YouGov®

What the world thinks

Annual Report and Accounts 2011

Contents

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 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 at a Glance

Operational Highlights

- **Turnover up 27%**
- **Adjusted operating profit up 40%**
- Organic revenue growth of 9% – outperforming the research market
- US now the largest market – revenue up 231% and acquisitions performing well
- UK revenue up 13% with Omnibus and SixthSense performing well
- In the Middle East, regionally generated business continues to grow, partly offsetting the expected scaling down of historic contract
- Good growth in the Nordics with full year profitability re-established
- In Germany, online products delivered an excellent performance but custom research performance remains challenging
- BrandIndex global revenue increased by 35%

Key Financials

Turnover	£56.1m
(2010: £44.2m)	
Adjusted operating profit[1]	£5.3m
(2010: £3.8m)	
Operating cash generation	£5.6m
(2010: £4.9m)	
Reported operating profit	£0.4m
(2010: loss of £10.6m) after: – amortisation of intangibles £3.8m (2010: £3.7m) – exceptional items of £1.1m (2010: £2.8m)	
Adjusted profit before tax[2]	£5.8m
(2010: £4.0m)	
Reported profit before tax	£0.4m
(2010: loss of £10.6m)	
Adjusted earnings per share[3]	4.7p
(2010: 2.5p)	
Net cash balance	£9.4m
(2010: £15.6m)	

Key Performance Indicators

Turnover (£m)

2011	56.1
2010	44.2
2009	44.3
2008	40.4
2007	14.3

Adjusted Operating Profit (£m)

2011	5.3
2010	3.8
2009	3.1
2008	8.7
2007	5.6

Average Headcount

2011	476
2010	420
2009	431
2008	402
2007	76

Revenue per Head (£000)

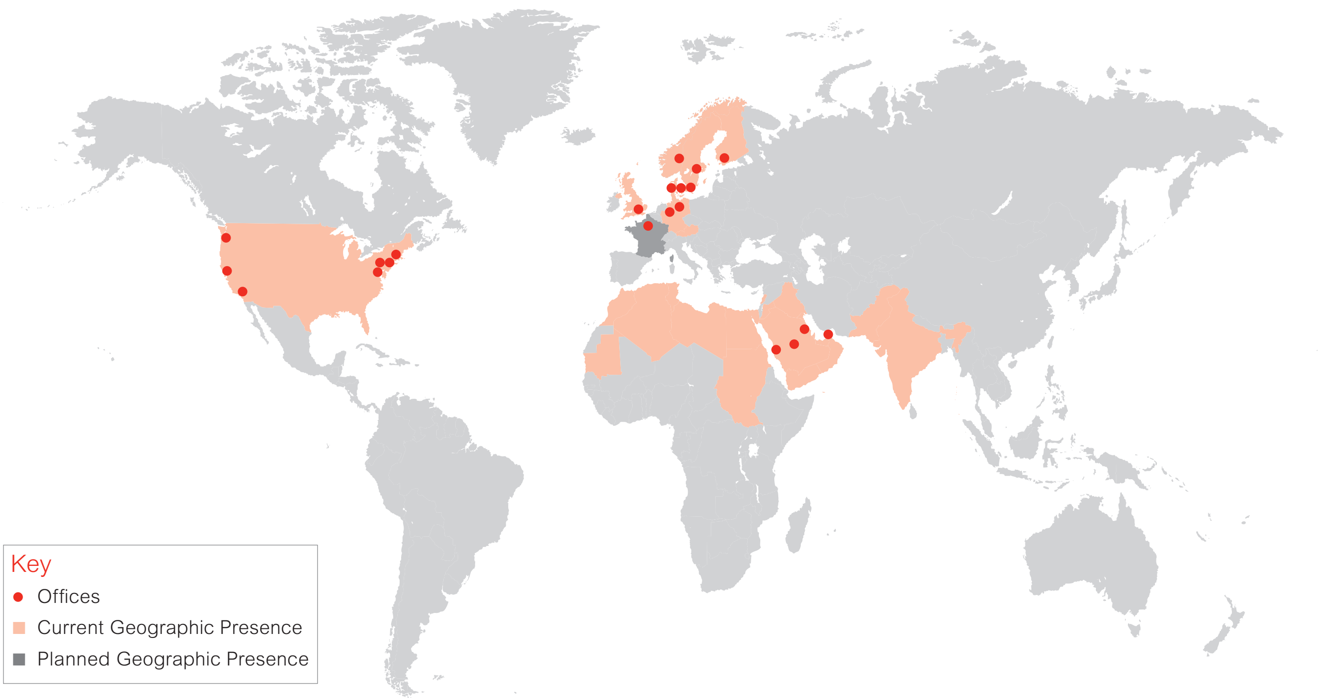
2011	118
2010	105
2009	103
2008	100
2007	188

Adjusted Earnings per Share (p)

2011	4.7
2010	2.5
2009	2.7
2008	9.1
2007	6.4

1 Adjusted operating profit is defined as Group operating profit before amortisation of intangibles, impairment charge and exceptional items.
2 Adjusted profit before tax is defined as adjusted operating profit plus share-based payments, imputed interest, net finance income and share of loss of joint ventures.
3 Adjusted earnings per share is calculated based on the post-tax result derived from the adjusted operating profits.

Geographic Presence



YouGov America

Offices	Palo Alto, New York, Waterbury, Los Angeles, Portland, Lawrenceville, Washington
Revenue	£15.9m
Panel size	1,768,200
Number of employees	87

YouGov UK

Offices	London
Revenue	£13.7m
Panel size	405,800
Number of employees	122

YouGov Nordic

Offices	Copenhagen, Helsinki, Kolding, Malmö, Oslo, Stockholm
Revenue	£8.3m
Panel size	162,800
Number of employees	65

YouGov Germany

Offices	Cologne, Berlin
Revenue	£11.4m
Panel size	152,800
Number of employees	125

YouGov Middle East

Offices	Dubai, Dammam, Jeddah, Riyadh
Revenue	£7.5m
Panel size	351,700
Number of employees	45

YouGov France

Offices	Paris (office opening November 2011)
Panel size	25,800

Note: Panel and employee numbers as at 31 July 2011.

YouGov at a Glance

Performance by Territory

Revenue

	2011 Revenue £m	2010 Revenue £m	Change %	Organic Change %
America	15.9	4.8	231	32
UK	13.7	12.1	13	N/A
Middle East	7.5	7.2	4	N/A
Germany	11.4	13.8	(17)	(9)
Nordic	8.3	7.0	19	N/A
Corporate Costs and Consolidated Adjustments	(0.7)	(0.7)	–	N/A
Group	56.1	44.2	27	9

Operating Profit

	2011 Operating Profit £m	2011 Margin %	2010 Operating Profit £m	2010 Margin %
America	1.9	12	0.5	10
UK	3.5	24	3.4	27
Middle East	1.9	25	1.4	19
Germany	0.3	2	0.4	3
Nordic	0.6	7	0.1	1
Corporate Costs and Consolidated Adjustments	(2.9)	–	(2.0)	–
Group	5.3	9	3.8	9

Our Clients

We serve over 2,500 clients across 50 countries

Chairman's Statement for the year ended 31 July 2011

Roger Parry
Chairman

In the year ended 31 July 2011, YouGov has recorded a high level of growth and significantly increased profits. These results were very much in line with the budget set out at the beginning of the year. They reflect the management's success in achieving our Group targets and delivering better than expected results from the US acquisitions made during the year.

Results

This year's revenue of £56.1m represents an increase of 27% over the prior year. Organic growth (excluding the effect of acquisitions and disposals) of 9% was well ahead of the research market, particularly in the UK and US. Adjusted operating profits increased by £1.5m (40%) to £5.3m. Cash generated from operations was £5.6m. Our cash balance at the end of the year was £9.4m compared to £15.6m at 31 July 2010. This was after expenditure in the year of £8.1m on acquisitions and investments.

The Board does not propose the payment of a dividend at this time but this policy is kept under review.

Strategy

While this year's performance has benefited from US acquisitions, it has also reaffirmed the strength of our core business model of online market research. This core model delivers accurate information rapidly using our highly responsive online panel supported by our own technology and strong analytics capability. This includes proprietary research data and reports as well as custom research conducted by our specialist teams using the common operating platform which is tailored to the needs of individual clients and sectors.

As identified previously, we are achieving success with our core products and services even in markets such as Germany where there is greater resistance to change. With the evidence of client demand for our rich panel-derived data and a stronger delivery platform we are planning to expand our core model further into new territories, new markets, and also to launch more new products. Some of these, such as business intelligence and products tailored for the investment community, have already been successfully trialled this year.

Effective execution is clearly vital to the delivery of our strategy, especially when we expand geographically. The Board was pleased with progress in America which is now our largest operation. Our first acquisition, Polimetrix, was made there in 2006 and has proved to be an excellent basis for expansion. In August 2010, we purchased Harrison Group in Connecticut and in April 2011, Definitive Insights in Oregon. We believe YouGov is now demonstrating its ability to make good acquisitions and integrate them successfully.

Board and Management

To continue to deliver our plans for future expansion and roll-out of our main products across all our businesses, we have announced a number of management changes since the year end.

In August 2011, Doug Rivers joined the board as Chief Innovations Officer to lead the development of YouGov's key data products and their exploitation across the Group. Doug was the founder of Polimetrix, which is the core of YouGov's American business, and has been CEO YouGov America since 2007. Doss Struse, currently Managing Partner of Definitive Insights, has been appointed as President of YouGov America, responsible for its operational management including the continued integration of the recently acquired businesses. Doss brings extensive experience in managing international research businesses which will help to maintain the rapid growth of our US business.

In parallel with these changes, we have promoted Tim Britton, CEO YouGov UK, to the new role of Chief Operating Officer, Europe, Middle East and Africa (EMEA). He will be responsible for directing YouGov's operations and

Chairman's Statement for the year ended 31 July 2011 continued

"We will keep investing in new products and services with good potential so as to deliver long-term profit growth."

implementing the business and management strategy across the region. Phil Rance, formerly Managing Director, EMEA at Research Now, has succeeded Tim in the role of Managing Director, YouGov UK.

In Germany, we have appointed Andreas Sperling as the new CEO, completing the management reorganisation undertaken earlier in the year. Andreas has held senior management roles in the research sector in Europe and Asia, notably as CEO, Africa, Asia Pacific and Managing Director, Germany of Millward Brown. We look forward to Andreas bringing his skills and experience to bear in driving the changes that are still needed to bring the performance of our German business into line with the rest of the Group.

Growth

Our focus in the coming year is on growing the core business as well as extending the model to new markets and new customers through organic start-ups and joint ventures. We remain open to adding "tuck-in" acquisitions if the right opportunities arise. We have the internal resources to fund these. The Board has approved selective investments in new products, such as SixthSense, which are intended to create new long-term sources of profitable revenue.

Prospects

We face economic volatility and uncertainty across all the markets in which we operate and our clients are likely to be conservative in their spending plans. While we will maintain good control over operating costs to reflect this, we are in a rapidly changing industry and will keep investing in new products and services with good potential so as to deliver long-term profit growth. Trading in the first couple of months has been satisfactory and in line with the Board's expectations.

Roger Parry
Chairman
10 October 2011

Chief Executive's Review for the year ended 31 July 2011

Stephan Shakespeare
Chief Executive Officer

We are pleased to report another year of significant revenue and profit growth, building on the progress made last year. As expected, our performance in the second half of this financial year followed a similar trend to that in the first half. Our Group's full-year revenue increased by 27% and adjusted operating profit by 40% compared to the prior year. While the recent US acquisitions of Harrison Group and Definitive Insights contributed to this performance, we also achieved healthy organic growth. Our UK, US and Nordic operations have all reported double-digit organic growth and gained market share.

The US is now our largest region in terms of revenue, with the newly acquired businesses performing ahead of original expectations and contributing significantly to Group profits. As importantly, they are fulfilling our objective of expanding YouGov's US reach into the corporate research market and have added a number of US-based global brands to our client base. Our UK business continued to grow well and generate good margins as well as initiating the development of SixthSense, our new reports business. The Nordics completed its turnaround to profitability on a full-year basis, while the Middle East succeeded in delivering higher profits year-on-year despite the expected reduction in revenue from a major long-term Iraqi contract. This demonstrates our ability to exploit new opportunities in the Middle East building on the strong relationships, reputation and panel that we have developed in the region.

Overall, we have delivered in line with expectations. This was despite a disappointing performance in Germany where the benefits of the reorganisation of operations and management that we began this year have been slower to materialise than we hoped. However, since the new CEO took up his position shortly after the year end, the pace of improvement is accelerating.

During the last year we have expanded our philanthropic and educational reach by collaborating on projects with major UK Universities. At the beginning of 2011, YouGov entered into an academic partnership with the Department of Politics and International Studies at Cambridge University, to establish a think-tank and centre of excellence for public opinion research. The not-for-profit partnership was formally launched in September 2011. Earlier in the year, YouGov collaborated with Imperial College and University College London in a pilot of StartUp Summer, a development programme for student entrepreneurs, which was supported by StartUp Britain, a Government initiative to accelerate enterprise in the UK.

Looking Ahead

We continue to pursue our strategy of strengthening the foundations of our business while developing new products and markets – building on our core strengths and innovating for the future.

We will also continue to manage our cost base tightly and to ensure that we make best use of the engine we have built. That engine (the combination of high-response panel, technological platform for data collection and panel management, and our profile data library) cost-effectively delivers quality data and insight through a scalable model. There is additional potential for driving more value from that model and in the coming year we will further advance our products and our productised methodologies. We will also continue to harmonise our marketing and sales systems across the Group in particular to increase cross-border work. This will be one of the key priorities for the new senior management in EMEA and America.

We will also be expanding into new geographies to meet growing demand for our core suite of online products. We have already established a new panel of over 50,000 members in France which began to run its first commercial surveys in September 2011 and plan to open a sales office in Paris in November 2011. We are also actively evaluating entry strategies for other key markets.

BrandIndex, our flagship brand intelligence service, maintained its high growth, continuing to win new customers in all our markets resulting in revenue up by 35%. We have now developed a new version of the product, with major enhancements that will make it even easier for clients to integrate BrandIndex with their day-to-day management information. The new BrandIndex version is now being successfully trialled with two clients and will be rolled out across the US and UK over the course of the year.

SixthSense, our business intelligence service that combines primary research data with that from other sources as well as informed commentary, launched in the UK in 2010 and grew well in its first full financial year of operation. Its product list now comprises some 140 reports whose scope ranges from a whole sector (such as Food and Drink) down to an in-depth study of a category (such as Baby Foods). In October 2010, we also developed (with Bloomberg) the first of a series of macro-data products: HEAT (Household Economic Activity Tracker) which measures consumer economic

Chief Executive's Review for the year ended 31 July 2011 continued

activity and confidence and now covers the UK, US and China. This will form part of the new reports business aimed at the investment community to be launched during the current financial year.

We will also be bringing to market a new data product that brings together existing YouGov methods with new data sources to provide clients with faster and more holistic information direct to their desktops. Given the ever-increasing consumer connectivity and empowerment, which creates rising uncertainty and volatility in markets, we believe that there will be a demand for the kind of continuous-flow primary data that YouGov can provide.

Finally, we are creating a new web presence with a greater emphasis on interactivity and experimentation to make being a member of the YouGov panel a more distinctive and worthwhile experience. The new website, which goes live in November, will support innovative tools for social media analysis and marketing. We believe that constantly improving the quality, size and responsiveness of the panel will become an increasingly important asset for our business which we believe is unique to the research industry.

Current Trading

We expect good revenue growth to continue this year despite the anticipated ending of the historic contract in Iraq by the end of 2011. YouGov remains committed to making additional investments in new products and geographical expansion which will support further growth. The current year will see further benefits from our US acquisitions and continued gains in other markets. We are also more confident of improving the German results with the new management in place.

Current trading is in line with the Board's expectations and with our strong balance sheet we remain confident of our ability to meet our clients' changing research needs despite increasing uncertainty in the macroeconomic environment.

Review of Operations

UK

	Year to 31 July 2011 £m	Year to 31 July 2010 £m	% Change
Revenue	**13.7**	12.1	13%
Operating Profit	**3.5**	3.4	3%
Operating Profit Margin (%)	**24%**	27%	

Our UK business has continued to perform well, with revenues 13% higher than the prior year. This strong growth, well ahead of the market, was largely due to our products business which grew by 22% overall. This area includes BrandIndex, which grew revenue by 29% and our market leading Omnibus service which grew by 16% as it continued to expand its international coverage. It also includes the first full-year contribution from SixthSense, our new business intelligence service. This provides in-depth reports on a range of sectors drawing on YouGov's primary research data as well as other specialist data sources and expert views. Some 140 report titles are now available covering 400 topic areas. Our sector-based custom research teams grew revenue by 7% and continued to add new clients such as Argos, the Penguin Group and Lawn Tennis Association while renewing major contracts with clients such as Asda, Costa Coffee and News International. Operating profits grew marginally to £3.5m due to a combination of lower gross margins which reflected a change of product mix, more international work and the investment of approximately £0.4m in SixthSense and in our sales and business delivery teams to support further growth.

USA

	Year to 31 July 2011 £m	Year to 31 July 2010 £m	% Change	% Organic Change
Revenue	**15.9**	4.8	231%	32%
Operating Profit	**1.9**	0.5	280%	58%
Operating Profit Margin (%)	**12%**	10%		

Our US revenue has more than tripled this year compared to last due to strong organic growth (32%) in the original business as well as the acquisitions of Harrison Group in August 2010 and Definitive Insights in April 2011 which contributed combined revenue of some £9.6m.

As well as performing ahead of expectations, these acquisitions have, as intended, created a much more significant presence for YouGov in the US corporate research market alongside our historic political and academic strengths. Corporate clients now account for some 80% of our US revenue, with the acquired businesses bringing major clients such as GTECH, Microsoft and Panasonic. As they largely undertake their research using online methods, this has helped the integration process and offers further synergy benefits through migration of work to the YouGov panel. We have also drawn on the management resources they brought in with the appointment of Doss Struse, Managing Partner of Definitive Insights, as President in charge of operations of our entire US business, which was announced in August 2011. One of his initial tasks will be to complete the rebranding of our US custom research units under a single YouGov brand.

Within our original US business, BrandIndex continued to grow well, with revenue increasing by 55% over last year and new clients including Skechers and Kaplan Thaler. Marketing Insights (acquired in April 2009), which specialises in customer segmentation, also performed well with revenue up by 33% and met the targets for the current year of its earn-out. Its clients this year included Bloomberg and Panasonic. Political research remains important to the US business, and represented 10% of revenue this year due to the 2010 mid-term elections. It is pleasing to report the growing acceptance of online methods for political polling in the US, which is beginning to catch up with commercial research where it has been the norm for a number of years.

Middle East

	Year to 31 July 2011 £m	Year to 31 July 2010 £m	% Change
Revenue	7.5	7.2	4%
Operating Profit	1.9	1.4	36%
Operating Profit Margin (%)	25%	19%	

We have been successful this year in our strategy of growing the size and profitability of the regionally generated business so as to offset the expected scaling down of a long-term contract in Iraq. This is reflected in a small overall revenue growth of 4% (6% in local currency terms) and a significant increase in annual operating profits helped by the full-year benefit of the cost reductions undertaken early in 2010. Locally generated revenue increased by 34% and now represents nearly 60% of the total. This reflected the planned expansion in online data services which more than tripled their revenue due to more aggressive marketing of our panel which now covers 21 countries in the Middle East and North Africa and continued growth in the client base for BrandIndex and Omnibus products. Our local custom research which focuses mainly on clients in the UAE and Saudi Arabia grew revenue by 21%. Major clients include Pepsico, Saudi Telecom and Johnson & Johnson. We have also established a collaboration with Al-Aan TV to provide surveys for their pan-regional Arab language channels in line with YouGov's policy of gaining a higher profile through media engagement. While the political developments in the region during the year clearly create uncertainty, we believe that they will provide more opportunities for YouGov to generate value through our ability to provide up-to-date information on the views and attitudes of people across the Middle East. We have already demonstrated this through opinion polls we published on Egyptian and Pakistani views during the last year.

The revenue from our Iraq contract fell by 16% in the year as the client's requirements for research continued to be scaled back. This will reduce further in the current year and we expect the contract to end by December 2011. We will build on the success of our regionally generated business which we expect will continue to grow significantly.

During the year we purchased the 22% minority interest in the Middle East business from the local shareholders. Full control of the business will help us to achieve our plans for further development.

Germany

	Year to 31 July 2011 £m	Year to 31 July 2010 £m	% Change	% Change excluding GPW
Revenue	11.4	13.8	(17)%	(9)%
Operating Profit	0.3	0.4	(33)%	
Operating Profit Margin (%)	2%	3%		

Our German business is a substantial company in a major world market but is still only part way through the transition towards becoming an operation that fits with YouGov's core model and its results clearly reflect this. Overall revenue declined by 9% on a like-for-like basis (after excluding the Great Place to Work business disposed of in December 2010). However, the new online products business which started up two years ago and includes our flagship Omnibus and BrandIndex products continued its excellent performance, growing revenue by 90% to £1.3m. Its offer, which is new to the German market, has attracted many new clients to YouGov and it also has higher margins than the traditional business. As reported at the half year, revenue in the custom research business has been declining due to the financial services sector which was a traditional strength, although there has been progress in winning new clients in the automotive and technology sectors such as Masda, Fujitsu and Nokia Siemens. Some cost reductions have been achieved through the closure of one unprofitable custom team which will save £0.5m annually and the ongoing re-engineering of the core business processes. Following the appointment of Andreas Sperling, a former regional CEO of Millward Brown, as CEO, we believe that we now have the leadership in place to take the significant actions necessary to complete the transformation and enable YouGov to exploit the opportunities available in the German market.

Nordic

	Year to 31 July 2011 £m	Year to 31 July 2010 £m	% Change
Revenue	8.3	7.0	19%
Operating Profit	0.6	0.1	500%
Operating Profit Margin (%)	7%	1%	

In the full year, our Nordic business maintained the good performance reported at the half year and achieved revenue growth of 19% as well as a significant increase in profitability following the improvement measures taken last year. It gained market share with revenue growth of 19% overall and 33% in Sweden, the region's largest market where new business development was very successful. In February 2011, we launched a new Swedish political opinion service led by Lars Björkman, a recognised expert in the field. Our annual syndicated study, the Nordic Food and Health Survey has also attracted a number of new clients. The business's major clients in the period included Nordisk Film Egmont, SonyEricsson and VisitSweden.

Stephan Shakespeare
Chief Executive Officer
10 October 2011

Innovations

Doug Rivers
Chief Innovations Officer

"An important function of the future market research industry will be to distinguish unrepresentative online chatter from widely held views."

The market research industry is undergoing a period of rapid technological change. YouGov was a pioneer in the use of the internet for online data collection, but online surveys still tend to use the same question formats and procedures of an earlier era. Most market and opinion surveys – both online and offline – are composed of "closed-ended" or "multiple choice" questions. The researcher writes a question, such as "How likely are you to buy a new car in the next six months?" and also supplies a set of possible answers ("Definitely will buy", "Probably will buy", etc.). Most people are able to answer this type of question quickly and the responses are standardised and easy for the researcher to analyse. This format, however, limits individual expression. The only answers available are those selected in advance by the researcher, which may not include the answer someone would like to give.

An alternative is to use "open-ended" questions, which allow free-form responses, ranging from a single word to multiple paragraphs. Responses are read and categorised by human coders. The downside of this approach is its slowness and unreliability. Unlike closed-ended responses, which can be processed automatically, different human coders may classify the same response into different categories. However, advances in text analytics are now enabling YouGov to process open-ended text responses much faster than is possible with conventional human coding, without any sacrifice in accuracy.

YouGov conducts large tracking surveys in multiple different languages that often include open-ended questions. For example, a key metric in many of our tracking studies is consumer awareness of different brands. "Awareness" can be asked in two different formats. In the "aided" format, respondents are asked which brands they have heard of from a pre-selected list. In the "unaided" format, respondents are asked to list those brands that come to mind when they think of a particular product category. The unaided format is usually more effective in achieving accurate data, but has been traditionally avoided due to the time, expense and unreliability of human coding of typed responses.

With software developed by YouGov in the last year, we can now process open-ended awareness questions quickly and reliably. We use a fuzzy matching algorithm that finds the best match from a large list of brands. In spite of poor spelling or odd variations, our algorithm has no difficulty making the correct classification. For a project in which we run surveys in 20 different languages, coding previously required nearly three weeks to complete. Today, the open-ended responses are entirely machine coded by our bespoke software and the results are available almost immediately. This is an important milestone in achieving YouGov's goal of providing its clients with a constant flow of real-time research.

We believe that the next frontier in research will apply text analytics to data not only from online surveys, but also from social networks. Everyday, millions of people around the world are posting to social networking sites. The wealth of opinions out there are difficult to process and interpret. At YouGov, we are developing practical methods for processing the large quantities of data from these sources and interpreting what they mean.

BrandIndex

BrandIndex, YouGov's flagship brand intelligence service, tells our clients exactly what the world thinks of their brands at any given moment. BrandIndex uses YouGov's proven methodology to gather the most accurate measures of public opinion and delivers the results through a unique online reporting tool, making it easy for decision-makers to keep a watchful eye on brand health. Our data is updated daily and, unlike other brand intelligence services, BrandIndex measures public perception of thousands of brands across multiple sectors simultaneously, so that subscribers not only get a real-time picture of their own brand's health, but also that of competitors.

This year, YouGov is making two critical enhancements to BrandIndex. Firstly, we will include an expanded set of key performance metrics that will make the offering even more powerful for monitoring brand performance on a common basis across industry categories and across countries. This will be the BrandIndex Market View service.

Secondly, we will be introducing the Category BrandIndex service which will enable clients to dive more deeply into category-specific product purchase intentions and actions, as well as brand attributes.

BrandIndex clients include international brands as well as advertising and media agencies and we are proud to have welcomed Skechers, Mazda, Kaplan Thaler, Commerzbank and Boots as clients in the past year.

BrandIndex has multiple uses including measuring the effectiveness of an advertising campaign or product launch, keeping a careful eye on competitors, or, as the following case study explains, assessing the impact of a major crisis.

Case Study: Public Perception

Can an incident that happened nearly 10,000km away have an effect on the perception of regional energy brands in Germany?

The March 2011 earthquake off the coast of Japan and the resulting tsunami which crippled the Fukushima nuclear power plant generated massive debate within Germany about the future of its energy market. Shortly after the earthquake, the German government proposed to accelerate its planned phase-out of its nuclear power plants, and hasten the shift to a low-carbon, non-nuclear future. The impact on the German energy brands was immediate.

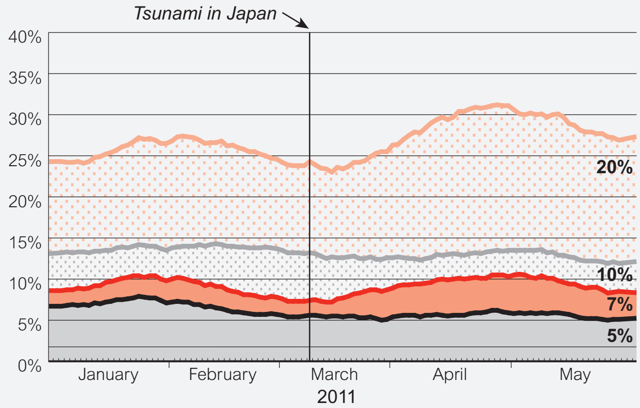
The BrandIndex indicator "Attention" shows that since the reactor disaster, discussions about power plants among the German public have increased and, as expected, the "Buzz" indicator shows that these discussions have primarily been negative. However, not all brands have been impacted in the same way. "Green electricity" providers show significant improvement in "Buzz" scores while the largest national and regional companies declined.

In June 2011, YouGov published a report detailing these BrandIndex findings. It quickly became a "must have" purchase for key players in the German energy sector, as they worked through how to best respond to the rapidly changing public attitudes. Were customers more likely to turn towards the "green" suppliers? Was greater investment in "green" technologies warranted? BrandIndex helped to provide clarity and direction during these turbulent times.

Today, more than six months after the Japanese earthquake, the aftershocks and ripple effects from Japan, are still being felt in Germany. The "green" energy providers still maintain an elevated "Buzz" score among German consumers, and perceptions of traditional energy market have yet to recover.

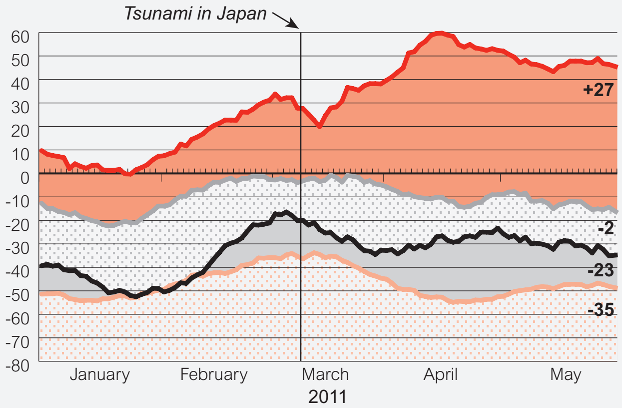
Public Perception Indicator

Increased public perception of German energy companies following the Tsunami in Japan



Buzz Indicator

German public more positive about "Green" power, and less positive about traditional energy providers, following the Tsunami in Japan



% Baseline scores April/May 2010

- Energy Companies: e.on, EnBW, RWE, Vattenfall;
- Green Electricity Providers: Lichtblick, Naturenergie, Secura;
- Regional Suppliers: Entega, EnviaM, EWE, Mainova, N-Ergie, Rheinenergie, Stadtwerke Düsseldorf, swb, Thüga;
- Discount Providers: Bonusstrom, E wie einfach, Eprimo, FlexStrom, lekker Energie, TelDaFax Energy, Yello Strom

Source: YouGov BrandIndex Deutschland, 01.01.2011 – 31.05.2011

Investment Sector Products: HEAT (Household Economic Activity Tracker)

In January, an internet user in Beijing was being asked at the end of his day about his outlook on his household's finances. An hour later, a man in London sat in his office and answered questions about changes in business activity at his employer. Shortly after, a woman in Washington, D.C. answered a question about her confidence in the government's management of the economy. All three of these people were taking part in YouGov's first multinational tracker, the Household Economic Activity Tracker (HEAT).

HEAT is part of a broader YouGov effort to leverage its panel for new data products in multiple sectors, including retail, technology and financial services. This new set of products, preliminarily designed in FY2011, will provide investors and financial analysts, corporate strategists, and product marketers with insight on trends in consumer behaviour to help them make more informed decisions.

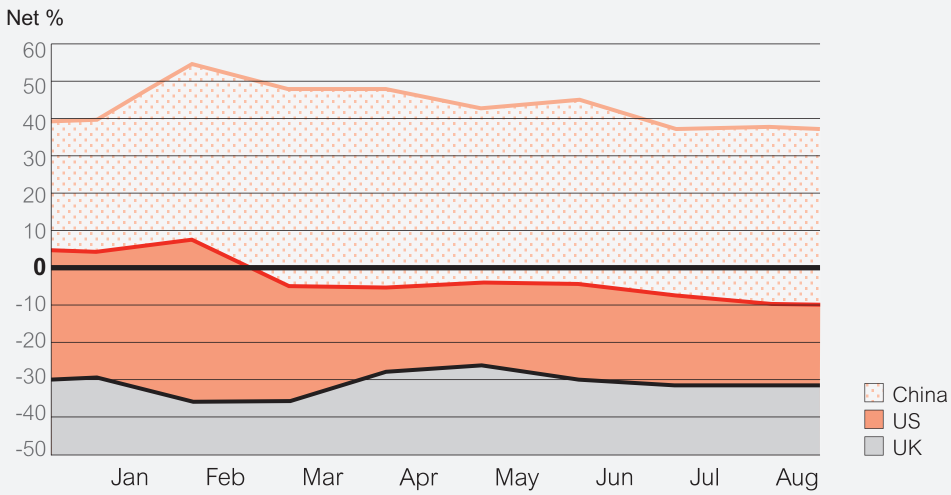
HEAT is an early warning system for changes in key economic indicators before consumer behaviour feeds through to official economic measures. HEAT is a unique, first-to-market, monthly report produced by expert economic analysts who review the findings within the context of the wider economy and key political and economic events, providing analysis not only of current conditions but also of future outlook. Unlike other trackers and indices with significant processing time or quarterly or annual results, HEAT can deliver you data within days of month-end. The tracker measures a number of factors including change in household income, household spending, savings, debt and borrowing, workplace activity levels, government confidence, and inflation perceptions and expectations. Additional findings are drawn from the US HEAT report which can provide early indications of changes to the global macroeconomic environment.

YouGov plans to build on what has been learned from HEAT in 2011 by expanding its scope into other territories. Likely candidates which we are evaluating include the Eurozone, notably Germany and France.

Case Study: Comparison of Economic Confidence in the UK, US and China, January – August 2011

The HEAT results during the first eight months of 2011 tell a different story in China, than in the US and UK. In China, consumer sentiment was very positive overall, reflecting China's growing worldwide economic influence. Among US and UK consumers, however, the story was far more negative. During 2011, the UK HEAT index fell to its lowest levels since we began measuring it in 2009. This was consistent across multiple measures, with UK residents worried about their jobs, home prices, and the government's handling of the economy. While the US consumer started 2011 with a positive outlook on the future, expectations fell significantly over the year. By August, significantly more US consumers believed their financial situation would "get worse" over the next 12 months, than believed it would "get better".

Net HEAT Score



Source: YouGov Household Economic Activity Tracker, 01.01.11 – 31.08.11

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. Our ethos is that the story does not end when we pack our primary research into the "wrapper" of a market report. Following the publication of a report, our analysts continue to develop their research by listening to our clients, watching the market, and updating our data; and we give our clients immediate access to our latest findings.

At the heart of SixthSense reports is *constantly updated primary research* – revolutionising the standard approach of other players who update infrequently and tend to rely on market commentary and secondary data for their updates. By leveraging the YouGov proprietary panel, SixthSense can respond to changes in the markets we cover rapidly. We provide our clients with real-time insight into changing consumer behaviour and attitudes in sectors ranging from food, drink and retail through to health and beauty, finance, technology and many more.

A key innovation, and one that supports the SixthSense ethos, is the way in which our reports are delivered. As soon as the research behind a new report is completed, we make the data available via the SixthSense online portal, allowing our clients to access the research ahead of a report's publication. We also produce supplements to existing reports and add these to the portal throughout the year. By doing this we have made SixthSense more than just a reports service – it is an "information stream". We believe that this is crucial to helping our clients stay ahead of the curve.

"YouGov SixthSense reports are in-depth, relevant and provide us with the actionable insight needed in a challenging environment."

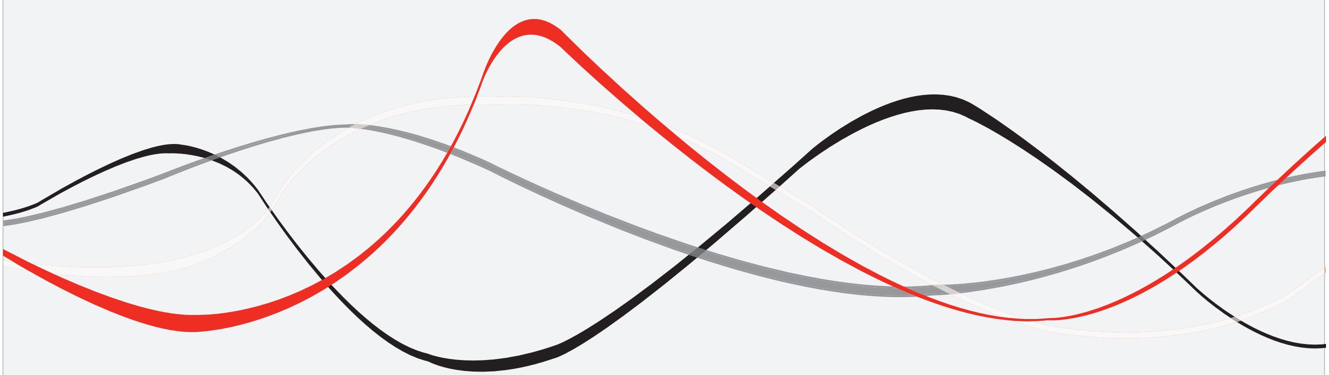
Market and Retail Trends Manager
Sony UK

A key benefit of SixthSense is that we are open to accommodating client requests for specific information in future updates of our reports. Being a full-service market research agency, YouGov also has at its disposal a number of sector-based research and consulting teams who can produce in-depth bespoke quantitative and qualitative research for clients upon request.

In short, we have created a market intelligence report business for the digital age. The fact that our competitors are following our lead suggests that our model is the right one. The increase in our client roster over the past financial year also supports this view; we have signed up over 250 new clients in the past 12 months, including Unilever, 3663, Lloyds TSB, Cable & Wireless, Honda and Sony.

The SixthSense library currently contains over 140 individual titles covering over 400 topic areas. During the next financial year our reports portfolio will grow significantly both by the addition of more specialist reports within the sectors already covered and by the extension of our coverage to new international geographies.

YouGov SixthSense – more than just a reports service, it is an "information stream"



When something changes in a sector, our research methodology enables us to have the latest consumer insight, and deliver it to our clients immediately via the SixthSense online platform.

Our Hubs

Doss Struse
President
YouGov America

"We are in the 'futures' business, that is, we help our clients understand how consumers will respond or react to alternative actions our clients might take, allowing these clients to optimise the return from their marketing and new product development investments."

Business Overview
Through a combination of targeted acquisitions and organic growth, YouGov America has become one of the leading marketing research firms in the USA – while remaining the leading online political polling firm. Using our panel of over 1.5 million members and the YouGov Group's global capabilities, we provide corporate, academic and government clients with a unique combination of reliable data, sophisticated analytics and experienced experts resulting in powerful insights that inform strategic and operating decisions.

Review of 2010/11
The acquisition of The Harrison Group, followed by that of Definitive Insights, significantly increased YouGov America's coverage of several high growth industry sectors, such as information technology, telecommunications, financial services and entertainment. They also extended YouGov's physical presence on both the East and West Coasts as well as bringing in a roster of blue chip corporate clients. New clients, such as Service Master, Computer Associates, Visa, Reckett Benckiser, Union Bank, GTECH and Izzy were also attracted by our expanded capabilities. Throughout the year, YouGov continued to be an innovator in the North American market with the recent launch of an enhanced BrandIndex providing a deeper look at the dynamics within key industries, the development of a next generation market segmentation tool and the Harrison Group's study examining affluent consumers (see page 15).

Acquisition: The Harrison Group
The Harrison Group, based in Westbury, Connecticut, was founded in 1996 by Doug Harrison, previously a senior executive with Yankelovich Partners, who remains the Chief Executive Officer. It now serves some 60 leading corporate clients across many sectors including technology, financial services, interactive entertainment, real estate development and consumer goods. Harrison Group has

Case Study: Panasonic

Panasonic
ideas for life

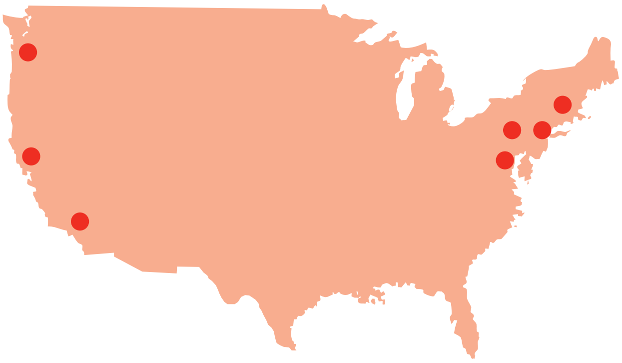
The Panasonic Corporation is one of the largest electronic product manufacturers in the world, comprised of over 680 companies, US$100 billion in net sales, with a workforce of over 360,000 employees. The Company provides a wide range of products for the consumer, business-to-business and industrial marketplaces. As one of the largest electronic companies in the world today, Panasonic aims to become the number one "Green Innovation Company".

The US is Panasonic's single biggest market and to continue that expansion, they turned to YouGov's Marketing Insights unit for help regarding two broad challenges for the Group:

- How can Panasonic better define its home-based "Green Offering" for the consumer?
- How can Panasonic play to win in the "Cloud" services and storage spaces?

For its "Green Offering," YouGov Marketing Insights recruited a range of consumers who identified themselves as "green" and used its skilled moderators and Kano analysis to forecast opportunities in the "Green" market space that other manufacturers have not anticipated. These insights are being used to drive Panasonic's product development, product roadmap, and marketing efforts.

The "Cloud Service" initiative also helped Panasonic get quick traction in the space. The Marketing Insights team leveraged YouGov's 1.7m panellists in the United States to test the value proposition of Panasonic's two initial offerings. YouGov uncovered product enhancements, positioning opportunities, and incremental pricing opportunities that made strong business propositions even more compelling. While these new products and services are still under development, YouGov gave Panasonic the data needed to take the services to market in 2012



YouGov America Offices
Palo Alto, California
Lawrenceville, New Jersey
Los Angeles, California
New York, New York
Portland, Oregon
Waterbury, Connecticut
Washington, Washington, D.C.

also been successful in developing syndicated, continuing studies for strategic industries. These include the annual Survey of Affluence and Wealth in America, produced in collaboration with American Express Publishing, which has become one of the most valued resources for the luxury goods market and the American Pantry Study, created with Deloitte to reveal how the recession has shaped American consumers' attitudes and behaviours.

The American Express Publishing and Harrison Group Survey of Affluence and Wealth in America

This proprietary Harrison Group study is used by companies to track the lifestyles, purchasing behaviour, decision-making and brand biases of the 11 million families that make up the top 10 per cent of the American household income spectrum. Because the sample represents true purchasing power with disproportionate numbers of wealthy and nearly wealthy respondents, clients can assemble sample groups that represent their specific marketing targets. For example, we were able to supply data to an automotive client who wanted to understand a target group who could easily afford automobiles in the US$100,000 product range. The data was used by the client to evaluate the strength of their brand against competitors at that price point in order to create targeted advertising; to impact forward product design and purchase prices; and as input to the training of salespeople around the United States.

> "I love working with YouGov. They get it, their work helps us learn things about our own customers that we didn't know, and they function as if they were part of our own internal team. We use lots of primary and secondary data when building our plans, I couldn't imagine launching a new product or service without YouGov Marketing Insights custom research and help."

Bill Taylor
Panasonic System Networks President (US)

Acquisition: Definitive Insights

Definitive Insights, though less than two years old when acquired in April 2011, brought to YouGov an experienced cadre of researchers. Definitive Insights has focused on building strong relationships with the market leader in strategic industry sectors including information technology, medical devices, energy and financial services. Its presence in Oregon close to YouGov's existing Palo Alto base has increased YouGov's resources serving West Coast clients.

Plans for 2011/12

North American clients competing in the information technology, healthcare, financial services, media and telecommunications sectors are experiencing rapid growth and disruptive change, and this makes "better understanding the consumer" a high value proposition. We intend to capitalise on this to enhance our position as thought leaders in these key industry sectors. A major effort in the coming year will be to exploit our superior panel and sampling capabilities though new methods, unique research designs and information products. We will also continue to integrate the operations, marketing and sales activities of our enlarged US business to increase efficiency and support further growth.

Our Hubs continued

Phil Rance
Managing Director
YouGov UK

"I am delighted to be joining a business which is already performing well across all its product lines, and has a strong well-established team. I am excited by the opportunity to deliver even more value for clients by using our excellent custom research and analytical capabilities to build on the BrandIndex, SixthSense and Omnibus products."

Business Overview

YouGov UK provides a full quantitative and qualitative market research service to clients. Our offer is rooted in the high degree of engagement and responsiveness of our panel. The products division provides BrandIndex, the daily brand perception tracker, and the fast turnaround Omnibus service which is the market leader in the UK, and SixthSense industry reports. Our sector specialist custom research teams serve financial, media, technology and telecoms, FMCG and public sector markets.

Review of 2010/11

Consistent growth was seen across all areas of the business with Omnibus expanding internationally and good new business wins for our custom research teams as well as expansion of major tracking projects with existing clients. The most significant new development was the establishment and growth of SixthSense, our industry reports arm, which was launched in March 2010. It now offers a wide range of reports covering many sectors including financial services, food and drink and business services. See page 13 for a detailed description of SixthSense.

Plans for 2011/12

We are the most highly quoted market researcher in the UK media but still have a relatively small market share, especially in custom research. We will continue to exploit the awareness of our brand to increase our market share further, both by growing revenue from our products, especially SixthSense, and by winning new custom research business in each of the sectors in which we currently operate. We are also developing new, specialist Omnibus services to ensure we maintain our leadership in this marketplace.

Case Study: Penguin Group

YouGov UK recently undertook a large-scale multi-country project for the Penguin Group. The study was a global brand evaluation which sought to understand how the Penguin brand is perceived, locally and globally, amongst core audience groups which included employees, consumers and academics.

The research was conducted in the UK, USA, Canada, Australia and India, and a combined qualitative and quantitative approach was employed. This approach comprised of an online workshop with international stakeholders, online in-depth interviews with Penguin employees and academics, online focus groups with consumers, and an online survey with 5,000 consumers and academics across the markets.

The results from the research are being used to inform the framework for the Penguin brand strategy and future initiatives on both local and global levels.

"Penguin recently partnered with YouGov on a complicated multi-market research study which needed to engage a number of key stakeholders around the world. We hadn't conducted anything on this scale before so we had high expectations. I am pleased to say that YouGov succeeded in delivering a set of findings that were insightful, illuminating and robust and which were extremely helpful in setting a framework for our brand strategy. The team at YouGov were a delight to work with. They were incredibly hard working, flexible, efficient and never lost enthusiasm for the project. In many ways, it felt more like a partnership than a traditional agency relationship."

Rebecca Sinclair
Communications Director
Penguin Group

Sundip Chahal
CEO
YouGov Middle East

"Most potential clients in the region now accept the benefits of online research. We are increasingly recognised as the premier regional supplier at a time when demand is growing for rapid and accurate data on people's attitudes."

Business Overview

YouGov is the Middle East region's most quoted research company and our brand is trusted for its impartiality and accuracy. Our online panel continues to grow and at over 350,000 members, across 21 countries in the Middle East and North Africa, is undoubtedly the strongest in the region. As the pioneers of online research in the Middle East, our reputation continues to grow and by combining experienced researchers who understand local markets with the YouGov engine and expertise, we are able to offer unparalleled service and access across the Arab world.

Review of 2010/11

This has been a successful year for the local United Arab Emirates (UAE) business; we have restructured the teams and managed to deliver a strong performance. The most pleasing aspect of 2010/11 was the continuing shift from offline to online in our quantitative output and the subsequent improvement in our margins. We also saw strong growth in our products division, particularly driven by international clients. Our panel continues to grow, particularly across the Maghreb countries and Egypt, and we recently established the very first online panel in Pakistan. The increased bandwidth allowed us to publish, within 24 hours, the first opinion poll in Egypt following the removal of Hosni Mubarak, as well as the first opinion poll in Pakistan following the death of Osama Bin Laden.

Plans for 2011/12

Over the coming year, we will continue the shift towards the YouGov UK model, with strong sales teams, a high-volume products division and an ever-present media profile. With the recruitment of senior Arab resources strengthening our team, we are well placed to capitalise on local and government contracts and the increased speed and value that online research offers. We expect to continue to grow revenue in our products division and we will focus on operations and business development resource for this division. Our media profile is already strong, and through leveraging existing relationships with local and regional media we will continue to ensure we are well placed to attract both new panellists and clients.

Case Study: National Bonds Corporation PJSC

Keeping our innovations flag flying high, YouGov has been instrumental in developing a People's Savings Index for National Bonds Corporation PJSC, in the United Arab Emirates (UAE).

National Bonds Corporation PJSC is the Middle East's leading Shariah compliant saving schemes provider. It was established in 2006 with the remit of nurturing a savings culture by encouraging responsible financial management through innovative saving initiatives. Taking into account the global financial crisis and the need for people to re-assess their financial health, National Bonds Corporation sought the services of YouGov to help develop a "first of its kind" People's Savings Index for the UAE and other Gulf Corporation Council (GCC) markets.

"The National Bonds Savings Index" is in its second year now since inception in September 2010. The exercise is conducted half-yearly using online methodology targeting more than 1,500 banking customers. The index is calculated individually for the UAE, KSA and other GCC countries and is comprised of three key components: the Savings Environment; Savings Potential; and Financial Stability.

YouGov's index has enjoyed wide coverage in local and Pan-Arab media and insights from the study have been instrumental in helping financial institutions develop products aimed at encouraging adoption of a savings culture across the GCC.

"Our strategic alliance with YouGov has been instrumental in sending the necessary wake up calls to both the public at large and the decision makers in the UAE and the GCC. Hopefully with YouGov's support, National Bonds will continue its journey of enabling people to reach to their financial health through proper education and adequate tools offered by our unique scheme."

Mohamed Qasim
CEO
National Bonds Corporation PJSC

Our Hubs continued

Andreas Sperling
CEO
YouGov Germany

"The successful introduction of YouGov's core online products and services has helped to build awareness of the YouGov brand in the German research market and to establish a firm base for future profitable growth."

Business Overview

In Germany, YouGov provides a full range of quantitative and qualitative market research services as well as being a specialist in organisational and employee research. YouGov has also pioneered the use of online research in the German market. We cover a wide range of vertical markets and have built a strong reputation as a leader in the retail banking and insurance sectors for which we undertake authoritative annual customer behaviour and satisfaction studies; we also cover the automotive, FMCG and telecommunications sectors. Through our subsidiary, ServiceRating, we also provide businesses with an assessment of their customer service quality.

Review of 2010/11

Our online products business which was established in 2009, delivered an excellent performance, almost doubling its revenue. YouGov's flagship online products, BrandIndex and Omnibus, are now firmly established in the German market and are bringing new clients into the business, such as Mazda and Nokia Siemens. However, the custom research area has continued to be challenging, particularly in the financial services sector. We are part of the way through the process of restructuring the business and re-engineering our processes so as to improve profitability of the business. In 2010/11, the actions taken included the closure of the custom healthcare unit in May 2011 and the disposal of Great Place to Work Germany (GPW) in December 2010.

Plans for 2011/12

The focus this year is on maintaining the growth in YouGov's online products in Germany while improving the financial performance of the overall business through greater efficiency and targeting of sales in sectors and products where we have competitive strengths. The new CEO, Andreas Sperling, who assumed the role on 1 September 2011, has begun to implement the detailed action plan to achieve this.

Case Study: Allgemeine Rechtsschutz-Versicherungs-AG (ARAG)

The ARAG Group is the largest family enterprise in the German insurance industry and the second-largest legal insurer in the world. This year, ARAG engaged YouGov to conduct a representative online-based advertising tracking survey across Germany.

Our research for ARAG examined the awareness and impact of a combined TV and internet campaign aimed at repositioning the insurer's brand in the German market. YouGov studied the effects of the campaign through bespoke analytics as well as via our weekly "Insurance Market" advertising tracker product, which has been running since the beginning of 2010. The historical data from the tracker provided us with a wide range of benchmarks against which to assess the impact of the ARAG campaign, allowing us to offer additional insights to the client.

The insurer is a long-running client for whom we traditionally conducted Computer Assisted Telephone Interview (CATI) projects. The fact that the majority of our research for ARAG is now conducted online, points towards the cost-effectiveness, speed and accuracy of our online methodology, and its growing acceptance in the German market.

"With their own huge online panel in Germany, YouGov can offer a flexible and valid advertisement measurement service. This, in combination with their special expertise in the financial services sector, allowed us to benefit greatly from this project."

Dagmar Klaff
Head of Market Research and Customer Management
Allgemeine Rechtsschutz-Versicherungs-AG (ARAG)

Ole Haghfelt
CEO
YouGov Nordic

"The headline for this year will be to *keep growth momentum*."

Business Overview

YouGov Nordic serves Denmark, Sweden, Norway and Finland through an online panel of over 150,000 members and is one of the most quoted market research companies in the region. Our regional head office is in Copenhagen, with sales offices in Stockholm, Malmö and Oslo. Our clients range across numerous sectors, with FMCG, media and healthcare representing the largest share of revenue.

Review of 2010/11

We achieved strong growth and solid profits in 20101/11 and not only continued but accelerated the improved performance of the final six months of 2009/10. We succeeded in attracting over 100 new clients over the year, driven by our new focused sales approach as well as building on existing relationships and increasing revenue from our Top 20 clients. Especially promising was the launch of several new products including Launch Monitor, and trackers focused on Video on Demand and Health Online Search Behavior, and also the significant growth of our qualitative online business. The efficiency gains from the roll-out last year of YouGov group technology also began to benefit our margins.

We have also continued the journey of building the YouGov brand in the region. In Sweden, we gained multiple headlines in the national media and launched YouGov Opinion, our new political polling service, which has since conducted several political studies (including the most accurate exit poll at the Swedish General Election). In Denmark, the YouGov brand achieved a 25% growth in press quotes. We have also strengthened our dialogue and relationship with our Nordic panel members through intensified direct communications and an improved incentive scheme.

Plans for 2011/12

We will build on this year's strong performance and further strengthen our position in the Nordics by leveraging the YouGov Group's suite of innovative tools. We will also continue expanding each of our Nordic panels and retain a high degree of engagement with our panel.

Case Study: Nordisk Film Egmont

NORDISK FILM
EGMONT

As Scandinavia's leading developer, manufacturer and distributor of creative content in games and movies, it is crucial for Nordisk Film Egmont (NFE) to closely monitor changes in the market and consumer behaviour, in order to maintain their leading edge.

In the spring of 2011, NFE wanted to better understand the current behaviour of Nordic media consumers. They turned to YouGov to conduct a large market survey of consumption habits and attitudes toward movies and games across the Nordic region.

As the backbone of the study, we utilised our online market research platform to ask 20,000 people for a detailed description of their media consumption throughout one whole day. To flesh out the captured data, we also tested consumer attitudes to movies and games through 8,000 focussed online interviews with cinema-goers and home-cinema viewers, and 8,000 interviews with people who use video games. Lastly, we also undertook an attitude-based segmentation study. Through the use of a k-means cluster analysis, we grouped consumers with similar attitudes into clusters and then cross-referenced with various known consumption and background variables. This process allowed us to identify explanatory variables and thereby advise NFE about the reasons behind certain changes in behaviour.

YouGov's market study is currently being used by NFE in a series of internal workshops to define the company's future strategy and market approach.

"YouGov was the obvious choice when we were faced with a complex research project that required 36,000 interviews across the Nordic region. As expected, we were very satisfied with the manner in which YouGov conducted the project."

Rie Vesterbæk Mørck
Client Relations and Program Manager, Nordisk Film Egmont

Chief Financial Officer's Report for the year ended 31 July 2011

Alan Newman
Chief Financial Officer

Income Statement Review

Group turnover for the year to 31 July 2011 of £56.1m was 27% higher than the prior year and 9% on a like-for-like basis, excluding the effect of acquisitions and disposals. In constant currency terms revenue grew by 29%. As expected, the highest growth was in the US at 32% organically and 230% in total following the two acquisitions made during the year. UK, Middle East and Nordic also grew their revenue but Germany's fell by 9% organically (excluding Great Place to Work (GPW) disposed of during the year).

The Group's gross profit (after deducting costs of panel incentives and external data collection) increased by £7.9m to £42.2m, although the gross margin fell by 3% points to 75% from 78% due largely to the higher proportion of external data collection undertaken by the American acquired businesses.

Operating expenses (excluding amortisation and exceptional items) of £37.0m were £6.4m higher than last year, a total increase of 21% but only 13% in organic terms (excluding the businesses acquired and disposed of in the year). The operating expense ratio fell to 66% compared to 69% in the prior year reflecting the effect of savings measures taken in the previous 18 months although investments in staff were made during the year to support new business initiatives (such as SixthSense) and continued growth in existing areas.

The average number of staff (full-time equivalents) employed during the year increased to 476 from 420 in the previous year. The net growth of 56 staff reflected the addition of 58 in Harrison and Definitive Insights and a reduction of 26 due to the sale of GPW Germany. This represents an underlying increase of 24. Average revenue per head increased to £118k from £105k in the previous year.

Adjusted group operating profit increased by 40% to £5.3m compared to £3.8m in the previous year. Adjusted profit before taxation, which includes net interest income, rose by £1.8m to £5.8m. Adjusted earnings per share[1] for the year rose by 88% to 4.7p (2010: 2.5p), reflecting the improved profitability of the business. The reported result before taxation (after charging amortisation, impairment and exceptional items) showed a profit of £0.4m compared to a restated loss of £10.6m in the year ended 31 July 2010.

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

Amortisation of Intangible Assets and Impairment

Amortisation charges for intangible assets totalled £3.8m (2010: £3.7m) in the year of which £3.0m (2010: £2.6m) related to acquired assets and £0.8m (2010: £1.1m) to those created through the Group's own internal development activities.

Exceptional Items

Exceptional costs of £1.1m (2010 restated: £2.8m) were incurred in the year. £0.8m related to costs incurred in respect of the US acquisitions made in the year and £0.3m to restructuring costs in Germany including the disposal of the GPW business in Germany and Austria.

Analysis of Operating Profit and Earnings per Share:

	31 July 2011 £000	31 July 2010 £000
Group operating profit before amortisation of intangibles, impairment and exceptional costs	5,269	3,776
Share based payments	337	148
Imputed interest	202	48
Net finance income	58	5
Share of post-tax (loss)/profit in joint venture	(32)	(8)
Adjusted profit before tax	5,834	3,969
Adjusted profit after tax	4,459	2,432
Adjusted earnings per share (pence)	4.7	2.5

Cash Flow

The Group generated £5.6m in cash from operations (before paying interest and tax) (2010: £4.9m) and paid out £11.0m in investing and financing activities (2010: £3.0m). £2.7m of this (2010: £2.3m) related to capital expenditure on tangible and intangible assets and £8.1m (2010: £0.6m) to acquisitions including deferred consideration.

Taxation

The Group had a tax credit of £nil (2010: £2.6m) on a reported basis. The current tax charge of £0.2m (2010: £0.2m) was offset by a deferred tax credit of £0.2m (2010: £2.8m). On an adjusted basis, the tax charge was £1.4m (2010: £1.5m) which represents an implied tax rate of 24% on the adjusted profit before tax (2010: 39%).

Balance Sheet

Total shareholders' funds rose to £55.8m from £55.2m at 31 July 2010. However, net assets fell to £55.9m compared to £59.2m at 31 July 2010 as the purchase of non-controlling interests in the Middle East and

YouGovStone led to non-controlling interests falling by £3.9m, almost to nil. Cash balances fell by £6.2m to £9.4m from £15.6m as at 31 July 2010 due largely to the cash expenditure on the US acquisitions and non-controlling interests. This contributed to a reduction of £7.5m in net current assets to £10.0m from £17.5m. Debtor days were constant at 61. Current liabilities increased by £2.3m to £15.2m from £12.9m. Creditor days fell slightly to 32 days from 34 days in 2010.

Panel Development

As at 31 July 2011, the Group's online panels comprised a total of 2,867,100 panellists (defined as the number of panel registrations), an increase of 14% over the total of 2,510,500 as at 31 July 2010. The panel sizes by region were:

Region	Panel size at 31 July 2011	Panel size at 31 July 2010
UK	**405,800**	338,300
Middle East & North Africa	**351,700**	214,000
Germany	**152,800**	81,600
Nordic	**162,800**	129,600
USA	**1,768,200**	1,747,000
France	**25,800**	–
Total	**2,867,100**	2,510,500

Panel numbers have grown across all hubs in the current financial year. This is both due to the continually increasing levels of online survey activity and also an active commitment to panel growth being pursued by our global panel team. In the US the year-on-year increase was marginal due to a periodical review of participants leading to those with low or no activity being taken off the panel.

Corporate Development Activities

On 16 August 2010, the Group acquired 100% of Harrison Group, a leading US market research agency for a basic purchase consideration of six times the EBITDA achieved by Harrison in the year ended 31 December 2010 of US$2.4m (£1.5m) which amounts to a total of US$14.3m (£9.1m). US$6.0m (£3.8m) of this was paid on completion and US$3.0m (£1.8m) was paid in April 2011. The balance will be payable in instalments in 2012 and 2013, contingent upon the results achieved in 2010 and 2011. An additional payment of up to US$1.2m (£0.8m) will be payable in 2013 contingent upon strong EBITDA growth targets being achieved in the calendar years 2011 and 2012.

On 1 April 2011, the Group acquired 100% of Definitive Insights (DI), a custom research company based in Oregon, USA. The basic purchase consideration payable is 4.5 times the average EBITDA of DI for the two financial years ending 31 January 2013 plus an additional incentive of up to 20% contingent upon EBITDA growth between 2012 and 2013 exceeding 30%. If the full incentive is paid, this would bring the total multiple up to 5 times EBITDA for the year ended 31 January 2013. If DI achieves its business plan targets for the two years to January 2013, the earn-out payment will be US$4.7m (£2.9m), which together with the initial investment gives a total price of US$5.7m (£3.5m).

On 31 October 2010, the Group purchased the 22% shareholding that we did not already own in our Middle East business (YouGov ME FZ LLC) from the minority shareholders. The consideration for this purchase was £1.9m which represented a discount of £1.9m (£1.7m net of associated costs) compared to the book value of minority interests of £3.8m. This purchase will improve the ability of the Group to develop our Middle Eastern business as well as enhancing the earnings attributable to YouGov's shareholders.

As part of our strategy of focusing our attention in Germany on our core and strategic market research business, YouGov disposed of Great Place to Work Deutschland GmbH ("GPW Germany"), a wholly owned unit within YouGovPsychonomics AG, our German subsidiary, through a management buy-out led by the CEO of YouGovPsychonomics and the CEO of GPW Germany. The sale was completed on 31 December 2010 and proceeds of the disposal amounted to £0.5m.

On 24 November 2010, the Group invested £0.5m in return for a shareholding of 25% in CoEditor Limited, of which Doughty Media 2 Limited, a company controlled by Stephan Shakespeare, owns 75%. CoEditor has developed software and expertise 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. CoEditor's main business objective is to exploit its intellectual property rights in markets and activities outside market research. 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.

On 6 June 2011, the Group purchased the 49% shareholding that we did not already own in YouGovStone Limited from Carole Stone, the CEO and founder of the business. This was undertaken pursuant to the shareholders' agreement entered into when the joint venture business was established in April 2007. The total consideration for the purchase was £0.8m which was satisfied as to £0.7m in cash and as to £0.1m by the issue to Carole Stone of 228,833 ordinary shares in YouGov plc. These shares may not be sold for a period of 12 months from the date of issue. Carole Stone has become Executive Chairman of YouGovStone following the transaction. The prior year financial statements have been restated to reflect the liability at 31 July 2010 in respect of the put-option held by Carole Stone which was exercised in the year under review.

Alan Newman
Chief Financial Officer
10 October 2011

Board of Directors

Roger Parry
Non-Executive Chairman

Roger is also Non-Executive Chairman of Media Square plc and Mobile Streams plc, and Chairman of Shakespeare's Globe Trust. He is a Visiting Fellow of Oxford University. Roger was previously a journalist with the BBC and ITV and a consultant with McKinsey & Co. He was also previously CEO of More Group plc and Chairman and CEO of Clear Channel International. He was Chairman of Johnston Press plc from 2001 to 2009 and Future plc from 2001 to 2011. 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 and Co-Founder

Stephan co-founded YouGov in 2000 (a collaboration with Nadhim Zahawi). One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. He is also Chairman of PoliticsHome.com. Before founding YouGov, Stephan was a schoolteacher and founding Principal of Landmark West Preparatory School in Los Angeles. Stephan has an MA in English Language and Literature from Oxford University.

Alan Newman
Chief Financial Officer

Alan has been CFO of YouGov since 2008. He was previously 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 also has an MA in Modern Languages (French and Spanish) from Cambridge University.

Doug Rivers
Chief Innovations Officer

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 from 1998 to 2002. He has also been 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.

Peter Bazalgette

Non-Executive Director and Chair of Remuneration Committee

Peter Bazalgette is a media consultant and digital media investor. He is Chairman of MirriAd and a non-executive director of MyVideoRights, Nutopia, YouGov and DCMS. He advises two of Sony's UK television divisions and is also a member of BBH's Advisory Board. From 2004-2007 he was Chief Creative Officer of Endemol. He has personally devised several internationally successful TV formats and brought *Big Brother* to the UK. Peter is a former board member of Channel 4. He also serves as Deputy Chairman of the English National Opera, President of the Royal Television Society and is a Trustee of Debate Mate.

Nick Jones

Non-Executive Director and Chair of Audit Committee

Nick Jones is currently Chief Financial Officer of Achilles Group, the global provider of professional procurement services. Prior to this, Nick 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

Ben Elliot is Co-Chairman of Quintessentially which he co-founded in 2000. The Quintessentially Group operates in 60 cities globally and has 32 sister businesses in the luxury lifestyle market. Ben is Executive Producer of the award-winning feature documentary *Fire in Babylon*. He graduated from the University of Bristol with a degree in Economics and Politics.

Directors' Report for the year ended 31 July 2011

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2011.

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 7 to 21.

Principal Risks and Uncertainties

The principal risks and uncertainties are discussed in the corporate governance report on pages 29 to 31.

Financial Summary

The financial summary is discussed on pages 20 to 21 of the Chief Financial Officer's report.

Dividends

No dividends were declared in the year (2010: £nil).

Future Developments

Future developments are discussed in more detail in the Chairman's statement on pages 5 and 6.

Events After the Reporting Date

Events after the reporting date are discussed in more detail in note 27 on page 73.

Directors

Directors at any point 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 (appointed 11 August 2011)
Peter Bazalgette
Nick Jones
Ben Elliot (appointed 2 August 2010)

New Directors

Ben Elliot joined the Board as a Non-Executive Director on 2 August 2010. Ben is Co-Chairman of Quintessentially, which he co-founded in 2000. Prior to this Ben co-founded several other companies including K-Bar and members clubs Rock and Kabaret. He graduated from the University of Bristol with a degree in Economics and Politics.

Doug Rivers joined the Board as Chief Innovations Officer and an Executive Director on 11 August 2011. Doug was CEO of YouGov's American business from 2007 to 2011, following YouGov's acquisition of Polimetrix which Doug founded in 2004. He is also a Professor of Political Science at Stanford University and holds a PhD from Harvard University and a BA from Columbia University.

Directors' Interests in Shares

The interests of the Directors in the shares of the Company on 31 July 2011 and 31 July 2010 were as follows:

	31 July 2011 Number of shares	31 July 2010 Number of shares
Stephan Shakespeare[1]	**10,939,110**	10,939,110
Alan Newman	**25,000**	25,000
Roger Parry	**52,000**	25,000
Peter Bazalgette	**263,976**	200,945
Nick Jones	**–**	–
Ben Elliot	**–**	–

1 Includes five Ordinary Shares held by Stephan's wife, Rosamund Shakespeare.

The Directors' interests in share options are detailed in the remuneration report on pages 27 and 28.

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 newly launched 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 2011 the number of days credit taken for purchases by the Group was 32 days (2010: 34 days). The number of days' credit taken for purchases by the Company was 33 days (2010: 28 days).

Substantial Shareholders

At 31 July 2011 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	
JO Hambro Capital Management	11,200,000	11.53%
Stephan Shakespeare[1]	10,939,110	11.26%
Balshore Investments	10,029,100	10.33%
Kabouter Management	5,987,000	6.16%
T Rowe Price Global Investments	5,861,948	6.03%
BlackRock	5,415,311	5.58%
Close Asset Management	4,597,601	4.73%
Invesco Perpetual	4,182,362	4.31%
Baillie Gifford	3,907,571	4.02%
Standard Life Investments	3,168,885	3.26%

1 Includes five Ordinary Shares held by Stephan's wife, Rosamund Shakespeare.

Key Performance Indicators

Key performance indicators are discussed in more detail in the Chief Financial Officer's Report on page 20.

Financial Risks

The financial risks facing the Group are discussed in more detail in note 21 on pages 68 to 69.

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 2011 or 2010 and £1.6m (2010: £1.0m) was capitalised and included within intangible fixed assets.

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.

Directors' Report for the year ended 31 July 2011 continued

Charitable and Political Contributions

Donations to charitable organisations amounted to £46,430 (2010: £1,000). This included an annual subscription of £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

Having made enquiries, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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;
- all steps have been taken as a Director 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 reappoint 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 7 December 2011 at our offices at 50 Featherstone Street, London EC1Y 8RT.

Alan Newman
Chief Financial Officer and Company Secretary
On behalf of the Board
10 October 2011

Remuneration Report (partially audited) for the year ended 31 July 2011

The Remuneration Committee comprised at 31 July 2011 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 7 December 2011 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 Combined Code as if it were followed and full consideration was given to these in determining the remuneration packages for the Executive Directors for 2010/11.

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 Annual Bonus

The Executive Directors are eligible for an annual bonus which is focused on the achievement of the Group's short-term objectives. The Remuneration Committee sets targets linked to the Group's stated strategy and tailored to each Director's individual role. These include financial and non-financial measures. It assesses their overall performance against those indicators and generally in determining the level of bonus payable.

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) and to the Group's achievement of certain targets for earnings per share growth and Total Shareholder Return.

The total number of LTIP shares awarded conditionally in the year ended 31 July 2011 to participants in the Scheme was approximately 2.3 million and in the year ended 31 July 2010 was approximately 1.9 million. 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. A total of 1.5 million deferred share awards were made in the year ended 31 July 2011.

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

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

Remuneration Report (unaudited) for the year ended 31 July 2011 continued

Save as set out above, there are no existing or proposed service contracts between any of the Directors serving at 31 July 2011 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 2011 amounted to £793,000 (2010: £861,000).

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.

Policy on Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Board as a whole.

Directors' Remuneration (audited)

Directors' remuneration in aggregate for the year ended 31 July 2011 was as follows:

Name	Salary £	Annual bonus £	Benefits in kind £	Total 31 July 2011 £	Total 31 July 2010 £
Executive Directors					
Stephan Shakespeare	203,125	142,188	1,255	346,568	195,200
Alan Newman	165,788	116,083	–	281,871	145,000
Nadhim Zahawi	–	–	–	–	379,980
Non-Executive Directors					
Roger Parry	80,000	–	–	80,000	80,000
Peter Bazalgette	30,000	–	–	30,000	30,000
Nick Jones	30,000	–	–	30,000	30,000
Ben Elliot	25,000	–	–	25,000	–
Totals	533,913	258,271	1,255	793,439	861,180

The benefits in kind received was private health insurance.

In the year ended 31 July 2010, no bonus was paid to any director. The remuneration paid to Nadhim Zahawi included salary of £131,000 and compensation for termination of employment of £248,980.

Directors' Share Options (audited)

The following unexercised nil cost options over shares were held by Directors under the Long Term Incentive Scheme:

Name	Number outstanding at 31 July 2011	Date of potential vesting
Stephan Shakespeare	359,447	October 2011
Stephan Shakespeare	384,060	October 2012
Stephan Shakespeare	426,563	October 2013
Alan Newman	267,281	October 2011
Alan Newman	288,557	October 2012
Alan Newman	354,167	October 2013

Directors' Share Scheme (audited)

The following deferred shares were issued to Directors during the year under the Deferred Stock Scheme.

Name	Number outstanding at 31 July 2011	Date of potential vesting
Stephan Shakespeare	162,500	December 2013
Alan Newman	162,500	December 2013

No directors exercised any share options in either of the years ended 31 July 2011 or 2010.

Corporate Governance Report for the year ended 31 July 2011

Compliance with the Corporate Governance Code

YouGov is not required to comply with the 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. 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 2011, the Board consisted of two 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 22 and 23.

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 are set out in the Notice of the Annual General Meeting on page 83.

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 27 and 28.

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 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 2010/11.

Director	Board meetings Maximum 8	Remuneration Committee meetings Maximum 2	Audit Committee meetings Maximum 2
Stephan Shakespeare	8	–	–
Alan Newman	8	–	2
Roger Parry	8	–	–
Peter Bazalgette	8	2	2
Nick Jones	8	2	2
Ben Elliot	7	–	–

Shareholder Communications

The Board's assessment of the Company's position and prospects are set out in the Chairman's Statement on pages 5 and 6 and the Chief Financial Officer's Report on pages 20 and 21.

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 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 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.

Corporate Governance Report for the year ended 31 July 2011 continued

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 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 accounts.

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.

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report, the Directors' remuneration 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 Company and 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 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
10 October 2011

Independent Auditors' Report to the Members of YouGov plc on the Consolidated Financial Statements for the year ended 31 July 2011

We have audited the Group financial statements of YouGov plc for the year ended 31 July 2011 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, 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 Directors' report 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 2011 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 2011.

David A Snell
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 October 2011

Consolidated Income Statement for the year ended 31 July 2011

	Note	31 July 2011 £000	31 July 2010* £000
Revenue	1	56,142	44,234
Cost of sales**		(13,918)	(9,877)
Gross profit		42,224	34,357
Operating expenses***		(36,955)	(30,581)
Adjusted operating profit before impairment and amortisation of intangible assets and exceptional costs	1	5,269	3,776
Impairment of goodwill and intangibles	10, 11	–	(7,861)
Amortisation of intangibles		(3,755)	(3,689)
Exceptional costs	4	(1,129)	(2,799)
Operating profit/(loss)		385	(10,573)
Finance income	5	277	205
Finance costs	5	(219)	(201)
Share of post-tax loss in joint ventures and associates		(32)	(8)
Profit/(loss) before taxation	1	411	(10,577)
Tax (charge)/credit	6	(8)	2,572
Profit/(loss) after taxation	1	403	(8,005)
Attributable to:			
Owners of the parent		286	(8,499)
Non-controlling interests		117	494
		403	(8,005)
Earnings per share			
Basic earnings/(loss) per share attributable to owners of the parent	8	0.3p	(8.8p)
Diluted earnings/(loss) per share attributable to owners of the parent	8	0.3p	(8.8p)

* All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

** Total 2010 cost of sales including change of accounting estimate of panel provision detailed in note 4 is £10.477m.

*** Total 2011 operating expenses including impairment of goodwill and intangibles, amortisation and the remaining items detailed in note 4 are £41.839m (2010: £44.330m).

The profit/(loss) is from continuing operations.

The notes and accounting policies on pages 39 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 July 2011

	Note	2011 £000	2010* £000
Profit/(loss) for the year		403	(8,005)
Other comprehensive income:			
Currency translation differences		(1,237)	298
Purchase of non-controlling interest in subsidiary	9	1,691	(163)
		454	135
Other comprehensive income for the year net of tax		454	135
Total comprehensive income for the year		857	(7,870)
Attributable to:			
– Equity holders of the parent company		940	(8,645)
– Non-controlling interests		(83)	775
Total comprehensive income for the year		857	(7,870)

* All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

The components of this period's other comprehensive income do not have an impact on tax.

The notes and accounting policies on pages 39 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 July 2011

	Note	31 July 2011 £000	31 July 2010* £000
Assets			
Non-current assets			
Goodwill	10	37,795	31,203
Other intangible assets	11	11,427	10,545
Property, plant and equipment	12	2,338	2,382
Investments in joint ventures and associates	13	468	23
Deferred tax assets	20	1,939	2,606
Total non-current assets		53,967	46,759
Current assets			
Trade and other receivables	14	16,933	14,561
Other short-term financial assets	15	–	165
Cash and cash equivalents	16	9,400	15,634
Total current assets		26,333	30,360
Total assets		80,300	77,119
Liabilities			
Current liabilities			
Trade and other payables	17	11,602	10,146
Provisions	19	1,437	2,243
Borrowings		–	4
Current tax liabilities		487	164
Contingent consideration	18	2,838	304
Total current liabilities		16,364	12,861
Net current assets		9,969	17,499
Non-current liabilities			
Provisions	19	1,605	1,398
Contingent consideration	18	2,826	360
Deferred tax liabilities	20	3,611	3,298
Total non-current liabilities		8,042	5,056
Total liabilities		24,406	17,917
Net assets		55,894	59,202
Equity			
Issued share capital	22	195	194
Share premium		30,947	30,822
Merger reserve		9,239	9,239
Foreign exchange reserve		8,760	9,797
Retained earnings		6,658	5,151
Total shareholders' funds		55,799	55,203
Non-controlling interests in equity		95	3,999
Total equity		55,894	59,202

* All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

The notes and accounting policies on pages 39 to 73 form an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 10 October 2011 and signed on its behalf by:

Alan Newman
Chief Financial Officer

YouGov plc
Registered as 03607311

Consolidated Statement of Changes in Equity as at 31 July 2011

	Note	Attributable to equity holders of the Company							
		Share capital £000	Share premium account £000	Merger reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 August 2009		193	30,811	9,239	9,780	13,665	63,688	3,408	67,096
Changes in equity for 2010*									
Exchange differences on translating foreign operations		–	–	–	17	–	17	281	298
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	(163)	(163)	–	(163)
Net (loss)/income recognised directly in equity		–	–	–	17	(163)	(146)	281	135
(Loss)/profit for the year		–	–	–	–	(8,499)	(8,499)	494	(8,005)
Total comprehensive (loss)/income for the year		–	–	–	17	(8,662)	(8,645)	775	(7,870)
Issue of share capital through exercise of share options	22	1	11	–	–	–	12	–	12
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	–	–	(128)	(128)
Share-based payments	3	–	–	–	–	148	148	–	148
Dividends	7	–	–	–	–	–	–	(56)	(56)
Balance at 31 July 2010*		194	30,822	9,239	9,797	5,151	55,203	3,999	59,202
Changes in equity for 2011									
Exchange differences on translating foreign operations		–	–	–	(1,037)	–	(1,037)	(200)	(1,237)
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	1,691	1,691	–	1,691
Net income/(loss) recognised directly in equity		–	–	–	(1,037)	1,691	654	(200)	454
Profit for the year		–	–	–	–	286	286	117	403
Total comprehensive income/(loss) for the year		–	–	–	(1,037)	1,977	940	(83)	857
Purchase of treasury shares		–	–	–	–	(807)	(807)	–	(807)
Issue of share capital through exercise of share options and allotment of shares in satisfaction of purchase of non-controlling interest	9, 22	1	125	–	–	–	126	–	126
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	–	–	(3,821)	(3,821)
Share-based payments	3	–	–	–	–	337	337	–	337
Balance at 31 July 2011		195	30,947	9,239	8,760	6,658	55,799	95	55,894

*All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

The notes and accounting policies on pages 39 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 July 2011

	Note	2011 £000	2010* £000
Cash flows from operating activities			
Operating profit/(loss)		385	(10,573)
Adjustments for:			
Impairment charge	10, 11	–	7,861
Amortisation	1	3,755	3,689
Depreciation	1	745	658
Loss on disposal of property, plant and equipment and other intangible assets		74	–
Loss on disposal of goodwill and other investments		159	–
Share-based payments	1	337	148
Increase in trade and other receivables		(1,855)	(97)
Increase in trade and other payables		2,626	1,610
(Decrease)/increase in provisions		(599)	1,903
Cash generated from operations		5,627	4,851
Interest paid		(17)	(201)
Income taxes (paid)/recovered		(639)	947
Net cash generated from operating activities		4,971	5,597
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		(2,973)	(291)
Acquisition of non-controlling interest shareholdings		(2,570)	–
Acquisition of non-controlling interest in related party		(500)	–
Settlement of contingent considerations	18	(2,075)	(304)
Proceeds from sale of property, plant and equipment		9	–
Purchase of property, plant and equipment	12	(574)	(282)
Purchase of intangible assets	11	(2,107)	(2,037)
Proceeds from sale of interest in subsidiary		486	–
Interest received		133	205
Net cash used in investing activities		(10,171)	(2,709)
Cash flows from financing activities			
Purchase of own shares		(807)	–
Proceeds from issue of share capital		–	5
Loan repayments		(4)	(237)
Dividends paid to non-controlling interests		–	(56)
Net cash used in financing activities		(811)	(288)
Net (decrease)/increase in cash and cash equivalents		(6,011)	2,600
Cash and cash equivalents at beginning of year		15,634	12,718
Exchange (loss)/gain on cash and cash equivalents		(223)	316
Cash and cash equivalents at end of year	16	9,400	15,634

*All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

The notes and accounting policies on pages 39 to 73 form an integral part of these consolidated financial statements.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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.

These annual consolidated financial statements have been approved for issue by the Board of Directors on 10 October 2011.

Basis of Preparation
The consolidated financial statements of YouGov plc are for the year ended 31 July 2011. They have been prepared under the historical cost convention. 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.

A prior year adjustment has been made to recognise a liability for a put option held by non-controlling interest in accordance with IAS 39, as discussed in note 8. The Group has not presented a statement of financial position as at 31 July 2009 as there has been no change to previously reported figures.

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 74 to 82.

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

- Annual improvements 2009 (effective 1 January 2010)
- Amendment to IFRS 2, "Share-based payments – Group cash-settled share-based payment transactions" (effective 1 January 2010)
- Amendments to IFRS 1 for additional exemptions (effective 1 January 2010)
- Amendments to IAS 32 Financial instruments: Presentation on classification of rights issues (effective 1 February 2010)
- Amendment to IFRS 1, First time adoption on financial instrument disclosures (effective 1 July 2010)
- IFRIC 15, "Arrangements for construction of real estates" (effective 1 January 2009 but EU endorsed for 1 January 2010)
- IFRIC 19, "Extinguishing financial liabilities with equity instruments" (effective 1 July 2010).

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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 2011. 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.

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 bases 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.

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 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 operations board that makes strategic decisions.

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.

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 for a cash or points-based incentive. 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 lottery 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.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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
Current tax is the tax currently payable/recoverable based on taxable profit/loss for the year.

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 and liabilities are provided in full, with no discounting. 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. Current and 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.

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.

Goodwill written off to reserves prior to the date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

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.

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 IFRS 3 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 IAS 38:

- 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.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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. Only third-party costs are considered for capitalisation. 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. The patents and trademarks are subject to an annual impairment review.

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.

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 IAS 17, 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.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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 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.

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.

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 of 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 and other payables are stated at their nominal value.

Borrowings and lease liabilities are recorded at the proceeds received, net of any issue costs. 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 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.

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 UK pounds sterling, 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.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

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.

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.

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 ten-year treasury gilt (or foreign equivalent), this being, in the Directors' opinion the most appropriate barometer for a risk-free rate.

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 weighted average cost of capital, this being, in the Directors' opinion the most appropriate barometer for underlying risk. 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.

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.

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.

IFRS 3 (revised 2010), “Business combinations” was adopted and applied prospectively by the Group in 2011. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, 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 19.

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 20.

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 18.

Principal Accounting Policies of the Consolidated Financial Statements
for the year ended 31 July 2011

Standard and Interpretations in Issue but Not Yet Effective
The following new standards and amendments to existing standards are not yet effective.

- IAS 34, “Interim financial reporting”, has been amended by the 2010 Improvements to require the following disclosures in interim financial reports in respect of financial instruments, if they are significant: Impairments recognised on financial assets and the reversal of previous impairments; Changes in the business or economic circumstances that affect the fair value of the entity’s financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost; Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments; Changes in the classification of financial assets as a result of a change in the purpose or use of those assets. The disclosures apply for accounting periods beginning on or after 1 January 2011.

- IFRS 9, “Financial instruments”, issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

- Revised IAS 24, “Related party disclosures”, issued in November 2009. It supersedes IAS 24, “Related party disclosures”, issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

- “Prepayments of a minimum funding requirement” (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods beginning 1 July 2011. Earlier application is permitted.

The Group is currently assessing the impact of the standards on its results, financial position and cash flows. 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 2011

1 Revenue and Profit Before Taxation

Segmental Analysis

For internal reporting purposes the Group is organised into five operating divisions based on geographic lines – UK, Middle East and North Africa, Germany, Nordic and North America. 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.

2011	UK £000	Middle East and North Africa £000	Germany £000	Nordic £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue							
External sales	13,348	7,423	11,348	8,213	15,810	–	56,142
Inter-segment sales	342	111	–	75	100	(628)	–
Total revenue	**13,690**	**7,534**	**11,348**	**8,288**	**15,910**	**(628)**	**56,142**

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

2011	UK £000	Middle East and North Africa £000	Germany £000	Nordic £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Segment result							
Gross profit	10,343	4,993	8,504	6,453	11,737	194	42,224
Adjusted operating profit	3,458	1,891	281	625	1,906	(2,892)	5,269
Amortisation of intangibles	(218)	(114)	(121)	(111)	(652)	(2,539)	(3,755)
Exceptional costs	(421)	–	303	–	(74)	(937)	(1,129)
Finance income							277
Finance costs							(219)
Share of results of joint ventures and associates							(32)
Profit before taxation							411
Tax charge							(8)
Profit after taxation							403
Other segment information							
Depreciation	111	173	175	36	50	200	745
Share-based payments	–	–	–	–	104	233	337
Assets							
Segment assets	8,890	9,276	16,240	14,198	35,630	(4,402)	79,832
Investments in joint ventures and associates							468
Total assets							**80,300**

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

1 Revenue and Profit Before Taxation continued

2010	UK £000	Middle East and North Africa £000	Germany £000	Nordic £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue							
External sales	11,681	7,210	13,687	6,953	4,703	–	44,234
Inter-segment sales	458	10	92	30	115	(705)	–
Total revenue	12,139	7,220	13,779	6,983	4,818	(705)	44,234

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

	UK	Middle East and North Africa	Germany	Nordic	North America	Consolidation and unallocated	Consolidated
Segment result							
Gross profit	9,633	4,632	10,616	5,271	4,180	25	34,357
Adjusted operating profit	3,359	1,429	418	52	527	(2,009)	3,776
Amortisation of intangibles	(523)	(185)	(175)	(108)	(150)	(2,548)	(3,689)
Impairment of goodwill and intangible assets							(7,861)
Exceptional costs*	(1,038)	(155)	(169)	(360)	(112)	(965)	(2,799)
Finance income							205
Finance costs							(201)
Share of results of joint ventures and associates							(8)
Loss before taxation							(10,577)
Tax credit							2,572
Loss after taxation							(8,005)
Other segment information							
Depreciation	197	143	241	30	47	–	658
Share-based payments	23	–	–	–	125	–	148
Assets							
Segment assets	17,481	17,843	18,418	12,671	19,996	(9,313)	77,096
Investments in joint ventures and associates							23
Total assets							77,119

* All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

1 Revenue and Profit Before Taxation continued

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

2011	UK £000	Middle East and North Africa £000	Germany £000	Nordic £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue by destination							
External sales	16,418	3,178	12,171	8,224	16,151	–	56,142
Inter-segment sales	517	422	333	154	137	(1,563)	–
Total revenue	16,935	3,600	12,504	8,378	16,288	(1,563)	56,142

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

2010	UK £000	Middle East and North Africa £000	Germany £000	Nordic £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue by destination							
External sales	15,498	2,282	14,470	7,065	4,919	–	44,234
Inter-segment sales	210	407	74	–	14	(705)	–
Total revenue	15,708	2,689	14,544	7,065	4,933	(705)	44,234

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

2 Operating Expenditure

	31 July 2011 £000	31 July 2010 £000
The profit before taxation is stated after charging:		
Auditors' remuneration:		
Audit of the Group's annual report and accounts	144	121
Audit of subsidiaries	38	41
Other assurance services	28	2
Taxation	93	14
Due diligence	–	120
Other advisory services	–	9
Disposals, depreciation and amortisation:		
Depreciation of property, plant and equipment	745	658
Amortisation of intangible assets	3,755	3,689
Loss on disposal of other intangible assets	(31)	–
Loss on disposal of property, plant and equipment	(43)	–
Loss on disposal of goodwill and other investments	(159)	–
Other operating lease rentals:		
Plant and machinery	105	119
Land and buildings	1,458	1,435
Other expenses:		
Exchange differences	261	(348)
Share-based payment expenses	337	148
Charitable donations	46	1

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

3 Staff Numbers And Costs

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

	31 July 2011 £000	31 July 2010 £000
Wages and salaries	22,900	18,693
Social security costs	2,322	2,323
Share-based payments	337	148
Pension costs	259	329
Other benefits	1,572	1,269
Acquisition cost deemed as staff compensation*	348	–
	27,738	22,762

Pension costs arise only in our Nordic business. Contributions are made on behalf of employees to defined contribution schemes at statutory rates for the respective country.

* 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, rather than charged to administration expenses.

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

	31 July 2011 Number	31 July 2010 Number
Key management personnel	28	23
Administration and operations	448	397
	476	420

Specific disclosures in relation to compensation for key management personnel (defined as Entity Directors and/or Chief Executive Officers) who held office during the year was as follows:

	31 July 2011 £000	31 July 2010 £000
Short-term employee benefits	2,959	2,700
Post-employment benefits	71	44
Share-based payments	266	5
Acquisition cost deemed as staff compensation	348	–
	3,644	2,749

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 27 and 28.

4 Exceptional Costs

	31 July 2011 £000	31 July 2010* £000
Restructuring costs	338	683
Acquisition costs	544	271
Investment write-offs	168	–
Loss on disposal of subsidiary	200	–
Provision for YouGovStone put option	(121)	965
Change in accounting estimation – panel incentives provision	–	600
Employment termination	–	280
	1,129	2,799

4 Exceptional Costs continued

Restructuring costs arose due to the termination of operations of certain divisions within the German business.

Acquisition costs comprise professional fees incurred relating to the acquisition of Harrison Group and Definitive Insights, which were completed during the year ended 31 July 2011. IFRS 3 (revised) requires these to be expensed at the time that they are incurred. This includes £348,000 of contingent consideration, deemed under IFRS 3, to be staff compensation costs.

A number of investments in joint ventures were written off during the year, as they no longer traded or the Group no longer had an equity interest in them.

On 30 December 2010, YouGov disposed, through a management buy-out, of Great Place to Work Deutschland GmbH, a wholly owned subsidiary of YouGovPsychonomics AG. The net sale consideration for the shares in GPW Germany was approximately £530,000 payable in cash. At the date of disposal, GPW's net assets were £30,000. Management have apportioned £700,000 of the goodwill pertaining to the acquisition of the Psychonomics group in 2007 to GPW. As such a loss of £200,000 has been recognised within exceptional items line of the income statement to reflect this disposal.

According to the terms of the shareholders' agreement for YouGovStone Limited, Carole Stone was entitled to require YouGov plc to purchase some or all of her shareholding of the 49 "B" class shares. The results for 2010 have been restated to reflect a provision for this option whose value as at 31 July 2010 was estimated to be £965,000. During the year ended 31 July 2011 an agreement was reached for the purchase of the "B" shares which resulted in a credit being taken in the current financial year.

5 Finance Income and Costs

	31 July 2011 £000	31 July 2010 £000
Interest receivable from bank deposits	111	148
Other interest receivable	22	88
Foreign exchange gains/(losses) on cash held in foreign currency denominated accounts	144	(31)
Total finance income	277	205
Interest payable on bank loans and overdrafts	14	32
Interest on obligations under hire purchase and finance leases	3	2
Foreign exchange losses on intra-Group loan positions	–	119
	17	153
Imputed interest on contingent consideration	202	48
Total finance costs	219	201

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

6 Income Taxes

The taxation charge represents:

	31 July 2011 £000	31 July 2010 £000
Current tax	297	199
Adjustments in respect of prior years	(58)	(10)
Total current tax charge	239	189
Deferred tax:		
Current year	(231)	(3,270)
Adjustments in respect of prior years	–	509
Total deferred tax credit	(231)	(2,761)
Total income statement tax charge/(credit)	8	(2,572)

The tax assessed for the year is lower (2010: lower) than the standard rate of corporation tax in the UK.

The differences are explained below:

	31 July 2011 £000	31 July 2010 £000
Profit/(loss) before tax	411	(10,577)
Tax (charge)/credit calculated at Group's standard rate of 27.3% (2010: 28%)	(112)	2,962
Variance in overseas tax	354	501
Impact of tax rate change in current year	(62)	(67)
Expenses not deductible for tax purposes	(247)	(643)
Tax losses for which no deferred income tax asset was recognised	–	(192)
Adjustment in respect of prior years	58	10
Share of tax loss of joint venture	1	1
Total income statement tax (charge)/credit for the year	(8)	2,572

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the expected reduction of 1% in the corporation tax rate from 1 April 2012 to be enacted in the Finance Act 2011 would be to reduce the deferred tax asset provided at the balance sheet date by £68,000 and the liability by £6,000. The net effect would be a £68,000 decrease in the deferred tax asset, a £6,000 reduction in the liability and a net decrease in profit and other comprehensive income of £62,000.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these were applied to the deferred tax asset at the balance sheet date, would be to reduce the deferred tax asset by £136,000 (being £68,000 recognised in 2013 and £68,000 recognised in 2014). If these were applied to the deferred tax liability at the balance sheet date, would be to reduce the deferred tax liability by £12,000 (being £6,000 recognised in 2013 and £6,000 recognised in 2014).

7 Dividend

No dividend was paid or proposed during the year (2010: £nil).

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.

	31 July 2011 £000	31 July 2010 £000
Group profit/(loss) after taxation attributable to equity holders of the parent company	286	(8,499)
Add: amortisation of intangible assets	3,755	3,689
Add: share-based payments	337	148
Add: imputed interest	202	48
Add: impairment charge	–	7,861
Add: exceptional costs	1,129	2,799
Tax effect of the above adjustments	(1,250)	(3,624)
Adjusted profit after taxation	4,459	2,422

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

	31 July 2011	31 July 2010
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	95,114	96,777
– Dilutive effect of share options	3,319	–
– Diluted	98,433	96,777
The adjustments have the following effect:		
Basic profit/(loss) per share (in pence)	0.3	(8.8)
Amortisation of intangible assets (in pence)	4.0	3.8
Share-based payments (in pence)	0.3	0.2
Imputed interest (in pence)	0.2	0.0
Exceptional costs and impairments (in pence)	1.2	11.0
Tax effect of the above adjustments (in pence)	(1.3)	(3.7)
Adjusted earnings per share (in pence)	4.7	2.5
Diluted profit/(loss) per share (in pence)	0.3	(8.8)
Amortisation of intangible assets (in pence)	3.8	3.8
Share-based payments (in pence)	0.3	0.2
Imputed interest (in pence)	0.2	0.0
Exceptional costs and impairment (in pence)	1.2	11.0
Tax effect of the above adjustments (in pence)	(1.3)	(3.7)
Adjusted diluted earnings per share (in pence)	4.5	2.5

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

9 Business Combinations and Disposals

a) Acquisition of Harrison Group

The acquisition of Harrison Group, one of the USA's leading market and strategic research firms was completed on 16 August 2010. The basic purchase consideration payable is six times the EBITDA achieved by Harrison in the year ended 31 December 2010 of \$2.4m (£1.5m) amounting to \$14.3m (£9.1m). \$6.0m (£3.8m) of this was paid on completion and a further \$3.0m (£1.8m) was paid in April 2011. The remaining balance will be payable in instalments in 2012 and 2013, contingent upon the results achieved in the 2010 and 2011 calendar years. An additional payment of up to \$1.2m (£0.8m), which is currently anticipated to be \$0.8m (£0.5m), will be payable in 2013 contingent upon EBITDA growth targets being achieved in the calendar years 2011 and 2012.

The instalments due between 2011 and 2013 (including the incentive payment) have been discounted to a net present value of \$8.6m (£5.5m) resulting in a finance charge of \$0.5m (£0.3m) taken to the income statement over the earn-out period.

Professional fees of £0.4m have been incurred to date relating to the Harrison acquisition. In accordance with IFRS 3 (revised) all professional fees have been expensed in the period that they have been incurred. £0.3m was recognised in financial year 2009/10 and £0.1m in the year ended 31 July 2011.

The amount recognised for each class of Harrison's assets recognised at the acquisition date are as follows:

Net assets acquired:

	Acquiree's carrying amount before combination £000	Fair value adjustments £000	Fair value £000
Net assets at completion date			
Cash	1,413	–	**1,413**
Tangible and intangible fixed assets	345	–	**345**
Net working capital	(157)	–	**(157)**
Intangible assets			
Trademarks and patents	–	710	**710**
Customer relationships	–	2,232	**2,232**
Order Backlog	–	82	**82**
Deferred tax liability	–	(1,270)	**(1,270)**
Net assets	1,601	1,754	**3,355**
Goodwill arising on acquisition	–	–	**5,960**
Total consideration			**9,315**

Total consideration analysed as:

	£000
Cash	3,811
Contingent consideration	5,504
Total consideration	9,315

Ownership and control passed to YouGov on 16 August 2010 and Harrison has been consolidated within the Group financial statements from that date. The goodwill arising on the acquisition of Harrison is attributable to the anticipated synergies expected to be derived from the combination and value of the workforce of Harrison, which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

Since the acquisition, Harrison has contributed £8.3m (\$13.2m) to Group revenue and £1.4m (\$2.2m) to the Group operating profit for the year ended 31 July 2011.

9 Business Combinations and Disposals continued

b) Disposal of Great Place to Work Deutschland GmbH ("GPW Germany")

On 30 December 2010, YouGov disposed, through a management buy-out, of Great Place to Work Deutschland GmbH, a wholly owned subsidiary of YouGovPsychonomics AG. During the year, it contributed revenue of £1.3m (2010: £2.7m) and operating profit of £0.2m (2010: £nil) to the Group.

The net purchase consideration for the shares in GPW Germany was £0.5m payable in cash, in two tranches, £0.3m at 30 December 2010 and the remainder on 30 June 2011. At the date of disposal, GPW's net assets were not material. Management have apportioned £0.7m of the goodwill pertaining to the acquisition of the Psychonomics group in 2007 to GPW. A net loss of £0.2m has been recognised as an exceptional cost to reflect this disposal.

c) Purchase of Minority Shareholding in YouGov ME FZ LLC

On 31 October 2010, YouGov plc purchased the remaining 22% shareholding in its subsidiary YouGov ME FZ LLC from the minority shareholders.

The cash consideration for this purchase was £1.9m. The book value of non-controlling interests at the transaction date was £3.8m. The difference of £1.9m (£1.7m net of associated costs) has been reflected directly in reserves in accordance with IAS 27 (revised).

d) Acquisition of Definitive Insights

The acquisition of Definitive Insights ("DI"), a custom research company based in Oregon USA, was completed on 1 April 2011. The basic purchase consideration payable is 4.5 times the average EBITDA of DI for the two years ending 31 January 2013 plus an additional incentive of up to 20% contingent upon EBITDA growth in the year ending 31 January 2013. If the full incentive is paid, this would bring the total multiple up to 5 times EBITDA for the year ended 31 January 2013. An initial payment of $1.0m (£0.6m) was paid upon completion and the balance will be payable in four instalments between 2012 and 2015.

The instalments due between 2012 and 2015 (including the incentive payment) have been discounted to a net present value of $4.3m (£2.6m) resulting in a finance charge of $0.3m (£0.2m) taken to the income statement over the earn-out period. Half of this contingent consideration is being treated as staff compensation. The treatment of this is discussed in more detail in notes 3 and 4.

Professional fees of £0.1m have been incurred during the year ended 31 July 2011 relating to the acquisition. In accordance with IFRS 3 (revised) all professional fees have been expensed to the period that they have been incurred.

Provisional fair value adjustments have been made to align Definitive Insights' accounting policies with those of YouGov and to account for the intangible assets and attributable deferred taxation of the business which are recognised upon acquisition. Management are currently finalising the fair value calculations and this will be completed in the six months ended 31 January 2012.

The amount recognised for each class of Definitive Insights' assets recognised at the acquisition date are as follows:

Net assets acquired:

	Acquiree's carrying amount before combination £000	Provisional fair value adjustments £000	**Provisional fair value £000**
Net assets at completion date	12	–	**12**
Intangible assets			
Trademarks and patents	–	135	**135**
Customer relationships	–	1,137	**1,137**
Order Backlog	–	8	**8**
Deferred tax liability	–	(538)	**(538)**
Net assets	12	742	**754**
Goodwill arising on acquisition	–	–	**1,168**
Total consideration			**1,922**

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

9 Business Combinations and Disposals continued

Total consideration analysed as:

	£000
Cash	612
Contingent consideration	1,310
Total consideration	1,922

Ownership and control passed to YouGov on 1 April 2011 and Definitive Insights has been consolidated within the Group financial statements from that date. The goodwill arising on the acquisition of Definitive Insights is attributable to the anticipated synergies expected to be derived from the combination and value of the workforce, which cannot be recognised as an intangible asset under IAS 38 “Intangible Assets”.

Since the acquisition, Definitive Insights has contributed £1.3m ($2.1m) to Group revenue and £0.1m ($0.2m) to the Group operating profit for the year ended 31 July 2011. If Definitive Insights had been consolidated for a full 12 months they would have contributed £3.3m ($5.3m) to Group revenue and £0.2m ($0.3m) to the Group operating profit.

e) Purchase of Minority Shareholding in YouGovStone Limited

On 6 June 2011, YouGov plc purchased the remaining 49% shareholding in its subsidiary YouGovStone Limited from the minority shareholder Carole Stone.

The consideration for this purchase was part cash of £0.7m and part issue of new ordinary shares in YouGov plc of £0.1m. The book value of non-controlling interests in assets and liabilities at the transaction date was not material.

f) Purchase of Minority Stake in CoEditor Limited

During the period, YouGov plc invested £0.5m for a 25% stake in CoEditor Limited, a company owned by Doughty Media 2 (owned by Stephan Shakespeare). 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.

10 Goodwill

	Middle East £000	North America £000	Nordic £000	Germany £000	UK £000	Total £000
Carrying amount at 1 August 2009	1,319	9,437	8,420	14,226	80	33,482
Movements:						
Impairment charge	–	–	–	(2,399)	–	(2,399)
Net exchange differences	86	615	(217)	(364)	–	120
Carrying amount at 31 July 2010	1,405	10,052	8,203	11,463	80	31,203
Movements:						
Acquired through business combinations	–	7,128	–	–	–	7,128
Disposal of subsidiary	–	–	–	(700)	(80)	(780)
Net exchange differences	(63)	(745)	439	613	–	244
Carrying amount at 31 July 2011	1,342	16,435	8,642	11,376	–	37,795

10 Goodwill continued

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 2011 impairment review was undertaken as at 31 July 2011. 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 3% have been assumed in perpetuity beyond year five. The weighted average cost of capital used to discount the future cash flows to their present value is 11.7% (2010: 14.1%).

All CGUs, when subjected to sensitivity analyses had sufficient headroom to support their carrying value.

At 31 July 2010, the assessment of the carrying value of the German CGU resulted in an impairment charge of £7.9m being made of which £5.5m was against the intangible assets (customer contracts and lists, patents and trademarks) and £2.4m was against goodwill. At 31 July 2011, the sensitivity analysis carried out on the goodwill attributable to the German CGU indicated that a 6% reduction in the projected EBITDA for the year ending 31 July 2012 compared to the base case assumptions or a 7% reduction in the projected EBITDA for either of the two following years would reduce the headroom to zero.

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
Net carrying amount at 1 August 2009	4,559	2,009	5,317	5,761	–	294	17,940
Additions:							
Separately acquired	285	387	–	47	–	320	1,039
Internally developed	–	801	–	–	–	197	998
Amortisation	(1,653)	(1,035)	(443)	(456)	–	(102)	(3,689)
Impairment	–	–	(2,479)	(2,983)	–	–	(5,462)
Net exchange differences	(56)	(37)	(84)	(92)	–	(12)	(281)
Net carrying amount at 31 July 2010	3,135	2,125	2,311	2,277	–	697	10,545
Additions:							
Separately acquired	329	68	–	8	–	79	484
Through business combinations	–	171	3,369	845	90	–	4,475
Internally developed	–	1,539	–	–	–	84	1,623
Disposals	–	(31)	–	–	–	–	(31)
Amortisation	(1,512)	(1,624)	(181)	(270)	(85)	(83)	(3,755)
Net exchange differences	(434)	(234)	(575)	(684)	–	13	(1,914)
Net carrying amount at 31 July 2011	1,518	2,014	4,924	2,176	5	790	11,427

The details of the 2010 impairment charge of £5.5m are disclosed in note 10.

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

12 Property, Plant And Equipment

	Freehold property £000	Leasehold property improvements £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Carrying amount at 1 August 2009	1,147	160	565	725	32	2,629
Additions:						
Separately acquired	–	42	185	55	–	282
Disposals	–	–	–	–	–	–
Depreciation	(54)	(68)	(272)	(232)	(32)	(658)
Net exchange differences	64	8	26	31	–	129
Carrying amount at 31 July 2010	1,157	142	504	579	–	2,382
Additions:						
Separately acquired	–	4	547	23	–	574
Through business combinations	177	–	39	3	14	233
Disposals	–	(13)	(9)	(30)	–	(52)
Depreciation	(80)	(77)	(431)	(155)	(2)	(745)
Net exchange differences	(52)	3	(9)	4	–	(54)
Carrying amount at 31 July 2011	**1,202**	**59**	**641**	**424**	**12**	**2,338**

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 2011 or 2010 has been pledged as security against the liabilities of the Group.

13 Investments

a) Interests in Subsidiaries

As at 31 July 2011 the Group's principal 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
YouGovM.E. FZ LLC	United Arab Emirates	Ordinary	100%	100%	Market research
YouGovPsychonomics AG	Germany	Ordinary	100%	100%	Market research
Service Rating GmbH	Germany	Ordinary	0%	100%	Rating agency
Psychonomics Field GmbH	Germany	Ordinary	0%	70%	CATI supplier company
YouGov Nordics and Baltic A/S	Denmark	Ordinary	100%	100%	Market research
YouGov Sweden AB	Sweden	Ordinary	100%	100%	Market research
YouGov Norway AS	Norway	Ordinary	100%	100%	Market research
YouGov Finland OY	Finland	Ordinary	100%	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
YouGovStone Limited	England	Ordinary	100%	100%	Market research

All subsidiaries have coterminous year ends and are included in the consolidated financial statements.

13 Investments continued

b) Interest in Joint Ventures and Associates

Total fixed asset investments comprise	31 July 2011 £'000	31 July 2010 £'000
Carrying amount at 1 August 2010	23	23
Acquisition of associate	500	–
Disposal of joint venture	(23)	–
Share of loss in associate	(32)	–
Interest in joint ventures and associates	468	23

The Group has not recognised losses amounting to £6,000 (2010: £4,000) for YouGov Centaur LLP.

At 31 July 2011 the Group had interests in the following:

	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	25%	25%	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		YouGovCentaur LLP	
	31 July 2011 £000	31 July 2010 £000	31 July 2011 £000	31 July 2010 £000
Revenue	–	–	–	–
Operating loss	(32)	–	(6)	(4)
Non-current assets	1	–	2	3
Current assets	96	–	43	18
Current liabilities	(4)	–	(150)	(59)
Non-current liabilities	–	–	–	(39)
Net assets/(liabilities)	93	–	(105)	(77)

14 Trade and Other Receivables

	31 July 2011 £000	31 July 2010 £000
Trade receivables	9,810	7,749
Amounts owed by related parties	292	123
Other receivables	1,048	967
Prepayments and accrued income	5,945	5,916
	17,095	14,755
Provision for trade receivables	(162)	(194)
	16,933	14,561

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

14 Trade and Other Receivables continued

The ageing of the current trade receivables and amounts owed by related parties is as follows:

	31 July 2011 £000	31 July 2010 £000
Within payment terms	5,017	2,966
Not more than three months overdue	3,349	3,156
More than three months but not more than six months overdue	917	911
More than six months but not more than one year overdue	509	327
More than one year overdue	310	512
	10,102	7,872

The Group's trade receivables are stated before provisions for impaired receivables. This provision is determined by considering all past due balances and by reference to past default experience.

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

	2011 £000	2010 £000
Provision for receivables impairment at 1 August	194	132
Provision created in the year	112	166
Provision utilised in the year	(144)	(104)
Provision for receivables impairment at 31 July	162	194

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 61 days (2010: 61 days). The Directors consider that the carrying value of trade and other receivables approximates their fair value. 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 >£250,000 (2010: >£250,000)) represent 12% of trade receivables (2010: 23%).

At 31 July 2011 £435,000 (DKK 3.7m) (2010: £290,000 (DKK 2.6m)) of the trade and other receivables of YouGov Nordics & Baltic A/S was used as security against a loan and revolving overdraft facility held by YouGov Nordics & Baltic A/S.

YouGovPsychonomics AG has secured a value of up to €144,000 (£126,000) (2010: €144,000 (£120,000)) in the event of default on rental payments against its trade and other receivables.

15 Other Short-Term Financial Assets

	31 July 2011 £000	31 July 2010 £000
Available-for-sale financial assets	–	165

Other short-term financial assets represented corporate bonds that present the Group with opportunity for returns through interest income and trading gains. They had a fixed maturity of less than three months. The investment was held at cost. Fair value of the asset was not materially different from its historical cost.

16 Cash and Cash Equivalents

	31 July 2011 £000	31 July 2010 £000
Cash at bank and in hand	9,400	15,634

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

17 Trade and Other Payables

	31 July 2011 £000	31 July 2010 £000
Trade payables	1,941	1,416
Accruals and deferred income	7,585	7,040
Other payables	2,076	1,690
	11,602	10,146

The average length of time taken by the Group to settle payables is 32 days (2010: 34 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

18 Contingent Consideration

	Clear Horizons £000	Harrison £000	Definitive Insights £000	Total £000
At 1 August 2009	929	–	–	929
Settled during the year	(278)	–	–	(278)
Discount unwinding	13	–	–	13
Balance at 31 July 2010	664	–	–	664
Included within current liabilities	304	–	–	304
Included within non-current liabilities	360	–	–	360
Settled in the period	(266)	(1,809)	–	(2,075)
Provided during the year	–	5,504	1,658	7,162
Discount unwinding	21	156	2	189
Net foreign exchange differences	6	(265)	(17)	(276)
Balance at 31 July 2011	425	3,586	1,653	5,664
Included within current liabilities	425	2,116	297	2,838
Included within non-current liabilities	–	1,470	1,356	2,826

Details of the terms of the acquisitions of Harrison Group and Definitive Insights are given in note 9.

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

19 Provisions

	Panel incentives £000	Staff gratuity £000	Other* £000	Total £000
At 1 August 2009	1,630	108	–	1,738
Provided during the year	3,835	127	965	4,927
Utilised during the year	(2,625)	(116)	–	(2,741)
Released during the year	(279)	(36)	–	(315)
Net foreign exchange differences	25	7	–	32
Balance at 31 July 2010*	2,586	90	965	3,641
Included within current liabilities	1,278	–	965	2,243
Included within non-current liabilities	1,308	90	–	1,398
Provided during the year	4,542	81	–	4,623
Utilised during the year	(3,490)	(29)	(844)	(4,363)
Released during the year	(722)	(6)	(121)	(849)
Net foreign exchange differences	(6)	(4)	–	(10)
Balance at 31 July 2011	2,910	132	–	3,042
Included within current liabilities	1,437	–	–	1,437
Included within non-current liabilities	1,473	132	–	1,605

* Other provision relates to the provision in respect of the put-option held by Carole Stone as at 31 July 2010 which was re-stated as explained in note 4.

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 2011. The provision of £2.9m represents 33% of the maximum potential liability of £8.9m (2010: £2.6m representing 30% of the total liability of £8.6m). 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 £0.1m at 31 July 2011 (2010: £0.1m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

20 Deferred Taxation Assets and Liabilities

Non-current deferred tax asset	Property, plant and equipment £000	Tax losses £000	Total £000
Balance at 1 August 2009	27	2,483	2,510
Recognised in consolidated income statement	33	90	123
Net foreign exchange differences	–	52	52
Tax rate adjustment	–	(79)	(79)
Balance at 31 July 2010	60	2,546	2,606
Recognised in consolidated income statement	(6)	(639)	(645)
Net foreign exchange differences	(9)	(13)	(22)
Balance at 31 July 2011	45	1,894	1,939

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

	31 July 2011 £000	31 July 2010 £000
UK	592	626
Nordic	767	780
North America	535	1,140
	1,894	2,546

Where tax losses are acquired as in our North American business a restriction is placed upon the use of those pre-acquisition losses. The restriction is calculated by multiplying the long-term rate of interest (currently 4.58%) against the consideration paid. On this basis the current value of loss that can be used annually is £0.7m. No such restrictions exist in relation to any of our other tax losses.

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.

Non-current deferred tax liabilities	Intangible assets £000	Property, plant and equipment £000	Other timing differences £000	Total £000
Balance at 1 August 2009	5,521	386	198	6,105
Recognised in consolidated income statement	(2,675)	(226)	196	(2,705)
Tax rate adjustment	(4)	(1)	(7)	(12)
Net foreign exchange differences	(124)	36	(2)	(90)
Balance at 31 July 2010	2,718	195	385	3,298
Recognised in consolidated income statement	(837)	(36)	(3)	(876)
Acquired on acquisition	1,808	–	–	1,808
Net foreign exchange differences	(577)	9	(51)	(613)
Balance at 31 July 2011	3,112	168	331	3,611

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

21 Risk Management Objectives and Policies

The Group is exposed to foreign currency and liquidity 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:

	2011 £000				2010 £000			
Nominal amounts	US $	Euro €	Dirham AED	Kroner DKK	US $	Euro €	Dirham AED	Kroner DKK
Financial assets	4,478	2,445	6,112	1,693	5,166	2,268	7,916	777
Financial liabilities	(4,069)	(1,004)	(135)	(1,380)	(133)	(1,009)	(74)	(1,177)
Short-term exposure	409	1,441	5,977	313	5,033	1,259	7,842	(400)
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–

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

	2011 £000				2010 £000			
	US $	Euro €	Dirham AED	Kroner DKK	US $	Euro €	Dirham AED	Kroner DKK
Net result for the year	(4)	(1)	(22)	(4)	(1)	1	(15)	5
Equity	(44)	(12)	(187)	(3)	(41)	(10)	(174)	1

If the UK Sterling had weakened by 1% against the US Dollar, Euro, UAE Dirham and Danish Kroner the inverse of the impact above would be true.

The Group manages currency fluctuations as outlined in the Corporate Governance Report on pages 29 to 31.

21 Risk Management Objectives and Policies continued

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 2011, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current	
31 July 2011	Within six months £000	Six to 12 months £000	One to five years £000	Later than five years £000
Trade and other payables	2,056	–	–	–
Contingent consideration	–	2,838	2,826	

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

	Current		Non-current	
31 July 2010	Within six months £000	Six to 12 months £000	One to five years £000	Later than five years £000
Trade and other payables	3,161	35	–	–
Contingent consideration	–	304	360	–

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 going concerns. The Board have 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 2011 £000	31 July 2010* £000
Available-for-sale financial assets	–	165
Cash and cash equivalents	9,400	15,634
Equity attributable to shareholders of the parent company	(55,799)	(55,203)
	(46,399)	(39,404)

* All comparative information including the relevant notes has been restated to reflect a prior year adjustment, see notes 4 and 19 for full details.

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 over the course of the year was £10.0m (2010: £15.0m) attracting an average interest rate of 1.0% (2010: 1.0%). If interest rates had been 1% higher during the year ended 31 July 2011 the increase to profit before tax would have been £100,000 (2010: £150,000). If interest rates had been 1% lower during the year ended 31 July 2011 the reduction in profit before tax would have been £100,000 (2010: £150,000). The impact upon shareholders' equity would have been an increase of £83,000 (2010: £100,000) and a decrease of £83,000 (2010: £100,000) respectively.

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

22 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	£000
Year to 31 July 2011		
At 1 August 2010	96,827,414	194
Issue of shares	302,051	1
At 31 July 2011	**97,129,465**	**195**
Year to 31 July 2010		
At 1 August 2009	96,733,177	193
Issue of shares	94,237	1
At 31 July 2010	**96,827,414**	**194**

	Number	£000
Authorised share capital		
At 31 July 2010 and 31 July 2011		
Ordinary shares @ 0.2p each	150,000,000	300

Share-Based Payments

The charge in relation to the share-based payments in the year ended 31 July 2011 was £104,000 (2010: £134,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2011 WAEP		2010 WAEP	
	Number	£	Number	£
Approved share option scheme				
Outstanding at the beginning of the year	129,056	0.869	129,056	0.869
Granted during the year	–	–	–	–
Exercised during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Outstanding at the end of the year	129,056	0.869	129,056	0.869
Exercisable at the end of the year	129,056	0.869	129,056	0.869

	2011 WAEP		2010 WAEP	
	Number	£	Number	£
Unapproved share option scheme				
Outstanding at the beginning of the year	438,231	0.232	538,990	0.211
Granted during the year	–	–	–	–
Exercised during the year	(73,218)	0.099	(94,237)	0.112
Lapsed during the year	(2,615)	0.094	(6,522)	0.190
Outstanding at the end of the year	362,398	0.253	438,231	0.232
Exercisable at the end of the year	362,398	0.253	379,057	0.236

22 Share Capital continued

Share options exercised in the current financial year were exercised at prices between £0.094 and £0.194 (2010: between £0.093 and £0.199). The weighted average share price at the date of exercise was £0.099 (2010: £0.112).

The options outstanding under the approved and unapproved share option schemes as at 31 July 2011 have the following average exercise prices and expire in the following financial years.

Expiry	Exercise price £	2011 Number	2010 Number
31 July 2013	0.180	24,000	24,000
31 July 2015	0.180	44,335	44,335
31 July 2017	1.645	82,067	82,067
31 August 2021*	0.166	341,052	416,885

* 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.

During the year ended 31 July 2011, 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 27. The charge in relation to the LTIP in the year ended 31 July 2011 was £100,000 (2010: £14,000). This charge was valued using a Monte Carlo simulation.

	2011 WAEP		2010 WAEP	
	Number	£	Number	£
Long-term incentive plan (LTIP)				
Outstanding at the beginning of the year	3,925,992	0.000	2,034,655	0.000
Granted during the year	2,314,909	0.000	1,891,337	0.000
Exercised during the year	–	–	–	–
Lapsed during the year	(284,041)	0.000	–	–
Outstanding at the end of the year	5,956,860	0.000	3,925,992	0.000
Exercisable at the end of the year	–	–	–	–

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 27. The charge in relation to the Deferred Stock Scheme in the year ended 31 July 2011 was £133,000 (2010: £nil). This charge was valued using a Black-Scholes model.

	2011 WAEP		2010 WAEP	
Deferred stock scheme	Number	£	Number	£
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	1,500,000	0.000	–	–
Exercised during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Outstanding at the end of the year	1,500,000	0.000	–	–
Exercisable at the end of the year	–	–	–	–

Notes to the Consolidated Financial Statements for the year ended 31 July 2011

22 Share Capital continued

The fair value of shares and share options granted under the various schemes 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:	2011
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 (£m)	40
Vesting adjustment factor	100%
Total scheme adjusted fair value (£m)	0.6
Performance period (years)	3.0
Annual income statement charge which would 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 minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2011 are as follows:

	31 July 2011		31 July 2010	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	642	254	1,191	84
Between one and five years	1,855	523	1,046	140
In five years or more	–	–	15	34
	2,497	777	2,252	258

24 Capital Commitments

At 31 July 2011, the Group had no outstanding commitments to procure software (2010: £nil).

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 £327,000 (2010: £327,000).

Other barter transactions totalled £527,000 (2010: £136,000).

26 Transactions With Directors and Other Related Parties

There have been no transactions with Directors during the year.

During the period, YouGov plc provided research services totalling £90,000 (2010: £128,000) to Privero Capital Advisors Inc. A minority stake of 25% in this company is owned by Stephan Shakespeare, an Executive Director of YouGov plc. The sales were made at an arm's length and on usual commercial terms. These arrangements have previously been disclosed as a related party transaction under the AIM Rules for Companies. At 31 July 2011 Privero Capital Advisors Inc owed YouGov plc £292,000 (2010: £208,000).

During the period, YouGov plc invested £500,000 for a 25% stake in CoEditor Limited, a company owned by Doughty Media 2 (owned by Stephan Shakespeare).

In the year ended 31 July 2011, YouGov plc provided research services totalling £nil (2010: £30,000) to Doughty Media Limited, a company which Stephan Shakespeare owns. At 31 July 2011, Doughty Media Limited owed YouGov plc £nil (2010: £nil).

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

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

Independent Auditors' Report to the Members of YouGov plc on the Parent Company Financial Statements for the year ended 31 July 2011

We have audited the parent company financial statements of YouGov plc for the year ended 31 July 2011 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 Directors' Report 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 2011;
- 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 2011.

David A Snell
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 October 2011

Company Balance Sheet as at 31 July 2011

	Note	31 July 2011 £000	31 July 2010 £000
Fixed assets			
Intangible assets	4	206	191
Tangible assets	5	283	380
Investments	6	36,691	33,546
		37,180	34,117
Current assets			
Debtors	7	17,115	13,070
Cash at bank and in hand		867	5,424
		17,982	18,494
Creditors: amounts falling due within one year	8	(8,272)	(11,104)
Net current assets		9,710	7,390
Total assets less current liabilities		46,890	41,507
Provision for liabilities	9	(141)	(171)
Net assets		46,749	41,336
Capital and reserves			
Called up share capital	11	195	194
Share premium account		30,947	30,822
Merger reserve		9,239	9,239
Profit and loss account		6,368	1,081
Total shareholders' funds	10	46,749	41,336

The accounting policies and notes on pages 78 to 82 form an integral part of this financial statement.

The financial statements were approved by the Board of Directors on 10 October 2011 and signed on its behalf by

Alan Newman
Chief Financial Officer

Principal Accounting Policies of the Company Financial Statements

for the year ended 31 July 2011

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 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 FRS 1 "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.

Related Parties

The Company has taken advantage of the exemption contained in FRS 8 "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 Group 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 takes into account the expected savings from the lottery offered in various territories.

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 amounts written off. The carrying value is considered annually by the Directors in comparison against the potential net realisable value.

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.

Notes to the Company Financial Statements for the year ended 31 July 2011

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 £4,950,000 (2010: loss of £4,536,000). This includes audit fees for the Company of £40,000 (2010: £40,000).

2 Staff Numbers and Costs

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

	31 July 2011 £000	31 July 2010 £000
Wages and salaries	5,168	5,363
Social security costs	558	470
Share-based payments	233	14
Other benefits	28	27
	5,987	5,874

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

	31 July 2011	31 July 2010
Key management personnel	7	4
Administration and operations	79	76
	86	80

Specific disclosures in relation to compensation for key management personnel (defined as Entity Directors and/or Chief Executive Officers) who held office during the year was as follows:

	31 July 2011 £000	31 July 2010 £000
Short-term employee benefits	526	617
Share-based payments	66	5
	592	622

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 27 to 28.

3 Dividend

No dividend was paid or proposed during the year (2010: £nil).

4 Intangible Assets

	Panel acquisition costs £000	Trademarks £000	Total £000
Cost			
At 1 August 2010	255	106	361
Additions	78	8	86
At 31 July 2011	**333**	**114**	**447**
Accumulated amortisation			
At 1 August 2010	170	–	170
Provided in the year	71	–	71
At 31 July 2011	**241**	**–**	**241**
Net book amount at 31 July 2011	**92**	**114**	**206**
Net book amount at 31 July 2010	85	106	191

5 Tangible Assets

	Software development costs £000	Fixtures and fittings £000	Computer software and hardware £000	Leasehold property and improvements £000	Total £000
Cost					
At 1 August 2010	418	321	812	177	1,728
Additions	–	5	104	–	109
At 31 July 2011	418	326	916	177	1,837
Accumulated depreciation					
At 1 August 2010	418	192	616	122	1,348
Provided in the year	–	33	138	35	206
At 31 July 2011	**418**	**225**	**754**	**157**	**1,554**
Net book amount at 31 July 2011	**–**	**101**	**162**	**20**	**283**
Net book amount at 31 July 2010	–	129	196	55	380

6 Fixed Asset Investments

Total fixed asset investments comprise:

	31 July 2011 £000	31 July 2010 £000
Interest in subsidiaries	**35,750**	33,166
Interest in joint ventures and associates	**500**	43
Capital contributions arising from share-based payments	**441**	337
	36,691	33,546

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.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the Company Financial Statements for the year ended 31 July 2011

7 Debtors

	31 July 2011 £000	31 July 2010 £000
Trade debtors	3,424	2,916
Amounts owed by Group undertakings	9,798	6,524
Amounts owed by joint ventures	–	122
Other debtors	73	337
Prepayments and accrued income	2,166	1,599
Deferred taxation	1,654	1,572
	17,115	13,070

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

8 Creditors: Amounts Falling Due Within One Year

	31 July 2011 £000	31 July 2010 £000
Trade creditors	457	343
Amounts owed to Group undertakings	3,292	6,657
Taxation and social security	1,067	532
Other creditors	15	–
Accruals	2,742	3,168
Deferred income	699	404
	8,272	11,104

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

9 Provisions for Liabilities

	31 July 2011 £000	31 July 2010 £000
Deferred tax		
At 1 August	171	252
Released during year in profit and loss account	(30)	(81)
At 31 July	141	171

The deferred tax charge in the current and prior years represents accelerated capital allowances on fixed assets acquired.

10 Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total £000
Balance at 31 July 2009	193	30,811	9,239	5,469	45,712
Changes in equity for 2010					
Loss for the year	–	–	–	(4,536)	(4,536)
Total recognised expense for the year	–	–	–	(4,536)	(4,536)
Issue of share capital through exercise of share options	1	11	–	–	12
Share-based payments	–	–	–	148	148
Balance at 31 July 2010	194	30,822	9,239	1,081	41,336
Changes in equity for 2011					
Profit for the year	–	–	–	4,950	4,950
Total recognised income for the year	–	–	–	4,950	4,950
Purchase of minority interests	1	125	–	–	126
Share-based payments	–	–	–	337	337
Balance at 31 July 2011	195	30,947	9,239	6,368	46,749

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	£000
Year to 31 July 2011		
At 1 August 2010	96,827,414	194
Issue of shares	302,051	1
At 31 July 2011	97,129,465	195
Year to 31 July 2010		
At 1 August 2009	96,733,177	193
Issue of shares	94,237	1
At 31 July 2010	96,827,414	194

Further details on the issues of share capital are included in note 22 of the consolidated financial statements.

	Number	£000
Authorised share capital		
At 31 July 2011		
Ordinary shares @ 0.2p each	150,000,000	300
At 31 July 2010		
Ordinary shares @ 0.2p each	150,000,000	300

Notes to the Company Financial Statements for the year ended 31 July 2011

12 Share-Based Payments

The Company's share-based payments are included in note 22 of the consolidated financial statements. The charge included in the profit and loss account of the Company is £233,000 (2010: £14,000). The increase in investment in respect of subsidiaries is £104,000 (2010: £134,000).

13 Leasing Commitments

Operating lease payments amounting to £343,000 (2010: £439,000) are due within one year. Annual commitments under operating leases which expire in the following periods as follows:

	31 July 2011		31 July 2010	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	–	–	289	5
Between one and five years	321	22	289	–
In five years or more	–	–	–	–
	321	22	578	5

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 £327,000 (2010: £327,000).

Other barter transactions deemed not material in aggregate totalled £28,000 (2010: £28,000).

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 7 December 2011 at 12.30pm to consider and, if thought fit, pass the resolutions below. Resolution 8 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 2011, 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 2011.

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 Peter Bazalgette as a Director retiring by rotation in accordance with the Company's Articles of Association.

6 To reappoint Alan Newman as a Director retiring by rotation in accordance with the Company's Articles of Association.

7 To reappoint Richard Douglas Rivers as a Director who, having been appointed a Director by the Directors since the last Annual General Meeting, would in accordance with the Company's Articles of Association vacate office at the conclusion of this meeting unless reappointed.

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

Special Resolution

8 THAT:

8.1 the Directors shall, in substitution of all previous authorities, have the power under section 570 of the Companies Act 2006 (the "Companies Act") to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authority conferred by resolution 6 passed at the Annual General Meeting held on 7 December 2007, as if section 561(1) of the Companies Act did not apply to the allotment;

8.2 this power shall be limited to:

8.2.1 the allotment of equity securities in connection with an offer or issue of such securities to holders of Ordinary Shares on the register on a date fixed by the Directors, whether by way of rights issue, open offer or otherwise, in proportion (as nearly as practicable) to their respective holdings on that date or in accordance with the rights attached to them but subject to such exclusions and other arrangements as the Directors may consider appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

8.2.2 the allotment (other than under paragraph 7.2.1 above) of equity securities having, in the case of relevant shares (as defined for the purposes of section 560 of the Companies Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £9,750;

8.3 this power shall cease to have effect on the earlier of the date on which the authority given by resolution 6 passed at the Annual General Meeting held on 7 December 2007 is revoked, and the conclusion of the next Annual General Meeting of the Company;

8.4 the Company may make an offer or agreement before this authority expires which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the authority has expired.

By order of the Board

Alan Newman
Company Secretary
10 October 2011

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

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 5 December 2011.

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 5 December 2011 (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 5 December 2011. 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

The notes above give an explanation of the proposed resolutions. Resolutions 1 to 7 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 8 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.

Resolution 8 (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 2011 (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 will expire on the earlier of, the expiry or revocation of the Directors' authority to allot shares given at the Annual General Meeting on 7 December 2007, and the conclusion of the next Annual General Meeting.

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