YouGov

What the world thinks

Annual Report and Accounts 2012

Overview

Introduction

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

yougov.com

Overview

Operational highlights

- YouGov continues to increase market share with strong growth in its major markets and in data products and services
- Like-for-like revenue[2] increased by 9%
- Maiden dividend of 0.5p per share to be paid
- US increased revenues by 21% to £19.2m (8% organic growth rate); UK by 15%
- Good progress made in turning around the German business; profit doubled to £0.6m on revenue of £9.4m (2011: £11.3m)
- Middle East regionally generated business grew by 19% partly offsetting the £2m decline from the expected ending of the long-term contract in Iraq
- Nordic revenue up 6% – ahead of market
- New French operation started well: panel has already reached 75,000
- Social Media Analysis (SoMA) product launched

Key financials

Turnover £m

2012	**58.1**
2011	56.1
2010	44.2

Adjusted operating profit[1] £m

2012	**5.6**
2011	5.3
2010	3.8

Operating cash generation £m

2012	**4.9**
2011	5.6
2010	4.9

Adjusted profit before tax[1] £m

2012	**6.1**
2011	5.8
2010	4.0

Adjusted earnings per share[1] pence

2012	**4.9**
2011	4.7
2010	2.5

Net cash balance £m

2012	**7.2**
2011	9.4
2010	15.6

Reported operating profit £0.8m

(2011: £0.4m)

Reported profit before tax £0.4m

(2011: £0.4m)

1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; In the year to 31 July 2012, amortisation of intangibles was £4.4m (2011: £3.8m) and exceptional costs were £0.5m (2011: £1.1m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

2. Like-for-like revenue growth excludes Iraq contract, US business acquired in April 2011 and German businesses closed or disposed of in 2010/11.

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Overview

YouGov at a glance

YouGov plc is an international full-service market research agency offering added value consultancy, qualitative research, field and tab services and a syndicated products suite that includes daily brand perception tracker BrandIndex, social media analysis tool SoMA, fast turnaround Omnibus and comprehensive market intelligence reports SixthSense. YouGov is considered the pioneer of online market research and the Company continues to maintain an innovation-led focus.

we have a panel of **3.3 million** people worldwide in **30** countries

Our worldwide panel continues to grow, year-on-year. This is both due to the continually increasing levels of online survey activity and also our active commitment to panel growth.

Our panel increased by **15%** in the last year

Honomichl GLOBAL TOP 25 FIRM 2012

YouGov was named one of the world's top 25 research companies in 2012 by the respected "Honomichl Top 25 Global Firms" report.

The report, which ranks the world's top research companies based on revenue, puts **YouGov** at no. 22 this year, up two places from its previous ranking of no. 24 in 2010.

SoMA is **YouGov's** new and revolutionary social media analysis tool which allows our clients to measure what their target audience is *hearing.*

21 Offices and

477 employees worldwide

"

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

2,500

clients served in FY12, across 42 countries

Our panellists completed

15 million

YouGov surveys in the 12 months to 31 July 2012

YouGov in the press

Boris takes lead in closest ever race for City Hall

Our exclusive **YouGov** poll today shows a dramatic turnaround from last month, with the Mayor now ahead by a super-slender 51 to 49% margin.

The Evening Standard, 13 Feb 2012

Reputation falls to lowest level on record in wake of $2b loss

In the aftermath of the huge loss sustained by its London Whale trading desk, JPMorgan Chase's consumer perception dropped by 25 points to -33, according to research service **YouGov…** The plunge puts JPMorgan's reputation at its lowest level since **YouGov** began tracking the firm in 2008…

The Huffington Post, 23 May 2012

UAE workers expect a pay rise this year

A whopping 63% think they're in line for bank-balance boosting pay increases in the next 12 months, and a quarter of them see their salary shooting up by 15% or more, according to a survey carried out by pollster **YouGov** and jobs website Bayt.com.

7Days Middle East, 4 April 2012

Shoppers back Lidl as a brand they trust

More than a quarter of people chose Lidl as the next superbrand in a **YouGov** poll for ad agency Bordello.

Daily Express, 18 June 2012

Ours is most desirable city

In the survey, which was prepared by global market research firm **YouGov**… New Delhi has emerged as one of the most unsafe cities… However, the report has found Chandigarh to be the safest…

Times of India, 15 December 2011

Wal-Mart scandal hurt image, but damage doesn't look permanent

The **YouGov** BrandIndex, which measures Americans' views of major brands, said that the retailer's popularity sank in late April after the New York Times published a story alleging rampant corruption in the company's south-of-the-border operations. But through it all, public perception of the company never dipped below neutral and now seems to be recovering, according to **YouGov.**

LA Times, 4 May 2012

We think we are more environmentally friendly than our neighbours

According to a new study conducted by **YouGov** on behalf of the Green Dot, 57% of the Norwegians believe that they are more environmentally friendly than their neighbours.

PresseNytt, 18 July 2012

Pension plans perceived in bad light: poll

Many people mistrust pensions and do not believe they are the best way to save for retirement, a **YouGov** poll has shown.

Financial Times, 1 December 2011

Bundestag approves euro rescue

Germans, however, are sceptical about today's decision: only 6% believe that MPs feel confident about the decision, whereas 47.5% think that the parliamentarians do not fully understand the situation, according to a **YouGov** poll.

Bild, 29 November 2011

Overview

Our global presence

The YouGov Group has 21 offices worldwide, covering the UK, Europe, the Nordics, the Middle East and the USA.

As an online company, our reach naturally extends beyond geographic footprint and this year we served clients across 42 countries worldwide.

UK

Revenue	Adjusted Operating Profit
£15.7m	£3.7m

Offices	No. of employees
1	147
London	

Panel size

432,400

USA

Revenue	Adjusted Operating Profit
£19.2m	£2.7m

Offices	No. of employees
7	103
Palo Alto, CA. Los Angeles, CA. Portland, OR. New York, N.Y. Washington, D.C Lawrenceville, N.J. Waterbury, CT.	

Panel size

1,989,100

Middle East

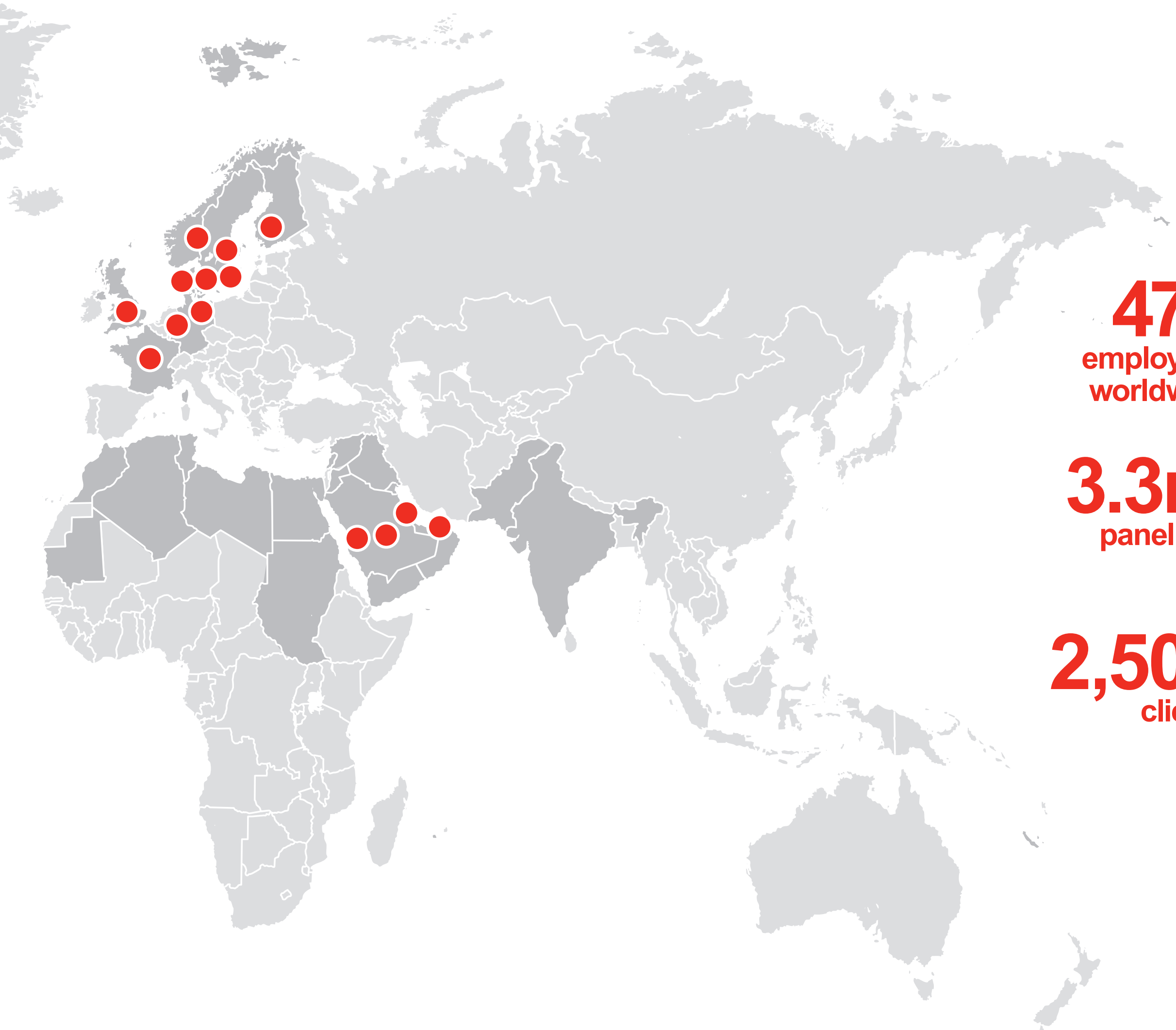
Revenue	Adjusted Operating Profit
£6.0m	£1.3m

Offices	No. of employees
4	45
Dubai, U.A.E. Dammam, K.S.A. Jeddah, K.S.A. Riyadh, K.S.A.	

Panel size

426,500

All figures as at 31 July 2012.



477 up 7%
employees worldwide

3.3m up 15%
panellists

2,500 across 42 countries
clients

Germany

Revenue	Adjusted Operating Profit
£9.4m	£0.6m

Offices	No. of employees
2	104
Cologne Berlin	

Panel size
195,600

Nordic

Revenue	Adjusted Operating Profit
£8.8m	£0.8m

Offices	No. of employees
6	74
Copenhagen, Denmark Kolding, Denmark Helsinki, Finland Osla, Norway Malmö, Sweden Stockholm, Sweden	

Panel size
191,300

France

Revenue	Adjusted Operating Profit
£0.2m	£(0.2)m

Offices	No. of employees
1	4
Paris	

Panel size
75,600

Overview

Our products and services

BrandIndex

BrandIndex, YouGov's flagship brand intelligence service, tells our clients what the world thinks of their brands and their competitors at any given moment. The service provides a unique combination of daily frequency and broad brand coverage, with a global methodology and a hosted reporting tool available across 13 countries. In 2012, we enhanced our methodology by nearly doubling the number of key performance metrics available in the service, providing clients with greater detail on consumer perception and more actionable information than ever before.

The new service, BrandIndex MarketView will be made available throughout the BrandIndex footprint in the coming year. We will also launch CategoryView in 2013, which will provide details of consumer purchase intentions in specific product or sector categories including frequency of visits, brand loyalty and brand attributes. BrandIndex clients include over 100 international brand owners and many leading advertising and media agencies such as OMD, Microsoft, Subway, Superdrug, Western Union, Universal McCann and ITV.

SixthSense

SixthSense provides comprehensive market reports packed with original consumer research data and analysis supplemented by information on market sizes, brand analysis, competitive benchmarking and market forecasts. Central to the SixthSense model is using the YouGov proprietary online panel to identify niche demographics. We work closely with clients to identify areas in a market that are quickly changing and produce up-to-date insights into changing consumer behaviour and attitudes.

Currently, there are more than 200 reports in the SixthSense portfolio covering 1,000+ topic areas ranging from food, drink and retail through to health and beauty, finance, technology, utilities, automotive and many more. SixthSense reports can be bought as single copies, as a package or, increasingly, for an annual subscription covering multiple topics and reports. More than 70% of contract subscribers renewed year-on-year including a number of "first mover" subscribers such as Cable & Wireless, Virgin Media, Barclays and Lloyds TSB. We recently launched new international report titles across Europe and plan to extend the service to the USA.

Omnibus

Omnibus, YouGov's very first product, celebrates its 10th birthday in 2012. It is now the market leading online omnibus service in the UK and in recent years has been extended to our French, German, Middle East and Nordic operations. It will be launched in USA in the 2012/13 financial year. The service can also provide clients with data from some 20 other countries. Omnibus surveys are run daily, providing nationally representative responses to clients within a 24 or 48 hour turnaround. During 2011/12, the YouGov Omnibus was launched in France and Northern Ireland and continued gain market share across our other operations. 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 including parents, cities, main shopper, children, Independent Financial Advisers and business people. We also run regular Omnibus surveys covering "influential" audiences in the UK including Members of Parliament.

SoMA

SoMA is our revolutionary new social media analysis tool which allows our clients to measure what their target audience is hearing about them on social media. Recently soft-launched in the UK, SoMA is YouGov's first foray into social media measurement and its foundations lie in the representative samples of YouGov panellists who have given us permission to access and monitor their private Facebook and Twitter feeds. SoMA collects and analyses the tweets and posts appearing on our panellists social media network feeds to provide audience metrics that can be extrapolated for the UK Facebook and Twitter populations at large. This unique offering of overlaying known demographic data with comments heard via these platforms, drilled down by customisable demographic filters, allows us to provide detailed and meaningful data from the noise of social media. With SoMA, we can measure the reach of social media content, the sentiment and the impact it has had on individual users.

Custom Research

Our industry experts provide our clients with a bespoke research service to give them the consumer view on whatever the business issue. With each custom project, our starting point is what we already know about clients' issues (via the existing data we hold in our vast profile data library and the suite of YouGov research products). We then build on this with new, bespoke research and our full-service menu means clients can choose their level of reporting – from basic tables of results, through to additional statistical analysis and interpretation, to consultative strategic advice from industry experts. Our custom research teams are involved from the proposal stage to the final presentation of findings and they will, as necessary, draw upon advanced statistical techniques that can explain and even predict attitudes, behaviours and harder business outcomes. The outputs from our custom work are designed to support our clients in their decision making about their strategies, products, policies and marketing. We bring the end consumer's voice, to the decision making table.

Case study

YouGov BrandIndex predicted Tesco fall

In December 2011, an article by Stephan Shakespeare (YouGov CEO) appeared in the London-based daily business newspaper City A.M, in which he made observations regarding the YouGov BrandIndex data on Tesco.

> ### Value is key for the grocers
> Last week I looked at how the major UK banks performed on YouGov's BrandIndex in 2011, and this week I'm turning my attention to how the supermarkets fared over the same year. An interesting starting point is to take the "index" score (which is a composite of 6 key attribute measures). We see that all four of the major supermarkets are on a lower score than they were at the start of 2011, but it is Tesco that has suffered the steepest decline. In January, Tesco was on +32, just holding off Morrisons for 2nd place. It is now at +23, 5 points below Morrisons…
>
> Not surprisingly, given the economic situation, the two supermarkets that have improved overall perceptions in 2011 are Aldi and Lidl. With that in mind there can be no doubting the importance of the "value" measure going into 2012… It is the Tesco decline, though, that is the biggest story and has seen the supermarket go from joint first on +38 in January to joint last with Sainsburys on +28 now. Sainsbury's has the more quality focused measures to fall back on and will worry less about its value perception, but for Tesco, dropping behind Morrisons and Asda on value whilst also losing ground in other areas presents a problem.
>
> Could the sheen have come off the company that has dominated the UK grocery market over the past decade?
>
> **Stephan Shakespeare, City A.M., 21 December 2011**

In January, Tesco released a Trading Statement that reflected the message observed in BrandIndex the month before. The extent of Tesco's drop in sales may have surprised analysts, resulting in a share price plunge, but it came as no surprise to YouGov.

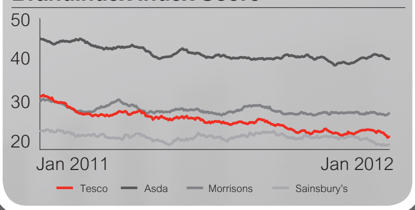
> ### Tesco suffers "big price drop" of it's own
> Tesco shares saw a "big price drop" as the UK's largest supermarket chain announced a disappointing profits outlook, causing a stir in the City… Tesco had the lowest sales growth of the big four UK retailers – including Wal-Mart owned Asda, Morrisons and Sainsbury's – in the four weeks to December 24, just over 3.4%. Meanwhile, rivals Asda and Sainsbury's enjoyed sales growth of 10.7 and 6.7% respectively.
>
> **Financial Times, 17 January 2012**

By the time of Tesco's preliminary announcement in April, the extent of the damage was obvious. Tesco's waning BrandIndex scores had been an indication that the value perception that had sustained them for so long could no longer be taken for granted, something that was now reflected in their share price.

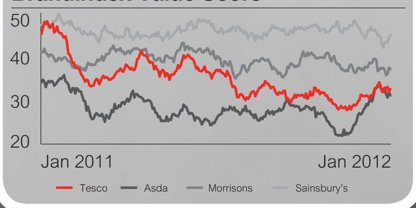
> ### Tesco's UK profits fall for first time in two decades
> Tesco chief announces £1bn makeover and admits supermarket has taken "a little bit too much away from the shopper".
>
> **The Guardian, 18 April 2012**

BrandIndex is the authoritative measure of brand perception. Not only does it provide subscribers with a real-time picture of their brand's health, but also that of competitors and entire sectors. As this Tesco example illustrates, if you don't subscribe to BrandIndex, your competitors could be better acquainted with your brand's health than you are.

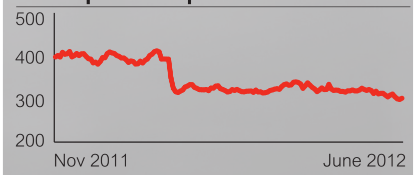
BrandIndex Index Score



BrandIndex Value Score



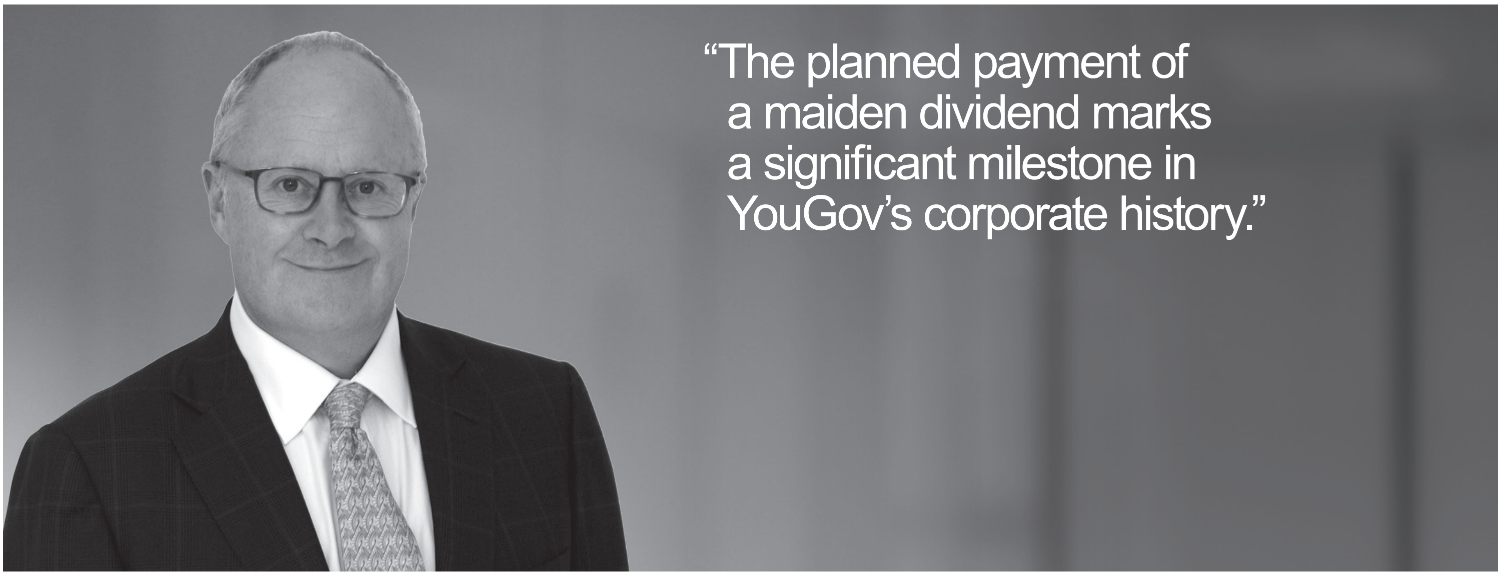
Tesco plc share price



Overview

Chairman's statement

for the year ended 31 July 2012



Turnover £m

2012	**58.1**
2011	56.1
2010	44.2

Adjusted operating profit[1] £m

2012	**5.6**
2011	5.3
2010	3.8

Adjusted earnings per share[1] pence

2012	**4.9**
2011	4.7
2010	2.5

Operating cash generation £m

2012	**4.9**
2011	5.6
2010	4.9

1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; In the year to 31 July 2012, amortisation of intangibles was £4.4m (2011: £3.8m) and exceptional costs were £0.5m (2011: £1.1m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

Introduction

In the year ended 31 July 2012, YouGov has performed in line with the Board's expectations and we have continued to invest to develop our business in accordance with the plans we set out at the beginning of the year. Given the continued success of our strategy we are pleased to propose the payment of a maiden dividend which marks a significant milestone in YouGov's corporate history.

Results

The Group's revenue this year of £58.1m was 4% higher than the prior year and 9% higher on a like-for-like basis. While our UK, US and Nordic operations all grew well ahead of the market this was partly offset by the effect of the anticipated completion of the long-term Iraq contract and a deliberate focusing of our German business on winning higher margin work rather than just on sales growth.

The Group's adjusted operating profit of £5.6m increased by £0.3m compared to the year ended 31 July 2011. We believe that this outcome is a creditable achievement as it incorporates the continued investment in the development of new products and expansion into new markets as well as the ending of our long term contract in Iraq. This performance should also be seen in the context of the continuing economic stagnation in Europe and USA and of a global research market which has been relatively static as a result. Our investments continue to bear fruit with the launch of the groundbreaking social media analysis product (SoMA), the start-up in France and the continued growth of the SixthSense reports business. It is especially pleasing to report a significant improvement in the profitability of the German business under the new management appointed at the beginning of the financial year. This year's results also highlight the successful transition of our Middle Eastern business over recent years from reliance on a major contract (that generated over £3m revenue in its last full year) into a regional leader well placed to exploit that market's growing opportunities.

Year-end net cash balances were £7.2m compared to £9.4m at 31 July 2011 after expenditure of £2.5m in the year on earn-out payments for previous acquisitions.

Payment of dividend

As indicated at the interim results, after careful consideration of the Group's expected performance and cash generation capabilities, the Board is recommending the initiation of a dividend payment of 0.5p per share. This reflects our belief that our growth strategy will continue to generate cash without requiring significant cash investment. There will be a final dividend in respect of the year ended 31 July 2012, payable in December 2012, subject to the approval of shareholders. The Board intends to adopt a progressive dividend policy. This reflects the relative stage of maturity that the Group has now achieved. It is also consistent with our aim of using our resources to support growth largely through start-ups and new products while making selective investments and acquisitions if the right opportunities arise.

Strategy

With all our operations this year delivering results expected of them, YouGov has now established a solid base for consistent performance in the future. However, we are still a relatively young company for which innovation remains at the heart of the business. We will continue to utilise our key assets of a strong brand, online methodology based on a highly responsive panel and proprietary technology to meet our customers' changing needs.

The Group has continued this year to deliver the growth strategy outlined by Stephan Shakespeare on his appointment as Chief Executive three years ago. One of our stated goals is to increase the proportion of revenue from data products and services over the medium term and bring these closer to parity with custom research. We aim to exploit YouGov's core strengths in online research to create high value research products and services based on our ability to deliver a continuous flow of accurate, real-time information rapidly and in multiple forms. The focus in the coming year will remain on growing revenue from our core product suite across all our existing geographies and bringing to market the new products already developed. We will also continue to explore opportunities to expand our core model geographically as well as to pioneer new ways of providing clients with the valuable insights of our panel-derived data through our products and services.

Prospects

We can see from our own surveys and from media and political commentary that business and consumer confidence remain low in Europe although the Middle Eastern and US markets offer more encouraging growth prospects. Against this challenging backdrop we believe that YouGov will continue to outperform the research market both in terms of sales growth and reputation for innovation. We will continue to invest in products and services in pursuit of our strategy. Current trading is in line with the Board's expectations.

Roger Parry
Chairman

15 October 2012

Overview

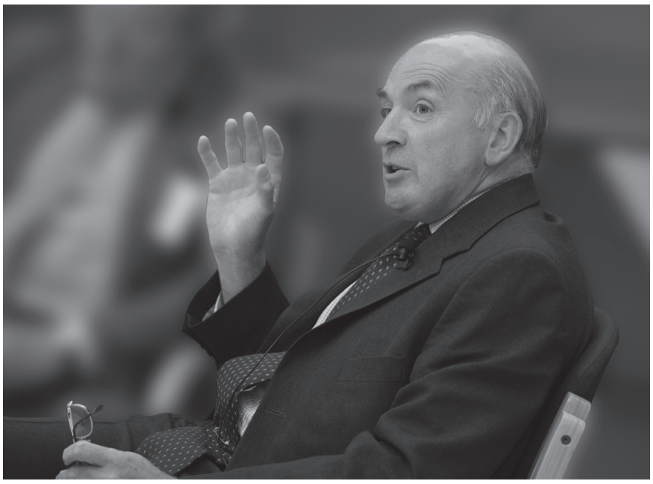
YouGov®-Cambridge
What the world thinks... And the experts say

YouGov has always valued strong links with the academic community. In 2011, we established YouGov-Cambridge – a unique partnership with Cambridge University that brings polling and academic experts together to collaborate in opinion-research on transnational and global issues. Over the year, YouGov-Cambridge has grown its international reputation as an authoritative research forum, with highlights including three major conferences – on consumer empowerment; on the future of Europe; and on reputation – in each case providing a stage for high profile figures from government, business and media to debate the results of YouGov polling in the context of global trends and events.

At the heart of this partnership is the YouGov-POLIS Programme, based at the Department of Politics and International Studies. (POLIS), which provides an amount of pro bono polling in support of departmental research and teaching. POLIS and YouGov are also working on incorporating YouGov polling (and speakers) into the syllabus for the new Cambridge Master's Degree in Public Policy, being launched at the University in October 2013 and designed to strengthen long-term links between academic and policy-making communities in the UK. These activities help to underscore an important ambition for the YouGov-Cambridge partnership: to help tomorrow's graduates to engage directly with public opinion research. As Professor Andrew Gamble, Head of the POLIS Department, states, the measurement of public opinion "has become a crucial element of our democracies… Access to the polling resources of YouGov can help students test their ideas, and become aware of what lies behind public opinion data… and can also be built into the public policy programmes which are being developed".

In the same period, YouGov has developed collaborations with a range of other partners at Cambridge University, including the Judge Business School, the Centre for Climate Change Mitigation Research, the Department of Land Economy, the Centre for Governance and Human Rights, and the Centre for Industry and Government. YouGov-Cambridge also has developed a valuable set of external academic partnerships: with the House of Commons Public Administration Select Committee, the Royal United Services Institute (RUSI) and the British Council, who are each adding professional expertise to the survey research process in key areas such as the Arab Spring and UK foreign policy. YouGov-Cambridge has its own Advisory Board of experienced and respected figures to provide an independent source of judgment on our findings, and to support academic initiatives at the University where possible.

In September 2012 YouGov-Cambridge partnered with the Guardian, the British Council and RUSI to hold the second YouGov-Cambridge conference at Cambridge University. The theme of the two-day forum was "Reputation in the Age of Protest", which looked at how nations, organisations and political parties variously manage the modern challenges of reputation, and included several exclusive reports that made broadsheet headlines on the reputation of leading nations, as well as public attitudes to the UK banking industry.



theguardian

Forum Media Partner

Top: Lord (Richard) **Dannatt,** Formerly Commander-in-Chief, Land Command (2005/06) and Chief of the General Staff (2006/09) of the British Army; Keynote speaker on "The interaction of defence, diplomacy and development in British soft power".

Middle left: Dr Zahra **Langhi,** Founding Member, Libyan Women's Platform for Peace & Co-ordinator, Friends of Free Libya; Panellist discussing "British reputation and the Arab Spring: Building trust and relationships in times of upheaval".

Middle right: Rt Hon Hugo **Swire** MP, Minister of State for the Foreign and Commonwealth Office; panellist discussing "British and American reputations in the world".

Bottom: John **Studzinski,** Senior Managing Director, The Blackstone Group; Keynote speaker on "The reputation of banking".

Follow YouGov-Cambridge on Twitter
@YouGovCam

Business model and strategy

Investing in new products and services to deliver **long-term growth**

Mission statement

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

Core business model

Established in the UK in 2000 as the first online pollster, YouGov quickly developed a very strong brand widely recognised for accurate political opinion polling. Our highly-responsive proprietary panel and strong reputation opened the doors for YouGov to expand quickly beyond the public service sector to much larger and more profitable commercial market research activity. YouGov's success was also boosted by our aptitude for developing innovative high-margin research products, and our sector expertise that addresses the strategic research needs of both large corporate and public sector organisations. Today, YouGov has proprietary online panels in 32 countries worldwide and we continue to look for opportunities to take our online market research core business model – of a strong brand and panel, coupled with innovative products and sector expertise – to new markets.

Strategy for growth

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

Investing in our strategy – our five priorities

- Innovating with pioneering digital products and services
- Expanding our geographic footprint
- Enhancing our user experience and public profile
- Increasing our custom research client-base
- Growing our syndicated products suite

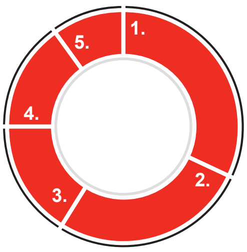
Operating review

Chief Executive's review

for the year ended 31 July 2012

"We are growing both the custom and the syndicated products sides of our business, but are investing more heavily in the latter to bring the revenues to parity."

Revenue by region



1. USA	32%
2. UK	27%
3. Germany	16%
4. Nordic	15%
5. MENA	10%

Revenue per head £k

2012	**121**
2011	118
2010	105

Global panel size m

2012	**3.3**
2011	2.9
2010	2.5

We are pleased to have delivered another year of revenue and profit growth. Our Group's results for the year reflect our focus on delivering profitable growth as well as the continuing transition to a common YouGov model across all of our geographies. Our US and UK businesses achieved double-digit revenue growth thus further gaining market share as did the locally generated element of our Middle East business. The Nordics operations also grew ahead of the market and the new management team in Germany successfully delivered the profit improvement goals set for them this year.

While our revenue growth was lower in the second half of the year than in the first six months, this was due in part to the ending of the Iraq contract in the first half as well as the refocusing in Germany on profitable business. However, there was some evidence, notably in the Nordics, of client demand being affected by the continuing economic uncertainties. We have nonetheless continued to win significant business from new clients across all our units including ITV in the UK, Starbucks in USA and Pfizer in the Middle East.

Our planned investment in organic geographic expansion and development of new products is already yielding new products and revenue sources. Our new Social Media analysis tool was beta-launched in May. It is attracting significant interest from media agencies as well as corporate clients and will be marketed fully from the autumn of 2012. SixthSense, our UK-based reports business, continued its expansion with 65% revenue growth. The new French operation which started in November 2011 has grown its panel to over 75,000 and launched French versions of our global BrandIndex and Omnibus products which are selling both to international and local clients.

We have also made good progress in increasing the proportion of revenue from data products and services. This year's new initiatives together with sales of existing products contributed to a 27% growth from this part of our business which now represents 23% of total Group revenue. BrandIndex, our global brand intelligence service, grew by 39% and Omnibus by 22% reflecting its international expansion as well as continuing market leadership in the UK. Custom research revenue across the Group grew by 7% (excluding Iraq) and 1% in headline terms although it still accounts for 77% of our total Group revenue.

YouGov has always valued strong links with the academic community. In September 2011, we set up the YouGov-Cambridge programme with the University of Cambridge to support the academic study of public opinion research on national and transnational issues. In the first year, YouGov-Cambridge has already run three conferences with high profile speakers from business, politics and the media and published several major reports. It is establishing an international reputation as a unique and authoritative research forum as well as providing Cambridge experts with access to panel-based research in support of their studies.

Looking ahead

YouGov has continued to strengthen its foundations while also creating the new products that will serve the market research buyers of the future.

Our interactions with clients indicate that there is a decisive shift of interest among brand-owners and marketers from reliance on information created by traditional market researchers to information created by the consumers themselves. That is why last year we developed (SoMA) as the first product to provide robust social media audience measurement data that covers not only Twitter but also Facebook. This ground breaking product is made all the more powerful when combined with other new YouGov products (some still in beta) including several sector trackers aimed at the investment community, significant enhancements to BrandIndex, an online data dashboard, and new analytics services. All of these will be fully brought to market in the coming year.

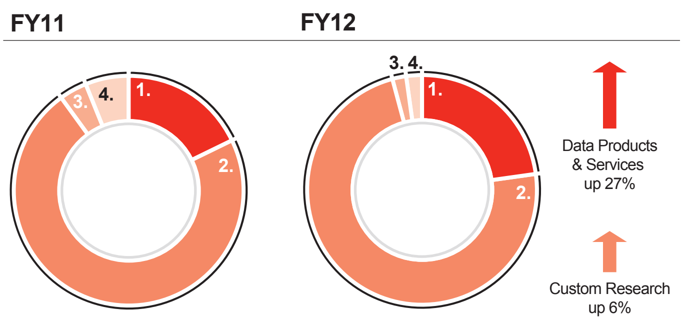
YouGov is also significantly expanding its design of the Profile Data Library ("PDL") and the technology for accessing it to provide a comprehensive data-base of consumer behaviour, preferences, social attitudes and the most detailed and dynamic media consumption data on offer. Taken together with SoMA, BrandIndex and our trackers, this will offer an aligned suite of products (a dashboard of live methodically layered data-flow) that helps clients to monitor their brands and markets, design campaigns, plan their media execution, and deliver real-time ROI-tracking for within-campaign adaptive improvement.

YouGov's strategy is, therefore, to make its core offering a systematic marketing data platform that can be used daily by all types of campaigners. YouGov's strong custom research offering enhances and is enhanced by this syndicated offering. Together, they create a complete solution for marketers in an increasingly fast-changing consumer world where consumer-connectivity and fractured media make traditional, slow market research seem inadequate.

As we have stated previously, we are growing both the custom and the syndicated products sides of our business, but are investing more heavily on the latter to bring the revenues to parity.

We have continued to grow in these difficult times by investing in and enhancing our core offering. We have also continued our programme of geographical expansion based around a simple, repeatable version of our core offering. We believe we are building a company that will be among the global leaders of the future.

Changes in revenue



	2012	2011
1 Data products and services	**23%**	18%
2 Custom research	**73%**	72%
3 Other	**2%**	4%
4 Iraq contract	**2%**	6%

Operating review

Chief Executive's review continued

for the year ended 31 July 2012

"We believe we are building a company that will be among the global leaders of the future."

Review of operations

YouGov's geographical operations vary in terms of their maturity, size and business mix and the market context in which they operate. In general, syndicated data products generate higher margins than custom research once they reach maturity as their data collection and analysis is carried out once but their outputs can be sold to multiple clients. Omnibus is delivered through a highly standardised process so that its delivery cost is lower than for individual ad hoc research projects and its margins are consequently higher.

These factors are reflected in the differing financial and operational performance of our units. In the year under review our UK unit generated the highest operating margin reflecting the well-established brand and the relatively high proportion of revenue from data products and services. Our US business has largely grown through acquisition and although its scale is increasing, it is still at an early stage of development as a single business. It also has a higher proportion of custom research revenue than the UK and has borne some of the cost of investment in new data products. In Germany, the low operating margin is clearly below the norm due to previously inefficient processes and high operating costs although the transformation programme and the increase in proportion of products revenue have begun to improve margins as planned.

UK

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	% Change
Revenue	**15.7**	13.7	15%
Adjusted Operating Profit	**3.7**	3.5	8%
Adjusted Operating Profit Margin (%)	**24%**	24%	

Our UK business once again achieved significant growth and gained market share with revenue 15% up on the prior year. It also maintained its strong margins at 24%.

This performance was led by the data products and services unit whose revenue grew by 18% and now accounts for 44% of UK business. BrandIndex continued to win new customers including Superdrug and First Rate and Omnibus grew revenue by 13%. SixthSense maintained its expansion with a 65% revenue growth. It now has over 200 titles covering over 1,000 topic areas.

Custom research grew by 12% overall. As noted at the half year, the UK business benefitted from international clients wishing to take advantage of YouGov's expertise in political, social and reputation research. Although there was continuing budgetary caution among some UK clients, custom revenue generated from the domestic base still grew at 8%, ahead of the market. Our sector teams continued to bring new syndicated products to market to reflect changing market needs such as the Smartphone and Tablet trackers. Their rapid launch also reflects our ability to access early adopters through our panel as well as the general population. Major new clients included Peugeot and ITV while contracts continued with existing clients such as Asda, Argos, Costa Coffee and News International.

USA

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	% Change	% Organic Change
Revenue	**19.2**	15.9	21%	8%
Adjusted Operating Profit	**2.7**	1.9	40%	40%
Adjusted Operating Profit Margin (%)	**14%**	12%		

In the US, revenue grew in total by 21% and organically by 8% (excluding Definitive Insights), acquired in April 2011. The businesses acquired in 2011 and 2010 contributed combined revenue of £11.4m.

The US data products business continued to perform strongly delivering overall growth of 79% with BrandIndex growing by 75% and the new HospitalIndex product doubling its revenue. New clients for BrandIndex in the year included Bank of America and Subway.

Our US custom business which now has a significant base of corporate clients (including Activision, Coca-Cola, Microsoft and Panasonic) and particular strength in the technology sector grew its revenue by 16%. The integration of client-facing activities under one brand has progressed well. Synergy benefits have also begun to be released in the back office with the migration of the Harrison IT platform to one of YouGov's global data centres. Doug Harrison, the founder and CEO of Harrison Group has been appointed as CEO of YouGov America to take forward the next stage of the integration of our offices in Portland OR., Waterbury CT. and Lawrenceville, N.J. following the completion of the earn-out periods of the acquired businesses. He will be harnessing the strengths of the combined team going to market under the single YouGov brand so as to extend further our corporate research base in the USA. We also plan to launch a full Omnibus service there in the coming year in line with our strategy of implanting our core model across all our key markets.

Middle East

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	% Change	% Change Local only
Revenue	**6.0**	7.5	(20%)	19%
Adjusted Operating Profit	**1.3**	1.9	(31%)	112%
Adjusted Operating Profit Margin (%)	**22%**	25%		

This year our Middle East business again delivered strong growth in revenue and profits from regionally generated business while the long-term contract in Iraq as expected, reached completion in December. The regional business operates from offices in Dubai and Saudi Arabia and our panel which now covers 21 countries in the Middle East and North Africa is regarded as the regional leader in terms of quality. Its revenue rose by 19% to £4.9m while the Iraq long-term contract contributed only £1.1m compared to £3.4m in the prior year. We continued the planned expansion in online data services which grew by 38% while the custom business also grew market share with a revenue increase of 16%. Major clients include Pepsico, Saudi Telecom and Johnson & Johnson. In line with the YouGov model of media engagement, we have continued the partnership with Al-Aan TV to provide surveys for their pan-regional Arab language channels. New clients in FY12 include economic development agencies in Dubai and Abu Dhabi. The changing political landscape across the region means we have seen significant interest, particularly from international organisations, in understanding the views and perceptions of populations affected by the Arab Spring. The advantages of online research over traditional research methodologies are reinforced, given the potentially sensitive nature of this type of research in post conflict countries.

Germany

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	% Change	% Continuing businesses
Revenue	**9.4**	11.3	(17%)	1%
Adjusted Operating Profit	**0.6**	0.3	130%	
Adjusted Operating Profit Margin (%)	**7%**	2%		

Good progress was made in turning around our German business under the leadership of the new CEO, appointed at the beginning of the year with profits doubling as a result. The reported revenue reflected the disposal and closure respectively of two non-core parts of the business in the prior year. The focus was maintained on profitability rather than revenue and on ensuring that the business is more closely aligned with YouGov's core model. Further savings were achieved in staff numbers and costs and progress was made in the introduction of more efficient business processes. As a result of this programme, the operating margin trebled on an overall revenue increase for the continuing businesses of 4% in local currency terms and 1% in £ terms. The mix of revenue continued also to shift towards data products and services as these rose by 34% while the revenue from custom research fell by 4%. Major clients in the year included Vodafone, ERGO and Zalando as well as many of the leading German regional savings and mutual banks.

Nordic

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	% Change
Revenue	**8.8**	8.3	6%
Adjusted Operating Profit/Loss	**0.8**	0.6	23%
Adjusted Operating Profit Margin (%)	**9%**	7%	

Our Nordic business achieved another year of solid performance with revenue growth of 6% which was above that of the market and a 23% improvement in operating profit. This was due in large part to an improvement in gross margins with a higher proportion of local work conducted using our own panel, which is one of the strongest in the Nordic region. However, performance was mixed between the three main countries in which we operate. Revenue generated in Denmark, the largest unit which accounts for some 50% of the total, grew by 11% and Norway by 14%. In Sweden, after two years of good growth, the revenue was static due partly to challenging conditions in the market. New clients in the year included Swiss Post, Pandora and Nordic Sugar.

Stephan Shakespeare

Stephan Shakespeare
Chief Executive Officer

15 October 2012

Operating review

Our geographies

UK

Panel size

432,400 (+7%)

"Our panel centric, data product led strategy continues to allow us to grow market share and deliver good operating margins."

Phil Rance

Business overview

YouGov UK offers a full range of quantitative and qualitative market research services. As the most quoted market research agency in the UK, YouGov has a well-documented and published track record illustrating the accuracy of its survey methods. Our offer is rooted in the high degree of engagement and responsiveness of our online panel. The UK's products division offers the full YouGov portfolio and our sector specialist custom researchers serve the financial, media, technology and telecoms, consumer and public sector industries.

Review of 2011/12

This year the UK business once again achieved significant growth with revenue of £15.7m, 15% up on last year. We maintained our strong average operating margin of 24%, while increasing our average project value by 28%. This good performance was largely driven by our data products division whose revenue now accounts for 44% of the business. Our BrandIndex subscriber base grew by 26%, while Omnibus (which celebrates its 10th birthday this year) continued to be the market leader in the UK with revenue growth of 13%. SixthSense, our market intelligence reports business, continued its rapid expansion with a 65% revenue growth. Recently soft-launched in the UK, SoMA is YouGov's first foray into social media audience measurement and the product's groundbreaking offering has received a good response from potential clients. The UK custom research division grew by 12% due largely to expansion in its international work with clients taking advantage of our expertise in political, social and reputation research. Our reputational research practice (which formerly traded as YouGovStone) also grew significantly.

During the year, we reorganised our sales, marketing and research functions and created a new role of Head of Sales in order to strengthen our client account management and ensure that we offer a single "Whole of YouGov" proposition to our clients. The new structure has enabled more emphasis on sector knowledge and client relationships, while also improving our capability to offer our clients the best solutions for their business need from the breadth of our syndicated and custom research offerings.

Plans for 2012/13

YouGov's brand is already well recognised in the UK and we will continue to leverage this to increase our market share. We will focus on building our profile within our target sectors through our innovative offerings. We will be increasing our investment in training and development to underpin our new organisational structure and client focus. We also look forward to driving the sales growth of new products to new and existing clients, including a full roll-out of SoMA.

USA

Panel size

1,989,100 (+12%)

"My key focus for the year will be on creating a unified US operating unit that combines the efficiencies of a global operation with the research expertise of our specialist teams."

Doug Harrison

Business overview

YouGov has now become one of the largest market research firms in the US as measured by the respected "Honomichl Top Research Companies USA" report. Our expertise in custom research solutions is strengthened and complemented by our innovative suite of syndicated and continuous data products which cover brand performance and consumer buying sentiment. The business operates from both the East and West Coasts, serving Fortune 500 clients, top marketing and media agencies, consulting firms and public bodies. In addition to our commercial practice, YouGov is a leading provider of opinion research to leading American universities and educational establishments on a broad range of education, social, economic and political topics. YouGov America is recognised by clients for its high quality sampling and analytic expertise, stemming from its strong group of statisticians and marketing scientists and links to the academic community.

Review of 2011/12

The acquisition of Harrison Group followed by that of Definitive Insights in 2010/11, significantly increased YouGov America's geographic footprint and coverage of important industry sectors. This year, revenue grew by 8% organically and by 21% in total. Across the business, data products continued to perform well, delivering overall growth of 79% to which BrandIndex remained the leading contributor.

Our product range has now been expanded to include the HospitalIndex which provides data on hospitals in selected metro areas, the Pantry Study which measures consumer food buying habits, the Survey of Affluence and Wealth which reports on the preferences and attitudes of affluent Americans and the new Digital Device study. Our custom business has a significant base of corporate clients (including Activision, Coca-Cola, Microsoft and Panasonic) and grew revenue by 16% year-on-year.

Integration of the acquisitions has been a focus of the year – particularly in terms of branding, account management and operations. Synergy benefits have begun to be released in the back office with the migration of Harrison Group's IT platform to one of YouGov's global data centres.

Plans for 2012/13

Doug Harrison took up the role of CEO, YouGov America from the start of 2012/13 and will continue the fine tuning of the integration of our three main US offices and their teams providing custom research services which now operate under one YouGov brand. The focus of our custom research will continue to be on developing relationships with existing clients and winning new business through the high quality of our sector specialist expertise and research solutions supported by the data accuracy of our panel. We also aim to increase the proportion of data products revenue with the enhanced BrandIndex portfolio and new data products tailored for the investment sector, together launcher launch of a full Omnibus service in the USA this year. We are already leveraging our expertise in polling for the forthcoming Presidential Election to raise YouGov's profile. The new CBS News YouGov Electoral Vote Tracker – a computer simulation model of the Presidential race – was the number one story across CBS.com following its launch in September 2012.

Operating review

Our geographies continued

Middle East

Panel size

426,500

(+21%)

"It is great to see our regionally generated business growing strongly, offsetting the expected end to the large historic contract in Iraq."

Sundip Chahal

Business overview

YouGov is the Middle East region's most quoted research company and our brand is trusted for its impartiality and accuracy. We have the largest online panel in the region, with over 400,000 panellists over 21 countries across Middle East, North Africa and beyond into India and Pakistan. By combining experienced quantitative and qualitative researchers who understand local markets with the YouGov engine and expertise, we are able to offer unparalleled service and access across the Arab world.

Review of 2011/12

Despite the expected completion of the long-term contract in Iraq in December 2011, this has been a very strong year for the business. Revenue from locally generated business rose by 19% to £4.9m, while the Iraq contract contributed only £1.1m compared to £3.4m in the prior year. The average spend per client increased by 15% year-on-year, and the average operating margin increased from 6% to 16%.

This year, we continued the planned expansion of our data products division, which grew by 38%, while our custom business also gained market share with a revenue increase of 16%. In line with the YouGov model of media engagement, we have continued the partnership with Al-Aan TV to provide surveys for their pan-regional Arab language channels, and we have also established a client relationship with Sky News Arabia. Other new clients include economic development agencies in Dubai and Abu Dhabi.

Plans for 2012/13

This year we will continue to focus on enhancing our sales teams, our high-volume products division, and our growing media profile. Our newly established business development resource will be leveraged to enhance our account management and cross-selling strategies throughout the business. We are also looking to roll-out SixthSense industry reports into the Middle Eastern marketplace.

Germany

Panel size

195,600

(+28%)

"After a structural and cultural turnaround in the recent year, I am pleased that YouGov Germany has begun moving forward towards its goal of profitable growth."

Andreas Sperling

Business overview

YouGov has been the pioneer of online research in Germany and provides the full range of quantitative and qualitative market research services as well as being a specialist in organisational research. We have built a strong reputation in the retail banking and insurance sectors for which we undertake authoritative annual customer behaviour and satisfaction studies. We also cover the technology, FMCG and telecommunications sectors. Through our subsidiary, ServiceRating, we provide businesses with customer service quality assessment and consultancy.

Review of 2011/12

Under the leadership of Andreas Sperling who became CEO at the beginning of 2011/12, the focus has been on maintaining the growth in online data products while improving the financial performance of the overall business. Cost-savings have been achieved through tighter control of overheads, a reduction in headcount and an organisational restructure grounded in efficiency and new KPI-based objectives. The Cologne headquarters relocated to an open-plan office, improving internal communications. Sales teams were directed to target the sectors where we have competitive strengths. As a result of this programme, good progress has been made in turning around the business; profit has doubled to £0.6m (on revenue of £9.4m) and the adjusted operating margin has trebled.

Plans for 2012/13

In the coming year, further organisational restructuring will be undertaken in order to organise the sales teams into a sector focused matrix, with individuals having sales targets across our key sectors and products. As part of this ongoing restructure, we will invest in ongoing training for our employees to ensure they are knowledgeable regarding all of YouGov's products and services and to refresh sales and management skills.

Nordic

Panel size

191,300
(+18%)

"We are pleased to have maintained our growth ahead of the market and further to have grown the awareness of YouGov's brand and capabilities in the Nordic region."

Ole Haghfelt

Business overview

Headquartered in Copenhagen, YouGov Nordic offers full service quantitative and qualitative market research across Denmark, Norway, Sweden and Finland. Our clients range across numerous sectors, with FMCG, media and healthcare representing the largest share of revenue. We continue to innovate both in data collection methods as well as in data processing techniques, making us the leading edge market researchers in the region.

Review of 2011/12

This year we grew well ahead of the market with revenue up 6% and adjusted operating profit up 23%, despite economic uncertainty having a notable effect on research purchasing in the region. We continued to focus on the growth of our real-time-research trackers and syndicated products, as well as moving a higher proportion of our qualitative work to online. While we increased the amount of work completed for international clients, we also focused on local work conducted using our own panel – which is one of the strongest in the region – to improve gross margins. In recent years we have focused on growing our Swedish business; following the establishment of a Swedish public opinion polling team, we have successfully obtained wider media coverage and we are working hard to increase revenue however local economic conditions are particularly challenging.

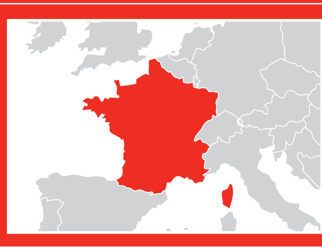
Plans for 2012/13

We will build on this year's solid performance by continuing to leverage YouGov's suite of innovative tools, grow our panel and increase our media presence. A roll-out of the enhanced BrandIndex product is planned, as well as the launch of SixthSense. We will also maintain focus on developing our business in the Swedish market.

France

Panel size

75,600



"I am proud that our work in establishing YouGov's presence in France is already bearing fruit with a good panel and new local clients for YouGov's products and services."

Julien Chevignon

Business overview

A key strategic ambition of the YouGov Group is to establish organic operations in new territories on a basis consistent with YouGov UK's core business model. The Group selected France as the first territory for this approach, recognising both its position as a leading research market and demand from international clients. YouGov France was launched in 2011/12 and operates from an office near the famous Paris Opera. Fulfilling its objective to bring core YouGov data products and services to French market, YouGov France currently offers both of YouGov's flagship products, BrandIndex and Omnibus.

Review of 2011/12

YouGov France was officially launched in October 2011 at SEMO, France's largest and most important research conference. Today, the business has four employees, each of whom have undertaken a comprehensive training programme at the Group's London's headquarters. We launched a French version of BrandIndex which, like Omnibus, has been purchased by both local and international clients. Our panel has reached a healthy 75,600 members and is continuing to grow. The French Presidential Election in May 2012 gave YouGov an excellent opportunity to prove its polling capabilities. Indeed, we were one of only two research companies to publish accurate voting intention figures for both major candidates – Hollande and Sarkozy – on the first round of voting.

Plans for 2012/13

We will continue to build on the solid foundations laid this year, with a strong focus on business development and sales and marketing of our two core products. We will continue to grow our French panel, strengthen media relationships and increase political polling work, in order to strengthen YouGov's reputation in France.

Operating review

Chief Financial Officer's report

for the year ended 31 July 2012

Key Performance Indicators

Turnover £m

2012	**58.1**
2011	56.1
2010	44.2

Adjusted operating profit[1] £m

2012	**5.6**
2011	5.3
2010	3.8

Average headcount

2012	**482**
2011	476
2010	420

Revenue per head £k

2012	**121**
2011	118
2010	105

Adjusted earnings per share[1] pence

2012	**4.9**
2011	4.7
2010	2.5

1. Adjusted operating profit is defined as group operating profit before amortisation of intangibles, impairment charge and exceptional items; In the year to 31 July 2012, amortisation of intangibles was £4.4m (2011: £3.8m) and exceptional costs were £0.5m (2011: £1.1m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

Income statement review

Group turnover for the year to 31 July 2012 of £58.1m was 4% higher than the prior year and 9% on an underlying basis, excluding the effect of acquisitions, disposals and the completion of the Iraqi contract. The highest growth was in the UK at 15%, the US grew at 8% organically and 21% in total including the effect of the acquisitions made last year. Nordic revenue grew by 6% and Germany by 1% in underlying terms (excluding businesses disposed or closed in the prior year). In the Middle East, local business revenue grew by 19% although total revenue declined by 20% due to the ending of the Iraqi contract during the year.

The Group's gross profit (after deducting costs of panel incentives and external data collection) increased by £2.5m to £44.7m and the gross margin rose by 2% points to 77% from 75%. This is due largely to an increase in the proportion of online data collection which incurs lower costs than other methods.

Operating expenses (excluding amortisation and exceptional items) of £39.2m were £2.2m higher than last year, a total increase of 6%. The operating expense ratio rose to 67% compared to 66% in the prior year reflecting the investments in staff made during the year to support continued growth in existing business areas as well as new business initiatives.

The average number of staff (full-time equivalents) employed during the year increased to 482 from 476 in the previous year. The net average growth of six staff reflected the addition of 31 heads primarily in the UK & US offset by a reduction of 25 in Germany resulting from the restructuring in that region. Average revenue per head increased to £121,000 from £118,000 in the previous year.

Adjusted group operating profit increased by 6% to £5.6m compared to £5.3m in the previous year. Adjusted profit before taxation, which includes net interest income, rose by £0.3m to £6.1m. Adjusted earnings per share[1] for the year rose by 0.2p to 4.9p. The reported profit before taxation (after charging amortisation and exceptional items of £4.8m) was £0.4m, the same as in the year ended 31 July 2011.

Amortisation of intangible assets and impairment

Amortisation charges for intangible assets totalled £4.4m (2011: £3.8m) in the year of which £2.0m (2011: £2.1m) related to assets acquired through business combinations, £1.2m (2011: £0.9m) to separately acquired assets and £1.2m (2011: £0.8m) to those created through the Group's own internal development activities.

Exceptional items

Exceptional costs of £0.5m (2011: £1.1m) were incurred in the year. £0.6m related to restructuring costs incurred mainly in Germany and in the closure of operations in Iraq and £0.2m to redundancies. These costs were offset by a credit of £0.4m reflecting the net effect of adjustments to the estimated contingent consideration payable in respect of the acquisitions of Harrison and Definitive Insights which were made in the year ended 31 July 2011.

Analysis of operating profit and earnings per share

	31 July 2012 £,000	31 July 2011 £,000
Group operating profit before amortisation of intangibles, impairment & exceptional costs	**5,585**	5,269
Share-based payments	**641**	337
Imputed interest	**150**	202
Net finance (cost)/income	**(240)**	58
Share of post-tax loss in associates	**(83)**	(32)
Adjusted profit before tax	**6,053**	5,834
Adjusted profit after tax	**4,663**	4,459
Adjusted earnings per share (pence)	**4.9**	4.7

Cash flow

The Group generated £4.9m in cash from operations (before paying interest and tax) (2011: £5.6m) and paid out £5.9m in investing and financing activities (2011: £11.0m). £3.3m of this (2011: £2.7m) related to capital expenditure on tangible and intangible assets and £2.6m (2011: £8.1m) to acquisitions including deferred consideration.

Taxation

The Group had a tax charge of £0.1m (2011: £nil) on a reported basis, the current tax charge of £0.4m (2011: £0.2m) being partly offset by a deferred tax credit of £0.3m (2011: £0.2m). On an adjusted basis, the tax charge was £1.4m (2011: £1.4m) which represents an implied tax rate of 23% on the adjusted profit before tax and was 1% point lower than the prior year.

Balance sheet

Total shareholders' funds increased to £55.9m from £55.8m at 31 July 2011 and total net assets increased to £56.0m compared to £55.9m at 31 July 2011. Net cash balances fell by £2.2m to £7.2m from £9.4m as at 31 July 2011 due largely to the cash expenditure on deferred consideration in respect of the US acquisitions made last year. Net current assets increased to £10.3m from £10.0m. Debtor days increased to 63 from 61. Current liabilities increased by £0.5m to £16.9m from £16.4m. Creditor days increased slightly to 35 days from 32 days in 2011.

Panel development

Panel numbers have grown across all hubs in the current financial year to support the continually increasing levels of online survey activity as well as geographic expansion. As at 31 July 2012, the Group's online panels comprised a total of 3,310,500 panellists (defined as the number of panel registrations), an increase of 15% over the total of 2,867,100 as at 31 July 2011. The panel sizes by region were:

Region	Panel size at 31 July 2012	Panel size at 31 July 2011
UK	**432,400**	405,800
Middle East	**426,500**	351,700
Germany	**195,600**	152,800
Nordic	**191,300**	162,800
USA	**1,989,100**	1,768,200
France	**75,600**	25,800
Total	**3,310,500**	2,867,100

Corporate development activities

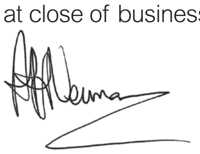
As anticipated, a further payment of $3.6m (£2.2m) was made during the year in respect of the acquisition of Harrison Group which brings the total payments to date to $12.6m (£7.8m). A further tranche of deferred consideration of $1.7m (£1.1m) will be payable in 2013. The final total consideration is now estimated to be $0.7m (£0.4m) less than was provided for in the balance sheet as at 31 July 2011 so in accordance with IFRS 3 a corresponding credit has been recognised as an exceptional item.

A further payment of $0.2m (£0.1m) was also made in respect of the acquisition of Definitive Insights ("DI") bringing the total consideration to date to $1.2m (£0.7m). Additional payments, contingent upon the average EBITDA of DI for the two years ending 31 January 2013 and EBITDA growth in the year ending 31 January 2013 will be payable in three instalments between 2013 and 2015. These are estimated to be $1.5m (£0.9m) in total. This is $0.1m (£0.1m) more than anticipated as at 31 July 2011 and a corresponding charge has been recognised as an exceptional item.

On 18 April 2012, the Group invested £0.1m in return for an additional 5% stake in CoEditor Limited thereby increasing its shareholding to 30%. This was as planned under the shareholder agreement with the majority shareholder, Doughty Media 2 Limited (which is 50% owned by Stephan Shakespeare). CoEditor has developed software in the field of news and content aggregation which will be provided exclusively to YouGov for the purpose of providing dedicated content and activities for members of YouGov's online panels. CoEditor's main business objective is to exploit its intellectual property rights in markets and activities outside market research. YouGov also has options to acquire additional shares, which will enable it to benefit from increases in CoEditor's equity value resulting from its business development.

Proposed dividend

The Board is recommending the payment of a final dividend of 0.5p per share for the year ended 31 July 2012. If shareholders approve this payment at the AGM, it will be paid on 17 December 2012 to all shareholders who were on the Register of Members at close of business on 7 December 2012.



Alan Newman
Chief Financial Officer
15 October 2012

Governance

Board of Directors

Roger Parry

Non-Executive Chairman

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

Stephan Shakespeare

Chief Executive Officer

Experience:
Stephan co-founded YouGov in 2000 (in collaboration with Nadhim Zahawi). One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. Stephan is a Trustee of the National Portrait Gallery and Chair of the newly established Data Strategy Board for the Department for Business, Innovation and Skills. He also founded PoliticsHome.com and ConservativeHome.com. Stephan has an MA in English Language and Literature from Oxford University.

Alan Newman

Chief Financial Officer

Experience:
Prior to joining YouGov in 2008, 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 also has an MA in Modern Languages (French and Spanish) from Cambridge University.

Doug Rivers

Chief Innovations Officer

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

Sir Peter Bazalgette

Non-Executive Director

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

Experience:
Peter is a media consultant and digital media investor. He is Chairman of MirriAd and a Non-Executive Director of Base79, Nutopia and DCMS. He advises two of Sony's UK television divisions and is also a member of BBH's Advisory Board. He was previously the Chief Creative Officer of Endemol and he is a former board member of Channel 4. He has personally devised several internationally successful TV formats and brought Big Brother to the UK. He also serves as Chairman of the English National Opera, President of the Royal Television Society and is a Trustee of Debate Mate.

Nick Jones

Non-Executive Director

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

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

Ben Elliot

Non-Executive Director

Experience:
Ben is the Co-Founder of Quintessentially, the luxury lifestyle group and 24 hour global concierge service, which he started in London in December 2000. Ben is also the chairman of the Quintessentially Foundation and he was also proudly involved in the fundraising for Her Majesty Queen's Diamond Jubilee this year. Ben is Executive Producer of the award-winning feature documentary Fire in Babylon. He graduated from the University of Bristol with a degree in Politics.

Governance

Directors' Report

for the year ended 31 July 2012

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2012.

Principal activities

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

Business review

The business review is discussed on pages 12 – 21.

Principal risks and uncertainties

The principal risks and uncertainties are discussed in the Corporate Governance Report on pages 31 – 33.

Financial summary

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

Dividends

A dividend in respect of the year ended 31 July 2012 of 0.5p per share, amounting to a total dividend of £476,000 is to be proposed at the Annual General Meeting on 12 December 2012.

Future developments

Future developments are discussed in more detail in the Chairman's statement on pages 8 to 9.

Events after the reporting date

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

Directors

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

Roger Parry (Chairman)
Stephan Shakespeare
Alan Newman
Doug Rivers (appointed 11 August 2011)
Peter Bazalgette
Nick Jones
Ben Elliot

New Directors

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

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Directors' interests in shares

The interests of the Directors in the shares of the Company 31 July 2012 and 31 July 2011 were as follows:

	31 July 2012 Number of shares	31 July 2011 Number of shares
Stephan Shakespeare[1]	**9,439,110**	10,939,110
Alan Newman	**25,000**	25,000
Roger Parry	**52,000**	52,000
Peter Bazalgette	**263,976**	263,976
Nick Jones	**–**	–
Ben Elliot	**–**	–
Doug Rivers[2]	**1,972,617**	1,972,617

1. Includes five ordinary shares held by Stephan's wife, Rosamund Shakespeare. 2. The prior year comparative is as at the date of appointment.

The Directors' Interests in share options are detailed in the Remuneration Report on page 28 – 30.

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

Employee involvement and communication

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

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

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

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

Policy on supplier payments

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 July 2012, the number of days credit taken for purchases by the Group was 35 days (2011: 32 days). The number of days credit taken for purchases by the Company was 41 days (2011: 33 days).

Treasury shares

The total number of shares in treasury at 31 July 2012 was 2,000,000 (2.06% of the issued share capital). The purpose of treasury shares is to satisfy future share and/or option awards.

Governance

Directors' Report continued

for the year ended 31 July 2012

Substantial shareholders

At 31 July 2012 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	**10,828,972**	11.15%
Balshore Investments	**10,029,100**	10.32%
Stephan Shakespeare[1]	**9,439,110**	9.72%
J O Hambro Capital Management	**7,855,000**	8.09%
T Rowe Price Global Investments	**7,403,085**	7.62%
Kabouter Management	**6,837,500**	7.04%
Baillie Gifford	**4,905,411**	5.05%
Matthew Rupert Freud	**4,287,500**	4.41%
Herald Investment Management	**2,950,000**	3.04%

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

Key performance indicators

Business performance is monitored via four financial key performance indicators, revenue, adjusted operating profit, adjusted operating profit margin and adjusted earnings per share. Performance measured against these key performance indicators is discussed in more detail on page 1 and in the Chief Financial Officer's report on page 20 – 21.

Financial risks

The financial risks facing the Group are discussed in more detail in note 20 on pages 65 to 67.

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 2012 or 2011 and £1.6m (2011: £1.6m) was capitalised and included within intangible fixed assets. Capitalised development is amortised to the income statement over a period of three years, the amortisation charge in respect of capitalised development was £1.2m (2011: £0.8m).

Social responsibility

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

Ethical behaviour

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

The environment

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

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

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

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Health and safety

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

Diversity in the workplace

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

Charitable and political contributions

Donations to charitable organisations amounted to £51,000 (2011: £46,000). This included an annual subscription of £45,000 (2011: £45,000) in respect of the "YouGov-Cambridge" programme, an academic partnership established with Cambridge University's Department of Politics and International Studies. No political donations were made in the year or in the previous year.

Insurance of company officers

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

Going concern

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

Independent Auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; 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 12 December 2012 at our offices at 50 Featherstone Street, London EC1Y 8RT.

Alan Newman
Chief Financial Officer and Company Secretary

On behalf of the Board

15 October 2012

Governance

Remuneration Report

for the year ended 31 July 2012

The Remuneration Committee comprised at 31 July 2012 two Non-Executive Directors, Peter Bazalgette and Nick Jones.

Remuneration Report

A resolution will be put to the shareholders at the Annual General Meeting to be held on 12 December 2012 inviting them to consider and approve this report. The remuneration report is unaudited, except where stated.

Compliance

The constitution and operation of the Committee is in compliance with the principles and best practice provisions as set out in the UK Corporate Governance Code as if it were followed and full consideration was given to these in determining the remuneration packages for the executive Directors for 2011/12.

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

Policy on remuneration of Executive Directors

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

The main components of the Executive Directors' remuneration are:

1. Basic salary

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

2. Annual bonus

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

3. Share options

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

Long Term Incentive Plan ("LTIP")

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

Under the rules of the LTIP, participants are conditionally awarded nil cost options to acquire shares. Awards are usually made annually. The number of such shares will normally be calculated by reference to a percentage of the participant's salary and the Company's closing share price on the date of the Preliminary Announcement of the Group's annual results. The shares subject to the LTIP awards will be released to the recipients at the end of a holding period, normally three years, subject to their continued employment (with exceptions in certain circumstances) and to the Group's achievement of certain targets for earnings per share growth and Total Shareholder Return.

The total number of LTIP shares awarded conditionally in the year ended 31 July 2012 to participants in the Scheme was approximately 2.4m and in the year ended 31 July 2011 was approximately 2.3m. These include conditional awards to the Executive Directors of the Company as set out below.

Deferred Stock Scheme

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

Awards which vest under this scheme will primarily be satisfied by the allocation of shares already held by the Company's Employee Benefit Trust. No deferred share awards were made in the year ended 31 July 2012 and 1.5m were awarded in the year ended 31 July 2011.

Directors' service contracts

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

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

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

Save as set out above, there are no existing or proposed service contracts between any of the Directors serving at 31 July 2012 and the Company or any member of the Company.

The total aggregate remuneration (including benefits in kind and pension contributions) paid to the Directors by all members of the Group for the year ended 31 July 2012 amounted to £822,000 (2011: £793,000).

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

External appointments

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

Policy on remuneration of Non-Executive Directors

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

Directors' remuneration (audited)

Directors' remuneration in aggregate for the year ended 31 July 2012 was as follows:

	Salary £	Annual bonus £	Benefits in kind £	Total 31 July 2012 £	Total 31 July 2011 £
Executives					
Stephan Shakespeare	**211,575**	**21,294**	**1,344**	**234,213**	346,568
Alan Newman	**175,345**	**17,680**	**–**	**193,025**	281,871
Doug Rivers	**204,456**	**20,475**	**4,376**	**229,307**	–
Non-Executives					
Roger Parry	**80,000**	**–**	**–**	**80,000**	80,000
Peter Bazalgette	**30,000**	**–**	**–**	**30,000**	30,000
Nick Jones	**30,000**	**–**	**–**	**30,000**	30,000
Ben Elliot	**25,000**	**–**	**–**	**25,000**	25,000
Totals	**756,376**	**59,449**	**5,720**	**821,545**	793,439

The benefit in kind received includes private health insurance and pension contributions.

In the year ended 31 July 2011, the remuneration paid to Stephan Shakespeare and Alan Newman included bonus payments of £142,188 and £116,083 respectively.

Governance

Remuneration Report continued

for the year ended 31 July 2012

Directors' Share Options (audited)

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

	Number outstanding at 31 July 2012	Date of potential vesting
Stephan Shakespeare	388,060	October 2012
Stephan Shakespeare	426,563	October 2013
Stephan Shakespeare	373,579	October 2014
Alan Newman	288,557	October 2012
Alan Newman	354,167	October 2013
Alan Newman	310,175	October 2014
Doug Rivers	94,584	October 2012
Doug Rivers	97,050	October 2013
Doug Rivers	363,757	October 2014

Deferred Stock Scheme (audited)

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

	Number outstanding at 31 July 2012	Date of potential vesting
Stephan Shakespeare	162,500	December 2013
Alan Newman	162,500	December 2013
Doug Rivers	375,000	December 2013

No Directors exercised any share options in either of the years ended 31 July 2012 or 2011.

Governance

Corporate Governance Report

for the year ended 31 July 2012

Compliance with the Corporate Governance Code

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

The Board

At 31 July 2012, the Board consisted of three Executive Directors and four Non-Executive Directors, including the Chairman and the senior Non-Executive Director. The names of the Directors and their respective responsibilities are shown on page 22 – 23.

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

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

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

Board Committees

Remuneration Committee – The Remuneration Committee was established at the time of flotation. The composition of the Remuneration Committee is shown below and the statement of the remuneration policy developed by the Committee and details of each Directors' remuneration are given within the Directors' Remuneration Report set out on pages 28 – 30.

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

Board and Committee attendance

The following table sets out the attendance of Directors at Board and Committee meetings during 2011/12.

Directors	Board Meeting Maximum 8	Remuneration Committee Meeting Maximum 2	Audit Committee Meeting Maximum 2
Stephan Shakespeare	8	–	–
Alan Newman	8	–	2 (in attendance)
Roger Parry	8	–	1 (in attendance)
Peter Bazalgette	7	2	1
Nick Jones	8	2	2
Ben Elliot	7	–	–
Doug Rivers	8	–	–

Shareholder communications

The Board's assessment of the Company's position and prospects are set out in the Chairman's statement on pages 8 – 9 and the Chief Financial Officer's Report on pages 20 – 21.

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

Governance

Corporate Governance Report continued

for the year ended 31 July 2012

Audit Committee

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

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

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

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

Key controls and procedures

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

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

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

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

Auditor independence

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

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

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

Risk Management

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

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

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

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

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

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

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

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

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

Governance

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

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

On behalf of the Board

Alan Newman
Chief Financial Officer

15 October 2012

Independent Auditors' Report to the Members of YouGov plc on the Consolidated Financial Statements for the year ended 31 July 2012

We have audited the group financial statements of YouGov plc for the year ended 31 July 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group Financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 July 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the parent company financial statements of YouGov plc for the year ended 31 July 2012.

David A. Snell
(Senior Statutory Auditor)

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

15 October 2012

Financial statements

Consolidated Income Statement

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Revenue	1	**58,145**	56,142
Cost of sales		**(13,399)**	(13,918)
Gross profit		**44,746**	42,224
Operating expenses*		**(39,161)**	(36,955)
Adjusted operating profit before amortisation of intangible assets and exceptional items	1	**5,585**	5,269
Amortisation of intangibles		**(4,350)**	(3,755)
Exceptional items	4	**(472)**	(1,129)
Operating profit		**763**	385
Finance income	5	**94**	277
Finance costs	5	**(334)**	(219)
Share of post-tax loss in joint ventures and associates		**(83)**	(32)
Profit before taxation	1	**440**	411
Tax charge	6	**(79)**	(8)
Profit after taxation	1	**361**	403
Attributable to:			
– Owners of the parent		**333**	286
– Non-controlling interests		**28**	117
		361	403
Earnings per share			
Basic earnings per share attributable to owners of the parent	8	**0.4p**	0.3p
Diluted earnings per share attributable to owners of the parent	8	**0.3p**	0.3p

* Total 2012 operating expenses including amortisation of intangibles and the items detailed in Note 4 are £43.983m (2011: £41.839m).

The notes and accounting policies on pages 41 to 70 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2012

	Note	**2012 £'000**	2011 £'000
Profit for the year		**361**	403
Other comprehensive income/(loss):			
Currency translation differences		**(973)**	(1,237)
Purchase of non-controlling interest in subsidiary	9	**–**	1,691
Other comprehensive (loss)/income for the year		**(973)**	454
Total comprehensive (loss)/income for the year		**(612)**	857
Attributable to:			
– Owners of the parent		**(635)**	940
– Non-controlling interests		**23**	(83)
Total comprehensive (loss)/income for the year		**(612)**	857

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 41 to 70 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Financial Position

as at 31 July 2012

Assets	Note	31 July 2012 £'000	31 July 2011 £'000
Non-current assets			
Goodwill	10	**36,239**	37,795
Other intangible assets	11	**8,544**	11,427
Property, plant and equipment	12	**2,310**	2,338
Investments in joint ventures and associates	13	**485**	468
Deferred tax assets	19	**2,204**	1,939
Total non-current assets		**49,782**	53,967
Current assets			
Trade and other receivables	14	**19,231**	16,933
Current tax assets		**442**	–
Cash and cash equivalents	15	**7,477**	9,400
Total current assets		**27,150**	26,333
Total assets		**76,932**	80,300
Liabilities			
Current liabilities			
Trade and other payables	16	**12,453**	11,602
Provisions for other liabilities and charges	18	**2,150**	1,437
Borrowings	15	**327**	–
Current tax liabilities		**42**	487
Contingent consideration	17	**1,906**	2,838
Total current liabilities		**16,878**	16,364
Net current assets		**10,272**	9,969
Non-current liabilities			
Trade and other payables		**23**	–
Provisions for other liabilities and charges	18	**800**	1,605
Contingent consideration	17	**453**	2,826
Deferred tax liabilities	19	**2,774**	3,611
Total non-current liabilities		**4,050**	8,042
Total liabilities		**20,928**	24,406
Net assets		**56,004**	55,894
Equity			
Issued share capital	21	**195**	195
Share premium	21	**30,947**	30,947
Merger reserve		**9,239**	9,239
Foreign exchange reserve		**7,792**	8,760
Retained earnings		**7,776**	6,658
Total shareholders' funds		**55,949**	55,799
Non-controlling interests in equity		**55**	95
Total equity		**56,004**	55,894

The notes and accounting policies on pages 41 to 70 form an integral part of these consolidated financial statements.

The financial statements on pages 36 to 70 were authorised for issue by the Board of Directors on 15 October 2012 and signed on its behalf by:

Alan Newman

Chief Financial Officer
YouGov plc
Registered no. 03607311

Financial statements

Consolidated Statement of Changes in Equity

as at 31 July 2012

	Note	Attributable to equity holders of the Company Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total £'000
Balance at 1 August 2010		**194**	**30,822**	**9,239**	**9,797**	**5,151**	**55,203**	**3,999**	**59,202**
Changes in equity for 2011									
Exchange differences on translating foreign operations		–	–	–	(1,037)	–	**(1,037)**	(200)	**(1,237)**
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	1,691	**1,691**	–	**1,691**
Net income/(loss) recognised directly in equity		–	–	–	(1,037)	1,691	**654**	(200)	**454**
Profit for the year		–	–	–	–	286	**286**	117	**403**
Total comprehensive income/(loss) for the year		–	–	–	(1,037)	1,977	**940**	(83)	**857**
Purchase of treasury shares		–	–	–	–	(807)	**(807)**	–	**(807)**
Issue of share capital through allotment of shares in satisfaction of purchase of non-controlling interest	9, 21	1	125	–	–	–	**126**	–	**126**
Purchase of non-controlling interest in subsidiary	9	–	–	–	–	–	**–**	(3,821)	**(3,821)**
Share-based payments	3	–	–	–	–	337	**337**	–	**337**
Balance at 31 July 2011		**195**	**30,947**	**9,239**	**8,760**	**6,658**	**55,799**	**95**	**55,894**
Changes in equity for 2012									
Exchange differences on translating foreign operations		–	–	–	(968)	–	**(968)**	(5)	**(973)**
Net loss recognised directly in equity		–	–	–	(968)	–	**(968)**	(5)	**(973)**
Profit for the year		–	–	–	–	333	**333**	28	**361**
Total comprehensive income/(loss) for the year		–	–	–	(968)	333	**(635)**	23	**(612)**
Dividends paid to non-controlling interests		–	–	–	–	–	**–**	(63)	**(63)**
Share-based payments		–	–	–	–	785	**785**	–	**785**
Balance at 31 July 2012		**195**	**30,947**	**9,239**	**7,792**	**7,776**	**55,949**	**55**	**56,004**

The notes and accounting policies on pages 41 to 70 form an integral part of these consolidated financial statements.

Financial statements

Consolidated Statement of Cash Flows

for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Profit before taxation		**440**	411
Adjustments for:			
Finance income		**(94)**	(277)
Finance costs		**334**	219
Share of post-tax loss in joint ventures and associates		**83**	32
Amortisation of intangibles	1	**4,350**	3,755
Depreciation	1	**593**	745
Loss on disposal of property, plant and equipment and other intangible assets		**135**	74
Loss on disposal of goodwill and other investments		**–**	159
Other non-cash profit items		**230**	337
Increase in trade and other receivables		**(1,890)**	(1,855)
Increase in trade and other payables		**775**	2,626
Decrease in provisions		**(67)**	(599)
Cash generated from operations		**4,889**	5,627
Interest paid		**(22)**	(17)
Income taxes paid		**(1,295)**	(639)
Net cash generated from operating activities		**3,572**	4,971
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		**–**	(2,973)
Acquisition of non-controlling interest shareholdings		**–**	(2,570)
Acquisition of non-controlling interest in related party	13	**(100)**	(500)
Settlement of contingent considerations	17	**(2,513)**	(2,075)
Proceeds from sale of property plant and equipment		**–**	9
Purchase of property, plant and equipment	12	**(624)**	(574)
Purchase of intangible assets	11	**(2,703)**	(2,107)
Proceeds from sale of interest in subsidiary		**–**	486
Interest received		**78**	133
Dividends received		**10**	–
Net cash used in investing activities		**(5,852)**	(10,171)
Cash flows from financing activities			
Purchase of own shares		**–**	(807)
Proceeds from the issue of share capital		**1**	–
Proceeds from borrowings		**33**	–
Repayment of borrowings		**(5)**	(4)
Dividends paid to non-controlling interests		**(63)**	–
Net cash used in financing activities		**(34)**	(811)
Net decrease in cash and cash equivalents		**(2,314)**	(6,011)
Cash and cash equivalents at beginning of year		**9,400**	15,634
Exchange gain/(loss) on cash and cash equivalents		**64**	(223)
Cash and cash equivalents at end of year	15	**7,150**	9,400

The notes and accounting policies on pages 41 to 70 form an integral part of these consolidated financial statements.

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements

for the year ended 31 July 2012

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 2012. They have been prepared under the historical cost convention modified for fair values under IFRS. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

The parent company financial statements are prepared under UK GAAP and are detailed on pages 72 to 79.

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

- IAS24 (revised) "Related party disclosures" (effective 1 January 2011);
- Annual improvements 2010 (effective 1 January 2011);
- Amendment to IFRS7, Financial instruments: Transfers of financial assets (effective 1 July 2011);
- Amendment to IFRS1 on hyperinflation and fixed dates (effective 1 July 2011);
- Amendment to IFRIC14, "Pre-payments of a Minimum Funding Requirement" (effective January 2011).

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings (see Note 13) drawn up to 31 July 2012. Subsidiaries are entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

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

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

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

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

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

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

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

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

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

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

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

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

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

Provisions

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

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

Staff gratuity costs

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

Panel incentive costs

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

Interest

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

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

Exceptional items

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

Taxation

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

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

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

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

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

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Dividends

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

Goodwill

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

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

Intangible assets

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

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

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

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

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

Intangible assets acquired as part of a business combination

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

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

Intangible assets generated internally

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

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

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

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

Amortisation rates applicable to internally generated intangible assets are typically:

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Equity
Equity comprises the following:

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

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

Foreign currencies

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

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

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

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

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

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

Employee benefits

Equity-settled share-based payment

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

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

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

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

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

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

Termination benefits

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

Contingent consideration

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

Imputed interest

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

Going concern

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

Accounting estimates and judgements

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

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

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

Revenue recognition

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

Share-based payments

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

Income taxes

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

Goodwill

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

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

Other intangible assets

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

Panel incentive provision

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

Financial statements

Principal Accounting Policies of the Consolidated Financial Statements continued

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

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

Standard and interpretations in issue but not yet effective
The following new standards and amendments to existing standards are not yet effective:

- Amendment to IAS12, "Income taxes" on deferred tax (effective 1 January 2012);
- Amendment to IAS1, "Presentation of financial statements" on OCI (effective 1 July 2012);
- IFRS9, 'Financial instruments' (effective 1 January 2015);
- IFRS10, "Consolidated financial statements" (effective 1 January 2013);
- IFRS11, "Joint arrangements" (effective 1 January 2013);
- IFRS12, "Disclosures of interests in other entities" (effective 1 January 2013);
- IFRS13, "Fair value measurement" (effective 1 January 2013);
- IAS19 (revised 2011) "Employee benefits" (effective 1 January 2013);
- IAS27 (revised 2011) "Separate financial statements" (effective 1 January 2013);
- IAS28 (revised 2011) "Associates and joint ventures" (effective 1 January 2013);
- Amendment to IFRS1, "First time adoption" on government grants (effective 1 January 2013);
- Amendments to IFRS7 on Financial instruments asset and liability offsetting (effective 1 January 2013);
- Annual improvements 2011 (effective 1 January 2013);
- IFRIC 20, "Stripping costs in the production phase of a surface mine" (effective 1 January 2013).

The Group is currently assessing the impact of the standards on its results, financial position and cash flows. The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future accounting periods.

Financial statements

Notes to the Consolidated Financial Statements

for the year ended 31 July 2012

1 Revenue and profit before taxation

Segmental analysis

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

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

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

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

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

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

Financial statements

Notes to the Consolidated Financial Statements continued

1 Revenue and profit before taxation continued

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

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

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

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

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

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

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

2 Operating expenditure

The profit before taxation is stated after charging:

	2012 £'000	2011 £'000
Auditors' remuneration:		
Fees payable for the audit of the parent company and the consolidated financial statements	**145**	144
Audit of subsidiaries pursuant to legislation	**53**	38
Other assurance services	**27**	28
Tax services	**61**	93
Disposals, depreciation and amortisation:		
Depreciation of property, plant and equipment (Note 12)	**593**	745
Amortisation of intangible assets (Note 11)	**4,350**	3,755
Loss on disposal of other intangible assets	**(38)**	(31)
Loss on disposal of property, plant and equipment	**(97)**	(43)
Loss on disposal of goodwill and other investments	**–**	(159)
Other operating lease rentals:		
Plant and machinery	**97**	105
Land and buildings	**1,480**	1,458
Other expenses:		
Exchange differences	**184**	261
Share-based payment expenses (Note 22)	**641**	337
Charitable donations	**51**	46

3 Staff numbers and costs

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

	2012 £'000	2011 £'000
Wages and salaries	**23,730**	22,900
Social security costs	**2,463**	2,322
Share-based payments (Note 22)	**641**	337
Pension costs	**463**	259
Other benefits	**1,908**	1,572
Acquisition cost deemed as staff compensation*	**87**	348
	29,292	27,738

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

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

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

	2012 Number	2011 Number
Key management personnel	**27**	28
Administration and operations	**455**	448
	482	476

Financial statements

Notes to the Consolidated Financial Statements continued

3 Staff numbers and costs continued

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

	2012 £'000	2011 £'000
Short-term employee benefits	**3,643**	2,959
Post-employment benefits	**97**	71
Share-based payments	**466**	266
Acquisition cost deemed as staff compensation	**87**	348
	4,293	3,644

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 28 – 30, which form part of the financial statements.

4 Exceptional costs

	2012 £'000	2011 £'000
Restructuring costs	**644**	338
Acquisition related costs	**132**	544
Change in accounting estimation – contingent consideration	**(355)**	–
Adjustment to Harrison Group's acquired balance sheet	**(117)**	–
Employment termination	**168**	–
Investment write offs	**–**	168
Loss on disposal of subsidiary	**–**	200
Provision for YouGov Stone put option	**–**	(121)
	472	1,129

Restructuring costs in the year primarily relate to the closing of the Company's operations in Iraq and further rationalisation activity in Germany. Restructuring costs in the prior year arose due to the termination of operations of certain divisions within the German business.

Acquisition related costs in the year include £87,000 of contingent consideration in respect of the acquisition of Definitive Insights deemed under IFRS3, to be staff compensation costs and £45,000 of professional fees in respect of acquisitions in the prior year and abortive joint-ventures. Acquisition costs in the prior financial year comprise professional fees incurred relating to the acquisition of Harrison Group and Definitive Insights including £348,000 of deemed staff compensation costs.

The change in estimated contingent consideration comprises a credit of £434,000 in respect of the Harrison Group acquisition and a charge of £79,000 in respect of the Definitive Insights acquisition.

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

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

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

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

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

5 Finance income and costs

	2012 £'000	2011 £'000
Interest receivable from bank deposits	**79**	111
Other interest receivable	**5**	22
Dividends received	**10**	–
Foreign exchange gains on cash and intra-Group loans	**–**	144
Total finance income	**94**	277
Interest payable on bank loans and overdrafts	**4**	14
Interest on obligations under hire purchase and finance leases	**1**	3
Foreign exchange losses on cash and intra-Group loans	**179**	–
	184	17
Imputed interest on contingent consideration	**150**	202
Total finance costs	**334**	219

6 Income taxes

The taxation charge represents:

	2012 £'000	2011 £'000
Current tax on profits for the year	**400**	297
Adjustments in respect of prior years	**–**	(58)
Total current tax charge	**400**	239
Deferred tax:		
Origination and reversal of temporary differences	**(498)**	(293)
Adjustments in respect of prior years	**61**	–
Impact of changes in tax rates	**116**	62
Total deferred tax credit	**(321)**	(231)
Total income statement tax charge	**79**	8

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2012 £'000	2011 £'000
Profit before taxation	**440**	411
Tax charge calculated at Group's standard rate of 25.3% (2010: 27.3%)	**(111)**	(112)
Variance in overseas tax rates	**286**	354
Impact of changes in tax rates	**(116)**	(62)
Gains not subject to tax	**109**	–
Expenses not deductible for tax purposes	**(44)**	(247)
Tax losses for which no deferred income tax asset was recognised	**(121)**	–
Adjustment in respect of prior years	**(61)**	58
Associates results reported net of tax	**(21)**	1
Total income statement tax charge for the year	**(79)**	(8)

In addition to the changes in rates of Corporation tax reflected above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 22% from 1 April 2014, had not been substantively enacted at the balance sheet date, and therefore, the impact of this charge is not included in these financial statements.

The effect of the proposed reduction of 1% in the corporation tax rate from 1 April 2014 would be to reduce the deferred tax asset provided at the balance sheet date by £46,000 and the liability by £5,000 with a net decrease in profit and total comprehensive income of £41,000.

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7 Dividend

No dividend was paid during the current financial year (2011: £Nil). A dividend in respect of the year ended 31 July 2012 of 0.5p per share, amounting to a total dividend of £476,000 is to be proposed at the Annual General Meeting on 12 December 2012. These financial statements do not reflect this proposed dividend payable.

8 Earnings per share

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

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

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

	2012 £'000	2011 £'000
Profit after taxation attributable to equity holders of the parent company	**333**	286
Add: amortisation of intangible assets	**4,350**	3,755
Add: share-based payments	**641**	337
Add: imputed interest	**150**	202
Add: exceptional costs	**472**	1,129
Tax effect of the above adjustments	**(1,283)**	(1,250)
Adjusted profit after taxation	**4,663**	4,459

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

	2012	2011
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	**95,141**	95,114
– Dilutive effect of share options	**5,956**	3,319
– Diluted	**101,097**	98,433
The adjustments have the following effect:		
Basic profit per share	**0.4p**	0.3p
Amortisation of intangible assets	**4.6p**	4.0p
Share-based payments	**0.6p**	0.3p
Imputed interest	**0.2p**	0.2p
Exceptional costs and impairments	**0.5p**	1.2p
Tax effect of the above adjustments	**(1.4)p**	(1.3)p
Adjusted earnings per share	**4.9p**	4.7p
Diluted profit per share	**0.3p**	0.3p
Amortisation of intangible assets	**4.3p**	3.8p
Share-based payments	**0.6p**	0.3p
Imputed interest	**0.1p**	0.2p
Exceptional costs and impairment	**0.5p**	1.2p
Tax effect of the above adjustments	**(1.2)p**	(1.3)p
Adjusted diluted earnings per share	**4.6p**	4.5p

9 Business combinations and disposals

On 18 April 2012, the Group invested £0.1m in return for an additional 5% stake in CoEditor Limited increasing its shareholding to 30%, the majority shareholder is Doughty Media 2 (50% owned by Stephan Shakespeare). CoEditor has developed software in the field of news and content aggregation which will be provided exclusively to YouGov for the purpose of providing dedicated content and activities for members of YouGov's online panels. YouGov also has options to acquire additional shares, which will enable it to benefit from increases in CoEditor's equity value resulting from its business development. In the previous year, the Group had invested £0.5m for a 25% stake in CoEditor Limited.

In the previous financial year the following business combinations and disposals also occurred.

(a) Acquisition of Harrison Group

The acquisition of Harrison Group, one of the USA's leading market and strategic research firms was completed on 16 August 2010. The basic purchase consideration payable is six times the EBITDA achieved by Harrison in the year ended 31 December 2010 of \$2.4m (£1.5m) amounting to \$14.3m (£9.1m). \$6.0m (£3.8m) of this was paid on completion, further payments of \$3.0m (£1.8m) and \$3.6m (£2.2m) were paid in April 2011 and May 2012 respectively. The remaining balance of \$1.7m (£1.1m) will be payable in 2013. An additional payment of up to \$1.2m (£0.8m), which was originally anticipated to be \$0.8m (£0.5m), will be payable in 2013 contingent upon EBITDA growth targets being achieved in the calendar years 2011 and 2012.

This additional payment is now expected to be less than \$0.1m (£0.1m). As a result the amount of contingent consideration payable has been reduced by £0.4m with a corresponding credit recognised as an exceptional item.

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

On 30 December 2010, YouGov disposed, through a management buy-out, of Great Place to Work Deutschland GmbH, a wholly owned subsidiary of YouGovPsychonomics AG. The net purchase consideration for the shares in GPW Germany was £0.5m payable in cash, in two tranches, £0.3m at 30 December 2010 and the remainder on 30 June 2011. At the date of disposal, GPW's net assets including goodwill were £0.7m and net loss of £0.2m was recognised as an exceptional cost.

(c) Purchase of minority shareholding in YouGov ME FZ LLC

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

The cash consideration for this purchase was £1.9m. The book value of non-controlling interests at the transaction date was £3.8m. The difference of £1.9m (£1.7m net of associated costs) was reflected directly in reserves in accordance with IAS27 (revised).

(d) Acquisition of Definitive Insights

The acquisition of Definitive Insights ("DI"), a custom research company based in Oregon USA, was completed on 1 April 2011. The basic purchase consideration payable is 4.5 times the average EBITDA of DI for the two years ending 31 January 2013 plus an additional incentive of up to 20% contingent upon EBITDA growth in the year ending 31 January 2013. If the full incentive is paid, this would bring the total multiple up to five times EBITDA for the year ending 31 January 2013. An initial payment of \$1.0m (£0.6m) was paid upon completion and a further \$0.2m (£0.1m) was paid in May 2012 the balance will be payable in three instalments between 2013 and 2015. Half of this contingent consideration is being treated as staff compensation. The treatment of this is discussed in more detail in Notes 3 and 4.

Provisional fair value adjustments were made in the 2011 financial statements to align Definitive Insights' accounting policies with those of YouGov and to account for the intangible assets and attributable deferred taxation of the business which are recognised upon acquisition. In the first half of this financial year, management revised these provisional fair value adjustments and the estimated contingent consideration. A prior year adjustment was not recognised on the grounds of materiality.

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9 Business combinations and disposals continued

The amount recognised for each class of Definitive Insights' assets is as follows:

	Acquiree's carrying amount before combination £'000	Final fair value adjustments £'000	**Fair value £'000**
Net assets acquired:			
Net assets at completion date	12	–	**12**
Intangible assets			
Trademarks and patents	–	110	**110**
Customer relationships	–	400	**400**
Order backlog	–	2	**2**
Deferred tax liability	–	(215)	**(215)**
Net assets	12	297	**309**
Goodwill arising on acquisition			**769**
Total consideration for acquisition			**1,078**
Consideration contingent on continued employment			**466**
Total consideration and related employee benefits			**1,544**

Subsequently the estimated contingent consideration payable has been increased from \$1.8m (£1.1m) to \$1.9m (£1.2m) and as the period for amending valuations has now closed a charge of £0.1m has been recognised as an exceptional item.

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

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

10 Goodwill

	Middle East £'000	North America £'000	Nordic £'000	Germany £'000	UK £'000	Total £'000
Carrying amount at 1 August 2010	1,405	10,052	8,203	11,463	80	31,203
Acquired through business combinations	–	7,128	–	–	–	7,128
Disposal of subsidiary	–	–	–	(700)	(80)	(780)
Exchange differences	(63)	(745)	439	613	–	244
Carrying amount at 31 July 2011	1,342	16,435	8,642	11,376	–	37,795
Revision to initial carrying values	–	(413)	–	–	–	(413)
Exchange differences	63	792	(817)	(1,181)	–	(1,143)
Carrying amount at 31 July 2012	**1,405**	**16,814**	**7,825**	**10,195**	**–**	**36,239**

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 2012 impairment review was undertaken as at 31 July 2012. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using an initial projection period of three years for each CGU based on approved budget numbers. Beyond that, EBITDA growth was assumed to be 5% for years four and five, which is conservative both in comparison with their historical performance and annual growth rates in the internet based market research sector. Annual growth rates of 3% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are between 10% and 18% (2011: 11.7%). All CGUs, when subjected to sensitivity analyses, decreasing assumed EBITDA growth by 1% and increasing the discount rate by 1%, had sufficient headroom to support their carrying value.

11 Other intangible assets

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Order backlog £'000	Development costs £'000	Total £'000
At 1 August 2010							
Cost	8,455	4,877	2,898	3,066	209	452	19,957
Accumulated amortisation	(5,093)	(2,326)	(748)	(942)	(209)	(94)	(9,412)
Net book amount	3,362	2,551	2,150	2,124	–	358	10,545
Year ended 31 July 2011							
Opening net book amount	3,362	2,551	2,150	2,124	–	358	10,545
Additions:							
Separately acquired*	329	124	–	8	–	23	484
Business combinations	–	171	3,369	845	90	–	4,475
Internally developed	–	1,539	–	–	–	84	1,623
Disposals	–	(31)	–	–	–	–	(31)
Amortisation charge*:							
Business combinations	(1,061)	(133)	(448)	(355)	(83)	–	(2,080)
Separately acquired	(505)	(377)	–	–	–	(25)	(907)
Internally developed	–	(734)	–	–	–	(34)	(768)
Exchange differences*	(334)	(264)	(642)	(691)	(1)	18	(1,914)
Closing net book amount	1,791	2,846	4,429	1,931	6	424	11,427
At 31 July 2011							
Cost	8,566	6,384	5,459	3,125	229	577	24,340
Accumulated amortisation	(6,775)	(3,538)	(1,030)	(1,194)	(223)	(153)	(12,913)
Net book amount	1,791	2,846	4,429	1,931	6	424	11,427
Year ended 31 July 2012							
Opening net book amount	**1,791**	**2,846**	**4,429**	**1,931**	**6**	**424**	**11,427**
Additions:							
Separately acquired	**560**	**522**	**–**	**3**	**–**	**–**	**1,085**
Fair value revision	**–**	**–**	**(762)**	**(25)**	**(7)**	**–**	**(794)**
Internally developed	**–**	**1,574**	**–**	**–**	**–**	**44**	**1,618**
Disposals	**–**	**–**	**–**	**(2)**	**–**	**(36)**	**(38)**
Amortisation charge:							
Business combinations	**(1,060)**	**(186)**	**(428)**	**(369)**	**–**	**–**	**(2,043)**
Separately acquired	**(423)**	**(554)**	**–**	**–**	**–**	**(174)**	**(1,151)**
Internally developed	**–**	**(1,139)**	**–**	**–**	**–**	**(17)**	**(1,156)**
Exchange differences	**(257)**	**(50)**	**38**	**(120)**	**1**	**(16)**	**(404)**
Closing net book amount	**611**	**3,013**	**3,277**	**1,418**	**–**	**225**	**8,544**
At 31 July 2012							
Cost	**9,051**	**8,238**	**4,702**	**2,973**	**218**	**548**	**25,730**
Accumulated amortisation	**(8,440)**	**(5,225)**	**(1,425)**	**(1,555)**	**(218)**	**(323)**	**(17,186)**
Net book amount	**611**	**3,013**	**3,277**	**1,418**	**–**	**225**	**8,544**

* Prior year classifications have been restated.

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12 Property, plant and equipment

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 August 2010						
Cost	1,211	353	1,478	1,274	104	4,420
Accumulated amortisation	(54)	(211)	(974)	(695)	(104)	(2,038)
Net book amount	1,157	142	504	579	–	2,382
Year ended 31 July 2011						
Opening net book amount	1,157	142	504	579	–	2,382
Additions:						
Separately acquired	–	4	547	23	–	574
Through business combinations	177	–	39	3	14	233
Disposals	–	(13)	(9)	(30)	–	(52)
Depreciation	(80)	(77)	(431)	(155)	(2)	(745)
Exchange differences	(52)	3	(9)	4	–	(54)
Closing net book amount	1,202	59	641	424	12	2,338
At 31 July 2011						
Cost	1,333	329	2,038	1,252	118	5,070
Accumulated amortisation	(131)	(270)	(1,397)	(828)	(106)	(2,732)
Net book amount	1,202	59	641	424	12	2,338
Year ended 31 July 2012						
Opening net book amount	**1,202**	**59**	**641**	**424**	**12**	**2,338**
Additions:						
Separately acquired	**–**	**69**	**446**	**101**	**8**	**624**
Disposals	**–**	**(3)**	**(15)**	**(79)**	**–**	**(97)**
Depreciation	**(53)**	**(45)**	**(444)**	**(40)**	**(11)**	**(593)**
Reclassifications	**32**	**–**	**55**	**(87)**	**–**	**–**
Exchange differences	**57**	**(5)**	**(11)**	**(3)**	**–**	**38**
Closing net book amount	**1,238**	**75**	**672**	**316**	**9**	**2,310**
At 31 July 2012						
Cost	**1,463**	**384**	**1,951**	**919**	**73**	**4,790**
Accumulated amortisation	**(225)**	**(309)**	**(1,279)**	**(603)**	**(64)**	**(2,480)**
Net book amount	**1,238**	**75**	**672**	**316**	**9**	**2,310**

All property, plant and equipment disclosed above, with the exception of those items held under lease purchase agreement, are free from restrictions on title. No property, plant and equipment either in 2012 or 2011 has been pledged as security against the liabilities of the Group.

13 Investments

(a) Interests in subsidiaries

As at 31 July 2012 the Group's trading subsidiaries were:

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

[1] Formerly YouGov Psychonomics AG.

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

(b) Interest in joint ventures and associates

	31 July 2012 £'000	31 July 2011 £'000
Total fixed asset investments comprise:		
Carrying amount at 1 August	**468**	23
Acquisition of associate	**100**	500
Disposal of joint venture	**–**	(23)
Share of loss in associate	**(83)**	(32)
Interest in joint ventures and associates	**485**	468

The Group has not recognised losses amounting to £3,000 (2011: £6,000) for YouGov Centaur LLP.

At 31 July 2012 the Group had interests in the following:

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

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

	CoEditor Limited 31 July 2012 £'000	CoEditor Limited 31 July 2011 £'000	YouGov Centaur LLP 31 July 2012 £'000	YouGov Centaur LLP 31 July 2011 £'000
Revenue	**–**	–	**–**	–
Expenses	**(83)**	(32)	**(3)**	(6)
Loss after tax	**(83)**	(32)	**(3)**	(6)
Non-current assets	**90**	1	**1**	2
Current assets	**9**	96	**43**	43
Current liabilities	**(17)**	(4)	**(152)**	(150)
Non-current liabilities	**(33)**	–	**–**	–
Net assets/(liabilities)	**49**	93	**(108)**	(105)

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14 Trade and other receivables

	31 July 2012 £'000	31 July 2011 £'000
Trade receivables	**10,704**	9,810
Amounts owed by related parties	**292**	292
Other receivables	**895**	1,048
Prepayments and accrued income	**7,460**	5,945
	19,351	17,095
Provision for trade receivables	**(120)**	(162)
	19,231	16,933

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

As at 31 July 2012, trade receivables of £7,285,000 (2011: £4,808,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectible. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2012 £'000	31 July 2011 £'000
Up to three months overdue	**4,529**	3,334
Three to six months overdue	**1,595**	895
Six months to one year overdue	**848**	465
More than one year overdue	**313**	114
	7,285	4,808

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

	2012 £'000	2011 £'000
Provision for receivables impairment at 1 August	**162**	194
Provision created in the year	**90**	112
Provision utilised in the year	**(129)**	(144)
Exchange differences	**(3)**	–
Provision for receivables impairment at 31 July	**120**	162

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

The average length of time taken by customers to settle receivables is 63 days (2011: 61 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 (2011: greater than £250,000)) represent 8% of trade receivables (2011: 12%).

At 31 July 2012 £453,000 (DKK 4.3m) (2010: £435,000 (DKK 3.7m)) of the trade and other receivables of YouGov Nordic and Baltic A/S was used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S.

YouGov Deutschland AG has secured a value of up to £20,000 (€25,000) (2011: £126,000 (€144,000)) in the event of default on rental payments against its trade and other receivables.

15 Cash and cash equivalents

	31 July 2012 £'000	31 July 2011 £'000
Cash at bank and in hand	**4,179**	6,083
Short-term bank deposits	**3,298**	3,317
Cash and cash equivalents (excluding bank overdrafts)	**7,477**	9,400

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 2012 £'000	31 July 2011 £'000
Cash and cash equivalents	**7,477**	9,400
Bank overdrafts	**(327)**	–
Cash and cash equivalents excluding overdrafts	**7,150**	9,400

16 Trade and other payables

	31 July 2012 £'000	31 July 2011 £'000
Trade payables	**1,998**	1,941
Accruals and deferred income	**8,528**	7,585
Other payables	**1,927**	2,076
	12,453	11,602

The average length of time taken by the Group to settle payables is 35 days (2011: 32 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

17 Contingent consideration

	Clear Horizons £'000	Harrison Group £'000	Definitive Insights £'000	Total £'000
At 1 August 2010	664	–	–	664
Settled during the year	(266)	(1,809)	–	(2,075)
Provided during the year	–	5,504	1,658	7,162
Discount unwinding	21	156	12	189
Foreign exchange differences	6	(265)	(17)	(276)
Balance at 31 July 2011	425	3,586	1,653	5,664
Included within current liabilities	425	2,116	297	2,838
Included within non-current liabilities	–	1,470	1,356	2,826
Settled during the year	(152)	(2,244)	(117)	(2,513)
Released during the year	–	(444)	(639)	(1,083)
Discount unwinding	14	68	35	117
Foreign exchange differences	19	148	7	174
Balance at 31 July 2012	**306**	**1,114**	**939**	**2,359**
Included within current liabilities	**306**	**1,114**	**486**	**1,906**
Included within non-current liabilities	**–**	**–**	**453**	**453**

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

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18 Provisions for other liabilities and charges

	Panel incentives £'000	Staff gratuity £'000	Other £'000	Total £'000
At 1 August 2010	2,586	90	965	3,641
Provided during the year	4,542	81	–	4,623
Utilised during the year	(3,490)	(29)	(844)	(4,363)
Released during the year	(722)	(6)	(121)	(849)
Foreign exchange differences	(6)	(4)	–	(10)
Balance at 31 July 2011	2,910	132	–	3,042
Included within current liabilities	1,437	–	–	1,437
Included within non-current liabilities	1,473	132	–	1,605
Provided during the year	3,149	74	–	3,223
Utilised during the year	(2,808)	(23)	–	(2,831)
Released during the year	(480)	(12)	–	(492)
Discount unwinding	33	–	–	33
Foreign exchange differences	(32)	7	–	(25)
Balance at 31 July 2012	**2,772**	**178**	**–**	**2,950**
Included within current liabilities	**2,150**	**–**	**–**	**2,150**
Included within non-current liabilities	**622**	**178**	**–**	**800**

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 2012. The provision of £2.8m represents 30% of the maximum potential liability of £9.2m (2011: £2.9m representing 33% of the total liability of £8.9m). The factors considered in estimating the appropriate percentage of the total liability to be provided against at each reporting date include: panel churn rates, panel activity rates, current redemption patterns and the time value of money.

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years service and nature of the termination. The liability of £0.2m at 31 July 2012 (2011: £0.1m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

Other provision relates to the provision in respect of the put-option held by Carole Stone as at 31 July 2010 which was exercised in the prior financial year as explained in Note 4.

19 Deferred taxation assets and liabilities

Non-current deferred tax asset	Intangible assets £'000	Property, plant and equipment £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2010	–	60	2,546	–	2,606
Recognised in the income statement	–	(6)	(639)	–	(645)
Foreign exchange differences	–	(9)	(13)	–	(22)
Balance at 31 July 2011	–	45	1,894	–	1,939
Recognised in the income statement	142	104	(680)	516	82
Recognised in other comprehensive income or equity	–	–	95	144	239
Foreign exchange differences	–	(1)	(48)	(7)	(56)
Balance at 31 July 2012	**142**	**148**	**1,261**	**653**	**2,204**

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

	31 July 2012 £'000	31 July 2011 £'000
UK	**475**	592
Nordic	**732**	767
USA	**–**	535
France	**54**	–
	1,261	1,894

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

19 Deferred taxation assets and liabilities continued

Non-current deferred tax liabilities	Intangible assets £'000	Property, plant & equipment £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2010	2,718	195	385	3,298
Recognised in the income statement	(837)	(36)	(3)	(876)
Acquired on acquisition	1,808	–	–	1,808
Foreign exchange differences	(577)	9	(51)	(619)
Balance at 31 July 2011	3,112	168	331	3,611
Recognised in the income statement	(241)	(164)	166	(239)
Fair value revision	(334)	–	–	(334)
Foreign exchange differences	(162)	(4)	(98)	(264)
Balance at 31 July 2012	**2,375**	**–**	**399**	**2,774**

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

	2012 £'000	2011 £'000
Balance at 1 August	**(1,672)**	(692)
Acquisition of subsidiary	**334**	(1,808)
Recognised in the income statement	**321**	231
Recognised in other comprehensive income	**95**	–
Recognised in equity	**144**	–
Foreign exchange differences	**208**	597
Balance at 31 July	**(570)**	(1,672)

20 Risk management objectives and policies

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

Foreign currency risk

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

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

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

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

	2012 £'000				2011 £'000			
	US $	Euro €	Dirham AED	Other currencies	US $	Euro €	Dirham AED	Other currencies
Financial assets	**7,804**	**4,419**	**4,498**	**2,167**	4,478	2,445	6,112	1,693
Financial liabilities	**(4,311)**	**(1,733)**	**(506)**	**(1,864)**	(4,069)	(1,004)	(135)	(1,380)
Short-term exposure	**3,493**	**2,686**	**3,992**	**303**	409	1,441	5,977	313
Financial assets	**–**	**–**	**–**	**–**	–	–	–	–
Financial liabilities	**(453)**	**(23)**	**–**	**–**	–	–	–	–
Long-term exposure	**(453)**	**(23)**	**–**	**–**	–	–	–	–

Financial statements

Notes to the Consolidated Financial Statements continued

20 Risk management objectives and policies continued

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

	2012 £'000				2011 £'000			
	US $	**Euro €**	**Dirham AED**	**Other currencies**	US $	Euro €	Dirham AED	Other currencies
Net result for the year	**(9)**	**2**	**(11)**	**9**	(4)	(1)	(22)	(4)
Equity	**(10)**	**46**	**(99)**	**4**	(44)	(12)	(187)	(3)

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 be true.

The Group manages currency fluctuations as outlined in the Corporate Governance Report on page 33.

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 2012, the Group's liabilities have undiscounted contractual maturities which are summarised below:

	Current		**Non-current**	
	Within 6 months £'000	**6 to 12 months £'000**	**1–5 years £'000**	**Later than 5 years £'000**
Trade and other payables	**3,575**	**350**	**–**	**–**
Contingent consideration	**306**	**1,709**	**543**	**–**

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

	Current		Non-current	
	Within 6 months £'000	6 to 12 months £'000	1–5 years £'000	Later than 5 years £'000
Trade and other payables	2,056	–	–	–
Contingent consideration	–	2,838	2,826	–

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 2012 £'000	31 July 2011 £'000
Borrowings (bank overdraft)	**(327)**	–
Cash and cash equivalents	**7,477**	9,400
Equity attributable to shareholders of the parent company	**(55,949)**	(55,799)
	(48,799)	(46,399)

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 £8.3m (2011: £10.0m) attracting an average interest rate of 0.9% (2011: 1.0%). If interest rates had been 1% higher during the year ended 31 July 2012 the increase to profit before tax would have been £83,000 (2011: £100,000). If interest rates had been 1% lower during the year ended 31 July 2012 the reduction in profit before tax would have been £50,000 (2011: £100,000). The impact upon shareholders' equity would have been an increase of £69,000 (2011: £83,000) and a decrease of £47,000 (2011: £83,000) respectively.

20 Risk management objectives and policies continued

Fair values of financial assets and financial liabilities

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

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

	31 July 2012		31 July 2011	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Trade and other receivables	**18,378**	**18,378**	11,150	11,150
Cash and cash equivalents	**7,477**	**7,477**	9,400	9,400
Trade and other payables	**(12,920)**	**(12,920)**	(4,504)	(4,504)
Bank overdrafts	**(327)**	**(327)**	–	–
Contingent consideration				
– Non-current	**(453)**	**(453)**	(2,838)	(2,838)
– Current	**(1,906)**	**(1,906)**	(2,826)	(2,826)

21 Share capital and share premium

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

	Number of shares	**Share capital £'000**	**Share premium £'000**	**Total £'000**
At 1 August 2010	96,827,414	194	30,822	31,016
Issue of shares	302,051	1	125	126
At 31 July 2011	97,129,465	195	30,947	31,142
Issue of shares	12,552	–	–	–
At 31 July 2012	**97,142,017**	**195**	**30,947**	**31,142**

22 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2012 was £641,000 (2011: £337,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2012 WAEP		2011 WAEP	
Approved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**129,056**	**0.880**	129,056	0.880
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**129,056**	**0.880**	129,056	0.880
Exercisable at the end of the year	**129,056**	**0.880**	129,056	0.880

	2012 WAEP		2011 WAEP	
Unapproved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**362,398**	**0.223**	438,231	0.202
Granted during the year	**–**	**–**	–	–
Exercised during the year	**(12,552)**	**0.083**	(73,218)	0.099
Lapsed during the year	**–**	**–**	(2,615)	0.094
Outstanding at the end of the year	**349,846**	**0.223**	362,398	0.223
Exercisable at the end of the year	**349,846**	**0.223**	362,398	0.223

Notes to the Consolidated Financial Statements continued

22 Share-based payments continued

Share options exercised in the current financial year were exercised at prices between £0.070 and £0.146 (2011: between £0.094 and £0.194). The share price at the date of exercise was £0.50 (2011: £0.582).

The options outstanding under the approved and unapproved share option schemes as at 31 July 2012 and 31 July 2011 have the following average exercise prices and expire in the following financial years.

Expiry	Exercise price £	2012 Number	2011 Number
31 July 2013	**0.180**	**24,000**	24,000
31 July 2015	**0.180**	**44,335**	44,335
31 July 2017	**1.645**	**82,067**	82,067
31 August 2021*	**0.134**	**328,500**	341,052

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

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to share option schemes in the year ended 31 July 2012 was £Nil (2011: £104,000)

During the year ended 31 July 2012, the Long Term Incentive Plan ("LTIP") for Executive Directors, Senior Executives and Senior Managers continued to operate. The rules governing the LTIP are summarised in the Remuneration Report on page 28. The charge in relation to the LTIP in the year ended 31 July 2012 was £441,000 (2011: £100,000). This charge was valued using a Monte Carlo simulation.

	2012 WAEP		2011 WAEP	
Long Term Incentive Plan (LTIP)	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**5,956,860**	**0.000**	3,925,992	0.000
Granted during the year	**2,435,477**	**0.000**	2,314,909	0.000
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**(1,880,170)**	**0.000**	(284,041)	0.000
Outstanding at the end of the year	**6,512,167**	**0.000**	5,956,860	0.000
Exercisable at the end of the year	**–**	**–**	–	–

During the year ended 31 July 2011, a Deferred Stock Scheme was introduced for Executive Directors and Senior Managers. The rules governing the Deferred Stock Scheme are summarised in the Remuneration Report on page 28. The charge in relation to the Deferred Stock Scheme in the year ended 31 July 2012 was £200,000 (2011: £133,000). This charge was valued using a Black-Scholes model.

	2012 WAEP		2011 WAEP	
Deferred Stock Scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**1,500,000**	**0.000**	–	–
Granted during the year	**–**	**–**	1,500,000	0.000
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**1,500,000**	**0.000**	1,500,000	0.000
Exercisable at the end of the year	**–**	**–**	–	–

22 Share-based payments continued

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

Black-Scholes model assumptions:	2011
Share price (p)	40
Exercise price (p)	–
Estimated life (years)	3.0
Risk-free interest rate	N/A
Dividend yield	0.0%
Volatility	N/A
Basic fair value of option (p)	40
Options granted/shares awarded	1,500,000
Fair value of share options (p)	40
Vesting adjustment factor	100%
Total scheme adjusted fair value (£m)	0.6
Performance period (years)	3.0
Annual income statement charge to be applied over the performance period (£m)	0.2

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

23 Leasing commitments

The minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2012 are as follows:

	31 July 2012		31 July 2011	
Deferred Stock Scheme	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**1,160**	**90**	642	254
Between one and five years	**3,271**	**163**	1,855	523
In five years or more	**32**	**–**	–	–
	4,463	**253**	2,497	777

Financial statements

Notes to the Consolidated Financial Statements continued

24 Capital commitments

At 31 July 2012, the Group had capital commitments of £74,000 (2011: £Nil).

25 Major non-cash transactions

The Group entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £327,000 (2011: £327,000).

The Group also entered into barter transactions with three third parties in the Middle East with a total value of £427,000 (2011: £527,000) to exchange the provision of market research for advertising on television, on websites and in magazines

26 Transactions with Directors and other related parties

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

During the year, YouGov provided research services totalling £nil (2011: £90,000) to Privero Capital Advisors Inc. A minority stake of 25% in this company is owned by Stephan Shakespeare, an Executive Director of YouGov plc. The sales were made at an arm's length and on usual commercial terms. These arrangements have previously been disclosed as a related party transaction under the AIM Rules for Companies. At 31 July 2012 Privero Capital Advisors Inc owed YouGov £192,000 (2011: £292,000).

During the year, YouGov invested £100,000 in return for an additional 5% stake in CoEditor Limited, a company owned by Doughty Media 2 (owned by Stephan Shakespeare), increasing its holding to 30%. At 31 July 2012 CoEditor Limited owed YouGov £100,000 (2011: £nil). The price paid for the additional investment was arrived at using the net present value of the projected future cash flows of CoEditor.

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

27 Events after the reporting period

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

Financial statements

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

We have audited the parent company financial statements of YouGov plc for the year ended 31 July 2012 which comprise the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

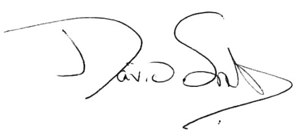
Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the Group financial statements of YouGov plc for the year ended 31 July 2012



David A. Snell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

15 October 2012

Financial statements

Company Balance Sheet

as at 31 July 2012

	Note	31 July 2012 £'000	31 July 2011 £'000
Fixed assets			
Intangible assets	4	**180**	206
Tangible assets	5	**188**	283
Investments	6	**37,103**	36,691
		37,471	37,180
Current assets			
Debtors	7	**21,830**	17,115
Cash at bank and in hand		**1,193**	867
		23,023	17,982
Creditors: amounts falling due within one year	8	**(11,097)**	(8,272)
Net current assets		**11,926**	9,710
Total assets less current liabilities		**49,397**	46,890
Provision for liabilities	9	**–**	(141)
Net assets		**49,397**	46,749
Capital and reserves			
Called up share capital	11	**195**	195
Share premium	11	**30,947**	30,947
Merger reserve	10	**9,239**	9,239
Profit and loss account	1	**9,016**	6,368
Total Shareholders' funds	10	**49,397**	46,749

The accounting policies and notes on pages 73 to 79 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 15 October 2012 and signed on its behalf by

Alan Newman
Chief Financial Officer

15 October 2012

Financial statements

Accounting Policies

for the year ended 31 July 2012

Basis of preparation

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

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

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

Related parties

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

Panel incentive costs

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

Share-based payments

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

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

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

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

Intangible fixed asset

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

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

Financial statements

Accounting Policies continued

Tangible fixed assets

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

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

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

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

Research and development

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

Investments

Investments are included at cost less amounts written off. The carrying value is considered annually by the Directors in comparison against the potential net realisable value.

Leased assets – operating leases

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

Deferred taxation

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

Financial statements

Notes to the Company Financial Statements

for the year ended 31 July 2012

1 Profit of parent company

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £2,020,000 (2011: £4,950,000). This includes audit fees for the Company of £39,000 (2011: £40,000).

2 Staff numbers and costs

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

	2012 £'000	2011 £'000
Wages and salaries	**6,249**	5,168
Social security costs	**708**	558
Share-based payments (Note 12)	**316**	233
Pension costs	**56**	–
Other benefits	**33**	28
	7,362	5,987

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

	2012 Number	2011 Number
Key management personnel	**8**	7
Administration and operations	**121**	79
	129	86

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

	2012 £'000	2011 £'000
Short-term employee benefits	**1,248**	526
Share-based payments	**231**	66
	1,479	592

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 28 – 30.

3 Dividend

No dividend was paid during the current financial year (2011: £Nil). A dividend in respect of the year ended 31 July 2012 of 0.5p per share, amounting to a total dividend of £476,000 is to be proposed at the Annual General Meeting on 12 December 2012. These financial statements do not reflect this proposed dividend payable.

4 Intangible assets

	Panel acquisition costs £'000	**Trademarks £'000**	**Total £'000**
Cost			
At 1 August 2011	333	114	447
Additions	19	2	21
At 31 July 2012	**352**	**116**	**468**
Accumulated amortisation			
At 1 August 2011	241	–	241
Provided in the year	47	–	47
At 31 July 2012	**288**	**–**	**288**
Net book amount at 31 July 2012	**64**	**116**	**180**
Net book amount at 31 July 2011	92	114	206

Financial statements

Notes to the Company Financial Statements continued

5 Tangible assets

	Software development costs £'000	Fixtures and fittings £'000	Computer software and hardware £'000	Leasehold property and improvements £'000	Total £'000
Cost					
At 1 August 2011	418	326	916	177	1,837
Additions	–	8	56	–	64
Disposals	(418)	–	(231)	(1)	(650)
At 31 July 2012	**–**	**334**	**741**	**176**	**1,251**
Accumulated depreciation					
At 1 August 2011	418	225	754	157	1,554
Provided in the year	–	28	111	19	158
Disposals	(418)	–	(231)	–	(649)
At 31 July 2012	**–**	**253**	**634**	**176**	**1,063**
Net book amount at 31 July 2012	**–**	**81**	**107**	**–**	**188**
Net book amount at 31 July 2011	–	101	162	20	283

6 Fixed asset investments

Total fixed asset investments comprise:

	31 July 2012 £'000	31 July 2011 £'000
Interest in subsidiaries	**35,751**	35,750
Interest in joint ventures and associates	**600**	500
Capital contributions arising from share-based payments	**752**	441
	37,103	36,691

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

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

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

7 Debtors

	31 July 2012 £'000	31 July 2011 £'000
Trade debtors	**3,304**	3,424
Amounts owed by Group undertakings	**14,827**	9,798
Amounts owed by associates	**100**	–
Other debtors	**54**	73
Prepayments and accrued income	**2,069**	2,166
Deferred taxation	**1,476**	1,654
	21,830	17,115

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

8 Creditors: amounts falling due within one year

	31 July 2012 £'000	31 July 2011 £'000
Trade creditors	**794**	457
Amounts owed to Group undertakings	**5,414**	3,292
Taxation and social security	**856**	1,067
Other creditors	**44**	15
Accruals and deferred income	**3,989**	3,441
	11,097	8,272

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

9 Provisions for liabilities

	31 July 2012 £'000	31 July 2011 £'000
Deferred tax		
At 1 August	**141**	171
Released during year in profit and loss account	**(141)**	(30)
At 31 July	**–**	141

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

10 Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 August 2010	194	30,822	9,239	1,081	41,336
Changes in equity for 2011					
Profit for the year	–	–	–	4,950	4,950
Total recognised income for the year	–	–	–	4,950	4,950
Purchase of minority interests	1	125	–	–	126
Share-based payments	–	–	–	337	337
Balance at 31 July 2011	195	30,947	9,239	6,368	46,749
Changes in equity for 2012					
Profit for the year	–	–	–	2,020	**2,020**
Total recognised income for the year	–	–	–	2,020	**2,020**
Share-based payments	–	–	–	628	**628**
Balance at 31 July 2012	**195**	**30,947**	**9,239**	**9,016**	**49,397**

Financial statements

Notes to the Company Financial Statements continued

11 Called up share capital

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

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 August 2010	96,827,414	194	30,822	31,016
Issue of shares	302,051	1	125	126
At 31 July 2011	97,129,465	195	30,947	31,142
Issue of shares	12,552	–	–	–
At 31 July 2012	**97,142,017**	**195**	**30,947**	**31,142**

Further details on the issues of share capital are included in Note 21 of the consolidated financial statements.

12 Share-based payments

The charge included in the profit and loss account of the Company is £316,000 (2011: £233,000). The increase in investment in respect of subsidiaries is £311,000 (2011: £104,000).

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

	2012 WAEP		2011 WAEP	
Approved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**129,056**	**0.880**	129,056	0.880
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**129,056**	**0.880**	129,056	0.880
Exercisable at the end of the year	**129,056**	**0.880**	129,056	0.880

	2012 WAEP		2011 WAEP	
Unapproved share option scheme	**Number**	**£**	Number	£
Outstanding at the beginning of the year	**21,346**	**1.645**	21,346	1.645
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**21,346**	**1.645**	21,346	1.645
Exercisable at the end of the year	**21,346**	**1.645**	21,346	1.645

The options outstanding under the approved and unapproved share option schemes as at 31 July 2012 and 31 July 2011 have the following average exercise prices and expire in the following financial years.

Expiry	**Exercise price £**	**2012 Number**	2011 Number
31 July 2013	**0.180**	**24,000**	24,000
31 July 2015	**0.180**	**44,335**	44,335
31 July 2017	**1.645**	**82,067**	82,067

Expiry dates as standard are 7 years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to share option schemes in the year ended 31 July 2012 was £Nil (2011: £104,000).

During the year ended 31 July 2012, the Long Term Incentive Plan ("LTIP") for Executive Directors, Senior Executives and Senior Managers continued to operate. Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Long term incentive plan (LTIP)	2012 WAEP Number	£	2011 WAEP Number	£
Outstanding at the beginning of the year	**3,330,757**	**0.000**	2,257,505	0.000
Granted during the year	**1,028,822**	**0.000**	1,138,852	0.000
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**(1,236,990)**	**0.000**	(65,600)	0.000
Outstanding at the end of the year	**3,122,589**	**0.000**	3,330,757	0.000
Exercisable at the end of the year	**–**	**–**	–	–

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

Deferred Stock Scheme	2012 WAEP Number	£	2011 WAEP Number	£
Outstanding at the beginning of the year	**712,500**	**0.000**	–	–
Granted during the year	**–**	**–**	712,500	0.000
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**712,500**	**0.000**	712,500	0.000
Exercisable at the end of the year	**–**	**–**	–	–

13 Leasing commitments

Operating lease payments amounting to £324,000 (2011: £343,000) are due within one year. Annual commitments under operating leases which expire in the following periods as follows:

	2012 Land and buildings £'000	2012 Other £'000	2011 Land and buildings £'000	2011 Other £'000
Between one and five years	**300**	**24**	321	22
	300	**24**	321	22

14 Major non-cash transactions

The Company entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £327,000 (2011: £327,000).

Additional information

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of YouGov PLC will be held at 50 Featherstone Street, London EC1Y 8RT on 12 December 2012 at 12.30pm to consider and, if thought fit, pass the resolutions below.

Resolution 8 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

1 To receive the Company's annual accounts for the financial year ended 31 July 2012, 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 2012.

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

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

7 To declare a final dividend of 0.5p per ordinary share to be paid on 17 December 2012 to those shareholders on the register of members as at 7 December 2012.

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

Special Resolution

8 THAT:

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

8.2 this power shall be limited to:

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

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

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

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

By order of the Board

Alan Newman
Company Secretary

15 October 2012

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

Notes:

1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Neville Registrars, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 12.30pm on 10 December 2012.

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 10 December 2012 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 12.30pm on 10 December 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

7 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

Explanatory Notes to the Notice of Annual General Meeting

The notes above give an explanation of the proposed resolutions. Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 8 is proposed as a special resolution. This means that for each resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 8 (statutory pre-emption rights)

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. This special resolution renews the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £9,750 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 31 October 2012 (being the last practicable date prior to the publication of this notice)) as if the pre-emption rights of Section 561 did not apply. The authority granted by this resolution will expire on the earlier of, the expiry or revocation of the Directors' authority to allot shares given at the Annual General Meeting on 7 December 2007, and the conclusion of the next Annual General Meeting.

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