# We collect and connect data

YouGov
What the world thinks

Annual Report and Accounts 2017

**YouGov is an international data and analytics group. Our core offering of opinion data is derived from our highly participative panel of 5 million people worldwide. We combine this continuous stream of data with our deep research expertise and broad industry experience into a systematic research and marketing platform.**

## Strategic report



## Governance



**For more information visit:**
**yougov.co.uk/about/investors**

## Financial statements



## Additional information





## Operational highlights

- Group revenue increased by 21% (9% on a constant currency basis)
- Data Products and Services revenue up by 37% to £47m (24% on a constant currency basis); now represents 44% of Group total (2016: 38%)
  - BrandIndex revenue increased by 36% (20% at constant currency) to £20m
  - Profiles revenue increased by 165% (144% at constant currency) to £4m
  - Omnibus revenue increased by 33% (23% at constant currency) to £22m
- Data Products and Services operating profit increased by 32%
- Custom Research revenue up by 11% (static at constant currency) to £60m and operating profit increased by 30%
- Adjusted operating profit up by 33%, adjusted profit before tax up 24% and adjusted earnings per share up by 24%
- Cash generated from operations (before paying interest and tax) increased by 37% to £19m (2016: £14m)
- Excellent cash conversion of 130% of adjusted operating profit[1] (2016: 130%)
- Net cash balances of £23.2m (2016: £15.6m)
- Recommended dividend increased by 43% to 2.0p per share
- US becomes largest profit generator with operating profit increasing 54%

## Financial highlights

**Turnover (£m)**
£107.0m
2016: £88.2m

**Adjusted earnings per share[1] (p)**
10.9p
2016: 8.8p

**Adjusted operating profit[1] (£m)**
£14.5m
2016: £10.9m

**Statutory profit before tax (£m)**
£7.9m
2016: £5.5m

**Operating cash generation (£m)**
£18.9m
2016: £14.1m

**Statutory operating profit (£m)**
£7.6m
2016: £4.3m

**Adjusted profit before tax[1] (£m)**
£16.4m
2016: £13.3m

1. Defined in the explanation of alternative performance measures on page 35.

# Strategic report

"This is the third consecutive year in which YouGov has delivered growth significantly above the market, both in revenue and profit. We expect continued growth consistent with our ambition to become a leading player in the global data and analytics market."

Stephan Shakespeare
Chief Executive Officer

Chief Executive's review
pages 24–31

"We have continued to expand our global capability, which includes our panel comprising of 5 million people worldwide and a network of 30 offices in 20 countries, making YouGov one of the top ten international market research networks."

Roger Parry
Chairman

Chairman's statement
pages 04–05

# Chairman's statement

## for the year ended 31 July 2017

We are pleased to report that in the financial year just ended, YouGov has once again achieved strong organic revenue growth and significantly increased its profitability. This performance is in line with the long-term plan we have been following since 2015. As shareholders will be aware, this plan set ambitious goals for the company based on rapid growth in the higher margin Data Products and Services parts of our business and on raising the profit margins in our Custom Research business.

Group revenue of £107m increased by 21% in reported terms, and 9% in constant currency terms, compared to the prior year. This organic growth rate is once again well above that of the global research market. Our adjusted operating profit increased by 33% to £14.5m and the operating margin increased by 2% points to 14%.This reflects the benefits of the continuing planned shift in our product mix from traditional market research to subscription-based Data Products and Services. The latter accounted for 44% of total Group revenue in the year, an increase of 6% points in its share from 2015/16.

YouGov is a pioneer of the market's shift towards rich, single-source, connected data. Our proprietary multi-dimensional database, the YouGov Cube, allows fast, large-scale analysis of many thousands of variables. This has allowed us to create innovative syndicated data products and services that are helping to grow our market share among key users of data on public behaviour and attitudes. These users include brand owners, advertising and media agencies focussing on marketing, as well as public agencies wishing to understand the populations that they serve.

YouGov's ability to provide accurate, in-depth data was demonstrated during the 2017 UK general election. We applied our ground-breaking MRP (Multi-level Regression and Post-stratification) model, which produced highly accurate seat-by-seat projections and predicted a hung parliament. The model's combination of connected data and sophisticated analytics is directly applicable to the analysis and monitoring of audiences in many marketing contexts. The model is currently being developed for commercial uses and will allow us to gain advanced statistical insights into micro audiences with greater confidence than ever before.

Roger Parry
Chairman

"YouGov has once again achieved strong organic revenue growth and significantly increased its profitability."

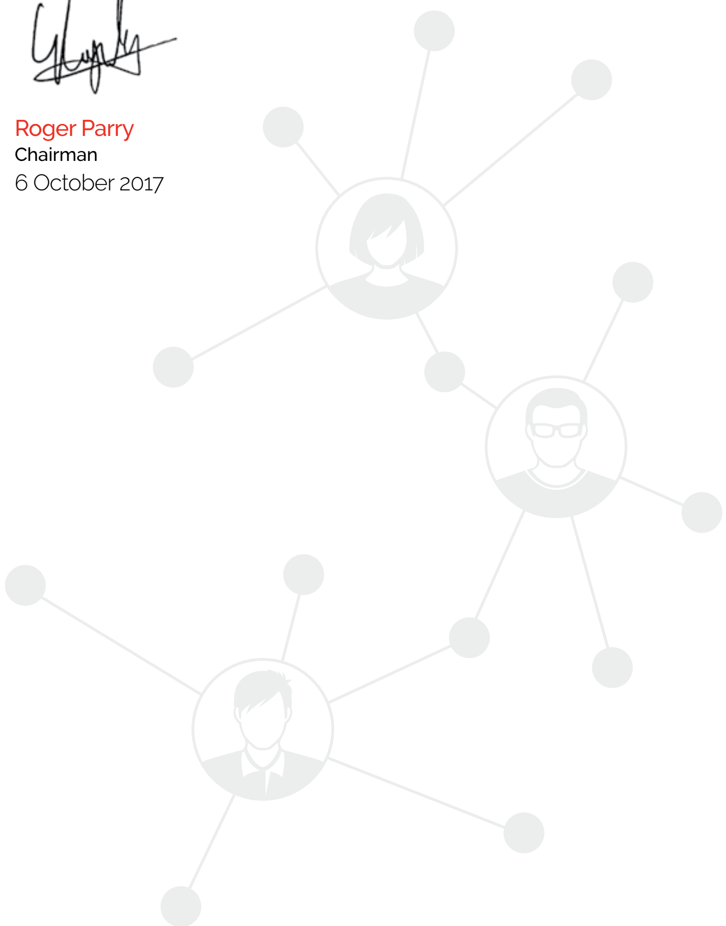
We have continued to expand our global capability, which includes our panel comprising of 5 million people worldwide and a network of 30 offices in 20 countries, making YouGov one of the top ten international market research networks. This year the USA became our largest profit generator having already been our largest revenue source for several years. This reflects our success in winning many US-based global leaders as clients and is a strength at a time when the UK and European political and economic outlook remains more uncertain.

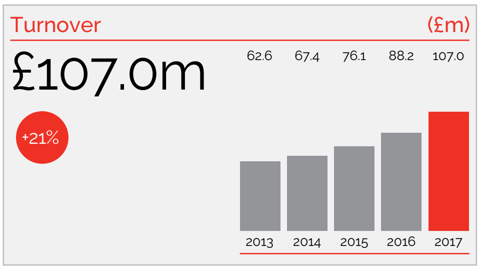
YouGov's strong cash position has enabled us to continue to invest to support organic growth, including in our product development, technology and panel. It also provides us with the means to consider bolt-on acquisition opportunities that may arise to accelerate our development in line with our strategy.

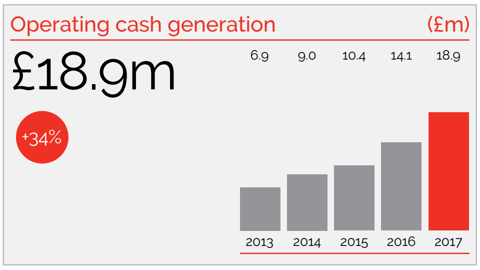
In keeping with our progressive dividend policy, we are pleased to propose a 43% increase in the annual dividend to 2.0p per share, payable in December 2017.

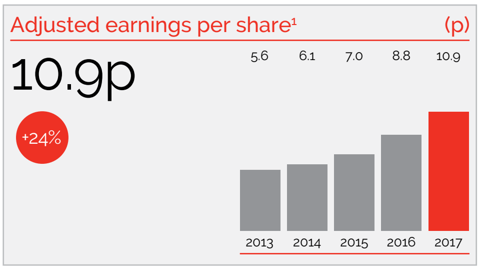
As separately announced, Alan Newman, Chief Financial Officer, will be retiring from the Company at the end of December 2017 after nine years in this role. On behalf of the Board of Directors, I would like to take this opportunity to thank Alan for his service and his contribution to YouGov's successful growth and strong financial momentum.

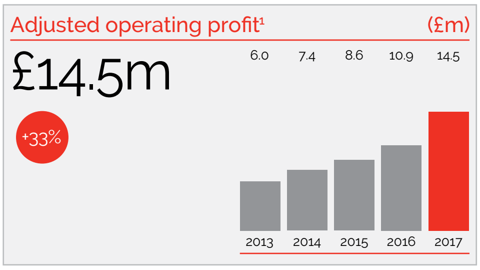
Roger Parry
Chairman
6 October 2017

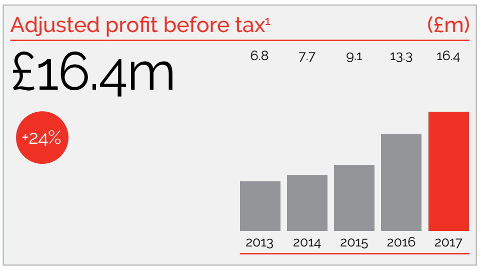


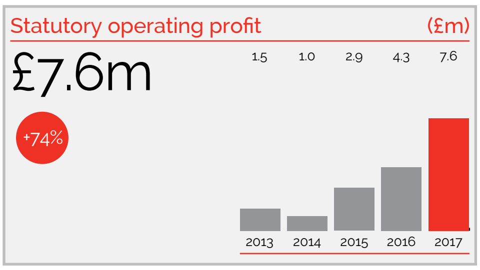



1. Defined in the explanation of alternative performance measures on page 35.

# Our business model



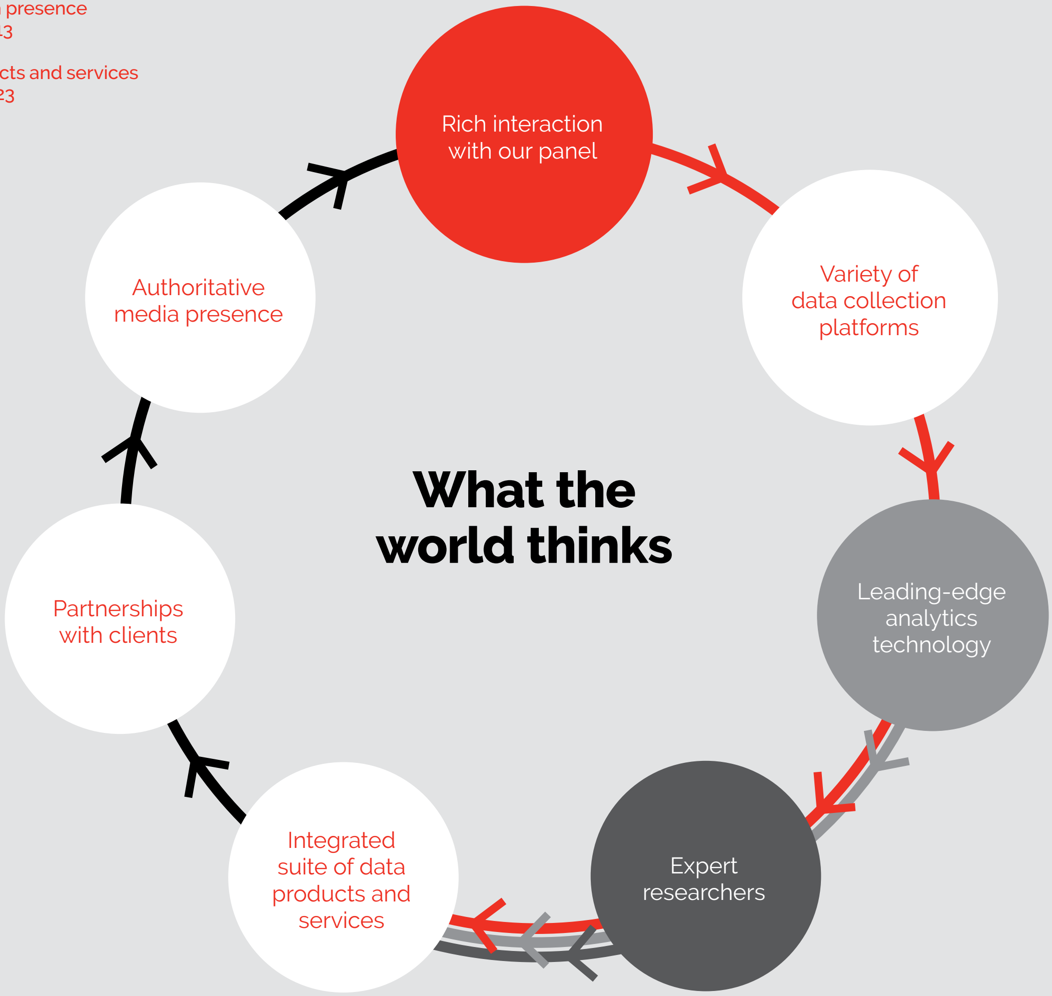
## We don't just collect data, we connect data

YouGov is an international data and analytics group. Our value chain is a virtuous circle consisting of a highly engaged online panel, innovative data collection methods, powerful analytics technology, delivery of high-margin syndicated data products, expert insights and an authoritative media presence.

Our core offering of opinion data is derived from our highly participative panel of 5 million people worldwide who provide us with live, continuous streams of data. We capture these streams of data via our variety of data collection platforms and collect them in the YouGov Cube, our unique connected data library. We maximise the value of all this connected data through the application of leading-edge analytics technology and strong research expertise in order to deliver to our clients an innovative and systematic research and marketing platform which can be used to plan, manage and refine all types of campaigns.

Our media presence
pages 12-13

Our products and services
pages 14-23




**Key**
- Data
- Technology
- Expertise
- Results

# Our strategy

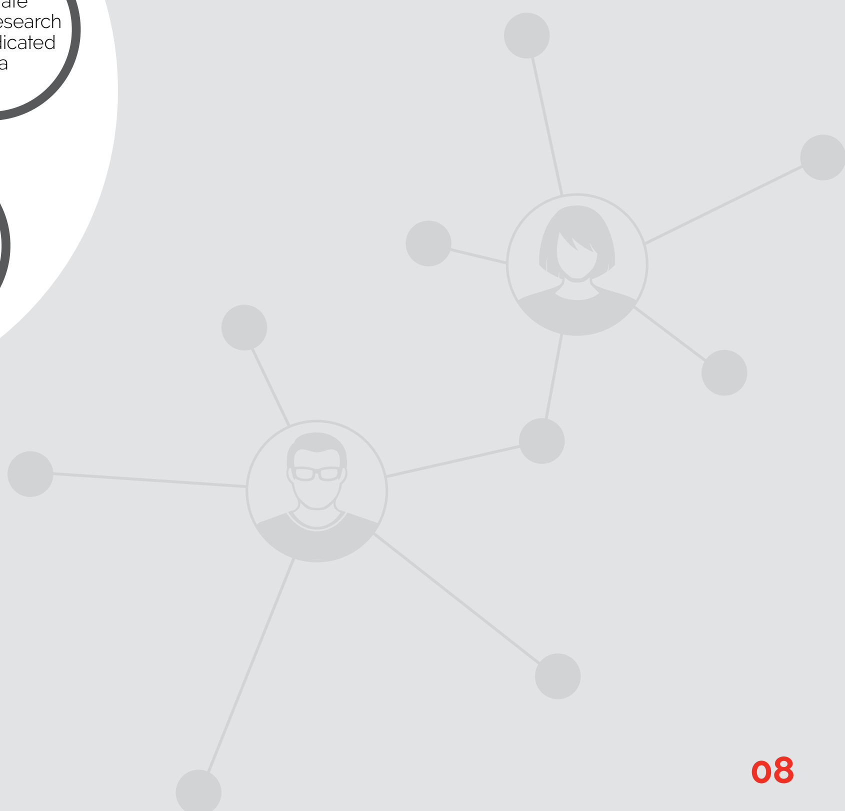
## From a market research company to a data and analytics company

In the early 2000s, then a fledgling UK-based market research firm, YouGov pioneered the use of the internet to undertake surveys and collect the results. The YouGov model was founded on our belief that, done properly, internet-based research is more accurate than traditional market research methods, while being faster, more flexible and richer in data. Our traditional competitors have, mostly, recognised this and also moved to internet-based research.

Our business model has evolved in keeping with the growth of internet usage, the advancement of big data analytics, and the changing needs of our clients. In 2012, we outlined five key strategic objectives (see diagram below) selected to help YouGov transition from being a market research company to a global data and analytics company. At that time the majority of our revenue was from Custom Research and only 26% was from Data Products and Services; today, 44% of our revenue is generated by Data Products and Services and in the coming year we aim to accelerate progress towards our goal of it reaching the 50% mark.

In order to achieve the objectives of significantly growing our Data Products and Services line of business, and better integrating our syndicated data resources with our custom research services, we have been investing in both the foundation and the shop-window; that is, in advanced data collection, analysis and reporting techniques. We have created the YouGov Cube, our proprietary, multi-dimensional database that allows the storage and analysis of thousands of data points and underpins all our products and services. We have invested in Crunch, our cutting edge data analytics and visualisation technology, which our employees and clients can use to mine and interrogate our data stores. We have also invested in growing our data products suite, launching Profiles last year and now the newer Data Applications offerings this year. As this further set of good financial results demonstrates, we have the right strategy, our implementation is effective and our investments are paying off.



# Our strategy continued

We are successfully implementing our clearly defined strategy of developing smarter alternatives to traditional market research – based on connected data, new analytical tools and innovative applications – and bringing it all together into a single system, a single dashboard, a single infrastructure for applied research.

We are advancing in all parts of the YouGov System to create greater efficiency, accuracy and currency for our clients.

These are the parts:

**An engaged panel**

We aim to create a fully global panel that is larger, more engaged and more productive than any currently available. We are making it easier to recruit new panellists and making induction to the panel faster and more engaging. The YouGov Take Part mobile app is in its second phase of improvement and we will shortly be introducing a new format for completing surveys that is more rewarding in terms of valuable feedback to panellists.

**Advanced analytics technology**

We have made a strong advance in methodology through MRP, as described above. This was made possible by our large panel producing connected data for analysis through Crunch. Crunch is our new online data analytics platform, now being increasingly integrated into our customer-facing online offer. Crunch makes data processing faster and more accurate and enables clients to obtain increased value through easy-to-use analytics tools. Advanced clients are using this new platform to combine and analyse data from other sources as well as data supplied by YouGov.

YouGov ranked in the Top 25 Global Market Research Companies in the AMA Gold Report 2017

### 24/7 global data processing and analytics resources

Our all-hours data processing and analytics support, provided through our shared services data operations centre in Romania, continues to grow and the services network will soon be supporting research seven days a week.

### Self-service survey design tool

Our new self-service tool, "Collaborative Insights", is being used in beta by a select number of US and UK clients. The tool speeds up the process of designing and scripting surveys both for the Omnibus service and also for general custom research. We intend for it to grow into a collaborative self-service system that links syndicated data to custom studies on a single dashboard. Additionally, expert researchers will be available to enhance the self-service offering as needed so that even more complex research can be made efficient.

### New data applications

We have invested in our Data Intelligence Unit to drive future organic growth and the unit is developing new commercial uses for our connected data set (the YouGov Cube). We have packaged a number of the different use cases that go "beyond the login" of BrandIndex and Profiles to create a series of data applications that can be sold to clients as add-ons to their product subscriptions. These new connected data applications are far more advanced than the traditional market research offering, allowing our clients not only to plan marketing campaigns and track performance, but also to build audience segments and execute their programmatic media buys, all using a single-source platform.

### Product-aligned custom trackers and services

Recurring, single or multi-country custom trackers (contracted for one or more years), whose data is delivered through Crunch, are a form of custom research that is highly aligned with YouGov's strategic focus. Trackers meet clients' needs for longitudinal monitoring and can provide company-specific information which even clients using our BrandIndex and Profiles syndicated products may require in order to supplement the information provided by the product. Another form of customised information linked to Profiles data is the re-contact study, usually conducted via the Omnibus platform, which enables client-specific questions to be addressed to a sample selected using Profiles.

**Stephan Shakespeare**
Chief Executive Officer
6 October 2017

YouGov ranked in the Top Ten Fastest Growing Businesses in the MRS Research Live Industry Report 2017

# Our reach

## YouGov has one of the world's top ten international market research networks

YouGov's proprietary panel consists of 5 million people across 38 countries (shown in dark grey on the map).

We have 30 offices in 20 countries, covering the USA, UK, France, Germany, Nordics, Middle East and Asia Pacific (shown in red on the map).

All of our offices are client-facing, with the exception of two offices which provide back office support only. Our Warsaw office provides support for our global online presence and related technology development, and we have a shared service centre in Bucharest providing scripting and data processing services to all our businesses globally.


### Office Locations

1. San Francisco, CA.
2. Redwood City, CA.
3. Portland, OR.
4. Washington D.C.
5. New York, N.Y.
6. Cheshire, CT.
7. London
8. Paris
9. Cologne
10. Berlin
11. Warsaw
12. Bucharest
13. Copenhagen
14. Oslo
15. Stockholm
16. Malmö
17. Helsinki
18. Cairo
19. Erbil
20. Jeddah
21. Dammam
22. Riyadh
23. Dubai
24. Shanghai
25. Hong Kong
26. Singapore
27. Jakarta
28. Bangkok
29. Kuala Lumpur
30. Sydney

**5m**
panellists across 38 countries

**30**
offices worldwide


14
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# Our media presence

YouGov is the most quoted market research source in the UK

*Metro Sweden*

## Därför avslöjar kompisen din hemlighet

När får man avslöja någon annan persons hemlighet? Det svarar svenskarna på i en ny undersökning som gjorts på uppdrag av Metro. Har du någonsin lovat att hålla en hemlighet men sedan fört vidare det till någon annan? Kanske för att lätta på ditt eget hjärta eller för att det var spännande skvaller? Nya siffror visar att nästan 40 procent av svenskarna tycker att man får avslöja en annan persons hemlighet, det visar en Yougov-undersökning gjord på uppdrag av Metro.

*Metro Sweden,*
18 November 2016

*Handelsblatt*

## Wie die Deutschen zu Geld Stehen

Wie stehen die Deutschen zum Geld? Neue Umfragen zeigen, wie groß die Angst vor Armut ist und wie paradox ihr Verhalten ist. Und wie viele bereit wären, für eine Million Euro ein Jahr lang auf Sex zu verzichten.Die Zahlen stammen von dem Meinungsforschungsinstitut Yougov, das an diesem Montag das Buch „Wir Deutschen und das Geld" herausbringt.

*Handelsblatt,*
12 September 2016

YouGov is the second most quoted market research source in Germany

*The Telegraph*

## Britain's ideal pub serves food as YouGov reveals features of the country's perfect boozer

Would your perfect pub be a quiet, cheap, cosy place to have a pint or a gleaming gastropub? The latter seems to be what Britons would prefer, as a new YouGov survey has shown the UK's number one desired trait in a pub is that it serves food.

*The Telegraph,*
8 August 2017

*The Daily Mail*

## The relationship generation! How millennials crave more commitment than Gen X and Baby Boomers

Though some may think that Tinder-addicted millennials are only interested in casual flings, the truth is the total opposite: millennials are more likely to want commitment than older generations. New data from YouGov reveals that millennials (those aged 18 to 34, according to the survey) are actually more interested in the prospect of a relationship than older generations.

*The Daily Mail,*
6 June 2017

*Jing Daily*

## One-Third of Chinese See a Completely Cashless Society in 10 Years, Survey Shows

Over 30 percent of Chinese internet users believe that China will completely transform into a cashless society in the next 10 years, according to a report released by the market research firm YouGov earlier this month.

*Jing Daily,*
27 July 2017

*The Financial Times*

## YouGov: Most Brexiters say economic damage 'price worth paying'

More than 60 per cent of Brexit voters believe that "serious" damage to the UK economy would be a price worth paying to achieve Brexit, according to YouGov, with older voters particularly supportive of ensuring the UK leaves the EU, whatever the cost.

*The Financial Times,*
1 August 2017

YouGov is the third most quoted market research source in the USA

*Gulf News*

### 57% of UAE residents expect spending hike during Ramadan

Despite assurances that retailers will slash the prices for basic essentials during Ramadan, the majority of residents in the UAE are still anticipating an increase in household spending throughout the fasting period, a new survey suggests. According to the findings released by market research firm YouGov, nearly six in ten of consumers in the UAE and Saudi Arabia expect the prices for goods and services to rise over the month.

*Gulf News,*
30 May 2017

*The Huffington Post*

### YouGov-Umfrage: Fast jeder zweite Deutsche erwartet Dritten

Fast jeder zweite Deutsche fürchtet sich vor einem Dritten Weltkrieg in den kommenden vierzig Jahren. Das ergab eine repräsentative YouGov-Umfrage exklusiv für die Huffington Post.

*The Huffington Post,*
25 November 2016

*Campaign Asia*

### Singles Day fatigue? Researchers note declining interest

In its eighth year, Singles Day appears to be losing some of its shine among Chinese shoppers, based on survey results from Admaster and YouGov.

*Campaign Asia,*
11 November 2016

*Buzzfeed*

### Two-Thirds Of Adults Say They Would Boycott A Brand Over Social Issues

Fifty-nine percent of adults said they would boycott a brand if they strongly disagreed with its stance on a particular social issue, according to a YouGov report.

*Buzzfeed,*
9 March 2017

*Forbes*

### America's Most Neighborly Cities

TV often depicts the United States as a close-knit society with strong neighborly connections. From Wilson in Home Improvement and Ned Flanders in The Simpsons, these friends across the fence can prove indispensible. While plenty of Americans have to put up with terrible neighbors, the rosy picture painted by television is certainly evident in some U.S. cities. According to new research from YouGov, Houston boasts the strongest neighborly connections of any large U.S. city.

*Forbes,*
13 September 2016

*The Wall Street Journal*

### And the Winner of the U.K. Election Is....YouGov

No political party can really claim to have won the U.K. election, but one company can — YouGov.

The polster, which is listed on the London stock exchange, was the only major forecaster to predict that no party would win an outright majority in Thursday's general election. Most other surveys indicated a majority for Theresa May's Conservative party, which ended up with more parliamentary seats than Jeremy Corbyn's Labour party but not enough to form a government on its own.

*The Wall Street Journal,*
9 June 2017

*Psychologies*

### Un Français sur trois a déjà fait appel à un psy

Aller chez le psy est-il rentré dans les mœurs ces dernières années ? Il semblerait bien que oui ! Selon un sondage réalisé par YouGov pour Psychologies, un Français sur trois a déjà fait appel à un thérapeute.

*Psychologies,*
1 July 2017

# Our products and services

## Our suite of products and services

YouGov's suite of products and services is made up of syndicated Data Products (including YouGov BrandIndex, YouGov Profiles and our new Data Application add-ons) and Data Services (including YouGov Omnibus); and Custom Research by our sector specialists.

All of our products and services are underpinned by our unique data infrastructure, the principal elements of which are the Cube (our connected data library) and Crunch (our data analytics and visualisation tool).

Through the continued development of new data solutions and expansion of our data infrastructure, we are building on a complementary portfolio of proprietary decision-making tools and resources, which together provide a system which supports key players in the advertising and marketing ecosystem: brand owners, media agencies, advertising agencies, public relations firms and media owners.

Using the YouGov system, our clients can manage their entire marketing workflow. YouGov's services include:

- Identify target consumer segments that represent opportunities for growth;
- Describe those consumer segments in a detailed fashion to help create content and messaging that will resonate;
- Target those consumer segments based on our extensive media profiling, down to the television programme and website level of granularity;
- Evaluate the performance of a campaign once it has launched, e.g., did it reach the target audience, what was the impact of the campaign on key brand metrics?
- Quickly field additional questions to key consumers, either in support of a campaign at the planning stage, or during a campaign to probe why consumers are responding as they are; and
- Conduct a deep dive to understand how evolving market dynamics and campaign learnings can be applied to tactical marketing decisions in the future.

### Data Products:

**YouGov BrandIndex**
Our daily brand perception tracker
Page 16

**YouGov Profiles**
Our planning and segmentation tool
Page 18

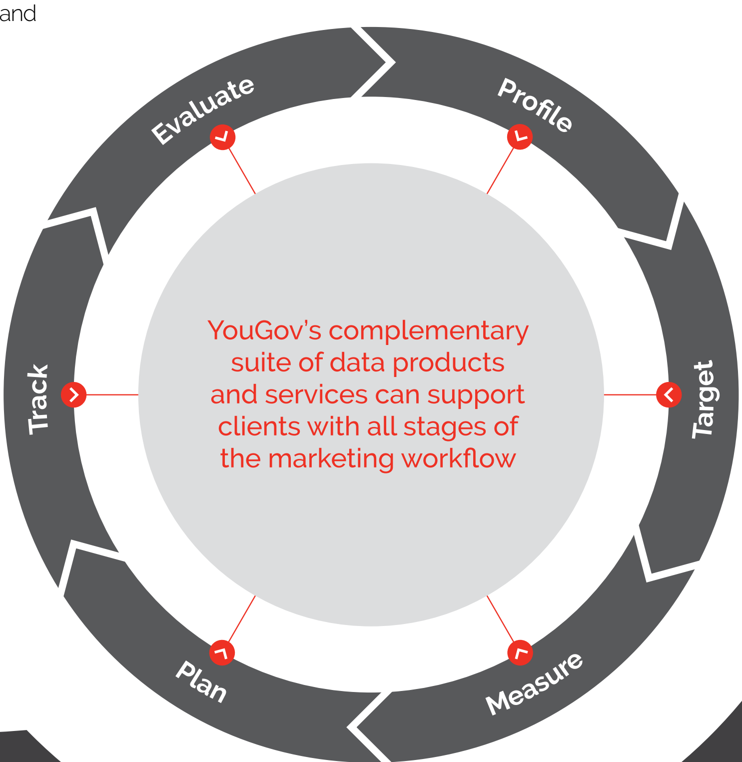
**YouGov Data Applications**
Our newest data solutions
Page 20

### Data Services:

**YouGov Omnibus**
Delivering next-day answers
Page 22

### Custom Research:

**YouGov Custom Research**
Quantitative and qualitative research
Page 23



Case study

## Spiritmedia

### Harnessing the power of the YouGov system to generate unique data and insights

Spiritmedia Scotland is a full service independent media agency based in Scotland. For Spiritmedia, demonstrating unique insights is vital when it comes to both pitching for new work and planning campaigns for existing clients. Because traditional research tools are poorly tailored for the Scottish market - with small samples and a lack of coverage for regional and local media properties – the agency found itself facing significant challenges in uncovering insights on Scottish audiences.

Through the capability of YouGov Profiles to extract insights from YouGov's proprietary panel of Scottish citizens, YouGov was uniquely placed to provide a solution for the agency. Using YouGov Profiles to segment the Scottish population by age, sex, affluence and other key variables, Spiritmedia's planning team found that they were easily able to identify and describe targeted audiences with confidence.

At Spiritmedia's request, YouGov made bespoke additions to the Profiles database – adding local press titles, radio stations, transport hubs and obscure health conditions – thereby generating previously unobtainable data and insights on the local population. With over 70,000 survey completes every day, adding new questions and topics to the YouGov Cube data library (which underpins all our data products, including Profiles) is easily done.

No longer does Spiritmedia have to wait several months for the data they need for that next pitch or campaign project. With the YouGov Profiles tool, they are now well positioned to present data and insights on the Scottish market.

"The willingness of YouGov to consider adding bespoke research content into Profiles is refreshing. The speed that a reliable sample can be generated helps deliver cost effective, robust insight in a relatively short space of time. A valuable additional benefit of Profiles."

Graham Milne
MD, Spiritmedia Scotland

# Our products and services continued

## Data Products continued

YouGov BrandIndex

### Our daily brand perception tracker

BrandIndex, YouGov's flagship brand intelligence service, tells our clients what the world thinks of their brands and their competitors at any given moment and helps our clients to understand the link between their media and advertising efforts, brand perception, and consumer response. BrandIndex data is updated daily (or bi-weekly or weekly in some developing markets) and includes up to 10 years of historical data, which is all available 24/7 to clients through our user-friendly BrandIndex portal.

During the year, BrandIndex was rolled out in five new markets (Vietnam, the Philippines, Taiwan, Italy and Spain) and is now available in 32 markets including Australia, Brazil, China, Denmark, Finland, France, Germany, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, Norway, the Philippines, Saudi Arabia, Singapore, Spain, Sweden, Taiwan, Thailand, United Arab Emirates, UK, the USA and Vietnam. Every day we survey nearly 12,000 consumers across these territories – conducting more than 5 million BrandIndex interviews every year against YouGov's proprietary panel. All together, we cover over 10,000 brands across dozens of industry categories.

Available across
**32**
markets

This year, we introduced increased interoperability with YouGov's Profiles product. This enhanced linkage allows us to better package the combined BrandIndex-Profiles offering as a single capability with a higher value proposition that can be licensed at a higher price point; the combined offering is being marketed as the "plan and track" service with which our agency and brand owner clients can segment their audiences and track brand awareness and perception. We are also leveraging the BrandIndex-Profiles linkage to derive greater value from our underlying Cube data, resulting in the new Data Applications offerings (described on page 20).

*Campaign US*

**Geico takes No. 1 spot on YouGov's first-ever 'Ad Awareness' ranking**

With $1.28 billion spent on paid advertising in 2015, Geico doesn't come close to cracking the list of the world's 10 most prolific advertisers. But the insurance company with the famously quirky ads nonetheless grabbed the No. 1 spot in YouGov BrandIndex's first-ever Ad Awareness Rankings, beating out bigger spenders like Verizon Wireless (No. 2) and AT&T (No. 4). The new rankings are based on an always-on digital survey that poses a single multiple-choice question: Have you seen an ad from this brand within the past two weeks? Geico's media spend indicates it should rarely have been the most popular answer. But the results suggest there is a gap between what viewers see and what they remember. Though ad spend certainly played a role in helping brands make the list, "the quality of the advertising" and whether those ads are "reaching the types of people you want to reach" were equally significant, said YouGov BrandIndex CEO Ted Marzilli.

*Campaign US,*
24 January 2017

YouGov BrandIndex
BEST BRAND

### YouGov BrandIndex BestBrand

For several years, YouGov BrandIndex has released bi-annual buzz rankings. Last year, we decided to take a more formal approach and promote the releases as "YouGov BrandIndex BestBrand". BestBrand overall and category winners are acknowledged with a personalised letter from YouGov, as well as a marketing pack which they can use in their advertising.

This year, we expanded our rankings releases. Approximately every other month, we now release relevant global rankings. These have included rankings among key demographic groups (e.g., women, LGBT consumers) as well as the introduction of additional metrics (e.g., Impression, Recommend, Advertising Awareness).

This approach has worked well with several brands citing placement on the BestBrand list or other public BrandIndex Top 10 releases in external communications. For example: Sprint cited its placement on the list of top brands on Advertising Awareness in the US; Aldi and Jet cited YouGov BrandIndex data in advertisements in Germany; in the UK, Premier Inn and LV= cited BestBrand data in advertisements; and Carnival Cruise Lines, Skechers and Subway have leveraged BrandIndex data in press releases.

Over
**10,000**
brands indexed

*BestBrand*

## Google, YouTube and Facebook top YouGov's global brand health ranking

Google is the world's healthiest brand, according to YouGov's Global Brand Health Rankings, a top 10 list dominated by technology companies.

*Campaign UK*,
26 July 2017

## Emirates ranked UAE's healthiest brand

Emirates airline has been ranked the UAE's healthiest brand with the highest index score, according to market research company YouGov's global daily brand tracker, BrandIndex, which surveyed consumer opinion about brands across 30 countries. The home-grown international airline was followed by messaging app WhatsApp, search engine Google, supermarket giant Carrefour and social platforms Facebook and YouTube respectively.

*Arabian Business*,
26 July 2017

## Bunnings rated the strongest Australian brand

Retail brands dominate the first ever YouGov brand health index that rates the performance of Australian brands. The results, which are based on YouGov's brand data, buck the global trend which sees technology and digital brands dominate.

*Ad News*,
28 July 2017

# Our products and services continued

## Data Products continued

## YouGov Profiles

### Our media planning and audience segmentation tool

YouGov Profiles is our groundbreaking tool for audience profiling, segmentation and media planning. The product is licensed to brand owners, the agencies who serve them and increasingly, media companies. The product allows users to profile their target audience across multi-channel data sets from a single source, with greater granularity and accuracy than ever before.

Profiles offers the largest, most detailed and real-time consumer database updated weekly. Leveraging the YouGov Cube, Profiles connects data on demographics and lifestyle, brand, sector, and media, digital and social all in one place, combining that with attitudes, interests, views and likes. For example, across the eight markets in which it currently exists, Profiles provides brand usage and perception data for some 3,000 brands (plus usage for thousands more), television viewing for 10,000 programmes, website usage for the most active commercial websites, social media likes on thousands of music artists, films, personalities, and much more.

Profiles was launched in the UK in late-2014, followed by the US and Germany in 2016, and now also runs in China, Indonesia, Malaysia, Denmark and Sweden. Plans are underway to extend Profiles to France, Australia, Singapore, Hong Kong and Thailand in the coming year. The tool holds up to 200,000 separate data variables collected from up to 300,000 YouGov panellists in a given country.

Profiles improves the ability of marketers to understand the people and audiences that matter to them, while enabling media owners to identify potential advertisers and make more informed content and scheduling decisions so as to deliver the target audience that advertisers require. In this respect, Profiles can support programmatic advertising processes and this use is proving increasingly popular with our UK, US and German digital media agency clients.

Profiles is offered to the market as a subscription service (like BrandIndex) with clients accessing the data through a dedicated portal. The Profiles portal gives users access to a wide range of detailed and connected data and provides analytics methods with which to interrogate and interpret the data. This year, we introduced a new version (2.0) of the Profiles tool, hosted on the Crunch platform. Initial beta testing among existing clients has gone well, and we intend to onboard all new Profiles clients in onto the Crunch platform, decreasing our dependence on a third party.

Profiles is proving a popular complement to BrandIndex: while Profiles allows users to define and understand their potential target customers, BrandIndex allows users to measure the effect of campaigns and other events on how their own and other brands are perceived by customers.

### YouGov Profiles LITE

YouGov Profiles LITE app, free to use on the YouGov website, allows users to type in the name of any brand, product or celebrity to receive a detailed portrait of its customers or fans. The app does this by comparing the characteristics of that specific fan/customer group with the characteristics of the rest of the population in order to derive what is most unusual about the fan/customer group.

When it was launched in November 2014, the app was an instant hit not only with potential clients but with the general public. It quickly went viral, featuring across the UK media in all national newspapers, on TV news and talk shows. The app received over a million searches in its first week and was a trending topic on Twitter. It continues to attract several thousand active users every week. Users of the app are asked to register online in order for us to maximise the potential for lead generation from these users for the full YouGov Profiles subscription.

> "YouGov Profiles make me look like the smartest guy in the room."
>
> David Jackson
> Strategy Director, FCB Inferno

## Profiles LITE profile of *Game of Thrones* fans

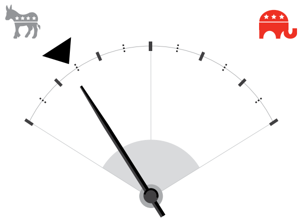
Now showing: Attributes of American viewers of *Game of Thrones*, compared to other groups of similar type.

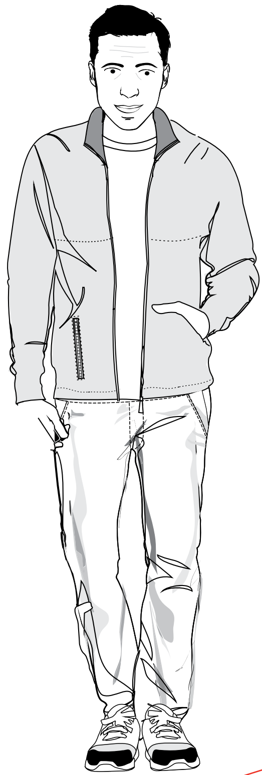
**DEMOGRAPHICS**

- GENDER: MALE
- AGE: 30-44
- URBAN

**POLITICS**

DEM REP



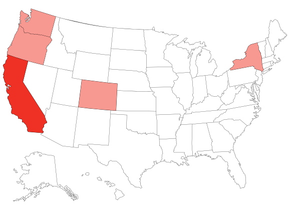


**PROFESSIONS**

- POLITICS AND GOVERNMENT
- CONSULTING
- IT AND SOFTWARE DEVELOPMENT

**TOP STATES**

- CALIFORNIA
- COLORADO
- OREGON
- WASHINGTON
- NEW YORK



Try out the app at:
yougov.co.uk/profileslite

"If you aren't addicted to YouGov Profiles yet, you soon will be."

*The Times*

# Our products and services continued

## Data Products continued

# YouGov Data Applications

### YouGov Data Applications

The newly enhanced linkage of the YouGov BrandIndex and YouGov Profiles data products has enabled us to offer clients new ways to get more value out of their product subscriptions via our "Plan and Track" framework. We have packaged a number of these use cases that go "beyond the login" of our data products platform to create a series of data applications. Some of these are available as self-serve applications that can be accessed inclusive of the subscription price, while others can be sold to clients as add-ons to their subscriptions.

For example, with the YouGov Campaign Effectiveness application, a client is able to identify and create a data variable that includes consumers who have watched the relevant television programmes during a particular campaign. That variable can then be ported into BrandIndex, allowing the client to monitor the impact on KPIs such as brand awareness, advertising awareness and purchase consideration among the "potentially exposed" audience – and compare that to the general population.

Similarly, with the YouGov Validate application, clients are able to confirm that they have reached the correct target audience by leveraging the linkages between BrandIndex and Profiles. Using this application, a client can isolate a group of consumers in BrandIndex who are aware of a brand's recent advertising. Then in Profiles, the client can look at who that audience is in greater detail. That could include any of the thousands of variables available in Profiles, including demographics, attitudes, behaviours, social media likes and hobbies.

With YouGov Data Applications, we are showcasing the strategic application of our syndicated data products and connected data solutions for solving our clients' most important business challenges.

Our current Data Applications offerings include:

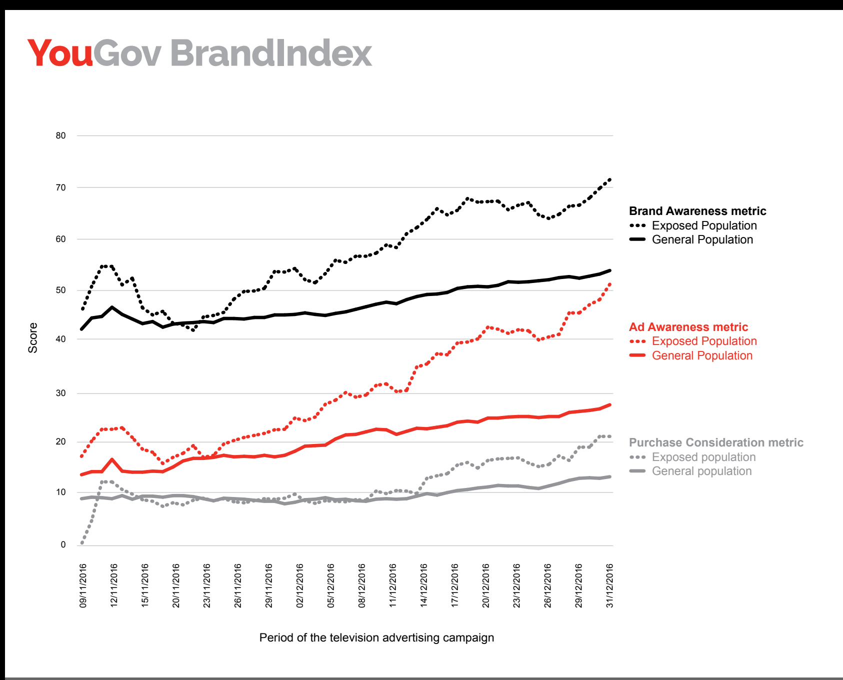
- **YouGov Marketing Campaign Effectiveness** – Connect ad exposure to brand uplift and performance in order to evaluate television and/or digital campaign success.
- **YouGov Validate** – Validate and verify reached audiences by tracing who has been exposed to the campaign.
- **YouGov Dynamic Segmentation** – Segment audiences and plan campaigns effectively with a constantly refreshed portrait of target demographics.
- **YouGov Activate** – Reach target audience by creating seed audiences from which to scale the programmatic buy with industry Data Management Platforms and Data Houses.
- **YouGov Re-Contact** – Take a deep-dive into the syndicated data by asking additional questions to the original set of panellists using fast-turnaround Omnibus Service. The results data is then uploaded to the YouGov Cube and can be contextualised with the existing 200,000+ variables held on our panellists.

**Case study**

## Using the YouGov system to measure the effectiveness of a television campaign

YouGov was approached by an advertiser who wanted help in understanding the effectiveness of a television campaign for a number of new products that had been recently released by a well-known US brand. To achieve this, we added the new product names to the BrandIndex service and fielded to our panel the standard BrandIndex brand metric questions for each of the products. We then undertook an audience analysis over the specific campaign air dates, comparing the responses of panellists who claimed to have viewed the relevant television programmes within which the advertisements were placed with responses from panellists in general. The resulting BrandIndex data showed significant changes in metrics for the products amongst those panellists who had likely been exposed to the campaign. By using our connected data to combine actual claimed advertising exposure with daily product-level brand perception data, we were able to illustrate for our client the substantial impact of the advertising campaign. This is a perfect example of our ability to re-engineer small parts of the YouGov system in order to solve our clients' unique business challenges.

**Graph illustrating a comparison of daily brand metrics for "General Population" vs "Potentially Advertisement Exposed"**



# Our products and services continued

## Data Services

## YouGov Omnibus

### Delivering next-day answers

YouGov's very first product, YouGov Omnibus, is the clear market-leading online omnibus service in the UK and in recent years has been extended to our operations in France, Germany, the Middle East, the Nordics, the USA and, most recently, Asia Pacific.

Omnibus is the perfect vehicle to find out opinions, attitudes and behaviours, quickly and cost-effectively. Our Omnibus surveys are run daily in most territories, providing nationally representative responses to clients within a short timeframe (most countries utilise a 48/72-hour turnaround with 24-hour turnaround available in the UK and US). We now conduct 4 million Omnibus surveys every year across our global operations. The service can provide clients with data from over 50 countries. Client demand for multi-country Omnibus surveys continues to increase.

The size and diversity of the YouGov panel has also enabled us to expand our Omnibus offering to include a number of selected target samples. Omnibus segmental services include International, Children and Parents, B2B, Independent Financial Advisors, cities and LGBT. We also run regular Omnibus surveys covering influential audiences in the UK including Members of Parliament.

We continue to develop the Omnibus service to meet our clients' changing needs and to make the service as fast, cost-effective and forward thinking as possible. Further planned enhancements include the introduction of a self-service tool, "YouGov Collaborative Insights", to add automation and general ease to the process of clients submitting their survey questions to YouGov, making the turnaround from the client's initial question generation to the survey results delivery even faster and more user-friendly. Utilising the power of the YouGov Cube will ensure that all data is tied together, enabling Omnibus clients to benefit from the complete YouGov system.

> "This is the first time I've used YouGov Omnibus and was very impressed overall. Despite very tight deadlines, we got the results within days and exactly in the format required."

Client at the Royal Bank of Scotland

# YouGov Custom Research

**Quantitative and qualitative research**

YouGov's Custom Research business conducts a wide range of research, tailored by our specialist teams to meet clients' specific requirements. Using their in-depth sector knowledge, our custom research specialists employ both quantitative and qualitative methods to identify and analyse markets, clarify opportunities and challenges and generate data that provides clients with actionable information. Our specialists have vast experience in the key areas of market research, including UX, audience understanding, testing concepts, platforms, ecosystems, new product design, paid for environments, effectiveness of communications and brand partnerships.

The scope, scale and complexity of custom research projects varies significantly and ranges from large-scale national and multinational tracking studies, through to more one-off surveys designed to address a specific commercial, social or political issue for the client. Our custom offerings include: reputation studies (measuring public and stakeholder opinion on an organisation's reputation); syndicated studies covering sector or product trends; and a full research programme providing a range of research, often on annual contracts, including tracking studies, qualitative research and customer profiling.

The YouGov model allows us to minimise the proactive data collection required for each new custom project while at the same time providing our clients with more connected and tailored data than ever before. With every research project, we use – as well as build on – the existing data that we already hold in the Cube; we are re-defining the very nature of custom research.

Strategic report

# Chief Executive's review

## for the year ended 31 July 2017

### Performance in the year

YouGov's revenue for the year ended 31 July 2017 increased by 21% to £107m and by 9% on a constant currency basis. In comparison, we estimate the global market growth to be approximately 4%. Our higher margin Data Products and Services accounted for some 68% of the total revenue growth, increasing revenue by 37% (24% in constant currency terms) from £35m to £47m. Custom Research revenue grew in reported terms by 11% from £54m to £60m, although it was static in constant currency terms.

The Group's adjusted operating profit increased by 33% from £10.9m to £14.5m and the adjusted operating margin increased by 2% points to 14%.

Within Data Products and Services, YouGov BrandIndex revenue grew by 36% to £20m (20% constant currency growth), the newer YouGov Profiles segmentation product increased revenue by 165% (144% in constant currency terms) to £4m, and YouGov Omnibus revenue grew by 33% (23% constant currency growth) to £22m. Data Products and Services operating profit increased by 32% to £13m, although the operating margin was 1% lower at 27% due to planned investment continuing in geographical expansion and data analytics support.

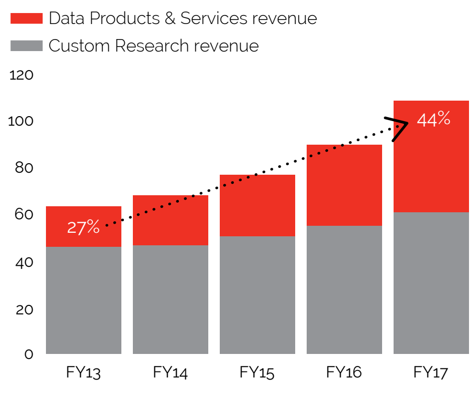
Stephan Shakespeare
Chief Executive Officer

Our strategy is to focus investment on Data Products and Services while aligning Custom Research with our panel-centric methodology and, consequently, improving margins. Progress is encouraging – increasingly, we are selling the in-depth data derived from our digitally interactive panel as a subscription-based service and in Custom Research through higher margin annual tracker contracts. During this financial year, approximately 31% of the Group's revenue arose from contracts of 12 months duration or longer. This trend enhances visibility over the Group's future revenue and helps to increase cash generation.

This strategy resulted in revenue from Custom Research being static (in constant currency terms) while its adjusted operating profit increased by 30% from £6.9m to £8.9m and its operating margin rose by 2% points from 13% to 15%. This improvement comes from moving our focus away from projects which do not benefit from YouGov's core competitive strengths derived from our ability to generate connected and large-scale data for clients. During the year we also reduced, as planned, certain non-core, less profitable parts of the business (notably in Germany and the Middle East).

Regionally, the US became the highest profit generator in the Group, with a 54% increase in adjusted operating profit to £9.3m, as well as being the largest region in revenue terms, accounting for 38% of the Group's total revenue. The UK increased revenue by 9% to £27.1m and raised its operating profit margin to 32%. The newer markets of Asia Pacific and France continued to grow strongly with their businesses centred on Data Products and Services, although the costs of expansion in Asia Pacific led to a higher regional operating loss. In our Germany, Nordic and Middle East units, Data Products and Services revenue also grew well, but the scaling back of their less profitable, non-core Custom Research activities led to lower overall growth. As a result, Nordic revenue rose by only 3%, Middle East by 1% and Germany's fell by 7%, all in underlying terms.

Changes in revenue (£m)



## Business context

Digital technology has created new challenges for marketers. They used to say, "I know half of my advertising works, I just don't know which half." Now they are more likely to say, "A quarter works, but which quarter?" YouGov now has better answers to that question than ever before. Our rich connected data and advanced analytics tools provide new opportunities for us to lead our industry. Our new Data Applications solutions and our performance in the 2017 UK general election illustrate the application of our data and methodologies to vital challenges in the market. With great efficiency (speed and low cost), we are able to create continuous reliable measures of campaign effectiveness at granular levels which, facilitate within-campaign adaptation.

> "Our systematic approach to market research which combines our syndicated data with new proprietary analytic methodologies to deliver greater granularity and accuracy, points to an exciting future."

## Advances in methodology

YouGov proved itself the world's most advanced statistical analysis team in commercial survey research following the application of MRP to the 2017 UK general election. This was a genuine breakthrough in methodology and paves the way for increased accuracy and granularity of market research with powerful applications to core marketing functions. MRP (Multi-level Regression and Post-stratification) is a technique developed by the Stan Development Team at Columbia University in part with YouGov collaboration.

It allowed us to predict a hung parliament when nearly everyone else – campaigners, commentators, markets, bookies, academics and other pollsters – was confident of an overwhelming Conservative victory. This was the result of a granular seat-by-seat model that identified unexpected outcomes, even in areas where we had sparse panel samples. MRP's application to market research has great value as it allows us to describe micro audiences (demographic niches or small geographies, such as a single supermarket's customer base) with higher levels of confidence than ever before.

## Outlook

Over the past few years, we have been implementing the strategy that the Board laid out to our shareholders and as a result have delivered consistent recurring revenue and profit growth. In line with that strategy, YouGov has been transforming itself in response to the needs of the market to become increasingly a global data and analytics business. In the coming year, we aim to maintain our progress and continue pursuing the goals that we have set ourselves.

"Brexit" continues to create uncertainty in the economic and political environment, especially for UK and European businesses. However, the international spread of our revenues (with a significant US weighting) positions our business well to cope with potential volatility. The Group can also benefit in the short-term if £ Sterling rates remain relatively low compared to other major trading currencies.

In the context of both the macro-environment and our own plans, current financial year trading is in line with the Board's expectations. The Board is confident that YouGov remains well-placed to exploit opportunities for growth, especially in our Data Products and Services business, in both our more mature markets and our newer operations.

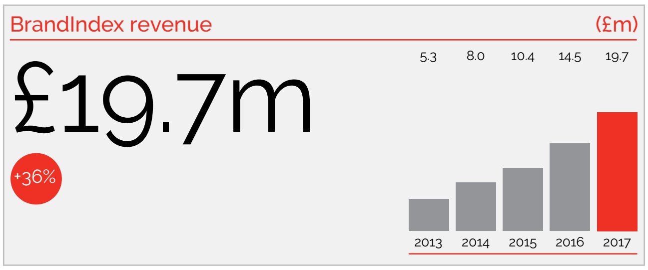
# Chief Executive's review

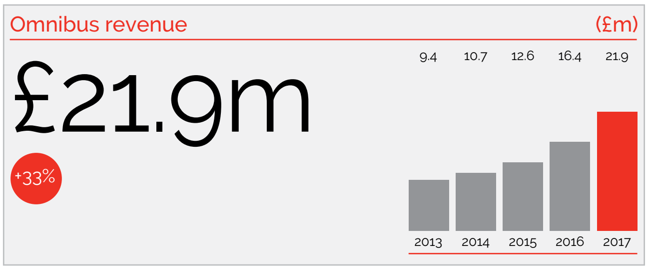
## for the year ended 31 July 2017 continued

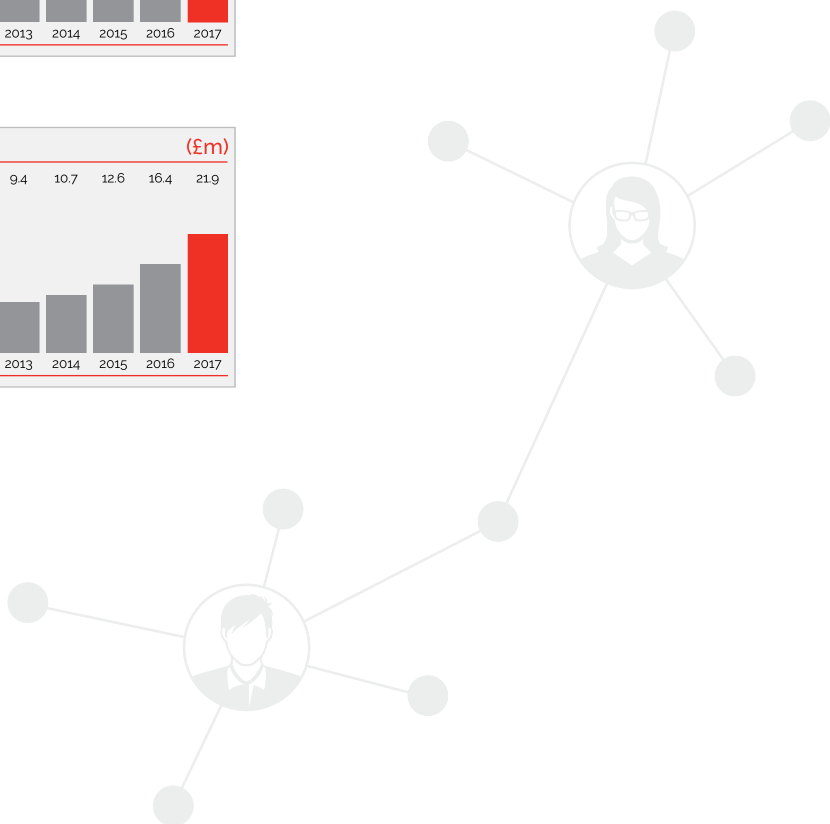
## Overview of global products and services

| Revenue | Year to 31 July 2017 £m | Year to 31 July 2016 £m | % Change | % Change at Constant Currency |
|---|---|---|---|---|
| Data Products | 24.1 | 16.6 | 45% | 29% |
| Data Services | 23.3 | 17.9 | 30% | 19% |
| **Total Data Products & Services** | **47.4** | **34.5** | **37%** | **24%** |
| **Custom Research** | **60.2** | **54.3** | **11%** | **0%** |
| Eliminations | (0.6) | (0.6) | – | – |
| **Group** | **107.0** | **88.2** | **21%** | **9%** |

| Adjusted Operating Profit | Year to 31 July 2017 £m | Year to 31 July 2016 £m | % Change | Operating margin % 2017 | Operating margin % 2016 |
|---|---|---|---|---|---|
| Data Products | 7.0 | 4.5 | 56% | 29% | 27% |
| Data Services | 5.7 | 5.2 | 10% | 24% | 29% |
| **Total Data Products & Services** | **12.7** | **9.7** | **32%** | **27%** | **28%** |
| **Custom Research** | **8.9** | **6.9** | **30%** | **15%** | **13%** |
| Central Costs | (7.1) | (5.7) | (26%) | – | – |
| **Group** | **14.5** | **10.9** | **33%** | **14%** | **12%** |



## Data Products

Data Products are comprised of YouGov BrandIndex, our flagship brand intelligence tracker (82% of this category's revenue); YouGov Profiles, our newer product for audience segmentation and planning (risen in the year to 15% of the total) and YouGov Reports (3%) which has been scaled down following a product reconfiguration.

Data products, once they are mature, have a higher profit margin than custom research as the outputs are sold to multiple clients while the input costs, such as data collection and analysis, are incurred only once.

The adjusted operating profit from the Data Products segment increased by 56% to £7.0m and the operating margin increased by 2% points to 29%. This partly reflects the growing contribution from YouGov Profiles which is now well developed and required little additional investment in the period.

Within Data Products, BrandIndex grew revenue by 36% (20% at constant currency) to £19.7m (2016: £14.5m) and now accounts for 18% of total Group revenue, generated from 650 (2016: 500) subscribers in 32 (2016: 27) markets across the world. The US remained the largest BrandIndex market although becoming less dominant as the newer markets have been growing fast, including Asia Pacific whose revenue increased by 106% in underlying terms and France where it grew by 85%. Versions were added in five new markets during the year: Italy, Spain, the Philippines, Taiwan and Vietnam.

YouGov Profiles was available in eight markets during the year, following launches in Denmark and Sweden during the second half and is due to be launched in France during the coming year. Profiles continued to make excellent progress, achieving sales with a total contract value of some £7.0m leading to revenue growth of 144% in constant currency terms to £3.7m. Profiles now has 125 subscribers, many of whom also subscribe to BrandIndex. A recent subscriber is Aegis Dentsu Network, a leading media buying agency, which has adopted Profiles as its main source of research data for media planning purposes, replacing the incumbent TGI product.

Although the data categories covered by YouGov Profiles are standardised, some data components are tailored for each country version. The UK version of Profiles is based on a database of some 200,000 separate data variables on consumers, collected from more than 300,000 YouGov panellists. The tool connects data on profiles, brand, sector, and media, digital and social data all in one place combining that with attitudes, interests, views and likes. For example, it provides brand usage and perception data for some 1,200 brands (plus usage for thousands more), TV viewing for 5,000 programmes, website usage for the most active commercial websites, thousands of social media likes on music artists, films, personalities and much more.

YouGov Profiles and YouGov BrandIndex are complementary products that draw on and provide users with access to different combinations of datasets from the YouGov Cube. In the markets where both products are available (UK, USA, Germany, China, Indonesia and Malaysia, to date) the two are increasingly marketed together under the banner of "Plan and Track". This reflects the fact that Profiles primarily enables marketers, advertisers and media owners to profile their actual and potential customers and plan targeted campaigns while BrandIndex enables them to track and measure the impact of campaigns and other events on consumers' attitudes to their brand, including their likelihood to buy. Our pricing policy incentivises clients to take both data products, and an increasing proportion of them in the markets concerned are buying both.

This year we introduced increased interoperability between the BrandIndex and Profiles reporting tools. This enhanced linkage allows us to better package the combined BrandIndex-Profiles offering as a single capability with a higher value proposition that can be licensed at a higher price point. The linkages allow clients to drive greater value out of YouGov's underlying Cube data.

This enhanced linkage enables our brand, agency and media clients to conduct further value-added analysis, such as advertising campaign effectiveness. For example, a client is able to identify and create a Profiles variable that includes consumers who have watched the relevant TV programs during a particular campaign. That variable can then be ported into BrandIndex, allowing the client to monitor the impact on KPIs such as brand awareness, advertising awareness and purchase consideration among the "potentially exposed" audience – and compare that to the general population.

Similarly, by leveraging the linkages between BrandIndex and Profiles, clients are able to validate that they have reached the correct target audience. A client can isolate a group of consumers in BrandIndex which is aware of a brand's recent advertising. Then, in Profiles, the client can analyse the composition of that audience in detail. This analysis can include any of the thousands of variables available in Profiles – demographics, attitudes, behaviours, social media likes, hobbies, etc.

# Chief Executive's review

## for the year ended 31 July 2017 continued

### Data Products continued

We have also introduced a dynamic segmentation offering, allowing clients to run segmentations that are full of colour and continually updated when combined with their Profiles subscription, and an activation offering, allowing clients to use Profiles to create seed audiences which are then scaled using look-alike modelling to enable programmatic advertising buys.

Together, the campaign effectiveness, audience validation, dynamic segmentation and activation solutions described above make up our initial suite of "Data Applications". These applications enhance the value proposition of the BrandIndex-Profiles capability and make it easier to sell-in the underlying subscriptions to prospects, increase our ability to retain clients and represent incremental revenue opportunities for the Data Products business.

BrandIndex serves major accounts among both advertising and media planning agencies on the one hand and brand owners and advertisers on the other. Its current clients include OMG, Universal McCann, Viacom, Airbnb, Bank of America and KFC. New client wins in the year included Ikea, Intersport, Ketchum, Mastercard, Monster and Hyundai Motor Company.

Profiles new client wins in the year included a number of media agencies such as Dentsu Aegis Network, AMS Media Group, Epiphany Search and Resource Ammirati. Its ongoing clients include MEC, OMG, O2 (Telefónica UK), Universal Music and JCDecaux.

### Data Services

Data Services revenue largely comprises YouGov Omnibus our online fast turnaround service, and our related Field & Tab services (together, 94% of the total) with the balance being the provision of sample-only services in the Nordic and Middle East regions.

YouGov Omnibus increased its revenue globally by 33% (23% in constant currency terms) to £21.9m. Most of this revenue growth was generated in the markets outside the UK following the international expansion of the Omnibus service in recent years. The growing footprint of the Omnibus network is attracting more multinational clients, leading to more multi-country projects being run across our Group platform.

Thus Asia Pacific grew by 73% in underlying terms and the US by 63%, and each now accounts for over 10% of total Omnibus revenue. Among the more established markets, Germany grew revenue by 39% in underlying terms and Nordic by 18%. In the UK, which accounts for approximately 40% of global revenue, YouGov Omnibus maintained its market-leading position and grew by 7%.

Total Data Services operating profit increased by 10% to £5.7m although its operating margin decreased from 29% to 24%. This reflected the planned investment this year in delivery and sales resources to support expansion in the newer markets.

One of the Omnibus strengths is the creation of specialised versions to enable clients to access specific, more narrowly defined segments. The UK already offers a range of these including Children and Parents, Shoppers, Metro Cities and Small and Medium Enterprise owners (SME). The latter now enables Omnibus to support business-to-business as well as consumer research work and this area is one of the expanding areas in the YouGov portfolio. Outside the UK, specialised Omnibus services include; Citybus covering eight major cities in Asia Pacific and multiple others across the Group; Homeowners in the USA; and Pet Owners and Car Drivers in Germany.

Profiles subscribers are now able to undertake "re-contact" surveys using Omnibus through which they can obtain additional data tailored to their needs from segments of the panel with specific profile characteristics. These survey results can be imported into the Profiles tool thus enhancing the number of data-points available for that specific respondent group. Re-contact surveys are becoming increasingly popular among Profiles clients and provide a combination of data that is far more advanced than competitive offerings.

We have continued to improve the quality of Omnibus deliverables, with slides now being provided as standard in most markets. As a further development, Omnibus and Field & Tab results are now being delivered to clients through the Crunch analytics application.

We have also continued to develop our self-service survey design tool, Collaborative Insights, which will automate the way that clients submit and approve Omnibus and Custom Research survey questions. The tool is designed to make the turnaround from the client's initial question generation to YouGov's survey results delivery even faster and smoother for both clients and staff. The tool is now being trialled internally and is expected to be rolled out to clients during 2018.

Major New Omnibus client wins in the year included Acer, Bertelsmann, E.ON, Eurowings, Kayak and Allianz Insurance.

## Custom Research

YouGov's Custom Research business conducts a wide range of quantitative and qualitative research, whose scope, scale and complexity varies greatly. It ranges from large-scale national and multinational tracking studies to one-off surveys designed to address clients' specific information needs at a given time.

YouGov's panel-centric methodology and ability to collect and analyse data rapidly have been enhanced by delivery of results through the Crunch analytics platform. This is ideal for meeting clients' needs for faster and more continuous tracking data, for which projects are often contracted on an annual basis. The YouGov Cube also enables survey data to be connected with other data from our library or that forms part of a data product such as BrandIndex or Profiles.

During the year, we continued our strategy of harmonising our global Custom Research business and improving its profitability by focussing resources on our core panel-based services and scaling-down the non-core elements largely inherited through acquisitions. This included exiting parts of the German and Middle East businesses with low margins and reorganising the operational support globally. As previously announced, work has been increasingly transferred from most of our units across the world to our shared services centre in Romania where we can provide all-hours data processing and analytics support.

This strategy led to global Custom Research revenue remaining static in constant currency terms, although it grew by 11% in reported terms to £60.2m. More importantly, its operating profit increased by 30% to £8.9m and its operating margin rose by 2% points to 15%.

Custom Research continued to grow revenue in its largest markets with the US up by 23% (7% in underlying terms) and the UK up by 4% as well as in Asia Pacific which increased by 46% (28% in constant currency terms). Among the markets where the rationalisation strategy has focussed, revenue fell in underlying terms by 37% in Germany, by 6% in Nordic and by 1% in the Middle East.

The rationalisation initiatives led to the total number of staff engaged in Custom Research across the Group falling year-on-year for the first time (from 297 to 267).

YouGov remains firmly committed to developing its differentiated custom research offering globally and to building out the YouGov Cube across all our panels to support this. To reinforce this commitment and lead the continuing global development of our Custom Research business in line with our strategy, the new role of Global CEO of Custom Research was established in November 2016 and Stefan Kaszubowski, a long-standing senior manager of the Group, was appointed to it.

New Custom Research client wins in the year included Bausch + Lomb, Mastercard, M&C Saatchi, Sony, SSE and Virgin Money.

## Central Costs

Central costs of £7.1m include the Group management team and central management functions, together with the teams responsible for YouGov's online presence, and the development and roll-out of the products and services based around the YouGov Cube.

# Chief Executive's review

## for the year ended 31 July 2017 continued

## Overview of geographic operations

| Revenue | Year to 31 July 2017 £m | Year to 31 July 2016 £m | Revenue Growth % | Revenue Growth at Constant Currency % |
|---|---|---|---|---|
| UK | **27.1** | 24.9 | 9% | 9% |
| USA | **40.7** | 31.0 | 32% | 14% |
| Germany | **9.6** | 9.1 | 5% | (7%) |
| Nordic | **8.9** | 7.6 | 18% | 4% |
| Middle East | **16.3** | 13.9 | 17% | 3% |
| France | **2.7** | 1.7 | 62% | 42% |
| Asia Pacific | **5.5** | 2.8 | 95% | 71% |
| Intra-Group Revenues | **(3.8)** | (2.8) | | |
| **Group** | **107.0** | 88.2 | 21% | 9% |

| Adjusted Operating Profit | Year to 31 July 2017 £m | Year to 31 July 2016 £m | Operating Profit Growth % | Operating Margin 2017 | Operating Margin 2016 |
|---|---|---|---|---|---|
| UK | **8.6** | 7.2 | 19% | **31%** | 29% |
| USA | **9.3** | 6.0 | 54% | **23%** | 19% |
| Germany | **0.9** | 0.7 | 36% | **10%** | 8% |
| Nordic | **1.0** | 0.9 | 2% | **11%** | 12% |
| Middle East | **2.4** | 2.4 | 1% | **15%** | 17% |
| France | **0.4** | 0.1 | 202% | **15%** | 8% |
| Asia Pacific | **(0.9)** | (0.6) | – | **(16%)** | (21%) |
| Corporate/ Unallocated | **(7.2)** | (5.8) | 22% | | |
| **Group** | **14.5** | 10.9 | 33% | **14%** | 12% |

This year, the US which was already our largest region in revenue terms, also became the highest profit generator following a 54% increase in its operating profit to £9.3m. This largely reflected the sustained growth (of 27%) in Data Products and Services revenue, as Profiles continued to gain traction especially in the media sector and trebled its revenue, while Omnibus also grew strongly. This performance was supported by the expanding media coverage for YouGov, especially from our polling with CBS during the presidential election and expanded marketing to the corporate sector.

Data Products growth was also the main factor in the UK's 9% overall revenue increase with Profiles doubling revenue and BrandIndex increasing by 14%. The unit's tightly focussed operating model enabled it to further increase its operating margin to 31%, the highest in the Group.

Our Middle East business grew revenue by 3% in constant currency terms and its operating profit rose by 1%. Data Products and Services revenue grew by 20% (in underlying terms) while Custom Research revenue was static due to planned reduction in non-core, lower margin projects in the region.

Similarly, in Northern Europe, the mix continued to shift towards data products and services leading to low overall growth. Nordic revenue increased by 18% (4% underlying) with Omnibus and BrandIndex both growing by 17% in underlying terms.

In Germany, total revenue fell by 7% (in underlying terms) as Custom Research revenue fell by 36% due to the exit from legacy custom businesses while Data Products and Services revenue grew by 43%, including a 226% increase in Profiles revenue.

The Asia Pacific regional business continued to expand rapidly as anticipated, with strong growth in both BrandIndex and Omnibus contributing to a revenue increase of 95% (71% in underlying terms), although investment in regional resources also increased the operating loss.

Revenue in France grew by 62% (42% in constant currency) largely due to BrandIndex, which continued to increase its subscriber base among leading French brands. Its operating profit increased by 200%, reflecting the growing scale efficiency in this unit as it matures.

## Revenue by region (%)


**Key**

| | | |
|---|---|---|
| 1. | UK | 25% |
| 2. | USA | 38% |
| 3. | Germany | 8% |
| 4. | Nordic | 8% |
| 5. | Middle East | 15% |
| 6. | France | 2% |
| 7. | Asia Pacific | 4% |

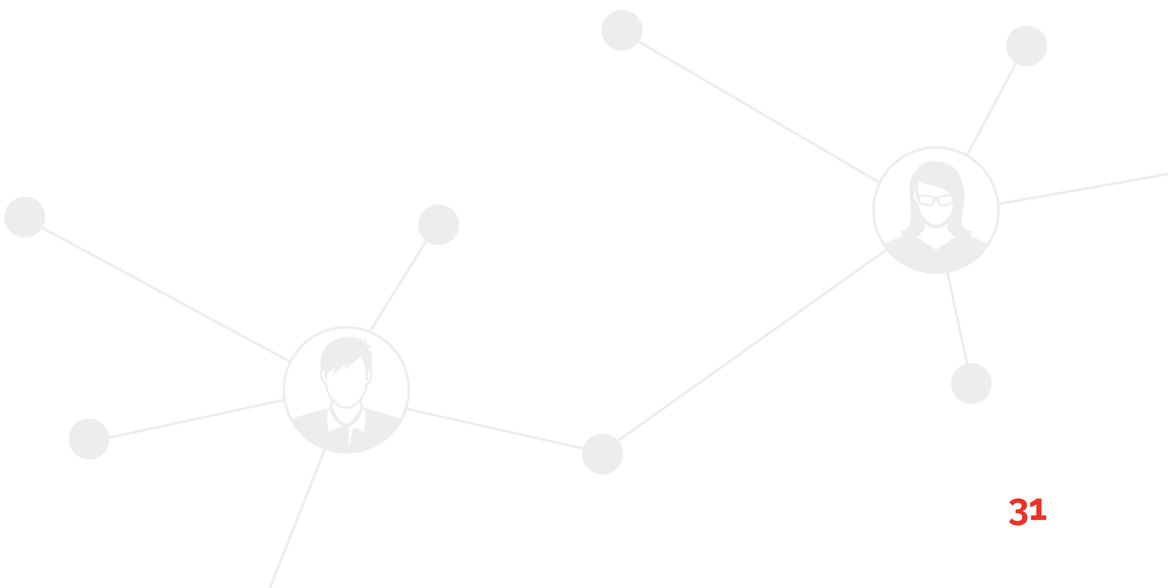
## Panel development

As at 31 July 2017, the Group's online panel comprised a total of 5.6m panellists, an increase of 30% from the total of 4.8m as at 31 July 2016.

We continue to invest in panel growth to support a growing overall workload, and specifically this year in the UK, USA and Germany to support local-level sampling. In addition, within the Middle East, we have invested in growing our India panel. All the panels grew as a result and the panel sizes by region were:

| Region | Panel Size at 31 July 2017 | Panel Size at 31 July 2016 |
|---|---|---|
| UK | **1,182,100** | 882,700 |
| USA | **2,152,400** | 1,972,000 |
| Middle East | **859,000** | 728,500 |
| Germany | **299,900** | 235,500 |
| Nordic | **283,800** | 221,800 |
| France | **186,500** | 163,500 |
| Asia Pacific | **673,700** | 561,500 |
| **Total** | **5,637,400** | 4,765,500 |

Stephan Shakespeare
Chief Executive Officer
6 October 2017



# Chief Financial Officer's report

## for the year ended 31 July 2017

Alan Newman
Chief Financial Officer

"Group revenue for the year to 31 July 2017 of £107.0m was 21% higher than the prior year."

### Key performance indicators

The Board monitors business performance via six financial key performance indicators: revenue, adjusted operating profit, adjusted operating profit margin, adjusted earnings per share, revenue per head and staff costs as a percentage of revenue (illustrated by the charts on the next page).

### Income statement review

Group revenue for the year to 31 July 2017 of £107m was 21% higher than the prior year, 9% higher in constant currency terms.

The Group's gross profit (calculated after deducting costs of panel incentives and external data collection) increased by £17.0m to £85.7m. The Group's adjusted operating profit margin increased by 2% points to 14%, largely due to improved gross margins, which rose from 78% to 80%. This reflected the continuing increase in the proportion of revenue generated from data products and survey work undertaken on the Group's own panels. Our business continues to be highly cash generative with the profit conversion rate remaining at 130%.

Operating expenses (excluding amortisation and other separately reported items) of £71.2m increased by £13.4m. The operating expense ratio remained at 66% of revenue.

The average number of staff (full-time equivalents) employed during the year increased by 87 to 779. Average revenue per head increased to £137,000 from £128,000 and staff costs as a percentage of revenue remained at 50%.

Adjusted Group operating profit increased by 33% to £14.5m, compared to £10.9m in the previous year.

There was a net finance income of £0.3m compared to £1.2m last year, primarily due to lower foreign exchange translation gains. This resulted in an adjusted profit before taxation of £16.4m, an increase of 24% over the prior year. Adjusted earnings per share for the year rose by 2.1p (24%) to 10.9p.

The statutory operating profit (which is after charging amortisation of £6.4m and other separately reported items of £0.5m) increased by £3.3m to £7.6m. This was slightly less than the increase in adjusted Group operating profit due to higher amortisation charges. Statutory profit before taxation increased by £2.4m to £7.9m, reflecting the increase in operating profit offset by a lower net foreign exchange translation gain of £0.3m compared to £1.2m in the prior year.

**Analysis of operating profit and earnings per share:**

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Adjusted operating profit[1] | **14,528** | 10,917 |
| Share-based payments | **1,488** | 1,111 |
| Imputed interest | **20** | 27 |
| Net finance income | **254** | 1,199 |
| Share of post-tax (loss)/profit in associates | **103** | (4) |
| Adjusted profit before tax[1] | **16,393** | 13,250 |
| Adjusted taxation[1] | **(4,912)** | (4,099) |
| Adjusted profit after tax[1] | **11,481** | 9,151 |
| Adjusted earnings per share (pence)[1] | **10.9** | 8.8 |

**Amortisation of intangible assets and impairment**

Amortisation charges for intangible assets of £6.5m were £1.0m higher than the previous year. Amortisation of the consumer panel increased by £0.6m to £2.2m, reflecting the additional investment made to grow the panel in the past three years. Amortisation of software increased by £0.3m to £3.5m, £2.7m (2016: £2.5m) of the total charge related to assets created through the Group's own internal development activities, £0.6m (2016: £0.6m) to separately acquired assets and £0.2m (2016: £0.1m) to amortisation on assets acquired through business combinations.

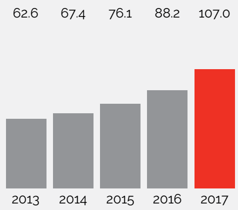
**Other separately reported items**

Restructuring costs of £0.6m (2016: £1.1m) were incurred in the year. £0.3m of this related to the reduction of non-core custom operations in the Middle East and £0.3m arose from the development of global operations and finance support functions.

As part of the process of exiting non-core business in Germany, Service Rating GmbH was disposed of during the year with a profit on disposal of £0.1m.

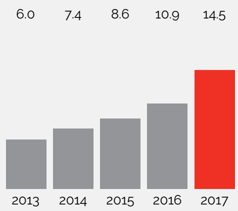
Turnover (£m)

£107.0m



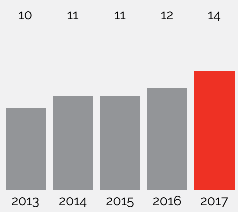

Adjusted operating profit[1] (£m)

£14.5m



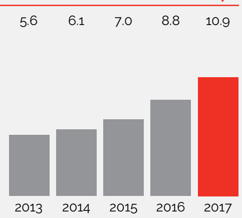

Adjusted operating profit margin (%)

14%



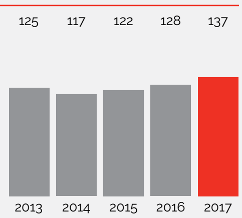

Adjusted earnings per share[1] (p)

10.9p



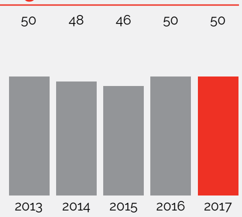

Revenue per head (£'000)

£137k




Staff costs as a percentage of revenue[2] (%)

50%




1. Defined in the explanation of alternative performance measures on page 35.
2. Staff costs are defined for this purpose as excluding the deemed remuneration element of acquisition consideration charged.

# Chief Financial Officer's report

## for the year ended 31 July 2017 continued

### Cash flow

The Group generated £18.9m (2016: £14.1m) in cash from operations (before paying interest and tax) including a £2.3m (2016: £2.3m) net working capital inflow. The cash conversion rate (percentage of adjusted operating profit converted to cash) remained at 130% of adjusted operating profit.

Expenditure on investing activities increased to £7.7m (2016: £6.0m), including £7.8m (2016: £6.1m) on capital expenditure as detailed below less, £0.1m proceeds from the sale of subsidiaries.

| | **31 July 2017 £'000** | 31 July 2016 £'000 |
|---|---|---|
| Internally generated software | **3,385** | 2,555 |
| Panel recruitment | **3,471** | 1,979 |
| Other intangible assets | **112** | 546 |
| Total expenditure on intangible assets | **6,968** | 5,080 |
| Purchase of property, plant and equipment | **843** | 1,003 |
| Total capital expenditure | **7,811** | 6,083 |

Net expenditure on financing activities increased by £0.2m to £1.3m, including the dividend payment of £1.5m (2016: £1.0m).

There was a net cash inflow of £7.5m (2016: £4.5m), which combined with an exchange gain of £0.2m (2016: £1.0m) resulted in year-end net cash balances increasing by £7.6m to £23.2m.

### Currency

As well as achieving robust growth in constant currency terms, the Group's results benefitted from the full year effect of the year-on-year depreciation of the £, especially against the US$ and its related currencies and the Euro. The appreciation of the US dollar led to approximately 18% higher reported revenue growth in the US, Middle East and Asia Pacific while the Euro appreciation meant that reported revenue in Germany, France and the Nordics was 14% higher than if calculated in constant currency terms. Conversely, operating expenses were 11% higher than if calculated in constant currency terms.

### Taxation

The Group had a tax charge of £3.3m (2016: £2.1m) on a statutory basis, with a deferred tax credit of £nil (2016: £0.2m). On an adjusted basis, the tax charge was £4.9m (2016: £4.1m), which represents a tax rate of 30% on the adjusted profit before tax, 1% lower than the prior year. The adjusted tax rate is higher than the standard rate of corporation tax in the UK as a result of profits arising in countries with a higher tax rate, notably the US.

### Balance sheet

Total shareholders' funds and net assets increased to £80.5m from £74.1m at the prior year-end. Net current assets increased to £20.7m from £17.5m. Current assets increased by £9.6m to £54.9m, with debtor days decreasing to 58 days from 59 days. Current liabilities increased by £6.4m to £34.2m, with creditor days decreasing to 24 days from 28 days at 31 July 2016. Current liabilities includes £10.1m of deferred revenue in respect of subscriptions (an increase of £2.9m from 31 July 2016), which contributed to the increase in net cash balances in the year. Non-current liabilities decreased by £0.9m to £4.9m.

### Proposed dividend

The Board is recommending the payment of a final dividend of 2.0 pence per share for the year ended 31 July 2017. If shareholders approve this dividend at the AGM (scheduled for Wednesday 6 December 2017), it will be paid on Monday 11 December 2017 to all shareholders who were on the Register of Members at close of business on Friday 1 December 2017.

Alan Newman
Chief Financial Officer
6 October 2017

## Explanation of Non-IFRS measures

| Financial Measure | How we define it | Why we use it |
|---|---|---|
| **Adjusted operating profit** | Operating profit excluding amortisation of intangible assets charged to operating expenses and other separately reported items | Provides a more comparable basis to assess the year-to-year operational business performance |
| **Adjusted operating profit margin** | Adjusted operating profit expressed as a percentage of revenue | |
| **Adjusted profit before tax** | Profit before tax before amortisation of intangible assets charged to operating profit, share based payment charges, imputed interest and other separately reported items | |
| **Adjusted taxation** | Taxation due on the adjusted profit before tax, thus excluding the tax effect of amortisation and other separately reported items | Provides a more comparable basis to assess the underlying tax rate |
| **Adjusted tax rate** | Adjusted taxation expressed as a percentage of adjusted profit before tax | |
| **Adjusted profit after tax** | Adjusted profit before tax less adjusted taxation | Facilitates performance evaluation, individually and relative to other companies |
| **Adjusted profit after tax attributable to owners of the parent** | Adjusted profit after tax less profit attributable to non-controlling interests | |
| **Adjusted earnings per share** | Adjusted profit after tax attributable to owners of the parent divided by the weighted average number of shares. Adjusted diluted earnings per share includes the impact of share options | |
| **Constant currency revenue change ("underlying revenue change")** | Current year revenue change compared to prior year revenue in local currency translated at the current year average exchange rates | Shows the underlying revenue change by eliminating the impact of foreign exchange rate movements |
| **Cash conversion** | The ratio of cash generated from operations to adjusted operating profit | Indicates the extent to which the business generates cash from adjusted operating profits |

# Principal risks

## Our approach to risk management

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

| Risk Category | | Description | Mitigation |
|---|---|---|---|
| Operational Risks | | | |
| 1 | **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. | This risk can be mitigated by careful due diligence and communication with the clients of target companies regarding YouGov's strategy, culture and operation. |
| 2 | **"Brexit"** | The as yet unknown consequences of the UK referendum vote for Britain to leave the European Union ("Brexit") is causing uncertainty over the economic outlook for UK-based businesses. | The Board has not yet noticed any effect of the referendum on its European business and will continue to monitor the situation. While YouGov is headquartered in the UK, the USA is now the Group's largest region in terms of revenue and profit and is expected to be largely unaffected by Brexit. |
| 3 | **Competition** | YouGov faces competition both from larger international research groups with well-developed brands as well as smaller businesses operating in each geography. | The Group's strategy is to focus on business areas in which it has demonstrable competitive advantages; these include its data products and services, and custom research services that are centred on data generated from YouGov's proprietary online panel. |
| 4 | **Data governance** | A key Group asset is the data it holds on its proprietary panel of over 5 million respondents worldwide. A material data breach would expose the Group to potential legal, financial and reputational risks. Additionally, YouGov's and its client's intellectual property rights over research results is another key Group asset. | Robust procedures for handling, storing and transfer of panel data are in place across the Group, in addition to data protection and information security policies and procedures. During the year, an external consultant was retained to review the Group's data protection arrangements, as part of YouGov's roadmap for ensuring compliance with the EU General Data Protection Regulation, which comes into force in May 2018. The Group's standard contracts for services are designed to protect YouGov's intellectual property rights and data protection obligations. |
| 5 | **Internationalisation** | YouGov's operations have a wide geographical spread. Monitoring and reporting of each unit's performance relies upon the operation of key controls. There is a risk that these controls may not operate effectively in each jurisdiction. | The performance of all of YouGov's units is monitored and managed through control and reporting processes that are applied consistently and supported by the use by all units of a Group-wide ERP system that includes CRM, financial reporting, budgeting and forecasting applications. |
| 6 | **Projected growth** | The Group's plans include 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. |
| 7 | **Reputation** | Failure to protect the Group's reputation could lead to a loss of confidence and a decline in our customer base, and also affect our ability to recruit and retain employees and panellists. Damage to our reputation could arise from a range of events, for example from our services being of poor quality or the leak of confidential data. | We have robust internal policies on data protection, data handling and privacy across all our territories. We undertake continuous improvement of our research methodologies and data security measures. We also proactively cultivate a strong, positive media presence and we have a marketing team focussed on proactive public relations. YouGov's values place an emphasis on accuracy and quality. |

| | Risk Category | Description | Mitigation |
|---|---|---|---|
| 8 | **Talent** | The success of YouGov will be influenced by the recruitment and retention of high calibre employees. Senior managers that are responsible for key client relationships and those with software expertise are particularly important to the success of the business. | YouGov has built account and project management teams for key clients and larger research projects; this ensures that client relationships and project-related knowledge are shared among a number of individuals rather than concentrated with one employee. We also incentivise and encourage retention of key managers through the LTIP and DSBP. |
| 9 | **Technology development** | A strong software platform is essential for carrying out online research and analytics. This software must be reviewed and updated on a regular basis to ensure that it does not become superseded by the newer technologies of competitor companies. | The Group makes significant investment in technology development to ensure that it continues to support the growth of the business. YouGov has an experienced team of software development specialists with responsibility for developing its proprietary software systems. An Executive Director leads the management-level Technology Board. |
| 10 | **Technology systems & security** | YouGov's products and services are reliant on our technical infrastructure. A failure in the operation of the Group's key systems or infrastructure could cause a failure of service to our customers and panellists. | The Group makes significant investment in technology infrastructure to ensure that it continues to support the growth of the business. We also continue to invest in mitigations to the growing range of cyber-related threats and risks. Business continuity and disaster recovery plans are in place and are regularly assessed and tested. During the year, an external consultant was retained to review the Group's data security arrangements, as part of YouGov's roadmap towards ISO 27001 certification. |
| Financial Risks* | | | |
| 11 | **Capital risk** | The risk of the Group making a loss on the value of capital investments, such as acquired businesses. | The Group manages its capital to ensure that all entities within the Group are able to continue as a going concern. It undertakes a detailed investment appraisal process prior to making any material capital investments. |
| 12 | **Currency risk** | The Group is exposed to currency translation risk in the consolidation of accounting records. The currencies where the Group is most exposed to volatility are US Dollars, Euro and UAE Dirham. | The Group aims to align assets and liabilities in a particular market. It also seeks to reduce currency risk by invoicing in local currency, thus reducing exposure in normal trading. |
| 13 | **Interest rate risk** | The Group is exposed to interest rate risk, which results largely from its investing activities. | Where possible, the Group manages its interest rate risk on cash balances by negotiating fixed interest rates on deposits for periods of up to three months. |
| 14 | **Liquidity risk** | The Group is exposed to liquidity risk in both its operating and investing activities. | The Group seeks to ensure that 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. |

* The financial risks facing the Group are discussed in more detail in Note 20 on page 94.

The Strategic Report is approved by the Board and signed on its behalf by:

Stephan Shakespeare

Stephan Shakespeare
Chief Executive Officer
6 October 2017

# Governance

# Board of Directors

**Roger Parry CBE**
Non-Executive Chairman

Roger is also Chairman of Aves Enterprises, MSQ Partners, Mobile Streams and Oxford Metrics. He is a Visiting Fellow of Oxford University. Roger was previously a consultant with McKinsey & Co; CEO of More Group, and Clear Channel International, Chairman of Johnston Press, Future and Shakespeare's Globe Trust. Roger was educated at the Universities of Oxford and Bristol. He was awarded the CBE in 2014. He is the author of five books: *People Businesses; Enterprise; Making Cities Work; Delivering the Neural Nudge and The Ascent of Media.*

**Stephan Shakespeare**
Chief Executive Officer

Stephan founded YouGov in 2000. One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. He was chair of the Data Strategy Board for the Department for Business, Innovation and Skills 2012–2013 and led the Shakespeare Review of Public Sector Information. He is a commissioner for the Social Metrics Commission, an independent charity dedicated to helping UK policy makers and the public understand and take action to tackle poverty. Stephan has an MA in English Language and Literature from Oxford University.

**Alan Newman**
Chief Financial Officer

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

**Doug Rivers**
Chief Scientist

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

**Nick Jones**
Non-Executive Director
S A R

**Rosemary Leith**
Non-Executive Director
A R

**Roles:** Senior Independent Director, Chair of the Audit Committee, Member of the Remuneration Committee

Nick is Chief Financial Officer of Broadstone, the provider of employee benefits, actuarial and investment services advice to small and medium sized businesses. Prior to this, he was CFO of Attenda, CFO of Achilles Group, and Global Head of Finance for Reuters plc where he also led the integration of Thomson and Reuters. Nick has held further 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.

**Roles:** Chair of the Remuneration Committee, Member of the Audit Committee

Rosemary is a Fellow at the Berkman Center for Internet & Society at Harvard University and a Founding Director of the World Wide Web Foundation. Rosemary works as an advisor and investor in a number of technology businesses and academic institutions in Europe and the US. She has been the Chair of the World Economic Forum Global Agenda Council on the Future of Internet Security, is a Trustee of the National Gallery (London) and is a member of the Advisory Boards of Infinite Analytics (Boston and Mumbai), Glasswing Ventures (Boston), Queen's University School of Business, Canada, Wolfson College, Oxford and University of the Arts London. Rosemary holds a Bachelor of Commerce (Hons) in Finance and Accounting from Queen's University, Canada.

**Ben Elliot**
Non-Executive Director

Ben Elliot is the Co-Founder of Quintessentially, the world's leading source of intelligence, access to and curated lifestyle services for the global premium audience. Ben is the Chairman of the Quintessentially Foundation, which has raised over £8m for charity since 2008. He is also a Partner in Hawthorn, a successful corporate communications business. He regularly contributes to *The Financial Times*, *The New York Times*, *Tatler* magazine and other publications. In 2010, Ben executively produced the BAFTA nominated feature documentary *Fire in Babylon*, which won the Best Historical Documentary at The Grierson Awards, 2011. He also acts as a Trustee for The Eranda Rothschild Foundation as well as being on the Development Boards of the Royal Albert Hall and Victoria & Albert Museum.

**Key**

- Chair of Committee
- S Senior Independent Director
- A Audit Committee member
- R Remuneration Committee member

# Corporate Governance Report

## for the year ended 31 July 2017

On behalf of the Board I am pleased to present the YouGov plc Corporate Governance Report for the year ended 31 July 2017.

The YouGov plc Board is committed to delivering high standards of corporate governance – commensurate with its size, stage of growth and the nature of Group's activities – to its shareholders and other stakeholders, including employees, panellists, customers, suppliers and the wider community.

As YouGov is an AIM-listed company, it is up to the Board to decide which, if any, corporate governance code it wishes to adopt. The Board has decided to follow the principles of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code), as this is felt to be more appropriate for the size, nature and resources of the YouGov Group. The QCA is the membership organisation which represents the interests of small and mid-size quoted companies, of which YouGov is a member. The QCA Code aims to apply the key elements of the UK Corporate Governance Code and other relevant governance guidance to the needs of small and medium-sized listed plcs.

This Corporate Governance Report sets out our approach to governance, provides further information on the operation of the Board and its Committees, and explains how the Group seeks to comply with the QCA Code.

Roger Parry
Chairman
6 October 2017

### The Board

**Composition**

At 31 July 2017, the Board consisted of three Executive Directors and four Non-Executive Directors, including a Non-Executive Chairman. The names of the Directors and their respective responsibilities are shown on pages 40 and 41. There were no changes to the Board composition during the year.

**Independence**

The Board periodically reviews its composition and succession planning framework to ensure that existing and new Board appointments provide an appropriate mix of skills and experience and a level of diversity and independence which supports the Group's objectives for business growth and its key strategic objectives. The key factors considered by the Board when determining a Director's independence are their other commitments, their tenure and, significantly, the personal qualities they demonstrate in the boardroom, in particular their judgement and the level of engagement and challenge that they provide in Board and Committee discussions. Each of the four Non-Executive Directors, including the Non-Executive Chairman, is considered by the Board to be independent.

**Operation**

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. The Board receives regular information from management on the Group's performance and appropriate information relating to the agenda for formal Board and Committee meetings is sent to members in advance of those meetings. All Directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequently 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 122.

**Evaluation**

The Board undertakes an evaluation of its own performance on an annual basis. As part of this evaluation, the Chairman undertakes an individual assessment with each Director and holds a meeting with the Non-Executive Directors without the Executive Directors present. The Board meets once a year without the Chairman present to appraise the Chairman's performance. The conclusion of assessments undertaken during the year was that the Board and its individual members continue to perform effectively.

### Shareholder communications

The Executive Directors meet regularly with institutional shareholders to discuss the Group'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 available as a forum for communication with private shareholders. The Investor Relations section of the Company website is regularly updated and amended with the aim of providing information to all shareholders.

### Advisors

All Directors have access to all of the Group's selected advisors and can obtain independent professional advice at the Group's own expense in performance of their duties as Directors. Board Committees are authorised to obtain, at the Group's expense, professional advice on any matter within their Terms of Reference. The Audit Committee works with the Group's auditors, PricewaterhouseCoopers LLP. The Company Secretary is supported on company secretarial matters by Numis (NOMAD) and Neville Registrars (Registrar).

## Board Committees

The Board is supported by the Audit, Remuneration and Nomination Committees.

### Audit Committee

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. Its members are Nick Jones (Chair) and Rosemary Leith. Nick Jones has recent and relevant financial experience. The Audit Committee reports to the Board on any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. In particular, the Committee is responsible for:

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

The effectiveness of the internal control systems is under constant review and an 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.

### Remuneration Committee

The Remuneration Committee operates under Terms of Reference agreed by the whole Board. Its members are Rosemary Leith (Chair) and Nick Jones. The Remuneration Policy developed by the Committee and details of each Director's remuneration are presented in the Directors' Remuneration Report on pages 46 to 50.

### Nomination Committee

The Nomination Committee operates as such under Terms of Reference agreed by the whole Board. The whole Board acts as the Nomination Committee, when the need arises, to determine the process for and make recommendations on the nomination of Directors of the Company.

### Board and Committee attendance

The following table sets out the attendance of Directors at Board and Committee meetings during 2016/17.

| Name | Title | Board Meetings Maximum 9 | Audit Committee Meetings Maximum 3 | Remuneration Committee Meetings Maximum 4 | Nomination Committee Meetings |
|---|---|---|---|---|---|
| Stephan Shakespeare | Chief Executive Officer | 9 | – | 4 (in attendance) | No meetings held |
| Alan Newman | Chief Financial Officer | 9 | 3 (in attendance) | 4 (in attendance) | |
| Doug Rivers | Chief Scientist | 8 | – | – | |
| Roger Parry | Non-Executive Chairman | 9 | – | – | |
| Nick Jones | Non-Executive Director | 8 | 3 | 4 | |
| Ben Elliot | Non-Executive Director | 9 | – | – | |
| Rosemary Leith | Non-Executive Director | 9 | 3 | 4 | |

# Corporate Governance Report

## for the year ended 31 July 2017 continued

### Controls and procedures

**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 the associated financial risks.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives in addition to providing reasonable and not absolute assurance against material misstatement or loss. These include controls in relation to the financial reporting process and the preparation of consolidated accounts. These procedures have been in place during the financial year up to the date of approval of the Annual Report. This process is regularly reviewed by the Board and is in accordance with Financial Reporting Council 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 Group;
- 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 Group by the use of separate teams to provide such services where appropriate;
- discussion with the auditors of a written report detailing relationships with the Group 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.

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

# Corporate Governance Report

## Corporate Social Responsibility



The YouGov Board is committed to delivering high standards of corporate governance and a key element of this is managing the Group in a socially responsible way. It is our aim for YouGov to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. We are mindful of the Group's impact on our all our stakeholders, including employees, panellists, clients, suppliers, shareholders, local communities, wider society and the environment. We have in place global and local employee-facing company policies covering the corporate social responsibility spectrum, with the principle areas noted below.

### Community

YouGov recognises the importance of respecting and supporting the communities in which it operates, and of making a positive contribution to society through its work.

### Suppliers

YouGov 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.

### Privacy

YouGov is committed to upholding privacy and takes seriously its duties under national privacy and data protection laws. YouGov expects its employees to exercise high rigour when it comes to safeguarding the personal data of all stakeholders including panellists, suppliers, customers and our employees. The Group has established Data Protection and IT Security Policies and during the year these have been under review with respect to the EU General Data Protection Regulation coming into force in May 2018.

### Diversity in the workplace

YouGov 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.

### Employee involvement

YouGov's employee involvement activities are outlined in the Directors' Report on page 51.

### Employee wellbeing

YouGov is committed to ensuring that our employees have a strong sense of support and wellbeing at work. It is our mission to achieve a valued and productive workforce through implementing a culture of care, increasing skills and building the outlook required to deal with pressures of the modern workplace.

### Health and safety

YouGov 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.

### Ethical behaviour

YouGov expects its employees to exercise high professional, ethical and moral standards at all times whilst representing the Group. The Group maintains an awareness of human rights issues and observance of pertinent law and this is reflected in our suite of company policies including our Anti-Slavery Statement, Anti-Bribery Policy and Whistleblowing Procedure.

### Environment

YouGov recognises that the prudent use of resources delivers both environmental and financial benefits. We aim to promote the maintenance of a healthy environment through responsible and sustainable consumption. Our operations are predominantly office based and here we try to minimise our impacts where practicable. As part of this policy we undertake:

- that all waste is stored and disposed of responsibly, and recycled where possible;
- that paper used comes from reputable managed forests;
- to comply with the relevant packaging and waste regulations; and
- to minimise air travel by utilising conference and video calling technology when appropriate.

# Remuneration Report

## for the year ended 31 July 2017

The Remuneration Committee sets the strategy, structure and levels of remuneration for the Executive Directors and also reviews the remuneration of senior management. It does so in the context of aligning the financial interests of the Executive Directors, management and employees with the achievement of the Group's stated strategic objectives (which are outlined on page 7).

As an AIM-listed company, YouGov is not obliged to implement the remuneration reporting requirements for companies as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, the Remuneration Committee has taken note of those elements of the Regulations which it considers are appropriate to the Company and certain disclosures in this section reflect the requirements of the regulations.

### Directors' Remuneration Policy

#### Policy on remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Board as a whole. The Board of Directors believes that ownership of the Company's shares by Non-Executive Directors helps to align their interests with those of the Company's shareholders. Accordingly, the Company's policy is that a proportion of each Non-Executive's fee will be paid in the form of ordinary shares in lieu of cash, save if the Non-Executive Director has an existing substantial shareholding. During the year, £20,000 of the Chairman's fee and £5,000 of the other Non-Executives' fees, were paid in shares; this amounted to 12,174 shares in total (2016: 25,549 shares) as detailed in the following table:

| Name | Title | Shares issued |
|---|---|---|
| Roger Parry | Non-Executive Chairman | 6,957 |
| Nick Jones | Non-Executive Director | 1,739 |
| Ben Elliot | Non-Executive Director | 1,739 |
| Rosemary Leith | Non-Executive Director | 1,739 |

#### 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 Group's business growth and profit record requires an overall compensation policy with a strong performance-related element.

#### External appointments

Executive Directors are permitted to serve on other Boards. No Director received any remuneration in the year in respect of their external Non-Executive appointments.

#### Components

The main components of the Executive Directors' remuneration are:

**1. Basic salary**

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

**2. Bonus scheme**

The Remuneration Committee sets bonus targets linked to the Group's stated strategy and tailored to each Director's individual role. These include financial and non-financial objectives. It assesses their overall performance against those indicators and generally in determining the level of bonus payable.

The Remuneration Committee adopted a bonus scheme for the Executive Directors for the 2016/17 year. This annual bonus scheme is focussed on the achievement of the Group's short-term objectives and is designed to complement the LTIP 2014, which is focussed on the achievement of the Group's long-term objectives. The cash award values for 2016/17 are stated in the Remuneration Report on page 48.

**3. Shares**

The Board believes that share ownership by Executive Directors strengthens the link between their personal interests and those of the shareholders in respect of shareholder value. It therefore established Long Term Incentive Plans designed to reflect an individual manager's contribution to long-term value creation.

**Long Term Incentive Plan 2014 ("LTIP 2014")**

The current Long Term Incentive Plan ("LTIP 2014") took effect from 1 August 2014. The participants are the Executive Directors and a small group of senior managers whom the Board considers have a key role to play in the delivery of YouGov's strategic plans. The plan is designed to reward the participants for the achievement of highly demanding earnings per share growth targets over the five-year period ending 31 July 2019.

Under the rules of this plan, participants are to be conditionally awarded nil cost options to acquire shares (or conditional stock awards, if US residents). The awards are to be granted in three equal tranches over 2015/16 to 2017/18. Receipt of an award in each of these years is dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year.

The award vesting conditions include earnings per share growth targets and an operating profit margin target (detailed below) and the Remuneration Committee's assessment of the Group's underlying financial performance over the plan period.

Vesting of awards is dependent on the Group achieving the targets for compound earnings per share growth in the plan period as set out in the Annual Report on Remuneration on pages 48 to 50.

| 5 Year EPS CAGR[1] | % of Award vesting |
|---|---|
| Below 10% | Nil |
| 10% | 15% |
| 15% | 30% |
| 25% | 100% |

1. EPS is defined as the adjusted earnings per share calculated in accordance with the Group's accounts (i.e. excluding the amortisation of intangible assets, share-based payments and other separately reported items).

Vesting of awards is also dependent on the Group's average operating margin being at least 12% over the five-year period. (Average operating margin is the average of the adjusted operating profit, as defined in the accounts, divided by the revenue with each year's margin percentage being calculated first). If this underpin condition is not achieved, the shares awarded will not vest. If it is met, then the five-year earnings per share growth performance will be assessed against the targets set out in the table above.

The maximum total number of shares to be awarded to each participant over the five years of the plan is based on a percentage of their salary in the year ended 31 July 2015 and the share price at the start of the plan; the percentage levels vary by participant, as set out in the table below:

| Role | Maximum cumulative award after 5 years as % of salary in FY15 |
|---|---|
| Chief Executive Officer | 850% |
| Executive Directors | 500% |
| Senior Managers | Between 150% and 250% |

In addition, the Chief Executive Officer is entitled to an enhanced award if the Company's share price grows by more than 200% over the five-year period and if the other vesting conditions are also met in full. This additional award equates to 255% of his annual salary in the year ended 31 July 2015. The combined maximum potential award for the Chief Executive Officer is thus 1,105% of his annual salary. This award was granted in full (as a single tranche) during the year.

1,933,756 share options were granted under the LTIP 2014 in the year ended 31 July 2017. These included conditional awards to the Executive Directors of the Company, as set out in the Annual Report on Remuneration on pages 48 to 50.

**Deferred Share Bonus Plan 2014 ("DSBP")**

A Deferred Share Bonus Plan was established in 2014, for senior managers in the Group who do not participate in the new LTIP. This plan entitles participants to an award of shares which must be retained for a period of two years and whose vesting is subject to their continued employment during that time. The value of the award will be linked to the assessment of performance made in determining their annual bonus. The maximum award level will normally be 10% of basic salary. As distinct from the new LTIP, awards of DSBP shares may be made annually.

182,640 share options were granted under the DSBP 2014 in the year ended 31 July 2017, none of which were granted to Executive Directors of the Company.

# Remuneration Report

## for the year ended 31 July 2017 continued

### Long Term Incentive Plan 2009 ("LTIP 2009")

In the financial years 2008/9 to 2013/14, the Executive Directors and senior managers of the Company and its subsidiaries were eligible to participate in the Long Term Incentive Plan established in 2009.

Under the rules of this plan, participants are conditionally awarded nil cost options to acquire shares (or conditional stock awards, if US residents). The number of such shares awarded is normally calculated by reference to a percentage of the participant's salary and the Company's closing share price for an appropriate reference period. The shares subject to the awards are to be released to the recipients at the end of a holding period, normally three years, subject to their continued employment (with exceptions in certain circumstances). The performance criteria attached to these awards relate to earnings per share growth and Total Shareholder Return ("TSR") versus companies in the AIM Media Index.

The conditions applying to the last round of the LTIP 2009 awards, which was granted in 2013/2014, were met in full, and consequently these awards vested in full, in November 2016.

No share options were granted under the LTIP 2009 in the year ended 31 July 2017.

### Annual Report on Remuneration

A resolution will be put to the shareholders at the Annual General Meeting to be held on 6 December 2017, inviting them to consider and approve this report. The remuneration report is unaudited, except where stated. This is not a remuneration report as defined by Company Law.

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 2017 amounted to £1,727,000 (2015: £1,597,000).

### Directors' remuneration (audited)

Directors' remuneration in aggregate for the year ended 31 July 2017 was as follows:

| Name | Salary £ | Annual Bonus £ | Pension Contribution £ | Benefits in kind £ | **Total 31 July 2017 £** | Total 31 July 2016 £ |
|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | |
| Stephan Shakespeare | 248,019 | 252,718 | 1,267 | 2,791 | **504,795** | 490,879 |
| Alan Newman | 205,871 | 209,771 | – | – | **415,642** | 405,022 |
| Doug Rivers | 292,387 | 297,916 | 16,595 | – | **606,898** | 501,387 |
| **Non-Executive Directors** | | | | | | |
| Roger Parry | 100,000 | – | – | – | **100,000** | 100,000 |
| Nick Jones | 35,000 | – | – | – | **35,000** | 35,000 |
| Ben Elliot | 30,000 | – | – | – | **30,000** | 30,000 |
| Rosemary Leith | 35,000 | – | – | – | **35,000** | 35,000 |
| Totals | 946,277 | 760,405 | 17,862 | 2,791 | **1,727,335** | 1,597,288 |

The benefit-in-kind received consists of private health insurance.

In the year ended 31 July 2016, the remuneration paid to Stephan Shakespeare, Alan Newman and Doug Rivers included bonus payments of £241,970, £200,850 and £246,989 respectively.

### Directors' share options (audited)

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

| Plan | Date of grant | Earliest exercise date | Expiry date | Number at 31 July 2016 | Awarded in year | Exercised in year** | **Number at 31 July 2017** |
|---|---|---|---|---|---|---|---|
| **Stephan Shakespeare** | | | | | | | |
| LTIP 2009 | 7 April 2014 | 17 October 2016 | 6 April 2024 | 262,185 | – | – | **262,185** |
| LTIP 2014 | 9 December 2015* | 14 October 2019 | 8 December 2025 | 544,976 | – | – | **544,976** |
| LTIP 2014 | 9 December 2015 | 14 October 2019 | 8 December 2025 | 575,253 | – | – | **575,253** |
| LTIP 2014 | 17 November 2016 | 14 October 2019 | 16 November 2026 | – | 605,529 | – | **605,529** |
| | | | | 1,382,414 | 605,529 | – | **1,987,943** |
| **Alan Newman** | | | | | | | |
| LTIP 2009 | 7 April 2014 | 17 October 2016 | 6 April 2024 | 203,218 | – | (203,218) | **–** |
| LTIP 2014 | 9 December 2015 | 14 October 2019 | 8 December 2025 | 295,664 | – | – | **295,664** |
| LTIP 2014 | 17 November 2016 | 14 October 2019 | 16 November 2026 | – | 295,664 | – | **295,664** |
| | | | | 498,882 | 295,664 | (203,218) | **591,328** |
| **Doug Rivers** | | | | | | | |
| LTIP 2009 | 7 April 2014 | 17 October 2016 | 6 April 2024 | 237,875 | – | (237,875) | **–** |
| LTIP 2014 | 9 December 2015 | 14 October 2019 | 8 December 2025 | 332,491 | – | – | **332,491** |
| LTIP 2014 | 17 November 2016 | 14 October 2019 | 16 November 2026 | – | 332,491 | – | **332,491** |
| | | | | 570,366 | 332,491 | (237,875) | **664,982** |

*LTIP 2014 CEO's enhanced award, as described on page 47.

**Exercises during the year ended 31 July 2017:

- Alan Newman exercised 203,218 nil cost options (2016: nil) when the market price was 275p.
- Doug Rivers exercised 237,875 nil cost options (2016: nil) when the market price was 237p.

### Statement of Directors' Shareholding and Share Interests

| | Stephan Shakespeare | Alan Newman | Doug Rivers |
|---|---|---|---|
| Share options with performance conditions | 1,725,758 | 591,328 | 664,982 |
| Share awards without performance conditions | – | – | – |
| **Scheme interests in shares** | **1,725,758** | **591,328** | **664,982** |
| Vested but unexercised share options | 262,185 | – | – |
| Shares beneficially owned | 7,417,556 | 528,832 | 988,135 |
| **Total interest in shares** | **9,405,499** | **1,120,160** | **1,653,117** |

# Remuneration Report

## for the year ended 31 July 2017 continued

### Directors' service contracts

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

| Executive Directors | Title | Contract date | Notice period |
|---|---|---|---|
| Stephan Shakespeare | Chief Executive Officer | 18 April 2005 | 12 months |
| Alan Newman | Chief Financial Officer | 5 June 2009 | 6 months |
| Doug Rivers | Chief Scientist | 7 August 2007 | 90 days |

| Non-Executive Directors | | Date of initial appointment | Notice period |
|---|---|---|---|
| Roger Parry | Non-Executive Chairman | 6 February 2007 | 30 days |
| Nick Jones | Non-Executive Director | 2 June 2009 | 30 days |
| Ben Elliot | Non-Executive Director | 2 August 2010 | 30 days |
| Rosemary Leith | Non-Executive Director | 1 February 2015 | 30 days |

Save as set out above, there are no existing or proposed service contracts between any of the Directors serving at 31 July 2017 and the Company or any member of the Company.

### Directors' conflicts of interest

The Company has procedures in place to monitor and manage Directors' conflicts of interest. The Directors are required to declare their interests and connected persons on an annual basis (and additionally when there is change) and the Company Secretary maintains a register of said interests. The Company's Articles of Association permit the Board to authorise declared conflicts of interest; and Directors may excuse themselves from decisions when they are concerned about a conflict or potential conflict.

Save as disclosed, 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.

# Directors' Report

## for the year ended 31 July 2017

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2017.

### Operating results

The financial and operational performance of the Group is discussed on page 01.

### Financial summary

The financial summary is discussed on pages 32 to 34 of the Chief Financial Officer's Report.

### Key performance indicators

Performance measured against key performance indicators is discussed on page 32.

### Principal risks and uncertainties

The principal risks and uncertainties are discussed on pages 36 and 37.

### Financial risks

The financial risks facing the Group are discussed in more detail in Note 20 on pages 94 to 96.

### Dividends

A final dividend of 1.4p per share in respect of the year ended 31 July 2016 was paid on 12 December 2016, amounting to a total payment of £1,470,000. A dividend of 2.0p per share in respect of the year ended 31 July 2017, amounting to a total payment of £2,106,000 will be proposed at the Annual General Meeting on 6 December 2017.

### Prospects

The Board's assessment of the Company's position and prospects are set out in the Chairman's Statement on pages 04 and 05, the Chief Executive Officer's review on pages 24 to 31 and the Chief Financial Officer's report on pages 32 to 34.

### Future developments

Future developments are discussed in more detail in the Chief Executive's Review on pages 24 to 31.

### Events after the reporting date

There were no material events between the reporting date and the date of this report.

### Directors

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

| Name | Title | Role |
|---|---|---|
| Stephan Shakespeare | Chief Executive Officer | Executive |
| Alan Newman | Chief Financial Officer | Executive |
| Doug Rivers | Chief Scientist | Executive |
| Roger Parry | Non-Executive Chairman | Non-Executive |
| Nick Jones | Non-Executive Director | Non-Executive |
| Ben Elliot | Non-Executive Director | Non-Executive |
| Rosemary Leith | Non-Executive Director | Non-Executive |

# Directors' Report

## for the year ended 31 July 2017 continued

### Treasury shares

The total number of shares in treasury at 31 July 2017 was nil (2016: nil).

### Directors' interests in shares

The interests of the Directors in the shares of the Company 31 July 2017 and 31 July 2016 were as follows:

| | **As at 31 July 2017 Number of Shares** | As at 31 July 2016 Number of Shares |
|---|---|---|
| Stephan Shakespeare[1] | **7,417,556** | 7,438,609 |
| Alan Newman | **528,832** | 453,832 |
| Doug Rivers | **988,135** | 1,488,135 |
| Roger Parry | **89,685** | 82,728 |
| Nick Jones | **20,570** | 18,831 |
| Ben Elliot | **20,570** | 18,831 |
| Rosemary Leith | **9,421** | 7,682 |

1. Includes 559,404 ordinary shares held by Stephan Shakespeare's wife, Rosamund Shakespeare.

There have been no changes to Directors' interests in shares since the year end. The Directors' interests in share options are detailed in the Remuneration Report on page 46.

### Substantial shareholders

At 31 July 2017 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

| **Name** | **Shareholding** | |
|---|---|---|
| BlackRock | **10,714,386** | 10.18% |
| Liontrust Asset Management | **10,292,061** | 9.77% |
| Standard Life Investments | **10,278,350** | 9.76% |
| Kabouter Management | **9,264,001** | 8.80% |
| Balshore Investments | **8,029,100** | 7.63% |
| T Rowe Price Global Investments | **7,961,015** | 7.56% |
| Stephan Shakespeare[1] | **7,417,556** | 7.04% |
| Investec Wealth & Investment | **5,619,131** | 5.34% |
| Baillie Gifford | **5,112,916** | 4.86% |
| Octopus Investments | **4,412,559** | 4.19% |
| Charles Stanley Stockbrokers | **4,381,968** | 4.16% |

1. Includes 559,404 ordinary shares held by Stephan Shakespeare's wife, Rosamund Shakespeare.

## 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 2017 or 2016. In 2017, £3.4m (2016: £2.5m) was capitalised and included within intangible fixed assets. Capitalised development is amortised to the income statement over a period of three years, the amortisation charge in respect of capitalised development was £2.7m (2016: £2.3m).

## Charitable and political contributions

Donations to charitable organisations amounted to £84,000 (2016: £76,000). This included an annual subscription of £78,000 (2016: £64,000) in respect of the "YouGov-Cambridge" programme, an academic partnership established with Cambridge University's Department of Politics and International Studies. The Company does not make political donations.

## Employee involvement and communication

The Group 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 Group. Information about the Group's affairs is communicated to employees through regular management meetings, newsletters, intranet and social events. It is the policy of the Group that training, career development, promotion and global internal transfer opportunities should be available to all employees. 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 Group may continue. Employees are encouraged to own shares in the Company, and many employees are shareholders and/or hold options under the Group's share option schemes.

## Insurance of Group officers

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

## Going concern

The Group meets its day-to-day working capital requirements through its own cash resources. The nature of the Group's business means that there is some uncertainty as to the future level of demand for the Group's products. However, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue operating without bank finance. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future including the 12 months from the date of this report. The Group therefore continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

## Independent auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- all steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- the Group auditors are PricewaterhouseCoopers LLP. A resolution to 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 6 December 2017 at our offices at 50 Featherstone Street, London EC1Y 8RT.

Tilly Heald
Company Secretary
On behalf of the Board

6 October 2017

# Directors' Responsibilities Statement

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

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 parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the group and parent company 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 parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Annual Report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

Alan Newman
**Chief Financial Officer**
On behalf of the Board

6 October 2017

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



## Opinion

In our opinion, YouGov plc's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 July 2017 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.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 July 2017, the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

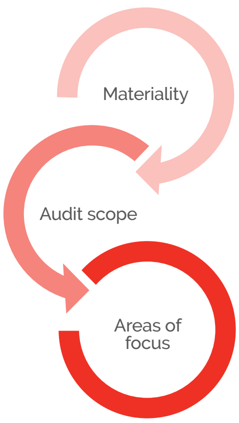
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit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

### Independence

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

## Our audit approach

### Overview




**Materiality**

- Overall Group materiality: £500,000 (2016: £540,000), based on 3.5% of adjusted operating profit (as presented on the face of the Consolidated Income Statement).

**Audit scope**

- The focus of the Group team's work was on the UK and US operations. We received reporting from Germany, Nordics and the Middle East on audits of the complete financial information.
- In addition, specified audit procedures were performed in Asia Pacific and by the Group team on the French operations.

**Key audit matters**

- Capitalisation of internally generated intangible assets.
- Classification and measurement of separately reported items.
- Recoverability of deferred tax assets.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

# Independent Auditors' Report to the Members of YouGov plc Report on the Group Financial Statements continued

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Capitalisation of internally generated intangible assets**<br>Refer to page 86 (Note 11).<br><br>We focussed on this area because of the significant level of judgement by the Directors involved in determining whether internal time and external costs incurred in respect of internally generated intangible assets satisfy the requirements of the financial reporting framework (International Accounting Standard 38 Intangible assets) to be capitalised, including that they are separable from the other assets of the business and will provide future economic benefits for the Group.<br><br>The internally generated intangible assets are all within the UK. | We have gained an understanding of the controls and review process over the capitalisation on intangibles and tested the control surrounding the approval of the IT development budget, which was reviewed by the Board as part of the annual business planning process.<br><br>We considered the feasibility and revenue generation of each project with relevant personnel and obtained satisfactory explanations for the assumptions made. In order to determine the economic feasibility of these products, we have reviewed the revenue streams and tested management's forecasting associated with each of the intangible assets to ensure it supports the net book value. We have reviewed management's classification of costs between new projects, improvements and maintenance expenditure. We confirmed that time associated with maintenance has been appropriately expensed.<br><br>We have assessed whether any existing assets are impaired as a result of new development in the year.<br><br>We tested that a sample of projects where costs were capitalised satisfied the recognition criteria in IAS 38. We also tested a sample of internal costs to timesheets and supporting payroll records and verified the allocation of employee costs to the correct projects and external costs to invoices. |
| **Classification and measurement of separately reported items and other adjusting items**<br>Refer to page 81 (Note 4). The group continues to present adjusted earnings by making adjustments for items of income and expenses which management believes, based on the nature of the item, or its size, should be separately reported so as to provide a better understanding of the results of the operations of the Group.<br><br>The separately reported items related mainly to redundancy costs of £0.6 million as part of the Group's ongoing restructuring. Determining whether such items satisfy the Group's policy requires a degree of judgement and so we focussed on the application of policy in this area and the appropriateness of disclosures.<br><br>Other adjusting items comprise amortisation charges on intangible assets of £6.5 million which have been historically separated from underlying profit mainly due to their non-cash nature, and this is consistent with the presentation used by a number of other industry peers.<br><br>Given that the Group presents adjusted earnings measures in addition to its statutory results, we focussed on the classification of these items in the consolidated financial statements, particularly considering the nature of such items, whether they are non-recurring and whether they are significant in size. We also reviewed the disclosure to ensure the separately reported items are clearly disclosed, explained and reconciled to the statutory measurements. | We considered the appropriateness and transparency of the disclosures in the consolidated financial statements regarding the nature of the reconciling items between statutory and adjusted profit measures, especially in the context of the principle that financial reporting as a whole should be fair, balanced and understandable. We understood management's rationale for classifying items as separately reported and considered whether this is reasonable and appropriate in arriving at an adjusted profit measure for 2017.<br><br>Redundancy costs had been incurred in both the current year and in prior years so we challenged over the nature of the costs and whether those costs were therefore recurring or non-recurring in nature.<br><br>We considered the appropriateness of the restructuring costs, which are separately reported and, on the basis that they all relate to a series of linked initiatives underpinning one-off strategic changes implemented by the Group in 2017, we accepted management's presentation of these items.<br><br>We tested the accuracy and completeness of the costs incurred, including checking the actual payments made to those employees. We also checked that these positions were removed from the Group's structure permanently, checking that these costs did not just relate to replacing specific individuals. We confirmed that restructuring costs not associated with this major restructuring programme have not been separately reported and have continued to be charged within the Group's statutory profit measures.<br><br>In respect of the other adjusting item, the amortisation of intangible assets, we checked management's computations of the costs. Our work on the underlying intangible is set out separately in this report.<br><br>From the evidence obtained, we concurred with management's assessment to classify and disclose these items as separately reported adjusting items, in line with the disclosed accounting policy and that the rationale for including or excluding items from adjusted profit has been consistently applied across gains and losses. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Recoverability of deferred tax assets<br><br>Refer to pages 70 to 71 (accounting policy) and pages 92 to 93 (Note 19).<br><br>The Group has recognised significant deferred tax assets in respect of unutilised losses and other temporary differences arising. The recognition or otherwise of deferred tax assets in respect of these losses and temporary differences is based on judgement in respect of the quantum of expected future profits and the ability of the Group to offset any of its accumulated losses against these expected profits. | We compared the assumptions used in respect of future taxable profit forecasts to the territory's long-term forecasts. We considered, amongst other things, historical levels of taxable profits in the UK, US, Germany and the Nordics, the historical accuracy of forecasts, the growth forecasts used, and the period over which those forecasts were applied. This included critically assessing the assumptions and judgements made by the Directors in those growth forecasts, by using our knowledge of the Group and the industry in which it operates, and by comparing growth assumptions to externally derived data.<br><br>We also assessed the adequacy of the Group's disclosures setting out the basis of the deferred tax asset recognised and not recognised and the level of estimation involved. From the evidence obtained, we concurred with management's assessment of the recoverability of deferred tax assets. |



**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

The Group reports its operating results and financial position in seven territories; the UK, USA, Germany, Nordics, Middle East, Asia Pacific and France. The Group Financial Statements are a consolidation of the Group's operating businesses and central functions. The Group's operating reporting units vary significantly in size, the most significant being the UK and US. The group team performed the audits of the UK, USA and the consolidation. We also issued instructions to our overseas teams, which included guidance on the areas of focus for the audit. Our overseas teams performed their respective audits, in accordance with our instruction, over the complete financial information of Germany, Nordics and Middle East and we had regular communications with them. We then received reporting on the results of their work. In addition, specified audit procedures were performed in Asia Pacific and by the Group team on the French operations.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| **Overall Group materiality** | £500,000 (2016: £540,000). |
| **How we determined it** | 3.5% of adjusted operating profit (as presented on the face of the Consolidated Income Statement). |
| **Rationale for benchmark applied** | We believe that adjusted operating profit provides us with a consistent period on period basis for determining materiality and eliminates the disproportionate effect of a discrete number of items on the benchmark, which was also used last year. |

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £225,000 and £355,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £25,000 (2016: £27,000), reclassification adjustments above £150,000 (2016: £150,000), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

# Independent Auditors' Report to the Members of YouGov plc Report on the Group Financial Statements continued

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Reporting on other information

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

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

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

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

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 54, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the parent 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.

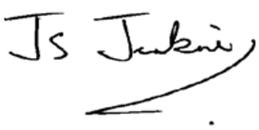
## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

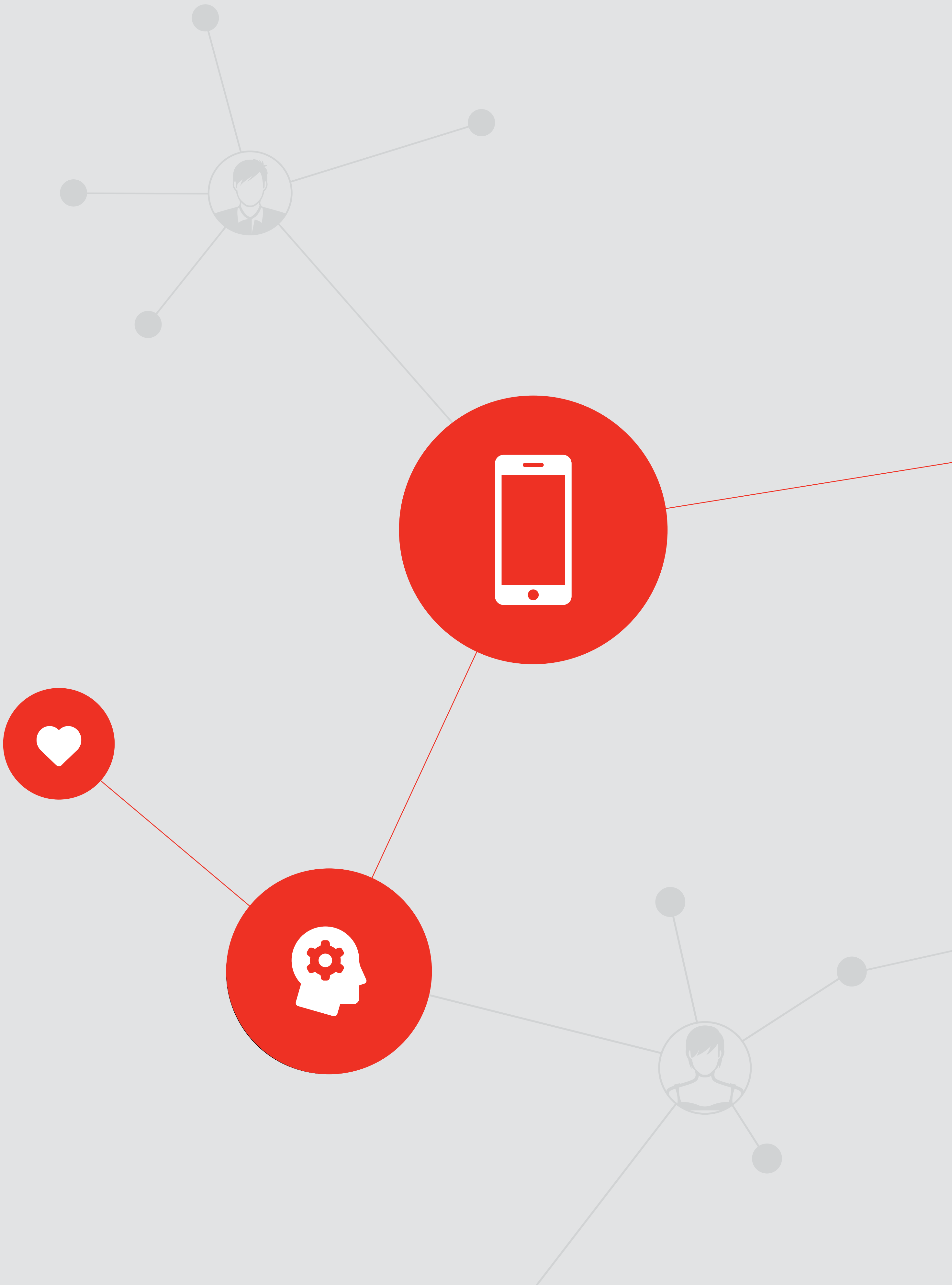
## Other matter

We have reported separately on the parent company financial statements of YouGov plc for the year ended 31 July 2017.



Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 October 2017



# Financial statements

# Consolidated Income Statement for the year ended 31 July 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Revenue** | 1 | **107,048** | 88,202 |
| Cost of sales | | **(21,339)** | (19,476) |
| **Gross profit** | | **85,709** | 68,726 |
| Operating expenses | | **(78,152)** | (64,395) |
| **Operating profit** | 1 | **7,557** | 4,331 |
| Amortisation of intangibles | 2 | **6,483** | 5,478 |
| Other separately reported items | 4 | **488** | 1,108 |
| **Adjusted operating profit** | 1 | **14,528** | 10,917 |
| Finance income | 5 | **480** | 2,144 |
| Finance costs | 5 | **(226)** | (945) |
| Share of post-tax profit/(loss) of associates | | **103** | (4) |
| **Profit before taxation** | 1 | **7,914** | 5,526 |
| Taxation | 6 | **(3,273)** | (2,111) |
| **Profit after taxation** | 1 | **4,641** | 3,415 |
| Attributable to: | | | |
| – Owners of the parent | | **4,671** | 3,401 |
| – Non-controlling interests | | **(30)** | 14 |
| | | **4,641** | 3,415 |
| **Earnings per share** | | | |
| Basic earnings per share attributable to owners of the parent | 8 | **4.4p** | 3.3p |
| Diluted earnings per share attributable to owners of the parent | 8 | **4.2p** | 3.2p |

All operations are continuing.

The notes and accounting policies on pages 67 to 77 form an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income for the year ended 31 July 2017

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Profit for the year | **4,641** | 3,415 |
| **Other comprehensive income** | | |
| Items that may be subsequently reclassified to profit or loss | | |
| Currency translation differences | **1,159** | 8,271 |
| Other comprehensive income for the year | **1,159** | 8,271 |
| **Total comprehensive income for the year** | **5,800** | 11,686 |
| Attributable to: | | |
| – Owners of the parent | **5,830** | 11,667 |
| – Non-controlling interests | **(30)** | 19 |
| **Total comprehensive income for the year** | **5,800** | 11,686 |

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

The notes and accounting policies on pages 67 to 77 form an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position as at 31 July 2017

| Assets | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 10 | **43,746** | 42,401 |
| Other intangible assets | 11 | **11,214** | 10,739 |
| Property, plant and equipment | 12 | **3,278** | 3,568 |
| Investments in associates | 13 | **345** | 242 |
| Deferred tax assets | 19 | **6,054** | 5,416 |
| **Total non-current assets** | | **64,637** | 62,366 |
| **Current assets** | | | |
| Trade and other receivables | 14 | **30,699** | 28,643 |
| Current tax assets | | **738** | 1,143 |
| Cash and cash equivalents (excluding bank overdrafts) | 15 | **23,481** | 15,553 |
| **Total current assets** | | **54,918** | 45,339 |
| **Total assets** | | **119,555** | 107,705 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **29,389** | 25,839 |
| Borrowings | 15 | **262** | – |
| Current tax liabilities | | **777** | 392 |
| Provisions | 18 | **3,749** | 1,592 |
| **Total current liabilities** | | **34,177** | 27,823 |
| **Net current assets** | | **20,741** | 17,516 |
| **Non-current liabilities** | | | |
| Provisions | 18 | **3,222** | 4,255 |
| Deferred tax liabilities | 19 | **1,683** | 1,538 |
| **Total non-current liabilities** | | **4,905** | 5,793 |
| **Total liabilities** | | **39,082** | 33,616 |
| **Net assets** | | **80,473** | 74,089 |
| **Equity** | | | |
| Issued share capital | 21 | **211** | 209 |
| Share premium | 21 | **31,261** | 31,086 |
| Merger reserve | | **9,239** | 9,239 |
| Foreign exchange reserve | | **14,889** | 13,730 |
| Retained earnings | | **24,873** | 19,795 |
| **Total equity attributable to owners of the parent** | | **80,473** | 74,059 |
| Non-controlling interests in equity | | **-** | 30 |
| **Total equity** | | **80,473** | 74,089 |

The notes and accounting policies on pages 67 to 77 form an integral part of these consolidated financial statements.

The financial statements on pages 62 to 100 were authorised for issue by the Board of Directors on 6 October 2017 and signed on its behalf by:

Alan Newman Chief Financial Officer

YouGov plc Registered no. 03607311

# Consolidated Statement of Changes in Equity for the year ended 31 July 2017

| | Note | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Issued share capital £'000 | Share premium £'000 | Merger reserve £'000 | Foreign exchange reserve £'000 | Retained earnings £'000 | Equity attributable to owners of the parent £'000 | Non-controlling interest in equity £'000 | Total equity £'000 |
| Balance at 1 August 2015 | | 206 | 31,051 | 9,239 | 5,464 | 15,635 | 61,595 | 28 | 61,623 |
| Exchange differences on translating foreign operations | | – | – | – | 8,266 | – | 8,266 | 5 | 8,271 |
| Net gain recognised directly in equity | | – | – | – | 8,266 | – | 8,266 | 5 | 8,271 |
| Profit for the year | | – | – | – | – | 3,401 | 3,401 | 14 | 3,415 |
| Total comprehensive income for the year | | – | – | – | 8,266 | 3,401 | 11,667 | 19 | 11,686 |
| Issue of shares | 21 | 3 | 35 | – | – | (3) | 35 | – | 35 |
| Dividends paid | 7 | – | – | – | – | (1,042) | (1,042) | (14) | (1,056) |
| Purchase of non-controlling interest in subsidiary | | – | – | – | – | (28) | (28) | (3) | (31) |
| Share-based payments | 22 | – | – | – | – | 1,111 | 1,111 | – | 1,111 |
| Tax in relation to share-based payments | 19 | – | – | – | – | 721 | 721 | – | 721 |
| Total transactions with owners recognised directly in equity | | 3 | 35 | – | – | 759 | 797 | (17) | 780 |
| **Balance at 31 July 2016** | | **209** | **31,086** | **9,239** | **13,730** | **19,795** | **74,059** | **30** | **74,089** |
| Exchange differences on translation | | **–** | **–** | **–** | **1,159** | **–** | **1,159** | **–** | **1,159** |
| Net gain recognised directly in equity | | **–** | **–** | **–** | **1,159** | **–** | **1,159** | **–** | **1,159** |
| Profit/(Loss) for the year | | **–** | **–** | **–** | **–** | **4,671** | **4,671** | **(30)** | **4,641** |
| **Total comprehensive income/ (expense) for the year** | | **–** | **–** | **–** | **1,159** | **4,671** | **5,830** | **(30)** | **5,800** |
| Issue of shares | | **2** | **175** | **–** | **–** | **(2)** | **175** | **–** | **175** |
| Dividends paid | | **–** | **–** | **–** | **–** | **(1,470)** | **(1,470)** | **–** | **(1,470)** |
| Share-based payments | | **–** | **–** | **–** | **–** | **1,488** | **1,488** | **–** | **1,488** |
| Tax in relation to share-based payments | | **–** | **–** | **–** | **–** | **391** | **391** | **–** | **391** |
| Total transactions with owners recognised directly in equity | | **2** | **175** | **–** | **–** | **407** | **584** | **–** | **584** |
| **Balance at 31 July 2017** | | **211** | **31,261** | **9,239** | **14,889** | **24,873** | **80,473** | **–** | **80,473** |

The notes and accounting policies on pages 67 to 77 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows for the year ended 31 July 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **7,914** | 5,526 |
| Adjustments for: | | | |
| Finance income | | **(480)** | (2,144) |
| Finance costs | | **226** | 945 |
| Share of post-tax (profit)/loss of associates | | **(103)** | 4 |
| Amortisation of intangibles | 2 | **6,508** | 5,567 |
| Depreciation | 2 | **1,174** | 819 |
| Loss on disposal of property, plant and equipment and other intangible assets | | **7** | – |
| Profit on the disposal of subsidiary undertakings | | **(94)** | – |
| Share-based payments | | **1,488** | 1,111 |
| Other non-cash items | | **–** | (36) |
| Increase in trade and other receivables | | **(1,531)** | (1,925) |
| Increase in trade and other payables | | **2,779** | 3,229 |
| Increase in provisions | | **1,026** | 1,043 |
| **Cash generated from operations** | | **18,914** | 14,139 |
| Interest paid | | **(2)** | (1) |
| Income taxes paid | | **(2,487)** | (2,365) |
| **Net cash generated from operating activities** | | **16,425** | 11,773 |
| **Cash flow from investing activities** | | | |
| Acquisition of interest in associates | | **–** | (140) |
| Proceeds from the sale of subsidiary undertakings net of cash disposed of | | **150** | – |
| Purchase of property, plant and equipment | 12 | **(843)** | (1,003) |
| Purchase of intangible assets | 11 | **(6,968)** | (5,080) |
| Proceeds from sale of plant, property and equipment | | **–** | 7 |
| Interest received | | **8** | 12 |
| Dividends received from associates | | **–** | 28 |
| **Net cash used in investing activities** | | **(7,653)** | (6,176) |
| **Cash flows from financing activities** | | | |
| Acquisition of non-controlling interests | | **–** | (31) |
| Proceeds from the issue of share capital | | **175** | 35 |
| Repayment of borrowings | | **–** | (19) |
| Dividends paid to Shareholders | | **(1,470)** | (1,042) |
| Dividends paid to non-controlling interests | | **–** | (14) |
| **Net cash used in financing activities** | | **(1,295)** | (1,071) |
| **Net increase in cash and cash equivalents** | | **7,477** | 4,526 |
| Cash and cash equivalents at beginning of year | | **15,553** | 10,017 |
| Exchange gain on cash and cash equivalents | | **189** | 1,010 |
| **Cash and cash equivalents at end of year** | 15 | **23,219** | 15,553 |

The notes and accounting policies on pages 67 to 77 form an integral part of these consolidated financial statements.

# Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2017



## Nature of operations

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

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

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

## Basis of preparation

The consolidated financial statements of YouGov plc are for the year ended 31 July 2017. They have been prepared under the historical cost convention modified for fair values under IFRS. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) Interpretations (as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

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

## New standards, amendments and interpretations of existing standards adopted by the Group

The following standards, interpretations and amendments, which do not have a material impact, are mandatory for the first time for the financial year beginning 1 August 2016 and are relevant to the preparation of the Group's financial statements.

- Annual improvements 2014 (endorsed for annual periods on or after 1 January 2016)
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective annual periods beginning on or after 1 January 2016)

## New standards and interpretations not applied

The following amendments to standards and interpretations are mandatory for the first time for the financial years beginning on or after 1 August 2017 and will be relevant to the preparation of the Company's financial statements:

IFRS 15, 'Revenue from contracts with customers': Is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. This is effective for accounting periods beginning after 1 January 2018. The Group's evaluation of the effect of the adoption of this standard is ongoing, involving a review of its major contracts within each revenue stream. At present it is not anticipated that it will have a significant impact on the Group's revenue accounting policies.

Amendments to IAS 12, 'Income taxes': These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. This is effective for accounting periods beginning after 1 January 2017 although has not yet been endorsed by the EU.

Amendments to IFRS 2, 'Share based payments': This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. This is effective for accounting periods beginning after 1 January 2018 although has not yet been endorsed by the EU.

IFRS 9 'Financial instruments': This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. This is effective for accounting periods beginning after 1 January 2018. The Group's evaluation of the effect of the adoption of this standard is ongoing, at present it is not anticipated that it will have a significant impact on the Group's accounting policies.

IFRS 16, 'Leases': This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off-balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This is effective for accounting periods beginning after 1 January 2019 although has not yet been endorsed by the EU.

Annual improvements 2014–2016: These amendments impact three standards:

- iFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018;
- IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017;
- IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value, effective 1 January 2018.

These amendments are not yet endorsed by the EU.

IFRIC 22, 'Foreign currency transactions and advance consideration': This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This is effective for accounting periods beginning after 1 January 2018 although has not yet been endorsed by the EU.

Management will assess the impact on the Group of these standards prior to the effective date of implementation. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial year beginning 1 August 2017. Management will assess the impact on the Group of these standards prior to the effective date of implementation. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

### Basis of consolidation

The Group financial statements consolidate the Company and all of its subsidiary undertakings (see Note 13) drawn up to 31 July 2017. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

The Group treats 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 Consolidated Income Statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

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

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

## Segmental analysis

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

The Board of Directors (which is the "chief operating decision-maker") primarily reviews information based on product lines, Custom Research, Data Products and Data Services, with supplemental geographical information. As a result, product lines form the basis for the segmental reporting with supplemental geographical information also provided.

## Revenue

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

### Market research

Revenue arises from the provision of market research services. Within this revenue stream are syndicated and non-syndicated services. Data Products revenue streams are mainly syndicated services whilst Omnibus and Custom Research revenue streams are mainly 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 based on the stage of completion.

### Media buying

Where the Group acts as an agent, the revenue recorded is the net amount retained when the fee or commission is earned. Although the Group may bear credit risk in respect of these activities, the arrangements with clients are such that the Group considers that it is acting as an agent. In such cases, costs incurred with external suppliers (such as media suppliers) which are passed on to customers are excluded from the Group's revenue.

## 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 measured at the fair value of the services provided.

# Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 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 of service and nature of the termination. The liability is based on the estimated cash outflow based on historical experience of rates of resignation and redundancy.

### Panel incentive costs

The Group invites consumer panel members to fill out surveys in return for a cash or points-based 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 prize draw offered in various territories.

## Interest income/expense

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 expense is recognised using the effective interest method, which calculates the amortised cost of a financial liability and allocates the interest 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.

## Separately reported items

The Group's Income Statement separately identifies items that are in the Directors' judgement are one-off in nature or need to be disclosed separately by virtue of their size and incidence. In determining whether an item or transaction should be separately identified, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way that financial performance is measured by management and reported to the Board. Separately reported items may not be comparable to similarly titled measures used by other companies. Disclosing certain items separately provides additional understanding of the performance of the Group. Examples include acquisition costs and restructuring costs.

## Taxation

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

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

Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. The deferred tax provision is held at its current value and not discounted.

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 or other comprehensive income, in which case the related deferred tax is also charged or credited directly to equity or other comprehensive income.

## 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 the excess is recognised immediately in the Consolidated Income Statement.

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

## Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are valued at either their directly attributable costs or using valuation methods such as discounted cash flows and replacement cost in the case of acquired intangible assets. The Directors estimate the useful economic life of each asset and use these estimates in applying amortisation rates. The Directors periodically review useful economic life estimates. Intangible assets are stated at cost net of amortisation and any provision for impairment. The Directors conduct an annual impairment review of intangible assets 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, except for the amortisation of panel incentive costs incurred in product development, which is recognised in cost of sales.

### 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 |
|---|---|
| Software and software development | 3 – 5 years |
| Customer contracts and lists | 10 – 11 years |
| Patents and trademarks | 5 – 15 years |

### 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.

# Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2017 continued

Internally generated intangible assets are staff costs that are capitalised at their directly attributable cost. Development costs not meeting the criteria for capitalisation are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Internally generated intangible assets are amortised from the moment at which they become available for use. Amortisation rates applicable to internally generated intangible assets are typically:

| Intangible asset | Amortisation period |
|---|---|
| Software and software development | 3 years |
| Patents and trademarks | not amortised |
| Development costs | 2 – 5 years |

**Consumer panel**

The consumer panel is the core asset from which the Group's 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.

Consumer panel costs reflect the direct cost of recruiting new panel members. Consumer panel costs are split between enhancement and maintenance of the asset. Enhancement costs are capitalised whilst maintenance costs are expensed. 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 other items including the YouGov BrandIndex platform, which are key tools of the Group's business. Software and software development also include 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 replacement cost model. Amortisation is charged to write off the software over a three-to-five-year period, this being the Directors' estimate of the useful life of the software.

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

**Customer contract and lists**

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

**Patents and trademarks**

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

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

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

**Development costs**

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

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

### 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). 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. Depreciation is calculated to write-down the cost less estimated residual value of all property, plant and equipment 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 and operating leases

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 2017 continued

## Financial assets

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

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

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

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. As at 31 July 2017, there are no assets held in this category (31 July 2016: £nil).

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

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

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

## Cash and cash equivalents

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

## Equity

Equity comprises the following:

- share capital represents the nominal value of equity shares;
- share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of incremental and directly attributable expenses of the share issue;
- foreign exchange reserve represents the differences arising from translation of investments in overseas subsidiaries;
- retained earnings represent retained profits;
- 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 612 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 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 Sterling, which is the Company's functional and 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.

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 average rate unless average rate is not a good approximation of the rate ruling on the date of the transaction. The exchange differences arising from the retranslation of the opening net investment in subsidiaries and joint ventures are taken directly to the "Foreign exchange reserve" in equity.

## Employee benefits

### Equity-settled share-based payments

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

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

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.

# Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2017 continued

### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has a constructive obligation to pay them as a result of the announcement of a detailed formal plan to terminate the employment of current employees. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## Contingent consideration

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

## Imputed interest

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

## Going concern

The Group meets its day-to-day working capital requirements through its available cash resources. The Group's forecasts, projections and updated Board approved five year plan, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate without bank finance. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

## Accounting estimates and judgements

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

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

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and judgements 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 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. The value of share options is measured using either the Black Scholes option pricing model or the Monte Carlo Simulation. This is dependent on the conditions attached to each of the issued options. Where conditions are non-market based the Black Scholes option pricing model is used. Where market based conditions are attached to options, the fair value is determined using the Monte Carlo Simulation. 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.

#### Deferred taxation

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

#### Goodwill

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

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

#### Contingent consideration

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

#### 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 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. Judgement is also required in the determination of the costs that satisfy the IAS 38 criteria for capitalisation as intangible assets.

#### 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 a definite indicator of the future. In arriving at the carrying value of the provision, certain assumptions and estimates have to be made. The estimates used in calculating the panel incentive provision are fully disclosed in Note 18.

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017

## 1 Segmental analysis

The Board of Directors (which is the "chief operating decision-maker") primarily reviews information based on product lines: Custom Research, Data Products and Data Services; with supplemental geographical information.

| 2017 | Custom Research £'000 | Data Products £'000 | Data Services £'000 | Eliminations & Unallocated Costs £'000 | Group £'000 |
|---|---|---|---|---|---|
| **Revenue** | **60,220** | **24,070** | **23,296** | **(538)** | **107,048** |
| Cost of sales | **(14,389)** | **(3,284)** | **(4,204)** | **538** | **(21,339)** |
| Gross profit | **45,831** | **20,786** | **19,092** | **–** | **85,709** |
| Operating expenses | **(36,928)** | **(13,756)** | **(13,359)** | **(7,138)** | **(71,181)** |
| **Adjusted operating profit** | **8,903** | **7,030** | **5,733** | **(7,138)** | **14,528** |
| Amortisation of intangible assets | | | | | **(6,483)** |
| Other separately reported items | | | | | **(488)** |
| **Operating profit** | | | | | **7,557** |
| Finance income | | | | | **480** |
| Finance costs | | | | | **(226)** |
| Share of post-tax loss in joint ventures and associates | | | | | **103** |
| **Profit before taxation** | | | | | **7,914** |
| Taxation | | | | | **(3,273)** |
| **Profit after taxation** | | | | | **4,641** |
| **Other segment information** | | | | | |
| Depreciation | **731** | **138** | **173** | **132** | **1,174** |

| 2016 | Custom Research £'000 | Data Products £'000 | Data Services £'000 | Eliminations & Unallocated Costs £'000 | Group £'000 |
|---|---|---|---|---|---|
| **Revenue** | 54,318 | 16,629 | 17,905 | (650) | 88,202 |
| Cost of sales | (13,753) | (3,007) | (3,394) | 678 | (19,476) |
| Gross profit | 40,565 | 13,622 | 14,511 | 28 | 68,726 |
| Operating expenses | (33,704) | (9,110) | (9,320) | (5,675) | (57,809) |
| **Adjusted operating profit** | 6,861 | 4,512 | 5,191 | (5,647) | 10,917 |
| Amortisation of intangible assets | | | | | (5,478) |
| Other separately reported items | | | | | (1,108) |
| **Operating profit** | | | | | 4,331 |
| Finance income | | | | | 2,144 |
| Finance costs | | | | | (945) |
| Share of post-tax loss in joint ventures and associates | | | | | (4) |
| **Profit before taxation** | | | | | 5,526 |
| Taxation | | | | | (2,111) |
| **Profit after taxation** | | | | | 3,415 |
| **Other segment information** | | | | | |
| Depreciation | 506 | 108 | 112 | 93 | 819 |

## 1 Segmental analysis continued

### Supplementary analysis by geography

Revenue and adjusted operating profit by geography based on the origin of the sale

| | 2017 Revenue £'000 | 2017 Adjusted operating profit/(loss) £'000 | 2016 Revenue £'000 | 2016 Adjusted operating profit/(loss) £'000 |
|---|---|---|---|---|
| UK | **27,139** | **8,575** | 24,927 | 7,150 |
| USA | **40,710** | **9,276** | 30,960 | 6,014 |
| Germany | **9,597** | **946** | 9,098 | 698 |
| Nordic | **8,895** | **962** | 7,577 | 942 |
| Middle East | **16,322** | **2,449** | 13,948 | 2,430 |
| France | **2,735** | **406** | 1,689 | 134 |
| Asia Pacific | **5,512** | **(908)** | 2,832 | (586) |
| Intra-Group revenues/unallocated costs | **(3,862)** | **(7,178)** | (2,829) | (5,865) |
| Group | **107,048** | **14,528** | 88,202 | 10,917 |

Revenue by geography based on the destination of the customer.

| **2017** | UK £'000 | Middle East £'000 | Germany £'000 | Nordic £'000 | USA £'000 | France £'000 | Asia Pacific £'000 | Intra-Group revenues £'000 | Group £'000 |
|---|---|---|---|---|---|---|---|---|---|
| External sales | **26,766** | **13,523** | **9,406** | **8,584** | **42,595** | **2,136** | **4,038** | **–** | **107,048** |
| Inter-segment sales | **1,752** | **281** | **772** | **528** | **2,764** | **187** | **390** | **(6,674)** | **–** |
| Total revenue | **28,518** | **13,804** | **10,178** | **9,112** | **45,359** | **2,323** | **4,428** | **(6,674)** | **107,048** |
| 2016 | | | | | | | | | |
| External sales | 24,654 | 10,819 | 8,722 | 7,451 | 32,563 | 1,789 | 2,204 | – | 88,202 |
| Inter-segment sales | 1,925 | 209 | 512 | 356 | 1,922 | 141 | 193 | (5,258) | – |
| Total revenue | 26,579 | 11,028 | 9,234 | 7,807 | 34,485 | 1,930 | 2,397 | (5,258) | 88,202 |

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

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 2 Operating expenditure

The profit before taxation is stated after charging:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Auditors' remuneration:** | | |
| Fees payable for the audit of the parent company and the consolidated financial statements | **257** | 199 |
| Audit of subsidiaries | **106** | 71 |
| Audit related assurance services | **3** | 19 |
| Tax compliance services | **16** | 18 |
| Tax advisory services | **10** | 12 |
| Total auditors' remuneration | **392** | 319 |
| **Disposals, depreciation and amortisation:** | | |
| Amortisation of intangible assets recognised in operating expenses | **6,483** | 5,478 |
| Amortisation of intangible assets recognised in cost of sales | **25** | 89 |
| Total amortisation of intangible assets | **6,508** | 5,567 |
| Loss on disposal of intangible assets and property, plant and equipment | **7** | – |
| Depreciation of property, plant and equipment (Note 12) | **1,174** | 819 |
| **Operating lease rentals:** | | |
| Plant and machinery | **55** | 50 |
| Land and buildings | **2,430** | 1,921 |
| **Other expenses:** | | |
| Exchange gains | **(268)** | (1,217) |
| Share-based payment expenses (Note 22) | **1,488** | 1,111 |
| Charitable donations | **84** | 76 |

## 3 Staff costs and numbers

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Wages and salaries | **40,762** | 34,994 |
| Social security costs | **4,717** | 3,623 |
| Share-based payments (Note 22) | **1,488** | 1,111 |
| Other pension costs | **1,119** | 819 |
| Other benefits | **9,288** | 6,196 |
| Acquisition cost deemed as staff compensation[1] | **–** | (53) |
| | **57,374** | 46,690 |

[1] Part of the acquisition cost relating to Decision Fuel is deemed as staff compensation and treated as an other separately reported item, as disclosed in Note 9.

Included in the above amount are staff costs totalling £3,421,000 (2016: £2,555,000) that were capitalised in relation to internally developed software. Further details are provided in Note 11. Pension costs are contributions made on behalf of employees to defined contribution pension schemes. Other benefits include staff bonuses paid in cash and private healthcare insurance.

## 3 Staff costs and numbers continued

The monthly average number of employees including Director's of the Group during the year was as follows:

| | 2017 Number | 2016 Number |
|---|---|---|
| Key management personnel | **29** | 30 |
| Administration and operations | **750** | 662 |
| | **779** | 692 |

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Short-term employee benefits | **5,249** | 5,250 |
| Post-employment benefits | **144** | 92 |
| Share-based payments | **1,186** | 866 |
| Acquisition cost deemed as staff compensation | **–** | – |
| | **6,579** | 6,208 |

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 46 to 50, which form part of the financial statements.

## 4 Other separately reported items

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Restructuring costs | **582** | 1,086 |
| Profit on the disposal of subsidiary undertakings | **(94)** | – |
| Legal costs | **–** | 157 |
| Acquisition-related costs | **–** | (130) |
| Change in accounting estimation – contingent consideration | **–** | (5) |
| | **488** | 1,108 |

Restructuring costs in the year included £265,000 in relation to the reduction of non-core custom operations in the Middle East and £317,000 arising from the establishment of centralised global operations and finance support functions.

The profit on the disposal of subsidiary undertakings was in respect of the disposal of Service Rating GmbH.

Restructuring costs in the prior year included £894,000 in relation to the restructuring of the Northern European units. Restructuring costs of £192,000 were also incurred in reorganising sales and marketing operations in the UK, reorganising the IT Development structure and reorganising the management structure in the US.

Legal costs in the prior year were incurred in connection with establishing operations in Thailand.

Acquisition-related income in the prior year comprise the acquisition of Decision Fuel comprising a £53,000 reduction in contingent deemed staff costs and a £77,000 reduction in provisions in respect of transaction costs.

The change in estimated contingent consideration in the prior year is in respect of the Decision Fuel acquisition.

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 5 Finance income and costs

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Interest receivable from bank deposits | **8** | 11 |
| Foreign exchange gains on cash and intra-Group loans | **472** | 2,133 |
| **Total finance income** | **480** | 2,144 |
| Interest payable on bank loans and overdrafts | **2** | 1 |
| Interest on obligations under finance leases | **–** | 1 |
| Foreign exchange losses on cash and intra-Group loans | **204** | 916 |
| | **206** | 918 |
| Imputed interest on contingent consideration and provisions | **20** | 27 |
| **Total finance costs** | **226** | 945 |

## 6 Taxation

The taxation charge represents:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Current tax on profits for the year | **2,987** | 2,083 |
| Adjustments in respect of prior years | **305** | 173 |
| **Total current tax charge** | **3,292** | 2,256 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | **428** | (309) |
| Adjustments in respect of prior years | **(409)** | 85 |
| Impact of changes in tax rates | **(38)** | 79 |
| **Total deferred tax credit** | **(19)** | (145) |
| **Total income statement tax charge** | **3,273** | 2,111 |

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Profit before taxation | **7,914** | 5,526 |
| Tax charge calculated at Group's standard rate of 19.67% (2016: 20%) | **1,557** | 1,105 |
| Variance in overseas tax rates | **1,305** | 616 |
| Impact of changes in tax rates | **(38)** | 79 |
| Gains not subject to tax | **(25)** | (7) |
| Expenses not deductible for tax purposes | **45** | 7 |
| Tax losses for which no deferred income tax asset was recognised | **553** | 52 |
| Adjustments in respect of prior years | **(104)** | 258 |
| Associates results reported net of tax | **(20)** | 1 |
| **Total income statement tax charge for the year** | **3,273** | 2,111 |

## 6 Taxation continued

On 8 July 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. On 15 September 2016 further changes to the UK corporation tax rates were made reducing the main rate to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Deferred taxes at the balance sheet date have been measured using the enacted tax rates reflected in these financial statements.

## 7 Dividend

On 12 December 2016, a final dividend in respect of the year ended 31 July 2016 of £1,470,000 (1.4p per share) (2015: £1,042,000 (1.0p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2017 of 2.0p per share, amounting to a total dividend of £2,106,000 is to be proposed at the Annual General Meeting on 6 December 2017. These financial statements do not reflect this proposed dividend payable.

## 8 Earnings per share

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

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

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

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **Profit after taxation attributable to equity holders of the parent company** | **4,671** | 3,401 |
| Add: amortisation of intangible assets included in operating expenses | **6,483** | 5,478 |
| Add: share-based payments | **1,488** | 1,111 |
| Add: imputed interest (Note 5) | **20** | 27 |
| Add: other separately reported items. | **488** | 1,108 |
| Tax effect of the above adjustments and adjusting tax items* | **(1,639)** | (1,988) |
| **Adjusted profit after taxation attributable to equity holders of the parent company** | **11,511** | 9,137 |

* Adjusting tax items in the year includes a one off charge of £341,000 relating to the derecognition of tax losses in Asia Pacific,

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# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 8 Earnings per share continued

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

| | 2017 | 2016 |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of shares during the year: ('000 shares) | | |
| – Basic | **105,453** | 103,944 |
| – Dilutive effect of share options | **4,670** | 3,361 |
| – Diluted | **110,123** | 107,305 |
| The adjustments have the following effect: | | |
| **Basic earnings per share** | **4.4p** | 3.3p |
| Amortisation of intangible assets | **6.2p** | 5.3p |
| Share-based payments | **1.4p** | 1.1p |
| Imputed interest | **0.0p** | 0.0p |
| Other separately reported items | **0.5p** | 1.0p |
| Tax effect of the above adjustments and adjusting tax items | **(1.6p)** | (1.9p) |
| **Adjusted earnings per share** | **10.9p** | 8.8p |
| **Diluted earnings per share** | **4.2p** | 3.2p |
| Amortisation of intangible assets | **5.9p** | 5.1p |
| Share-based payments | **1.4p** | 1.0p |
| Imputed interest | **0.0p** | 0.0p |
| Other separately reported items | **0.5p** | 1.0p |
| Tax effect of the above adjustments and adjusting tax items | **(1.5p)** | (1.8p) |
| **Adjusted diluted earnings per share** | **10.5p** | 8.5p |

## 9 Business combinations and disposals

### Disposal of Service Rating GmbH

On 31 March 2017 Service Rating GmbH, a German based rating agency, was sold for a consideration of £173,000 payable in cash. The net asset value of Service Rating GmbH on disposal was £79,000 resulting in a profit on disposal of £94,000.

### Purchase of minority interest in CoEditor Ltd

During the prior year YouGov acquired the remaining 1.7% shareholding in CoEditor Ltd for a cash consideration of £31,000.

### Acquisition of Decision Fuel

On 9 January 2014, YouGov plc purchased a 100% shareholding in Decision Fuel, an Asia-based research and technology company with offices in Hong Kong, Shanghai and Singapore. An initial payment of $1,000,000 (£608,000) was paid upon completion, with the balance payable, contingent on performance, in two instalments in December 2017 and December 2018.

In the prior year it was estimated that no further consideration will be payable and as a result the contingent consideration of £5,000 and the £53,000 of deemed staff compensation charge recognised in prior periods were written back as separately reported items along with £77,000 of accrued transaction costs.

## 10 Goodwill

| | Middle East £'000 | USA £'000 | Nordic £'000 | Germany £'000 | CoEditor £'000 | Asia Pacific £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Carrying amount at 1 August 2015** | 1,416 | 16,945 | 7,012 | 9,159 | 569 | 692 | 35,793 |
| Exchange differences | 251 | 2,996 | 1,417 | 1,821 | – | 123 | 6,608 |
| **Carrying amount at 31 July 2016 and 1 August 2016** | **1,667** | **19,941** | **8,429** | **10,980** | **569** | **815** | **42,401** |
| Exchange differences | **15** | **186** | **502** | **640** | **–** | **2** | **1,345** |
| **Carrying amount at 31 July 2017** | **1,682** | **20,127** | **8,931** | **11,620** | **569** | **817** | **43,746** |
| **At 31 July 2017** | | | | | | | |
| Cost | **1,682** | **20,127** | **8,931** | **12,343** | **569** | **817** | **44,469** |
| Accumulated impairment | **–** | **–** | **–** | **(723)** | **–** | **–** | **(723)** |
| **Net book amount** | **1,682** | **20,127** | **8,931** | **11,620** | **569** | **817** | **43,746** |

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 2017 impairment review was undertaken as at 31 July 2017. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of five years for each CGU based on approved budget numbers.

The sources of the assumptions used in making the assessment are as follows:

- Growth rates are internal forecasts based on both internal and external market information.
- Margins reflect past experience, adjusted for expected changes.
- Terminal growth rates based on management's estimate of future long-term average growth rates.
- Discount rates based on Group WACC, adjusted where appropriate.

Annual EBITDA growth rates of 2.25% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are Middle East 10% (2016: 10%), USA 17% (2016: 17%), Nordic 13% (2016: 13%), Germany 15% (2016: 15%) and Asia Pacific 12% (2016: 12%).

Management has considered reasonable possible changes in key assumptions and performed sensitivity analyses under these scenarios. This analysis shows that sufficient headroom exists and would not give rise to any further impairment.

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 11 Other intangible assets

| | Consumer panel £'000 | Software and software development £'000 | Customer contracts and lists £'000 | Patents and trademarks £'000 | Product development costs £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 1 August 2015** | | | | | | |
| Cost | 12,182 | 16,329 | 4,576 | 2,869 | 988 | 36,944 |
| Accumulated amortisation | (9,985) | (10,740) | (2,727) | (2,403) | (737) | (26,592) |
| **Net book amount** | 2,197 | 5,589 | 1,849 | 466 | 251 | 10,352 |
| **Year ended 31 July 2016** | | | | | | |
| Opening net book amount | 2,197 | 5,589 | 1,849 | 466 | 251 | 10,352 |
| Additions: | | | | | | |
| Separately acquired | 1,979 | 391 | – | 49 | 106 | 2,525 |
| Internally developed | – | 2,555 | – | – | – | 2,555 |
| Amortisation charge: | | | | | | |
| Business combinations | – | (128) | (465) | (169) | – | (762) |
| Separately acquired | (1,574) | (572) | – | (3) | (166) | (2,315) |
| Internally developed | – | (2,490) | – | – | – | (2,490) |
| Reclassifications | – | 80 | – | – | (80) | – |
| Exchange differences | 312 | 211 | 283 | 48 | 20 | 874 |
| **Closing net book amount** | 2,914 | 5,636 | 1,667 | 391 | 131 | 10,739 |
| **At 31 July 2016 and 1 August 2016** | | | | | | |
| Cost | 16,081 | 19,901 | 5,418 | 3,439 | 962 | 45,801 |
| Accumulated amortisation | (13,167) | (14,265) | (3,751) | (3,048) | (831) | (35,062) |
| **Net book amount** | 2,914 | 5,636 | 1,667 | 391 | 131 | 10,739 |
| **Year ended 31 July 2017** | | | | | | |
| Opening net book amount | **2,914** | **5,636** | **1,667** | **391** | **131** | **10,739** |
| Additions: | | | | | | |
| Separately acquired | **3,471** | **50** | **–** | **26** | **–** | **3,547** |
| Internally developed | **–** | **3,385** | **–** | **–** | **36** | **3,421** |
| Amortisation charge: | | | | | | |
| Business combinations | **–** | **(226)** | **(562)** | **(173)** | **–** | **(961)** |
| Separately acquired | **(2,219)** | **(534)** | **–** | **(8)** | **(60)** | **(2,821)** |
| Internally developed | **–** | **(2,726)** | **–** | **–** | **–** | **(2,726)** |
| Disposals | **–** | **–** | **–** | **–** | **(71)** | **(71)** |
| Exchange differences | **34** | **15** | **31** | **4** | **2** | **86** |
| **Closing net book amount** | **4,200** | **5,600** | **1,136** | **240** | **38** | **11,214** |
| **At 31 July 2017** | | | | | | |
| Cost | **19,768** | **23,374** | **5,548** | **3,581** | **900** | **53,171** |
| Accumulated amortisation | **(15,568)** | **(17,774)** | **(4,412)** | **(3,341)** | **(862)** | **(41,957)** |
| **Net book amount** | **4,200** | **5,600** | **1,136** | **240** | **38** | **11,214** |

## 12 Property, plant and equipment

| | Freehold property £'000 | Leasehold property improvements £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 31 July 2015** | | | | | | |
| Cost | 1,416 | 1,011 | 2,376 | 1,302 | 103 | 6,208 |
| Accumulated depreciation | (329) | (333) | (1,705) | (826) | (42) | (3,235) |
| **Net book amount** | 1,087 | 678 | 671 | 476 | 61 | 2,973 |
| **Year ended 31 July 2016** | | | | | | |
| Opening net book amount | 1,087 | 678 | 671 | 476 | 61 | 2,973 |
| Additions: | | | | | | |
| Separately acquired | – | 178 | 576 | 249 | – | 1,003 |
| Disposals | – | (7) | – | – | – | (7) |
| Depreciation | (75) | (176) | (398) | (144) | (26) | (819) |
| Exchange differences | 184 | 73 | 81 | 72 | 8 | 418 |
| **Closing net book amount** | 1,196 | 746 | 930 | 653 | 43 | 3,568 |
| **At 31 July 2016 and 1 August 2016** | | | | | | |
| Cost | 1,667 | 1,248 | 3,082 | 1,692 | 121 | 7,810 |
| Accumulated depreciation | (471) | (502) | (2,152) | (1,039) | (78) | (4,242) |
| **Net book amount** | 1,196 | 746 | 930 | 653 | 43 | 3,568 |
| **Year ended 31 July 2017** | | | | | | |
| Opening net book amount | **1,196** | **746** | **930** | **653** | **43** | **3,568** |
| Additions: | | | | | | |
| Separately acquired | **–** | **61** | **659** | **86** | **37** | **843** |
| Disposals | **–** | **(1)** | **–** | **(6)** | **–** | **(7)** |
| Depreciation | **(87)** | **(205)** | **(609)** | **(243)** | **(30)** | **(1,174)** |
| Exchange differences | **14** | **8** | **16** | **10** | **–** | **48** |
| **Closing net book amount** | **1,123** | **609** | **996** | **500** | **50** | **3,278** |
| **At 31 July 2017** | | | | | | |
| Cost | **1,682** | **1,312** | **3,787** | **1,788** | **158** | **8,727** |
| Accumulated depreciation | **(559)** | **(703)** | **(2,791)** | **(1,288)** | **(108)** | **(5,449)** |
| **Net book amount** | **1,123** | **609** | **996** | **500** | **50** | **3,278** |

All property, plant and equipment disclosed above in both the year ended 31 July 2017 and 31 July 2016, with the exception of those items held under lease purchase agreements, are free from restrictions on title.

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 12 Property, plant and equipment continued

The net book value of assets held under finance leases is as follows:

| | Computer equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|
| **At 31 July 2016 and 1 August 2016** | | | |
| Cost | 57 | 34 | 91 |
| Accumulated depreciation | (57) | (17) | (74) |
| **Net book amount** | – | 17 | 17 |
| **At 31 July 2017** | | | |
| Cost | **61** | **36** | **97** |
| Accumulated depreciation | **(61)** | **(36)** | **(97)** |
| **Net book amount** | **–** | **–** | **–** |

## 13 Investments

### (a) Interests in subsidiaries

The table below gives details of the Group's subsidiaries at 31 July 2017. Registered addresses for all subsidiaries can be found in Note 24 to the Parent Company Financial Statements. All subsidiaries have coterminous year ends, except where indicated below, and are included in the Consolidated Financial Statements.

| | | | Proportion held | | |
|---|---|---|---|---|---|
| | Country of incorporation | Class of share capital held | By parent company | By the Group | Nature of the business |
| YouGov Services Limited | UK | Ordinary | 100% | 100% | Software development |
| YouGov Stone Limited | UK | Ordinary | 100% | 100% | Dormant |
| YGV Finance Limited | UK | Ordinary | 100% | 100% | Intra-Group financing |
| CoEditor LTD | UK | Ordinary | 32% | 100% | Dormant |
| Doughty Media 2 LTD | UK | Ordinary | 100% | 100% | Holding company |
| YouGov America Inc | USA | Ordinary | 0% | 100% | Market research |
| YouGov America Holdings LLC * | USA | Ordinary | 100% | 100% | Holding company |
| YouGov Deutschland GmbH | Germany | Ordinary | 100% | 100% | Market research |
| YouGov Nordic and Baltic A/S | Denmark | Ordinary | 100% | 100% | Market research |
| YouGov Sweden AB | Sweden | Ordinary | 0% | 100% | Market research |
| YouGov Norway AS | Norway | Ordinary | 0% | 100% | Market research |
| YouGov Finland OY | Finland | Ordinary | 0% | 100% | Market research |
| YouGov M.E. FZ LLC | U.A.E. | Ordinary | 100% | 100% | Market research |
| YouGov M.E. Egypt LLC | Egypt | Ordinary | 5% | 100% | Market research |
| Iridescent Productions | Iraq | Ordinary | 0% | 100% | Media production |
| YouGov France SASU | France | Ordinary | 100% | 100% | Market research |
| Consilium Limited | Hong Kong | Ordinary | 100% | 100% | Market research |
| Consilium Asia Limited | China | Ordinary | 0% | 100% | Market research |
| YouGov Singapore Pte Limited | Singapore | Ordinary | 0% | 100% | Market research |
| PT YouGov Consulting Indonesia | Indonesia | Ordinary | 0% | 100% | Market research |
| YouGov Malaysia SDN BHD | Malaysia | Ordinary | 0% | 100% | Market research |
| YouGov (Thailand) CO LTD | Thailand | Ordinary | 0% | 100% | Market research |
| YouGov Research Pty Ltd. | Australia | Ordinary | 100% | 100% | Market research |
| YouGov Poland Sp. z o.o. * | Poland | Ordinary | 0% | 100% | Software development |
| YouGov s.r.l. * | Romania | Ordinary | 100% | 100% | Operations services |

* Year end is 31 December

## 13 Investments continued

### (b) Interest in associates

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Investments in associates comprise: | | |
| Carrying amount at 1 August | **242** | 204 |
| Acquisition of associate | **–** | 70 |
| Share of net profit/(loss) of associates | **103** | (4) |
| Dividends received from associates | **–** | (28) |
| Interest in associates | **345** | 242 |

At 31 July 2017 the Group had interests in the following associates:

| | Investment | Country of incorporation | Class of share capital held | Proportion held: By parent company | Proportion held: By the Group | Nature of the business | Financial year end |
|---|---|---|---|---|---|---|---|
| Portent.io Limited | Associate | England | Ordinary | 35% | 35% | Market research | 31 October |
| SMG Insight Limited | Associate | England | Ordinary | 20% | 20% | Market research | 31 March |

The Group's share of the revenue and profit/(loss) after tax and assets and liabilities of associates is:

| | SMG Insight Limited | | Portent.io Limited | |
|---|---|---|---|---|
| | 31 July 2017 £'000 | 31 July 2016 £'000 | 31 July 2017 £'000 | 31 July 2016 £'000 |
| Revenue | **857** | 500 | **43** | 22 |
| **Profit/(Loss) after tax** | **96** | 39 | **7** | (58) |
| Non-current assets | **3** | 1 | **–** | – |
| Current assets | **282** | 98 | **5** | 13 |
| Current liabilities | **(163)** | (73) | **(6)** | – |
| Non-current liabilities | **–** | – | **(6)** | – |
| **Net assets** | **122** | 26 | **(7)** | 13 |

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 14 Trade and other receivables

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Trade receivables | **18,441** | 16,542 |
| Other receivables | **2,367** | 2,004 |
| Prepayments | **1,886** | 1,646 |
| Accrued income | **8,549** | 8,925 |
| | **31,243** | 29,117 |
| Provision for trade receivables | **(544)** | (474) |
| | **30,699** | 28,643 |

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

As at 31 July 2017, trade receivables of £10,660,000 (2016: £10,101,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectable. The ageing analysis of past due trade receivables which are not impaired is as follows:

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Up to three months overdue | **6,391** | 4,752 |
| Three to six months overdue | **3,011** | 4,467 |
| Six months to one year overdue | **479** | 631 |
| More than one year overdue | **779** | 251 |
| | **10,660** | 10,101 |

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Provision for receivables impairment at 1 August | **474** | 235 |
| Provision created in the year | **206** | 368 |
| Provision utilised in the year | **(140)** | (159) |
| Exchange differences | **4** | 30 |
| **Provision for receivables impairment at 31 July** | **544** | 474 |

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 average length of time taken by customers to settle receivables is 58 days (2016: 59 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace, which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2016: greater than £250,000)) represent 43% of trade receivables (2016: 39%).

At 31 July 2017, £261,000 (2016: £nil) of the trade and other receivables of YouGov Nordic and Baltic A/S were used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S. The Group does not hold any other collateral as security.

## 15 Cash and cash equivalents

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Cash at bank and in hand | **23,481** | 15,553 |
| **Cash and cash equivalents (excluding bank overdrafts)** | **23,481** | 15,553 |

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

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

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Cash and cash equivalents | **23,481** | 15,553 |
| Bank overdrafts | **(262)** | – |
| **Cash and cash equivalents including bank overdrafts** | **23,219** | 15,553 |

## 16 Trade and other payables

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Trade payables | **1,745** | 1,557 |
| Accruals | **12,887** | 11,295 |
| Deferred income | **10,697** | 9,399 |
| Other payables | **4,060** | 3,588 |
| | **29,389** | 25,839 |

Included within other payables are £71,000 (2016: £56,000) of contributions due in respect of defined contribution pension schemes.

## 17 Contingent consideration

| | Decision Fuel £'000 | Total £'000 |
|---|---|---|
| **At 1 August 2015** | 36 | 36 |
| Released during the year ended 31 July 2016 | (36) | (36) |
| **Balance at 31 July 2016, 1 August 2016 and 31 July 2017** | **–** | **–** |

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# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 18 Provisions

| | Panel incentives £'000 | Staff gratuity £'000 | Total £'000 |
|---|---|---|---|
| **At 31 July 2015** | 4,041 | 309 | 4,350 |
| Provided during the year | 6,893 | 129 | 7,022 |
| Utilised during the year | (5,913) | (65) | (5,978) |
| Discount unwinding | 27 | – | 27 |
| Foreign exchange differences | 365 | 61 | 426 |
| **Balance at 31 July 2016 and 1 August 2016** | **5,413** | **434** | **5,847** |
| Included within current liabilities | 1,592 | – | 1,592 |
| Included within non-current liabilities | 3,821 | 434 | 4,255 |
| Provided during the year | **7,919** | **143** | **8,062** |
| Utilised during the year | **(6,767)** | **(269)** | **(7,036)** |
| Discount unwinding | **20** | **–** | **20** |
| Foreign exchange differences | **70** | **8** | **78** |
| **Balance at 31 July 2017** | **6,655** | **316** | **6,971** |
| **Included within current liabilities** | **3,749** | **–** | **3,749** |
| **Included within non-current liabilities** | **2,906** | **316** | **3,222** |

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 2017. The provision of £6.7m represents 44% of the maximum potential liability of £15.3m (2016: £5.4m representing 43% of the maximum potential liability of £12.5m). The factors considered in estimating the appropriate percentage of the total potential liability to be provided against at each reporting date include: panel churn rates, panel activity rates, current redemption patterns and the time value of money.

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years' service and nature of the termination. The liability of £0.3m at 31 July 2017 (2016: £0.4m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

## 19 Deferred tax assets and liabilities

| Deferred tax asset | Intangible assets £'000 | Property, plant and equipment £'000 | Tax losses £'000 | Other timing differences £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 31 July 2015** | 351 | 253 | 2,555 | 1,245 | 4,404 |
| Recognised in the income statement | (40) | (124) | 29 | (175) | (310) |
| Recognised in other comprehensive income | – | – | (16) | – | (16) |
| Recognised in equity | – | – | – | 721 | 721 |
| Foreign exchange differences | 4 | 5 | 453 | 155 | 617 |
| **Balance at 31 July 2016 and 1 August 2016** | **315** | **134** | **3,021** | **1,946** | **5,416** |
| Recognised in the income statement | **(113)** | **(1)** | **(214)** | **377** | **49** |
| Recognised in equity | **–** | **–** | **–** | **391** | **391** |
| Foreign exchange differences | **8** | **2** | **138** | **50** | **198** |
| **Balance at 31 July 2017** | **210** | **135** | **2,945** | **2,764** | **6,054** |

£1,947,000 (2016: £1,045,000) of the above deferred tax assets are expected to be recovered within one year.

## 19 Deferred tax assets and liabilities continued

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

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| UK | **262** | 286 |
| Nordic | **791** | 745 |
| Germany | **1,892** | 1,473 |
| USA | **–** | 84 |
| France | **–** | 104 |
| Asia Pacific | **–** | 329 |
| | **2,945** | 3,021 |

Utilisation of tax losses is dependent upon future profits being generated and deferred tax assets have been recognised only to the extent where management budgets and forecasts show sufficient profits being generated to discharge these. Losses were incurred in the year in Asia Pacific and as such there is significant uncertainty around the recoverability of the deferred tax assets in this jurisdiction. Based on management forecasts and after carrying out sensitivity analysis, the deferred tax assets in Germany and the Nordics are considered recoverable, but a full provision of £597,000 has been made in the year in respect of the tax losses in Asia Pacific.

| Deferred tax liabilities | Intangible assets £'000 | Other timing differences £'000 | Total £'000 |
|---|---|---|---|
| **Balance at 31 July 2015** | 1,511 | 214 | 1,725 |
| Recognised in the income statement | (427) | (28) | (455) |
| Foreign exchange differences | 230 | 38 | 268 |
| **Balance at 31 July 2016 and 1 August 2016** | **1,314** | **224** | **1,538** |
| Recognised in the income statement | **(109)** | **139** | **30** |
| Foreign exchange differences | **75** | **40** | **115** |
| **Balance at 31 July 2017** | **1,280** | **403** | **1,683** |

£200,000 (2016: £99,000) of the above deferred tax liabilities are expected to be recovered within one year.

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | **3,878** | 2,679 |
| Recognised in the income statement | **19** | 145 |
| Recognised in other comprehensive income | **–** | (16) |
| Recognised in equity | **391** | 721 |
| Foreign exchange differences recognised in other comprehensive income | **83** | 349 |
| **Balance at 31 July** | **4,371** | 3,878 |

## 20 Risk management objectives and policies

The Group is exposed to foreign currency, capital, liquidity and interest rate risk, which result from both its operating and investing activities. The Group's risk management is coordinated in close cooperation 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 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 and UAE Dirham. 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:

| | **2017 £'000** | | | | 2016 £'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **UAE Dirham** | **Other currencies** | US Dollar | Euro | UAE Dirham | Other currencies |
| Financial assets | **17,136** | **7,374** | **1,815** | **7,308** | 14,552 | 6,840 | 1,843 | 5,242 |
| Financial liabilities | **(5,660)** | **(2,056)** | **(1,058)** | **(3,170)** | (5,015) | (1,890) | (974) | (2,211) |
| Short-term exposure | **11,476** | **5,318** | **757** | **4,138** | 9,537 | 4,950 | 869 | 3,031 |
| 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 other currencies) would have had the following impact upon translation:

| | **2017 £'000** | | | | 2016 £'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **UAE Dirham** | **Other currencies** | US Dollar | Euro | UAE Dirham | Other currencies |
| Net result for the year | **(44)** | **(1)** | **(1)** | **30** | (27) | 2 | (17) | 15 |
| Equity | **(292)** | **(136)** | **(86)** | **(18)** | (101) | 16 | (50) | 35 |

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

The Group manages currency fluctuations as outlined in the Strategic Report on page 37.

### 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 2017, the Group's liabilities have undiscounted contractual maturities, which are summarised below:

| | **Current** | | **Non-current** | |
|---|---|---|---|---|
| **At 31 July 2017** | **Within 6 months £'000** | **6 to 12 months £'000** | **1–5 years £'000** | **Later than 5 years £'000** |
| Borrowings | **262** | **–** | **–** | **–** |
| Trade and other payables | **5,547** | **258** | **–** | **–** |

## 20 Risk management objectives and policies continued

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

| At 31 July 2016 | Current: Within 6 months £'000 | Current: 6 to 12 months £'000 | Non-current: 1–5 years £'000 | Non-current: Later than 5 years £'000 |
|---|---|---|---|---|
| Finance lease liabilities | 4 | – | – | – |
| Trade and other payables | 4,792 | 349 | – | – |

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

### Capital risk management

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

| | **31 July 2017 £'000** | 31 July 2016 £'000 |
|---|---|---|
| Borrowings (Bank overdrafts) | **(262)** | – |
| Cash and cash equivalents | **23,481** | 15,553 |
| Equity attributable to Shareholders of the parent company | **(80,473)** | (74,059) |
| | **(57,254)** | (58,506) |

The Group has no externally imposed capital requirements.

### Interest rate risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance, net of bank overdrafts, over the course of the year was £19.2m (2016: £12.5m). Management does not believe that the Group is subject to interest rate risk.

### Fair values of financial assets and financial liabilities

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

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

| | **31 July 2017** | | 31 July 2016 | |
|---|---|---|---|---|
| | **Book value £'000** | **Fair value £'000** | Book value £'000 | Fair value £'000 |
| Trade and other receivables | **28,813** | **28,813** | 26,998 | 26,998 |
| Cash and cash equivalents | **23,481** | **23,481** | 15,553 | 15,553 |
| Trade and other payables | **(18,692)** | **(18,692)** | (16,440) | (16,440) |
| Bank overdrafts | **(262)** | **(262)** | – | – |

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 20 Risk management objectives and policies continued

### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

| | 31 July 2017 £'000 | | | | 31 July 2016 £'000 | | | |
|---|---|---|---|---|---|---|---|---|
| **Liabilities** | **Level 1 £'000** | **Level 2 £'000** | **Level 3 £'000** | **Total £'000** | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Contingent consideration | **–** | **–** | **–** | **–** | – | – | – | – |

The following table presents the changes in Level 3 instruments.

| Contingent consideration | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | **–** | 36 |
| Recognised in the income statement | **–** | (36) |
| **Balance at 31 July** | **–** | – |

## 21 Share capital and share premium

The Company only has one class of share. Par value of each Ordinary Share is 0.2p (2015: 0.2p). All issued shares are fully paid.

| | Number of shares | Share capital £'000 | Share premium £'000 | Total £'000 |
|---|---|---|---|---|
| **At 1 August 2015** | 102,850,454 | 206 | 31,051 | 31,257 |
| Issue of shares | 1,448,598 | 3 | 35 | 38 |
| **At 31 July 2016 and 1 August 2016** | **104,299,052** | **209** | **31,086** | **31,295** |
| Issue of shares | **999,657** | **2** | **175** | **177** |
| **At 31 July 2017** | **105,298,709** | **211** | **31,261** | **31,472** |

During the year 987,483 shares were issued on the exercise of share options and 12,174 in payment of Non-Executive Director's fees.

## 22 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2017 was £1,488,000 (2016: £1,111,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

### Approved and unapproved share option schemes

| | 2017 WAEP | | 2016 WAEP | |
|---|---|---|---|---|
| **Approved share option scheme** | **Number** | **£** | Number | £ |
| Outstanding at the beginning of the year | **60,721** | **1.645** | 60,721 | 1.645 |
| Granted during the year | **–** | **–** | – | – |
| Exercised during the year | **(60,721)** | **1.645** | – | – |
| Forfeited during the year | **–** | **–** | – | – |
| Outstanding at the end of the year | **–** | **–** | 60,721 | 1.645 |
| Exercisable at the end of the year | **–** | **–** | 60,721 | 1.645 |

## 22 Share-based payments continued

| Unapproved share option scheme | 2017 WAEP Number | 2017 WAEP £ | 2016 WAEP Number | 2016 WAEP £ |
|---|---|---|---|---|
| Outstanding at the beginning of the year | **32,503** | **1.228** | 39,475 | 1.053 |
| Granted during the year | **–** | **–** | – | – |
| Exercised during the year | **(32,503)** | **1.228** | (6,972) | 0.080 |
| Forfeited during the year | **–** | **–** | – | – |
| Outstanding at the end of the year | **–** | **–** | 32,503 | 1.228 |
| Exercisable at the end of the year | **–** | **–** | 32,503 | 1.228 |

Share options exercised in the current financial year were exercised at prices between £0.150 and £1.645. The weighted average share price at the dates of exercise was £2.430 (2016: £1.750).

The options outstanding under the approved and unapproved share option schemes as at 31 July 2017 and 31 July 2016 have the following average exercise prices and expire in the following financial years.

| Expiry | Exercise price £ | 2017 Number | 2016 Number |
|---|---|---|---|
| 31 July 2018 | **1.645** | **–** | 82,067 |
| 31 August 2021[1] | **0.431** | **–** | 11,157 |

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

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to approved and unapproved share option schemes in the year ended 31 July 2017 was £nil (2016: £nil).

### Long Term Incentive Plan 2009

During the year ended 31 July 2017, the Long Term Incentive Plan 2009 ("LTIP 2009") for Executive Directors, Senior Executives and senior managers continued to operate but no new awards were made under the LTIP 2009 as it has been replaced by two new incentive plans summarised below. The rules governing the LTIP 2009 are summarised in the Remuneration Report on page 48.

The charge in relation to the LTIP 2009 in the year ended 31 July 2017 was £86,000 (2016: £509,000). This charge was valued using a Monte Carlo simulation.

| | 2017 Number | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **1,807,908** | 3,072,909 |
| Exercised during the year | **(888,931)** | (1,253,577) |
| Forfeited during the year | **(53,455)** | (11,424) |
| Outstanding at the end of the year | **865,522** | 1,807,908 |
| Exercisable at the end of the year | **865,522** | 396,563 |

The weighted average share price at the date LTIP 2009 options were exercised was £2.460. All of the above are nil cost options.

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

## 22 Share-based payments continued

### Deferred Stock Scheme 2010

During the year ended 31 July 2011, a Deferred Stock Scheme was introduced for Executive Directors and senior managers. The charge in relation to the Deferred Stock Scheme in the year ended 31 July 2017 was £nil (2016: £nil).

| | **2017 Number** | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **–** | 162,500 |
| Vested during the year | **–** | (162,500) |
| Outstanding at the end of the year | **–** | – |
| Exercisable at the end of the year | **–** | – |

During the year ended 31 July 2015, two new incentive plans were introduced: a new Long Term Incentive Plan ("LTIP 2014") for the Group's Directors and senior managers and a new Deferred Share Bonus Plan ("DSBP 2014") for those managers not participating in the new LTIP.

### Long Term Incentive Plan 2014

Awards under the LTIP 2014 will be made in the form of nil-cost options as with the LTIP 2009. The maximum total number of shares to be awarded to each participant will be set based on their salary in the year ended 31 July 2015 and the share price at the start of the plan. These awards are to be granted in three equal tranches in October 2015, 2016 and 2017. Receipt of an award in each of those years will be dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year. Vesting of awards will depend on the Company achieving stretching targets relating to compound growth in adjusted earnings per share ("EPS") over the five years ending 31 July 2019 and on improvement in its operating margins. Part of the Chief Executive Officer's award is also subject to a Total Shareholder Return ("TSR") condition, this part of the award will only vest if the EPS performance condition is met in full and the Company's TSR has grown by 200%. The maximum number of options that can be granted under this scheme is 6,524,000 and the charge in relation to the LTIP 2014 in the year ended 31 July 2017 was £1,109,000 (2016: £413,000).

| | **2017 Number** | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **2,460,676** | – |
| Granted during the year | **1,933,756** | 2,460,676 |
| Vested during the year | **–** | – |
| Forfeited during the year | **–** | – |
| Outstanding at the end of the year | **4,394,432** | 2,460,676 |
| Exercisable at the end of the year | **–** | – |

All of the above are nil cost options.

The fair value of the options granted in the year with no market-based conditions was determined using the Black Scholes model and the fair value of the options granted in the year with a TSR condition was determined using the Monte Carlo Simulation model The following assumptions were used in both the Black Scholes and Monte Carlo Simulation model in calculating the fair values of the options granted during the year:

| | **2017** |
|---|---|
| Share price | **£1.04** |
| Exercise price | **£0.00** |
| Expected volatility | **25%** |
| Expected life | **5 Years** |
| Dividend yield | **0.6%** |
| Risk-free interest rate | **1.65%** |

## 22 Share-based payments continued

The fair value of options granted during the year determined using the Black Scholes model was £1.01 per option and the fair value of options granted during the year determined using the Monte Carlo Simulation model was £0.04.

### Deferred Share Bonus Plan 2014

The DSBP 2014 delivers a portion of managers' (enhanced) annual bonus in shares which must be retained for a period of two years and are subject to continued employment. The charge in relation to the DSBP 2014 in the year ended 31 July 2017 was £293,000 (2016: £189,000).

| | 2017 Number | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **255,510** | – |
| Granted during the year | **182,640** | 274,135 |
| Vested during the year | **(5,328)** | – |
| Forfeited during the year | **(57,314)** | (18,625) |
| Outstanding at the end of the year | **375,508** | 255,510 |
| Exercisable at the end of the year | **–** | – |

All of the above options are nil cost options.

The fair value of the options granted in the year was determined using the Black Scholes model. The following assumptions were used in both the Black Scholes model in calculating the fair value of the options granted during the year:

| | 2017 £'000 |
|---|---|
| Share price | **£2.37** |
| Exercise price | **£0.00** |
| Expected volatility | **34%** |
| Expected life | **2 Years** |
| Dividend yield | **0.63%** |
| Risk-free interest rate | **0.24%** |

The fair value of options granted during the year determined using the Black Scholes model was £2.34 per option.

The aggregate profit and loss charge for share-based payments is disclosed in Note 2.

## 23 Leasing commitments

The future aggregate minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2017 are as follows:

| | 31 July 2017 | | 31 July 2016 | |
|---|---|---|---|---|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| In one year or less | **2,065** | **3** | 2,205 | 36 |
| Between one and five years | **5,563** | **–** | 5,355 | – |
| In five years or more | **538** | **–** | 1,476 | – |
| | **8,166** | **3** | 9,036 | 36 |

The lease rental costs charged to the income statement for the year ended 31 July 2017 amounted to £2,430,000 (2016: £1,971,000).

# Notes to the Consolidated Financial Statements for the year ended 31 July 2017 continued

### 24 Capital commitments

At 31 July 2017, the Group had capital commitments of £93,000 (2016: £32,000).

### 25 Major non-cash transactions

During the year the Group entered into barter transactions with parties in the Middle East, Germany and Asia Pacific with a total value of £957,000 (2016: £1,003,000) to exchange the provision of market research for advertising on television, on websites and in magazines.

### 26 Transactions with Directors and other related parties

Other than emoluments and the transactions set out below, there have been no transactions with Directors during the year.

As at 31 July 2017 Rosamund Shakespeare, the wife of Stephan Shakespeare, held 559,404 Ordinary Shares in the Company.

During the year YouGov provided £476,000 of research services and charged rent of £65,000 to SMG Insight Limited, an associate, and was charged £18,000 for research services by SMG Insight Limited. As at 31 July 2017, £196,000 was receivable from SMG Insight Limited in respect of these services and £8,000 payable.

During the year YouGov provided £27,000 of research services to Portent.io Limited, an associate. As at 31 July 2017, £6,000 was receivable from Portent.io Limited in respect of these services. During the year YouGov provided a loan of £69,000 to Portent.io Limited. This loan is non-interest bearing and repayable on demand. As at 31 July 2017, £69,000 was receivable from Portent.io Limited in respect of this loan.

On 10 December 2013, YouGov plc entered into a joint development agreement with Crunch.io Inc, a US company in which Doug Rivers, an Executive Director of YouGov plc, has an equity interest of 40%. YouGov and Crunch.io Limited have agreed jointly to fund the development of a cloud-based data analytics software application in which both parties have usage rights.

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 year

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

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



## Opinion

In our opinion, YouGov plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 31 July 2017 and of its cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the parent company Statement of Financial Position as at 31 July 2017, the parent company Statement of Cash Flows, the parent company Statement of Changes in Equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

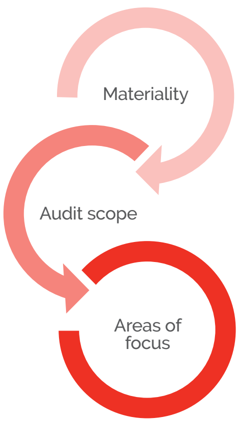
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

### Independence

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

## Our audit approach

### Overview




**Materiality**

- Overall materiality: £270,000 (2016: £248,000), based on 1% of revenue.

**Audit scope**

- The parent company was audited by the UK audit team based in London.

**Key audit matters**

- Capitalisation of internally generated intangible assets.
- Recoverability of deferred tax asset.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Capitalisation of internally generated intangible assets**<br>Refer to page 110 (Note 6).<br><br>We focussed on this area because of the significant level of judgement by the Directors involved in determining whether internal time and external costs incurred in respect of system development satisfy the requirements of the financial reporting framework (International Accounting Standard 38 Intangible Assets) to be capitalised, including that they are separable from the other assets of the business and will provide future economic benefits for the parent company. | We have gained an understanding of the controls and review process over the capitalisation on intangibles and tested the control surrounding the approval of the IT development budget, which was reviewed by the Board as part of the annual business planning process.<br><br>We considered the feasibility and revenue generation of each project with relevant personnel and obtained satisfactory explanations for the assumptions made. In order to determine the economic feasibility of these products, we have reviewed the revenue streams and tested management's forecasting associated with each of the intangible assets to ensure it supports the net book value. We have reviewed management's classification of costs between new projects, improvements and maintenance expenditure. We confirmed that time associated with maintenance has been appropriately expensed.<br><br>We have assessed whether any existing assets are impaired as a result of the new development in the year.<br><br>We tested that a sample of projects where costs were capitalised satisfied the recognition criteria in IAS 38. We also tested a sample of internal costs to timesheets and supporting payroll records and verified the allocation of employee costs to the correct projects and external costs to invoices. |
| **Recoverability of deferred tax asset**<br>Refer to pages 114 to 115 (Note 15).<br><br>The Company recognised significant deferred tax assets largely in respect of other temporary differences arising. The recognition or otherwise of deferred tax assets in respect of these temporary differences is based on judgement in respect of the quantum of expected future profits and the ability of the parent company to offset any of its accumulated losses against these expected profits. | We compared the assumptions used in respect of future taxable profit forecasts to management's long-term forecasts. We considered, amongst other things, historical levels of taxable profits, the historical accuracy of forecasts, the growth forecasts used, and the period over which those forecasts were applied. This included critically assessing the assumptions and judgements made by the Directors in those growth forecasts, by using our knowledge of the business and the industry in which it operates, and by comparing growth assumptions to externally derived data. We also assessed the adequacy of the disclosures setting out the basis of the deferred tax asset recognised and not recognised and the level of estimation involved.<br><br>From the evidence obtained, we concurred with management's assessment of the recoverability of deferred tax assets. |

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the parent company, the accounting processes and controls, and the industry in which it operates.

The parent company was audited by the UK audit team based in London.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|---|---|
| **Overall materiality** | £270,000 (2016: £248,000). |
| **How we determined it** | 1% of revenue. |
| **Rationale for benchmark applied** | The parent company contains the UK trading activities of the Group as well as costs normally associated with the head office function of a listed company. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £25,000 (2016: £27,000), reclassification adjustments above £150,000 (2016: £150,000), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the parent company's ability to continue as a going concern.

## Reporting on other information

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

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

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

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

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 54, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

### Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## Other matter

We have reported separately on the Group financial statements of YouGov plc for the year ended 31 July 2017.

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 October 2017

# Parent Company Statement of Financial Position as at 31 July 2017

| Assets | Note | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 6 | **1,893** | 1,356 |
| Property, plant and equipment | 7 | **530** | 548 |
| Investment in subsidiaries | 8 | **46,497** | 46,484 |
| Investments in associates | 9 | **280** | 280 |
| Deferred tax assets | 15 | **1,633** | 1,416 |
| **Total non-current assets** | | **50,833** | 50,084 |
| **Current assets** | | | |
| Trade and other receivables | 10 | **34,810** | 22,831 |
| Cash and cash equivalents | 11 | **11,184** | 10,355 |
| **Total current assets** | | **45,994** | 33,186 |
| **Total assets** | | **96,827** | 83,270 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **27,840** | 19,160 |
| Current tax liabilities | | **342** | – |
| Provisions | 14 | **1,461** | 767 |
| **Total current liabilities** | | **29,643** | 19,927 |
| **Net current assets** | | **16,351** | 13,259 |
| **Non-current liabilities** | | | |
| Provisions | 14 | **877** | 1,442 |
| Deferred tax liabilities | 15 | **30** | – |
| **Total non-current liabilities** | | **907** | 1,442 |
| **Total liabilities** | | **30,550** | 21,369 |
| **Net assets** | | **66,277** | 61,901 |
| **Equity** | | | |
| Issued share capital | 17 | **211** | 209 |
| Share premium | 17 | **31,261** | 31,086 |
| Merger reserve | | **9,239** | 9,239 |
| Retained earnings: | | | |
| As at 1 August | | **21,367** | 13,967 |
| Profit for the year | | **3,826** | 7,082 |
| Other changes in retained earnings | | **373** | 318 |
| Retained earnings as at 31 July | | **25,566** | 21,367 |
| **Total equity** | | **66,277** | 61,901 |

The notes and accounting policies on pages 108 to 121 form an integral part of these financial statements.

The financial statements on pages 105 to 121 were authorised for issue by the Board of Directors on 6 October 2017 and signed on its behalf by:

Alan Newman Chief Financial Officer

YouGov plc    Registered no. 03607311

# Parent Company Statement of Changes in Equity for the year ended 31 July 2017

| | Note | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|
| Balance at 1 August 2015 | | 206 | 31,051 | 9,239 | 13,967 | 54,463 |
| Profit for the year | | – | – | – | 7,082 | 7,082 |
| Total comprehensive income for the year | | – | – | – | 7,082 | 7,082 |
| Issue of shares | 17 | 3 | 35 | – | (3) | 35 |
| Dividends paid | 4 | – | – | – | (1,042) | (1,042) |
| Share-based payments | 18 | – | – | – | 1,111 | 1,111 |
| Tax in relation to share-based payments | 15 | – | – | – | 252 | 252 |
| Total transactions with owners recognised directly in equity | | 3 | 35 | – | 318 | 356 |
| **Balance at 31 July 2016 and 1 August 2016** | | **209** | **31,086** | **9,239** | **21,367** | **61,901** |
| Profit for the year | | **–** | **–** | **–** | **3,826** | **3,826** |
| **Total comprehensive gain for the year** | | **–** | **–** | **–** | **3,826** | **3,826** |
| Issue of shares | | **2** | **175** | **–** | **(2)** | **175** |
| Dividends paid | | **–** | **–** | **–** | **(1,470)** | **(1,470)** |
| Share-based payments | | **–** | **–** | **–** | **1,488** | **1,488** |
| Tax in relation to share-based payments | | **–** | **–** | **–** | **357** | **357** |
| **Total transactions with owners recognised directly in equity** | | **2** | **175** | **–** | **373** | **550** |
| **Balance at 31 July 2017** | | **211** | **31,261** | **9,239** | **25,566** | **66,277** |

The notes and accounting policies on pages 108 to 121 form an integral part of these financial statements.

# Parent Company Statement of Cash Flows for the year ended 31 July 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **4,338** | 7,544 |
| Adjustments for: | | | |
| Finance income | | **(2,134)** | (7,447) |
| Finance costs | | **288** | 277 |
| Amortisation of intangibles | 6 | **896** | 926 |
| Depreciation | 7 | **253** | 230 |
| Share-based payments | 4,18 | **784** | 541 |
| Other non-cash profit items | | **–** | 13 |
| (Increase)/Decrease in trade and other receivables | | **(11,282)** | 5,138 |
| Increase in trade and other payables | | **8,404** | 1,150 |
| Increase/(Decrease) in provisions | | **130** | (276) |
| **Cash generated from operations** | | **1,677** | 8,096 |
| Interest paid | | **–** | – |
| Income taxes received | 15 | **–** | 13 |
| **Net cash generated from operating activities** | | **1,677** | 8,109 |
| **Cash flow from investing activities** | | | |
| Acquisition of interest in associates | | **–** | (140) |
| Purchase of property, plant and equipment | 7 | **(235)** | (117) |
| Purchase of intangible assets | 6 | **(1,434)** | (771) |
| Interest received | | **30** | 434 |
| Dividends received from subsidiaries | | **1,925** | – |
| Dividends received from associates | | **–** | 29 |
| **Net cash generated from/(used in) investing activities** | | **286** | (565) |
| **Cash flows from financing activities** | | | |
| Acquisition of non-controlling interests | | **–** | (31) |
| Proceeds from the issue of share capital | 17 | **174** | 35 |
| Dividends paid to shareholders | 5 | **(1,470)** | (1,042) |
| **Net cash used in financing activities** | | **(1,296)** | (1,038) |
| **Net increase in cash and cash equivalents** | | **667** | 6,506 |
| Cash and cash equivalents at beginning of year | | **10,355** | 3,553 |
| Exchange gain on cash and cash equivalents | | **162** | 296 |
| **Cash and cash equivalents at end of year** | 11 | **11,184** | 10,355 |

The notes and accounting policies on pages 108 to 121 form an integral part of these financial statements.

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017

## 1 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and UK company law.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in the consolidated financial statements with the addition of the policies noted below.

Investments in subsidiaries and investments in associates are stated at cost less, where appropriate, provisions for impairment.

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.

## 2 Profit of the 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 £3,826,000 (2016: £7,082,000).

## 3 Auditors' remuneration

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| **Auditors' remuneration:** | | |
| Fees payable for the audit of the parent company | **28** | 26 |
| Fees payable for the audit of the consolidated financial statements | **88** | 46 |
| Tax compliance services | **16** | 18 |
| Tax advisory services | **10** | 9 |
| Other advisory services | **–** | 3 |
| Total auditors' remuneration | **142** | 102 |

## 4 Staff costs and numbers

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

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Wages and salaries | **9,747** | 8,621 |
| Social security costs | **1,213** | 1,115 |
| Share-based payments (Note 18) | **784** | 541 |
| Other pension costs | **298** | 280 |
| Other benefits | **2,993** | 2,491 |
| | **15,035** | 13,048 |

Pension costs are contributions made on behalf of employees to defined contribution pension schemes. Other benefits include staff bonuses paid in cash and private healthcare insurance.

## 4 Staff costs and numbers continued

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

| | **2017 Number** | 2016 Number |
|---|---|---|
| Key management personnel | **20** | 13 |
| Administration and operations | **187** | 172 |
| | **207** | 185 |

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

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Short-term employee benefits | **2,765** | 2,669 |
| Post-employment benefits | **68** | 37 |
| Share-based payments | **760** | 463 |
| | **3,593** | 3,169 |

Disclosure of Directors' remuneration, including share options, are included in the Remuneration Report on pages 46 to 50.

## 5 Dividend

On 12 December 2016, a final dividend in respect of the year ended 31 July 2016 of £1,470,000 (1.4p per share) (2015: £1,042,000 (1.0p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2017 of £2,106,000 (2.0p per share) is to be proposed at the Annual General Meeting on 6 December 2017. These Financial Statements do not reflect this proposed dividend payable.

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 6 Intangible assets

| | Consumer panel £'000 | Software and software development £'000 | Patents and trademarks £'000 | Product development costs £'000 | Total £'000 |
|---|---|---|---|---|---|
| **At 1 August 2015** | | | | | |
| Cost | 1,641 | 2,457 | 130 | 482 | 4,710 |
| Accumulated amortisation | (891) | (1,940) | – | (368) | (3,199) |
| **Net book amount** | 750 | 517 | 130 | 114 | 1,511 |
| **Year ended 31 July 2016** | | | | | |
| Opening net book amount | 750 | 517 | 130 | 114 | 1,511 |
| Additions | 454 | 280 | 37 | – | 771 |
| Amortisation charge | (471) | (366) | – | (89) | (926) |
| **Closing net book amount** | 733 | 431 | 167 | 25 | 1,356 |
| **At 31 July 2016 and 1 August 2016** | | | | | |
| Cost | 2,095 | 2,737 | 167 | 482 | 5,481 |
| Accumulated amortisation | (1,362) | (2,306) | – | (457) | (4,125) |
| **Net book amount** | 733 | 431 | 167 | 25 | 1,356 |
| **Year ended 31 July 2017** | | | | | |
| Opening net book amount | **733** | **431** | **167** | **25** | **1,356** |
| Additions | **1,355** | **21** | **21** | **36** | **1,433** |
| Amortisation charge | **(630)** | **(243)** | **–** | **(23)** | **(896)** |
| **Closing net book amount** | **1,458** | **209** | **188** | **38** | **1,893** |
| **At 31 July 2017** | | | | | |
| Cost | **3,450** | **2,758** | **188** | **518** | **6,914** |
| Accumulated amortisation | **(1,992)** | **(2,549)** | **–** | **(480)** | **(5,021)** |
| **Net book amount** | **1,458** | **209** | **188** | **38** | **1,893** |

## 7 Property, plant and equipment

| | Leasehold property improvements £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|---|
| **At 1 August 2015** | | | | |
| Cost | 589 | 403 | 490 | 1,482 |
| Accumulated depreciation | (275) | (216) | (330) | (821) |
| **Net book amount** | 314 | 187 | 160 | 661 |
| **Year ended 31 July 2016** | | | | |
| Opening net book amount | 314 | 187 | 160 | 661 |
| Additions | – | 108 | 9 | 117 |
| Depreciation | (83) | (105) | (42) | (230) |
| **Closing net book amount** | 231 | 190 | 127 | 548 |
| **At 31 July 2016 and 1 August 2016** | | | | |
| Cost | 589 | 511 | 499 | 1,599 |
| Accumulated depreciation | (358) | (321) | (372) | (1,051) |
| **Net book amount** | 231 | 190 | 127 | 548 |
| **Year ended 31 July 2017** | | | | |
| Opening net book amount | **231** | **190** | **127** | **548** |
| Additions | **44** | **161** | **30** | **235** |
| Depreciation | **(84)** | **(135)** | **(34)** | **(253)** |
| **Closing net book amount** | **191** | **216** | **123** | **530** |
| **At 31 July 2017** | | | | |
| Cost | **633** | **672** | **529** | **1,834** |
| Accumulated depreciation | **(442)** | **(456)** | **(406)** | **(1,304)** |
| **Net book amount** | **191** | **216** | **123** | **530** |

All property, plant and equipment disclosed above are free from restrictions on title. No property, plant and equipment either in 2017 or 2016 has been pledged as security against the liabilities of the Company.

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 8 Investments in subsidiaries

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | **46,484** | 40,007 |
| Purchase of non-controlling interest in existing subsidiaries | **–** | 31 |
| Acquired from subsidiary undertaking | **–** | 5,926 |
| Share-based payments charge | **704** | 570 |
| Settlement of fully vested share options | **(691)** | – |
| Contingent consideration treated as staff cost in subsidiaries | **–** | (50) |
| **Balance at 31 July** | **46,497** | 46,484 |

The value of investments is determined on the basis of the cost to the Company. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The details of the parent company's subsidiaries are shown in Note 13 of the consolidated financial statements.

## 9 Investment in associates

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | **280** | 210 |
| Acquisition of associate | **–** | 70 |
| **Balance at 31 July** | **280** | 280 |

At 31 July 2017 the Company had interests in the following associates:

| | | | | Proportion held | | | |
|---|---|---|---|---|---|---|---|
| | Investment | Country of incorporation | Class of share capital held | By parent company | By the Group | Nature of the business | Financial year end |
| Portent.io Limited | Associate | England | Ordinary | 35% | 35% | Market research | 31 October |
| SMG Insight Limited | Associate | England | Ordinary | 20% | 20% | Market research | 31 March |

## 10 Trade and other receivables

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Trade receivables | **4,957** | 3,447 |
| Amounts owed by Group undertakings | **26,746** | 17,244 |
| Amounts owed by associates | **133** | 23 |
| Other receivables | **143** | 617 |
| Prepayments | **614** | 203 |
| Accrued income | **2,361** | 1,408 |
| | **34,954** | 22,942 |
| Provision for trade receivables | **(144)** | (111) |
| | **34,810** | 22,831 |

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. The amounts due from Group undertakings are repayable on demand and non-interest bearing.

## 10 Trade and other receivables continued

As at 31 July 2017, trade receivables of £2,837,000 (2016: £1,201,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectable. The ageing analysis of past due trade receivables which are not impaired is as follows:

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Up to three months overdue | **2,216** | 705 |
| Three to six months overdue | **621** | 480 |
| Six months to one year overdue | **–** | 16 |
| More than one year overdue | **–** | – |
| | **2,837** | 1,201 |

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Provision for receivables impairment at 1 August | **111** | 75 |
| Provision created in the year | **112** | 156 |
| Provision utilised in the year | **(79)** | (120) |
| **Provision for receivables impairment at 31 July** | **144** | 111 |

The creation and release of the provision for impaired receivables has been included in the 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 Company does not hold any collateral as security.

The average length of time taken by customers to settle receivables is 52 days (2016: 43 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace, which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2016: greater than £250,000)) represent 7% of trade receivables (2016: 10%).

## 11 Cash and cash equivalents

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Cash at bank and in hand | **11,184** | 10,355 |
| **Cash and cash equivalents (excluding bank overdrafts)** | **11,184** | 10,355 |

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

## 12 Trade and other payables

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Trade payables | **234** | 410 |
| Amounts owed to Group undertakings | **18,832** | 10,683 |
| Amounts owed to associates | **8** | – |
| Accruals | **4,088** | 3,491 |
| Deferred income | **2,399** | 2,717 |
| Other payables | **2,279** | 1,859 |
| | **27,840** | 19,160 |

Included within amounts owed to Group undertakings is £6,186,000 payable to YGV Finance Limited, a subsidiary undertaking, bearing interest at 4.875% and repayable on demand. All other amounts payable to Group undertakings are repayable on demand and non-interest bearing.

Included within other payables are £59,000 (2016: £56,000) of contributions due in respect of defined contribution pension schemes.

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 13 Contingent consideration

| | Decision Fuel £'000 | Total £'000 |
|---|---|---|
| **At 1 August 2015** | 36 | 36 |
| Released during the year ended 31 July 2016 | (36) | (36) |
| **Balance at 31 July 2016 and 31 July 2017** | **–** | **–** |

## 14 Provisions for other liabilities and charges

| | Panel incentives £'000 | Total £'000 |
|---|---|---|
| **At 1 August 2015** | 2,485 | 2,485 |
| Provided during the year | 2,603 | 2,603 |
| Utilised during the year | (2,879) | (2,879) |
| **Balance at 31 July 2016 and 1 August 2016** | **2,209** | **2,209** |
| Included within current liabilities | 767 | 767 |
| Included within non-current liabilities | 1,442 | 1,442 |
| Provided during the year | **2,761** | **2,761** |
| Utilised during the year | **(2,632)** | **(2,632)** |
| **Balance at 31 July 2017** | **2,338** | **2,338** |
| **Included within current liabilities** | **1,461** | **1,461** |
| **Included within non-current liabilities** | **877** | **877** |

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 2017. The provision of £2.3m represents 46% of the maximum potential liability of £5.1m (2016: £2.2m representing 48% of the maximum potential liability of £4.7m). The factors considered in estimating the appropriate percentage of the total potential liability to be provided against at each reporting date include: panel churn rates, panel activity rates and current redemption patterns.

## 15 Deferred tax assets and liabilities

| Deferred tax asset | Property, plant and equipment £'000 | Tax losses £'000 | Other timing differences £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 August 2015** | 143 | 322 | 1,252 | 1,717 |
| Recognised in the income statement | (80) | (111) | (350) | (541) |
| Recognised in equity | – | – | 253 | 252 |
| Tax losses surrendered | – | (13) | – | (12) |
| **Balance at 31 July 2016 and 1 August 2016** | **63** | **198** | **1,155** | **1,416** |
| Recognised in the income statement | **(9)** | **(101)** | **(30)** | **(140)** |
| Recognised in equity | **–** | **–** | **357** | **357** |
| **Balance at 31 July 2017** | **54** | **97** | **1,482** | **1,633** |

£204,000 (2016: nil) of the above deferred tax assets are expected to be recovered within one year.

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 dependent upon future profits being generated.

## 15 Deferred tax assets and liabilities continued

| Deferred tax liabilities | Intangible assets £'000 | Total £'000 |
|---|---|---|
| **Balance at 1 August 2015** | 78 | 78 |
| Recognised in the income statement | (78) | (78) |
| **Balance at 31 July 2016** | – | – |
| Recognised in the income statement | **30** | **30** |
| **Balance at 31 July 2017** | **30** | **30** |

£30,000 (2016: nil) of the above deferred tax liabilities are expected to be recovered within one year.

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

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | **1,416** | 1,639 |
| Recognised in the income statement | **(170)** | (463) |
| Recognised in equity | **357** | 252 |
| Tax losses surrendered | **–** | (12) |
| **Balance at 31 July** | **1,603** | 1,416 |

## 16 Risk management objectives and policies

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

### Foreign currency risk

The Company is exposed to translation and transaction foreign exchange risk. The currencies where the Company is most exposed to volatility are the US Dollars and Euro. Currently, the Company aims to align assets and liabilities. The Company will continue to review its currency risk position as the overall business profile changes.

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

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

| | **2017 £'000** | | | 2016 £'000 | | |
|---|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **Other Currencies** | US Dollar | Euro | Other Currencies |
| Financial assets | **956** | **282** | **–** | 5,268 | 737 | 503 |
| Financial liabilities | **–** | **–** | **–** | (64) | (471) | (150) |
| Short-term exposure | **956** | **282** | **–** | 5,204 | 266 | 353 |
| Financial assets | **–** | **–** | **–** | – | – | – |
| Financial liabilities | **–** | **–** | **–** | – | – | – |
| Long-term exposure | **–** | **–** | **–** | – | – | – |

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# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 16 Risk management objectives and policies continued

### Liquidity risk

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

The Company currently has no general borrowing arrangement in place and prepares cash flow forecasts which are reviewed at Board meetings to ensure liquidity.

As at 31 July 2017, the Group's liabilities have undiscounted contractual maturities, which are summarised below:

| | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | | Non-current | | Current | | Non-current | |
| At 31 July 2016 | Within 6 months £'000 | 6 to 12 months £'000 | 1–5 years £'000 | Later than 5 years £'000 | Within 6 months £'000 | 6 to 12 months £'000 | 1–5 years £'000 | Later than 5 years £'000 |
| Trade and other payables | **25,441** | **–** | **–** | **–** | 16,443 | – | – | – |
| Contingent consideration | **–** | **–** | **–** | **–** | – | – | – | – |

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

| | 31 July 2017 £'000 | 31 July 2016 £'000 |
|---|---|---|
| Cash and cash equivalents | **11,184** | 10,355 |
| Equity attributable to Shareholders of the parent company | **(66,277)** | (61,901) |
| | **(55,093)** | (51,546) |

The Company has no externally imposed capital requirements.

### Interest rate risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance, net of bank overdrafts, over the course of the year was £10.1m (2016: £7.0m). Management does not believe that the Group is subject to interest rate risk.

### Fair values of financial assets and financial liabilities

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

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

| | 31 July 2017 | | 31 July 2016 | |
|---|---|---|---|---|
| | Book value £'000 | Fair value £'000 | Book value £'000 | Fair value £'000 |
| Trade and other receivables | **34,196** | **34,196** | 22,628 | 22,628 |
| Cash and cash equivalents | **11,184** | **11,184** | 10,355 | 10,355 |
| Trade and other payables | **(25,441)** | **(25,441)** | (16,443) | (16,443) |
| Contingent consideration – Non-current | **–** | **–** | – | – |

## 16 Risk management objectives and policies continued

### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

| | 31 July 2017 £'000 | | | | 31 July 2016 £'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | | Non-current | | Current | | Non-current | |
| Liabilities | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Contingent consideration | – | – | – | – | – | – | – | – |

The following table presents the changes in Level 3 instruments.

| Contingent consideration | 2017 £'000 | 2016 £'000 |
|---|---|---|
| **Balance at 1 August** | – | 36 |
| Recognised in the income statement | – | (36) |
| Recognised in other comprehensive income | – | – |
| Settled | – | – |
| **Balance at 31 July** | – | – |

## 17 Share capital and share premium

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

| | Number of shares | Share capital £'000 | Share premium £'000 | Total £'000 |
|---|---|---|---|---|
| **At 1 August 2015** | 102,850,454 | 206 | 31,051 | 31,257 |
| Issue of shares | 1,448,598 | 3 | 35 | 38 |
| **At 31 July 2016** | **104,299,052** | **209** | **31,086** | **31,295** |
| Issue of shares | **999,657** | **2** | **175** | **177** |
| **At 31 July 2017** | **105,298,709** | **211** | **31,261** | **31,472** |

## 18 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2017 was £784,000 (2016: £541,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

### Approved and Unapproved share option schemes

| | 2017 WAEP | | 2016 WAEP | |
|---|---|---|---|---|
| Approved share option scheme | Number | £ | Number | £ |
| Outstanding at the beginning of the year | **60,721** | **1.645** | 60,721 | 1.645 |
| Granted during the year | – | – | – | – |
| Exercised during the year | **(60,721)** | **1.645** | – | – |
| Forfeited during the year | – | – | – | – |
| Outstanding at the end of the year | – | – | 60,721 | 1.645 |
| Exercisable at the end of the year | – | – | 60,721 | 1.645 |

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 18 Share-based payments continued

| Unapproved share option scheme | 2017 WAEP Number | 2017 WAEP £ | 2016 WAEP Number | 2016 WAEP £ |
|---|---|---|---|---|
| Outstanding at the beginning of the year | **21,346** | **1.645** | 21,346 | 1.645 |
| Granted during the year | **–** | **–** | – | – |
| Exercised during the year | **(21,346)** | **1.645** | – | – |
| Forfeited during the year | **–** | **–** | – | – |
| Outstanding at the end of the year | **–** | **–** | 21,346 | 1.645 |
| Exercisable at the end of the year | **–** | **–** | 21,346 | 1.645 |

The options outstanding under the approved and unapproved share option schemes as at 31 July 2017 and 31 July 2016 have the following average exercise prices and expire in the following financial years.

| Expiry | Exercise price £ | 2017 Number | 2016 Number |
|---|---|---|---|
| 31 July 2017 | **1.645** | **–** | 82,067 |

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to the approved and unapproved share option schemes in the year ended 31 July 2017 was £nil (2016: £nil).

### Long Term Incentive Plan 2009

During the year ended 31 July 2017, the Long Term Incentive Plan 2009 ("LTIP 2009") for Executive Directors, Senior Executives and senior managers continued to operate but no new awards were made under the LTIP 2009 as it has been replaced by two new incentive plans summarised below. The rules governing the LTIP 2009 are summarised in the Remuneration Report on page 48. The charge in relation to the LTIP 2009 in the year ended 31 July 2017 was £49,000 (2016: £234,000). This charge was valued using a Monte Carlo simulation.

| | 2017 Number | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **844,205** | 2,017,571 |
| Employee transfers during the year | **(7,172)** | 80,211 |
| Granted during the year | **–** | – |
| Exercised during the year | **(324,210)** | (1,253,577) |
| Forfeited during the year | **(15,402)** | – |
| Outstanding at the end of the year | **497,421** | 844,205 |
| Exercisable at the end of the year | **497,421** | 194,156 |

The weighted average share price at the date LTIP 2009 options were exercised was £2.64. All of the above are nil cost options.

### Deferred Stock Scheme 2010

During the year ended 31 July 2011, a Deferred Stock Scheme was introduced for Executive Directors and senior managers. The charge in relation to the Deferred Stock Scheme in the year ended 31 July 2017 was £nil (2016: £nil).

| Deferred Stock Scheme 2010 | 2017 Number | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **–** | 162,500 |
| Vested during the year | **–** | (162,500) |
| Outstanding at the end of the year | **–** | – |
| Exercisable at the end of the year | **–** | – |

The share price at the date Deferred Stock Scheme 2010 shares vested was £1.155.

## 18 Share-based payments continued

During the year ended 31 July 2015, two new incentive plans were introduced: a new Long Term Incentive Plan ("LTIP 2014") for the Group's Directors and senior managers and a new Deferred Share Bonus Plan ("DSBP 2014") for those managers not participating in the new LTIP.

### Long Term Incentive Plan 2014

Awards under the LTIP 2014 will be made in the form of nil-cost options as with the LTIP 2009. The maximum total number of shares to be awarded to each participant will be set based on their salary in the year ended 31 July 2015 and the share price at the start of the plan. These awards are to be granted in three equal tranches in October 2015, 2016 and 2017. Receipt of an award in each of those years will be dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year. Vesting of awards will depend on the Company achieving stretching targets relating to compound growth in adjusted earnings per share ("EPS") over the five years ending 31 July 2019 and on improvement in its operating margins. Part of the Chief Executive Officer's award is also subject to a Total Shareholder Return ("TSR") condition, this part of the award will only vest if the EPS performance condition is met in full and the Company's TSR has grown by 200%. The maximum number of options that can be granted under this scheme is 4,080,000 and the charge in relation to the LTIP 2014 in the year ended 31 July 2017 was £684,000 (2016: £246,000).

| | **2017 Number** | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **1,703,271** | – |
| Granted during the year | **1,188,571** | 1,703,271 |
| Vested during the year | **–** | – |
| Forfeited during the year | **–** | – |
| Outstanding at the end of the year | **2,891,842** | 1,703,271 |
| Exercisable at the end of the year | **–** | – |

All of the above are nil cost options.

The fair value of options granted during the year with no market based conditions, determined using the Black Scholes model, was £1.01 per option and the fair values of options granted during the year with a TSR condition, determined using the Monte Carlo Simulation model, was £0.04. The assumptions used in both the Black Scholes and Monte Carlo Simulation model in calculating the fair values of the options granted during the year are disclosed in Note 22 to the consolidated financial statements.

### Deferred Share Bonus Plan 2014

The DSBP 2014 delivers a portion of managers' (enhanced) annual bonus in shares, which must be retained for a period of two years and are subject to continued employment. The charge in relation to the DSBP 2014 in the year ended 31 July 2017 was £51,000 (2016: £61,000).

| | **2017 Number** | 2016 Number |
|---|---|---|
| Outstanding at the beginning of the year | **87,107** | – |
| Granted during the year | **50,953** | 99,868 |
| Vested during the year | **–** | – |
| Forfeited during the year | **(45,296)** | (12,761) |
| Outstanding at the end of the year | **92,764** | 87,107 |
| Exercisable at the end of the year | **–** | – |

All of the above are nil cost options. The fair value of options granted during the year, determined using the Black Scholes model, was £2.34 per option. The assumptions used in the Black Scholes model in calculating the fair values of the options granted during the year are disclosed in Note 22 to the consolidated financial statements.

The aggregate profit and loss charge for share-based payments is disclosed in Note 4.

# Notes to the Parent Company Financial Statements for the year ended 31 July 2017 continued

## 19 Leasing commitments

The future aggregate minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2017 are as follows:

| | **31 July 2017** | | 31 July 2016 | |
|---|---|---|---|---|
| | **Land and buildings £'000** | **Other £'000** | Land and buildings £'000 | Other £'000 |
| In one year or less | **497** | **–** | 497 | – |
| Between one and five years | **1,990** | **–** | 1,990 | – |
| In five years or more | **538** | **–** | 1,036 | – |
| | **3,025** | **–** | 3,523 | – |

The lease rental costs charged to the income statement for the year ended 31 July 2017 amounted to £501,000 (2016: £493,000).

## 20 Capital commitments

At 31 July 2017, the Company had capital commitments of £2,000 (2016: £nil).

## 21 Major non-cash transactions

There were no major non-cash transactions in the year or the prior year.

## 22 Transactions with Directors and other related parties

Other than emoluments and the transactions set out below, there have been no transactions with Directors during the year.

As at 31 July 2017, Rosamund Shakespeare, the wife of Stephan Shakespeare, held 559,404 Ordinary Shares in the Company.

During the year, the Company provided £145,000 of research services and charged rent of £65,000 to SMG Insight Limited, an associate, and was charged £18,000 for research services by SMG Insight Limited. As at 31 July 2017, £64,000 was receivable from SMG Insight Limited in respect of these services and £8,000 payable.

During the year, YouGov provided £27,000 of research services to Portent.io Limited, an associate. As at 31 July 2017, £6,000 was receivable from Portent.io Limited in respect of these services. During the year YouGov provided a loan of £69,000 to Portent.io Limited. This loan is non-interest bearing and repayable on demand. As at 31 July 2017, £69,000 was receivable from Portent.io Limited in respect of this loan.

On 10 December 2013, YouGov plc entered into a joint development agreement with Crunch.io Inc, a US company in which Doug Rivers, an Executive Director of YouGov plc, has an equity interest of 40%. YouGov and Crunch.io Limited have agreed jointly to fund the development of a cloud-based data analytics software application in which both parties have usage rights.

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

## 23 Events after the reporting year

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

## 24 Registered addresses

| Subsidiary Company | Registered Addresses |
|---|---|
| YouGov plc<br>YouGov Services Ltd<br>YouGov Stone Limited<br>YGV Finance Ltd<br>CoEditor Ltd<br>Doughty Media 2 LTD | 50 Featherstone Street, London, EC1Y 8RT, United Kingdom |
| YouGov America Inc<br>YouGov America Holdings LLC | 805 Veterans Blvd, Suite 202, Redwood City, CA, 94063, USA |
| YouGov Deutschland GmbH | Gustav-Heinemann-Ufer 72, 50968, Cologne, Germany |
| YouGov Nordic and Baltic A/S | Bryggervangen 55, 1.th, DK-2100, Copenhagen, Denmark |
| YouGov Sweden AB | Holländargatan 17 B, 111 60, Stockholm Sweden |
| YouGov Norway AS | Møllergata 8, 0179, Oslo, Norway |
| YouGov Finland OY | Sales Questor Oy, Myllypellontie 3 C 63, 00650, Helsinki, Finland |
| YouGov M.E. FZ LLC | Suites 302 and 303, Cayan Business Center, Barsha Heights, Dubai, UAE |
| YouGov M.E. Egypt LLC | 115 Althawra St., Heliopolis, Cairo, Egypt |
| YouGov France SASU | 29 Rue du Louvre, 75002, Paris, France |
| Consilium Limited | 801 & 802 Western Centre, 46-50 Des Voeux Road West, Sheung Wan, Hong Kong |
| Consilium Asia Limited | Room 22D, Shuguang Building, No. 189 Puan Road, Shanghai, 200021, China |
| YouGov Singapore Pte Ltd | 15 Upper Circular Road #02-01, 58413, Singapore |
| PT YouGov Consulting Indonesia | Suite 503B, 5th Floor, Menara Utara, Plaza Kuningan, Jl. Rasuna Said Kav. C11 – 14, Jakarta Selatan 12940, Republic of Indonesia |
| YouGov Malaysia Sdn. Bhd | 33-1, Level 1, Jalan 4/93, Taman Miharja, Cheras, 55200, Kuala Lumpur, Malaysia |
| YouGov (Thailand) CO. LTD | 152, Chartered Square Building, 12Ath Floor, Unit 12A-01, North Sathorn Road, Silom, Bangrak, Bangkok, 10500, Thailand |
| YouGov Research Pty Ltd | Level 5, 580 George Street, Sydney, NSW 2000, Australia |
| YouGov Poland Sp. z o.o. | Wiejska 17/10, 00-480 Warsaw, Poland |
| YouGov s.r.l. | Str Buzesti Nr 85, et 8, Bucharest, Romania |

# 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 Wednesday 6 December 2017 at 8.30am to consider and, if thought fit, pass the resolutions below.

Resolution 10 will be proposed as a Special Resolution. All other Resolutions will be proposed as Ordinary Resolutions.

## Ordinary Resolutions

1. To receive the Company's annual accounts for the financial year ended 31 July 2017, 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 2017.
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 Nick Jones as a Director retiring by rotation in accordance with the Company's Articles of Association.
6. To reappoint Rosemary Leith as a Director retiring by rotation in accordance with the Company's Articles of Association.
7. To reappoint Stephan Shakespeare as a Director retiring by rotation in accordance with the Company's Articles of Association.
8. To declare a final dividend of 2.0p per ordinary share to be paid on Monday 11 December 2017 to those shareholders on the register of members as at Friday 1 December 2017.
9. To generally and unconditionally authorise the Directors (in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("Shares") and grant rights to subscribe for, or to convert any security into, Shares ("Subscription or Conversion Rights") up to an aggregate nominal amount of £10,530 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2018, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted or Subscription or Conversion Rights to be granted after such expiry and the Directors may allot Shares and grant Subscription or Conversion Rights in pursuance of any such offer or agreement as if this authority had not so expired.

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

## Special Resolution

10. That conditional on the passing of Resolution 9 above, that the Directors be and are hereby empowered in accordance with section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash, either pursuant to the authority conferred by Resolution 9 or by way of a sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

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

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

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

    (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £10,530 and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2018, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

Tilly Heald
Company Secretary

6 October 2017

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

# Annual General Meeting Notes

**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 Limited, 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 Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 8.30am on Monday 4 December 2017.
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 Monday 4 December 2017 (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 8.30am on Monday 4 December 2017. 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.

# Annual General Meeting Notes continued

**Explanatory Notes to the Notice of Annual General Meeting**

Resolution 10 (Statutory pre-emption rights)

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro-rata to their holdings. This Special Resolution renews the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £10,530 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 6 October 2017 (being the last practicable date prior to the publication of this notice)) as if the pre-emption rights of Section 561 did not apply. The authority granted by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2018, whichever is the earlier.

The notes above give an explanation of the proposed resolutions.

Resolutions 1 to 9 are proposed as Ordinary Resolutions. This means that for each of those Resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 10 is proposed as a Special Resolution. This means that for each Resolution to be passed, at least three-quarters of the votes cast must be in favour of the Resolution.

# Retained Advisors

The Company's retained advisors are:

**Nominated Advisor and Broker**
Numis Securities
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

**Registrar**
Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands
BD63 3DA

**Banker**
National Westminster Bank plc
130 Commercial Road
Portsmouth
Hampshire
PO1 1ES

**Auditors**
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

**Financial Public Relations**
FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

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**YouGov plc**
50 Featherstone Street
London EC1Y 8RT

T: +44 (0)20 7012 6000
F: +44 (0)20 7012 6001

yougov.com