrandIndex portal.

BrandIndex is currently available in the US, UK, Denmark, Finland, France, Germany, Japan, Mexico, Netherlands, Norway, Saudi Arabia, Sweden, United Arab Emirates, Brazil and China. Every day we survey multitudes of consumers across these territories – conducting over 2.5 million BrandIndex interviews every year – about thousands of brands across dozens of industry segments.

The latest version (6.0) of BrandIndex includes enhancements for weekend data collection as well as weekday coverage and an extended range of valuable information from consumers, including media awareness and expected and reported purchase behaviour.

This year we also launched an extension of the BrandIndex service – BrandIndex CategoryView. This additional service provides an even deeper investigation of a given market sector (e.g. telecoms or dining), focusing on product ownership, spending patterns and brand switching behaviour and more. It provides additional insight for brand and business decision-makers and also for financial investors, such as fund managers and analysts.

To-date, CategoryView has been introduced for selected sectors in the US, UK and China and is being marketed initially to the investment community, especially in the US.

Omnibus

This financial year marked the tenth birthday of Omnibus, YouGov's very first product. YouGov's Omnibus is now the market-leading online omnibus service in the UK and in recent years has been extended to our French, German, Middle East, Nordic and US operations. Today, the service can provide clients with data from some 20 countries.

Omnibus surveys are run daily, providing nationally representative responses to clients within a 24 or 48 hour turnaround.

The size and diversity of the YouGov panel has also enabled us to expand our Omnibus offering to include a number of selected target samples. Omnibus segmental services include International, Children and Parent, Shoppers, B2B, Independent Financial Advisors and Teachers. We also run regular Omnibus surveys covering "influential" audiences in the UK including Members of Parliament. We recently launched the OmniDeepDive service where we provide professionally moderated online focus groups with a selection of Omnibus respondents.

The key areas of growth this year, in addition to launching in the US, were the International and B2B Omnibus and both solutions will be a major focus of our FY14 strategy for Omnibus. Also planned is the expansion of the offerings in existing Omnibus markets and rollout of the service to newly opened YouGov territories including China.

SoMA

SoMA is our revolutionary social media analysis tool which allows our clients to measure what their target audience is hearing about them on social media. With SoMA, YouGov brings research rigour to the world of understanding social media effectiveness, providing valuable insights into the "customer journey". SoMA is being incorporated by commercial and agency clients into their wider research data suites.

SoMA's foundations lie in the representative samples of YouGov panellists who have given us permission to access and monitor their private Facebook and Twitter feeds. SoMA collects and analyses the tweets and posts appearing on our panellists social media network feeds to provide audience metrics that can be extrapolated for the UK Facebook and Twitter populations at large. By overlaying YouGov's proprietary demographic data with comments made on these social media platforms, SoMA provides real meaning to the noise of social media.

The latest stage of SoMA development has been the tying in of BrandIndex data, thereby allowing us to measure the impact of social media campaigns on brand perception and purchase intent to create real world ROI.

SixthSense

SixthSense provides comprehensive market reports packed with original consumer research data and analysis, supplemented by information on market sizes, brand analysis, competitive benchmarking and market forecasts.

Central to the SixthSense model is using the YouGov proprietary online panel to identify niche demographics. We work closely with clients to identify areas in a market that are quickly changing and produce up-to-date insights into changing consumer behaviour and attitudes.

Today, our market intelligence report portfolio consists of over 300 report titles covering 1,000+ topic areas ranging across the finance, technology, retail, utilities, media, legal services and food & drink sectors. YouGov produces reports in multiple countries including the UK, Sweden, Denmark, France, Germany and the US. Reports can be bought as single copies, as a package or, increasingly, for an annual subscription covering multiple topics and reports. SixthSense has over 500 clients.

HEAT

The Household Economic Activity Tracker (HEAT) is YouGov's economic confidence tracker. HEAT is available in the UK, US and China and can provide early indications of changes to both the national and global macroeconomic environment. Essentially, HEAT is an early warning system for changes in key economic indicators before consumer behaviour feeds through to official economic measures.

HEAT examines over 70 economic indicators including change in household income, job security, business activity, house prices, workplace activity levels, government confidence, inflation perceptions and expectations, debt and borrowing, propensity to save and willingness to spend. Subscribers receive a first-to-market, monthly report produced by expert economic analysts who review the findings within the context of the wider economy and key political and economic events and provide analysis not only of current conditions but also of future outlook. In 2013 we went into partnership with the Centre for Economics and Business Research in the UK, who are providing additional expert macroeconomic analysis. Unlike other trackers and indices with significant processing time or quarterly or annual results, our HEAT reports are delivered within days of month-end and we also update the online dashboard throughout the month.

Overview

Business model and strategy

Integrate custom research and syndicated data

YouGov's panel centric approach enables us to provide clients with the information they require on opinions and behaviours using the data that our panellists continuously provide to us, supplemented as necessary with tailored surveys or questions added to our regular surveys. We have been significantly expanding and organising our Profile Data Library (PDL) and, more and more, we are integrating this "connected data" with our custom research to provide stronger and more innovative solutions to our clients.

Lynx: campaign effectiveness

In March 2013 YouGov produced a report for *The Guardian*'s Changing Media Summit, looking into current media consumption patterns, profiles of audiences on different platforms and media types, and the effectiveness of advertising across platforms, using the Lynx Apollo Space Academy campaign as a case study.

In January 2013, the deodorant brand Lynx launched a competition to send 20 people into space as part of the campaign for its Apollo product line. To publicise the competition the campaign undertook activity across TV, online and outdoor media. YouGov examined the effectiveness of the advertising campaign.

We used connected data – from our existing "Profile Data Library" (PDL), a bespoke survey, media consumption data and media plan data – to track brand perception based on real exposure to the advertising campaign. We examined three samples of respondents based on the campaign's media plan:

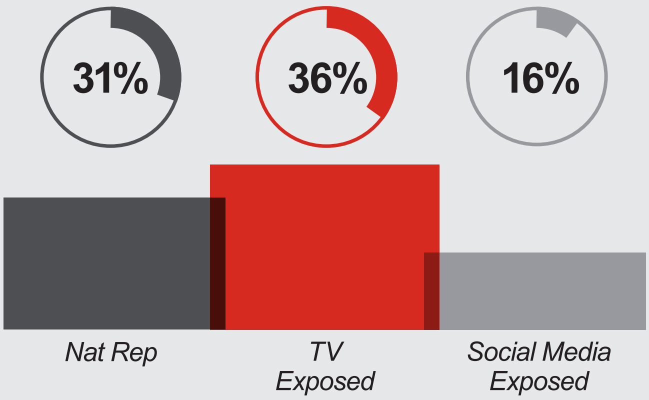
1. A UK nationally representative sample
2. A sample of people we knew to have been exposed to the TV adverts
3. A sample of people we knew to have been exposed to the campaign through social media

We used a logistic regression model to take into account the different attributes of the samples in terms of demographics and whether or not they had ever previously bought Lynx products. The results of our study showed that those exposed to the TV campaign were significantly more likely than a nationally representative sample to express a positive impression of Lynx.

Unsurprisingly, those who specifically *recalled* seeing the Lynx ads tended to have a positive impression of the brand. However, those *known* to have watched TV programmes containing the Lynx ads were significantly more likely to express a positive overall impression, *irrespective of recall*. In other words, we saw a significant uplift in brand perception of Lynx among those exposed to the ad but did not recall seeing it.

Q: *On a scale of 0 to 10 (10 being the most positive) how would you describe your overall impression of Lynx?*

A: *Rated Lynx 8, 9 or 10*



The results of this study illustrate that relying on recall to track the effectiveness of media campaigns is not enough anymore. By looking at advertising effectiveness using exposure (not recall) and using connected data to understand audiences, YouGov can finally solve John Wanamaker's notorious problem ("Half the money I spend on advertising is wasted; the trouble is I don't know which half."). Leveraging the work done for this study, we now have a new media planning and buying tool in development.

TSB: new brand

The creation of the new TSB Bank by Lloyds Banking Group followed a ruling by the European Commission aimed at bringing more competition to the UK banking market and promoting greater separation between retail and investment banking. Following their contribution to YouGov's Public Trust in Banking report, Lloyds Banking Group approached YouGov to help them develop and refine the brand positioning for TSB Bank, ahead of its launch.

Straightaway we were able to share with them a wealth of existing and available data and insight through our prior work on reputation, our bank of knowledge of the industry via our SixthSense market intelligence reports, our Household Economic Activity Tracker (HEAT) and our continuous monitoring of the financial services sector through BrandIndex. We also found that we already held a wealth of data on some of the customer groups about whom Lloyds Banking Group were seeking insight, in our Profile Data Library (PDL).

Building on this existing foundation, our qualitative specialists conducted a number of online and face-to-face interviews across the country, covering all potential customer groups, exploring the key elements of the new positioning proposed for TSB. Finally, having identified the most viable pillars, we then conducted a quantitative study to further test the propositions.

The results of YouGov's study were presented to executive management at Lloyds Banking Group and the new bank and contributed to decisions regarding the brand positioning for TSB.

flydubai: brand positioning review

Established by the Government of Dubai in 2008 and launched in 2009, flydubai has a fleet of more than 30 brand new Boeing 737-800 aircraft and flies to more than 65 destinations across the Middle East, Subcontinent, Southeast Europe, Russia, Ukraine, Central Asia and North & East Africa.

In September 2012, to further consolidate its market position, flydubai commissioned YouGov to gain a deeper understanding of its customer profile, uncover what drives "core" customers to use flydubai and to explore how flydubai is positioned in the market vis-à-vis other airlines.

As outlined below, the study required a two-phase exploration involving quantitative research followed by a qualitative phase:

1. The quantitative phase involved an online survey with a total of 15,040 respondents successfully interviewed. This initial stage of research was vital to profile flydubai's customer base demographically, behaviourally and attitudinally. Based on their responses, customers were then segmented to help flydubai identify its "core" customers.
2. The follow up qualitative phase involved 8 face-to-face focus groups with flydubai "core" consumers. This element of the study allowed flydubai to explore how this critical target audience perceives the brand vs. its competitors as well as to identify the "needs" answered by each of these brands.

Ultimately, insights gained through YouGov's research were leveraged by flydubai to develop a strategic brand positioning and further consolidate the airline's position in an increasingly competitive market.

Telekom Deutschland: product design

In September 2012, Telekom Deutschland approached YouGov to help them understand how to best optimise the design of their flagship cable media bundle service, Entertain by Telekom Deutschland. Over 2 million German households currently subscribe to Entertain by Telekom Deutschland and this number is rising rapidly year-on-year.

For this study, YouGov conducted online interviews with several different sample groups, including existing and potential customers. The interviews explored recent television use, the attractiveness of different entertainment packages and the attractiveness of add-on services such as additional Pay TV channels and the Entertain-to-go service which allows viewers to access premium content on mobile devices. We then applied conjoint analysis methodology to the results to uncover the optimal compositions of service bundles in terms of pricing and customer appeal.

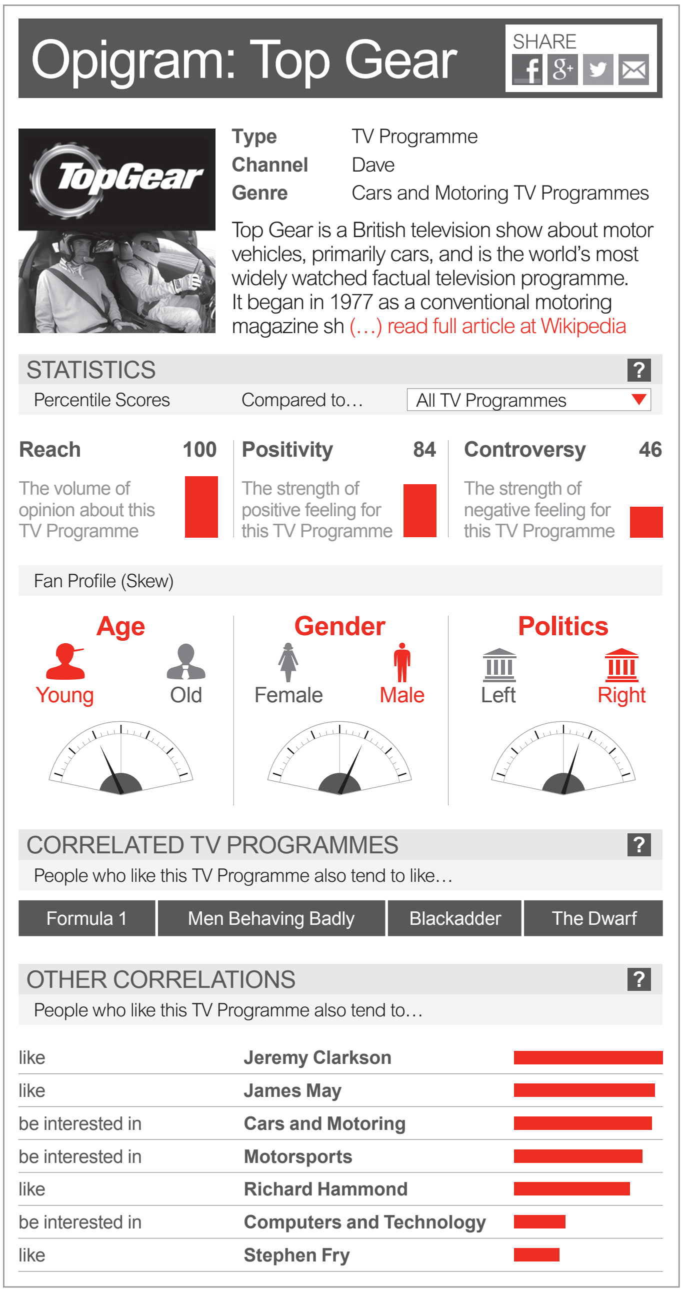
The results of this study helped Telekom Deutschland to optimise their Entertain by Telekom Deutschland price positioning according to customer's and target customer's needs, to optimise take-up rates from prospective customers, and also gave them an estimation of future market potential. Following on from this study, Telekom Deutschland commissioned YouGov to conduct a further study examining the pricing policy of their media receiver product.

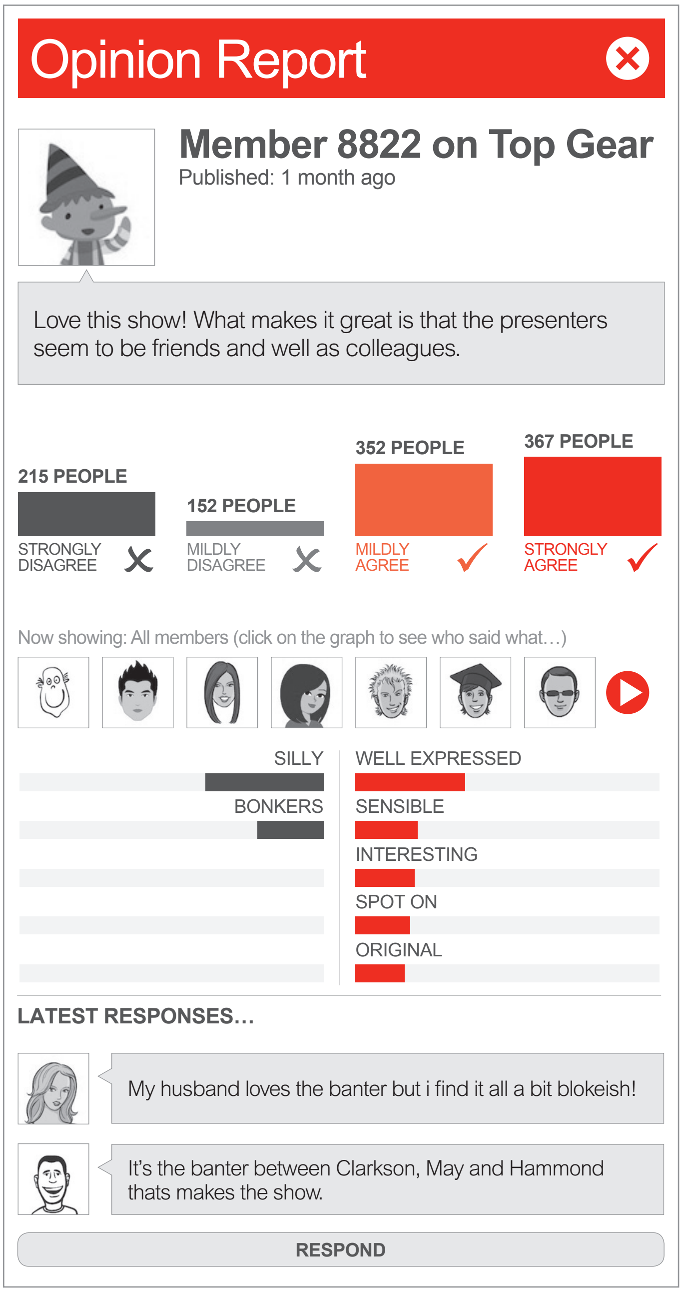
Overview

Business model and strategy

Enhance our user experience

Integrated data, and user experience in producing that data, are two parts of the same process. It follows that YouGov's success depends on us keeping panel members engaged and responsive. Our current panel engagement activity includes two recent innovations, Opigram and "You Made the News!" alerts.





Opigram

Opigram is YouGov's "Wikipedia of opinion". Opigram is a new technology for recording and measuring opinion online which sits on YouGov's panel-facing websites. Opigram allows YouGov panellists to proactively share their opinion on anything they like, whenever they like – and for it to be counted. Through a combination of ratings, inputting opinions, and agreeing or disagreeing with other panellists, panellists build up a 360 degree profile of their tastes, habits and interests (their personal Opigram). At the same time, opinions come together to form detailed pen-portraits (Opigrams) of brands, movies, celebrities, books and much more.

Developed in partnership with CoEditor Limited, Opigram is an integral part of YouGov's panel engagement and website strategies. It is designed to keep our panellists actively engaged, regularly and consistently, as opposed to them having to wait to receive a survey to express their opinion. It provides people with a way to record their opinions and experiences that is organised to be useful to them, and to other people. The platform also offers a social network via which panellists can get to know one another over a shared opinion, hobby or passion.

As the heart of YouGov's panel engagement strategy, the next year will be an ambitious one for Opigram. Development plans include functionality for sharing profile pages and activity on social media, as well as the capability for live polling and live results. Opigram data will also be made available for commercial use across the company.

You Made the News!

Our global panel of respondents join YouGov in order to have their say. Whether the subject is Government policy, a new product, or the fortunes of a particular brand, we know panellists engage with YouGov because they know our research moves the news agenda. Internal research also shows that the stronger the "feedback loop" between a YouGov panellist expressing an opinion and then seeing the results in print, the happier – and more engaged – they are.

Building on this insight, towards the end of this financial year we began trialling a new instant alert that provides almost real-time feedback to panellists. Going forward, when a news article which references survey results to which they contributed is published, panellists will receive an alert informing them that "You Made the News!"

Beta testing using our UK panel and YouGov's own news content shows that highlighting the effect of panellists' opinions in this way correlates with a significant increase (up to 30%) in panellist responsiveness. Clearly, YouGov panellists appreciate that their views really do shape the news!

For the next stage of the project we will begin to circulate links not only to YouGov's own news content, but also external press articles featuring YouGov polling results. From this, we expect to see further significant improvements in panel responsiveness and overall engagement. It is our intention to roll the project out across all our key territories during the next year.

Overview

Business model and strategy

Boost our public profile

YouGov's reputation for providing accurate and authoritative information is enhanced by the strength of our public profile. YouGov is the pollster for a number of the world's leading media organisations including *The Times, The Sun, The Sunday Times, Huffington Post, The Economist, Al Aan TV, MediaQuest, MetroXpress, Berlingske, Die Zeit* and *Bild.* We also undertake strategic partnerships with academic institutions and media organisations for a variety of events and projects.

YouGov-Cambridge

In 2011, the Department of Politics and International Studies (POLIS) at Cambridge University established a partnership with YouGov to facilitate collaboration between academic experts and opinion research professionals. The partnership's aim is to find innovative ways to use public opinion data within academic programmes and to produce research that informs the public policy debate. This partnership has proven to be very successful, generating research on a wide range of topics, initiated and analysed by staff and students from POLIS and other parts of the University, with examples including studies of political representation, climate change policy and foreign policy.

YouGov and POLIS recently agreed to extend their partnership through the YouGov-Cambridge Programme of Public Opinion Research. This programme will continue to encourage staff and students at Cambridge to use YouGov research, while YouGov professionals will contribute to some of the teaching programmes in POLIS including the Master's Degree in Public Policy (MPP) launching at the University in October 2013.

In addition to ongoing research, the partnership has since developed a programme of annual conferences, held in London and Cambridge. In March 2013, YouGov and POLIS partnered with *The Guardian* to hold a one-day forum on the themes of "Public Trust in Banking" and "Reversing or Advancing Thatcher's Legacy"; in September 2013, the annual forum was held on the theme of "Public Opinion and the Evolving State". Our event partners included *The Guardian*, the British Council and the Royal United Services Institute. These conferences have become a regular fixture for Cambridge academics to interact with opinion research professionals and practitioners from the public and private sectors.

Follow YouGov-Cambridge on Twitter

@YouGovCam

USA Presidential Election

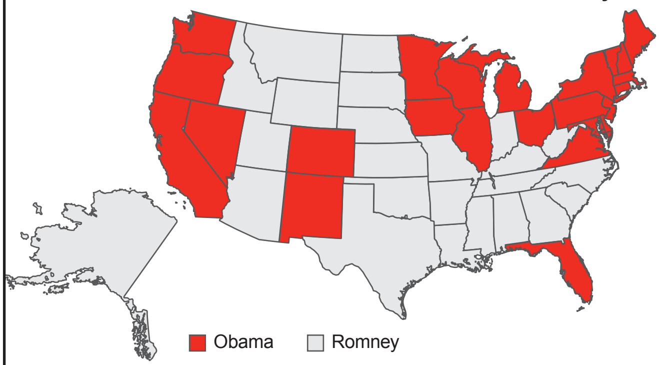
The 6 November 2012 USA Presidential Election provided a great opportunity for YouGov to increase its brand presence in the US. YouGov undertakes regular polling of political sentiment in America, including our annual Cooperative Congressional Election Study (CCES) which involves a consortium of universities, our weekly polling for *The Economist* (now in its fifth year) and our more recent partnership with the *Huffington Post* which sees our polling widget sitting on one of the largest news sites on the internet. For the Presidential Election year, we expanded our politcal polling efforts with two new partnerships.

We joined forces with Microsoft to undertake live polling during the Presidential Debates using the Xbox platform in order to target young adult voters. We asked Xbox users approximately 70 questions per debate, with over 30,000 respondents weighing in per question.

We also partnered with CBS News to produce the CBS News/YouGov Electoral Vote Tracker, one of the most extensive opinion polling projects ever conducted. We interviewed 36,000 American YouGov panellists, across 25 states, three times – once in September at the beginning of the campaign, again in October after the first Presidential Debate, and finally a third time on the eve of the election.

The survey included all the battleground states, and also the largest states such as New York, California and Texas. YouGov's final prediction was one of the most accurate out of all pollsters covering the election. We believe that the demonstrable superior accuracy of online research methods in this election has clearly tilted the debate over US political polling in favour of online.

CBS/YouGov Simulation: if the election were held today



CBS News/YouGov Electoral Vote tracker as at 20 September 2012

BIG-STATE BRITAIN? UK VOTERS' SYMPATHY FOR THE POOR

Britons are less inclined than the French to regard the workless as indulged, readier than the Germans to pay taxes to help them, and decidedly less relaxed about top salaries than the Americans, according to a major transnational study by the academic thinktank **YouGov-Cambridge.**

The Guardian, 15 April 2013

SUBWAY, WENDY'S, CHIPOTLE OFFER BEST VALUE FOR QUALITY, CONSUMERS SAY

Is it possible to find out which fast food chain offers customers the best bang for their buck? The statisticians at **YouGov** BrandIndex seem to think so. They used data from their daily tracking index of consumer perception of fast food chains…

Huffington Post, 25 October 2012

THE X FACTOR FINAL: YOUR BIG VERDICT ON WHO WILL WIN

Nicole was ecstatic to see both of her remaining acts joint favourites to win at Ladbrokes… But there was little joy for two of her fellow judges as fans in our exclusive survey – conducted by pollsters **YouGov** – gave their verdicts…

The Sun, 7 December 2012

LA CROISSANCE, PRIORITÉ DES FRANÇAIS

Une large majorité des Français estime que la France et l'Union européenne doivent relancer la croissance plutôt que de chercher à respecter l'objectif d'un déficit limité à 3% du PIB, selon un sondage de **YouGov**…

Le Figaro, 14 March 2013

RED TROUSERS ARE OFFICIALLY A FASHION FAUX PAS, YOUGOV POLL FINDS

A poll by respected researchers **YouGov**… found that just 12 per cent of the population think well of men in red.

The Telegraph, 31 July 2013

HVER ANDEN DANSKER HAR KØRT FOR STÆRKT FOR NYLIG

Halvdelen af danskerne har kørt for stærkt på de danske veje inden for den seneste måned – mens kun 17 procent aldrig har gjort det, ifølge en ny undersøgelse foretaget af **YouGov..**.

metroXpress, 23 May 2013

UAE AMONG HAPPIER MENA NATIONS

The "Happiness and Wellbeing in the Mena" survey conducted by Bayt.com and **YouGov**, an independent research and consulting organisation, has revealed that respondents in the UAE are highly satisfied with life in general… On the other hand, the highest dissatisfaction noted by respondents is with financial independence across all three regions (GCC, Levant, and North Africa).

The Gulf Today, 23 July 2013

WOMEN OWN MAJORITY OF UK'S TABLETS FOR FIRST TIME

Despite the stereotype of gadget-fixated males, a new study from **YouGov** has found that for the first time the majority of tablet devices in the UK are owned by women.

The Independent, 18 July 2013

DEUTSCHLANDS BELIEBTESTE GROSSSTÄDTE

Berlin ist der coolste Standort Deutschlands? Vielleicht – aber wohnen wollen dort viele eher nicht. Lieber in Hamburg ist die beliebteste Großstadt Deutschlands. Bei einer repräsentativen Umfrage des Meinungsforschungs instituts **YouGov**…

Bild, 19 April 2013

RETURN OF THE FEELGOOD FACTOR AS UK PLC PICKS UP THE PACE

A report published today by polling experts **YouGov** and the Centre for Economics and Business Research think tank shows the mood among UK households is the most optimistic since April 2010.

Daily Mail, 15 July 2013

Overview

Business model and strategy

Expand our geographic footprint

The YouGov Group has 20 offices worldwide, covering the UK, Europe, the Nordics, the Middle East and the USA.

During FY13, YouGov began establishing a panel in China – see page 18 for more details.

USA	
Revenue	£20.8m
Adjusted operating profit	£2.3m
No. of employees	107
Offices	6
Panel size	1,704,900

UK	
Revenue	£17.4m
Adjusted operating profit	£4.4m
No. of employees	161
Offices	1
Panel size	442,100

All figures as at 31 July 2013.

	Middle East	Germany	Nordic	France
Revenue	£7.3m	£9.4m	£8.5m	£0.3m
Adjusted operating profit / **Adjusted operating loss** (France)	£1.5m	£0.9m	£0.3m	(£0.1m)
No. of employees	65	108	65	5
Offices	4	2	6	1
Panel size	326,400	140,500	101,700	83,300

Overview

Chairman's statement

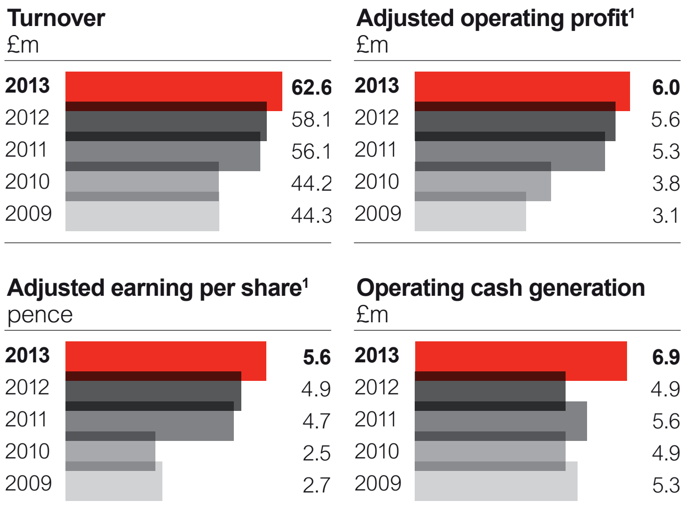
for the year ended 31 July 2013

"In the year ended 31 July 2013, we are pleased to report that YouGov has delivered good financial performance, in line with the Board's expectations."

Introduction

In the year ended 31 July 2013, we are pleased to report that YouGov has delivered a good financial performance, in line with the Board's expectations. The Group's revenue has once again grown well ahead of the global market research industry and we have also made further progress towards our stated goal of increasing our focus on real-time research based on our increasingly global online panel. Our profits and earnings per share have increased while we have continued to invest in developing our products and technologies as well as entering new markets. Given this performance, together with our continued robust financial position, the Board is recommending an increase of 20% in the dividend payable to shareholders.

This year's revenue of £62.6m was 8% higher than the prior year. Significantly, revenues in the second half year grew by 15%, compared to the same period in 2011/12, as we converted the strong sales reported at the interim stage. The Group's adjusted operating profit increased by 7% to £6.0m, in line with its revenue growth. We continued to tighten our operating expense ratio, by 1 percentage point, although gross margins fell slightly due to higher external data collection costs as more international off-panel work was conducted. Our adjusted profit before tax rose by 13% and adjusted earnings per share by 14% reflecting the strong operating performance and higher net finance income.



1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; in the year to 31 July 2013, amortisation of intangibles was £3.3m (2012: £4.4m) and exceptional costs were £1.2m (2012: £0.5m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

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Operating review
Governance
Financial statements
Additional information

The success of our strategy of investing in faster growth from data products and services was reflected in revenue growth of 17% from this part of our business which now accounts for 24% of the Group's total revenue. We are pleased to see these benefits resulting from our investments in new and enhanced products as well as in the people and technology with which to deliver them. Revenue from custom research increased overall by 5%, a growth rate which is in itself above the estimated global market growth rate of 3% for 2012/13. We believe that our innovations in breaking down the traditional divide between syndicated and custom research will enable YouGov to increase further the value that can be generated from the data that we collect as well as our business scalability.

Given our diversified geographic footprint, different regions performed at varying speeds as expected.

The UK remains the territory where YouGov's core business model is most developed. UK revenue increased by 11% to £17.4m reflecting significant new custom business wins among global corporate and institutional clients as well as continued growth in data products and services, especially for our market-leading Omnibus service. The higher revenue fed through to a 19% increase in its adjusted operating profits compared to the previous year, reflecting the scalability of the model.

There was a mixed performance in the US which is our largest market by revenue. We achieved overall revenue growth of 8%, with BrandIndex continuing to grow strongly and our polling accuracy for the 2012 Presidential Election helping to increase awareness of our brand. However, US adjusted operating profit was £0.4m lower at £2.3m compared to £2.7m in the prior year. This was due to slower growth in the US custom research business in the second half of the year as two major clients unexpectedly reduced their activity. Following management actions, including cost savings, implemented since the year-end, we expect the US custom business and overall US profitability to be back on course in the current year.

The Middle East reported revenue growth of 22% and adjusted operating profit growth of 18%, both of which were well ahead of expectations due to continued new business wins in UAE and in the Kurdistan region of Iraq whose rapid economic development has created significant opportunities to exploit our research model along with our understanding of the region. In Germany, the progress reported at the interim stage was maintained resulting in higher profitability and the adjusted operating margin reaching 9%. Our Nordic unit, which as previously reported, experienced problems in the first half, has undergone a restructuring programme which started in January 2013, led by an interim CEO. This addressed the year-on-year revenue decline seen in the first half and led to cost reductions which will yield annualised savings of £0.5m. These actions should enable the unit to deliver a better performance in the next financial year. Our nascent French operation achieved its goal of doubling revenue from the previous year through several new BrandIndex contracts and a growing domestic and international Omnibus business.

Dividend

Following the payment of our maiden dividend of 0.5p per share in December 2012, the Board indicated that it intended to follow a progressive dividend policy in subsequent years. Having considered the Group's performance in the year ended 31 July 2013 and future expectations as well as its financial resources, the Board is pleased to recommend payment of a final dividend of 0.6p per share in respect of the year ended 31 July 2013, payable in December 2013. This represents an increase of 20% over the maiden dividend paid in 2012.

Roger Parry
Chairman

14 October 2013

Operating review

Chief Executive's review

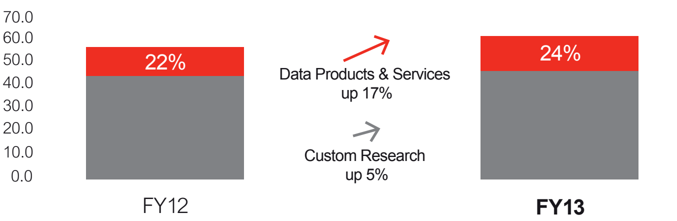
for the year ended 31 July 2013

> "Our investment in data products and services is delivering significant growth while our custom research business is also still growing ahead of the market."

Introduction

In rolling out our strategy, YouGov has delivered a good operational and financial performance for the year. Our investment in data products and services is delivering significant growth while our custom research business is also still growing ahead of the market. YouGov remains the pioneer of real-time research based on continuous interaction with our engaged panel. This data enables us to offer clients cost-effective and highly accurate insights through packaged products like our proprietary BrandIndex and our market-leading Omnibus service.

Changes in revenue
£m



Delivering the growth strategy

Our clearly stated aim is to make our core offering of opinion data, derived from our highly responsive panel of respondents, into a systematic research and marketing platform delivering data and related analyses and reports that can be used to plan, manage and refine all types of campaigns whether they have commercial, political, social or other objectives.

In delivering this, we have defined five key strategic objectives. We describe these below together with our progress in achieving them in the year under review.

Grow our suite of data products and services

We made further progress in increasing the proportion of Group revenue derived from data products and services to bring this closer to parity with custom research over the medium term. Overall revenue from data products and services grew by 17% to £15m from £13m in the year ended 31 July 2013.

BrandIndex, our flagship brand intelligence service, continued to gain clients globally and achieved 22% revenue growth to £5m. It now serves over 150 subscribers across all our geographic units. The development of BrandIndex as a currency for brand measurement has been facilitated by our close collaborations with leading global media agencies including OMD and Universal McCann who continue to support its global expansion. New client wins in the year included Barclaycard, Energizer, Heathrow and Travelodge. During the year, we launched an enhanced version (6.0) of BrandIndex which includes weekend data collection as well as weekday coverage and an extended range of valuable information from consumers, including media awareness and expected and reported purchase behaviour. We also launched an extension of the BrandIndex service – CategoryView. This provides in-depth data on specific market sectors (e.g. telecoms or dining) focusing on product ownership, spending patterns and brand switching behaviour. It provides additional insight for brand and business decision-makers and also for financial investors, such as fund managers and analysts. CategoryView has been introduced for selected sectors in the US, UK and China and is being marketed initially to the investment community, especially in the US.

Our Omnibus service, which celebrated its tenth birthday in 2013, achieved global revenue growth of 20% to nearly £8m. This reflects the geographical expansion of the Omnibus service as well as continued good growth (18%) in the UK where it is the clear market-leader. We launched a daily Omnibus in the USA in January 2013, overseen by our Group Omnibus Director who is now based in New York, which is performing as planned. In the US, as well as in other newer Omnibus territories such as France and Middle East, we have successfully begun to build media and PR agency relationships in support of Omnibus, following the successful UK model. New European clients in the year included Money Advice Service and Henkel, while new US clients included Diffusion PR and KIND. The global roll-out of Omnibus is also enabling us to service demand for multi-country Omnibus surveys using the Group's own panels which we expect will contribute to future growth. New segmental services covering specific groups such as Children and Parents, Shoppers and B2B have also been launched which will extend the client base that can be served using the common Omnibus platform.

We have continued to develop SoMA, our measurement tool for social media audiences which uniquely includes Facebook messages as well as Twitter, so that clients can apply their own segmentations to data derived from social media. This provides the ability to track social media communications across target audiences as defined by a given business or organisation. SoMA gives valuable insights into the "customer journey" and is being incorporated by clients into their wider research data suite.

Operating review

Chief Executive's review continued

for the year ended 31 July 2013

Expand our geographic footprint

YouGov already has twenty offices worldwide covering the USA, UK, France, Germany, Nordics and the Middle East and our online panels operate in 33 countries with some 3 million panellists registered on them. In meeting our clients' needs for YouGov's data we have been expanding our operations across the major global markets around a repeatable version of our core offering. We aim to do this mainly by organic investment but will consider selective acquisitions if these can accelerate our development. Our French office, which opened two years ago, is successfully meeting its goals. Early in 2013, we set up our first panel of Chinese consumers which has enabled us to launch a BrandIndex version for China to which clients are already subscribing.

Integrate custom research and syndicated data

YouGov's panel centric approach enables us to provide clients with the information they require on opinions and behaviours using the data that our panellists continuously provide to us, supplemented as necessary with tailored surveys or questions added to our regular surveys. We have been significantly expanding and organising our Profile Data Library (PDL) so that this "connected data" enables our clients to understand people's attitudes and consumption decisions. This data already feeds into our syndicated products, for example economic confidence data from our Household Economic Activity Tracker (HEAT) can be overlaid with customer segmentations and BrandIndex data can be filtered by media consumption types. More and more, we are integrating this data with our custom research to make the whole offering stronger and have been applying this approach to provide innovative solutions to our clients. For example, YouGov's precise media consumption data can be used to measure the impact of advertising that respondents have seen but do not recall. Our innovative solution was demonstrated at the Guardian's Changing Media Summit, in a case study on the advertising campaign for "Lynx" a well-known personal care product. A number of clients, including RSPB and SHS-Drinks, are already using these new methods to measure the impact of their advertising and sponsorship campaigns. Delivery of complex data sets tailored for our clients also requires sophisticated tools for data delivery, analysis and visualisation which our investment in these technologies helps us to fulfil. This allows us to capitalise on the opportunity that we have identified to integrate syndicated data into custom research projects.

Enhance user experience

Integrated data, and user experience in producing that data, are two parts of the same process. That is why one of YouGov's key differentiators is that we treat panel management as part of our panel-centric methodology. This centres on using online panels with engaged long-term respondents to build up an ever-growing web of data. For example, by adding the data from today's interview to that from last month's interview and so on, we can build a full picture of the complexity of consumers' interactions and can track when and how these change. This is a marked shift from the old world in which people were stopped in the street or contacted by telephone for a one-off survey which provided a single snapshot or slice of data and the interviewee then yielded no further value. Our panellists are happy to share their lives with us with many giving YouGov access to their Facebook pages and Twitter identities and allowing us to track their online activities. It follows from the centrality of this method that YouGov's success depends on us keeping panel members engaged and responsive. During this financial year, we strengthened the management of our panels by appointing a Group Director of User Experience who will ensure consistent, active management of the relationship with our panellists across the Group. This also improves the returns from our investment in panel recruitment. We have also continued to develop innovative ways for our panellists to extend their interactions with YouGov beyond responding to surveys. These include "You Made the News!" alerts and Opigram.

"You Made the News!" alerts inform respondents to a survey about articles published covering the results of that survey. This feature provides panellists with feedback on how the data that they provide is being used and satisfies their interest in the overall results of surveys that they take. This currently only covers publication of results on YouGov's UK and US websites but will be extended to other units and to external media coverage.

Opigram, developed in partnership with CoEditor Limited, is a new technology for recording and measuring opinions that our panellists choose to offer. It is becoming an integral part of YouGov's panel-facing websites and allows YouGov panellists proactively to share their opinion on any subject, whenever they like and to build

up their own profile through a combination of ratings, opinions, and agreeing or disagreeing with the opinions of other panellists. It provides people with a way to record their opinions and experiences that is organised to be useful to them, and to other people. The platform also offers a social network through which panellists can exchange opinions. As well as entertaining our panellists, Opigram is building a valuable database of how opinions on one area or issue correlate with attitudes on others (for example, consumer preferences with media usage and changing attitudes) and this extends the range of usable data that YouGov can offer its clients (as always, on an anonymised basis). Opigram is the new searchable data-base of the "long tail" of changing respondent data and is therefore itself a data product. It is helping transform YouGov from a company that uses the Internet to an actual Internet company.

After a successful soft-launch in the UK, Opigram was rolled-out in the USA in July 2012, and the level of engagement across both the UK and US websites has demonstrably increased. Since January 2013, the number of unique visitors has increased by 76% to our UK site and by 32% to our US site. Reflecting the importance of this technology, YouGov has increased its effective holding in CoEditor, the company which is developing Opigram, to 57%.

Boost our public profile

YouGov's reputation for providing accurate and authoritative information is enhanced by the strength of our public profile and this in turn means that our panellists know that their opinions count. In the UK, YouGov is quoted twice as often as any of our competitors and we are also increasingly quoted in traditional and digital media around the world. During the 2012 US Presidential Election our regular polling and collaborations with CBS and *Huffington Post* generated significant publicity for YouGov. We believe that the demonstrable superior accuracy of the online methods in this election has clearly tilted the debate over US political polling in favour of online. Another innovation during the US Presidential Debates was our live polling in partnership with Microsoft using the Xbox platform to measure instantly the reactions of young adult voters. YouGov's media engagement model is being applied in other units too. In France, for example, collaboration with *Huffington Post* has helped our new operation to gain rapid media exposure and in Germany, daily polling is conducted for a number of media outlets including two national newspapers: *Die Zeit* and *Bild*.

We are also ensuring that our brand's public profile is fully leveraged among market research buyers in all geographies. We are therefore planning to appoint a global Chief Marketing Officer to lead the Group's marketing activities and increase the awareness and understanding of our brand proposition among all constituencies. This role will be based in New York with an initial focus on the US market.

> "By continuing with our innovation and investment we will be able to build on our already strong position and deliver the growth strategy to which we have previously committed."

Looking ahead

The nature of the market research industry is changing. The old model of seeking the views of a structured sample and then using statistical techniques to extrapolate a valid answer for the population is proving expensive and slow. We are seeing clear signs that clients in all types of organisation are increasingly demanding accurate, real-time information including analysis of social media commentary of the kind that YouGov has set itself up to provide through the immediate responses of registered and documented panellists. This allows far more accurate and rapid insights to be obtained. Even the global research groups which have large, historic investments in traditional methods are publicly acknowledging this trend.

As YouGov is an acknowledged world leader in real-time research, we believe we are well placed to benefit from these changes that are driven by the growing impact of digital technologies. By continuing with our innovation and investment we will be able to build on our already strong position and deliver the growth strategy to which we have previously committed.

Our focus in the coming year will remain on maintaining the growth from our expanding suite of data products and services and on focusing resources in all our existing operations so as to exploit further the advantages of our core operating model. We will also continue to develop opportunities for geographical expansion. The Board is confident that YouGov will deliver further growth in revenue and profits in the current year.

Operating review

Review of operations

for the year ended 31 July 2013

UK

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	% Change
Revenue	**17.4**	15.7	11%
Adjusted Operating Profit	**4.4**	3.7	19%
Adjusted Operating Profit Margin (%)	**26%**	24%	

Our UK business achieved another successful performance with operating profit growth of 19% based on revenue growth of 11% which reflected continued market share gains and on operating margins increasing from their already impressive base. In line with our overall strategy, the UK's revenue from data products and services grew proportionately faster (20% up) than that from custom research (7% up). Good progress was also made in our aim of combining YouGov's proprietary data with additional bespoke surveys in our offerings to clients.

Data products and services now represent 46% of the total revenue and its scalability helps to make the UK our highest margin unit. Within this, BrandIndex revenue grew by 41% with 20 new subscribers, including Barclaycard and Travelodge, signed in the year bringing the total number of UK BrandIndex customers to 50. Revenue from UK Omnibus, which is already the clear leader in its marketplace, grew by 18% due in part to more clients taking up its international offerings as well as the segmental Omnibus's (such as "Main Shopper" and "Parents and Children") which are becoming a valuable extension to the service range. SixthSense, our reports business, achieved revenue growth of 15% with particular success in sales to the financial services sector including clients such as Santander and Prudential.

As anticipated at the interim stage, strong sales in the first half fed through to above-market annual growth in custom research revenue. These included a number of significant new contracts, notably in financial services (Barclays and Blackrock), technology (Docomo Europe) and media (ITV) as well as renewals from existing major clients such as Asda, Costa Coffee and News UK. Our specialist Reputation practice also extended its client base to include a global bank and a leading professional service firm. Our Political team remains at the forefront of its field and in 2013 has entered into a new partnership with *The Times* in addition to our long-standing relationship with *The Sunday Times*.

USA

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	% Change
Revenue	**20.8**	19.2	8%
Adjusted Operating Profit	**2.3**	2.7	(15%)
Adjusted Operating Profit Margin (%)	**11%**	14%	

Although we continued to grow our market share in the US, with 8% overall revenue growth and data products revenue growing strongly at 43%, the US adjusted operating profit fell by 15%. This was due to lower than expected revenue in the custom business in the second half, which was not offset by cost reductions, although actions now taken to strengthen sales and reduce the overhead cost base are expected to improve profitability.

Growth in data products and services revenue was largely due to BrandIndex whose market awareness in the US continues to develop, supported by active public relations campaigns and collaboration with leading media buying agencies. The new BrandIndex CategoryView which provides in-depth tracking of consumer attitude and buying habits in an individual sector was launched commercially in the US during the year, targeted particularly at the investment sector. US BrandIndex clients include Bank of America, Subway and Western Union. There was a small revenue contribution from the new Omnibus service, launched in the USA in January 2013, which is performing as planned as well as continued growth in the specialist HospitalIndex product.

The custom business continued to win new clients and achieved revenue growth of 3%, in line with the US research market as a whole, despite the unexpected reduction in commissions from two major clients. It continued to extend the range of corporate clients that YouGov serves in the USA (which now include Coca-Cola, Georgia Pacific, Microsoft, NetJets, Remy Martin and Travelocity). Polling work in connection with the 2012 Presidential election, including collaborations with *Huffington Post* and CBS also helped to increase awareness of YouGov's reputation for accuracy as well as of YouGov generally in the US.

Middle East

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	% Change
Revenue	**7.3**	6.0	22%
Adjusted Operating Profit	**1.5**	1.3	18%
Adjusted Operating Profit Margin (%)	**21%**	22%	

Our Middle East business has continued to exploit our region-wide reputation for accuracy and quality as well as our local relationships so as to deliver revenue growth of 22%, which was higher than our original expectations for the year. This enabled it to increase adjusted operating profit by 18% to £1.5m, also better than planned, with operating margins remaining broadly stable. In addition to winning business in Dubai and Saudi Arabia from clients such as Emirates Airlines, Pepsico, Saudi Telecom and various UAE public bodies, we have also won major contracts in Kurdistan for commercial market research and public opinion polling which led to the establishment of a branch office in this rapidly expanding economy. Our panel, which now covers 21 countries in the Middle East and North Africa, continues to be regarded as the regional leader in terms of quality and has supported growth of our online data services (including BrandIndex and Omnibus) which grew revenue by 26% in the year. The partnership with Al-Aan TV to provide surveys for their pan-regional Arab language channels continues to help promote our brand regionally. The economic opportunities in the Middle East region, including its young population profile, continue to attract interest and investment from international and regional businesses despite the political instabilities. YouGov's regional footprint and panel make us well positioned to service the resulting research requirements and deliver further growth.

Germany

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	% Change
Revenue	**9.4**	9.4	–
Adjusted Operating Profit	**0.9**	0.6	36%
Adjusted Operating Profit Margin (%)	**9%**	7%	

Our clear priority in Germany has been to increase profitability and align the business more closely with YouGov's core operating model. We are pleased to be able to report a continued performance improvement in 2012/13 with 36% operating profit growth and a 9% margin being achieved. This achievement was due in part to the cost savings implemented in the prior year and also to a 2% point increase in gross margins this year to 80% resulting from the focus on winning higher margin business. This selective approach contributed to the overall revenue remaining static compared to the previous year. The financial services remained the largest sector in the business with clients including Commerzbank and many of Germany's savings and regional banks. Technology and media is also growing with clients such as Deutsche Telekom and Vodafone. BrandIndex has continued to gain new subscribers and the Omnibus service has moved onto a full daily basis. The goal remains to increase margins further as we expand the penetration of YouGov core services in the German market.

Nordic

	Year to 31 July 2013 £m	Year to 31 July 2012 £m	% Change
Revenue	**8.5**	8.8	(4)%
Adjusted Operating Profit	**0.3**	0.8	(55)%
Adjusted Operating Profit Margin (%)	**4%**	9%	

As reported at the interim stage, our Nordic business experienced a challenging year, due largely to poor trading in Sweden which led to overall revenue falling by 4% although the Danish office which accounts for nearly 50% of the business grew revenue by 1%. In January 2013, a turnaround programme was instituted under the leadership of an interim CEO with the aim of restoring growth and improving margins by shifting the business model closer to that of the UK with a higher proportion of Omnibus and data products business. Staff numbers have been reduced resulting in cost savings of £0.5m on an annual basis. As a result there was a return to profitability in the second half of the year. Major clients in the year included OMD, Carlsberg and Steen & Strom (the retail group).

France

Our French business which is in its second year of operation, doubled its revenue as planned to £0.3m. It is delivering YouGov's core products and services (BrandIndex and Omnibus) into the French market as well as providing French data for international survey projects. Its panel has now grown to 83,000 members. French BrandIndex sales have been made to existing international clients as well as locally to companies such as KFC, Danone Baby Nutrition and Sarenza. The unit is on course for further strong growth in the coming year.

Stephan Shakespeare
Chief Executive Officer

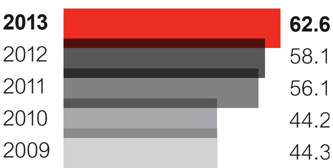
14 October 2013

Operating review

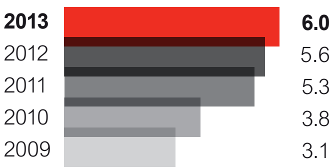
Chief Financial Officer's report

for the year ended 31 July 2013

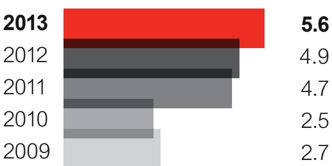
Turnover
£m



Adjusted operating profit[1]
£m



Adjusted earning per share[1]
pence



1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; in the year to 31 July 2013, amortisation of intangibles was £3.3m (2012: £4.4m) and exceptional costs were £1.2m (2012: £0.5m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

Income statement review

Group revenue for the year to 31 July 2013 of £62.6m was 8% higher than the prior year. The highest growth was in the Middle East at 22%, while the UK grew at 11% and the US 8%. Revenue in Germany was in line with the previous financial year and Nordic declined by 4%.

The Group's gross profit (after deducting costs of panel incentives and external data collection) increased by £2.4m to £47.1m although the gross margin fell by 2 percentage points to 75% from 77%, due equally to higher panel incentives and external data collection costs.

Operating expenses (excluding amortisation and exceptional items) of £41.1m were £1.9m higher than last year, a total increase of 5%. However, the operating expense ratio fell to 66% compared to 67% in the prior year reflecting prior year cost savings and continued focus on controlling staff and other costs.

The average number of staff (full-time equivalents) employed during the year increased by 20 to 502 from 482 in the previous year to support business growth. Average revenue per head increased to £125,000 from £121,000 and staff cost as a percentage of revenue was unchanged at 50%.

Adjusted Group operating profit increased by 7% to £6.0m compared to £5.6m in the previous year. Net finance income was £0.1m compared to a cost of £0.2m last year, primarily due to foreign exchange gains, resulting in adjusted profit before taxation rising by 13% to £6.8m. Adjusted earnings per share1 for the year rose by 0.7p to 5.6p. The reported profit before taxation (after charging amortisation and exceptional items of £4.5m) rose £1.1m to £1.5m.

Amortisation of intangible assets and impairment

Amortisation charges for intangible assets of £3.3m were £1.1m lower than the previous year, largely due to lower costs relating to intangible assets acquired through business combinations which fell to £0.8m (2012: £2.0m). £1.2m of the remaining charge related to separately acquired assets, as in the prior year and £1.3m (2012: £1.2m) to those created through the Group's own internal development activities.

Exceptional items

Exceptional costs of £1.2m (2012: £0.5m) were incurred in the year. These included £0.6m of restructuring costs, primarily in relation to the Nordic business, £0.3m of acquisition related expenditure, £0.2m of employment termination costs incurred in the US and £0.1m in relation to the closure of the panel in Chile previously operated through a local partner.

Analysis of operating profit and earnings per share

	31 July 2013 £'000	31 July 2012 £'000
Group operating profit before amortisation of intangibles, impairment and exceptional costs	**5,982**	5,585
Share-based payments	**767**	641
Imputed interest	**71**	150
Net finance income/(cost)	**118**	(240)
Share of post-tax loss in associates	**(122)**	(83)
Adjusted profit before tax	**6,816**	6,053
Adjusted profit after tax	**5,312**	4,663
Adjusted earnings per share[1] (pence)	**5.6**	4.9

1. Adjusted earnings per share is calculated based on the post-tax result derived from the adjusted profit before tax.

Cash flow

The Group generated £6.9m in cash from operations (before paying interest and tax) (2012: £4.9m), cash conversion was good at 116% of adjusted operating profit (2012: 88%), and included a £0.7m inflow due to lower working capital. Expenditure on investing and financing activities was £6.5m (2012: £5.9m), £4.0m of this (2012: £3.3m) related to capital expenditure on tangible and intangible assets and £2.0m (2012: £2.6m) to acquisitions including deferred consideration.

Taxation

The Group had a tax credit of £0.6m (2012: £0.1m charge) on a reported basis, the current tax charge of £0.5m (2012: £0.4m) being offset by a deferred tax credit of £1.1m (2012: £0.3m). On an adjusted basis, the tax charge was £1.5m (2012: £1.4m) which represents an implied tax rate of 22% on the adjusted profit before tax, one percentage point lower than the prior year.

Balance sheet

Total shareholders' funds increased to £61.1m from £55.9m at 31 July 2012 and total net assets increased to £61.1m compared to £56.0m at 31 July 2012. Net cash balances fell by £0.5m to £6.7m from £7.2m as at 31 July 2012, due largely to the cash expenditure on deferred consideration in respect of the US acquisitions made in prior years. Net current assets increased to £11.0m from £10.3m. Debtor days increased to 68 days from 63 days. Current liabilities increased by £2.8m to £19.7m from £16.9m. Creditor days decreased to 31 days from 35 days in 2012.

Panel development

During the year we have amended the definition that we use to measure panel size to bring it into line with the ISO 26362 definition of size which counts only active participants. As a result the number of panellists reported at 31 July 2012 has been restated from 3.3m to 2.9m. As at 31 July 2013, the Group's online panels comprised a total of 2.8m panellists, a decrease of 3% from the restated total of 2.9m as at 31 July 2012. The panel sizes by region were:

Region	**Panel size at 31 July 2013**	Panel size at 31 July 2012*
UK	**442,100**	437,200
Middle East	**326,400**	346,800
Germany	**140,500**	194,300
Nordic	**101,700**	101,600
USA	**1,704,900**	1,717,000
France	**83,300**	81,900
Total	**2,798,900**	2,878,800

* Restated

Corporate development activities

A final payment of $1.8m (£1.1m) was made during the year in respect of the acquisition of Harrison Group as anticipated and previously provided for in the accounts, which brings the total consideration to $14.4m (£8.9m).

A payment of $0.8m (£0.5m) was made in respect of the acquisition of Definitive Insights bringing the total consideration to date to $2.0m (£1.2m). Additional payments totalling $0.8m (£0.6m) will be payable in two instalments in 2014 and 2015.

A final payment of $0.6m (£0.4m) was also made in respect of the acquisition of Clear Horizons LLC bringing the total consideration paid to $2.3m (£1.5m).

On 6 September 2013, after the end of the financial year, a 40% shareholding was acquired in Doughty Media 2 Limited ("DM2") which has a 69% shareholding in CoEditor Limited, the company which has developed the Opigram service and in which YouGov already owned a 29.6% shareholding. Following this purchase, YouGov now effectively controls 57% of CoEditor Limited. The shareholding was purchased from the director of Co-Editor responsible for the Opigram development who has become an employee of YouGov following the transaction.

The maximum purchase price for the shareholding acquired in DM2 is £497,000 of which £37,000 was paid in cash on completion. The remaining balance will be payable in YouGov shares in February 2015 with the majority (up to £348,000) being contingent on the achievement of certain performance criteria relating to the delivery of expected benefits arising from the incorporation of the Opigram service within YouGov's online presence. The number of YouGov shares to be issued in February 2015 will be calculated by reference to their average price over the five dealing days prior to 6 September 2013.

The remaining 60% shareholding in DM2 is held by Stephan Shakespeare (CEO of YouGov plc) and his wife, Rosamund Shakespeare. The Directors of YouGov (other than Stephan Shakespeare who has been excluded from these discussions due to his conflict) believe that it is in YouGov's best interests to take full control of the Opigram technology. They have therefore approved an offer to purchase the 60% shareholding in DM2 held by Stephan and Rosamund Shakespeare, for a maximum price of £744,000. This is on an equivalent valuation and terms to those agreed for the purchase of the 40% shareholding set out above, except that there will be no cash element and therefore the entire consideration will be payable in February 2015 in YouGov shares, with up to £522,000 of this being contingent upon the achievement of the performance criteria described above. The implied valuation of CoEditor is also equivalent to that upon which YouGov previously acquired its 29% shareholding. The Directors (other than Stephan Shakespeare) consider these terms to be fair and reasonable and in the best interests of the Company. As this transaction would be a substantial property transaction as defined by S190 of the Companies Act 2006, the Board proposes at the forthcoming AGM to seek approval for it from the shareholders of the Company as required by the Act. As a result of the transaction, YouGov will effectively control 98% of CoEditor Limited.

Proposed dividend

The Board is recommending the payment of a final dividend of 0.6p per share for the year ended 31 July 2013. If shareholders approve this payment at the AGM, it will be paid on 16 December 2013 to all shareholders who were on the Register of Members at close of business on 6 December 2013.

Alan Newman
Chief Financial Officer

14 October 2013

Governance

Board of Directors

Roger Parry Non-Executive Chairman

Experience:
Roger is Chairman of YouGov plc, MSQ Partners Ltd and Mobile Streams Plc. He is a Visiting Fellow of Oxford University. Roger was previously a consultant with McKinsey & Co, CEO of More Group plc, Chairman and CEO of Clear Channel International, Chairman of Johnston Press plc, Chairman of Future plc and Chairman of Shakespeare's Globe Trust. Roger was educated at the universities of Oxford (M.Litt Economics) and Bristol (BSc Geology). He is the author of four books: *People Businesses; Enterprise; Making Cities Work;* and *The Ascent of Media.*

Stephan Shakespeare Chief Executive Officer

Experience:
Stephan co-founded YouGov in 2000 (in collaboration with Nadhim Zahawi). One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. He also founded PoliticsHome.com and ConservativeHome.com. He was chair of the Data Strategy Board for the Department for Business, Innovation and Skills 2012–2013 and led the Shakespeare Review of Public Sector Information. He is currently a member of the Government's Public Sector Transparency Board, a trustee of the National Portrait Gallery and Chairman of Flooved Ltd. Stephan has an MA in English Language and Literature from Oxford University.

Alan Newman Chief Financial Officer

Experience:
Alan has been YouGov's Group Chief Financial Officer since 2008. Prior to joining YouGov, Alan was a Partner with Ernst & Young LLP and KPMG LLP where he led the TMT sector financial management consulting practice. Alan's previous corporate management roles include International Finance Director of Longman and Group Development Manager of MAI plc (now United Business Media). He is a Trustee of the Freud Museum London and a Director of the Quoted Companies Alliance. Alan is a Fellow of the Institute of Chartered Accountants and has an MA in Modern Languages (French and Spanish) from Cambridge University.

Doug Rivers Chief Innovations Officer

Experience:
Doug was CEO of YouGov's American business from 2007 to 2011, following YouGov's acquisition of Polimetrix which Doug founded in 2004. Prior to this he was CEO of Knowledge Networks. He has also been a Professor of Political Science at Stanford University in California since 1989, and is a Senior Fellow at the Hoover Institution. Doug holds a PhD from Harvard University and a BA from Columbia University.

Sir Peter Bazalgette Non-Executive Director

Committees:
Chair of Remuneration Committee, member of the Audit Committee

Experience:
Sir Peter is Chair of Arts Council England and former Chair of English National Opera. He has raised funds for arts and media organisations, notably as Chair of The Crossness Engines Trust and as Deputy Chair of The National Film and Television School. He has a number of media interests, serving on the Boards of ITV and MirriAd and the Advisory Board of BBH. He is active in the television industry and is the president of The Royal Television Society, served as the Chief Creative Officer of Endemol, served on the Board of Channel 4 and devised several internationally successful television formats. He was also a Non-Executive Director of DCMS. Peter writes a regular food column for the *Financial Times*.

Nick Jones Non-Executive Director

Committees:
Chair of Audit Committee, member of the Remuneration Committee

Experience:
Nick is currently Chief Financial Officer of Achilles Group, the global provider of professional procurement services. Prior to this, he was Global Head of Finance for Reuters plc where he also led the integration of Thomson and Reuters. Nick has held senior financial roles in technology and media businesses in the UK, the US and Europe including Virgin Media, Phillips Electronics and RR Donnelley. He is a Fellow of the Chartered Institute of Management Accountants and holds a BA (Hons) in Accounting and Finance.

Ben Elliot Non-Executive Director

Experience:
Ben is the co-founder of Quintessentially, the luxury lifestyle group and 24-hour global concierge service, which he started in London in December 2000. The Quintessentially Group operates in 60 cities globally and has 32 sister businesses in the luxury lifestyle market. Ben is the chairman of the Quintessentially Foundation. Since it was established in 2008, it has raised over 2.5 million pounds for charity. He was also proudly involved in the fundraising for Her Majesty the Queen's Diamond Jubilee in 2012. Ben is Executive Producer of the award-winning feature documentary *Fire in Babylon*. He graduated from the University of Bristol with a degree in Politics.

Governance

Corporate Governance Report

for the year ended 31 July 2013

Compliance with the Corporate Governance Code

YouGov is not required to comply with the UK Corporate Governance Code 2010 as it is listed on the AIM Index but the Board considers that the Group should work towards compliance with it to the extent appropriate for a business of our size and complexity. Full compliance has not yet been achieved and the Board and Audit committee monitor the Company's compliance on a regular basis. A copy of the Code is publicly available at www.frc.org.uk.

The Board

At 31 July 2013, the Board consisted of three Executive Directors and four Non-Executive Directors, including the Chairman and the senior Non-Executive Director. The names of the Directors and their respective responsibilities are shown on pages 24 and 25.

The Board operates both formally, through Board and committee meetings, and informally, through regular contact amongst Directors. High level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, acquisitions and disposals are reserved for the Board or Board committees. For its regular formal meetings, the Board receives appropriate information in advance from management.

The Directors can obtain independent professional advice at the Company's own expense in the performance of their duties as Directors.

The Board formally approves the appointment of all new Directors. All Directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequent to this at the Annual General Meeting on a rotational basis, which ensures that each Director is submitted for re-election approximately every three years. Proposals to re-elect Directors have been set out in the Notice of the Annual General Meeting.

Board committees

Remuneration committee – The Remuneration committee was established at the time of flotation. The composition of the Remuneration committee is shown below and the statement of the remuneration policy developed by the committee and details of each Director's remuneration are given within the Directors' Remuneration Report set out on pages 29 to 31.

Audit committee - The composition of the Audit committee is shown below. The Audit committee operates under terms of reference agreed by the whole Board and meets with the external auditors to consider the Company's financial reporting in advance of its publication.

Board and committee attendance

The following table sets out the attendance of Directors at Board and committee meetings during 2012/13.

Director	**Board Meetings** Maximum 8	**Remuneration Committee Meetings** Maximum 2	**Audit Committee Meetings** Maximum 2
Stephan Shakespeare	8	–	–
Alan Newman	8	–	2 (in attendance)
Doug Rivers	8	–	–
Roger Parry	8	–	–
Sir Peter Bazalgette	8	2	2
Nick Jones	8	2	2
Ben Elliot	8	–	–

Shareholder communications

The Board's assessment of the Company's position and prospects are set out in the Chairman's Statement on pages 14 and 15 and the Chief Financial Officer's Report on pages 22 and 23.

The Executive Directors meet regularly with institutional shareholders to discuss the Company's performance and future prospects. At these meetings the views of institutional shareholders are canvassed and subsequently reported back to the Board. The Annual General Meeting is used as a forum for communication with private shareholders.

Audit committee

The Audit committee comprises the two Non-Executive Directors, Nick Jones (its Chairman) and Peter Bazalgette. Nick Jones has recent and relevant financial experience.

The Audit committee reports to the Board on any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. In particular the committee is responsible for:

- ensuring that the financial performance of the Group is properly monitored and reported;
- monitoring the formal announcements relating to financial performance;
- meeting the external auditors and agreeing audit strategy;
- reviewing reports from the auditors and management relating to accounts and internal control systems; and
- making recommendations to the Board in respect of external auditor appointment and remuneration.

The effectiveness of the internal control systems is under constant review and a formal assessment of internal controls has been conducted. The Audit committee will monitor the implementation of a series of detailed steps to improve the control environment. Although there was no formal internal audit during the year, the accounting functions were subject to periodic internal review. As the business continues to grow we keep the Group's need for an internal audit function under constant review.

Key controls and procedures

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and delegation of authority.

The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Group and the media sector as a whole, along with associated financial risks.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives in addition to providing reasonable and not absolute assurance against material misstatement or loss. These include controls in relation to the financial reporting process and the preparation of consolidated accounts. These procedures have been in place during the financial year up to the date of approval of the annual report. This process is regularly reviewed by the Board and is in accordance with the Turnbull guidance. The key procedures include;

- detailed budgeting programme with an annual budget approved by the Board;
- regular review by the Board of actual results compared with budget and forecasts;
- regular reviews by the Board of year end forecasts;
- establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- detailed budgeting and monitoring of costs incurred on the development of new products;
- reporting to, and review by, the Board of changes in legislation and practices within the sector and accounting and legal developments pertinent to the Company;
- appointing experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance; and
- appraisal and approval of proposed acquisitions by the Board.

Auditor independence

The Audit committee also undertakes a formal assessment of the auditors' independence each year which includes:

- confirmation of the auditors' objectivity and independence in the provision of non-audit services to the Company by the use of separate teams to provide such services where appropriate;
- discussion with the auditors of a written report detailing relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Any analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 2 to the financial statements.

Governance

Corporate Governance Report continued

for the year ended 31 July 2013

Risk management

The Board reviews risks facing the business on a regular basis. The following paragraphs describe the principal risks and uncertainties identified.

Early stage of development – Although the Company has grown substantially since it was formed ten years ago, it remains a relatively small company in an early stage of development. The Company faces competition from both large established international companies as well as small local businesses operating in the same sector.

Currency fluctuations – The Group is exposed to currency risk as the Group operates in multiple geographic regions. This manifests itself in different forms. We seek to reduce this risk by invoicing in local currency thus reducing exposure in normal trading. The Group is exposed to currency translation risk in the consolidation of accounting records. The main reporting currencies of Group subsidiaries are Sterling, US Dollar, Euro, Danish Kroner and Arab Emirate Dirham.

Projected growth – The Company's plans incorporate continued growth in the coming years. This growth will be in part dependent on the marketing and research budgets of target clients over which YouGov has little control. This is mitigated through effective key client relationship management and continually reviewing order pipelines and sales targets.

Competition – YouGov has developed an internet based research strategy which other large and established research organisations are also beginning to adopt. Some of these more established research organisations have well developed brands and substantial resources and may be able to use these to compete very effectively in developing online panels and competing software. This is achieved by the use of patents and trademarks where appropriate and also by managing our Technology risk as detailed below.

Staff – The success of YouGov will be influenced by the recruitment and retention of high calibre staff. Senior staff that manage key client relationships and those with software expertise are particularly important to the continuing development and smooth running of the Company. To mitigate this risk, YouGov has built account and project management teams for key clients and larger research projects. In this way the client relationships and project related knowledge are shared among a number of individuals rather than concentrated with one person. We also incentivise key personnel through participation in long-term incentive programmes such as the LTIP share option scheme.

Internationalisation – YouGov now has wide geographical spread. Monitoring and reporting these businesses performance relies upon the operation of key controls. There is a risk that these controls may not operate effectively in each jurisdiction.

Acquisitions – The Directors plan to expand and develop the business through a strategy of targeted acquisitions. The risk exists that integration of any acquired business will be unsuccessful or that key employees or clients of the acquired business will be lost. Directors will attempt to mitigate this risk by careful due diligence and communication with the clients of target companies. The Directors will also seek to communicate YouGov's strategy to staff and ensure that levels of remuneration and benefits are appropriate to retain key employees.

Technology – A strong software platform is essential for carrying out online research. This software must be reviewed and updated on a regular basis to ensure that it does not become superseded by newer technologies in other companies. YouGov has sought to remain competitive in this area by recruiting an experienced team of software specialists with responsibility for developing the proprietary software systems. Employees in this area must provide three months' notice on departure and YouGov has developed a succession planning document with sufficient detail on the structure of proprietary software applications and the IT infrastructure to assist in an orderly transition period in the event of staff leaving. A disaster recovery plan is in place and is reviewed by the Audit committee annually.

Governance

Remuneration Report

for the year ended 31 July 2013

The Remuneration committee comprised at 31 July 2013 two Non-Executive Directors, Peter Bazalgette and Nick Jones.

Remuneration Report

A resolution will be put to the shareholders at the Annual General Meeting to be held on 11 December 2013, inviting them to consider and approve this report. The remuneration report is unaudited, except where stated.

Compliance

The constitution and operation of the Committee is in compliance with the principles and best practice provisions as set out in the UK Corporate Governance Code as if it were followed and full consideration was given to these in determining the remuneration packages for the executive Directors for 2012/13.

This is not a remuneration report as defined by Company law.

Policy on remuneration of Executive Directors

The Remuneration Committee reviews the performance of Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. In determining that remuneration the Remuneration Committee seeks to offer a competitive remuneration structure to maintain the high calibre of its executive board. The Committee believes that maintaining the Company's business growth and profit record requires an overall compensation policy with a strong performance-related element.

The main components of the Executive Directors' remuneration are:

1. Basic salary

Basic salary for each Director is determined by the Remuneration Committee taking into account the performance of the individual and external market data. The Committee's policy is to review salaries annually.

2. Bonus scheme

The Remuneration Committee has determined that the bonus scheme for the Executive Directors should be based on the achievement of medium-term goals that are linked to the Group's stated strategy and its financial performance over the three years ended 31 July 2015 as well as to each Director's individual role. The Remuneration Committee will make annual bonus awards for 2012/13 and 2013/14 dependent upon the Directors' performance relative to the targets and a final award for the year ended 2014/15 relating to the cumulative three-year performance.

3. Share options

The Company believes that share ownership by non-business owner Executive Directors strengthens the link between their personal interests and those of the shareholders in respect of shareholder value.

Long Term Incentive Plan ("LTIP")

The Long Term Incentive Plan was established in 2009 in which Executive Directors and senior managers of the Company and its subsidiaries are eligible to participate.

Under the rules of the LTIP, participants are conditionally awarded nil cost options to acquire shares. Awards are usually made annually. The number of such shares will normally be calculated by reference to a percentage of the participant's salary and the Company's closing share price on the date of the Preliminary Announcement of the Group's annual results. The shares subject to the LTIP awards will be released to the recipients at the end of a holding period, normally three years, subject to their continued employment (with exceptions in certain circumstances). The performance criteria attached to these awards are earnings per share growth and total shareholder return versus companies in the AIM Media Index. If adjusted earnings per share growth exceeds the Retail price Index ("RPI") by 5% or more the options will vest in full, if it exceeds RPI by 3%, 50% of the options will vest subject to, in each instance, total shareholder return exceeding the average of the AIM Media Index.

No LTIP shares were awarded in the year ended 31 July 2013. Approximately 2.4 million LTIP shares were awarded conditionally in the year ended 31 July 2012 to participants in the Plan. These include conditional awards to the Executive Directors of the Company as set out below.

Deferred Stock Scheme

The Deferred Stock Scheme was established in December 2010 with the aim of encouraging the retention of key employees including Executive Directors and senior managers of the Company. A participant must remain employed for a fixed period determined by the Remuneration Committee at the date of grant, before the shares can be issued to them. This period will usually be three years and the Committee may at its discretion vary these terms or impose other conditions.

Awards which vest under this scheme will primarily be satisfied by the allocation of shares already held by the Company's Employee Benefit Trust. No deferred share awards were made in the two years ended 31 July 2013 and 31 July 2012.

Governance

Remuneration Report continued

for the year ended 31 July 2013

Directors' service contracts

The table below summarises key details in respect of each Director's contract.

Executive Directors	Contract date	Notice period
Stephan Shakespeare	18 April 2005	12 months
Alan Newman	5 June 2009	6 months
Doug Rivers	7 August 2007	90 days

Non-Executive Directors	Date of initial appointment	Notice period
Roger Parry	6 February 2007	30 days
Sir Peter Bazalgette	2 March 2005	30 days
Nick Jones	2 June 2009	30 days
Ben Elliot	2 August 2010	30 days

Save as set out above, there are no existing or proposed service contracts between any of the Directors serving at 31 July 2013 and the Company or any member of the Company.

The total aggregate remuneration (including benefits-in-kind and pension contributions) paid to the Directors by all members of the Group for the year ended 31 July 2013 amounted to £946,000 (2012: £817,000).

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant in relation to the business of the Company and which was effected by the Company either: (i) during the current or immediately preceding financial year; or (ii) during any earlier financial year and which remains in any aspect outstanding or unperformed.

External appointments

Executive Directors are permitted to serve on other boards, at present they receive no remuneration in respect of external non-executive appointments.

Policy on remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Board as a whole. The Board of Directors believes that ownership of the Company's shares by Non-Executive Directors helps to align their interests with those of the Company's shareholders. During the year, the Company's policy was amended so that a proportion of each Non-Executive Director's annual fee will be paid in the form of ordinary shares in lieu of cash except if the Non-Executive Director has an existing substantial shareholding.

Directors' Remuneration (audited)

Directors' remuneration in aggregate for the year ended 31 July 2013 was as follows:

	Salary £	Annual bonus £	Benefits-in-kind £	Total 31 July 2013 £	Total 31 July 2012 £
Executives					
Stephan Shakespeare	**218,263**	**54,832**	**1,473**	**274,568**	234,213
Alan Newman	**181,220**	**45,526**	**–**	**226,746**	193,025
Doug Rivers	**209,316**	**52,329**	**–**	**261,645**	224,931
Non-Executives Directors					
Roger Parry	**89,000**	**–**	**–**	**89,000**	80,000
Sir Peter Bazalgette	**32,917**	**–**	**–**	**32,917**	30,000
Nick Jones	**32,917**	**–**	**–**	**32,917**	30,000
Ben Elliot	**27,917**	**–**	**–**	**27,917**	25,000
Total	**791,550**	**152,687**	**1,473**	**945,710**	817,169

The benefit-in-kind received consists of private health insurance. In the year ended 31 July 2012, the remuneration paid to Stephan Shakespeare, Alan Newman and Doug Rivers included bonus payments of £21,294, £17,680 and £20,475 respectively. Doug Rivers also participates in a US defined contribution pension arrangement. During the year, the Group contributed £3,993 (2012: £4,376).

Directors' share options (audited)

The following unexercised nil cost options over shares were held by Directors under the LTIP:

Date of grant	Earliest exercise date	Expiry date	Number at 31 July 2012	Exercised in year	Number at 31 July 2013
Stephan Shakespeare					
29 July 2010	15 October 2012	28 July 2020	388,060	–	**388,060**
21 July 2011	14 October 2013	20 July 2021	426,563	–	**426,563**
30 July 2012	13 October 2014	29 July 2022	373,579	–	**373,579**
			1,188,202	–	**1,188,202**
Alan Newman					
29 July 2010	15 October 2012	28 July 2020	288,557	(288,557)	**–**
21 July 2011	14 October 2013	20 July 2021	354,167	–	**354,167**
30 July 2012	13 October 2014	29 July 2022	310,175	–	**310,175**
			952,899	(288,557)	**664,342**
Doug Rivers					
29 July 2010	15 October 2012	28 July 2020	94,584	(94,584)	**–**
21 July 2011	14 October 2013	20 July 2021	97,050	–	**97,050**
30 July 2012	13 October 2014	29 July 2022	363,757	–	**363,757**
			555,391	(94,584)	**460,807**

During the year ended 31 July 2013, Alan Newman exercised 288,557 options which vested under the LTIP (when the market price was 70p) and Doug Rivers exercised 94,584 LTIP options when the market price was 74p. No options were exercised during the year ended 31 July 2012.

Deferred Stock Scheme (audited)

The following deferred shares were held by Directors under the Deferred Stock Scheme.

	Number outstanding at 31 July 2013	Date of potential vesting
Stephan Shakespeare	162,500	December 2013
Alan Newman	162,500	December 2013
Doug Rivers	375,000	December 2013

Governance

Directors' Report

for the year ended 31 July 2013

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2013.

Principal activities

YouGov carries out online research using proprietary software to produce accurate market research, political and media opinion polling and stakeholder consultation. The use of internet-based research enables YouGov to produce accurate research using larger sample sizes while keeping costs lower than traditional research companies that use telephone and face-to-face interview techniques.

Business review

The business review is discussed on pages 16 to 23.

Principal risks and uncertainties

The principal risks and uncertainties are discussed in the Corporate Governance Report on pages 26 to 28.

Financial summary

The financial summary is discussed on pages 22 and 23 of the Chief Financial Officer's Report.

Dividends

A maiden final dividend in respect to the year ended 31 July 2012 of 0.5p per share amounting to £479,000 was paid on 17 December 2012. A dividend in respect of the year ended 31 July 2013 of 0.6p per share, amounting to a total dividend of £577,000 is to be proposed at the Annual General Meeting on 11 December 2013.

Future developments

Future developments are discussed in more detail in the Chief Executive's review on pages 16 to 21.

Events after the reporting date

On 6 September 2013, YouGov plc purchased a 40% shareholding in Doughty Media 2, a company 60% owned by Stephan Shakespeare, an Executive Director of YouGov plc, for a purchase price of £497,000. £37,000 of this was paid in cash on completion, the remaining balance will be payable in YouGov shares in February 2015, contingent on the achievement of certain performance criteria.

Doughty Media 2 has a 69% shareholding in CoEditor Limited and following this purchase, YouGov now effectively controls 57% of CoEditor Limited.

Further details of this purchase are disclosed in Note 27 on page 71.

Directors

The Directors of the Company who were in office during the year and at any point up to the date of signing this report were:

Roger Parry (Chairman)

Stephan Shakespeare
Alan Newman
Doug Rivers
Sir Peter Bazalgette
Nick Jones
Ben Elliot

Directors' interests in shares

The interests of the Directors in the shares of the Company 31 July 2013 and 31 July 2012 were as follows:

	31 July 2013 Number of Shares	31 July 2012 Number of Shares
Stephan Shakespeare[1]	**9,069,110**	9,439,110
Alan Newman	**100,557**	25,000
Doug Rivers	**1,572,617**	1,972,617
Roger Parry	**52,000**	52,000
Sir Peter Bazalgette	**263,976**	263,976
Nick Jones	**7,092**	–
Ben Elliot	**7,092**	–

1. Includes five ordinary shares held by Stephan's wife, Rosamund Shakespeare.

There have been no changes to Directors' interests in shares since the year end.

The Directors' Interests in share options are detailed in the Remuneration Report on page 31.

No Director had either, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business.

Employee involvement and communication

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Employees are encouraged to own shares in the Company, and many employees are shareholders and/or hold options under the Company's share option schemes including the LTIP scheme. Information about the Company's affairs is communicated to employees through regular management meetings, our newsletter, intranet and social events.

Policy on supplier payments

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 July 2013, the number of days credit taken for purchases by the Group was 31 days (2012: 35 days). The number of days credit taken for purchases by the Company was 36 days (2012: 41 days).

Treasury Shares

The total number of shares in treasury at 31 July 2013 was 954,000 (0.98% of the issued share capital) (2012: 2,000,000). The purpose of treasury shares is to satisfy future share and/or option awards.

Governance

Directors' Report continued

for the year ended 31 July 2013

Substantial shareholders

At 31 July 2013 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	%
BlackRock	**14,454,832**	14.87%
Balshore Investments	**10,029,100**	10.32%
Kabouter Management	**9,777,567**	10.06%
Stephan Shakespeare[1]	**9,069,110**	9.33%
T Rowe Price Global Investments	**8,871,720**	9.13%
J O Hambro Capital Management	**7,030,000**	7.23%
Baillie Gifford	**4,905,411**	5.05%
Standard Life Investments	**4,404,862**	4.53%
Herald Investment Management	**2,950,000**	3.03%

1. Includes 5 ordinary shares held by Stephan's wife, Rosamund Shakespeare.

Key performance indicators

Business performance is monitored via four financial key performance indicators, revenue, adjusted operating profit, adjusted operating profit margin and adjusted earnings per share. Performance measured against these key performance indicators is discussed in more detail on page 1 and in the Chief Financial Officer's Report on pages 22 and 23.

Financial risks

The financial risks facing the Group are discussed in more detail in Note 20 on page 68.

Research and development

The Group's research and development activities centre on the development of bespoke software solutions to support and advance our online capabilities. No research and development was charged to the consolidated income statement in either 2013 or 2012 and £1.9m (2012: £1.6m) was capitalised and included within intangible fixed assets. Capitalised development is amortised to the income statement over a period of three years, the amortisation charge in respect of capitalised development was £1.3m (2012: £1.2m).

Social responsibility

The Group recognises the importance of respecting and supporting the communities in which it operates and, thus, improving the positive impact of business in society.

Ethical behaviour

YouGov expects its employees to exercise high ethical and moral standards at all times whilst representing the Company.

The environment

The Group recognises that the wise use of resources delivers both environmental and financial benefits. As part of our overall approach to Corporate Responsibility we aim to promote the maintenance of a healthy environment through responsible and sustainable consumption and production.

Our operations are predominately office based, and here we try to minimise our impacts where practicable. As part of this policy we:

- ensure that all waste is stored and disposed of responsibly, and recycle where possible;
- ensure that paper used comes from reputable managed forests; and
- comply, where required, with the Packaging (Essential Requirements) Regulations and the Packaging Waste Regulations.

Health and safety

The Group takes all reasonable and practicable steps to safeguard the health, safety and welfare of its employees and recognises its responsibilities for the health and safety of others who may be affected by its activities.

Diversity in the workplace

The Group is committed to providing a working environment in which its employees are able to realise their potential and to contribute to business success irrespective of gender, marital status, ethnic origin, nationality, religion, disability, sexual orientation or age.

Charitable and political contributions

Donations to charitable organisations amounted to £73,000 (2012: £51,000). This included an annual subscription of £70,000 (2012: £45,000) in respect of the "YouGov-Cambridge" programme, an academic partnership established with Cambridge University's Department of Politics and International Studies. No political donations were made in the year or in the previous year.

Insurance of company officers

The Company has maintained during the financial year, Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors and Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. This insurance was in force at the date of signing of the financial statements.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate without bank finance. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Independent auditors

In accordance with section 418(2) of the Companies Act 2006, each of the Company's Directors in office as at the date of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- all steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Group auditors are PricewaterhouseCoopers LLP. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 11 December 2013 at our offices at 50 Featherstone Street, London EC1Y 8RT

Alan Newman
Chief Financial Officer and Company Secretary

On behalf of the Board

14 October 2013

Governance

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Alan Newman
Chief Financial Officer

14 October 2013

Independent Auditors' Report to the Members of YouGov plc on the Consolidated Financial Statements

We have audited the Group financial statements of YouGov plc for the year ended 31 July 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 July 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of YouGov plc for the year ended 31 July 2013.

David A. Snell
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 October 2013

Financial statements

Consolidated Income Statement

for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Revenue	1	**62,551**	58,145
Cost of sales		**(15,440)**	(13,399)
Gross profit		**47,111**	44,746
Operating expenses*		**(41,129)**	(39,161)
Adjusted operating profit before amortisation of intangible assets and exceptional items	1	**5,982**	5,585
Amortisation of intangibles		**(3,280)**	(4,350)
Exceptional items	4	**(1,212)**	(472)
Operating profit		**1,490**	763
Finance income	5	**207**	94
Finance costs	5	**(89)**	(334)
Share of post-tax loss in joint ventures and associates		**(122)**	(83)
Profit before taxation	1	**1,486**	440
Tax credit/(charge)	6	**623**	(79)
Profit after taxation	1	**2,109**	361
Attributable to:			
– Owners of the parent		**2,042**	333
– Non-controlling interests		**67**	28
		2,109	361
Earnings per share			
Basic earnings per share attributable to owners of the parent	8	**2.1p**	0.4p
Diluted earnings per share attributable to owners of the parent	8	**2.0p**	0.3p

* Total 2013 operating expenses including amortisation of intangibles and the items detailed in Note 4 are £45.621m (2012: £43.983m).

All operations are continuing.

The notes and accounting policies on pages 43 to 71 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Profit for the year		**2,109**	361
Other comprehensive income/(loss):			
Currency translation differences		**2,706**	(973)
Other comprehensive income/(loss) for the year		**2,706**	(973)
Total comprehensive income/(loss) for the year		**4,815**	(612)
Attributable to:			
– Owners of the parent		**4,743**	(635)
– Non-controlling interests		**72**	23
Total comprehensive income/(loss) for the year		**4,815**	(612)

Items in the statement above are disclosed net of tax. The tax relating to each component of other comprehensive income is disclosed in Note 19.

The notes and accounting policies on pages 43 to 71 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Financial Position

as at 31 July 2013

Assets	Note	31 July 2013 £'000	31 July 2012 £'000
Non-current assets			
Goodwill	10	**38,800**	36,239
Other intangible assets	11	**9,210**	8,544
Property, plant and equipment	12	**2,256**	2,310
Investments in joint ventures and associates	13	**363**	485
Deferred tax assets	19	**2,847**	2,204
Total non-current assets		**53,476**	49,782
Current assets			
Trade and other receivables	14	**22,951**	19,231
Current tax assets		**834**	442
Cash and cash equivalents	15	**6,929**	7,477
Total current assets		**30,714**	27,150
Total assets		**84,190**	76,932
Liabilities			
Current liabilities			
Trade and other payables	16	**16,235**	12,453
Provisions for other liabilities and charges	18	**2,737**	2,150
Borrowings	15	**273**	327
Current tax liabilities		**128**	42
Contingent consideration	17	**301**	1,906
Total current liabilities		**19,674**	16,878
Net current assets		**11,040**	10,272
Non-current liabilities			
Trade and other payables		**55**	23
Provisions for other liabilities and charges	18	**770**	800
Contingent consideration	17	**250**	453
Deferred tax liabilities	19	**2,327**	2,774
Total non-current liabilities		**3,402**	4,050
Total liabilities		**23,076**	20,928
Net assets		**61,114**	56,004
Equity			
Issued share capital	21	**195**	195
Share premium	21	**30,961**	30,947
Merger reserve		**9,239**	9,239
Foreign exchange reserve		**10,493**	7,792
Retained earnings		**10,195**	7,776
Total shareholders' funds		**61,083**	55,949
Non-controlling interests in equity		**31**	55
Total equity		**61,114**	56,004

The notes and accounting policies on pages 43 to 71 form an integral part of these consolidated financial statements.

The financial statements on pages 38 to 71 were authorised for issue by the Board of Directors on 14 October 2013 and signed on its behalf by:

Alan Newman

Chief Financial Officer
YouGov plc
Registered no. 03607311

Financial statements

Consolidated Statement of Changes in Equity

as at 31 July 2013

	Attributable to equity holders of the Company							
	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total £'000
Balance at 1 August 2011	**195**	**30,947**	**9,239**	**8,760**	**6,658**	**55,799**	**95**	**55,894**
Changes in equity for 2012								
Exchange differences on translating foreign operations	–	–	–	(968)	–	**(968)**	(5)	**(973)**
Net loss recognised directly in equity	–	–	–	(968)	–	**(968)**	(5)	**(973)**
Profit for the year	–	–	–	–	333	**333**	28	**361**
Total comprehensive (loss)/income for the year	–	–	–	(968)	333	**(635)**	23	**(612)**
Dividends paid to non-controlling interests	–	–	–	–	–	**–**	(63)	**(63)**
Share-based payments	–	–	–	–	785	**785**	–	**785**
Balance at 31 July 2012	**195**	**30,947**	**9,239**	**7,792**	**7,776**	**55,949**	**55**	**56,004**
Changes in equity for 2013								
Exchange differences on translating foreign operations	–	–	–	2,701	–	**2,701**	5	**2,706**
Net income recognised directly in equity	–	–	–	2,701	–	**2,701**	5	**2,706**
Profit for the year	–	–	–	–	2,042	**2,042**	67	**2,109**
Total comprehensive income for the year	–	–	–	2,701	2,042	**4,743**	72	**4,815**
Issue of shares	–	14	–	–	–	**14**	–	**14**
Dividends paid	–	–	–	–	(479)	**(479)**	(96)	**(575)**
Share-based payments	–	–	–	–	856	**856**	–	**856**
Balance at 31 July 2013	**195**	**30,961**	**9,239**	**10,493**	**10,195**	**61,083**	**31**	**61,114**

The notes and accounting policies on pages 43 to 71 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Cash Flows

for the year ended 31 July 2013

	Note	**2013 £'000**	2012 £'000
Cash flows from operating activities			
Profit before taxation		**1,486**	440
Adjustments for:			
Finance income		**(207)**	(94)
Finance costs		**89**	334
Share of post-tax loss in joint ventures and associates		**122**	83
Amortisation of intangibles	1	**3,280**	4,350
Depreciation	1	**539**	593
Loss on disposal of property, plant and equipment and other intangible assets		**3**	135
Other non-cash profit items		**866**	230
Increase in trade and other receivables		**(3,113)**	(1,890)
Increase in trade and other payables		**3,381**	775
Increase/(Decrease) in provisions		**464**	(67)
Cash generated from operations		**6,910**	4,889
Interest paid		**(15)**	(22)
Income taxes paid		**(477)**	(1,295)
Net cash generated from operating activities		**6,418**	3,572
Cash flow from investing activities			
Loan to associate		**(546)**	–
Acquisition of non-controlling interest in related party	13	**–**	(100)
Settlement of contingent considerations	17	**(2,023)**	(2,513)
Purchase of property, plant and equipment	12	**(411)**	(624)
Purchase of intangible assets	11	**(3,638)**	(2,703)
Interest received		**34**	78
Dividends received		**41**	10
Net cash used in investing activities		**(6,543)**	(5,852)
Cash flows from financing activities			
Proceeds from the issue of share capital		**14**	1
Proceeds from borrowings		**57**	33
Repayment of borrowings		**(18)**	(5)
Dividends paid to shareholders		**(479)**	–
Dividends paid to non-controlling interests		**(96)**	(63)
Net cash used in financing activities		**(522)**	(34)
Net decrease in cash and cash equivalents		**(647)**	(2,314)
Cash and cash equivalents at beginning of year		**7,150**	9,400
Exchange gain/(loss) on cash and cash equivalents		**153**	64
Cash and cash equivalents at end of year	15	**6,656**	7,150

The notes and accounting policies on pages 43 to 71 form an integral part of these consolidated financial statements.

Principal Accounting Policies of the Consolidated Financial Statements

for the year ended 31 July 2013

Nature of operations

YouGov plc and subsidiaries' ("the Group") principal activity is the provision of market research.

YouGov plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of YouGov plc's registered office is 50 Featherstone Street, London EC1Y 8RT United Kingdom. YouGov plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

YouGov plc's annual consolidated financial statements are presented in UK Sterling, which is also the functional currency of the parent company.

Basis of preparation

The consolidated financial statements of YouGov plc are for the year ended 31 July 2013. They have been prepared under the historical cost convention modified for fair values under IFRS. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The policies set out below have been consistently applied to all years presented unless otherwise stated.

The parent company financial statements are prepared under UK GAAP and are detailed on pages 73 to 81.

The following new standards and amendments to existing standards are now effective but have no significant impact on the Group:

- IFRS 13, "Fair value measurement" (effective 1 January 2013);
- IAS 19 (revised 2011) "Employee benefits" (effective 1 January 2013);
- Amendment to IFRS 1, "First time adoption", on hyperinflation and fixed dates (effective 1 July 2011) (endorsed 1 January 2013);
- Amendment to IFRS 1, "First time adoption", on government grants (effective 1 January 2013);
- Amendments to IFRS 7, "Financial Instruments : Disclosures", on Financial instruments asset and liability offsetting (effective 1 January 2013);
- Annual improvements 2011 (effective 1 January 2013);
- IFRIC 20, "Stripping costs in the production phase of a surface mine" (effective 1 January 2013).

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings (see Note 13) drawn up to 31 July 2013. Subsidiaries are entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition related costs are charged to the income statement in the period in which they are incurred.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the Statement of Changes in Equity. Purchases of non-controlling interests are recognised directly in reserves, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Associates and joint ventures

Entities whose economic activities are controlled jointly by the Group and by other venturers independent of the Group are accounted for using the equity method. Associates are those entities over which the Group has significant influence (defined as the power to participate in the financial and operating decisions of the investee but not control or joint control over those policies) but which are neither subsidiaries nor interests in joint ventures. The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, under which investments in associates and investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate or joint venture less any impairment in the value of individual investments. The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

However, when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding Value Added Tax and trade discounts. Accrued income is the difference between the revenue recognised and the amounts actually invoiced to customers. Where invoicing exceeds the amount of revenue recognised, these amounts are included in deferred income.

Market research

Revenue arises from the provision of market research services. Within this revenue stream are syndicated and non-syndicated services.

Syndicated services

Syndicated services are the consistent provision of data over a specified period of time. Revenue is recognised from the point in time at which access passwords have been made available to the customer. Revenue is recognised in equal monthly instalments over the life of the contract.

Non-syndicated services

Non-syndicated services vary in size and complexity. Revenue is recognised on each contract in proportion to the level of services performed by reference to the project manager's estimates and time records against budgeted and assigned resource. Revenue is recognised on long-term contracts, if the outcome can be assessed with reasonable certainty, by including in the income statement revenue and related costs as contract activity progresses.

Non-cash transactions

The Group enters into contracts for the provision of market research services in exchange for advertising rather than for cash or other consideration. When barter transactions are agreed the value of the work provided to the counterparty is equal in value to that which would be provided in an ordinary cash transaction. As required by IAS 18 the value of advertising receivable in all significant barter transactions is ensured to be reliably measurable by referencing to the counterparty's rate card.

Provisions

Provisions are recognised in the consolidated statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Staff gratuity costs

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years service and nature of the termination. The liability is weighted against historical rates of resignation and redundancy.

Panel incentive costs

The Group invites consumer panel members to fill out surveys in return for a cash or points-based incentives. Although these amounts are not paid until a predetermined target value has accrued on a panellist's account, an assessment of incentives likely to be paid (present obligation) is made taking into account past panellist behaviour and is recognised as a cost of sale in the period in which the service is provided. This assessment takes into account the expected savings from the prize draw offered in various territories.

Interest

The Group receives interest income for cash funds that are held on short-term instant access deposit. Where interest receipts are received after the balance sheet date the interest due is accrued for the requisite period at the prevailing rate on the deposit.

Interest is recognised using the effective interest method which calculates the amortised cost of a financial liability and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Exceptional items

Items are highlighted as exceptional in the consolidated income statement when they are material in their nature or amount and when separate disclosure is considered helpful in understanding the underlying performance of the business. Examples include acquisition costs, restructuring costs and any other costs that are not incurred as part of normal operating activities.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Dividends

Dividends are recognised when the shareholders' right to receive payment is established.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. If the Group's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities of the acquired entity exceeds the cost of the business combination, this value is recognised immediately in the consolidated income statement.

On disposal of a business, goodwill is allocated based on calculated fair value of assets disposed and included in the calculation of the profit or loss on disposal.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are valued at either their directly attributable costs or using valuation methods such as discounted cash flows and replacement cost in the case of acquired intangible assets.

The Directors estimate the useful economic life of each asset and use these estimates in applying amortisation rates.The Directors periodically review economic useful life estimates.

Intangible assets are stated at cost net of amortisation and any provision for impairment.

The Directors conduct an annual impairment review of intangible assets where necessary for assets with an indefinite life. Where impairment arises, losses are recognised in the consolidated income statement.

Amortisation of intangible assets is shown on the face of the consolidated income statement.

Intangible assets acquired as part of a business combination

In accordance with IFRS3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complementary assets is reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives. Intangible assets acquired as part of a business combination are typically amortised using the straight-line method over the following periods:

Intangible asset	Amortisation period
Consumer panel	5 years
Software and software development	5 years
Customer contracts and lists	10 –11 years
Patents and trademarks	5 –15 years
Order backlog	3 months –1 year

Intangible assets generated internally

Internally generated intangible assets are only capitalised where they meet all of the following criteria stipulated by IAS38:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The expenditure attributable to the intangible asset during its development can be measured reliably;

Internally generated intangible assets are capitalised at their directly attributable cost. Development costs not meeting the criteria for capitalisation are expensed as incurred.

Internally generated intangible assets are amortised from the moment at which they become available for use.

Amortisation rates applicable to internally generated intangible assets are typically:

Intangible asset	Amortisation period
Software and software development	3 years
Patents and trademarks	not amortised
Development costs	project by project basis

Consumer panel
The consumer panel is the core asset from which our online revenues are generated.

Where a consumer panel or list is acquired as part of a business combination the cost of the asset is recognised at its fair value to the Group at the date of acquisition. The fair value is calculated by management using a discounted cash flow model. Amortisation is charged to write off the panel acquisition costs over a five-year period, this being the Directors' estimate of the average active life of a panellist.

Consumer panel costs reflect the direct cost of recruiting new panel members. Consumer panel costs are split between enhancement and maintenance of the asset. Enhancement costs are capitalised whilst maintenance costs are expensed. The split is based on management estimates derived from current levels of panel churn. Amortisation is charged to write off the panel acquisition costs over a three-year period, this being the Directors' estimate of the average active life of a panellist.

Software and software development
Capitalised software includes our survey and panel management software and our BrandIndex platform which are key tools of our business. Software and software development also includes purchased off-the-shelf software.

Where software is acquired as part of a business combination the cost of the asset is recognised at its fair value to the Group at the date of acquisition. The fair value is calculated by management using a discounted cash flow model. Amortisation is charged to write off the software over a five-year period, this being the Directors' estimate of the useful life of the software.

Where software is developed internally, directly attributable costs including employee costs are capitalised as software development. Amortisation commences upon completion of the asset. Amortisation is charged to write off the software over a three-year period, this being the Directors' estimate of the useful life of software.

Customer contract and lists
Where a customer contract or list is acquired as part of a business combination the cost of the asset is recognised at its fair value to the Group at the date of acquisition. The fair value is calculated by management using a discounted cash flow model. Customer contracts and lists are amortised over a useful economic life based on Directors' estimates.

Patents and trademarks
Where a patent or trademark is acquired as part of a business combination the cost of the asset is recognised at its fair value to the Group at the date of acquisition. The fair value is calculated by management using a discounted cash flow model.

Patents acquired as part of a business combination are amortised over a useful economic life based on Directors' estimates.

Patents and trademarks acquired on an ongoing basis to protect the YouGov brand and its products are included at cost and are not amortised, as the trademarks are indefinite in their longevity through legal rights.

Development costs
Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Impairment testing of goodwill, other intangible assets and property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is calculated as value in use based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment and depreciation
Property, plant and equipment is carried at cost net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. No depreciation is charged during the period of construction. Leasehold property is included in property, plant and equipment only where it is held under a finance lease. Borrowing costs on property, plant and equipment under construction are capitalised during the period of construction based on specific funds borrowed. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and machinery over their estimated useful economic lives.

Asset	Depreciation rate
Freehold property	Straight line over 25 years
Leasehold property improvements	Straight line over the life of the lease
Fixtures and fittings	25% on a reducing balance
Computer equipment	33% per annum straight line
Motor vehicles	25% or the life of the lease

The residual values and useful lives of all assets are reviewed at least at the end of each reporting period.

Leased assets
In accordance with IAS17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Financial assets
Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other financial assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the consolidated income statement.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

An assessment for impairment is undertaken at least at each reporting date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards if ownership but does transfer control of that asset.

Financial liabilities
Financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Borrowings and lease liabilities are initially recorded at the fair value which is typically the proceeds received, net of any issue costs and subsequently carried at amortised cost. Finance charges are accounted for on an effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with maturities no longer than three months. In addition, bank overdrafts which are repayable on demand are included for the purposes of the statement of cash flows.

Equity
Equity comprises the following:

- Share capital represents the nominal value of equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of incremental and directly attributable expenses of the share issue;
- Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued/allotted directly to acquire another entity meeting the specific requirements of Section 131 of the Companies Act 2006. The conditions of the relief include:
  - Securing at least 90% of the nominal value of equity of another company;
  - The arrangement provides for allotment of equity shares in the issuing company;
- Foreign exchange reserve represents the differences arising from translation of investments in overseas subsidiaries;
- Retained earnings represent retained profits.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Foreign currencies
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in GBP, which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the consolidated income statement in the period in which they arise.

Exchange differences on non-monetary items are recognised in the consolidated statement of comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the consolidated income statement.

The assets and liabilities in the financial statements of foreign subsidiaries and associates and related goodwill are translated at the rate of exchange ruling at the reporting date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries and joint ventures are taken directly to the "Foreign exchange reserve" in equity.

Employee benefits

Equity-settled share-based payment
This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

The Group operates a number of equity-settled share-based payment compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Group. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated income statement with a corresponding credit to retained earnings.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Contingent consideration
Future anticipated payments to vendors in respect of earn outs are based on the Directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with Directors' estimates. When consideration payable is deferred, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future at a rate equivalent to a UK 10-year treasury gilt (or foreign equivalent), this being, in the Directors' opinion the most appropriate barometer for a risk-free rate. Subsequent changes in the amount of contingent consideration recognised are recorded as exceptional items in the consolidated income statement.

Imputed interest
When the outflow of cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is the present value of all future payments determined using an imputed rate of interest. The imputed rate of interest used is the risk-free rate, this being, in the Directors' opinion the most appropriate rate. The difference between the present value of all future payments and the nominal amount of the consideration is recognised as an interest charge. Imputed interest is shown within finance costs in the consolidated income statement.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate without bank finance. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Accounting estimates and judgements

In the process of applying the Group's accounting policies the Directors are required to make estimates and adjustments that may affect the financial statements. The Directors believe that the estimates and judgements applied in the financial statements are reasonable.

Estimates and judgements are evaluated on a regular basis and are based on historical experience (where applicable) and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Where estimates and judgements have been made, the key factors taken into consideration are disclosed in the appropriate note in these consolidated financial statements.

Revenue recognition

The Group is required to make an estimate of project completion levels on long-term contracts for revenue recognition purposes. This is based upon the project manager's estimates and available time records against budgeted and assigned resource for the initial project scope. This involves an element of judgement, and therefore differences may arise between the actual and estimated result. Where differences do arise, they are recognised in the consolidated income statement for the following reporting period.

Share-based payments

The Group is required to make estimates regarding the assumptions that are used to calculate the income statement charge for share-based payments. Inputs to the calculations include (but are not limited to) expected volatility, expected life, risk-free rate, expected dividend yield and redemption rates. Variances in any of the inputs could lead to the charge being higher or lower than appropriate. The estimates used are disclosed in Note 22.

Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions/calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different to what is initially recorded, such differences will impact the income tax and deferred tax provisions. Income taxes are disclosed fully in Note 6.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amount is based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present values of these cash flows. The estimates used in the impairment review are fully disclosed in Note 10.

All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

Other intangible assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. The Group tests at each reporting date whether intangible assets have suffered any indicators of impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units has been determined based on discounted future cash flows. These calculations require estimates to be made. Where there is no method of valuation for an intangible asset, management will make use of a valuation technique to determine the value of an intangible if there is no evidence of a market value. In doing so certain assumptions and estimates will be made. Intangible assets are fully disclosed in Note 11.

Panel incentive provision

The Group is required to assess the likelihood that panel incentives earned by consumer panel members will be redeemed and maintain a provision to cover this potential liability. Factors taken into consideration include the absolute liability, redemption rates and panel activity rates. Whilst historical data can indicate trends and behaviours it is not an indication of the future. In arriving at the carrying value of the provision certain assumptions and estimates have to be made. The estimates used in calculating the panel incentive provision are fully disclosed in Note 18.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Deferred taxation
Judgement is required by management in determining whether the Group should recognise a deferred tax asset. Management consider whether there is sufficient certainty that its tax losses available to carry forward will ultimately be offset against future earnings. This judgement impacts on the degree to which deferred tax assets are recognised. Deferred taxation is disclosed fully in Note 19.

Contingent consideration
As part of the acquisitions, contingent consideration is payable to selling shareholders based on the future performance of the businesses. Judgement is required in estimating the magnitude of contingent consideration and the likelihood of payment. Contingent consideration is disclosed fully in Note 17.

Standard and interpretations in issue but not yet effective
A number of new standards and amendments to existing standards and interpretations are not yet effective, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS10, "Consolidated financial statements"
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS11, "Joint arrangements"
Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS12, "Disclosures of interests in other entities"
Includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles.

IAS27 (revised 2011) "Separate financial statements"
Includes the provisions on separate financial statements that are left after the control provisions of IAS27 have been included in the new IFRS10.

IAS28 (revised 2011) "Associates and joint ventures"
Includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS11.

Amendments to IFRS10, 11 and 12 on transition guidance
Provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS12 is first applied.

The Group is currently assessing the impact of the standards on its results, financial position and cash flows and intends to adopt them no later than the accounting period beginning on 1 August 2014.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future accounting periods.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2013

1 Revenue and profit before taxation

Segmental analysis

For internal reporting purposes the Group is organised into six operating divisions based on geographic lines – UK, Middle East, Germany, Nordic, USA and France. These divisions are the basis on which the Group reports its segmental information. The Group only undertakes one class of business, that of market research.

Management has determined the operating segments based on the reports reviewed by the Executive Directors (which is the "chief operating decision-maker"). The Board of Directors review information based on geographic lines – UK, Middle East, Germany, Nordic, USA and France. These divisions are the basis on which the Group reports its segmental information. The Group only undertakes one class of business, that of market research.

2013	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Consolidation and unallocated £'000	Group £'000
Revenue								
External sales	**17,055**	**7,252**	**9,051**	**8,438**	**20,619**	**136**	**–**	**62,551**
Inter-segment sales	**334**	**63**	**330**	**54**	**176**	**203**	**(1,160)**	**–**
Total revenue	**17,389**	**7,315**	**9,381**	**8,492**	**20,795**	**339**	**(1,160)**	**62,551**

Inter-segment sales are priced on an arm's-length basis that would be available to unrelated third parties.

Segment result								
Gross profit	**12,777**	**5,532**	**7,493**	**6,720**	**14,210**	**267**	**112**	**47,111**
Adjusted operating profit	**4,437**	**1,547**	**880**	**345**	**2,274**	**(91)**	**(3,410)**	**5,982**
Amortisation of intangibles	**(469)**	**(76)**	**(136)**	**(443)**	**(640)**	**(15)**	**(1,501)**	**(3,280)**
Exceptional costs	**(70)**	**–**	**(27)**	**(454)**	**(342)**	**–**	**(319)**	**(1,212)**
Finance income								**207**
Finance costs								**(89)**
Share of results of joint ventures and associates								**(122)**
Profit before taxation								**1,486**
Tax credit								**623**
Profit after taxation								**2,109**
Other segment information								
Depreciation	**74**	**99**	**105**	**49**	**65**	**2**	**145**	**539**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**767**	**767**
Assets								
Segment assets	**29,992**	**7,847**	**16,898**	**13,392**	**32,788**	**470**	**(17,560)**	**83,827**
Investments in associates								**363**
Total assets								**84,190**

Financial statements

Notes to the Consolidated Financial Statements continued

1 Revenue and profit before taxation continued

2012	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Consolidation and unallocated £'000	Group £'000
Revenue								
External sales	15,543	5,827	9,067	8,710	18,965	33	–	58,145
Inter-segment sales	176	172	330	101	224	122	(1,125)	–
Total revenue	15,719	5,999	9,397	8,811	19,189	155	(1,125)	58,145

Inter-segment sales are priced on an arm's-length basis that would be available to unrelated third parties.

2012	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Consolidation and unallocated £'000	Group £'000
Segment result								
Gross profit	11,511	4,459	7,290	7,016	14,435	136	(101)	44,746
Adjusted operating profit	3,719	1,312	647	767	2,675	(173)	(3,362)	5,585
Amortisation of intangibles	(287)	(93)	(203)	(552)	(1,777)	–	(1,438)	(4,350)
Exceptional costs	(146)	(283)	(357)	–	378	–	(64)	(472)
Finance income								94
Finance costs								(334)
Share of results of joint ventures and associates								(83)
Profit before taxation								440
Tax charge								(79)
Profit after taxation								361
Other segment information								
Depreciation	98	108	47	41	102	–	197	593
Share-based payments	–	–	–	–	–	–	641	641
Assets								
Segment assets	23,069	8,275	14,763	12,788	29,424	256	(12,128)	76,447
Investments in associates								485
Total assets								76,932

Differences between the origin and destination of revenue are material to the Group. Revenue by destination is presented below.

2013	**UK £'000**	**Middle East £'000**	**Germany £'000**	**Nordic £'000**	**USA £'000**	**France £'000**	**Consolidation and unallocated £'000**	**Group £'000**
External sales	**17,683**	**6,071**	**9,080**	**8,441**	**21,036**	**240**	**–**	**62,551**
Inter-segment sales	**852**	**107**	**351**	**214**	**699**	**13**	**(2,236)**	**–**
Total revenue	**18,535**	**6,178**	**9,431**	**8,655**	**21,735**	**253**	**(2,236)**	**62,551**

2012	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Consolidation and unallocated £'000	Group £'000
External sales	16,482	4,100	8,920	8,750	19,750	143	–	58,145
Inter-segment sales	900	194	330	208	410	8	(2,050)	–
Total revenue	17,382	4,294	9,250	8,958	20,160	151	(2,050)	58,145

Inter-segment sales are priced on an arm's-length basis that would be available to unrelated third parties.

2 Operating expenditure

The profit before taxation is stated after charging:

	2013 £'000	2012 £'000
Auditors' remuneration:		
Fees payable for the audit of the parent company and the consolidated financial statements	**148**	145
Audit of subsidiaries pursuant to legislation	**45**	53
Audit related assurance services	**31**	27
Tax compliance services	**53**	27
Tax advisory services	**63**	34
Other advisory services	**70**	–
Disposals, depreciation and amortisation:		
Depreciation of property, plant and equipment (Note 12)	**539**	593
Amortisation of intangible assets (Note 11)	**3,280**	4,350
Loss on disposal of other intangible assets	**–**	38
Loss on disposal of property, plant and equipment	**3**	97
Other operating lease rentals:		
Plant and machinery	**121**	97
Land and buildings	**1,405**	1,480
Other expenses:		
Exchange differences	**47**	184
Share-based payment expenses (Note 22)	**767**	641
Charitable donations	**73**	51

3 Staff numbers and costs

Staff costs (including Directors) charged to operating expenses during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	**25,307**	23,730
Social security costs	**2,558**	2,463
Share-based payments (Note 22)	**767**	641
Pension costs	**398**	463
Other benefits	**1,928**	1,908
Acquisition cost deemed as staff compensation*	**102**	87
	31,060	29,292

* Part of the acquisition cost relating to Definitive Insights is deemed as staff compensation and treated as an exceptional cost, as disclosed in Note 4.

Pension costs are contributions are made on behalf of employees to defined contribution pension schemes.

Other benefits include staff bonuses and private healthcare insurance.

The average number of employees of the Group during the year was as follows:

	2013 Number	2012* Number
Key management personnel	**19**	20
Administration and operations	**483**	462
	502	482

*The definition of key management has been revised in the year to include only the Group Board and Divisional, Product and Function Heads and the prior year comparative has been restated.

Financial statements

Notes to the Consolidated Financial Statements continued

3 Staff numbers and costs continued

Specific disclosures in relation to compensation for key management personnel who held office during the year was as follows:

	2013 £'000	2012* £'000
Short-term employee benefits	**2,788**	2,775
Post-employment benefits	**44**	43
Share-based payments	**602**	476
	3,434	3,294

*Restated

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 29 to 31, which form part of the financial statements.

4 Exceptional costs

	2013 £'000	2012 £'000
Restructuring costs	**645**	644
Acquisition related costs	**255**	132
Change in accounting estimation – contingent consideration	**35**	(355)
Adjustment to Harrison Group's acquired balance sheet	**–**	(117)
Employment termination	**205**	168
Panel closure costs	**72**	–
	1,212	472

Restructuring costs in the year primarily relate to the restructuring of the Nordic business to improve performance and the cost of reorganising the UK and Group management structures. Restructuring costs in the prior year primarily relate to the closing of the Company's operations in Iraq and further rationalisation activity in Germany.

Acquisition related costs in the current and prior periods include £102,000 of contingent consideration in respect of the Definitive Insights acquisition that is deemed under IFRS3 to be staff compensation cost £136,000 incurred in relation to a prospective acquisition with which the Group decided not to proceed and £18,000 in respect of the acquisition of a shareholding in Doughty Media 2 which was completed in September 2013. Acquisition related costs in the prior financial year include £87,000 of contingent consideration in respect of the acquisition of Definitive Insights deemed under IFRS3, to be staff compensation costs and £45,000 of professional fees in respect of acquisitions in the previous year and abortive joint-ventures.

The change in estimated contingent consideration comprises a charge of £70,000 in respect of the acquisition of Clear Horizons, a credit of £16,000 in respect of the Harrison Group acquisition and a credit of £19,000 in respect of the Definitive Insights acquisition. The change in estimated contingent consideration in the prior year comprises a credit of £434,000 in respect of the Harrison Group acquisition and a charge of £79,000 in respect of the Definitive Insights acquisition.

During the prior year the fair value of the Harrison Group assets acquired was increased by £117,000, as the allowable period of time for finalising the valuation under IFRS3 had ended, this adjustment was treated as an exceptional item.

Employment termination costs relate to redundancies made in the US. Employment termination costs in the prior year relate to redundancies made in the UK and the Middle East.

Panel closure costs arose as a result of the decision taken in the year to close the YouGov Panel in Chile.

5 Finance income and costs

	2013 £'000	2012 £'000
Interest receivable from bank deposits	**27**	79
Other interest receivable	**–**	5
Dividends received	**41**	10
Foreign exchange gains on cash and intra-Group loans	**139**	–
Total finance income	**207**	94
Interest payable on bank loans and overdrafts	**10**	4
Interest on obligations under hire purchase and finance leases	**4**	1
Foreign exchange losses on cash and intra-Group loans	**4**	179
	18	184
Imputed interest on contingent consideration and provisions	**71**	150
Total finance costs	**89**	334

6 Income taxes

The taxation charge represents:

	2013 £'000	2012 £'000
Current tax on profits for the year	**294**	400
Adjustments in respect of prior years	**196**	–
Total current tax charge	**490**	400
Deferred tax:		
Origination and reversal of temporary differences	**(89)**	(498)
Adjustments in respect of prior years	**(1,130)**	61
Impact of changes in tax rates	**106**	116
Total deferred tax credit	**(1,113)**	(321)
Total income statement tax (credit)/charge	**(623)**	79

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2013 £'000	2012 £'000
Profit before taxation	**1,486**	440
Tax charge calculated at Group's standard rate of 23.7% (2011: 25.3%)	**352**	111
Variance in overseas tax rates	**(177)**	(286)
Impact of changes in tax rates	**106**	116
Gains not subject to tax	**(10)**	(109)
Expenses not deductible for tax purposes	**134**	44
Tax losses for which no deferred income tax asset was recognised	**(123)**	121
Adjustment in respect of prior years	**(934)**	61
Associates results reported net of tax	**29**	21
Total income statement tax (credit)/charge for the year	**(623)**	79

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7 Dividend

On 17 December 2012, a maiden final dividend in respect of the year ended 31 July 2012 of £479,000 (0.5p per share) was paid to shareholders. A dividend in respect of the year ended 31 July 2013 of 0.6p per share, amounting to a total dividend of £577,000 is to be proposed at the Annual General Meeting on 11 December 2013. These financial statements do not reflect this proposed dividend payable.

8 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential Ordinary Shares.

The adjusted earnings per share has been calculated to reflect the underlying profitability of the business by excluding the amortisation of intangible assets, share-based payments, imputed interest, impairment charges, exceptional items and any related tax effects.

	2013 £'000	2012 £'000
Profit after taxation attributable to equity holders of the parent company	**2,042**	333
Add: amortisation of intangible assets	**3,280**	4,350
Add: share-based payments	**767**	641
Add: imputed interest	**71**	150
Add: exceptional costs	**1,212**	472
Tax effect of the above adjustments and exceptional tax items	**(2,060)**	(1,283)
Adjusted profit after taxation	**5,312**	4,663

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2013	2012
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	**95,639**	95,141
– Dilutive effect of share options	**7,535**	5,956
– Diluted	**103,174**	101,097
The adjustments have the following effect:		
Basic profit per share	**2.1p**	0.4p
Amortisation of intangible assets	**3.4p**	4.6p
Share-based payments	**0.8p**	0.6p
Imputed interest	**0.1p**	0.2p
Exceptional costs and impairments	**1.3p**	0.5p
Tax effect of the above adjustments and exceptional tax items	**(2.1p)**	(1.4p)
Adjusted earnings per share	**5.6p**	4.9p
Diluted profit per share	**2.0p**	0.3p
Amortisation of intangible assets	**3.2p**	4.3p
Share-based payments	**0.7p**	0.6p
Imputed interest	**0.0p**	0.1p
Exceptional costs and impairment	**1.2p**	0.5p
Tax effect of the above adjustments and exceptional tax items	**(2.0p)**	(1.2p)
Adjusted diluted earnings per share	**5.1p**	4.6p

9 Business combinations and disposals

During the prior year the Group invested £0.1m in return for an additional 5% stake in CoEditor Limited increasing its shareholding to 30%.The majority shareholder is Doughty Media 2 (60% owned by Stephan Shakespeare, an Executive Director of YouGov plc). CoEditor has developed software in the field of news and content aggregation which will be provided exclusively to YouGov for the purpose of providing dedicated content and activities for members of YouGov's online panels. YouGov also has options to acquire additional shares, which will enable it to benefit from increases in CoEditor's equity value resulting from its business development.

Subsequent to the end of the financial year YouGov has acquired a 40% shareholding in Doughty Media 2 increasing its effective ownership of CoEditor Limited to 57%. More details of this post balance sheet event are disclosed in Note 27.

10 Goodwill

	Middle East £'000	USA £'000	Nordic £'000	Germany £'000	Total £'000
Carrying amount at 1 August 2011	1,342	16,435	8,642	11,376	37,795
Revision to initial carrying values	–	(413)	–	–	(413)
Exchange differences	63	792	(817)	(1,181)	(1,143)
Carrying amount at 31 July 2012	1,405	16,814	7,825	10,195	36,239
Exchange differences	44	523	857	1,137	2,561
Carrying amount at 31 July 2013	**1,449**	**17,337**	**8,682**	**11,332**	**38,800**
At 31 July 2013					
Cost	**1,449**	**17,337**	**8,682**	**13,845**	**41,313**
Accumulated impairment	**–**	**–**	**–**	**(2,513)**	**(2,513)**
Net book amount	**1,449**	**17,337**	**8,682**	**11,332**	**38,800**

In accordance with the Group's accounting policy, the carrying values of goodwill and other intangible assets are reviewed annually for impairment. The cash-generating units (CGUs) are consistent with those segments shown in Note 1. The 2013 impairment review was undertaken as at 31 July 2013. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using an initial projection period of three years for each CGU based on approved budget numbers. Beyond that, EBITDA growth was assumed to be 5% for years four and five, which is conservative both in comparison with their historical performance and annual growth rates in the internet based market research sector. Annual growth rates of 2.5% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are between 10% and 17% (2012: between 10% and 18%). All CGUs, when subjected to sensitivity analyses, decreasing assumed EBITDA growth by 10% and increasing the discount rate by 1% point in each year, including the terminal value year, had sufficient headroom to support their carrying value.

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11 Other intangible assets

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Order backlog £'000	Development costs £'000	Total £'000
At 1 August 2011							
Cost	8,566	6,384	5,459	3,125	229	577	24,340
Accumulated amortisation	(6,775)	(3,538)	(1,030)	(1,194)	(223)	(153)	(12,913)
Net book amount	1,791	2,846	4,429	1,931	6	424	11,427
Year ended 31 July 2012							
Opening net book amount	1,791	2,846	4,429	1,931	6	424	11,427
Additions:							
Separately acquired	560	522	–	3	–	–	1,085
Fair value revision	–	–	(762)	(25)	(7)	–	(794)
Internally developed	–	1,574	–	–	–	44	1,618
Disposals	–	–	–	(2)	–	(36)	(38)
Amortisation charge:							
Business combinations	(1,060)	(186)	(428)	(369)	–	–	(2,043)
Separately acquired	(423)	(554)	–	–	–	(174)	(1,151)
Internally developed	–	(1,139)	–	–	–	(17)	(1,156)
Exchange differences	(257)	(50)	38	(120)	1	(16)	(404)
Closing net book amount	611	3,013	3,277	1,418	–	225	8,544
At 31 July 2012							
Cost	9,051	8,238	4,702	2,973	218	548	25,730
Accumulated amortisation	(8,440)	(5,225)	(1,425)	(1,555)	(218)	(323)	(17,186)
Net book amount	611	3,013	3,277	1,418	–	225	8,544
Year ended 31 July 2013							
Opening net book amount	**611**	**3,013**	**3,277**	**1,418**	**–**	**225**	**8,544**
Additions:							
Separately acquired	**649**	**852**	**–**	**11**	**–**	**247**	**1,759**
Internally developed	**–**	**1,811**	**–**	**–**	**–**	**68**	**1,879**
Amortisation charge:							
Business combinations	**–**	**–**	**(479)**	**(332)**	**–**	**–**	**(811)**
Separately acquired	**(422)**	**(624)**	**–**	**(2)**	**–**	**(104)**	**(1,152)**
Internally developed	**–**	**(1,300)**	**–**	**–**	**–**	**(17)**	**(1,317)**
Exchange differences	**49**	**16**	**143**	**89**	**–**	**11**	**308**
Closing net book amount	**887**	**3,768**	**2,941**	**1,184**	**–**	**430**	**9,210**
At 31 July 2013							
Cost	**10,142**	**10,983**	**4,963**	**3,197**	**232**	**900**	**30,417**
Accumulated amortisation	**(9,255)**	**(7,215)**	**(2,022)**	**(2,013)**	**(232)**	**(470)**	**(21,207)**
Net book amount	**887**	**3,768**	**2,941**	**1,184**	**–**	**430**	**9,210**

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12 Property, plant and equipment

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 August 2011						
Cost	1,333	329	2,038	1,252	118	5,070
Accumulated depreciation	(131)	(270)	(1,397)	(828)	(106)	(2,732)
Net book amount	1,202	59	641	424	12	2,338
Year ended 31 July 2012						
Opening net book amount	1,202	59	641	424	12	2,338
Additions:						
Separately acquired	–	69	446	101	8	624
Disposals	–	(3)	(15)	(79)	–	(97)
Depreciation	(53)	(45)	(444)	(40)	(11)	(593)
Reclassifications	32	–	55	(87)	–	–
Exchange differences	57	(5)	(11)	(3)	–	38
Closing net book amount	1,238	75	672	316	9	2,310
At 31 July 2012						
Cost	1,463	384	1,951	919	73	4,790
Accumulated depreciation	(225)	(309)	(1,279)	(603)	(64)	(2,480)
Net book amount	1,238	75	672	316	9	2,310
Year ended 31 July 2013						
Opening net book amount	**1,238**	**75**	**672**	**316**	**9**	**2,310**
Additions:						
Separately acquired	**–**	**2**	**328**	**66**	**15**	**411**
Disposals	**–**	**–**	**(3)**	**–**	**–**	**(3)**
Depreciation	**(49)**	**(17)**	**(378)**	**(89)**	**(6)**	**(539)**
Exchange differences	**37**	**4**	**17**	**18**	**1**	**77**
Closing net book amount	**1,226**	**64**	**636**	**311**	**19**	**2,256**
At 31 July 2013						
Cost	**1,449**	**376**	**2,439**	**1,018**	**74**	**5,356**
Accumulated depreciation	**(223)**	**(312)**	**(1,803)**	**(707)**	**(55)**	**(3,100)**
Net book amount	**1,226**	**64**	**636**	**311**	**19**	**2,256**

The cost of assets held under finance leases is £93,000 (2012: £31,000) and accumulated depreciation is £7,000 (2012: £1,000).

All property, plant and equipment disclosed above, with the exception of those items held under lease purchase agreement, are free from restrictions on title. No property, plant and equipment either in 2013 or 2012 has been pledged as security against the liabilities of the Group.

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13 Investments

(a) Interests in subsidiaries

As at 31 July 2013 the Group's trading subsidiaries were:

	Country of incorporation	Class of share capital held	Proportion held: By parent company	Proportion held: By the Group	Nature of the business
YouGov ME FZ LLC	U.A.E.	Ordinary	100%	100%	Market research
YouGov Deutschland AG	Germany	Ordinary	100%	100%	Market research
Service Rating GmbH	Germany	Ordinary	0%	100%	Rating agency
BeField GmbH[1]	Germany	Ordinary	0%	70%	CATI supplier company
YouGov Nordic and Baltic A/S	Denmark	Ordinary	100%	100%	Market research
YouGov Sweden AB	Sweden	Ordinary	0%	100%	Market research
YouGov Norway AS	Norway	Ordinary	0%	100%	Market research
YouGov Finland OY	Finland	Ordinary	0%	100%	Market research
YouGov America Inc	USA	Ordinary	0%	100%	Market research
HG Acquisition LLC	USA	Ordinary	0%	100%	Market research
Definitive Insights Inc	USA	Ordinary	0%	100%	Market research
YouGov France SASU	France	Ordinary	100%	100%	Market research

[1] Formerly Psychonomics Field GmbH.

All subsidiaries have co-terminus year ends and are included in the consolidated financial statements.

(b) Interest in joint ventures and associates

	31 July 2013 £'000	31 July 2012 £'000
Total fixed asset investments comprise:		
Carrying amount at 1 August	**485**	468
Acquisition of associate	**–**	100
Share of loss in associate	**(122)**	(83)
Interest in joint ventures and associates	**363**	485

The Group has not recognised losses amounting to £10,000 (2012: £3,000) for YouGov Centaur LLP.

At 31 July 2013 the Group had interests in the following joint ventures and associates:

	Investment	Country of incorporation	Class of share capital held	Proportion held: By parent company	Proportion held: By the Group	Nature of the business	Financial year end
YouGovCentaur LLP	Joint Venture	England	Ordinary	50%	50%	Specialist business to business research	30 June
CoEditor Limited	Associate	England	Ordinary	30%	30%	Website developer	31 July

The Group's share of the revenue and operating loss and assets and liabilities of joint ventures and associates are:

	CoEditor Limited 31 July 2013 £'000	CoEditor Limited 31 July 2012 £'000	YouGov Centaur LLP 31 July 2013 £'000	YouGov Centaur LLP 31 July 2012 £'000
Revenue	**–**	–	**–**	–
Expenses	**(122)**	(83)	**(10)**	(3)
Loss after tax	**(122)**	(83)	**(10)**	(3)
Non-current assets	**124**	90	**1**	1
Current assets	**8**	9	**43**	43
Current liabilities	**(11)**	(17)	**(162)**	(152)
Non-current liabilities	**(199)**	(33)	**–**	–
Net (liabilities)/assets	**(78)**	49	**(118)**	(108)

Subsequent to the end of the financial year YouGov has acquired a 40% shareholding in Doughty Media 2, the majority shareholder of CoEditor Limited, increasing its effective ownership of CoEditor Limited to 57%. More details of this post balance sheet event are disclosed in Note 27.

14 Trade and other receivables

	31 July 2013 £'000	31 July 2012 £'000
Trade receivables	**13,564**	10,704
Amounts owed by related parties	**205**	192
Loans to related parties	**646**	100
Other receivables	**620**	895
Prepayments and accrued income	**8,066**	7,460
	23,101	19,351
Provision for trade receivables	**(150)**	(120)
	22,951	19,231

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Loans to related parties relate to amounts advances to fund working capital, no interest is charged.

As at 31 July 2013, trade receivables of £8,750,000 (2012: £7,285,000) and amounts owed by related parties of £205,000 (2012: £192,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectible. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2013 £'000	31 July 2012 £'000
Up to three months overdue	**4,959**	4,529
Three to six months overdue	**1,636**	1,595
Six months to one year overdue	**2,060**	848
More than one year overdue	**95**	313
	8,750	7,285

Movement on the Group provision for impairment of trade receivables is as follows:

	2013 £'000	2012 £'000
Provision for receivables impairment at 1 August	**120**	162
Provision created in the year	**128**	90
Provision utilised in the year	**(105)**	(129)
Exchange differences	**7**	(3)
Provision for receivables impairment at 31 July	**150**	120

The creation and release of the provision for impaired receivables has been included in the consolidated income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The average length of time taken by customers to settle receivables is 68 days (2012: 63 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2012: greater than £250,000)) represent 17% of trade receivables (2012: 8%).

At 31 July 2013, £544,000 (DKK 4.6m) (2012: £453,000 (DKK 4.3m)) of the trade and other receivables of YouGov Nordic and Baltic A/S was used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S.

YouGov Deutschland AG has secured a value of up to £nil (2012: £20,000 (€25,000)) in the event of default on rental payments against its trade and other receivables.

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15 Cash and cash equivalents

	31 July 2013 £'000	31 July 2012 £'000
Cash at bank and in hand	**6,929**	4,179
Short-term bank deposits	**–**	3,298
Cash and cash equivalents (excluding bank overdrafts)	**6,929**	7,477

Cash and cash equivalents are held at either variable rates or at rates fixed for periods of no longer than three months.

Cash and cash equivalents include the following for the purposes of the cash flows:

	31 July 2013 £'000	31 July 2012 £'000
Cash and cash equivalents	**6,929**	7,477
Bank overdrafts	**(273)**	(327)
Cash and cash equivalents excluding overdrafts	**6,656**	7,150

Bank overdrafts are denominated in Danish Krone and bear interest at 3.2%.

16 Trade and other payables

	31 July 2013 £'000	31 July 2012 £'000
Trade payables	**1,991**	1,998
Accruals and deferred income	**11,965**	8,528
Other payables	**2,279**	1,927
	16,235	12,453

The average length of time taken by the Group to settle payables is 31 days (2012: 35 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

17 Contingent consideration

	Clear Horizons £'000	Harrison Group £'000	Definitive Insights £'000	Total £'000
At 1 August 2011	425	3,586	1,653	5,664
Settled during the year	(152)	(2,244)	(117)	(2,513)
Released during the year	–	(444)	(639)	(1,083)
Discount unwinding	14	68	35	117
Foreign exchange differences	19	148	7	174
Balance at 31 July 2012	306	1,114	939	2,359
Included within current liabilities	306	1,114	486	1,906
Included within non-current liabilities	–	–	453	453
Settled during the year	(377)	(1,126)	(520)	(2,023)
Provided during the year	70	–	102	172
Released during the year	–	(16)	(19)	(35)
Discount unwinding	–	25	33	58
Foreign exchange differences	1	3	16	20
Balance at 31 July 2013	**–**	**–**	**551**	**551**
Included within current liabilities	**–**	**–**	**301**	**301**
Included within non-current liabilities	**–**	**–**	**250**	**250**

18 Provisions for other liabilities and charges

	Panel incentives £'000	Staff gratuity £'000	Total £'000
At 1 August 2011	2,910	132	3,042
Provided during the year	3,149	74	3,223
Utilised during the year	(2,808)	(23)	(2,831)
Released during the year	(480)	(12)	(492)
Discount unwinding	33	–	33
Foreign exchange differences	(32)	7	(25)
Balance at 31 July 2012	2,772	178	2,950
Included within current liabilities	2,150	–	2,150
Included within non-current liabilities	622	178	800
Provided during the year	4,219	104	4,323
Utilised during the year	(3,701)	(10)	(3,711)
Released during the year	(159)	(2)	(161)
Discount unwinding	13	–	13
Foreign exchange differences	85	8	93
Balance at 31 July 2013	**3,229**	**278**	**3,507**
Included within current liabilities	**2,737**	**–**	**2,737**
Included within non-current liabilities	**492**	**278**	**770**

The panel incentive provision represents the Directors' best estimate of the future liability in relation to the value of panel incentives that have accrued in the panellists' virtual accounts up to 31 July 2013. The provision of £3.2m represents 34% of the maximum potential liability of £9.4m (2012: £2.8m representing 30% of the total liability of £9.2m). The factors considered in estimating the appropriate percentage of the total liability to be provided against at each reporting date include: panel churn rates, panel activity rates, current redemption patterns and the time value of money.

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years service and nature of the termination. The liability of £0.3m at 31 July 2013 (2012: £0.2m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

19 Deferred taxation assets and liabilities

Deferred tax asset	Intangible assets £'000	Property, plant and equipment £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2011	–	45	1,894	–	1,939
Recognised in the income statement	142	104	(680)	516	82
Recognised in other comprehensive income	–	–	95	–	95
Recognised in equity	–	–	–	144	144
Foreign exchange differences	–	(1)	(48)	(7)	(56)
Balance at 31 July 2012	142	148	1,261	653	2,204
Recognised in the income statement	(47)	4	38	508	503
Recognised in other comprehensive income	–	–	(73)	–	(73)
Recognised in equity	–	–	–	91	91
Foreign exchange differences	–	1	90	31	122
Balance at 31 July 2013	**95**	**153**	**1,316**	**1,283**	**2,847**

£558,000 of the above deferred tax assets are expected to recovered within one year.

The deferred taxation asset in respect of income tax losses are broken down by jurisdiction as follows:

	31 July 2013 £'000	31 July 2012 £'000
UK	**243**	475
Nordic	**796**	732
USA	**165**	–
France	**112**	54
	1,316	1,261

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19 Deferred taxation assets and liabilities continued

Deferred tax assets have been recognised only to the extent where management budgets and forecasts show sufficient profits being generated to discharge these in the short term. Utilisation of tax losses is dependable upon future profits being generated.

Deferred tax liabilities	Intangible assets £'000	Property, plant and equipment £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2011	3,112	168	331	3,611
Recognised in the income statement	(241)	(164)	166	(239)
Fair value revision	(334)	–	–	(334)
Foreign exchange differences	(162)	(4)	(98)	(264)
Balance at 31 July 2012	2,375	–	399	2,774
Recognised in the income statement	(532)	–	(78)	(610)
Foreign exchange differences	136	–	27	163
Balance at 31 July 2013	**1,979**	**–**	**348**	**2,327**

£327,000 of the above deferred tax liabilities are expected to be recovered within one year.

The gross movement on the deferred income tax account is as follows:

	2013 £'000	2012 £'000
Balance at 1 August	**(570)**	(1,672)
Acquisition of subsidiary	**–**	334
Recognised in the income statement	**1,113**	321
Recognised in other comprehensive income	**(73)**	95
Recognised in equity	**91**	144
Foreign exchange differences	**(41)**	208
Balance at 31 July	**520**	(570)

20 Risk management objectives and policies

The Group is exposed to foreign currency, liquidity and interest rate risk, which result from both its operating and investing activities. The Group's risk management is co-ordinated in close co-operation with the Board of Directors, and focuses on actively securing the Group's short-to-medium-term cash flows by minimising the exposure to financial markets. The most significant financial risks to which the Group is exposed to are described below. Also refer to the accounting policies.

Foreign currency risk

The Group is exposed to translation and transaction foreign exchange risk. The currencies where the Group is most exposed to volatility are US Dollars, Euro, UAE Dirham and Danish Kroner.

Currently, the Group aims to align assets and liabilities in a particular market. The Group will continue to review its currency risk position as the overall business profile changes.

The presentational and transactional currency of the Group is considered to be UK Sterling.

Foreign currency denominated financial assets and liabilities, translated into UK Sterling at the closing rate are as follows:

	2013 £'000				2012 £'000			
	US $	Euro €	Dirham AED	Other currencies	US $	Euro €	Dirham AED	Other currencies
Financial assets	**4,217**	**5,022**	**1,890**	**1,782**	7,804	4,419	4,498	2,167
Financial liabilities	**(3,552)**	**(1,745)**	**(721)**	**(1,569)**	(4,311)	(1,733)	(506)	(1,864)
Short-term exposure	**665**	**3,277**	**1,169**	**213**	3,493	2,686	3,992	303
Financial assets	**–**	**–**	**–**	**–**	–	–	–	–
Financial liabilities	**(252)**	**(52)**	**–**	**–**	(453)	(23)	–	–
Long-term exposure	**(252)**	**(52)**	**–**	**–**	(453)	(23)	–	–

20 Risk management objectives and policies continued

The effect of UK Sterling strengthening by 1% against our subsidiaries' functional currencies (US Dollar, Euro, UAE Dirham and Other currencies) would have had the following impact upon translation:

	2013 £'000				2012 £'000			
	US $	**Euro €**	**Dirham AED**	**Other currencies**	US $	Euro €	Dirham AED	Other currencies
Net result for the year	**(12)**	**–**	**(11)**	**4**	(9)	2	(11)	9
Equity	**(23)**	**28**	**(52)**	**3**	(10)	46	(99)	4

If the UK Sterling had weakened by 1% against the US Dollar, Euro, UAE Dirham and Other currencies the inverse of the impact above would apply.

The Group manages currency fluctuations as outlined in the Corporate Governance Report on page 28.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group currently has no general borrowing arrangement in place (although specific fixed value borrowings are held within the Group) and prepares cash flow forecasts which are reviewed at Board meetings to ensure liquidity.

As at 31 July 2013, the Group's liabilities have undiscounted contractual maturities which are summarised below:

	Current		Non-current	
	Within 6 months £'000	**6 to 12 months £'000**	**1–5 years £'000**	**Later than 5 years £'000**
Borrowings	**273**	**–**	**–**	**–**
Finance lease liabilities	**17**	**14**	**55**	**–**
Trade and other payables	**4,125**	**114**	**–**	**–**
Contingent consideration	**–**	**301**	**250**	**–**

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	Current		Non-current	
	Within 6 months £'000	6 to 12 months £'000	1–5 years £'000	Later than 5 years £'000
Borrowings	327	–	–	–
Finance lease liabilities	10	9	42	–
Trade and other payables	3,575	350	–	–
Contingent consideration	306	1,709	543	–

The Group has sufficient financial risk management policies in place to ensure that all trade payables are settled within the respective credit period.

Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to continue as a going concern. The Board has taken the decision at this stage to minimise external debt, whilst trying to maximise earnings from the cash currently held. Capital consists of the following items:

	31 July 2013 £'000	31 July 2012 £'000
Borrowings (bank overdraft)	**(273)**	(327)
Cash and cash equivalents	**6,929**	7,477
Equity attributable to shareholders of the parent company	**(61,083)**	(55,949)
	(54,427)	(48,799)

The Group has no externally imposed capital requirements.

Interest rate risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance, net of bank overdrafts, over the course of the year was £5.3m (2012: £8.3m) attracting an average interest rate of 0.3% (2012: 0.9%). If interest rates had been 1% higher during the year ended 31 July 2013 the increase to profit before tax would have been £52,000 (2012: £83,000). If interest rates had been 1% lower during the year ended 31 July 2013 the reduction in profit before tax would have been £22,000 (2012: £50,000). The impact upon shareholders' equity would have been an increase of £48,000 (2012: £69,000) and a decrease of £21,000 (2012: £47,000) respectively.

Financial statements

Notes to the Consolidated Financial Statements continued

20 Risk management objectives and policies continued

Fair values of financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year end foreign exchange rates.

Primary financial instruments held or issued to finance the Group's operations:

	31 July 2013		31 July 2012	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Trade and other receivables	**22,069**	**22,069**	18,378	18,378
Cash and cash equivalents	**6,929**	**6,929**	7,477	7,477
Trade and other payables	**(10,062)**	**(10,062)**	(12,920)	(12,920)
Bank overdrafts	**(273)**	**(273)**	(327)	(327)
Contingent consideration				
– Non-current	**(250)**	**(250)**	(453)	(453)
– Current	**(301)**	**(301)**	(1,906)	(1,906)

21 Share capital and share premium

The Company only has one class of share. Par value of each Ordinary Share is 0.2p. All issued shares are fully paid.

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 August 2011	97,129,465	195	30,947	31,142
Issue of shares	12,552	–	–	–
At 31 July 2012	97,142,017	195	30,947	31,142
Issue of shares	61,195	–	14	14
At 31 July 2013	**97,203,212**	**195**	**30,961**	**31,156**

22 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2013 was £767,000 (2012: £641,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
Approved share option scheme	Number	£	Number	£
Outstanding at the beginning of the year	**129,056**	**0.880**	129,056	0.880
Granted during the year	**–**	**–**	–	–
Exercised during the year	**(24,000)**	**0.180**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**105,056**	**1.027**	129,056	0.880
Exercisable at the end of the year	**105,056**	**1.027**	129,056	0.880

	2013 WAEP		2012 WAEP	
Unapproved share option scheme	Number	£	Number	£
Outstanding at the beginning of the year	**349,846**	**0.223**	362,398	0.223
Granted during the year	**–**	**–**	–	–
Exercised during the year	**(23,011)**	**0.115**	(12,552)	0.083
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**326,835**	**0.286**	349,846	0.223
Exercisable at the end of the year	**326,835**	**0.286**	349,846	0.223

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22 Share-based payments continued

Share options exercised in the current financial year were exercised at prices between £0.099 and £0.204 (2012: between £0.070 and £0.146). The weighted average share price at the dates of exercise was £0.713 (2012: £0.50).

The options outstanding under the approved and unapproved share option schemes as at 31 July 2013 and 31 July 2012 have the following average exercise prices and expire in the following financial years.

Expiry	Exercise price £	2013 Number	2012 Number
31 July 2013	**0.180**	**–**	24,000
31 July 2015	**0.180**	**44,335**	44,335
31 July 2017	**1.645**	**82,067**	82,067
31 August 2021*	**0.191**	**305,489**	328,500

*The Polimetrix options expire on a monthly basis up to and including August 2021.

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to share option schemes in the year ended 31 July 2013 was £nil (2012: £nil).

During the year ended 31 July 2013, the Long Term Incentive Plan ("LTIP") for Executive Directors, Senior Executives and Senior Managers continued to operate. The rules governing the LTIP are summarised in the Remuneration Report on page 29. The charge in relation to the LTIP in the year ended 31 July 2013 was £598,000 (2012: £441,000). This charge was valued using a Monte Carlo simulation.

	2013 WAEP		2012 WAEP	
Long Term Incentive Plan (LTIP)	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**6,512,167**	**0.000**	5,956,860	0.000
Granted during the year	**–**	**–**	2,435,477	0.000
Exercised during the year	**(1,047,266)**	**0.000**	–	–
Lapsed during the year	**(457,949)**	**0.000**	(1,880,170)	0.000
Outstanding at the end of the year	**5,006,952**	**0.000**	6,512,167	0.000
Exercisable at the end of the year	**651,278**	**0.000**	–	–

The weighted average share price at the date LTIP options were exercised was £0.726.

During the year ended 31 July 2011, a Deferred Stock Scheme was introduced for Executive Directors and Senior Managers. The rules governing the Deferred Stock Scheme are summarised in the Remuneration Report on page 29. The charge in relation to the Deferred Stock Scheme in the year ended 31 July 2013 was £169,000 (2012: £200,000). This charge was valued using a Black-Scholes model.

	2013 WAEP		2012 WAEP	
Deferred Stock Scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**1,500,000**	**0.000**	1,500,000	0.000
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**(75,000)**	**0.000**	–	–
Outstanding at the end of the year	**1,425,000**	**0.000**	1,500,000	0.000
Exercisable at the end of the year	**–**	**–**	–	–

Financial statements

Notes to the Consolidated Financial Statements continued

22 Share-based payments continued

The fair value of shares and share options granted under the Deferred Stock Scheme has been calculated using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculation. The fair value per option granted and the assumptions made are listed below:

Black-Scholes model assumptions:	
Share price (p)	40
Exercise price (p)	–
Estimated life (years)	3.0
Risk-free interest rate	n/a
Dividend yield	0.0%
Volatility	n/a
Basic fair value of option (p)	40
Options granted/shares awarded	1,500,000
Fair value of share options (p)	40
Vesting adjustment factor	100%
Total scheme adjusted fair value (£m)	0.6
Performance period (years)	3.0
Annual income statement charge to be applied over the performance period (£m)	0.2

The aggregate profit and loss charge for share-based payments is disclosed in Note 1.

23 Leasing commitments

The future aggregate minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2013 are as follows:

	31 July 2013		31 July 2012	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**1,294**	**106**	1,160	90
Between one and five years	**2,404**	**127**	3,271	163
In five years or more	**–**	**–**	32	–
	3,698	**233**	4,463	253

24 Capital commitments

At 31 July 2013, the Group had capital commitments of £71,000 (2012: £74,000).

25 Major non-cash transactions

The Group entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £nil (2012: £327,000).

The Group also entered into barter transactions with three third parties in the Middle East with a total value of £748,000 (2012: £427,000) to exchange the provision of market research for advertising on television, on websites and in magazines.

26 Transactions with Directors and other related parties

Other than emoluments there have been no transactions with Directors during the year.

At 31 July 2013 Privero Capital Advisors Inc, a company 25% owned by Stephan Shakespeare, an Executive Director of YouGov plc, owed YouGov £205,000 (2012: £192,000). The movement in the year relates to foreign exchange revaluation.

During the year ended 31 July 2012, YouGov invested £100,000 in return for an additional 5% stake in CoEditor Limited, a company owned by Doughty Media 2 (owned by Stephan Shakespeare), increasing its holding to 30%. The price paid for the additional investment was arrived at using the net present value of the projected future cash flows of CoEditor. At 31 July 2013 CoEditor Limited owed YouGov £646,000 (2012: £100,000), the movement in the year relates to additional funding of working capital.

Trading between YouGov plc and group companies is excluded from the related party note as this has been eliminated on consolidation.

27 Events after the reporting period

On 6 September 2013, YouGov plc purchased a 40% shareholding in Doughty Media 2, a company 60% owned by Stephan Shakespeare, an Executive Director of YouGov plc, for a purchase price of £497,000. £37,000 of this was paid in cash on completion, the remaining balance will be payable in YouGov shares in February 2015, contingent on the achievement of certain performance criteria. The book value of assets and liabilities as at the completion date was not material. The purchase price allocation has not yet been completed.

Doughty Media 2 has a 69% shareholding in CoEditor Limited and following this purchase YouGov now effectively controls 57% of CoEditor Limited.

No other material events have taken place subsequent to the reporting date.

Financial statements

Independent Auditors' Report to the Members of YouGov plc on the Parent Company Financial Statements

We have audited the parent company financial statements of YouGov plc for the year ended 31 July 2013, which comprise the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of YouGov plc for the year ended 31 July 2013.

David A. Snell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

14 October 2013

Financial statements

Company Balance Sheet

as at 31 July 2013

	Note	31 July 2013 £'000	31 July 2012 (restated) £'000
Fixed assets			
Intangible assets	4	**296**	180
Tangible assets	5	**176**	188
Investments	6	**36,751**	37,103
		37,223	37,471
Current assets			
Debtors	7	**27,641**	21,830
Cash at bank and in hand		**1,486**	1,193
		29,127	23,023
Creditors: amounts falling due within one year	8	**(12,170)**	(9,419)
Net current assets		**16,957**	13,604
Total assets less current liabilities		**54,180**	51,075
Provision for liabilities	9	**(1,969)**	(1,678)
Net assets		**52,211**	49,397
Capital and reserves			
Called up share capital	11	**195**	195
Share premium	11	**30,961**	30,947
Merger reserve	10	**9,239**	9,239
Profit and loss account	10	**11,816**	9,016
Total Shareholders' funds	10	**52,211**	49,397

The accounting policies and notes on pages 74 to 81 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14 October 2013, and signed on its behalf by:

Alan Newman
Chief Financial Officer
14 October 2013

Financial statements

Accounting Policies

for the year ended 31 July 2013

Basis of preparation

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and applicable accounting standards drawn from UK generally accepted accounting principles (UK GAAP). The financial statements are prepared under the historical cost convention modified for fair values and on the going concern basis.

The Company has also taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 “Cash Flow Statement (revised 1996)”. The cash flows of the Company are disclosed as part of the consolidated cash flow statement within the consolidated financial statements.

The particular accounting policies adopted are detailed below. They have all been applied consistently throughout the current year and the prior year.

The prior year balance sheet has been restated to reclassify panel liability of £1,678,000 from creditors: amounts falling due within one year to provision for liabilities, which aligns the Company treatment with that of the Group.

Related parties

The Company has taken advantage of the exemption contained in FRS8 “Related party disclosures” and has not reported transactions with fellow Group undertakings. Further details are included in Note 26 of the consolidated financial statements.

Panel incentive costs

The Company invites consumer panel members to fill out surveys for a cash or points based incentive. Although these amounts are not paid until a pre-determined target value has accrued on a panellist’s account, an assessment of incentives likely to be paid is made and is recognised as a cost of sale in the period in which the service is provided. This assessment now takes into account the likely savings expected from the prize draw.

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees’ services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

Where equity-settled share-based payments relate to employees of the Company these are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the profit and loss reserve. Where equity-settled share-based payments relate to employees of subsidiaries of the Company these are treated as a capital contribution, increasing the value of the investment in the subsidiary with a corresponding credit to the profit and loss reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Intangible fixed asset

Panel acquisition costs reflect the direct, external cost of recruiting new panel members. A formula based on panel churn for the preceding 12 months determines the element which is enhancement and that which is maintenance. Only enhancement is capitalised as cost to the Company less accumulated amortisation. Amortisation is charged so as to write off the panel acquisition costs over three years, this being the Directors’ estimate of the average active life of a panel member.

Trademark costs reflect the direct cost of trademarks acquired to protect the YouGov brand and its products. Amortisation is not charged as trademarks are infinite in their longevity. The Company conducts an annual impairment review to ensure all trademarks are carried at appropriate values.

Tangible fixed assets
Tangible fixed assets are stated at cost of the original purchase or development, net of accumulated depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their estimated useful economic lives. The rates generally applicable are:

Leasehold property and improvements	Life of the lease
Fixtures and fittings on a reducing balance basis	25%
Computer software and hardware on a straight-line basis	33%
Software development costs on a straight-line basis	33%

Costs that are directly attributable to the development of new business application software and which are incurred during the period prior to the date the software is placed into operational use are capitalised as software development costs. External costs and internal costs are capitalised to the extent they generate future economic benefit for the business, whilst internal costs are only capitalised if they are incremental to the Group. Once the new business application software is operational it is depreciated at the rates set out in the above table.

Research and development
Research expenditure is charged to profits in the period in which it is incurred. Software development costs incurred on specific projects are recognised to the extent that they comply with the requirements of SSAP 13, i.e. when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure.

Investments
Investments are included at cost less provisions for impairment. At each balance sheet date, the Directors review the carrying values of its investments to determine whether there is any indication that the assets have suffered an impairment loss. Whenever there is an indication that the asset may be impaired an impairment loss is recognised immediately in the profit and loss account.

Leased assets – operating leases
Operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax provision is held at its current value and not discounted.

Financial assets
Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated income statement.

Financial statements

Accounting Policies continued

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other financial assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the consolidated income statement.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

An assessment for impairment is undertaken at least at each reporting date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards if ownership but does transfer control of that asset.

Financial liabilities
Financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Borrowings and lease liabilities are initially recorded at the fair value which is typically the proceeds received, net of any issue costs and subsequently carried at amortised cost. Finance charges are accounted for on an effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial Statements

Notes to the Company Financial Statements

for the year ended 31 July 2013

1 Profit of parent company

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £2,499,000 (2012: £2,020,000). This includes audit fees for the Company of £22,000 (2012: £22,000).

2 Staff numbers and costs

Staff costs (including Directors) charged to administration expenses during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	**6,847**	6,249
Social security costs	**771**	708
Share-based payments (Note 12)	**364**	316
Pension costs	**55**	56
Other benefits	**44**	33
	8,081	7,362

The average monthly number of employees of the Company during the year was as follows:

	2013 Number	2012 Number
Key management personnel	**10**	8
Administration and operations	**126**	121
	136	129

Specific disclosures in relation to compensation for key management personnel (defined as Board and Divisional, Product and Function Heads) who held office during the year was as follows:

	2013 £'000	2012 £'000
Short-term employee benefits	**1,240**	1,248
Share-based payments	**312**	231
	1,552	1,479

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 29 to 31.

3 Dividend

On 17 December 2012, a maiden final dividend in respect of the year ended 31 July 2012 of £479,000 (0.5p per share) was paid to shareholders. A dividend in respect of the year ended 31 July 2013 of 0.6p per share, amounting to a total dividend of £577,000 is to be proposed at the Annual General Meeting on 11 December 2013. These financial statements do not reflect this proposed dividend payable.

4 Intangible assets

	Panel acquisition costs £'000	**Trademarks £'000**	**Total £'000**
Cost			
At 1 August 2012	352	116	468
Additions	173	11	184
At 31 July 2013	**525**	**127**	**652**
Accumulated amortisation			
At 1 August 2012	288	–	288
Provided in the year	68	–	68
At 31 July 2013	**356**	**–**	**356**
Net book amount at 31 July 2013	**169**	**127**	**296**
Net book amount at 31 July 2012	64	116	180

Financial statements

Notes to the Company Financial Statements continued

5 Tangible assets

	Fixtures and fittings £'000	Computer software and hardware £'000	Leasehold property and improvements £'000	Total £'000
Cost				
At 1 August 2012	334	741	176	1,251
Provided in the year	3	88	–	91
Disposals	–	(2)	–	(2)
At 31 July 2013	**337**	**827**	**176**	**1,340**
Accumulated depreciation				
At 1 August 2012	253	634	176	1,063
Provided in the year	20	81	–	101
Disposals	–	–	–	–
At 31 July 2013	**273**	**715**	**176**	**1,164**
Net book amount at 31 July 2013	**64**	**112**	**–**	**176**
Net book amount at 31 July 2012	81	107	–	188

6 Fixed asset investments

Total fixed asset investments comprise:

	Interest in subsidiaries £'000	Interest in joint ventures and associates £'000	Capital contributions arising from share-based payments £'000	Total £'000
At 1 August 2012	35,751	600	752	37,103
Share-based payments charge	–	–	369	369
Impairment	(721)	–	–	(721)
At 31 July 2013	**35,030**	**600**	**1,121**	**36,751**

The value of investments is determined on the basis of the cost to the Company.

The Company's principal trading subsidiaries and joint ventures are listed in Note 13 of the consolidated financial statements.

7 Debtors

	31 July 2013 £'000	31 July 2012 £'000
Trade debtors	**4,420**	3,304
Amounts owed by Group undertakings	**18,711**	14,827
Amounts owed by associates	**646**	100
Other debtors	**121**	54
Prepayments and accrued income	**2,537**	2,069
Deferred taxation	**1,206**	1,476
	27,641	21,830

Amounts owed by Group undertakings are unsecured, have no fixed date of payment and are repayable on demand.

8 Creditors: amounts falling due within one year

	31 July 2013 £'000	31 July 2012 (restated) £'000
Trade creditors	**882**	794
Amounts owed to Group undertakings	**5,861**	5,414
Taxation and social security	**1,030**	856
Other creditors	**134**	44
Accruals and deferred income	**4,263**	2,311
	12,170	9,419

Some amounts owed to Group undertakings are unsecured, have no fixed date of payment and are repayable on demand.

9 Provisions for liabilities

	Panel Incentives £'000
Balance at 1 August 2012 (restated)	1,678
Provided during the year	2,340
Utilised during the year	(2,049)
Balance at 31 July 2013	**1,969**

10 Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 August 2011	**195**	**30,947**	**9,239**	**6,368**	**46,749**
Changes in equity for 2012					
Profit for the year	–	–	–	2,020	**2,020**
Total recognised income for the year	–	–	–	2,020	**2,020**
Share-based payments	–	–	–	628	**628**
Balance at 31 July 2012	**195**	**30,947**	**9,239**	**9,016**	**49,397**
Changes in equity for 2013					
Profit for the year	–	–	–	2,499	**2,499**
Total recognised income for the year	–	–	–	2,499	**2,499**
Issue of shares	–	14	–	–	**14**
Dividends paid	–	–	–	(479)	**(479)**
Share-based payments	–	–	–	780	**780**
Balance at 31 July 2013	**195**	**30,961**	**9,239**	**11,816**	**52,211**

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Notes to the Company Financial Statements continued

11 Called up share capital

The Company only has one class of share. Par value of each Ordinary Share is 0.2p. All issued shares are fully paid.

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 August 2011	97,129,465	195	30,947	31,142
Issue of shares	12,552	–	–	–
At 31 July 2012	97,142,017	195	30,947	31,142
Issue of shares	61,195	–	14	14
At 31 July 2013	**97,203,212**	**195**	**30,961**	**31,156**

12 Share-based payments

The charge included in the profit and loss account of the Company is £364,000 (2012: £316,000). The increase in investment in respect of subsidiaries is £369,000 (2012: £311,000).

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
Approved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**129,056**	**0.880**	129,056	0.880
Granted during the year	**–**	**–**	–	–
Exercised during the year	**(24,000)**	**0.180**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**105,056**	**1.027**	129,056	0.880
Exercisable at the end of the year	**108,056**	**1.027**	129,056	0.880

	2013 WAEP		2012 WAEP	
Unapproved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**21,346**	**1.645**	21,346	1.645
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**21,346**	**1.645**	21,346	1.645
Exercisable at the end of the year	**21,346**	**1.645**	21,346	1.645

The share price at the date of exercise of options was £0.725. The options outstanding under the approved and unapproved share option schemes as at 31 July 2013 and 31 July 2012, have the following average exercise prices and expire in the following financial years.

Expiry	**Exercise price £**	**2013 Number**	2012 Number
31 July 2013	**0.180**	**–**	24,000
31 July 2015	**0.180**	**44,335**	44,335
31 July 2017	**1.645**	**82,067**	82,067

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based.

During the year ended 31 July 2013, the Long Term Incentive Plan ("LTIP") for Executive Directors, Senior Executives and Senior Managers continued to operate. Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
Long term incentive plan (LTIP)	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**3,122,569**	**0.000**	3,330,757	0.000
Granted during the year	**–**	**–**	1,028,822	0.000
Exercised during the year	**(393,431)**	**0.000**	–	–
Lapsed during the year	**(54,594)**	**0.000**	(1,236,990)	0.000
Outstanding at the end of the year	**2,674,544**	**0.000**	3,122,589	0.000
Exercisable at the end of the year	**562,170**	**0.000**	–	–

The weighted average share price at the dates options were exercised was £0.703.

During the year ended 31 July 2011, a Deferred Stock Scheme was introduced for Executive Directors and Senior Managers. Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
Deferred Stock Scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**712,500**	**0.000**	712,500	0.000
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**(75,000)**	**0.000**	–	–
Outstanding at the end of the year	**637,500**	**0.000**	712,500	0.000
Exercisable at the end of the year	**–**	**–**	–	–

13 Leasing commitments

The minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2013 are as follows:

	2013		2012	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**303**	**30**	300	24
Between one and five years	**758**	**66**	910	73
In five years or more	**–**	**–**	–	–
	1,061	**96**	1,210	97

14 Major non-cash transactions

The Company entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £nil (2012: £327,000).

Additional information

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of YouGov PLC will be held at 50 Featherstone Street, London EC1Y 8RT on 11 December 2013 at 12.30pm to consider and, if thought fit, pass the resolutions below.

Resolution 10 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

1. To receive the Company's annual accounts for the financial year ended 31 July 2013, together with the Directors' report and the auditors' report on those accounts.
2. To approve the Directors' remuneration report set out in the annual report and accounts for the financial year ended 31 July 2013.
3. To reappoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
4. To authorise the Directors to fix the remuneration of the auditors.
5. To reappoint Roger Parry as a Director retiring by rotation in accordance with the Company's Articles of Association.
6. To reappoint Ben Elliot as a Director retiring by rotation in accordance with the Company's Articles of Association.
7. To declare a final dividend of 0.6p per ordinary share to be paid on Monday 16 December 2013 to those shareholders on the register of members as at Friday 6 December 2013.
8. To generally and unconditionally authorise the Directors (in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("Shares") and grant rights to subscribe for, or to convert any security into, Shares ("Subscription or Conversion Rights") up to an aggregate nominal amount of £9,750 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 31 December 2014, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted or Subscription or Conversion Rights to be granted after such expiry, including an offer or agreement to allot Shares to Stephan Shakespeare and Rosamund Shakespeare pursuant to and conditional on the passing of Resolution 9 below, and the Directors may allot Shares and grant Subscription or Conversion Rights in pursuance of any such offer or agreement as if this authority had not so expired.
9. That the proposed acquisition by the Company of all the shares in Doughty Media 2 Limited ("DM2") held by Stephan Shakespeare and Rosamund Shakespeare (the "Shares") (representing the 60% of the entire issued share capital of DM2 not held by the Company at the date of the Notice) for an aggregate consideration of up to £744,000 (the "Consideration") to be settled by the issuance of ordinary shares in the Company (the "Transaction"), being a substantial property transaction involving Stephan Shakespeare, a Director of the Company at the date of the Notice, be approved pursuant to and for the purposes of section 190 of the Companies Act 2006 and that the Directors of the Company (other than Stephan Shakespeare) (the "Independent Directors") be and are hereby authorised to complete the Transaction and all related matters on such terms as the Independent Directors consider reasonable and in the best interests of the Company and its shareholders and to do all such other things as they consider reasonably necessary, expedient or desirable to facilitate the sale and purchase of the Shares.

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To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution.

Special Resolution

10. That conditional on the passing of Resolution 8 above, that the Directors be and are hereby empowered in accordance with section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash, either pursuant to the authority conferred by Resolution 8 or by way of a sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities in connection with an offer of such securities:

    (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and

    (ii) to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange; and

    (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £9,750, and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 31 December 2014, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry, including an offer or agreement to allot Shares to Stephan Shakespeare and Rosamund Shakespeare pursuant to and conditional on the passing of Resolution 9 below, and the directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

Alan Newman
Company Secretary

14 October 2013

Registered Office:
50 Featherstone Street, London EC1Y 8RT
Registered in England and Wales No. 3607311

Additional information

Notice of Annual General Meeting continued

Notes:

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Neville Registrars, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 12.30pm on 9 December 2013.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 9 December 2013 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 12.30pm on 9 December 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

Explanatory Notes to the Notice of Annual General Meeting

Resolution 9 (Approval of the acquisition of substantial non cash asset from a Director)

Background:

Opigram, developed in partnership with CoEditor Limited, is a new technology for recording and measuring opinions that our panellists choose to offer. On 6 September 2013, after the end of the financial year, a 40% shareholding was acquired in Doughty Media 2 Limited ("DM2") which has a 69% shareholding in CoEditor Limited, the company which has developed the Opigram service and in which YouGov already owned a 29.6% shareholding. Following this purchase, YouGov now effectively controls 57% of CoEditor Limited. The shareholding was purchased from the director of Co-Editor responsible for the Opigram development who has become an employee of YouGov following the transaction. The maximum purchase price for the shareholding acquired in DM2 is £497,000 of which £37,000 was paid in cash on completion.

The remaining balance will be payable by the issuance of ordinary shares in the Company in February 2015 with the majority (up to £348,000) being contingent on the achievement of certain performance criteria relating to the delivery of expected benefits arising from the incorporation of the Opigram service within YouGov's online presence. The number of ordinary shares to be issued in February 2015 will be calculated by reference to their average price over the five dealing days prior to 6 September 2013.

Principal terms of the acquisition:

The remaining 60% shareholding in DM2 is held by Stephan Shakespeare (CEO of YouGov plc) and his wife, Rosamund Shakespeare. The Directors of YouGov (other than Stephan Shakespeare who has been excluded from these discussions due to his conflict) believe that it is in YouGov's best interests to take full control of the Opigram technology. They have therefore approved an offer to purchase the 60% shareholding in DM2 held by Stephan and Rosamund Shakespeare, for a maximum price of £744,000. This is on an equivalent valuation and terms to those agreed for the purchase already made of the 40% shareholding in DM2. The consideration will be settled by the issuance of ordinary shares in the Company in February 2015, with up to £522,000 of this being contingent upon the achievement of the performance criteria described above. The implied valuation of CoEditor is also equivalent to that upon which YouGov previously acquired its 29% shareholding. As a result of the proposed transaction, YouGov would effectively control 98% of CoEditor Limited. The Directors (other than Stephan Shakespeare) consider these terms to be fair and reasonable and in the best interests of the Company. As this transaction would be a substantial property transaction with a Director as defined by S190 of the Companies Act 2006, the approval of the shareholders of the Company is required by the Act and is therefore being sought by means of this resolution.

Resolution 10 (Statutory pre-emption rights)

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. This special resolution renews the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £9,750 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 31 October 2013 (being the last practicable date prior to the publication of this notice)) as if the pre-emption rights of Section 561 did not apply. The authority granted by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 31 December 2014, whichever is the earlier.

The notes above give an explanation of the proposed resolutions. Resolutions 1 to 9 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 10 is proposed as a special resolution. This means that for each resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

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