YouGov What the world thinks

13 October 2014

YouGov plc

Preliminary Results for the year ended 31 July 2014

Scaling through data and technology

Financial Highlights			
	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% change
Revenue	67.4	62.6	8%
Adjusted Operating Profit[1]	7.4	6.0	24%
Adjusted Operating Profit Margin (%)	11%	10%	
Adjusted Profit before Tax[1]	7.7	6.8	12%
Adjusted Earnings per Share[1]	6.1p	5.6p	11%
Dividend per Share	0.8p	0.6p	33%
Statutory Operating Profit	1.0	1.5	(30%)
Statutory Profit before Tax	0.7	1.5	(51%)

Key Financials

- Group revenue increased by 8% (10% in constant currency terms)
- Adjusted operating profit up by 24%
- Adjusted profit before tax up by 12%
- Adjusted earnings per share up by 11%
- Cash generated from operations (before paying interest and tax) increased to £8.9m (2013: £6.9m)
- Excellent cash conversion of 120% of adjusted operating profit (2013:116%)
- Net cash balances of £7.2m (2013: £6.7m) after making £1.0m (2013: £2.0m) of acquisition related payments
- Recommended dividend increased by 33% to 0.8p per share
- Current trading in line with the Board's expectations

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Operational Highlights

- Revenue from Data Products and Services up by 30%; now represents 29% of total (2013: 24%)
- BrandIndex revenue increased by 53% to £8.0m
- Omnibus revenue increased by 20% to £8.8m
- Revenue from Custom Research up by 1% to £47.7m
- Expanded into Asia Pacific through acquisition of Decision Fuel in January 2014
- Opigram service integrated with YouGov.com website, increasing site visits and amount of profile information
- New YouGov Profiles product developed and due to launch in November

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 2014, amortisation of intangibles was £4.0m (2013: £3.3m) and exceptional costs were £2.4m (2013: £1.2m). Adjusted profit before tax and earnings per share are calculated based on the adjusted operating profit.

Commenting on the results, Stephan Shakespeare, Chief Executive, said:

“We're delivering what we set out to at the beginning of the year. Data products and services are growing well, with the profit contribution from these higher margin businesses matching custom research for the first time. Our geographies are performing to plan and we have continued to expand our footprint, allowing us to continue to leverage our products internationally.

We continue to innovate around our internet based, data-centric and connected model. The launch of YouGov Profiles, a new product that allows subscribers to interrogate the rich data in the YouGov engine, marks our intent to put our unique connected data at the heart of the marketing workflow.

We have started the current year well and the Board remains confident in YouGov’s ability to continue to deliver upon its strategy going forwards.”

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YouGov What the world thinks

Chairman's Statement

The year ended 31 July 2014 was another successful one for YouGov. We once again delivered organic revenue growth well ahead of the market research sector. We also took further strides towards the goal of our revenue from data products and services reaching parity with that from custom research services. We extended our geographic reach through the acquisition of Decision Fuel (since renamed YouGov Asia Pacific), which provides the Group with an operational base in China and South-East Asia. As the Board expected, the successful development of our business in line with our stated strategy fed through to strong growth in profits and earnings per share in the year (on an adjusted basis). We also generated a net cash inflow after funding acquisition-related payments and investments in panel, technology and other assets to support future business growth. This performance together with our continued healthy financial position enables the Board to recommend an increase of 33% in the dividend payable to shareholders.

YouGov revolutionised market research over a decade ago through our use of online data collection methods. We now aim to pioneer the development of a real-time and interactive dialogue with our panellists which, when combined with innovative data analytics, produces extremely rapid, accurate and valuable research insights for our clients. YouGov is increasingly becoming a true 'internet company' in which panellists enjoy interacting with us online which enables us to produce data products that are valuable to businesses and other public and private organisations as well as to panellists themselves. We continue to develop our organisational structures and systems to enhance our operation as a company with outstanding digital skills, a famous worldwide brand and a unified offer of globally consistent and connected data products.

Based on this strategy, the Board has set ambitious goals for the Group with the aim of delivering substantial and consistent earnings growth. To support this, we are further developing the way that our business and its performance are managed and reported.

As previously announced, Sundip Chahal, the CEO of YouGov's Middle East and North Africa unit, was appointed in August 2014 to the newly created senior role of Chief Operating Officer, reporting to Stephan Shakespeare. He will be responsible for the continued scaling of the business globally, ensuring consistency of business processes and quality of client service delivery across the Group, as well as for overseeing the performance of the Group's geographic units.

Consistent with our strategy, we are moving from our current approach of reporting performance mainly by geographic unit (which reflects past acquisitions), to a focus on consistent global products and services. To reflect this new focus, product and service segmental reporting has been introduced in the accompanying financial statements for 2013/14 as a supplementary analysis to the current geographical reporting. We intend to make it the primary analysis from 2014/15 onwards.

In the coming year, we will be concentrating our resources and headcount growth on sales, client service and analytics skills with the objective of driving revenues from data products and services and from custom research that integrates with the data generated from our panel.

The Board considers it essential for management and shareholder interests to be aligned around the creation of long-term value for shareholders. The Remuneration Committee has therefore approved a new Long Term Incentive Plan ("LTIP") for the Group's directors and senior managers, effective from 1 August 2014, which is designed to reward the participants for the achievement of highly demanding EPS growth targets over the five year period ending

31 July 2019. In addition to EPS growth, the vesting of LTIP benefits will require the Group to improve operating margins over the period and individual participants to meet specific personal goals. The Board believes that this balance of metrics will encourage the creation of long-term value and not just simply drive EPS growth, which is only one measure of success. The new stretch targets are significantly higher than those in place under the current LTIP. The terms of the new LTIP have been developed with advice received from Deloitte's remuneration consulting practice, and after consultation with Numis and several major shareholders. Further details are set out on page 40 of this announcement.

The board expects the Group to make further investments in new technologies to accelerate the development of new data products and services, in particular of YouGov Profiles. Our focus will remain on achieving this organically although we will consider tactical acquisitions that support the delivery of our plans if the right opportunities arise.

We have started the current year well in terms of sales to new and existing clients. There is a clear understanding amongst the senior team of the very ambitious targets being set by the Board and detailed plans have been developed to support their achievement. The Board believes that we are well positioned to continue growing our share of the market research industry in a way that creates a more profitable and robust business.

Roger Parry
Chairman

Chief Executive Officer's Review

Performance in the Year

YouGov's revenue for the year ended 31 July 2014 increased by 8% to £67.4m, (10% in constant currency terms). This is significantly above the estimated global market growth of between 2% and 3%. In line with our plans, revenue from data products and services increased proportionately faster, by 30% to £20m. This now represents 29% of the total Group revenue, compared to 24% in the previous year. Within this, BrandIndex grew by 53% and Omnibus by 20%. These high growth rates reflect the increased penetration of these products in their existing markets as well as their continued geographical expansion. Custom research revenue grew by 1% with some variation between regions.

I am also pleased to report a 24% increase in the Group's adjusted operating profit to £7.4m, compared to £6.0m in 2012/13 and an increase in the adjusted operating profit margin from 10% to 11%. This growth is attributable to the increase in revenues together with a 1% point improvement in gross margins (to 77%), which was driven by the higher contribution from data products and services. The operating cost ratio remained at 66% of revenue. We maintained a high cash conversion rate with cash generated from operations increasing by 29% to £8.9m, from £6.9m in the prior year. This represents a conversion rate of 120% of adjusted operating profit (2013: 116%). The strong cash generation was also reflected in a net cash inflow of £1.3m after investing £1.0m (2013: £2.0m) in acquisition-related payments and £5.8m in the purchase of tangible and intangible fixed assets, including £4.7m for the development of our panel and technology platforms.

Our adjusted profit before tax rose by 12% and our adjusted earnings per share increased by 11%. These reflected the unrealised losses within finance costs arising from the effect of £ sterling's appreciation on cash balances converted from other currencies at the year-end.

We are increasingly managing our business and driving growth through our global product and service lines: data products, data services and custom research. As we scale our business, we aim to harmonise further across all geographies our research offerings and approach to the market as well as the operational and business processes that enable efficient and effective delivery of our research data and services to clients. We also expect further operational leverage from the continued growth of data products and services. In line with this, we will increasingly report our performance in terms of our global service lines.

Strategy

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

YouGov has continued to pioneer change in the research industry, with a focus in the last year on developing new services for marketers that build on and extend our range of successful data products and custom research. They also incorporate more data analytics and technology with which to access and manipulate the data.

We are developing our methodology to produce a new class of connected data that allows marketers to understand their customers in greater depth, and to evaluate changing environments faster and with higher granularity. This is enabled for clients by new data-analysis technology that makes its every-day application to business needs easy and practical. By emphasising public participation in our data creation, we can achieve a unique level of completeness, connectedness and permissioned detail in our flow of information. Our best-in-class scientific custom research uses superior mathematical modelling which, together with our data products, answers the needs of clients by combining social-attitudinal, consumer-behavioural and media-usage information in a single profile of customers. We believe that this is a unique market offering in terms of its level of granularity, connectedness and speed.

We describe below the progress made in achieving our five key strategic objectives over the last year.

a. Grow our suite of data products and services

Data products and services have remained the main driver of YouGov's growth in 2013/14 and the operational leverage that they support also contributed to the significant profit growth in the year. In addition to the continued growth and development of our existing services, we have made good progress with further product innovations that are being introduced to the market. Chief among these is the YouGov Profiles product.

YouGov's recent product development has focussed on harnessing the continuous stream of information that panellists share with us to provide more detailed and holistic information to marketers on the attitudes and behaviours of current and potential customers for their products and services. The continued expansion of ways in which marketing and advertising communications can be exchanged with consumers has fragmented audiences and increased the need to tailor and target advertising messages to reflect more precisely their interests and attitudes. Such targeting requires more detail and more precision in audience segmentation when planning media campaigns to identify opportunities and efficiencies. YouGov has responded to this need by developing YouGov Profiles, a ground breaking new tool for media planning and audience segmentation for use by brand owners and the agencies who serve them. YouGov Profiles is a unique offer in the industry, which combines a richer version of the information previously available to marketers with additional data on digital and social media activity. YouGov Profiles is already being tested by clients and will be launched formally in the UK in the autumn of 2014.

The UK version of YouGov Profiles is based on a database of some 120,000 separate data points on consumers, collected initially from approximately 190,000 YouGov panellists. YouGov Profiles connects data on profiles, brand, sector, media, digital and social data all in one place. For example, it provides brand usage and perception data for some 1,000 brands (plus usage for thousands more), TV viewing for 5,000 programmes, website usage for the most active commercial websites and much more. YouGov Profiles will be offered to the market as a subscription service (like BrandIndex) with clients accessing the data through a dedicated portal. YouGov Profiles complements BrandIndex since it allows users to define and understand their potential target customers while BrandIndex allows them to measure the effect of campaigns and other events on how their own and other brands are perceived. It will improve the ability of marketers to understand the people and audiences that matter to them and will enable media owners to identify potential advertisers and make more informed content and scheduling decisions so as to deliver the target audience that advertisers require. YouGov Profiles will be delivered through a "point and click" tool, which will give users access to a wide range of detailed and connected data and provides analytics methods with which to interrogate and interpret the data. The full UK launch will take place at the Festival of Marketing in November, followed by rollouts in the USA and Germany later in the 2014/15 financial year.

b. Expand our geographic footprint

As a result of the acquisition of Decision Fuel in January 2014, YouGov has extended its footprint into Asia Pacific where the growth of a more sophisticated consumer base is driving demand for reliable yet economically priced research data, which YouGov is well-placed to provide. The new YouGov Asia Pacific team has integrated smoothly with the wider Group.

The regional operation was extended to Indonesia in September 2014, and we now have an office in Jakarta in addition to the Hong Kong, Shanghai and Singapore offices already in place at the time of the acquisition. Consistent with the rest of the Group, future growth in the region will be centred on BrandIndex and Omnibus both of which are already being rolled out there.

YouGov now has 24 offices in 16 countries and operates panels in 33 countries, giving it one of the most widespread international research networks beyond those of the four largest global research groups.

c. Integrate custom research and syndicated data

YouGov's integrated operations combine our own highly responsive online panels, the expertise of our researchers and our analytics and technology capabilities. These offerings enable us to meet clients' individual research needs through a combination of the 'connected data' that panellists provide and data generated from bespoke surveys. The highly structured and codified profile data library is known as the "YouGov Cube"; it underpins the new YouGov Profiles product by allowing us to enhance our custom offering and transform the way that custom research is undertaken. In simple terms, our aim is to be able to provide clients with answers to their questions about the attitudes, behaviours and profiles of the population and minimise the extent to which additional data collection is required through custom surveys. It also means add-on custom research can be better targeted and yield richer insights.

In every project we will consider how YouGov Cube can add to this – it improves the service we offer to clients and the profitability of each job that we do. The YouGov Cube enables YouGov to help clients reduce the cost of custom research, and thereby deliver more value for money to them. This responds to the challenge acknowledged by all the leading research groups of an industry whose clients are choosing to re-direct their marketing and research budgets to data-rich and more analytically based products rather than traditional bespoke surveys.

d. Enhance user experience

A key element of YouGov's success is the high degree of responsiveness of our panellists and their willingness to share opinions and personal data with YouGov. Maintaining this relies on our ability to keep panel members engaged and interested in being members. We therefore focus significant attention on measuring and seeking ways to improve the quality of every panellist's experience under the direction of the Group Director of User Experience, a post that was created for this purpose in 2013. As well as obtaining direct feedback from panellists on the quality of the survey experience, extensive analysis has been conducted into how survey features and complexity may affect it.

Another way in which we are extending the relationship between YouGov and our panellists is to offer more opportunities for them to share opinions and information with YouGov whenever they choose and not just in response to survey invitations. Opigram, which allows panellists to share opinions, build up their own profile of likes and dislikes and compare them with others has proved very popular with panellists. It is on track to meet the targets set as part of the acquisition of CoEditor Ltd, the company that developed Opigram, which was completed in December 2013. Thus, the number of visitors to YouGov's UK websites increased by 46% in the year to 31 July 2014, and the number of freely shared data points has grown significantly, with the monthly rate having increased five-fold during the year to over 5 million in July 2014. This measure is also significant for the cost-effective development of YouGov's data products, notably YouGov Profiles, as it means that much of the core data and all of the long-tail data points included in them can now be collected without incurring direct cost to YouGov as distinct from survey data for which panellists receive incentive payments.

To support the roll-out of YouGov Profiles, a new YouGov website including Opigram will be launched in UK and extended to the US and Germany during the 2014/15 financial year. At present, Opigram and the full YouGov Online interactive experience have been visible only to YouGov panel members. It is intended to offer non-members the ability to participate in surveys on key questions of the day and to share their opinions on the platform. This is a major shift, which will open up YouGov Online as a place for many more people to share their views and personal profiles. We expect that YouGov Online will assist organic panel recruitment and panel retention, and thus enable a reduction in expenditure on panel recruitment in the future. It also opens up the exciting possibility that, through the Opigram platform, YouGov will gain as much data from the continuous, freely-shared, structured conversation of its members on the website as we do from formal surveys.

Recent enhancements to our survey platform have also significantly improved our panellists' experience when using mobile devices and places it at the forefront of mobile-friendly market research. We expect the majority of survey participation to happen on mobile devices in the not-too-distant future and we are investing in the development of more opportunities in this area.

e. Boost our public profile

YouGov has continued to be the most highly cited market research agency in the UK. Our position as the most authoritative source of data on public opinion was recently demonstrated during the campaign leading up to the Scottish independence referendum. In the USA, where there has previously been significant resistance to the use of online polling methods for elections, YouGov has been appointed jointly by CBS and the New York Times to provide nationwide polling for the 2014 Congressional elections. The first poll which was published in August 2014 attracted widespread publicity and we expect this initiative greatly to boost the awareness of YouGov's brand in the USA, especially among corporate and public sector decision-makers. YouGov's media presence also continues to grow in our other markets including France, Denmark and Germany in all of which we are now among the top 4 most quoted agencies.

Under the guidance of our new Global Chief Marketing Officer, who joined the Group in December 2013, we have made good progress in developing our global marketing activities. A new brand architecture has been developed, bringing all of our products and services together within a global 'master brand supported by a new suite of marketing collateral and panel recruitment tools. We have also developed a unified approach to communicating with our digital and social media environment. The global marketing team has been further strengthened by adding experienced professionals in key positions in a number of units.

Overview of Global Products and Services

	Revenue £m	Revenue Growth %	Operating Profit (£m)	Operating Margin %
Data Products (incl. BrandIndex)	9.6	45%	1.6	17%
Data Services (incl. Omnibus)	10.1	18%	3.9	39%
Total Data Products & Services	**19.7**	**30%**	**5.5**	**28%**
Custom Research	**47.7**	**1%**	**5.5**	**12%**
Central Costs	--	--	(3.6)	--
Group	**67.4**	**8%**	**7.4**	**11%**

Data Products and Services

Data Products are comprised of BrandIndex, our flagship brand intelligence tracker, which accounted for 80% of this category, and YouGov Reports, which provides market intelligence reports and sector trackers. YouGov Omnibus (including field and tab services) represents the majority of Data Services with the balance being the provision of sample-only services in the Nordic and Middle East regions.

In general, data products generate higher margins than custom research once they reach maturity as the input costs, such as data collection and analysis, are incurred only once while their outputs are sold to multiple clients. However, they also require investment in product development, analytics and sales resources during their early stages. In FY14, the overall margin of 17% reflected this mix with BrandIndex achieving significantly higher margins offset by the lower margins of the relatively newer products.

Within Data Products, BrandIndex grew revenue by 53% to £8.0m (2013: £5.3m) and passed an important milestone as it now accounts for 12% of total Group revenue, generated from over 200 subscribers in 15 markets across the world. BrandIndex serves major accounts among both advertising and media planning agencies on the one hand and brand owners and advertisers on the other. Its long-standing clients include OMD, Universal McCann, Bank of America, KFC and Subway. New client wins in the year include Carnival Cruise Lines, Air Berlin and Commercial Bank of Dubai.

BrandIndex's growth this year was supported by the global roll-out of an enhanced version (6.0) whose sampling methodology represents even better the consumer population in each category and which increased its reported metrics from nine to sixteen. These provide more granular measurement of paid (advertising) vs. earned (word of mouth) media, as well as enabling the consumer journey to be tracked in more stages from brand discovery through to actual purchase and brand advocacy. Version 6.1 was released in June 2014 and further extends the flexibility of BrandIndex data, enabling clients to view any BrandIndex metric through the filter of any other metric. For example, a client can now compare purchase consideration among consumers who have and have not seen recent advertising, or evaluate the percentage of its customer base who are also customers of a competitor (and vice versa).

The range of business sectors covered has also been expanded to include Hospital and Cable & Satellite TV sectors in the US, both of which attracted multiple new clients in FY14. More sectors will be added in multiple geographies in FY15 and the geographic coverage will also be expanded to include Singapore and Indonesia, supported by the growing YouGov Asia Pacific operation. The YouGov Reports business increased revenue by 17% to £1.1m. Its portfolio of market intelligence reports (previously branded as "SixthSense") comprises some 350 report titles. Financial services have become the main sector focus over the past year in response to client demand, with other sectors covered including food & drink, technology and utilities.

The Reports segment also includes HEAT, YouGov's economic confidence tracking study (covering UK, US and China) and specialist syndicated trackers on issues such as household debt, magazine consumption, smartphones and media content. Its geographic coverage includes the UK (its largest market), France, Germany and the US. The core of YouGov Reports is panel-based research data drawn from YouGov's panel which is combined with information on market sizes, brand analysis, competitive benchmarking and market forecasts to produce comprehensive analyses of a market or topic within it.

YouGov Omnibus, our online fast-turnaround service, grew revenue by 20% to £8.8m in line with our strategy of applying the successful UK model to other markets. Its non-UK revenue increased by 70% with the recently launched French and US Omnibus services, respectively trebling and doubling their revenue and the German service also growing well, in line with our plans. The UK service, which is the clear market leader, maintained solid growth of 7%. Omnibus continues to enhance its service offering with innovations designed to meet client's changing needs. These include a faster 24 hour delivery time as the standard in the UK instead of the previous 48 hour service and a new "Slides!" facility which provides an automated slide pack as the default means for delivering Omnibus survey results. Major international clients in the year included National Geographic and UNICEF. The segmental services (such as Children and Parents, Shoppers and B2B) and focussed geographical samples such as Citybus, which have been successful in expanding the service in the UK, are also being rolled-out in other markets. Client demand for multi-country Omnibus projects has also grown, stimulated by targeted marketing to existing single-country users.

Custom Research

YouGov's custom research business conducts a wide range of quantitative and qualitative research, tailored by our specialist teams to meet clients' specific requirements. The scope, scale and complexity of projects varies significantly both within and between our geographic markets ranging from large-scale multinational tracking studies through to more narrowly focussed one-off surveys. With evidence of reduced client demand for traditional custom research as well as previous mixed performance within our own units, our aim has been to improve custom research profitability by focussing external sales effort and internal resources into the areas that utilise fully YouGov's panel-centric methodology and exploit the strengths of our geographic network. Thus while our global custom revenue grew by only 1% in the year, in line with the global market, the adjusted operating profit grew by 7%. As expected, performance varied between regions. The Middle East business continued to build on its regional strength to grow revenue by 45% and our UK custom revenue grew by 6%, with YouGov's reputation for reporting public opinion accurately also continuing to resonate with corporate clients. US custom revenue fell slightly by 4% although this was largely in lower margin areas, while there was good growth from new and existing clients in the consumer and technology sectors as well as in political and academic work. In the Nordics, where the strategy has been to reduce the proportion of smaller, often less-profitable custom projects, custom revenue fell by 16% but operating margins increased significantly, reflecting the cost reductions undertaken in the previous year. German custom revenue fell by 13%, due partly to client consolidation reducing demand in the financial services industry and also re-orientation of work away from traditional offline methods.

We believe custom research services will continue to be a very significant part of YouGov but increasingly they will make full use of our panel and data resources rather than being one-off projects involving conventional data collection.

Dividend

The Board has previously indicated that it intends to follow a progressive dividend policy. Having considered the Group’s performance in the year ended 31 July 2014 and future expectations as well as its financial resources, the Board is pleased to recommend payment of a final dividend of 0.8 pence per share in respect of the year ended 31 July 2014, payable in December 2014. This represents an increase of 33% over the dividend paid in 2013.

Prospects

Fifteen years ago, YouGov began life as a challenger to the market research industry by pioneering online data collection. We grew internationally by acquisitions, and have now integrated these to become a more efficient organisation. Today we are entering our next phase. We have a powerful brand, a global platform and now are developing a new technology and approach to data collection and analysis that will allow YouGov to fulfill its mission as a true Internet company.

What do I mean by a 'true Internet’ company? I mean a company that interacts with the world online and which creates its core product from that interaction.

The constant conversation we have online with millions of people is indeed our core product. As a result, companies can access the rich connected data in different forms. It measures the world today and how it is changing, helping to predict what will happen next and reveal how to influence that direction. Crucially, the process is useful for all participants: panellists and clients alike.

The foundation of this conversation was the online survey. That is now developing into increasingly sophisticated variations including the never-ending opinion profile that is Opigram: an enjoyable, panelist-centred programme to create rich, structured, shareable, personal profiles. The aggregated, crunchable data that it generates helps to power YouGov Profiles.

The new website to be launched this autumn marks our next phase, in which our way of interacting with our panellists and what we do for our clients is visible as a single system. That is what I mean by becoming a true Internet company.

Review of Geographic Operations

UK

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	19.4	17.4	11%
Adjusted Operating Profit	5.0	4.4	13%
Adjusted Operating Profit Margin (%)	26%	26%	

The UK business recorded another successful year with revenue growth of 11%, again well ahead of the overall market and adjusted operating profit increasing by 13%. As with the Group as a whole, data products and services revenue grew strongly by 16% to £9.4m and further increased its share of total UK revenue to 48%. This is a key driver of the UK's high profit margins since BrandIndex and Omnibus are both more scalable than custom research.

BrandIndex revenue grew by 61% due in part to the benefit of previous investment in sales and client services resources. The UK BrandIndex version now has 74 UK clients. It is increasingly being adopted as an important source of brand health data by leading UK as well as international brands including Intercontinental Hotels Group, LV= and PapaJohns. The UK is also beginning to follow the US business in securing multi-country contracts with its clients. Revenue from UK Omnibus grew by 7% to £6.3m, helped by good growth in the segmental omnibuses including the recently launched SME Omnibus and the Parents and Children's. The launch of the new 24 hour standard service and of the "Slides!" facility has been well received by clients and is expected to help to maintain YouGov Omnibus UK market leadership position.

YouGov Reports increased its revenue by 17% to £1.1m. It increased its focus on the financial services sector where it has achieved good penetration and the proportion of clients contracting for a package of reports also grew as planned.

UK custom research grew revenue by 6% with the specialist Reputation practice in particular winning business among major corporate clients such as Barclays and BNP Paribas. The Political team and indeed the business as a whole continued to benefit from the close partnership with News UK and the coverage of YouGov polls that this provides. The UK's major clients in the year included Asda, Bill & Melinda Gates Foundation, ITV, JUST EAT, Morrisons, Prudential and Santander.

USA

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	21.9	20.8	5%
Adjusted Operating Profit	3.0	2.3	32%
Adjusted Operating Profit Margin (%)	14%	11%	

Our US business has built on the progress reported at the interim stage and delivered overall revenue growth as well as a substantial improvement in profitability with adjusted operating profit increasing by 32% to £3.0m. This performance was due in part to the continued strong growth of the data products and services element whose revenue grew by 43% to £5.3m. It now represents 24% of total US revenue. Custom research revenue fell by 4% but its profitability increased significantly.

BrandIndex, for which the US remains the largest market, increased revenue by 44% to £4.4m and now has 80 US clients. New clients signed up in the year include Carnival Cruise Lines and The Weather Channel and it continues to enjoy strong relationships with agencies such as OMD and Universal McCann and Mediacom as well as corporate clients such as Bank of America and Subway.

The corrective actions taken in the custom research business over the last twelve months to improve sales effectiveness and reduce costs have succeeded in improving its performance and profitability. A number of senior roles were reduced which will yield annual savings of £1m. As a result, custom research operating margins increased to 11% from 6%. Sales orders grew by 20% compared to the prior year with the technology, electronic games and FMCG sectors performing strongly. However, sales were higher towards the end of the financial year so that the revenue effect will partly be seen in the next year. Leading clients included Coca-Cola, Sonos, Amazon and several leading global internet companies including Facebook and Google. The traditionally strong academic and political business is already benefitting from the CBS/NYT polling collaboration and the overall US business is well-positioned for future growth.

Middle East

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	**10.1**	**7.3**	**38%**
Adjusted Operating Profit	**2.2**	**1.5**	**45%**
Adjusted Operating Profit Margin (%)	**22%**	**21%**	

The Middle East region delivered another year of strong growth with revenue increasing by 38% and adjusted operating profit up by 45%. Custom Research makes up most (90%) of the Middle East business and grew by 45%. This performance reflected the expansion of the new operation in Kurdistan as well as the continued development of the existing YouGov operation, based in the United Arab Emirates (Dubai) and Saudi Arabia. During the year, sales included major contracts from public economic development bodies, notably the Saudi Commission for Tourism and Antiquities and the Dubai Tourism Commission as well as further work from existing regional and international commercial clients such as PepsiCo, Saudi Telecom and Yahoo. In Kurdistan, major studies are being conducted for commercial and public sector clients, focussed around public opinion polling. While data products and services still represent a small part of the business, more resources are being devoted to their growth in the region. Development of both parts of the business is supported by the strong reputation for quality of YouGov's regional panel, which covers 21 countries. In the coming year, an operation will be started in Egypt, largely in response to client demand. New heads have recently been appointed to manage the Dubai and Saudi operations following the promotion of the regional CEO to a Group role. Although the region's political instability is of concern, the economic strength of the countries in which YouGov is based continues to attract local and international investment. YouGov's knowledge of the region gives us the confidence that it will continue to provide opportunities for our business to grow there.

Germany

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	**8.9**	**9.4**	**(5%)**
Adjusted Operating Profit	**0.5**	**0.9**	**(43%)**
Adjusted Operating Profit Margin (%)	**6%**	**9%**	

While this year's decline in profitability of our German business was disappointing, especially following the progress achieved in the previous two years, the two main elements of the business performed very differently. Data products and services continued to grow well with BrandIndex increasing revenue by 35% and Omnibus by 33%. This element now accounts for 25% of total revenue and is achieving margins approaching 20%. BrandIndex now has 30 clients in Germany including Air Berlin and Plan.Net. Omnibus growth reflected the move to a full daily service at the beginning of the year and a new Qualitative Omnibus that was launched during the year. Custom research however, faced challenging market conditions and its revenue fell by 13% due both to general weakness in the German research market and changing demands among its important financial services client base and this led to a reduction in profitability. Actions were taken in the year to address this and especially to improve sales effectiveness and reduce costs. Active marketing and PR campaigns together with collaborations with leading media organisations such as the Deutsche Presse-Agentur (DPA) and Handelsblatt are helping to build more awareness of the YouGov brand in Germany. As the core YouGov offer is working well here in spite of the local market challenges, we have decided to accelerate its development through the planned launch of the new YouGov Profiles product in Germany early in 2015. These initiatives, together with the continued expansion of BrandIndex and Omnibus, are expected to lead to an improved overall performance in the coming year.

Nordic

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	**8.0**	**8.5**	**(6%)**
Adjusted Operating Profit	**0.8**	**0.3**	**139%**
Adjusted Operating Profit Margin (%)	**10%**	**4%**	

The significant improvement in the profitability of the Nordic business, which more than doubled adjusted operating profit despite a revenue decline of 6%, reflects the success of the turnaround programme which, as previously reported, began in 2013 under an interim CEO. This included a re-organisation of the sales and research resources and a shift towards a structure that more closely reflects the UK model, including stronger focus in the region on the YouGov core services. Data Products and services revenue grew significantly by 73%, driven especially by Omnibus, which more than trebled its revenue following the launch of a more frequent service. Custom research revenue fell by 16% although this reflected in part the aim of reducing the number of smaller, less profitable projects undertaken. In geographic terms, the re-organisation focused especially on the Swedish market where YouGov's position is less established. YouGov Denmark in contrast, is now the most often quoted market research agency in the media. A new CEO was appointed in February 2014, with a background in global data products and we expect the region to make further good progress in line with our strategy. Major regional clients include Carlsberg, Danske Bank, Orkla Foods and Omnicom.

France

	Year to 31 July 2014 £m	Year to 31 July 2013 £m	% Change
Revenue	**0.8**	**0.3**	**123%**
Adjusted Operating Loss	**(0.1)**	**(0.1)**	**-**

Now in its third year, our French operation doubled revenue in line with its planned development. It focuses on developing YouGov's core products in France with BrandIndex and Omnibus each accounting for approximately half the revenue. The London office provides operational support. The local team was doubled during the year to drive further strong growth in the coming year. BrandIndex clients include international groups such as KFC and OMD and a number of leading French companies including La Banque Postale. Other clients include Bic, Havas and Mercer.

Asia Pacific

YouGov Asia Pacific is reported on for the first time following the acquisition of Decision Fuel in January 2014. This business, which has offices in Hong Kong, Shanghai and Singapore, started trading in the middle of 2013 and is still in start-up mode although now fully integrated within the YouGov group. It achieved revenue of £0.2m in the six months following the acquisition, which was as expected. This was mainly generated from custom projects using the proprietary mobile platform developed by the founders. In line with the business plan, the focus over the six months to July 2014 was on expanding sales resources in order to launch the YouGov Omnibus and to support growth of BrandIndex in the region following the launch of a Chinese version by YouGov in 2013. The team had grown to 24 by 31 July 2014 and the regional coverage was extended in September with the opening of an office in Jakarta, Indonesia. We consider the Asia Pacific unit to be well positioned to achieve its planned future growth.

Stephan Shakespeare
Chief Executive Officer

Financial Performance

Income Statement Review

Group revenue for the year to 31 July 2014 of £67.4m was 8% higher than the prior year.

The Group's gross profit (calculated after deducting costs of panel incentives and external data collection) increased by £4.5m to £51.6m and the gross margin increased by 1.2% points to 77% reflecting the higher proportion of survey work conducted on YouGov's proprietary panels.

Operating expenses (excluding amortisation and exceptional items) of £44.2m increased by £3.0m. The growth rate of 7% was broadly in line with revenue so that the operating expense ratio stayed constant at 66% of revenue.

The average number of staff (full-time equivalents) employed during the year increased by 76 to 578 from 502. 47 of the additional staff reflected hiring to support organic growth (an increase of 9%) while 29 of the new staff joined at the time of or following the acquisitions of YouGov Asia Pacific (added 18 staff) and Co-Editor (added 11 staff). Average revenue per head fell slightly to £117,000 from £125,000, due in part to the Asia Pacific acquisition (which is still in start-up mode) and to the increase in analytics and technical resources. However, staff cost as a percentage of revenue fell by 2% points to 48% as most of the staff growth was in relatively junior positions.

Adjusted group operating profit increased by 24% to £7.4m compared to £6.0m in the previous year. There was a net finance cost of £0.3m compared to income of £0.1m last year, primarily due to unrealised foreign exchange translation losses on cash balances. This resulted in an adjusted profit before taxation of £7.7m, an increase of 12% over the prior year. Adjusted earnings per share[1] for the year rose by 0.5p to 6.1p.

The statutory operating profit (which is after charging amortisation of £4.0m and exceptional items of £2.4m) fell by £0.5m to £1.0m due to the higher amortisation charges and exceptional items. This was reflected in the reduction of £0.8m in statutory profit before taxation to £0.7m.

Amortisation of Intangible Assets and Impairment

Amortisation charges for intangible assets of £4.0m were £0.7m higher than the previous year. Amortisation of the consumer panel increased by £0.3m to £0.7m reflecting the additional investment made to grow the panel. Amortisation of software increased by £0.5m to £2.5m, partly due to amortisation on assets acquired through business combinations of £0.2m. Of the remaining software charge, £1.6m (2013: £1.3m) related to assets created through the Group's own internal development activities and £0.7m (2012: £0.6m) to separately acquired assets.

Exceptional Items

Exceptional costs of £2.4m (2013: £1.2m) were incurred in the year. £1.2m of this related to acquisitions, of which £0.9m represents contingent consideration which is deemed under IFRS3 to be staff compensation costs. £0.6m of the total acquisition related cost related to CoEditor, £0.5m to YouGov Asia Pacific and £0.1m to Definitive Insights. The remaining balance of exceptional costs (£1.2m) related to the costs of restructuring, of which £0.5m was incurred in the Nordic business and £0.3m respectively, in the US and German businesses.

YouGov What the world thinks

Analysis of Operating Profit and Earnings per Share:

	31 July 2014 £'000	31 July 2013 £'000
Group operating profit before amortisation of intangibles, impairment & exceptional costs	**7,389**	5,982
Share-based payments	**547**	767
Imputed interest	**32**	71
Net finance income/(cost)	**(292)**	118
Share of post-tax loss in associates	**(14)**	(122)
Adjusted profit before tax	**7,662**	6,816
Adjusted profit after tax attributable to owners of the parent	**6,027**	5,312
Adjusted earnings per share (pence)	**6.1**	5.6

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

Cash Flow

The Group generated £8.9m (2013: £6.9m) in cash from operations (before paying interest and tax) which reflected a higher cash conversion rate of 120% (2013:116%) of adjusted operating profit, including a £1.8m (2013:£0.7m) net working capital inflow. Expenditure on investing and financing activities remained at a similar level at £6.7m (2013: £6.5m). £1.0m (2013: £2.0m) of this related to acquisitions, including the payment of deferred consideration, and £5.8m (2013: £4.0m) to capital expenditure. £1.0m (£2013: £0.4m) of the capital expenditure was spent on purchasing tangible assets including £0.5m relating to the expansion of the London office. £4.7m (£3.6m) was spent on intangible assets, of which £1.7m was for panel recruitment which increased by £1.1m reflecting the higher recruitment activity and £2.9m (2013: £2.7m) on software development of which £2.3m (2013: £1.8m) arose from internally generated assets.

Taxation

The Group had a tax charge of £0.3m (2013: £0.6m credit) on a reported basis, the current tax charge of £0.5m (2013: £0.5m) being offset by a deferred tax credit of £0.2m (2013: £1.1m). On an adjusted basis, the tax charge was £1.6m (2013: £1.5m), which represents a tax rate of 22% on the adjusted profit before tax. This was unchanged from the prior year.

Balance Sheet

Total shareholders' funds decreased to £57.9m from £61.1m at 31 July 2013 and total net assets decreased to £58.0m compared to £61.1m at 31 July 2013. Net cash balances increased by £0.6m to £7.2m. Net current assets fell to £8.4m from £11.0m. Current assets decreased by £0.8m to £29.9m, with debtor days decreasing to 64 days from 68 days. Current liabilities increased by £1.8m to £21.5m, with creditor days increasing to 44 days from 31 days in 2013.

Panel Development

As at 31 July 2014, the Group's online panels comprised a total of 3.0m panellists, an increase in increase of 7% from the total of 2.8m as at 31 July 2013. There was substantial investment in panellist recruitment during the year both to support development of the newer panels such as in France and Germany and to extend the coverage of more mature panels such as in the UK and USA. All the panels grew as a result although there was a small net reduction in the reported US panel numbers as the addition of 240,000 active panellists was offset by the removal of 427,000 non-active registrations from the database. The panel sizes by region were:

Region	**Panel Size at 31 July 2014**	Panel Size at 31 July 2013
UK	**600,106**	442,100
Middle East	**388,546**	326,400
Germany	**170,775**	140,500
Nordic	**140,994**	101,700
USA	**1,526,001**	1,704,900
France	**108,723**	83,300
Asia Pacific	**61,862**	N/A
Total	**2,997,007**	2,798,900

Corporate Development Activities

During the year, the Group acquired 100% of Doughty Media 2 Limited ("DM2") which owns 67% of CoEditor Limited, the company that has developed the Opigram service. YouGov already owned 30% of CoEditor and now owns 97%. This acquisition was made in two stages: 40% was acquired in September 2013 and 60% in December 2013, following the approval by shareholders at the 2013 AGM. The maximum purchase price for DM2 is £1.2m, payable in February 2015. £0.9m of this is contingent upon the achievement of performance criteria relating to the delivery of expected benefits arising from the incorporation of the Opigram technology within YouGov's online presence. As the entire deferred consideration is dependent upon Stephan Shakespeare and the other vendor (the Opigram manager) remaining in YouGov's employment, it has been treated under IFRS as an employment cost and charged to the income statement.

On 9 January 2014, the Group acquired the entire issued capital of Decision Fuel ("DF"), later renamed YouGov Asia Pacific. The initial purchase consideration payable was £0.6 million. Additional earn-out consideration is payable (in cash and/or YouGov shares, at YouGov's option) dependent on the performance of the business in the two financial years ended 31 July 2016 and 2017. The total purchase consideration in the balance sheet is expected to remain at approximately £0.6m as 97% of the deferred payment relates to the management team and is dependent on their continued employment, so this portion will be treated under IFRS as an employment cost and charged to the income statement.

In December 2013, YouGov entered into a joint development agreement with Crunch i.o., a US company in which Doug Rivers (a director of YouGov) has an equity interest of 40%. YouGov and Crunch.io have agreed jointly to fund the development of a cloud-based data analytics software application. Both parties have rights to use the application. YouGov intends to use it to support delivery of services for both custom research and data products. Crunch.io intends to develop a business based on selling the application to third-parties. The benefit for YouGov is that the joint development is accelerating the delivery of costs of an application that offers important commercial benefits as well as reducing its net costs.

Proposed Dividend

The Board is recommending the payment of a final dividend of 0.8 pence per share for the year ended 31 July 2014. If shareholders approve this dividend at the AGM, it will be paid on 15 December 2014 to all shareholders who were on the Register of Members at close of business on 5 December 2014.

Alan Newman
Chief Financial Officer
13 October 2014

Publication of Non-Statutory Accounts

The financial information relating to the year ended 31 July 2014 set out below does not constitute the Group's statutory accounts for that year but has been extracted from the statutory accounts, which received an unqualified auditors' report and which have not yet been filed with the Registrar.

YOUGOV PLC
CONSOLIDATED INCOME STATEMENT

As at 31 July 2014

	Note	**2014 £'000**	2013 £'000
Revenue	1	**67,375**	62,551
Cost of sales		**(15,811)**	(15,440)
Gross profit		**51,564**	47,111
Operating expenses*		**(44,175)**	(41,129)
Adjusted operating profit before amortisation of intangible assets and exceptional items	1	**7,389**	5,982
Amortisation of intangibles		**(3,965)**	(3,280)
Exceptional items	2	**(2,385)**	(1,212)
Operating profit		**1,039**	1,490
Finance income		**171**	207
Finance costs		**(463)**	(89)
Share of post-tax loss in joint ventures and associates		**(14)**	(122)
Profit before taxation	1	**733**	1,486
Tax (charge)/ credit	3	**(316)**	623
Profit after taxation	1	**417**	2,109
Attributable to:			
– Owners of the parent		**433**	2,042
– Non-controlling interests		**(16)**	67
		417	2,109
Earnings per share			
Basic earnings per share attributable to owners of the parent	5	**0.4p**	2.1p
Diluted earnings per share attributable to owners of the parent	5	**0.4p**	2.0p

* Total 2014 operating expenses including amortisation of intangibles and the items detailed in Note 4 are £48.250m (2013: £45.621m).

YOUGOV PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 July 2014

	Note	**2014 £'000**	2013 £'000
Profit for the year		**417**	2,109
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(4,774)**	2,706
Other comprehensive (loss)/income for the year		**(4,774)**	2,706
Total comprehensive (loss)/income for the year		**(4,357)**	4,815
Attributable to:			
– Owners of the parent		**(4,338)**	4,743
– Non-controlling interests		**(19)**	72
Total comprehensive (loss)/income for the year		**(4,357)**	4,815

Items in the statement above are disclosed net of tax.

YOUGOV PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2014

Assets	Note	**31 July 2014 £'000**	31 July 2013 £'000
Non-current assets			
Goodwill	7	**36,329**	38,800
Other intangible assets	8	**10,321**	9,210
Property, plant and equipment	9	**2,489**	2,256
Investments in joint ventures and associates		**-**	363
Deferred tax assets		**3,120**	2,847
Total non-current assets		**52,259**	53,476
Current assets			
Trade and other receivables	10	**21,687**	22,951
Current tax assets		**757**	834
Cash and cash equivalents		**7,429**	6,929
Total current assets		**29,873**	30,714
Total assets		**82,132**	84,190
Liabilities			
Current liabilities			
Trade and other payables	11	**17,530**	16,235
Provisions for other liabilities and charges		**3,127**	2,737
Borrowings		**184**	273
Current tax liabilities		**341**	128
Contingent consideration	12	**298**	301
Total current liabilities		**21,480**	19,674
Net current assets		**8,393**	11,040
Non-current liabilities			
Trade and other payables		**23**	55
Provisions for other liabilities and charges		**684**	770
Contingent consideration	12	**169**	250
Deferred tax liabilities		**1,824**	2,327
Total non-current liabilities		**2,700**	3,402
Total liabilities		**24,180**	23,076
Net assets		**57,952**	61,114
Equity			
Issued share capital		**199**	195
Share premium		**31,014**	30,961
Merger reserve		**9,239**	9,239
Foreign exchange reserve		**5,722**	10,493
Retained earnings		**11,755**	10,195
Total shareholders' funds		**57,929**	61,083
Non-controlling interests in equity		**23**	31
Total equity		**57,952**	61,114

YOUGOV PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2014

		Attributable to equity holders of the Company							
	Note	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 31 July 2012		**195**	**30,947**	**9,239**	**7,792**	**7,776**	**55,949**	**55**	**56,004**
Changes in equity for 2013									
Exchange differences on translating foreign operations		-	-	-	2,701	-	**2,701**	5	**2,706**
Net profit recognised directly in equity		-	-	-	2,701	-	**2,701**	5	**2,706**
Profit for the year		-	-	-	-	2,042	**2,042**	67	**2,109**
Total comprehensive income for the year		-	-	-	2,701	2,042	**4,743**	72	**4,815**
Issue of shares		-	14	-	-	-	**14**	-	**14**
Dividends paid	4	-	-	-	-	(479)	**(479)**	(96)	**(575)**
Share-based payments		-	-	-	-	856	**856**	-	**856**
Total transactions with owners recognised directly in equity		-	14	-	-	377	**391**	(96)	**295**
Balance at 31 July 2013		**195**	**30,961**	**9,239**	**10,493**	**10,195**	**61,083**	**31**	**61,114**
Changes in equity for 2014									
Exchange differences on translating foreign operations		-	-	-	(4,771)	-	**(4,771)**	(3)	**(4,774)**
Net loss recognised directly in equity		-	-	-	(4,771)	-	**(4,771)**	(3)	**(4,774)**
Profit for the year		-	-	-	-	433	**433**	(16)	**417**
Total comprehensive (loss)/profit for the year		-	-	-	(4,771)	433	**(4,338)**	(19)	**(4,357)**
Issue of shares		4	53	-	-	-	**57**	-	**57**
Purchase of subsidiary with a minority interest	6	-	-	-	-	-	**-**	11	**11**
Dividends paid	4	-	-	-	-	(586)	**(586)**	(35)	**(621)**
Purchase of non-controlling interest in subsidiary	6	-	-	-	-	(35)	**(35)**	35	**-**
Consideration for purchase of subsidiary	6	-	-	-	-	700	**700**	-	**700**
Share-based payments		-	-	-	-	1,048	**1,048**	-	**1,048**
Total transactions with owners recognised directly in equity		4	53	-	-	1,422	**1,184**	11	**1,195**
Balance at 31 July 2014		**199**	**31,014**	**9,239**	**5,722**	**11,755**	**57,929**	**23**	**57,952**

YOUGOV PLC
CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 July 2014

	Note	**2014 £'000**	2013 £'000
Cash flows from operating activities			
Profit before taxation		**733**	1,486
Adjustments for:			
Finance income		**(171)**	(207)
Finance costs		**463**	89
Share of post-tax loss in joint ventures and associates		**14**	122
Amortisation of intangibles	2	**4,120**	3,280
Depreciation	2	**631**	539
Loss on disposal of property, plant and equipment and other intangible assets		**-**	3
Other non-cash profit items		**1,334**	866
Increase in trade and other receivables		**(1,088)**	(3,113)
Increase in trade and other payables		**2,411**	3,381
Increase in provisions		**445**	464
Cash generated from operations		**8,892**	6,910
Interest paid		**(4)**	(15)
Income taxes paid		**(287)**	(477)
Net cash generated from operating activities		**8,601**	6,418
Cash flow from investing activities			
Loan to associate		**-**	(546)
Purchase of subsidiary (net of cash acquired)	9	**(643)**	-
Acquisition of non-controlling interest in associates	13	**(28)**	–
Settlement of contingent considerations	17	**(332)**	(2,023)
Purchase of property, plant and equipment	12	**(1,048)**	(411)
Purchase of intangible assets	11	**(4,723)**	(3,638)
Proceeds from sale of plant, property and equipment		**12**	-
Interest received		**1**	34
Dividends received		**55**	41
Net cash used in investing activities		**(6,707)**	(6,543)
Cash flows from financing activities			
Proceeds from the issue of share capital		**57**	14
Proceeds from borrowings		**-**	57
Repayment of borrowings		**(32)**	(18)
Dividends paid to shareholders		**(586)**	(479)
Dividends paid to non-controlling interests		**(35)**	(96)
Net cash used in financing activities		**(596)**	(522)
Net increase/(decrease) in cash and cash equivalents		**1,299**	(647)
Cash and cash equivalents at beginning of year		**6,656**	7,150
Exchange (loss)/gain on cash and cash equivalents		**(710)**	153
Cash and cash equivalents at end of year	15	**7,245**	6,656

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 following financial information does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and Financial Statements for the year ended 31 July 2014 on which an unqualified report has been made by the Company's auditors.

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

Financial statements for the year ended 31 July 2013 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The 2014 statutory accounts will be delivered in due course.

Copies of the Annual Report and Financial Statements will be posted to shareholders shortly and will be available from the Company's registered office at 50 Featherstone Street, London, EC1Y 8RT.

1 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 primary basis on which the Group reports its segmental information. The Group has three product lines – Custom Research, Data Products and Data Services. Supplementary segmental information has been provided on this basis.

Management has determined the operating segments based on the reports reviewed by the Board of Directors (which is the "chief operating decision-maker"). During the year ended 31 July 2014, the Board of Directors primarily reviewed information based on geographic lines but also reviewed information based on product lines. For the year ending 31 July 2015, the Board will primarily review information based on product lines with supplemental geographical information. As a result product lines will form the basis for the segmental analysis in future years.

2014	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Consolidation and unallocated £'000	Group £'000
Revenue								
External sales	**18,795**	**9,963**	**8,571**	**7,844**	**21,588**	**445**	**169**	**67,375**
Inter-segment sales	**564**	**163**	**374**	**141**	**270**	**311**	**(1,823)**	**-**
Total revenue	**19,359**	**10,126**	**8,945**	**7,985**	**21,858**	**756**	**(1,654)**	**67,375**

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

Segment result								
Gross profit	**14,720**	**7,449**	**6,669**	**6,504**	**15,550**	**581**	**91**	**51,564**
Adjusted operating profit	**5,007**	**2,246**	**503**	**823**	**3,012**	**(121)**	**(4,081)**	**7,389**
Amortisation of intangibles	**681**	**82**	**91**	**480**	**702**	**27**	**1,902**	**3,965**
Exceptional costs	**152**	**42**	**273**	**498**	**394**	**-**	**1,026**	**2,385**
Finance income								**171**
Finance costs								**(463)**
Share of results of joint ventures and associates								**(14)**
Profit before taxation								**733**
Tax charge								**(316)**
Profit after taxation								**417**
Other segment information								
Depreciation	**90**	**129**	**103**	**42**	**121**	**1**	**145**	**631**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**547**	**547**
Assets								
Segment assets	**31,064**	**7,741**	**15,234**	**12,130**	**32,882**	**1,094**	**(18,013)**	**82,132**
Investments in associates								**-**
Total assets								**82,132**

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

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

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

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

2014	**UK £'000**	**Middle East £'000**	**Germany £'000**	**Nordic £'000**	**USA £'000**	**France £'000**	**Consolidation and unallocated £'000**	**Group £'000**
External sales	**18,507**	**8,770**	**8,647**	**7,822**	**22,634**	**727**	**268**	**67,375**
Inter-segment sales	**1,071**	**131**	**334**	**247**	**1,302**	**41**	**(3,126)**	**-**
Total revenue	**19,578**	**8,901**	**8,981**	**8,069**	**24,256**	**768**	**(2,858)**	**67,375**
2013								
External sales	17,683	6,071	9,080	8,441	21,036	240	–	62,551
Inter-segment sales	852	107	351	214	699	13	(2,236)	–
Total revenue	18,535	6,178	9,431	8,655	21,735	253	(2,236)	62,551

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

Supplementary information by product line

2014	**Custom Research £'000**	**Data Products £'000**	**Data services £'000**	**Unallocated £'000**	**Group £'000**
Revenue	**47,689**	**9,604**	**10,082**	**-**	**67,375**
Adjusted operating profit	**5,485**	**1,639**	**3,947**	**(3,682)**	**7,389**
2013					
External sales	47,400	6,641	8,510	-	62,551
Adjusted operating profit	5,126	834	3,246	(3,224)	5,982

2 EXCEPTIONAL ITEMS

	2014 £'000	2013 £'000
Restructuring costs	**1,192**	645
Acquisition related costs	**1,226**	255
Change in accounting estimation – contingent consideration	**92**	35
Cost of establishing new entities	**44**	–
Gain on re-measurement of associates on acquisition of control	**(169)**	
Employment termination	**-**	205
Panel closure costs	**-**	72
	2,385	1,212

Restructuring costs in the year are the cost of reorganising the management structure of the Nordic £498,000, US £302,000, German £284,000 and UK £108,000 businesses. Restructuring costs in the prior year primarily relate to the restructuring of the Nordic business to improve performance and the cost of reorganising the UK and Group management structures.

Acquisition related costs in the year comprise:

£729,000 in relation to the acquisition of Doughty Media 2 including £699,000 in respect of contingent consideration that is deemed under IFRS to be staff compensation costs and £30,000 of transaction costs.

£524,000 in relation to the acquisition of Decision Fuel including £286,000 of transaction costs, £163,000 of deemed staff costs and £75,000 of loyalty bonuses

A credit of £27,000 in respect of prior year acquisition fees.

Acquisition related costs in the prior year include £102,000 of contingent consideration in respect of the Definitive Insights acquisition that is deemed under IFRS3 to be staff compensation cost, £136,000 incurred in relation to a prospective acquisition with which the Group decided not to proceed and £18,000 in respect of the acquisition of a shareholding in Doughty Media 2.

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

The cost of establishing new entities relate to the professional and regulatory fees incurred in establishing new operations in Kurdistan, Egypt & Saudi Arabia & Indonesia.

The Group acquired an additional 27% equity interest in CoEditor on 6 September 2013. This additional equity interest resulted in YouGov Plc acquiring control of CoEditor. Under International Financial Reporting Standard 3, 'Business Combinations' ('IFRS 3'), the interest previously held by the Group has been re-measured to its fair value at the acquisition date. This has resulted in a gain of £169,000 arising on the revaluation of our existing interest which has been included in exceptional items in the income statement. IFRS 3 requires that the interest should be treated on the same basis as would be required if the acquirer had disposed directly of the previously held interest and then required at fair value. Prior to the acquisition the interest in CoEditor was proportionally consolidated as disclosed in the 31 July 2013 accounting policies note. The Group has shown the disposal of the previously held interest and re-acquisition within note 9 of the financial statements.

Employment termination costs in the prior year relate to redundancies in the US. Panel closure costs in the prior year arose as a result of closure of the YouGov panel in Chile.

3 INCOME TAXES

The taxation charge represents:

	2014 £'000	2013 £'000
Current tax on profits for the year	**458**	294
Adjustments in respect of prior years	**57**	196
Total current tax charge	**515**	490
Deferred tax:		
Origination and reversal of temporary differences	**(91)**	(89)
Adjustments in respect of prior years	**(117)**	(1,130)
Impact of changes in tax rates	**9**	106
Total deferred tax credit	**(199)**	(1,113)
Total income statement tax charge/(credit)	**316**	(623)

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £'000	2013 £'000
Profit before taxation	**733**	1,486
Tax charge calculated at Group's standard rate of 22.3% (2013: 23.7%)	**164**	352
Variance in overseas tax rates	**(37)**	(177)
Impact of changes in tax rates	**9**	106
Gains not subject to tax	**-**	(10)
Expenses not deductible for tax purposes	**225**	134
Tax losses for which no deferred income tax asset was recognised	**12**	(123)
Adjustment in respect of prior years	**(60)**	(934)
Associates results reported net of tax	**3**	29
Total income statement tax charge/(credit) for the year	**316**	(623)

On 2 July 2013, the UK corporation tax rate was reduced from 23% to 21% from 1 April 2014 and 20% from 1 April 2015. This change has been substantively enacted at the balance sheet date and, therefore, is included in these financial statements. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at 31 July 2014 have been calculated using a rate of 21% or 20%, as appropriate, giving rise to a reduction in the net deferred tax asset of £9,000 (2013: £106,000).

4 DIVIDEND

On 16 December 2013, a final dividend in respect of the year ended 31 July 2013 of £586,000 (0.6p per share) (2012: £479,000 (0.5p per share)) was paid to shareholders. A dividend in respect of the year ended 31 July 2014 of 0.8p per share, amounting to a total dividend of £794,000 is to be proposed at the Annual General Meeting on 10 December 2014. These financial statements do not reflect this proposed dividend payable.

5 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.

	2014 £'000	2013 £'000
Profit after taxation attributable to equity holders of the parent company	433	2,042
Add: amortisation of intangible assets	3,965	3,280
Add: share-based payments	547	767
Add: imputed interest	32	71
Add: exceptional costs	2,385	1,212
Tax effect of the above adjustments and exceptional tax items	(1,335)	(2,060)
Adjusted profit after taxation	6,027	5,312

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

	2014	2013
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	98,044	95,639
– Dilutive effect of share options	5,434	7,535
– Diluted	103,478	103,174
The adjustments have the following effect:		
Basic earnings per share	0.4p	2.1p
Amortisation of intangible assets	4.1p	3.4p
Share-based payments	0.6p	0.8p
Imputed interest	0.0p	0.1p
Exceptional costs and impairments	2.4p	1.3p
Tax effect of the above adjustments and exceptional tax items	(1.4p)	(2.1p)
Adjusted earnings per share	6.1p	5.6p
Diluted earnings per share	0.4p	2.0p
Amortisation of intangible assets	3.9p	3.2p
Share-based payments	0.5p	0.7p
Imputed interest	0.0p	0.0p
Exceptional costs and impairment	2.3p	1.2p
Tax effect of the above adjustments and exceptional tax items	(1.3p)	(2.0p)
Adjusted diluted earnings per share	5.8p	5.1p

6 BUSINESS COMBINATIONS AND DISPOSALS

a) Doughty Media 2 Limited ("DM2")

During the year, YouGov acquired 100% of DM2 which owned 68% of CoEditor Limited, the company which developed the Opigram service and in which YouGov already owned a 30% shareholding. This acquisition was made in two stages: 40% was acquired in September 2013 and the remaining 60% in December 2013.

i) Acquisition of 40% shareholding in DM2

On 6 September 2013, YouGov plc purchased a 40% shareholding in DM2 from Freddie Sayers, an Executive Director of CoEditor Limited, for a purchase price of £497,000. £37,000 of this was paid in cash on completion, the remaining balance of £460,000 will be payable in YouGov shares in February 2015 contingent on Freddie Sayers' continuing employment of which £348,000 is also contingent on the achievement of certain performance criteria relating to the delivery of expected benefits arising from the incorporation of the Opigram technology within YouGov's online presence.

DM2 has a 68% shareholding in CoEditor Limited ("CoEditor") and following this purchase, YouGov's effective interest in CoEditor increased to 57% which constituted control.

The payment due in February 2015 has been discounted to a net present value of £456,000 resulting in a finance charge of £4,000 to be taken to the income statement over the earn-out period. All of this deferred consideration is contingent upon continuing employment and therefore will be treated as staff compensation under IFRS.

Professional fees of £30,000 were incurred during the year relating to the acquisition and in accordance with IFRS3 (revised) these professional fees have been expensed in the period in which they have been incurred.

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

	Fair value £'000
Intangible assets - software and software development	768
Property plant and equipment	15
Cash	12
Other working capital	(60)
Deferred tax liability	(62)
Net assets	673
Non-controlling interests	(11)
Attributable to owners of the parent	662
Goodwill arising on acquisition	569
Total consideration	1,231
Total consideration analysed as:	
Carrying value of investment in CoEditor	377
Re-measurement of the investment to in CoEditor to fair value	169
Fair value of existing investment in CoEditor	546
Settlement of existing loan	648
Cash	37
Total consideration	1,231

The gain of £169,000 on the re-measurement of the investment in CoEditor to fair value has been recognised in the Income statement as an exceptional gain in the year.

The goodwill is attributable to the benefits expected, in terms of data collection, panel recruitment and retention and new product opportunities, from the integration of the YouGov and Opigram websites.

Ownership and control passed to YouGov on 6 September 2013 and DM2 has been consolidated within the Group financial statements from that date. Since the acquisition DM2 has not contributed to Group revenue and has reduced Group adjusted operating profit by £232,000. If the acquisition had occurred on 1 August 2013 DM2 would have contributed £nil to Group revenue and would have reduced Group operating profit by £250,000.

ii) Acquisition of 60% Shareholding in DM2

On 20 December 2013, YouGov plc purchased the remaining 60% shareholding in DM2 from Stephan Shakespeare, an Executive Director of YouGov plc on the same terms and conditions agreed for the prior purchase of the 40% shareholding. The maximum purchase price will be £744,000, payable in YouGov shares in February 2015 contingent on Stephan Shakespeare's continuing employment, of which £521,000 is also contingent on the achievement of certain performance criteria relating to delivery of expected benefits arising from the incorporation of the Opigram technology within YouGov's online presence

As a result of this transaction YouGov's effective interest in CoEditor increased to 97%.

The payment due in February 2015 has been discounted to a net present value of £739,000 resulting in a finance charge of £5,000 to be taken to the income statement over the earn-out period. As this deferred consideration is contingent upon continuing employment it will therefore be treated as staff compensation under IFRS.

As a result of this treatment consideration for this purchase was £nil and the book value of the non-controlling interest at the transaction date was a deficit of £35,000. The difference of £35,000 has been reflected directly in reserves in accordance with IAS27 (revised).

b) Acquisition of Decision Fuel

On 9 January 2014, YouGov plc purchased a 100% shareholding in Decision Fuel ("DF"), an Asian based research and technology company with offices in Hong Kong, Shanghai and Singapore. The basic purchase consideration payable is the sum of six times the EBITDA of DF in the year ending 31 July 2016 and two times EBITDA (capped at 1.5 times 2016 EBITDA) in the year ending 31 July 2017 less any working capital funding provided by YouGov to DF prior to the end of the performance period. An initial payment of $1,000,000 (£608,000) was paid upon completion and the balance will be paid in two instalments in December 2017 and December 2018.

The payment due in 2017 and 2018 estimated to total $1.5m (£0.9m) approximately 97% of this deferred consideration is contingent upon continuing employment and therefore will be treated as staff compensation under IFRS.

Professional fees of £286,000 and loyalty bonuses of £75,000 were incurred during the year relating to the acquisition and in accordance with IFRS3 (revised) these costs have been expensed in the period in which they have been incurred.

The amounts recognised for each class of DFs' assets at the acquisition date are as follows:

	Fair value £'000
Intangible assets - software and software development	250
Property plant and equipment	5
Cash	(10)
Other working capital	(258)
Deferred tax liability	(9)
Net assets	(22)
Goodwill arising on acquisition	657
Total consideration	635
Total consideration analysed as:	
Deferred consideration	27
Cash	608
Total consideration	635

Ownership and control passed to YouGov on 8 January 2014 and DF has been consolidated within the Group financial statements from that date. Since the acquisition DF has contributed £192,000 to Group revenue and has reduced Group adjusted operating profit by £268,000. If the acquisition had occurred on 1 August 2013 DF would have contributed £290,000 to Group revenue and would have reduced Group operating profit by £393,000.

7 GOODWILL

	Middle East £'000	USA £'000	Nordic £'000	Germany £'000	CoEditor £'000	Asia Pacific £'000	Total £'000
Carrying amount at 1 August 2012	1,405	16,814	7,825	10,195	-	-	36,239
Exchange differences	44	523	857	1,137	-	-	2,561
Carrying amount at 31 July 2013	1,449	17,337	8,682	11,332	-	-	38,800
Additions through business combinations	-	-	-	-	569	657	1,226
Exchange differences	(143)	(1,713)	(792)	(1,031)	-	(18)	(3,697)
Carrying amount at 31 July 2014	**1,306**	**15,624**	**7,890**	**10,301**	**569**	**639**	**36,329**
At 31 July 2014							
Cost	1,306	15,624	7,890	12,585	569	639	38,613
Accumulated impairment	-	-	-	(2,284)	-	-	(2,284)
Net book amount	**1,306**	**15,624**	**7,890**	**10,301**	**569**	**639**	**36,329**

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 2014 impairment review was undertaken as at 31 July 2014. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of five years for each CGU, other than Germany, based on approved budget numbers. For Germany, more conservative projections were used as a result of recent performance, with approved budget numbers used for years one to three and EBITDA growth in years four and five assumed to be 5%.

Annual growth rates of 2.25% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are between10% and 17% (2013: between 10% and 17%). The compound average revenue growth rates assumed for each CGU were Middle East (1%), USA 13%, Nordic 8%, Germany 7% and Asia Pacific 111%.

8 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 2012							
Cost	9,051	8,238	4,702	2,973	218	548	25,730
Accumulated amortisation	(8,440)	(5,225)	(1,425)	(1,555)	(218)	(323)	(17,186)
Net book amount	611	3,013	3,277	1,418	-	225	8,544
Year ended 31 July 2013							
Opening net book amount	611	3,013	3,277	1,418	-	225	8,544
Additions:							
Separately acquired	649	852	-	11	-	247	1,759
Internally developed	-	1,811	-	-	-	68	1,879
Amortisation charge:							
Business combinations	-	-	(479)	(332)	-	-	(811)
Separately acquired	(422)	(624)	-	(2)	-	(104)	(1,152)
Internally developed	-	(1,300)	-	-	-	(17)	(1,317)
Exchange differences	49	16	143	89	-	11	308
Closing net book amount	887	3,768	2,941	1,184	-	430	9,210
At 31 July 2013							
Cost	10,142	10,983	4,963	3,197	232	900	30,417
Accumulated amortisation	(9,255)	(7,215)	(2,022)	(2,013)	(232)	(470)	(21,207)
Net book amount	887	3,768	2,941	1,184	-	430	9,210
Year ended 31 July 2014							
Opening net book amount	**887**	**3,768**	**2,941**	**1,184**	**-**	**430**	**9,210**
Additions:							
Business combinations	**-**	**1,014**	**-**	**-**	**-**	**-**	**1,014**
Separately acquired	**1,743**	**540**	**-**	**2**	**-**	**116**	**2,401**
Internally developed	**-**	**2,315**	**-**	**-**	**-**	**7**	**2,322**
Amortisation charge:							
Business combinations	**-**	**(169)**	**(464)**	**(324)**	**-**	**-**	**(957)**
Separately acquired	**(706)**	**(696)**	**-**	**-**	**-**	**(172)**	**(1,574)**
Internally developed	**-**	**(1,573)**	**-**	**-**	**-**	**(16)**	**(1,589)**
Exchange differences	**(85)**	**(46)**	**(271)**	**(87)**	**-**	**(17)**	**(506)**
Closing net book amount	**1,839**	**5,153**	**2,206**	**775**	**-**	**348**	**10,321**
At 31 July 2014							
Cost	10,917	14,106	4,485	2,907	210	969	33,594
Accumulated amortisation	(9,078)	(8,953)	(2,279)	(2,132)	(210)	(621)	(23,273)
Net book amount	**1,839**	**5,153**	**2,206**	**775**	**-**	**348**	**10,321**

9 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 2012						
Cost	1,463	384	1,951	919	73	4,790
Accumulated depreciation	(225)	(309)	(1,279)	(603)	(64)	(2,480)
Net book amount	1,238	75	672	316	9	2,310
Year ended 31 July 2013						
Opening net book amount	1,238	75	672	316	9	2,310
Additions:						
Separately acquired	-	2	328	66	15	411
Disposals	-	-	(3)	-	-	(3)
Depreciation	(49)	(17)	(378)	(89)	(6)	(539)
Exchange differences	37	4	17	18	1	77
Closing net book amount	1,226	64	636	311	19	2,256
At 31 July 2013						
Cost	1,449	376	2,439	1,018	74	5,356
Accumulated depreciation	(223)	(312)	(1,803)	(707)	(55)	(3,100)
Net book amount	1,226	64	636	311	19	2,256
Year ended 31 July 2014						
Opening net book amount	**1,226**	**64**	**636**	**311**	**19**	**2,256**
Additions:						
Business combinations	**-**	**-**	**16**	**4**	**-**	**20**
Separately acquired	**-**	**447**	**400**	**134**	**67**	**1,048**
Disposals	**-**	**-**	**(1)**	**-**	**(12)**	**(13)**
Depreciation	**(59)**	**(35)**	**(428)**	**(92)**	**(17)**	**(631)**
Exchange differences	**(119)**	**(8)**	**(37)**	**(24)**	**(3)**	**(191)**
Closing net book amount	**1,048**	**468**	**586**	**333**	**54**	**2,489**
At 31 July 2014						
Cost	1,305	799	2,443	1,100	72	5,719
Accumulated depreciation	(257)	(331)	(1,857)	(767)	(18)	(3,230)
Net book amount	**1,048**	**468**	**586**	**333**	**54**	**2,489**

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 2014 or 2013 has been pledged as security against the liabilities of the Group.

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

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 31 July 2013						
Cost	-	-	59	35	-	94
Accumulated depreciation	-	-	(4)	(4)	-	(8)
Net book amount	**-**	**-**	**55**	**31**	**-**	**86**
At 31 July 2014						
Cost	-	-	54	31	-	85
Accumulated depreciation	-	-	(14)	(6)	-	(20)
Net book amount	**-**	**-**	40	25	-	65

10 TRADE AND OTHER RECEIVABLES

	31 July 2014 £'000	31 July 2013 £'000
Trade receivables	**13,547**	13,564
Amounts owed by related parties	**-**	205
Loans to related parties	**-**	646
Other receivables	**786**	620
Prepayments and accrued income	**7,584**	8,066
	21,917	23,101
Provision for trade receivables	**(230)**	(150)
	21,687	22,951

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

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

As at 31 July 2014, trade receivables of £6,081,000 (2013: £8,750,000) and amounts owed by related parties of £nil (2013: £205,000) 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 2014 £'000	31 July 2013 £'000
Up to three months overdue	**4,206**	4,959
Three to six months overdue	**960**	1,636
Six months to one year overdue	**603**	2,060
More than one year overdue	**312**	95
	6,081	8,750

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

	2014 £'000	2013 £'000
Provision for receivables impairment at 1 August	**150**	120
Provision created in the year	**201**	128
Provision utilised in the year	**(109)**	(105)
Exchange differences	**(12)**	7
Provision for receivables impairment at 31 July	**230**	150

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 64 days (2013: 68 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 (2013: greater than £250,000)) represent 26% of trade receivables (2013:17%).

At 31 July 2014, £474,000 (DKK 4.5m) (2013: £544,000 (DKK 4.6m)) of the trade and other receivables of YouGov Nordic and Baltic A/S were used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S.

11 TRADE AND OTHER PAYABLES

	31 July 2014 £'000	31 July 2013 £'000
Trade payables	**3,102**	1,991
Accruals and deferred income	**12,252**	11,965
Other payables	**2,176**	2,279
	17,530	16,235

The average length of time taken by the Group to settle payables is 44 days (2013: 31 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

12 CONTINGENT CONSIDERATION

	Clear Horizons £'000	Harrison Group £'000	Definitive Insights £'000	Decision Fuel £'000	Total £'000
At 1 August 2012	306	1,114	939	-	2,359
Settled during the year	(377)	(1,126)	(520)	-	(2,023)
Provided during the year	70	-	102	-	172
Released during the year	-	(16)	(19)	-	(35)
Discount unwinding	-	25	33	-	58
Foreign exchange differences	1	3	16	-	20
Balance at 31 July 2013	-	-	551	-	551
Included within current liabilities	-	-	301	-	301
Included within non-current liabilities	-	-	250	-	250
Settled during the year	-	-	(314)	(18)	(332)
Provided during the year	-	-	92	189	281
Discount unwinding	-	-	18	1	19
Foreign exchange differences	-	-	(49)	(3)	(52)
Balance at 31 July 2014	**-**	**-**	**298**	**169**	**467**
Included within current liabilities	-	-	298	-	298
Included within non-current liabilities	-	-	-	169	169

13 NEW LONG TERM INCENTIVE PLAN ("LTIP")

The Company believes that share ownership by Executive Directors strengthens the link between their personal interests and those of the shareholders in respect of shareholder value. It therefore established a Long Term Incentive Plan ("LTIP") in 2009, designed to reflect an individual manager's contribution to long term value creation and this has been in operation up to and including the year ended 31 July 2014. The Remuneration Committee has recently approved a new Long Term Incentive Plan ("New LTIP") for the Group's directors and senior managers, which takes effect from 1 August 2014.

The new LTIP is designed to reward the participants for the achievement of highly demanding EPS growth targets over the five-year period ending 31 July 2019. These targets are significantly higher than those which are in place under the current LTIP.

The participants will be the three Executive Directors and a small group of senior managers (up to 15) whom the Board considers have a key role to play in the delivery of YouGov's strategic plans. The current three year LTIP is much broader in scope and includes some 50 managers. A separate new deferred bonus plan will be established for those managers not participating in the new LTIP. This deferred bonus plan will deliver a portion of their (enhanced) annual bonus in shares which must be retained for a period of two years and are subject to continued employment.

Awards under the new LTIP will be made in the form of nil-cost options as in the current LTIP. The maximum total number of shares to be awarded to each participant will be set based on their salary in the year ended 31 July 2015 and the share price at the start of the plan. These awards will be granted in three equal tranches over FY15 to FY17. Receipt of an award in each of those years will be dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year.

Vesting of awards will depend on the company achieving stretching targets relating to compound growth in adjusted earnings per share ("EPS") over the five years ending 31 July 2019 and on improvement in its operating margins.

The 5 year compound growth EPS targets and proportion of awards vesting at each level are set out in the table below. As this shows, annual EPS growth over the five year period has to exceed 10% in order for any LTIP shares to vest.

5 Year EPS CAGR	% of Award vesting
Below 10%	Nil
10%	15%
15%	30%
25%	100%

Vesting is also subject to YouGov's average adjusted operating margin being at least 12% over the five year period. This compares with the expected average of 10 % achieved in the five years ending 31 July 2014. This is designed to focus management's attention on improving the underlying profitability of the business, in line with its five year plan. If this underpin condition is not achieved, the shares awarded will not vest. If it is met, then the five year EPS growth performance will be assessed against the targets set out in the table above.

The new awards (which cover five years) will be made at varying levels to directors and senior managers in terms of percentage of annual salary, ranging from:

Role	Maximum cumulative award after 5 years as % of salary in FY15[(1)]	Maximum No of shares awarded to be granted in three tranches from FY15 – FY17 [(2)]
CEO	**850%**	**2.1 million**
Executive Directors	**500%**	**1.67 million**
Senior Managers	**Between 150% and 250%**	**3.33 million**

Notes
1. The award levels as a percentage of salary are indicative and may be varied by RemCo.
2. The maximum number of shares awarded is based on salaries as at 1 October 2014 and an assumed share price of £1.20 at the start of the plan and thus may also vary.

The CEO will be entitled to an enhanced award if the share price grows by more than 200% over the five year period. This additional award (the face value of which equates to 255% of salary) will give the CEO the opportunity to earn a total share award of 1105% of his annual salary if both the EPS and share price growth targets are achieved in full and he achieves the goals set for the grant of his personal award.