

YouGov[®]

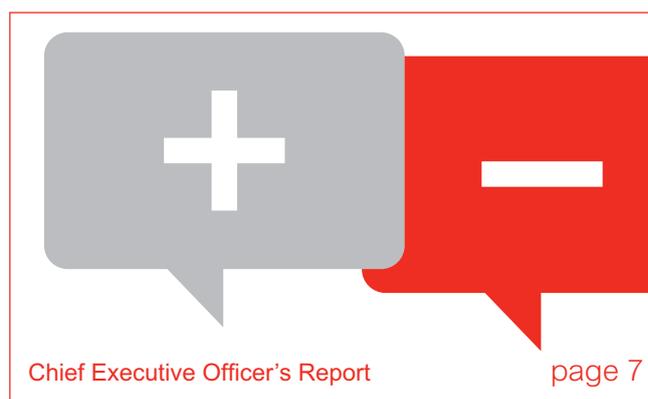
What the world thinks

Annual Report and Accounts 2010

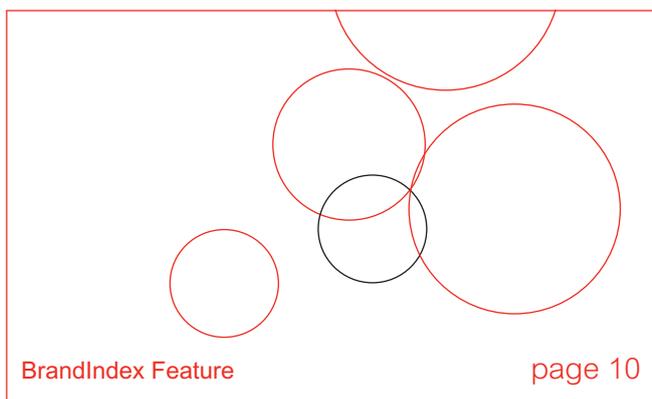


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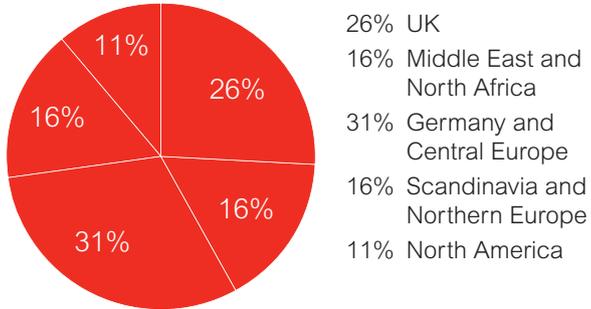


YouGov is the authoritative measure of public opinion and consumer behaviour. It is YouGov's ambition to supply a live stream of continuous, accurate data and insight into what people are thinking and doing all over the world, all of the time, so that companies, governments and institutions can better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



YouGov at a Glance

Revenue by Region



We have a panel of

2.5m

people worldwide



Adjusted operating profit increased by

22%

2010: £3.8m
2009: £3.1m



Increase in cash

20%

2010: £15.6m
2009: £12.7m

Our Clients



YouGov

Region: UK

Offices	London
Revenue	£11,681,000
Panel size	338,300
Number of employees	96

YouGovZapera

Region: Scandinavia and Northern Europe

Offices	Copenhagen, Helsinki, Malmö, Oslo, Stockholm
Revenue	£6,953,000
Panel size	129,600
Number of employees	62



YouGovPolimetrix

Region: North America

Offices	Palo Alto, New York, Waterbury, Princeton, Washington
Revenue	£4,703,000
Panel size	1,747,000
Number of employees	37

YouGovSiraj

Region: Middle East and North Africa

Offices	Dubai, Dammam, Jeddah, Riyadh
Revenue	£7,210,000
Panel size	214,000
Number of employees	52

YouGovPsychonomics

Region: Germany and Central Europe

Offices	Cologne, Berlin, Vienna
Revenue	£13,687,000
Panel size	81,610
Number of employees	156

Highlights

Operational Highlights

- Strong performance in the UK and the USA
- Successful turnaround in Scandinavia
- Focus on innovation – successful launches of SixthSense reports business, TellYouGov platform, daily polling for UK General Election
- Global BrandIndex revenue up by 53%
- US acquisitions accelerate growth of US commercial market research business
- Development of real-time research products continues with new launches expected this year

Key Financials

Turnover **£44.2m**
(2009: £44.3m)

Adjusted operating profit¹ **£3.8m**
(2009: £3.1m)

Operating cash generation **£4.9m**
(2009: £5.3m)

Reported operating loss **£9.6m**
(2009: £1.0m)
after: – amortisation of intangibles £3.7m (2009: £3.1m)
– goodwill impairment charge £7.9m
– exceptional items of £1.8m (2009: £0.6m)

Adjusted profit before tax² **£4.0m**
(2009: £3.9m)

Reported loss before tax **£9.6m**
(2009: £0.7m)

Adjusted earnings per share³ **2.5p**
(2009: 2.7p)

Balance sheet remains strong – net cash increased to £15.6m at 31 July 2010
from £12.7m at 31 July 2009

Operating cost savings achieved **£2.5m**

Key Performance Indicators

Turnover (£000)

2010	44,234
2009	44,322
2008	40,390
2007	14,303
2006	9,472

Adjusted Operating Profit (£000)

2010	3,776
2009	3,086
2008	8,695
2007	5,620
2006	3,862

Average Headcount

2010	420
2009	431
2008	402
2007	76
2006	42

Revenue Per Head (£000)

2010	105
2009	103
2008	100
2007	188
2006	226

Adjusted Earnings Per Share (p)

*(restated for the 5:1 share split on 18 April 2007)

2010	2.5
2009	2.7
2008	9.1
2007	6.4
2006*	4.5

1 Adjusted operating profit is defined as Group operating profit before amortisation of intangibles, impairment charge and exceptional items (and in 2009, after adding back one-off costs associated with the integration of acquired entities).

2 Adjusted profit before tax is defined as adjusted operating profit plus net finance income and share loss of joint ventures.

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

Chairman's Statement



Roger Parry

In the year ended 31 July 2010, YouGov has made good progress in terms of strengthening our Company's operations and developing new services for our customers.

The Group's management has achieved all of the goals which the Board set for them at the start of the period, in particular that of improving operating profitability.

Consistent with this and as anticipated, the second-half performance was stronger than the first both in revenue and profit terms. We also maintained our strong cash generation in the full year. This was all achieved against the background of continued economic uncertainty.

Financial Results

Revenue for the financial year of £44.2m was at the same level as last year, although the second half year saw an increase of 5% compared with the prior year. This reflected a mixture of success at winning new work, especially in the UK and USA, offset by the expected reduction in spend by some established clients, notably in the Middle East. With continued tight control of operating costs, we have been able to increase adjusted operating profit for the year by 22% to £3.8m. The cash generated from operations totalled £4.9m, representing a profit conversion rate of 130% and our cash balance increased by £2.7m in the year to £15.6m.

Adjusted profit before tax was £4.0m (2009: £3.9m) although there was a reported loss before tax in the year of £9.6m (2009: £0.7m) after charging amortisation, impairment and exceptional costs totalling £13.4m. These comprised amortisation of intangibles of £3.7m, exceptional costs of £1.8m and a goodwill impairment charge of £7.9m relating to our German subsidiary.

Organic Development and Acquisitions

When YouGov was founded in 2000 it was a pioneer of internet research techniques. As the use of online data collection methods has become more widely adopted, YouGov's priority has been to invest in the development of new market research techniques and technologies. We expect that this will lead to further revenue growth as we roll out new and more effective research services.

As a result of the actions taken during the last year, YouGov now has a more consistent approach across all of its operating hubs which should provide a solid base for future growth in profits, especially through continued improvement in operating margins.

Going forward, the Board is focused on using the successful core UK business as the model for expansion internationally which will be largely organic. We now have the technology platform in place which we believe will enable us to serve customers in new geographic markets and are rolling out our products to meet demand. We will, however, continue to consider the selective acquisition of businesses that strengthen our existing operations and from which we can derive further benefits of scale.

Chairman's Statement continued

This is exactly what we have done in the past year in the USA which we regard as our highest potential growth market having demonstrated the quality of our panel, methodology, and technology. We purchased Clear Horizons in Princeton, New Jersey in April 2009 which has proved to be a very successful acquisition, leading to good new client wins. Consistent with this approach, we completed in August (after the end of the current reporting period) the acquisition of Harrison Group, based in Waterbury, Connecticut, which further enhances our US corporate research offering. The Board believes that these businesses, combined with YouGovPolimetrix (our first US acquisition in 2007), will provide us with a strong base from which to continue to expand in the USA. The transaction terms are structured conservatively so as to help ensure sustainable growth and our management team has undertaken extensive work to plan and execute the successful integration of the American businesses.

Board and Management

In February 2010, Nadhim Zahawi, the co-founder and Chief Executive Officer of YouGov, was adopted as the Parliamentary candidate for Stratford-on-Avon. He won the seat in the subsequent General Election, at which point he stood down as a Director of YouGov.

Stephan Shakespeare, YouGov's co-founder and Chief Innovations Officer who had been joint Chief Executive Officer until 2005, took over as sole CEO with effect from April 2010. Stephan has placed increased focus on aligning all of the hubs with the original core strengths of YouGov and building on these to deliver strong organic growth. He has also continued to drive YouGov's innovations in research methods and technology so as to deliver more new products into the market.

On behalf of the Board and shareholders, I would like to thank Nadhim for his entrepreneurial energy and his role with Stephan in taking YouGov from a start-up to becoming one of the world's best known and most respected market research companies in the space of ten years. We wish him well in his new political career.

In August 2010, we appointed a new Non-Executive Director, Ben Elliot, who is the founder of Quintessentially and will bring additional international, entrepreneurial and leisure sector expertise to the YouGov Board.



Roger Parry
Chairman

11 October 2010

Chief Executive Officer's Report for the year ended 31 July 2010



Stephan Shakespeare

YouGov has begun the next phase of its development, having fixed significant problems, clarified its strategy for growth, and developed new research products to drive the Group forward. The actions taken have resulted in a 22% growth in adjusted operating profits during the last financial year.

In the last year, our UK business delivered an impressive performance growing revenue and profits and taking operating margins back to over 27%. We have brought the Scandinavian business back into profit as anticipated at the half year. In the USA, we continued to make good headway with BrandIndex, and have acquired a company whose commercial market research expertise significantly strengthens our offering and will make fuller use of the "engine" (i.e. the panel and the technology) that we have built there. In the Middle East we have appointed the head of our UK products business as CEO to reinforce the focus of the local business on the online quantitative work best suited to our methods. In Germany, the online products business is growing well and we have begun to re-engineer the processes in the custom business utilising the Group's technology platform. However, progress towards higher profitability in Germany has been slower than hoped.

We have streamlined operations and strengthened the Group-level leadership of our business units, which allows us to implement our strategy more effectively and capitalise on the strength of our methodology and significant investment in technology. Because we have recognised – and addressed – the areas which needed improvement, we have set a clearer strategy for growth and laid the foundations for its delivery.

It is significant that the parts of our business that have continued to grow even in the recession are those which are closest to YouGov's original and core offering. Replicating this in other markets is now our strategic priority.

When YouGov was pioneering internet-based research some ten years ago, the principal benefits were lower costs and greater speed. Online is now accepted as the way to do research and as the pace of change and innovation in communities and markets speeds up, companies are increasingly coming to us for continuous data and analysis to steer their own development in the face of that demanding environment. YouGov's rich panel-derived data, reported and analysed in real time, is ideally suited to that challenge. Because our techniques of panel management and data analysis have become more sophisticated, we are now in a position to really "take the pulse" of opinion through constant interaction. The initial response to these developments from our large research clients has been very positive.

One of the early examples of this was the recent General Election in the UK where we conducted polling on a daily basis on behalf of News International. This gave an extremely accurate indication of voting intention as was evidenced by the fact that YouGov was the first polling company to report that the probable outcome would be a hung parliament and the first to report the extraordinary success experienced by the Liberal Democrat Party in the televised debates. Also in this context, we have started to embrace the technology of Twitter and the greatly increased penetration of smartphones to allow panellists to volunteer their instant opinions on a wide range of issues through our TellYouGov website.

Building on this, we have been developing some new products which will shortly come to market, as well as enhancing existing ones. For example, we have been collaborating with Bloomberg to provide reports and research data products to the investment community and expect the first outputs to be issued in October 2010. We are also aligning our custom research to make better use of the strengths of our methodology and real-time research products.

Our position as a media brand is important to YouGov not only because of the visibility it creates for clients, but because it also enriches the experience of being on the YouGov panel – and our sophisticated panel technology lies at the core of our research offering and our growth strategy.

Chief Executive Officer's Report for the year ended 31 July 2010 continued

It is therefore pleasing to report that not only has our dominance in the UK public culture continued to develop with daily polling and a series of new trackers and methods, but our recognition as a quality research brand has also grown in other countries, with significant media relationships now in place in the USA, Middle East, Germany and Scandinavia.

Current Trading and Prospects

The momentum seen in the second half has continued into the current year and trading is in line with the Board's expectations. We expect our UK business to continue its good performance and to see further growth in the USA supported by our recent acquisitions. Our Scandinavian business expects to build on its second half performance through the coming year. Our Middle East business will maintain its strategy of growing locally generated business. Germany is expected to benefit from the continued growth in the online products business and the actions being taken to improve profitability.

There is greater optimism in the research market generally and revenues from new products are coming through as expected. This coupled with the positioning of the YouGov platform and the strength of our balance sheet gives the Board confidence in the future.

Review of Operations

UK

Our UK business improved operating profits by 70% on revenues which were 9% higher than the prior year. It achieved revenues of £12.1m, which increased by £1m compared to the year ended 31 July 2009. Operating profits improved significantly to £3.4m as did the operating margin, up from 18% to 28%. This excellent profit performance reflected the benefits of last year's restructuring of the custom business which improved the effectiveness of the sector-based teams as well as reducing their costs. Revenue growth reflects additional contributions from our products business, notably our market-leading Omnibus service which expanded its international and UK regional coverage and grew revenue by 12% and from polling for the UK General Election. Our sector-based client teams have also been extending their client base winning significant projects from clients such as the Office of Fair Trading and

Pfizer and as well as renewing major contracts with clients such as Asda, Costa Coffee and News International.

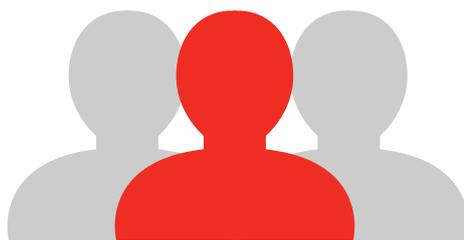
An important new business development this year was the launch of SixthSense, our new business intelligence service that provides in-depth reports on a range of sectors drawing on YouGov's primary research data as well as other specialist data sources and expert views. Sales began in the second half of the year and are expected to grow significantly next year with over 108 report titles covering 36 topic areas already available. This investment is expected to become cash positive in the first quarter of the year ending 31 July 2011.

Middle East

In the Middle East, overall revenues were 14% lower at £7.2m compared to £8.4m in the previous year and operating profits were £1.4m, compared to £2.8m. This was due to the expected reduction in revenue from a major long-term contract which fell by £1.9m. Importantly, locally generated business grew by 30% showing that our strategy of investing to build this up is bearing fruit. This business now represents 40% of the overall Middle Eastern revenue. A key aim has been to grow our online services in the region and to this end Sundip Chahal, formerly head of our UK products business, was appointed as CEO of the Middle East business in April 2010. We also re-organised the local team so as to focus resources on key growth areas. This reduced the headcount by nine and the cost base by £0.5m annually. An enhanced regional Omnibus service is now available and BrandIndex which was launched in August 2009 has grown sales well. The strength of our regional online panel was demonstrated by the recent announcement of a contract to provide pioneering weekly polling for Al Aan TV a pan-regional, Arab language broadcaster. Our Saudi Arabia operation grew revenue by 60% and we have also begun to generate commercial research sales revenue in Iraq.

Germany

Revenues in our German business were £13.8m, 7% lower than the prior year figure of £14.8m. In part this reflected the closure of the Austrian research operation which had been loss-making. However, the new online products business nearly doubled its revenues reflecting the successful growth of the new daily Omnibus service launched in September



2009 as well as continued growth of BrandIndex sales. Following YouGov's original model, a partnership has been established with Bild, one of Germany's leading daily newspapers, which has provided valuable media exposure to help build awareness of YouGov and the benefits of online methods in Germany. This reflects our objective of replicating our successful UK model in other markets. The custom research side of the business has been broadening its sectoral spread and has gained significant new clients such as BMW, Fujitsu Siemens and Sanofi-Aventis. This adds to its strength in retail banking and insurance (where clients include Axa, Zurich Insurance and a number of regional banks). Operating costs were reduced by £0.8m compared to the previous year, but after a promising first half, profitability in the second was disappointing due in part to lower than expected gross margins resulting from a high proportion of external data collection costs for some large projects. Thus, operating profit for the full year was £0.4m compared to £0.7m in the year to 31 July 2009.

We are expecting further significant growth in the online products area in the coming year and in the custom business we are re-engineering the business processes based around the Group's technology so as to improve efficiency and increase operating margins. Although corrective actions are being taken, the impact of the trading performance has been judged to be sufficiently severe to indicate impairment to the carrying value of our German subsidiary. An impairment charge has therefore been made to reduce the value of goodwill and intangible assets.

Scandinavia

The measures taken in November 2009 to turn around our Scandinavian business were successful and as expected it was sufficiently profitable in the second half to offset the losses in the first half. As a result, it achieved a small profit for the full year of £0.1m on revenues of £7.0m which were 6% lower than the prior year. We believe that this pan-regional business whose research is entirely online is now structured so as to achieve good margins for its market. We are also continuing to increase regional revenues from YouGov's products such as BrandIndex which has a number of local clients and Omnibus which was launched there this year. The business's main strengths are in the food and drink sector, with clients such as

Coca-Cola and Procordia and major clients in other sectors this year included Danske Bank and Sony Ericsson.

USA

As expected, our US business grew revenue by 39% to £4.8m and more than doubled operating profit to £0.5m following a strong performance in the second half of the year reflecting a number of significant project wins. We have been successful in our key aim of growing the share of commercial (i.e. non-political or academic) revenue which rose by 86% in the year. This includes the new Marketing Insights division (acquired as Clear Horizons LLC in April 2009) which met its first year earn-out target and whose acquisition has helped the US business to win more complex commercial research projects. BrandIndex has also contributed to this growth by doubling its revenues and winning new clients such as Domino's Pizza and Pepsico. It is helping to build YouGov's reputation for innovation in the US market and its value as a unique source of daily data on brand reputation is now being recognised in influential US media such as the Wall Street Journal and New York Times.

We continue to expand the range of services offered in the USA and recently launched HospitalIndex, a new syndicated product which gives healthcare providers a measure of consumers' attitudes and perceptions towards an area's hospitals. Its early sales performance has been encouraging.

The acquisition of Harrison Group which was completed after the period end is a further step in the process of scaling up our commercial market research business in the USA. As well as bringing an excellent client list and innovative syndicated products such as its Survey of Affluence and Wealth in America and the newly released American Pantry study, it adds a team of 35 significantly enhancing our capabilities and more than doubling our US revenue base. The acquisition is expected to be earnings enhancing in the first full year following completion.



Stephen Shakespeare
Chief Executive Officer
11 October 2010



BrandIndex

BrandIndex, YouGov's flagship brand intelligence service, tells our clients exactly what the world thinks of their brands. It provides the most up to date information available on thousands of global and regional brands around the world. This has multiple uses whether for measuring the effectiveness of the latest advertising campaign or new product launch, assessing the impact of a major crisis or keeping a careful eye on competitors.

BrandIndex data is frequent (updated daily) and it is representative of the population as a whole. Clients can therefore be confident in the accuracy of the BrandIndex data on which to base their decisions. Our growing client roster attests to this. We are proud to have recently welcomed such world renowned brands as Yahoo!, Marks & Spencer, LG, Starbucks and Toyota to BrandIndex.

YouGov's consumer panels and cutting edge proprietary technology are at the heart of BrandIndex and fuel all of our research. They enable us to engage in ongoing conversations with our panellists and to deliver precise and relevant results to our clients. For example, clients can now filter BrandIndex data based on key behavioural attributes. Examples include consumers who are in the market for a

new car, or who have eaten at a fast-food restaurant in the past month. This major enhancement to BrandIndex, while appearing a simple one, is a true game changer. It gives clients the benefit of a virtually customised and more valuable data for the price of a syndicated service.

Advertising and Media agencies are increasingly using BrandIndex to provide them with an independent evaluation of the impact of marketing communications and brand management initiatives. The world's best agencies can use it to plan for and deliver more effective campaign results and prove the value of their work to their clients. Starcom, BSSP, Razorfish, Hill Holiday and Mullen are all top tier agencies who have become BrandIndex clients in the past year, joining industry leaders such as Universal McCann, OMD and Mediacom, who were early supporters of our service.

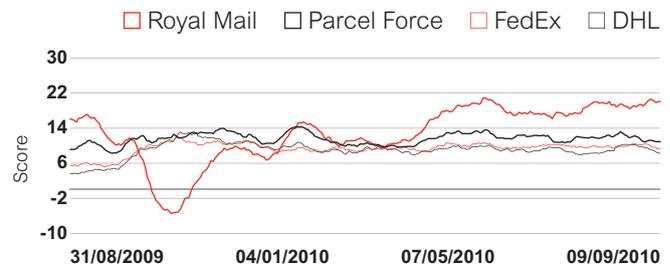
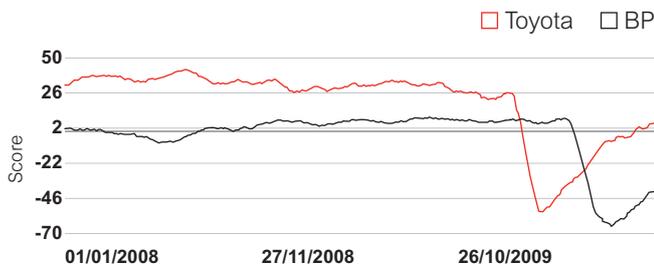
BrandIndex is also increasingly cited among business commentators. The Wall Street Journal, The New York Times, Handelsblatt, Brand Week, Advertising Age and Marketing Week are just some of the world leading business publications that regularly reproduce BrandIndex data. These press relationships give BrandIndex data significant exposure to business leaders and decision makers.

BP and Toyota

BrandIndex can be leveraged to put a crisis in context. 2010 saw significant PR crises for both Toyota (which had to announce a major recall due to issues with the accelerator in several models) and BP (who had to deal with a leaking oil well miles below the ocean floor). Because BrandIndex tracks such a large number of brands, and has been doing so for several years now, our data gives companies the advantage of being able to put situations in the right context and very quickly determine the challenge that may lie ahead for them. Here the drop in BP's buzz score closely mirrors the drop in Toyota's buzz score, and the recovery periods and trajectories also appear to be similar.

Royal Mail

Following worker strikes in October 2009, which threatened to disrupt Christmas deliveries, Royal Mail sought to reassure consumers with a major advertising and public relations blitz. Analysis shows that a combination of the full page adverts in the national press directly targeting their employees to break the picket lines, the reassuring "Delivering Christmas For You" campaign, and the campaign designed to attract advertisers to use tailored and targeted direct mail campaigns increased Royal Mail's buzz and overall Index scores to pre-strikes levels. Royal Mail has since gained a strong positive momentum.



Start date	01.01.2008
End date	22.09.2010
Scoring	Standard
Moving average	6 weeks

Start date	31.08.2009
End date	10.09.2010
Scoring	Standard
Moving average	2 weeks

Since April 2010, all YouGov's BrandIndex markets utilise our common global technology platform for data collection, processing and reporting. This investment has made BrandIndex even more attractive to multinational clients who can now compare their brands across markets on an "apples to apples basis", using the same metrics, in a single reporting tool.

"There is probably no other mechanism available" for the intensive daily results like those that BrandIndex seeks to generate, says Michael Brick, Vice President of Westat, a company that conducts polls for the US government.

Online Polling, Once Easily Dismissed, Burnishes Its Image, The Wall Street Journal, 7 August 2010.

This is another simple concept which delivers huge benefits, while it is complex to orchestrate in a way which is unique among research data supplies. Our technology platform also enables us to extend the reach of BrandIndex to more geographies, quickly and economically. We are

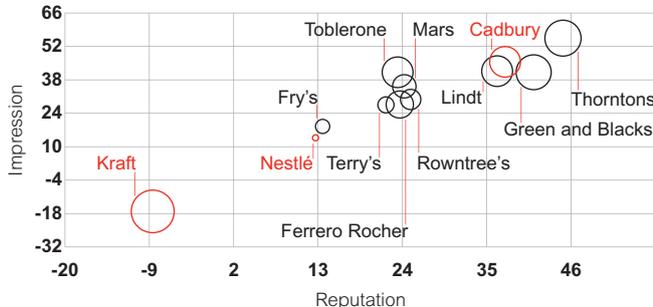
currently working with our multinational clients to prioritise the expansion opportunities.

Our focus on delivering value to our clients has enabled us to grow the BrandIndex business substantially this year, and we expect further substantial growth in the coming year. We also plan to use our new TellYouGov capability, through which panellists can volunteer unprompted opinions, as a way of providing a statistically valid representation of social media "noise". This also enables clients to drill behind the numbers for qualitative opinions that help to explain the quantitative scores. We will also continue to enhance the reporting and analytics capabilities of the BrandIndex platform. This includes new modules focused on key client activities such as building a media plan, evaluating an ad campaign or forecasting the results of a campaign. These will make it even easier for our clients to integrate BrandIndex into their day-to-day operational activities.

Global BrandIndex revenue has increased by 53% in the last year.

Kraft/Cadbury

During the fourth quarter of 2009, Kraft pursued Cadbury as an acquisition target. Cadbury rejected Kraft's initial offer in September 2009, but eventually accepted a sweetened offer in January 2010. As a consequence, amongst UK consumers, the Kraft brand suffered serious perception issues to its underlying measures of brand health. Cadbury has fared better, although its BrandIndex buzz score was very negative at the time it accepted Kraft's offer.



Region	UK
Sector	Chocolate
Scoring	Standard
Moving average	2 weeks
End date	01.02.2010

SixthSense

SixthSense is a brand new YouGov product, which provides comprehensive market intelligence in the form of written reports that are packed with original consumer research data and analysis supplemented by data on market sizes, brand analysis, competitive benchmarking, company profiles and market forecasts. While market reports are not a new concept to the industry, SixthSense takes the format to a new level by harnessing core YouGov strengths.

SixthSense reports are updated frequently, not just once per year. They are delivered through a sophisticated online platform that enables us to update the market intelligence immediately in response to changes in the market or in consumer behaviour, opinions or attitudes. Our reports are designed to enable businesses to base their decisions on the most current market intelligence. SixthSense effectively enables YouGov to provide clients with answers before they ask the questions.

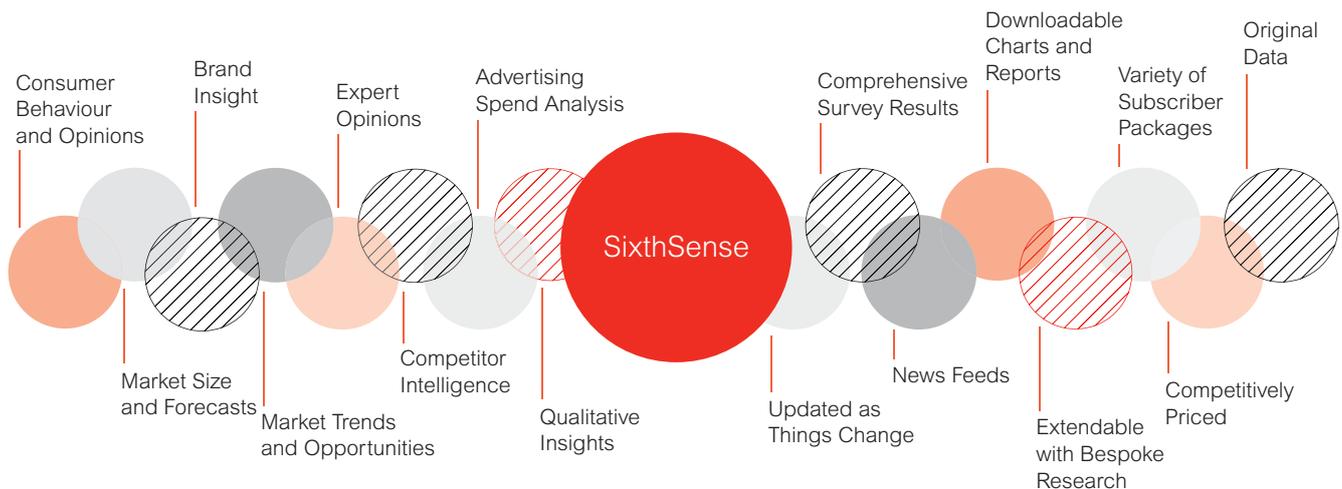
As we collect original data through our proprietary panel, we are able to pack SixthSense reports with many times the amount of new consumer research that can be found in a typical report available from other providers. Thus much of the research presented in SixthSense reports is unique to them.

SixthSense reports are not just packed with data. Our highly qualified expert analysts use this data to provide insights, comment, opinion and advice on current market trends and conditions. Our reports help clients to understand the key trends in a market, assess how these might affect their business and evaluate possible strategies. For example, our reports can be used to calculate market share, analyse key brand health indicators and identify opportunities for product innovation and development.

Since launching SixthSense in the UK in March 2010, we have produced over 100 reports covering numerous topic areas with the Food & Drink, Retail, Finance, Technology, Leisure and Healthcare sectors. During the next year our reports portfolio will grow significantly both by the addition of more specialist reports within the sectors already covered and by extension of our coverage to more industry sectors (including Automotive, Energy and Travel) and eventually to new geographies.

SixthSense is already attracting clients who are new to YouGov UK such as Heinz, Estée Lauder, McCain, Bosch, UBS and Diesel. Its services will help to extend YouGov's client relationships as many users may require more in-depth bespoke research (qualitative or quantitative) which can be fulfilled either by our daily Omnibus service or by our sector-based research and consulting teams.

The SixthSense Offering



Our Hubs



Tim Britton
CEO
YouGov UK

“YouGov dominates media polling and has been the most quoted research company in the UK since 2005.”

Source: Meltwater
(web and print media)

Business Overview

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

The UK business achieved revenues of £12.1m in the 2010 financial year. This represented a 9% increase compared to the previous year. Most importantly, the operating profit for the UK grew by 70%. As well as reflecting revenue growth, this substantial increase in profitability was due to the measures we took to restructure the business and reduce costs in the previous financial year.

Review of 2009/10

This year, our Omnibus service continued to grow with the new international services generating a significant amount of new business. The sector-focused research division developed its reputation further and added new clients such as Pfizer and the Office of Fair Trading. We also launched SixthSense, a significant new business reports service (which is described in detail on page 12 of this review).

Plans for 2010/11

YouGov's brand is already well recognised in the UK and we will continue to leverage this to increase our market share. We will continue to grow our data products business with SixthSense adding reports to our suite of services. We also plan to commercialise our innovative TellYouGov service whose early trials have proved the readiness of our panellists to offer their opinions unprompted so as to provide a way of evaluating the social media “noise” both quantitatively and qualitatively. Our sector specialist consulting teams will continue to focus on winning more projects in which YouGov's core capabilities of data accuracy, speed and online reporting uniquely address clients' strategic research needs. In the public sector, we believe that the forthcoming budget cuts may help to accelerate the move to more cost-effective (and in our view more accurate) online methods from which YouGov's is well placed to benefit. In local government, our new YouChoose web service, launched in September 2010 in collaboration with the London Borough of Redbridge, has already begun to demonstrate how authorities can obtain public opinion rapidly and achieve greater transparency in decision-making.

Qualibus



YouGov's Omnibus service is a cost-effective way of obtaining quantitative research findings, fast. By offering multiple clients the ability to ask questions on the same survey and to receive the results usually within 48 hours, Omnibus has become the UK market leader in the provision of rapid, accurate and cost-effective market data and insight.

Qualibus is our new additional service that provides qualitative insight using the same fast and cost-effective, approach. It works by placing open-ended questions on Omnibus surveys. The results are analysed by our qualitative team who deliver their analysis to clients alongside the quantitative Omnibus data. This gives YouGov a big advantage compared to traditional qualitative test messaging which can take weeks and is often considerably more expensive.

British Gas recently wished to understand which words and phrases most clearly resonated with consumers as being associated with their brand. In addition to providing British Gas with a quantitative assessment based on Omnibus data, this was paired with Qualibus insights to help them to understand what consumers felt different statements said about British Gas, and why. This was all completed within three days.

“This was invaluable in giving us the insights behind our numbers. We were able to understand very quickly why consumers felt the way they did.”

British Gas Executive

YouGovStone

YouGovStone, based in the UK, is a specialised opinion research company, a joint venture between YouGov plc and Carole Stone. YouGovStone has developed Carole's highly successful networking business to create its own international panel of over 5,000 opinion leaders – “the influentials”. This ThinkTank provides clients with detailed insights into what opinion leaders think about key issues of the day. YouGovStone frequently holds debates based on its research. Clients include global businesses, as well as governments and voluntary sector organisations. Last year Carole established TheStoneClub, an invitation-only, part social, part business club. Club events bring members together with leading business, political and media experts to discuss current issues of concern.

Our Hubs continued



Sundip Chahal
CEO
YouGovSiraj
Middle East and North Africa

Business Overview

YouGovSiraj is the Middle East region's most quoted research company and our brand is trusted for its impartiality and accuracy. Our online panel of 214,000 members covering 14 countries, with whom we conduct research both in Arabic and English, is one of the strongest in the region. As well as establishing online research in the Middle East, our reputation has been built upon quality of expertise and research and the understanding of the local market gained through our staff's many years of experience in the Arab world.

"YouGovSiraj speaks the language and understands the cultural and socio-political context of its panel of over 214,000 members and this allows us to represent them, their opinions and their needs, with confidence."

Review of 2009/10

We continued to be at the forefront of online development with the launch of our enhanced Omnibus service in the region and the growth of the regional BrandIndex which has continued to gain new clients, especially within the banking sector. The broad spread of our activities across the region meant that economic conditions in our home base of Dubai were not a significant factor and we grew our regionally generated business by 30%. The growth of our Saudi Arabian business has been encouraging and we have augmented key relationships with clients such as Saudi Telecom and Riyadh Bank as well as winning new projects from prominent Saudi government-sponsored bodies.

Plans for 2010/11

The market's reaction to our proprietary online qualitative products has been positive and we expect revenue from these to grow significantly over the next 12 months. In the custom research side, we expect further good growth, especially in Saudi Arabia and are launching business development initiatives to exploit the growing opportunities for commercial research business in Iraq.

Al Aan

أخبار الآن

Al Aan is a pan-Arab satellite broadcaster based in Dubai Media City. The television channel is available free-to-air and offers original and innovative infotainment programmes aimed at a young, female audience. The channel's aim is to educate as well as entertain whilst addressing the needs and aspirations of a dynamic Arab audience. Since inception in 2006, Al Aan has impressively grown its market share, year on year.

Al Aan commissioned YouGovSiraj to help the station to understand and reflect the socio-economic outlook of Arab consumers across the region. We conduct weekly and monthly polls across the Arab region utilising our 214,000 strong panel. The polls cover Al Aan's key markets of Saudi Arabia and United Arab Emirates as well as countries like Egypt and Iraq where the channel sees strong growth potential.

Kristina Koubar, Al Aan's Head of Corporate Communications, said: *"We would like to complement our TV ratings' quantitative picture with the flexibility and in-depth of custom designed polls."*

We have a unique, female-focused infotainment brand. On-air and online, we feel we are at the cutting edge of Arabic content growth and therefore we need more research than ever before."

YouGovSiraj also conducts regular opinion polls which are reported by Al Aan News. Nisreen Sadek, the Head of News at Al Aan TV, said: *"The Arab viewer is diverse and dynamic. We want to capture important trends that define the audience and report them regularly in our news programmes. We want to be known as the news service that gives a huge emphasis to polls."*



“To support growth in our core industries we are implementing an innovative and integrated online customer panel service that will allow our clients to manage a continuous dialogue with their customers.”

Andreas Schubert
CEO
YouGovPsychonomics AG
Germany and Central Europe

Business Overview

YouGovPsychonomics provides a full range of quantitative and qualitative market research services as well as being a specialist in organisational and employee research. It has also pioneered the use of online methods in Germany. The products offered by its real-time research division, which is growing rapidly, include YouGov's German Omnibus service which is becoming well-known in the market, and BrandIndex which has already attracted a number of leading German companies as clients. YouGovPsychonomics covers a range of vertical markets and has built a strong reputation as a leader in the retail banking and insurance sectors for which it undertakes authoritative annual customer behaviour and satisfaction studies. Other sectors include automotive, FMCG, telecommunications and healthcare. Other specialist areas include the ServiceRating business which evaluates the quality of customer service and Great Place to Work which evaluates workplace relations.

Review of 2009/10

Against the background of difficult market conditions in 2009, YouGovPsychonomics has been able to successfully

launch and expand our online products business while also consolidating the existing custom research business. We closed the loss-making market research business in Austria. In our main German custom research business, we have also been expanding the range of sectors that we serve and we have won projects with new clients such as BMW, Sanofi-Aventis and Fujitsu Siemens. We have also acquired the 40% minority shareholding in our subsidiary ServiceRating which provides a rating of companies' quality of service. This now enables us freely to draw upon the expertise of this unit to develop and roll-out YouGov's own service rating and customer satisfaction products.

Despite good progress in a number of areas, the low profitability of our German business over the full year was disappointing especially after a good first half performance. This was largely due to low project gross margins and to the fact that while we have reduced staff costs in the last year, our overall revenue per head still remains too low. Our management team has developed detailed plans to address these factors so as to improve operating margins during the coming financial year.

Plans for 2010/11

We intend to strengthen our position among the top ten market research organisations in Germany by continuing to vigorously expand our real-time research division and our custom research business, to build on the progress made to date in developing new sectors. The actions being taken to improve profitability focus on three key areas. First, we will focus sales efforts and resources on areas where we can secure better prices and reduce data collection costs. Second, we are re-engineering our research delivery, data handling and reporting processes supported by YouGov group's technology and its approach to operations management. Third, we will continue to reduce overhead costs in areas which do not directly contribute to revenue generation.

Sparkassen Finanzgruppe



The regional federation of the leading German bank Sparkassen Finanzgruppe, the Sparkassen Verband Hessen-Thuringen, approached YouGovPsychonomics to evaluate satisfaction among its online banking customers.

The savings bank is a long-running YouGovPsychonomics client for whom we have completed a number of Computer Assisted Telephone Interview (CATI) studies in the past. This project marked a methodical switch as we conducted the savings bank's first large online-supported survey.

In addition to designing the online survey to capture the required information, we used YouGov's proprietary survey and panel management technology, recently implemented in

Germany, to run the study. The bank's customers were recruited online through a number of secure portals. Using this method we were able to conduct up to 2,500 interviews per hour, resulting in 145,000 respondents in a field time of four weeks. It is pleasing that this project, which served to introduce our client to online market research, was so successful.

Great Place to Work Institute
Great Place to Work helps companies to improve corporate performance and raise the quality of work life for their employees. The results are published through the annual "Best Workplaces" and "Best Companies to Work For" lists. In Germany these are run in association with Handelsblatt (the leading business newspaper) and the Federal Ministry of Labour and include over 100 companies from a range of industries. YouGovPsychonomics operates the Great Place to Work business in Germany and Austria under a license agreement from Great Place to Work Institute, based in California.

Our Hubs continued



Ole Haghfelt

CEO

YouGovZapera

Scandinavia and Northern Europe

“The headline for this year will be to return to ‘the growth path’.”

Business Overview

YouGovZapera was one of the first online market research businesses in Scandinavia and its panels consist of approximately 130,000 members across Denmark, Sweden, Norway and Finland. The Nordic headquarters are located in Copenhagen with sales offices in Stockholm, Malmö and Oslo. Our clients range across numerous sectors, with FMCG, media and healthcare representing the largest share of revenue.

Review of 2009/10

During the last financial year, we were pleased to succeed in transforming the performance of our Nordic business, which moved back into profit in the second half after suffering from the unprecedented turbulence which affected the regional market during the 18 months to the end of the 2009 calendar year. We were particularly hard hit by the fall in advertising spend, as advertising and new product testing has been a significant part of our revenue. We therefore reduced costs and headcount in the period by nearly 20% and restructured our sales teams and refocused their efforts on areas where our core strengths of speed and accuracy can be most effectively deployed. We also completed the local implementation of YouGov group technology for panel and survey management. Having stabilised revenue and re-established profitability early in 2010, we began to see revenue growth in Denmark and Sweden towards the end of the financial year, driven especially by the FMCG and media sectors. Also we actively continued to build awareness of the YouGov brand in the Nordic region and achieved a significant increase in the number of times YouGov was quoted by the Nordic press. A collaboration with Metro Group newspapers, which is reporting our polls, has contributed to this.

Plans for 2010/11

This year we will be focusing on expanding our Nordic panels and engaging further with our panel members. With a strong platform in place in Denmark, the key region for growth during the next few years will be Sweden, which is the largest market in the Nordic region. We also plan to continue growing revenue from the YouGov syndicated products.

FDB



Every day for the last 18 months, YouGovZapera has collected information on the eating habits of the Danish population. We now hold data on more than 450,000 meals. This large tracking study was carried out for the Danish consumer-owned co-operative FDB, which owns a series of supermarket chains (Coop) with 1,195 stores, and whose aim is to achieve sustainable and responsible consumption.

FDB are using the results in several ways. Commercially, the data we supply allows a comparison of actual consumption with sales figures, which gives a unique insight into local market shares within various product groups. Additionally, it gives greater insight into how Danes combine various foods.

FDB are also using the results towards its aim to ensure responsible consumption. Consumption figures have been released to the press and published on a dynamic website so anyone can see, for example, in which areas of the country people eat the

most cornflakes at breakfast or drink the most red wine with their evening meal.

The results are also being made available for research purposes. Previously, this type of data was only available from purported daily journals. By using the online approach we can prompt ordinary consumers to tell us what they had to eat the day before and we get a much more accurate record of consumption than previously achieved.

The project has been selected by IBM to be part of their Smarter Planet programme and is being used as a worldwide case study on

how to collect and share knowledge. IBM's Smarter Planet promotes the use of smarter systems to achieve economic growth, greater efficiency, sustainable development and societal benefits.

“We constantly validate the data supplied by YouGovZapera and compare it with our own sales figures and other sources, and there is a very fine concordance. This gives our results a very high degree of credibility – both internally and externally.”

Lars Aarup
Head of Analysis
FDB



Douglas Rivers
CEO
YouGovPolimetrix
North America

“During 2010, we successfully launched a new product that provides tracking and marketing support for hospitals. HospitalIndex takes advantage of the high density of YouGov panelists in local markets to provide the kind of insights that are expensive and difficult to obtain by traditional methods.”

Business Overview

YouGovPolimetrix is the leading online polling firm in North America. Using our panel of over one million members and pioneering statistical methodologies, we provide corporate, media, academic and non-profit clients with a unique combination of data, analytics and insight. In the 2008 US Presidential Election, YouGovPolimetrix surpassed nearly every other poll, both telephone and internet, with its level of accuracy. Over the last three years, a key objective has been to grow our corporate market research business in the USA, both organically and through acquisitions.

Review of 2009/10

In the last quarter of the 2008/09 financial year we acquired Clear Horizons, a specialist in customer satisfaction, segmentation and new product market research. Rebranded as Marketing Insights, the acquisition has proved a great success in the financial year just ended and achieved its business plan and earn-out objectives. Our US BrandIndex business also continued to grow significantly helped by the successful collaboration with leading media agencies. (See page 10 of this report for detailed description of BrandIndex). These together contributed to the 86% growth of revenue from corporate clients in the year and to growing the reputation of YouGov among corporate research buyers. Our traditional academic and political business also had a successful year so that our overall revenue grew by 38%.

Plans for 2010/11

In continuation of our strategy, shortly after the end of the 2010 financial year, we acquired Harrison Group, a strategic marketing consulting and research firm, to accelerate further our growth in the corporate market research sector. Its specialties include concept evolution, forecasting, segmentation, branding, business consulting and market modelling across multiple sectors, with a particular emphasis on the FMCG, interactive entertainment and wealth sectors. Combined with YouGov's existing US operations, the acquisition will double the scale of the US business, consolidate our offering and create a strong platform for future growth.

HTC

htc
quietly brilliant™

When Jon Maron, HTC's new Vice President Marketing, launched the “Quietly Brilliant” campaign in late 2009, he wanted to make sure that the campaign was building the brand with consumers, as well as its internal merchandising teams, on both a product and an emotional level.

The campaign was intended to build the equities of the brand and also had to serve as a platform for the launch of new models in its award-winning line of smartphones, such as the HTC Incredible.

To ensure the campaign's success, Jon turned to Marketing Insights, YouGov's commercial custom research operation in the USA. YouGov responded with a proposal for a proprietary panel built to HTC's specifications which would measure progress, at the market, shopper, retailer and carrier level, towards awareness and recommendation rates.

Our panel now shows HTC where it has opportunities to expand and, more importantly, how to remove barriers so that more consumers ask for HTC at the point-of-sale.

“YouGov has helped me pinpoint how we grow to be the number one brand consumers ask for when it's time to upgrade their smartphones.

P.S.... it's working!”

Jon Maron
Vice President Marketing
HTC

Chief Financial Officer's Report for the year ended 31 July 2010



Alan Newman

Income Statement Review

Group turnover for the year to 31 July 2010 of £44.2m was in line with the prior year and 1% less on a constant currency basis. However, as expected, trading was stronger in the second half of the year resulting in revenue growth of 5% compared to the same period in the prior year. Full year revenue performance was mixed across the hubs with the UK and the USA up by 10% and 38% respectively, the Middle East down 15% due to previously anticipated reduction in a large contract and Germany and Scandinavia respectively 7% and 6% lower, all as expected.

The Group's gross margin increased by 2% points to 78% as a result of tighter management of external data collection costs and the continuing shift to online in Germany and Middle East. Operating expenses of £30.6m were £0.5m lower than last year (£0.8m lower in constant currency terms) and represented 69% of revenue, compared to 70% in the previous year. The savings measures taken in 2009 achieved their target but in the second half of the current financial year, investments were made in staff in the UK and the USA to support new business initiatives and business expansion.

The average number of staff (full-time equivalents) employed during the year fell to 420 from 431 largely as a result of the staff reductions made during 2009. Revenue per head based on this increased to £105,000 from £103,000 in the year ended 31 July 2009. At the year-end, Group staff totalled 425 compared to 413 at 31 July 2009. This increase largely reflected recent recruitment for new business initiatives in the UK and the USA.

Adjusted Group operating profit¹ increased by 22% to £3.8m compared to £3.1m in the previous year.

Adjusted profit before taxation², which includes net interest income, rose by only £0.1m from £3.9m as net interest income fell due to the lower interest rates prevailing. Adjusted earnings per share³ for the year are 2.5p, just below last year due to a lower tax credit. The reported result before taxation, after charging amortisation, impairment and exceptional items showed a loss of £9.6m compared to £0.7m in the year ended 31 July 2009.

Amortisation of Intangible Assets and Impairment

Amortisation charges for intangible assets totalled £3.7m in the year of which £2.6m related to acquired assets and £1.1m to those created through the Group's own internal development activities. In addition, an impairment charge of £7.9m has been made to reduce the carrying value of goodwill and intangible assets relating to our German subsidiary.

Exceptional Items

Exceptional costs of £1.8m (2009: £0.6m) were incurred in the year. £0.7m of these related to US acquisition costs which under the new IFRS3 (revised) have to be expensed when incurred; £0.6m was due to a change in accounting estimates for panel incentive costs which recognises the higher retention rate within the UK panel. £0.3m related to restructuring initiatives and £0.3m to employment termination costs of the former CEO.

Events After the Reporting Period – Acquisition of Harrison Group

The acquisition of Harrison Group, one of the USA's leading market and strategic research firms was completed on 16 August 2010. The basic purchase consideration payable will be six times the EBITDA achieved by Harrison in the year ended 31 December 2010. \$6m (£4m) of this was paid on completion and the balance will be payable in instalments between 2011 and 2013, contingent upon the results achieved in 2010 and 2011. An additional payment of up to \$1.25m will be payable in 2013 contingent upon strong EBITDA growth targets being achieved in the calendar years 2011 and 2012. Based on Harrison's current business plans, the total consideration payable is expected to be approximately \$13m (£8m). This transaction will be funded entirely from YouGov's existing cash resources.

At completion, Harrison had net assets of approximately \$2m including net current assets of \$1.4m. For the year ended 31 December 2009, Harrison reported revenues of approximately US\$9.6m and adjusted EBITDA of US\$0.3m. On a trailing 12 months basis to 31 March 2010, Harrison's pro-forma revenues were US\$10.6m and its adjusted EBITDA (excluding certain non-recurring revenues and costs) was US \$1.0m.

1 Adjusted Group operating profit is defined as Group operating profit before amortisation of intangibles, impairment charge and exceptional items (and in 2009, after adding back one-off costs associated with the integration of acquired entities).

2 Adjusted profit before tax is defined as adjusted operating profit plus net finance income and share loss of joint ventures.

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

Analysis of Operating Profit and Earnings per Share

	31 July 2010 £000	31 July 2009 £000
Group operating profit before amortisation of intangibles, impairment and exceptional costs	3,776	2,715
Integration costs	–	371
Adjusted operating profit	3,776	3,086
Share-based payments	148	271
Imputed interest	48	158
Net finance income	5	404
Share of post-tax (loss)/profit in joint venture	(8)	(47)
Adjusted profit before tax	3,969	3,872
Adjusted profit after tax	2,422	2,625
Adjusted earnings per share	2.5	2.7

Cash Flow

The Group generated £4.9m in cash from operations (before paying interest and tax) (2009: £5.3m) and paid out £2.7m in investing activities (2009: £4.8m) of which £2.3m (2009: £2.7m) related to capital expenditure on tangible and intangible assets and £0.6m (2009: £2.9m) to acquisitions including deferred consideration.

Taxation

The Group had a tax credit of £0.3m (2009: £0.6m) excluding the effect of the exceptional costs and impairment charge. Including these items, the reported tax credit was £2.6m (2009: £0.8m). This comprised a current tax charge of £0.2m (2009: £0.4m) and a deferred tax credit of £2.8m (2009: £1.2m).

Financial Position

Net assets totalled £60.2m at 31 July 2010 compared to £67.1m at 31 July 2009. The fall was largely due to the effect of the impairment of goodwill and intangibles. Current assets rose by £2.7m largely due to the increase in the cash balances. Debtor days fell significantly to 61 days from 70 days due especially to improved collections on some large contracts. Current liabilities increased by £1.5m due mainly to an increase in trade creditors. Creditor days rose to 34 days from 31 days in 2009. The reduction in working capital contributed to an increase in net cash balances of £2.7m to £15.6m compared to £12.5m at 31 July 2009.

Panel Development

As at 31 July 2010, the Group's online panels comprised a total of 2,510,500 panellists (defined as the number of panel registrations), an increase of 13% over the total of 2,216,000 as at 31 July 2009. The panel sizes by region were:

Region	Panel size at 31 July 2010	Panel size at 31 July 2009
UK	338,300	266,000
Middle East and North Africa	214,000	197,000
Germany and Central Europe	81,600	122,000
Scandinavia and Northern Europe	129,600	143,000
USA	1,747,000	1,488,000
Total	2,510,500	2,216,000

Panel numbers have grown in the UK, Middle East and USA directly reflecting higher levels of online survey activity. We have scaled down panel activity in Austria and Eastern Europe while increasing the online research undertaken in our main German market resulting in net reduction in the panel this year. In Scandinavia, there was a small reduction due to some participants with low or no activity being taken off the panel.



Alan Newman
Chief Financial Officer
11 October 2010

Board of Directors



Roger Parry

Non-Executive Chairman

Roger is also Non-Executive Chairman of Media Square plc, Future plc and Mobile Streams plc and Chairman of Shakespeare's Globe Trust. Roger was a journalist with the BBC and ITV and a consultant with McKinsey & Co. He was CEO of More Group plc and Chairman and CEO of Clear Channel International. Roger was educated at the universities of Oxford (Jesus College) (M.Litt Economics) and Bristol (BSc Geology). He is the author of three books: *People Businesses*; *Enterprise*; and *Making Cities Work*. He is a Visiting Fellow of Oxford University.

Stephan Shakespeare

Chief Executive Officer and Co-Founder

Stephan co-founded YouGov in 2000 (a collaboration with Nadhim Zahawi). One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. He is also Chairman of the Network for the Post-Bureaucratic Age, a group dedicated to advancing the web-powered relationships between consumers, business and government, launched with David Cameron in February 2010. He is also Chairman of PoliticsHome.com. Before founding YouGov Stephan was a school-teacher and founding Principal of Landmark West Preparatory School in Los Angeles. Stephan has an MA in English Language and Literature from Oxford University.

Alan Newman

Chief Financial Officer

Alan has considerable experience in the media and communications sectors. He has been a Partner with Ernst & Young LLP and KPMG LLP where he led the TMT sector financial management consulting practice. Alan's previous corporate management roles include International Finance Director of Longman and Group Development Manager of MAI plc (now United Business Media). He is a Trustee of the Freud Museum London. Alan is a Fellow of the Institute of Chartered Accountants and also has an MA in Modern Languages (French and Spanish) from Cambridge University.

**Peter Bazalgette****Non-Executive Director**

Peter Bazalgette is a media consultant specialising in television and digital entertainment. He is Chairman of MirriAd and a Non-Executive Director of MyVideoRights, Nutopia and YouGov. He advises two of Sony's UK television divisions and is also a member of BBH's Advisory Board. Peter is a former Board member of Channel 4 and was Chief Creative Officer of Endemol, where he personally devised several internationally successful TV formats and brought Big Brother to the UK. Peter also serves as Deputy Chairman of the English National Opera, President of the Royal Television Society and is a Trustee of Debate Mate. Peter graduated with a BA in Law from Cambridge University.

Nick Jones**Non-Executive Director**

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

Ben Elliot**Non-Executive Director**

Ben Elliot is Co-Chairman of Quintessentially which he co-founded in 2000. The Quintessentially Group operates 20 companies worldwide in the luxury lifestyle market. In 2008 Ben launched the Quintessentially Foundation, a charitable fund, and he has also been a pioneering force behind Quintessentially at The House of St Barnabas. Prior to this Ben co-founded several other companies including K-Bar and members' clubs Rock and Kabaret. He graduated from the University of Bristol with a degree in Economics and Politics.

Directors' Report for the year ended 31 July 2010

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2010.

Principal Activities

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

Business Review

The business review is discussed on pages 8 to 9.

Principal Risks and Uncertainties

The principal risks and uncertainties are discussed in the corporate governance report on pages 27 to 29.

Financial Summary

The financial summary is discussed on pages 18 to 19 of the Chief Financial Officer's report.

Dividends

No dividends were declared in the year (2009: £nil).

Future Developments

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

Events After the Reporting Date

Events after the reporting date are discussed in more detail in note 26 on page 69.

Directors

Directors at any point during the year and at any point up to the date of signing this report were:

Nadhim Zahawi (resigned 7 May 2010)
Stephan Shakespeare
Alan Newman
Roger Parry
Peter Bazalgette
Nick Jones
Ben Elliot (appointed 2 August 2010)

Directors' Interests in Shares

The interests of the Directors in the shares of the Company on 31 July 2010 and 31 July 2009 were as follows:

	31 July 2010	31 July 2009
	Number of shares	Number of shares
Nadhim Zahawi ¹	10	10
Stephan Shakespeare ²	10,939,110	10,939,110
Alan Newman	25,000	25,000
Roger Parry	52,000	25,000
Peter Bazalgette	200,945	200,945
Nick Jones	–	–

1 As at date of resignation on 7 May 2010 – in addition Nadhim Zahawi has an interest in 10,029,100 shares in the Company through his family trust, Balshore Investments.

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

The Directors' interests in share options is detailed in the remuneration report on page 26.

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

Employee Involvement and Communication

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

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

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

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

Policy on Supplier Payments

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 July 2010 the number of days credit taken for purchases by the Group was 34 days (2009: 31 days). The number of days' credit taken for purchases by the Company was 49 days (2009: 28 days).

Substantial Shareholders

At 31 July 2010 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	
Stephan Shakespeare ¹	10,939,110	11.29%
JO Hambro Capital Management	10,200,000	10.53%
Balshore Investments ²	10,029,100	10.36%
T Rowe Price Global Investments	5,862,508	6.05%
Kabouter Management	5,737,500	5.93%
BlackRock	4,514,850	4.66%
Standard Life Investments	4,000,000	4.13%
Baillie Gifford	3,907,571	4.04%
Close Asset Management	3,400,557	3.51%
Invesco Perpetual	2,912,787	3.01%

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

2 Balshore Investments is the family trust of Nadhim Zahawi.

Key Performance Indicators

Key performance indicators are discussed in more detail on page 4.

Financial Risks

The financial risks facing the Group are discussed in more detail on pages 65 and 66.

Research and Development

The Group's research and development activities centre on the development of bespoke software solutions to support and advance our online capabilities. No research and development was charged to the income statement in the year ended 31 July 2010 (2009: £0.3m).

Social Responsibility

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

Ethical Behaviour

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

The Environment

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

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

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

Health and Safety

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

Diversity in the Workplace

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

Directors' Report for the year ended 31 July 2010 continued

Charitable and Political Contributions

Donations to charitable organisations amounted to £1,000 (2009: £1,025). No political donations were made in the year (2009: £nil).

Insurance of Company Officers

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

Going Concern

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

Independent Auditors

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

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

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 8 December 2010 at our offices at 50 Featherstone Street, London EC1Y 8RT.



Alan Newman
Chief Financial Officer
and Company Secretary
On behalf of the Board
11 October 2010

Remuneration Report (unaudited) for the year ended 31 July 2010

The Remuneration Committee comprised at 31 July 2010 two Non-Executive Directors, Peter Bazalgette and Nick Jones.

Remuneration Report

A resolution will be put to the shareholders at the Annual General Meeting to be held on 8 December 2010 inviting them to consider and approve this report. The remuneration report is unaudited.

Compliance

The constitution and operation of the Committee is in compliance with the principles and best practice provisions as set out in the Combined Code as if it were followed and full consideration was given to these in determining the remuneration packages for the Executive Directors for 2009/10.

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

Policy on Remuneration of Executive Directors

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

The main components of the Executive Directors' remuneration are:

1. Basic Salary

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

2. Annual Bonus

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

3. Share Options

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

Long Term Incentive Plan ("LTIP")

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

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

The total number of LTIP shares awarded conditionally in the year ended 31 July 2010 to participants in the Scheme was approximately 1.9 million and in the year ended 31 July 2009 was approximately 2 million. These include conditional awards to the Executive Directors of the Company as set out below.

Directors' Service Contracts

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

Executive Directors	Contract date	Notice period
Stephan Shakespeare	18 April 2005	12 months
Alan Newman	5 June 2009	6 months
Nadhim Zahawi*	18 April 2005	12 months

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

* Nadhim Zahawi was employed as Chief Executive Officer until 31 March 2010 when his employment contract was terminated following his selection as a Parliamentary candidate. He resigned as a Director of the Company on 7 May 2010 following his election as a Member of Parliament. In consideration for the termination of Nadhim's contract and for the extension of certain restrictive covenants, the Company made payments to Nadhim Zahawi totalling £249,000.

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

The total aggregate remuneration (including benefits in kind and pension contributions) paid to the Directors by all members of the Group for the year ending 31 July 2010 amounted to £861,000 (2009: £675,000).

Remuneration Report (unaudited) for the year ended 31 July 2010 continued

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

Policy on Remuneration of Non-Executive Directors

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

Directors' Remuneration

Directors' remuneration in aggregate are as follows:

Name	Salary 31 July 2010 £	Benefits in kind 31 July 2010 £	Total 31 July 2010 £	Total 31 July 2009 £
Executive Directors				
Stephan Shakespeare	195,000	1,200	196,200	195,000
Nadhim Zahawi	378,750	1,230	379,980	195,000
Alan Newman	145,000	–	145,000	154,000
Anthony Foye	–	–	–	20,000
Katherine Lee	–	–	–	1,000
Non-Executive Directors				
Roger Parry	80,000	–	80,000	80,000
Peter Bazalgette	30,000	–	30,000	25,000
Nick Jones	30,000	–	30,000	5,000
Totals	858,750	2,430	861,180	675,000

The benefits in kind received was private health insurance.

The remuneration received by Nadhim Zahawi includes salary of £131,000 and compensation for termination of employment of £249,000.

Directors' Share Options

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

Name	Number outstanding at 31 July 2010	Date of potential vesting
Stephan Shakespeare	359,447	October 2011
Stephan Shakespeare	384,060	October 2012
Alan Newman	267,281	October 2011
Alan Newman	288,557	October 2012
Nadhim Zahawi	359,447	October 2011

Nadhim Zahawi maintained his rights under the LTIP on leaving the Company in line with the LTIP terms.

Corporate Governance Report for the year ended 31 July 2010

Compliance with the Combined Code

The Board considers that the Group continues to work hard towards compliance with the Combined Code 2008. Full compliance has not yet been achieved and the Board and Audit Committee monitor the Company's compliance on a regular basis. YouGov does not need to comply with the Combined Code as it is listed on the AIM Index. A copy of the Combined Code is publicly available at www.frc.org.uk.

The Board

At 31 July 2010, the Board consisted of two Executive Directors and three Non-Executive Directors, including a senior Non-Executive Director. A third Non-Executive Director was appointed on 2 August 2010. The names of the Directors and their respective responsibilities are shown on pages 20 and 21.

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

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

The Board formally approves the appointment of all new Directors. All Directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequent to this at the Annual General Meeting on a rotational basis, which ensures that each Director is submitted for re-election approximately every three years. Proposals to re-elect Directors are set out in the Notice of the Annual General Meeting on page 79.

Board Committees

Remuneration Committee – The Remuneration Committee was established at the time of flotation. The composition of the Remuneration Committee is shown below and the statement of the remuneration policy developed by the Committee and details of each Director's remuneration are given within the Directors' remuneration report set out on pages 25 to 26.

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

Board and Committee Attendance

The following table sets out the attendance of Directors at Board and Committee meetings during 2009/10.

Director	Board meetings Maximum 8	Remuneration Committee meetings Maximum 3	Audit Committee meetings Maximum 2
Nadhim Zahawi	5	2	–
Stephan Shakespeare	8	–	–
Alan Newman	8	–	2
Roger Parry	8	–	–
Peter Bazalgette	8	3	2
Nick Jones	7	3	2

Shareholder Communications

The Board's assessment of the Company's position and prospects are set out in the Chairman's Statement on pages 5 to 6 and the Chief Financial Officer's Report on pages 18 to 19.

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

Audit Committee

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

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

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

Corporate Governance Report for the year ended 31 July 2010 continued

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

Key Controls and Procedures

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

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

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

- detailed budgeting programme with an annual budget approved by the Board;
- regular review by the Board of actual results compared with budget and forecasts;
- regular reviews by the Board of year end forecasts;
- establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- detailed budgeting and monitoring of costs incurred on the development of new products;

- reporting to, and review by, the Board of changes in legislation and practices within the sector and accounting and legal developments pertinent to the Company;
- appointing experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance; and
- appraisal and approval of proposed acquisitions by the Board.

Auditor Independence

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

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

Any analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 1 to the accounts.

Risk Management

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

Early Stage of Development

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

Currency Fluctuations

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

Projected Growth

The Company's plans incorporate continued growth in the coming years. This growth will be in part dependent on the marketing and research budgets of target clients over which YouGov has little control.

Competition

YouGov has developed an internet-based research strategy which other large and established research organisations are also beginning to adopt. Some of these more established research organisations have well-developed brands and substantial resources and may be able to use these to compete very effectively in developing online panels and competing software.

Staff

The success of YouGov will be influenced by the recruitment and retention of high-calibre staff. Senior staff that manage key client relationships and those with software expertise are particularly important to the continuing development and smooth running of the Company. To mitigate this risk, YouGov has built account and project management teams for key clients and larger research projects. In this way the client relationships and project related knowledge are shared among a number of individuals rather than concentrated with one person.

Internationalisation

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

Acquisitions

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

The Company may be unable to agree suitable terms with the shareholders of a target company and be forced to abandon an attempted takeover. This may happen after management have invested significant amounts of time and effort as well as accruing advisers' fees.

Technology

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

On behalf of the Board



Alan Newman
11 October 2010

Independent Auditors' Report to the Members of YouGov plc on the Consolidated Financial Statements for the year ended 31 July 2010

We have audited the Group financial statements of YouGov plc for the year ended 31 July 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the principle accounting policies of the consolidated financial statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective Responsibilities of Directors and Auditors

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

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 July 2010 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

Matters on Which We Are Required to Report by Exception

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

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

Other Matters

We have reported separately on the parent Company financial statements of YouGov plc for the year ended 31 July 2010.



David A Snell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 October 2010

Consolidated Income Statement for the year ended 31 July 2010

	Notes	31 July 2010 £000	31 July 2009 £000
Revenue	1	44,234	44,322
Cost of sales*		(9,877)	(10,557)
Gross profit		34,357	33,765
Operating expenses**		(30,581)	(31,050)
Adjusted operating profit before amortisation of intangible assets and exceptional costs	1	3,776	2,715
Impairment of goodwill and intangibles	9	(7,861)	–
Amortisation of intangibles		(3,689)	(3,145)
Exceptional costs*	3	(1,834)	(610)
Operating loss		(9,608)	(1,040)
Finance income	4	205	1,054
Finance costs	4	(201)	(650)
Share of post tax loss in joint ventures		(8)	(47)
Loss before taxation	1	(9,612)	(683)
Tax credit	5	2,572	842
(Loss)/profit after taxation	1	(7,040)	159
Attributable to:			
Owners of the parent		(7,534)	(544)
Non-controlling interests		494	703
		(7,040)	159
Earnings per share			
Basic earnings per share attributable to owners of the parent	7	(7.8)	(0.6)
Diluted earnings per share attributable to owners of the parent	7	(7.8)	(0.6)

* Total cost of sales including change of accounting estimate of panel provision detailed in note 3 is £10,477,000.

** Total operating expenses including impairment of goodwill and intangibles, amortisation and the remaining items detailed in note 3 are £43,365,000.

The (loss)/profit is from continuing operations.

The notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 July 2010

	31 July 2010 £000	31 July 2009 £000
(Loss)/profit for the year	(7,040)	159
Other comprehensive income:		
Currency translation differences	298	5,815
Purchase of non-controlling interest in subsidiary	(163)	–
	135	5,815
Other comprehensive income for the year net of tax	135	5,815
Total comprehensive income for the year	(6,905)	5,974
Attributable to:		
Equity holders of the parent Company	(7,680)	4,771
Non-controlling interests	775	1,203
Total comprehensive income for the year	(6,905)	5,974

Consolidated Statement of Financial Position as at 31 July 2010

	Notes	31 July 2010 £000	31 July 2009 £000
Assets			
Non-current assets			
Goodwill	9	31,203	33,482
Other intangible assets	10	10,545	17,940
Property, plant and equipment	11	2,382	2,629
Investments in joint ventures	12	23	23
Deferred tax assets	19	2,606	2,510
Total non-current assets		46,759	56,584
Current assets			
Trade and other receivables	13	14,561	13,678
Other short-term financial assets	14	165	211
Current tax assets		–	1,066
Cash and cash equivalents	15	15,634	12,718
Total current assets		30,360	27,673
Total assets		77,119	84,257
Liabilities			
Current liabilities			
Trade and other payables	16	10,146	7,942
Provisions	18	1,278	1,738
Borrowings		4	228
Current tax liabilities		164	158
Deferred consideration	17	304	317
Total current liabilities	16	11,896	10,383
Net current assets		18,464	17,290
Non-current liabilities			
Provisions	18	1,398	–
Deferred consideration	17	360	651
Long-term borrowings		–	22
Deferred tax liabilities	19	3,298	6,105
Total non-current liabilities		5,056	6,778
Total liabilities		16,952	17,161
Net assets		60,167	67,096
Equity			
Issued share capital	21	194	193
Share premium		30,822	30,811
Merger reserve		9,239	9,239
Foreign exchange reserve		9,797	9,780
Retained earnings		6,116	13,665
Total shareholders' funds		56,168	63,688
Non-controlling interests in equity		3,999	3,408
Total equity		60,167	67,096

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 11 October 2010 and signed on its behalf by:



Alan Newman
Chief Financial Officer

Consolidated Statement of Changes in Equity as at 31 July 2010

	Attributable to equity holders of the Company						Total £000	Non- controlling interest £000	Total equity £000
	Share capital £000	Share premium account £000	Merger reserve £000	Foreign exchange reserve £000	Deferred consideration reserve £000	Retained earnings £000			
Balance previously reported at 1 August 2008	190	29,156	9,239	4,465	1,438	13,938	58,426	2,232	60,658
Changes in equity for 2008									
Exchange differences on translating foreign currencies	–	–	–	5,315	–	–	5,315	500	5,815
Net income recognised directly in equity	–	–	–	5,315	–	–	5,315	500	5,815
(Loss)/profit for the period	–	–	–	–	–	(544)	(544)	703	159
Total comprehensive income for the year	–	–	–	5,315	–	(544)	4,771	1,203	5,974
Expenses offset against share premium	–	(13)	–	–	–	–	(13)	–	(13)
Issue of share capital through exercise of share options	1	232	–	–	–	–	233	–	233
Deferred consideration as part of acquisition	2	1,436	–	–	(1,438)	–	–	–	–
Share-based payments	–	–	–	–	–	271	271	–	271
Dividends	–	–	–	–	–	–	–	(27)	(27)
Balance at 31 July 2009	193	30,811	9,239	9,780	–	13,665	63,688	3,408	67,096
Changes in equity for 2010									
Exchange differences on translating foreign currencies	–	–	–	17	–	–	17	281	298
Purchase of non-controlling interest in subsidiary	–	–	–	–	–	(163)	(163)	–	(163)
Net (loss)/income recognised directly in equity	–	–	–	17	–	(163)	(146)	281	135
(Loss)/profit for the year	–	–	–	–	–	(7,534)	(7,534)	494	(7,040)
Total comprehensive (loss)/income for the year	–	–	–	17	–	(7,697)	(7,680)	775	(6,905)
Issue of share capital through exercise of share options	1	11	–	–	–	–	12	–	12
Purchase of non-controlling interest in subsidiary	–	–	–	–	–	–	–	(128)	(128)
Share-based payments	–	–	–	–	–	148	148	–	148
Dividends	–	–	–	–	–	–	–	(56)	(56)
Balance at 31 July 2010	194	30,822	9,239	9,797	–	6,116	56,168	3,999	60,167

Consolidated Statement of Cash Flows for the year ended 31 July 2010

	Notes	31 July 2010 £000	31 July 2009 £000
Cash flows from operating activities			
(Loss)/profit after taxation	1	(7,040)	159
Adjustments for:			
Impairment charge	9	7,861	–
Amortisation	1	3,689	3,145
Depreciation	1	658	557
Loss on disposal of property, plant and equipment and other intangible assets	1	–	53
Foreign exchange (loss)/benefit	1	(348)	132
Share-based payments	1	148	271
Taxation credit recorded in profit and loss	5	(2,572)	(842)
Net finance income	4	(4)	(404)
(Increase)/decrease in trade and other receivables		(97)	5,265
Increase/(decrease) in trade and other payables		2,556	(3,040)
Cash generated from operations		4,851	5,296
Interest paid		(201)	(624)
Income taxes recovered/(paid)		947	(520)
Net cash generated from operating activities		5,597	4,152
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		(291)	(685)
Settlement of deferred considerations	17	(304)	(2,215)
Other investments made		–	(175)
Purchase of property, plant and equipment	11	(282)	(732)
Purchase of intangible assets	10	(2,037)	(2,020)
Interest received and foreign exchange gains		205	1,054
Net cash used in investing activities		(2,709)	(4,773)
Cash flows from financing activities			
Proceeds from issue of share capital		5	220
Loan repayments		(237)	(1,043)
Dividends paid to non-controlling interests		(56)	(12)
Net cash used in financing activities		(288)	(835)
Net increase/(decrease) in cash, cash equivalents and overdrafts			
		2,600	(1,456)
Cash, cash equivalents and overdrafts at beginning of year		12,718	13,406
Exchange gain on cash and cash equivalents		316	768
Cash, cash equivalents and overdrafts at end of year	15	15,634	12,718

The accompanying notes form an integral part of these financial statements.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Nature of Operations

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

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

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

These annual consolidated financial statements have been approved for issue by the Board of Directors on 11 October 2010.

Basis of Preparation

The consolidated financial statements of YouGov plc are for the year ended 31 July 2010. They have been prepared under the historical cost convention. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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

The parent Company financial statements are prepared under UK GAAP and are detailed on pages 70 to 78.

The following new standards have been adopted by the Group in the period to 31 July 2010:

- IAS 1 (revised), "Presentation of financial statements". This revised standard required entities to prepare a statement of comprehensive income. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income), as adopted by the Group. Owner changes in equity are shown in a statement of changes in equity.
- IFRS 8, "Operating segments". This standard replaces IAS 14. The new standard uses a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.
- IFRS 3 (revised), "Business combinations". The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

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

- IAS 23 (revised), "Borrowing costs".
- Amendments to IFRIC 9 and IAS 39 regarding embedded derivatives.
- Annual improvements to IFRSs 2008.
- Amendment to IFRS 7, "Financial instruments: Disclosures".
- Amendment to IFRS 1, "First time adoption of IFRS" and IAS 27 "Consolidated and separate financial statements" on the "Cost of an investment in a subsidiary, jointly controlled entity or associate".
- Amendment to IAS 39, "Financial instruments: Recognition and measurement" and IFRS 7, "Financial instruments: Disclosures" on the "Reclassification of financial assets".
- IFRS 1 (revised), "First-time adoption".
- Amendment to IAS 32, "Financial instruments: Presentation", and IAS 1, "Presentation of financial statements" on Puttable financial instruments and obligations arising on liquidation".
- Amendment to IFRS 2, "Share-based payments" on "Vesting conditions and cancellations".
- Amendment to IAS 39, "Financial Instruments: Recognition and measurement" on "Eligible hedged items".
- IAS 27 (revised), "Consolidated and separate financial statements".

The principal accounting policies of the Group are set out below and have been applied consistently with the prior year in presenting the consolidated financial information.

Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings (see note 12) drawn up to 31 July 2010. Subsidiaries are entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

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

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

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

Associates and Joint Ventures

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

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

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

Segmental Analysis

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

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding Value Added Tax and trade discounts.

Market Research

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

Syndicated Services

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

Non-Syndicated Services

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

Non-Cash Transactions

The Group enters into contracts for the provision of market research services in exchange for advertising rather than for cash or other consideration. When barter transactions are agreed the value of the work provided to the counterparty is equal in value to that which would be provided in an ordinary cash transaction. As required by IAS 18.9 the value of advertising receivable in all significant barter transactions is ensured to be reliably measurable by referencing to the counterparty's rate card.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Provisions

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

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

Panel Incentive Costs

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

Interest

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

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

Exceptional Items

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

Taxation

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

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

Deferred tax assets and liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

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

Dividends

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

Goodwill

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

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

Intangible Assets

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

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

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

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

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

Intangible Assets Acquired as Part of a Business Combination

In accordance with IFRS 3 "Business combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complementary assets is reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives. Amortisation rates applicable to intangible assets acquired as part of a business combination are typically:

Intangible asset	Amortisation period
Consumer panel	5 years
Software and software development	5 years
Customer contracts and lists	10–11 years
Patents	5–15 years
Order backlog	3 months–1 year
Trademarks	Not amortised

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Intangible Assets Generated Internally

Internally generated intangible assets are only capitalised where they meet all of the following criteria stipulated by IAS 38:

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

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

Amortisation rates applicable to internally generated intangible assets are typically:

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

Consumer Panel

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

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

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

Software and Software Development

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

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

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

Customer Contract and Lists

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

Patents and Trademarks

Where a patent or trademark is acquired as part of a business combination the cost of the asset is recognised at its fair value to the Group at the date of acquisition. The fair value is calculated by an independent expert.

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

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

Order Backlog

Due to the nature of their business, Clear Horizons at the date of acquisition had a certain level of secured orders (order backlog) or quotations that have been accepted, and were awaiting commencement, completion or delivery. The fair value of these assets has been calculated by discounting the present value of the future anticipated cash inflow at the time of acquisition. Order backlogs are only recognised as an intangible asset when acquired as part of a business combination.

Amortisation was provided over the period in which it took to fulfil these secured orders.

Development Costs

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

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

Impairment Testing of Goodwill, Other Intangible Assets and Property, Plant and Equipment

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

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

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

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Property, Plant and Equipment and Depreciation

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

Asset	Depreciation rate
Freehold property	50 years
Leasehold property improvements	Straight line over the life of the lease
Fixtures and fittings	25% on a reducing balance
Computer equipment	33% per annum straight line
Motor vehicles	25% or the life of the lease

Leased Assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

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

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

Financial Assets

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

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

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

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

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

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

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

Financial Liabilities

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

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

Trade and other payables are stated at their nominal value.

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

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

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. In addition, bank overdrafts which are repayable on demand are included.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Equity

Equity comprises the following:

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

Foreign Currencies

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

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

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

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

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

Employee Benefits

Equity Settled Share-Based Payment

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

All equity-settled share-based payments are ultimately recognised as an expense in the consolidated income statement with a corresponding credit to retained earnings.

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

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

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

Contingent Consideration

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

Imputed Interest

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

Accounting Estimates and Judgements

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

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

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2010

Revenue Recognition

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

Share-Based Payments

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

Income Taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions/calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different to what is initially recorded, such differences will impact the income tax and deferred tax provisions. Income taxes are disclosed fully in note 5.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amount is based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present values of these cash flows. The estimates used in the impairment review are fully disclosed in note 9.

IFRS 3 (revised), "Business combinations" was adopted and applied prospectively by the Group in 2010. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

Other Intangible Assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. The Group tests at each reporting date whether intangible assets have suffered any indicators of impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units has been determined based on discounted future cash flows. These calculations require estimates to be made. Where there is no method of valuation for an intangible asset, management will make use of a valuation technique to determine the value of an intangible if there is no evidence of a market value. In doing so certain assumptions and estimates will be made. Intangible assets are fully disclosed in note 10.

Panel Incentive Provision

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

Deferred Taxation

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

Contingent Consideration

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

Standard and Interpretations in Issue but Not Yet Effective

The following new standards and amendments to existing standards are not yet effective:

- IFRS 9, "Financial instruments". IFRS 9 is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value and debt instruments are at amortised cost if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard is effective for annual periods beginning on or after 1 January 2013 and will impact the Group after that date. It has not yet been endorsed by the EU.
- Amendments to IFRS 1, "First-time adoption".
- Amendment to IAS 32 on classification of rights issues.
- Amendment to IAS 24, "Related party disclosures".
- Amendment to IFRS 1 on first-time adoption of IFRS additional exemptions.
- Amendments to IFRS 2, "Share-based payments" on Group cash-settled transactions.

Other than IFRS 9, the standards not yet effective are not currently expected to have a significant impact on the Group. Management will continue to review the impact that these standards may have.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

1 Revenue and Profit Before Taxation

Segmental Analysis

For internal reporting purposes the Group is organised into five operating divisions based on geographic lines – UK, Middle East and North Africa, Germany and Central Europe, Scandinavia and Northern Europe, and North America. These divisions are the basis on which the Group reports its segmental information. The Group only undertakes one class of business, that of market research.

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

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

Segment result

Gross profit	9,633	4,632	10,616	5,271	4,180	25	34,357
Operating profit	3,359	1,429	418	52	527	(2,009)	3,776
Amortisation of intangibles	(523)	(185)	(175)	(108)	(150)	(2,548)	(3,689)
Impairment of goodwill and intangible assets							(7,861)
Exceptional costs	(1,038)	(155)	(169)	(360)	(112)	–	(1,834)
Finance income							205
Finance costs							(201)
Share of results of joint ventures							(8)
Loss before taxation							(9,612)
Tax credit							2,572
Profit after taxation							(7,040)
Other segment information							
Depreciation	197	143	241	30	47	–	658
Share-based payments	23	–	–	–	125	–	148
Assets							
Segment assets	17,481	17,843	18,418	12,671	19,996	(9,313)	77,096
Investments in joint ventures	–	–	–	–	–	–	23
Total assets							77,119

1 Revenue and Profit Before Taxation continued

2009	UK £000	Middle East and North Africa £000	Germany and Central Europe £000	Scandinavia and Northern Europe £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue							
External sales	10,470	8,398	14,606	7,393	3,455	–	44,322
Inter-segment sales	619	2	199	35	23	(878)	–
Total revenue	11,089	8,400	14,805	7,428	3,478	(878)	44,322
Inter-segment sales are priced on an arm's-length basis that would be available to unrelated third parties.							
Segment result							
Gross profit	8,465	5,602	11,195	5,555	2,836	112	33,765
Operating profit/(loss)	1,992	2,848	696	(178)	184	(2,827)	2,715
Amortisation of intangibles	(364)	(73)	(89)	(60)	(88)	(2,471)	(3,145)
Exceptional items	(320)	–	(110)	(180)	–	–	(610)
Finance income							1,054
Finance costs							(650)
Share of results of joint ventures							(47)
Loss before taxation							(683)
Tax credit							842
Profit after taxation							159
Other segment information							
Depreciation	132	77	262	38	44	4	557
Share-based payments	100	–	–	–	171	–	271
Assets							
Segment assets	15,901	15,139	27,735	16,830	19,881	(11,252)	84,234
Investments in joint ventures	–	–	23	–	–	–	23
Total assets							84,257

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

1 Revenue and Profit Before Taxation continued

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

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

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

2009	UK £000	Middle East and North Africa £000	Germany and Central Europe £000	Scandinavia and Northern Europe £000	North America £000	Consolidation and unallocated £000	Consolidated £000
Revenue by destination							
External sales	15,547	2,094	15,416	7,202	4,063	–	44,322
Inter-segment sales	235	610	13	–	20	(878)	–
Total revenue	15,782	2,704	15,429	7,202	4,083	(878)	44,322

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

The profit before taxation is stated after charging:

	31 July 2010 £000	31 July 2009 £000
Auditors' remuneration:		
Audit of the Group's annual report and accounts	121	100
Audit of subsidiaries	41	–
Other assurance services	2	15
Taxation	14	25
Due diligence	120	–
Other advisory services	9	35
Disposals, depreciation and amortisation:		
Depreciation of property, plant and equipment	658	557
Amortisation of intangible assets	3,689	3,145
Loss on disposal of property, plant and equipment	–	53
Other operating lease rentals:		
Plant and machinery	119	79
Land and buildings	1,435	1,312
Other expenses:		
Exchange differences	(348)	132
Share-based payment expenses	148	271
Research and development expenditure expensed	–	310
Charitable and political donations	1	1

2 Staff Numbers and Costs

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

	31 July 2010 £000	31 July 2009 £000
Wages and salaries	18,693	19,507
Social security costs	2,323	2,411
Share-based payments	148	271
Pension costs	329	242
Other benefits	1,269	544
	22,762	22,975

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

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

	31 July 2010 Number	31 July 2009 Number
Key management personnel	23	22
Administration and operations	397	409
	420	431

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

	31 July 2010 £000	31 July 2009 £000
Short-term employee benefits	2,700	2,549
Post-employment benefits	44	33
Share-based payments	5	37
	2,749	2,619

Disclosure of Directors' remuneration including share options are included in the remuneration report on pages 25 to 26.

3 Exceptional Costs

	31 July 2010 £000	31 July 2009 £000
Restructuring costs	683	783
Acquisition costs	271	–
Change in accounting estimation – panel incentives provision	600	–
Employment termination	280	–
Aborted acquisition costs	–	(173)
	1,834	610

Restructuring costs arose due to the termination of operations of certain divisions within the UK, German and Scandinavian businesses.

Acquisition costs comprise professional fees incurred relating to the acquisition of Harrison Group which was completed after the year-end. IFRS 3 (revised) requires these to be expensed at the time that they are incurred. Further information is provided in note 26.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

3 Exceptional Costs continued

A change in accounting estimation was made in the panel incentives provision, primarily due to the increasing maturity of the UK panel. Further information is provided in note 18.

Employment termination costs are discussed in detail on page 25 within the remuneration report. The aborted acquisition cost credit in 2009 relates to an over accrual in the prior year.

4 Finance Income and Costs

	31 July 2010 £000	31 July 2009 £000
Interest receivable from bank deposits	148	327
Other interest receivable	88	2
Foreign exchange (losses)/gains on cash held in foreign currency denominated accounts	(31)	725
Total finance income	205	1,054
Interest payable on bank loans and overdrafts	32	68
Interest on obligations under hire purchase and finance leases	2	1
Other interest payable	–	40
Foreign exchange losses on intra-Group loan positions	119	383
	153	492
Finance cost of deferred consideration	48	158
Total finance costs	201	650

5 Income Taxes

The taxation charge represents:

	31 July 2010 £000	31 July 2009 £000
Current tax	199	157
Adjustments in respect of prior years	(10)	258
Total current tax charge	189	415
Origination and reversal of temporary differences:		
Current year	(3,270)	(1,463)
Adjustments in respect of prior years	509	206
Total deferred tax	(2,761)	(1,257)
Total income statement tax credit	(2,572)	(842)

4 Finance Income and Costs continued

The tax assessed for the year is lower (2009: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	31 July 2010 £000	31 July 2009 £000
Loss before tax	(9,612)	(683)
Tax benefit calculated at Group's standard rate of 28% (2009: 28%)	2,690	191
Variance in overseas tax	501	1,431
Impact of tax rate change in current year	(67)	–
Expenses not deductible for tax purposes	(371)	(387)
Tax losses for which no deferred income tax asset was recognised	(192)	(189)
Tax deduction in respect of share options exercised	–	44
Adjustment in respect of prior years	10	(259)
Share of tax loss of joint venture	1	11
Total income tax credit for the year	2,572	842

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. Only changes substantively enacted at reporting date are included in these consolidated financial statements.

6 Dividend

No dividend was paid or proposed during the year (2009: £nil).

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

7 Earnings Per Share

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

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

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

	31 July 2010 £000	31 July 2009 £000
Group loss after taxation attributable to equity holders of the parent Company	(7,534)	(544)
Add: amortisation of intangible assets	3,689	3,145
Add: share-based payments	148	271
Add: imputed interest	48	158
Add: impairment charge	7,861	–
Add: exceptional costs	1,834	610
Tax effect of the above adjustments	(3,624)	(1,384)
Adjusted profit	2,422	2,256

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

	31 July 2010	31 July 2009
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	96,777	96,244
– Dilutive effect of share options	–	–
– Diluted	96,777	96,244
Basic loss per share (in pence)	(7.8)	(0.6)
Adjusted basic earnings per share (in pence)	2.5	2.3
Diluted loss per share (in pence)	(7.8)	(0.6)
Adjusted diluted earnings per share (in pence)	2.5	2.3

The adjustments have the following effect:

	p	p
Basic (loss) per share	(7.8)	(0.6)
Amortisation of intangible assets	3.8	3.3
Share-based payments	0.2	0.3
Imputed interest	–	0.1
Exceptional costs and impairments	10.0	0.6
Tax effect of the above adjustments	(3.7)	(1.4)
Adjusted earnings per share	2.5	2.3
Diluted loss per share	(7.8)	(0.6)
Amortisation of intangible assets	3.8	3.3
Share-based payments	0.2	0.3
Imputed interest	–	0.1
Exceptional costs and impairments	10.0	0.6
Tax effect of the above adjustments	(3.7)	(1.4)
Adjusted diluted earnings per share	2.5	2.3

8 Business Combinations

Purchase of Minority Shareholding in ServiceRating

On 11 March 2010, YouGovPsychonomics AG purchased the 40% shareholding in its subsidiary, ServiceRating, which it did not already own, from the minority shareholders.

The consideration for this purchase was £291,000. The book value of non-controlling interests at the transaction date was £128,000. The difference of £163,000 has been reflected directly in reserves in accordance with IAS 27 (revised).

9 Goodwill

	Middle East £000	North America £000	Scandinavia and Northern Europe £000	Germany and Central Europe £000	UK £000	Total £000
Carrying amount at 1 August 2008	1,113	7,172	9,808	15,388	19	33,500
Movements:						
Through business combinations	–	1,124	–	–	–	1,124
Entity creation costs	–	–	–	–	61	61
Revision to contingent deferred consideration	–	–	(2,213)	(2,507)	–	(4,720)
Net exchange differences	206	1,141	825	1,345	–	3,517
Carrying amount at 31 July 2009	1,319	9,437	8,420	14,226	80	33,482
Movements:						
Impairment charge	–	–	–	(2,399)	–	(2,399)
Net exchange differences	86	615	(217)	(364)	–	120
Carrying amount at 31 July 2010	1,405	10,052	8,203	11,463	80	31,203

Other goodwill represents legal fees incurred in the establishment of new subsidiaries.

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 2010 impairment review was undertaken as at 31 July 2010. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using an initial projection period of three years for each CGU based on approved budget numbers. Beyond that, EBITDA growth was assumed to be 5% for Scandinavia and the Middle East and 12% for the USA for years four and five which is conservative both in comparison with their historical performance and annual growth rates in the internet-based market research sector. Annual growth rates of 3% have been assumed in perpetuity beyond year five. The weighted average pre-tax cost of capital used to discount the future cash flows to their present value is 14.1% (2009: 16.5%).

During the current year, there was an indication of impairment for the German business due to the impact of local market conditions and trading performance. Although management are taking corrective actions to address it the impact has been judged to be sufficiently severe to indicate impairment to the carrying value of the assets within the German business. Management has assessed the carrying value of the German intangible assets (customer contracts and lists and patents and trademarks) and judge that an impairment charge of £5.5m is required. An assessment of the carrying value of the remaining assets within the German business has resulted in an impairment charge of £2.4m against goodwill. A total impairment charge of £7.9m has been recorded in the consolidated income statement.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

10 Other Intangible Assets

	Consumer panel £000	Software and software development £000	Customer contracts and lists £000	Patents and trademarks £000	Order backlog £000	Development costs £000	Total £000
Net carrying amount at 1 August 2008	5,105	1,255	4,840	5,712	–	206	17,118
Additions:							
Separately acquired	447	787	–	42	–	28	1,304
Internally developed	–	590	–	–	–	126	716
Through business combinations	–	–	638	–	48	–	686
Amortisation	(1,447)	(709)	(445)	(455)	(48)	(41)	(3,145)
Reclassification	–	–	–	–	–	(37)	(37)
Net exchange differences	454	86	284	462	–	12	1,298
Net carrying amount at 31 July 2009	4,559	2,009	5,317	5,761	–	294	17,940
Additions:							
Separately acquired	285	387	–	47	–	320	1,039
Internally developed	–	801	–	–	–	197	998
Amortisation	(1,653)	(1,035)	(443)	(456)	–	(102)	(3,689)
Impairment	–	–	(2,479)	(2,983)	–	–	(5,462)
Net exchange differences	(56)	(37)	(84)	(92)	–	(12)	(281)
Net carrying amount at 31 July 2010	3,135	2,125	2,311	2,277	–	697	10,545

The details of the impairment charge of £5.5m are disclosed in note 9.

11 Property, Plant and Equipment

	Freehold property £000	Leasehold property improvements £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Carrying amount at 1 August 2008	946	203	392	611	65	2,217
Additions:						
Separately acquired	28	16	414	274	–	732
Acquired through acquisitions	–	–	7	–	–	7
Disposals	–	(8)	(1)	(7)	–	(16)
Depreciation	–	(65)	(281)	(172)	(39)	(557)
Net exchange differences	173	14	34	19	6	246
Carrying amount at 31 July 2009	1,147	160	565	725	32	2,629
Additions:						
Separately acquired	–	42	185	55	–	282
Depreciation	(54)	(68)	(272)	(232)	(32)	(658)
Net exchange differences	(64)	(8)	(26)	(31)	–	129
Carrying amount at 31 July 2010	1,157	142	504	579	–	2,382

All property, plant and equipment disclosed above, with the exception of those items held under lease purchase agreement, is free from restrictions on title. No property, plant and equipment either in 2010 or 2009 has been pledged as security against the liabilities of the Group.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

12 Investments

	31 July 2010 £000	31 July 2009 £000
Interest in joint ventures (b)	23	23

a) Interests in Subsidiaries

As at 31 July 2010 the Group's principal trading subsidiaries were:

	Country of incorporation	Class of share capital held	Proportion held by parent Company	Proportion held by the Group	Nature of the business
YouGovM.E. FZ LLC	United Arab Emirates	Ordinary	78%	78%	Market research
YouGovPsychonomics AG (formerly psychonomics AG)	Germany	Ordinary	100%	100%	Market research
ServiceRating GmbH	Germany	Ordinary	0%	100%	Market research
psychonomics Field	Germany	Ordinary	0%	70%	Market research
GPW Deutschland GmbH	Germany	Ordinary	0%	100%	Market research
YouGov Nordic & Baltic A/S (formerly Zapera.com A/S)	Denmark	Ordinary	100%	100%	Market research
YouGov Sweden AB (formerly Zapera Sweden AB)	Sweden	Ordinary	0%	100%	Market research
YouGov Norway AS (formerly Zapera Receptor Norway AS)	Norway	Ordinary	0%	100%	Market research
Zapera Finland OY	Finland	Ordinary	0%	100%	Market research
BUZ ApS	Denmark	Ordinary	0%	51%	Market research
YouGov America Inc	USA	Ordinary	0%	100%	Market research
YouGovStone Limited	England	Ordinary	51%	51%	Market research
YouGovAlpha Limited	England	Ordinary	100%	100%	Market research

All subsidiaries with the exception of YouGov Alpha Ltd have co-terminus year ends and are included in the consolidated financial statements.

b) Interest in Joint Ventures

At 31 July 2010 the Group had interests in the following joint ventures:

	Joint venture	Country of incorporation	Class of share capital held	Proportion held by parent Company	Proportion held by the Group	Nature of the business	Financial year end
YouGovCentaur LLP	JV	England	Ordinary	50%	50%	Specialist business to business research	30 June
psychonomics Advisory (formerly Comema AG)	JV	Germany	Ordinary	0%	50%	Market research	31 July

The Group's share of the revenue and operating (loss) and assets and liabilities of YouGovCentaur LLP are:

	31 July 2010 £000	31 July 2009 £000
Revenue	–	2
Operating loss	(4)	(16)
Non-current assets	3	4
Current assets	18	51
Current liabilities	(59)	(31)
Non-current liabilities	(39)	(79)
Net liabilities	(77)	(55)

13 Trade and Other Receivables

	31 July 2010 £000	31 July 2009 £000
Trade receivables	7,749	8,502
Amounts owed by related parties	123	116
Other receivables	967	519
Prepayments and accrued income	5,916	4,673
	14,755	13,810
Provision for trade and other receivables	(194)	(132)
	14,561	13,678

The ageing of the current trade receivables is as follows:

	31 July 2010 £000	31 July 2009 £000
Within payment terms	2,966	2,584
Not more than three months overdue	3,156	3,405
More than three months but not more than six months overdue	911	1,016
More than six months but not more than one year overdue	327	720
More than one year overdue	389	777
	7,749	8,502

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

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

	2010 £000	2009 £000
Provision for receivables impairment at 1 August	132	–
Provision created in the year	166	132
Provision utilised in the year	(104)	–
Provision for receivables impairment at 31 July	194	132

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 or each class of receivable mentioned above. The Group does not hold any collateral as security.

The Directors consider that the carrying value of trade and other receivables approximates their fair value. Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace which minimises any potential risk of default. Material balances (defined as >£250,000 (2009: >£250,000)) represent 23% of trade receivables (2009: 36%).

At 31 July 2010, £290,000 (DKK 2.6m) (2009: £352,000 (DKK 3.1m)) of the trade and other receivables of YouGov Nordic & Baltic A/S was used as security against a loan and revolving overdraft facility held by YouGov Nordic & Baltic A/S.

At 31 July 2010, YouGovPsychonomics AG had the option to borrow €40,000 (£33,000) (2009: €300,000 (£256,000)) which is secured against the trade and other receivables of the business. At 31 July 2010 £nil (2009: £nil) had been drawn down.

YouGovPsychonomics AG has secured a value of up to €144,000 (£120,000) (2009: €280,000 (£239,000)) in the event of default on rental payments against its trade and other receivables.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

14 Other Short-Term Financial Assets

	31 July 2010 £000	31 July 2009 £000
Available-for-sale financial assets	165	211

Other short-term financial assets represent corporate bonds that present the Group with opportunity for returns through interest income and trading gains. They have a fixed maturity of less than three months. The investment was held at cost at both 31 July 2010 and 31 July 2009. Fair value of the asset was not materially different from its historical cost.

15 Cash and Cash Equivalents

	31 July 2010 £000	31 July 2009 £000
Cash at bank and in hand	15,634	12,718

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

16 Trade and Other Payables

	31 July 2010 £000	31 July 2009 £000
Trade payables	1,416	858
Accruals and deferred income	7,040	5,509
Other payables	1,690	1,575
	10,146	7,942

The creditor days as at the year end is 34 (2009: 19 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

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

17 Deferred Consideration

In the year ended 31 July 2010 the Group paid deferred consideration of £0.3m, thus reducing its outstanding obligations for deferred consideration from £1.0m to £0.7m. All of this relates to the acquisition of Clear Horizons LLC which took place in April 2009.

	Within one year £000	Greater than one year £000	Total £000
At 31 July 2009	317	651	968
At 31 July 2010	304	360	664

Clear Horizons

Under the terms of the asset purchase agreement dated 24 April 2009 a maximum of £1.3m is payable over the three years ending 30 April 2012 if performance is in excess of the business plan agreed with the management of Clear Horizons LLC. A provision of £1.0m was made in 2009 reflecting the amount expected to be payable based on Clear Horizons' business plan. The first earn-out target in respect of the year ended 30 April 2010 was met and accordingly £0.3m was paid out.

Receptor

In the year ended 31 July 2010, £20,000 was paid in line with the agreement. The balance of £20,000 has been released in the period due to full targets not being met.

18 Provisions

	Panel incentives £000	Staff gratuity £000	Total £000
At 1 August 2008	1,280	110	1,390
Provided during the year	2,456	70	2,526
Utilised during the year	(1,887)	(29)	(1,916)
Released during the year	(284)	(63)	(347)
Net foreign exchange differences	65	20	85
At 31 July 2009	1,630	108	1,738
Included within current liabilities	1,630	108	1,738
	1,630	108	1,738
Provided during the year	3,835	127	3,962
Utilised during the year	(2,625)	(116)	(2,741)
Released during the year	(279)	(36)	(315)
Net foreign exchange differences	25	7	32
At 31 July 2010	2,586	90	2,676
Included within current liabilities	1,278	–	1,278
Included within non-current liabilities	1,308	90	1,398

The panel incentive provision represents the Directors' best estimate of the future liability in relation to the value of panel incentives that have accrued in the panellists' virtual accounts up to 31 July 2010. The provision of £2.6m represents 30% of the maximum potential liability of £8.6m (2009: £1.6m representing 25% of the total liability of £6.6m). The factors considered in estimating the appropriate percentage of the total liability to be provided against at each reporting date include: panel churn rates, panel activity rates, current redemption patterns and the time value of money.

In the year ended 31 July 2010, due to a change in profile of the UK panel resulting from its maturity, a change in accounting estimation was made resulting in an adjustment being made to the provision of £0.6m which has been treated as an exceptional item.

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years' service and nature of the termination. The liability of £0.1m at 31 July 2010 (2009: £0.1m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

19 Deferred Taxation Assets and Liabilities

	Property, plant and equipment £000	Tax losses £000	Other timing differences £000	Total £000
Non-current deferred tax asset				
Balance at 1 August 2008	27	1,413	127	1,567
Recognised in consolidated income statement	–	760	(127)	633
Net foreign exchange differences	–	226	–	226
Other movement	–	84	–	84
Balance at 31 July 2009	27	2,483	–	2,510
Recognised in consolidated income statement	33	90	–	123
Tax rate adjustment	–	(79)	–	(79)
Net foreign exchange differences	–	52	–	52
Balance at 31 July 2010	60	2,546	–	2,606

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

	31 July 2010 £000	31 July 2009 £000
UK	626	571
Germany and Central Europe	–	9
Scandinavia and Northern Europe	780	645
North America	1,140	1,258
	2,546	2,483

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

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

	Intangible assets £000	Property, plant and equipment £000	Other timing differences £000	Total £000
Non-current deferred tax liabilities				
Balance at 1 August 2008	5,555	124	81	5,760
Acquired on acquisition	293	–	–	293
Recognised in consolidated income statement	(774)	256	107	(445)
Net foreign exchange differences	447	6	10	497
Balance at 31 July 2009	5,521	386	198	6,105
Recognised in consolidated income statement	(2,675)	(226)	196	(2,705)
Tax rate adjustment	(4)	(1)	(7)	(12)
Net foreign exchange differences	(124)	36	(2)	(90)
Balance at 31 July 2010	2,718	195	385	3,298

20 Risk Management Objectives and Policies

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

Foreign Currency Risk

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

Currently, the Group aims to align assets and liabilities in a particular market and no hedging instruments are used. The Group will continue to review its currency risk position as the overall business profile changes.

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

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

	2010 £000				2009 £000			
	US \$	Euro €	Dirham AED	Kroner DKK	US \$	Euro €	Dirham AED	Kroner DKK
Nominal amounts								
Financial assets	5,166	2,268	7,916	777	3,746	1,807	5,930	909
Financial liabilities	(133)	(1,009)	(74)	(1,177)	(130)	(834)	(29)	(1,143)
Short-term exposure	5,033	1,259	7,842	(400)	3,616	973	5,901	(234)
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	(4)	(18)
Long-term exposure	–	–	–	–	–	–	(4)	(18)

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

	2010 £000				2009 £000			
	US \$	Euro €	Dirham AED	Kroner DKK	US \$	Euro €	Dirham AED	Kroner DKK
Net result for the year	(1)	1	(15)	5	1	(2)	(31)	5
Equity	(41)	(10)	(174)	1	(149)	(207)	(148)	(115)

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

The Group manages currency fluctuations as outlined in the corporate governance report on page 29.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

20 Risk Management Objectives and Policies continued**Liquidity Risk**

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

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

As at 31 July 2010, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current	
	Within six months £000	Six to 12 months £000	One to five years £000	Later than five years £000
31 July 2010				
Trade and other payables	3,161	35	—	—
Borrowing principal payments	2	2	2	—
Borrowing interest payments	—	—	—	—

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

	Current		Non-current	
	Within six months £000	Six to 12 months £000	One to five years £000	Later than five years £000
31 July 2009				
Trade and other payables	2,433	—	—	—
Borrowing principal payments	226	2	22	—
Borrowing interest payments	—	—	—	—

Capital Risk Management

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

	31 July 2010 £000	31 July 2009 £000
Available-for-sale financial assets	165	211
Cash and cash equivalents	15,634	12,718
Borrowings	—	(242)
Finance leases	(4)	(8)
Equity attributable to shareholders of the parent Company	(56,168)	(63,708)
	(40,373)	(51,029)

The Group has no externally imposed capital requirements.

Interest Rate Risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance over the course of the year was £15.0m (2010: £13.1m) attracting an average interest rate of 1.0% (2009: 2.5%). If interest rates had been 1% higher during the year ended 31 July 2010 the increase to profit before tax would have been £150,000 (2009: £124,000). If interest rates had been 1% lower during the year ended 31 July 2010 the reduction in profit before tax would have been £150,000 (2009: £124,000). The impact upon shareholders' equity would have been an increase of £100,000 (2009: £94,000) and a decrease of £100,000 (2009: £92,000) respectively.

21 Share Capital

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

	Number	£000
Year to 31 July 2010		
At 1 August 2009	96,733,177	193
Issue of shares	94,237	1
At 31 July 2010	96,827,414	194
Year to 31 July 2009		
At 1 August 2008	94,876,425	190
Issue of shares	1,856,752	3
At 31 July 2009	96,733,177	193
	Number	£000
Authorised share capital		
At 31 July 2010		
Ordinary Shares @ 0.2p each	150,000,000	300
At 31 July 2009		
Ordinary Shares @ 0.2p each	150,000,000	300

Share-Based Payments

The charge in relation to the share-based payments in the year ended 31 July 2010 was £134,000 (2009: £201,000).

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

	2010 WAEP		2009 WAEP	
	Number	£	Number	£
Approved share option scheme				
Outstanding at the beginning of the year	129,056	0.869	483,095	0.646
Granted during the year	–	–	–	–
Exercised during the year	–	–	(219,938)	0.341
Lapsed during the year	–	–	(134,101)	0.932
Outstanding at the end of the year	129,056	0.869	129,056	0.869
Exercisable at the end of the year	129,056	0.869	108,816	0.725
	2010 WAEP		2009 WAEP	
	Number	£	Number	£
Unapproved share option scheme				
Outstanding at the beginning of the year	538,990	0.211	1,410,703	0.219
Granted during the year	–	–	14,250	0.180
Exercised during the year	(94,237)	0.112	(714,769)	0.222
Lapsed during the year	(6,522)	0.190	(171,194)	0.229
Outstanding at the end of the year	438,231	0.232	538,990	0.211
Exercisable at the end of the year	379,057	0.236	387,014	0.207

Share options exercised in the current financial year were exercised at prices between £0.093 and £0.199. The weighted average share price at the date of exercise was £0.112.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

21 Share Capital continued

The options outstanding under the approved and unapproved share option schemes as at 31 July 2010 have the following average exercise prices and expire in the following financial years.

Expiry	Exercise price £	2010 Number	2009 Number
31 July 2013	0.180	24,000	24,000
31 July 2015	0.180	44,335	44,335
31 July 2017	1.645	82,067	82,067
31 August 2021*	0.160	416,885	517,644

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

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

During the year ended 31 July 2010 the Long Term Incentive Plan ("LTIP") for Executive Directors, Senior Executives and Senior Managers continued to operate. The rules governing the LTIP are summarised in the remuneration report on page 25. The charge in relation to the LTIP in the year ended 31 July 2010 was £14,000 (2009: £70,000). This charge was valued using a Monte Carlo simulation.

	2010 WAEP		2009 WAEP	
	Number	£	Number	£
Long-term incentive plan (LTIP)				
Outstanding at the beginning of the year	2,034,655	0.000	–	–
Granted during the year	1,891,337	0.000	2,034,655	0.000
Exercised during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Outstanding at the end of the year	3,925,992	0.000	2,034,655	0.000
Exercisable at the end of the year	–	–	–	–

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

22 Leasing Commitments

The minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2010 are as follows:

	31 July 2010		31 July 2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	1,191	84	1,179	84
Between one and five years	1,046	140	2,209	181
In five years or more	15	34	299	34
	2,252	258	3,687	299

23 Capital Commitments

At 31 July 2010, the Group had no outstanding commitments to procure software (2009: £183,000).

24 Major Non-Cash Transactions

The Group entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £327,000 (2009: £327,000).

Other barter transactions totalled £136,000 (2009: £133,000).

25 Transactions With Directors and Other Related Parties

There have been no transactions with Directors during the year.

During the year goods and services were procured from IPBD Limited by YouGov ME FZ LLC totalling £1,367,000 (2009: £1,144,000). IPBD Limited is a company which is owned by the parents of Nadhim Zahawi, a Director of YouGov plc until 7 May 2010. The purchases were made at arm's length and on usual commercial terms. A balance of £34,000 remained as at 31 July 2010 (2009: £nil).

During the year, YouGov plc provided research services totalling £36,000 (2009: £194,000) to Privero Capital Advisors Inc. Minority stakes in this company are owned by Stephan Shakespeare and Balshore Investments (the family trust of Nadhim Zahawi's family), each of whom control 25% of the company. The sales were made at arm's length and on usual commercial terms. At 31 July 2010 Privero Capital Advisors Inc owed YouGov plc £116,000 (2009: £599,000).

At 31 July 2010, Doughty Media, a company which Stephan Shakespeare owns, owed YouGov plc £nil (2009: £163,000).

Trading between YouGov plc and Group companies is excluded from the related party note as this had been eliminated on consolidation. At 31 July 2010, the amounts owed by Centaur LLP, a joint venture was £123,000 (2009: £116,000).

26 Events After the Reporting Period

The acquisition of Harrison Group, one of the USA's leading market and strategic research firms was completed on 16 August 2010. The basic purchase consideration payable will be six times the EBITDA achieved by Harrison in the year ended 31 December 2010. \$6m (£4m) of this was paid on completion and the balance will be payable in instalments between 2011 and 2013, contingent upon the results achieved in 2010 and 2011. An additional payment of up to \$1.25m (£0.8m) will be payable in 2013 contingent upon strong EBITDA growth targets being achieved in the calendar years 2011 and 2012. Based on Harrison's current business plans, the total consideration payable is expected to be approximately \$13m (£8m). This transaction will be funded entirely from the Group's existing cash resources.

At completion, Harrison had net assets of approximately \$2m (£1.3m) including net current assets of \$1.4m. For the year ended 31 December 2009, Harrison reported revenues of approximately \$9.6m (£6m) and adjusted EBITDA of \$0.3m (£0.2m). On a trailing 12 months basis to 31 March 2010, Harrison's pro-forma revenues were \$10.6m (£6.9m) and its adjusted EBITDA (excluding certain non-recurring revenues and costs) was \$1.0m (£0.7m).

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

Independent Auditors' Report to the Members of YouGov plc on the Parent Company Financial Statements for the year ended 31 July 2010

We have audited the parent Company financial statements of YouGov plc for the year ended 31 July 2010 which comprise the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

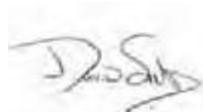
Matters on Which We Are Required to Report by Exception

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

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

Other Matters

We have reported separately on the Group financial statements of YouGov plc for the year ended 31 July 2010.



David A Snell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 October 2010

Company Balance Sheet as at 31 July 2010

	Notes	31 July 2010 £000	31 July 2009 £000
Fixed assets			
Intangible assets	3	191	241
Tangible assets	4	380	1,399
Investments	5	33,546	37,448
		34,117	39,088
Current assets			
Debtors	6	13,070	9,771
Cash at bank and in hand		5,424	5,621
		18,494	15,392
Creditors: amounts falling due within one year	7	(11,104)	(8,516)
Net current assets		7,390	6,876
Total assets less current liabilities		41,507	45,964
Provisions for liabilities and charges	8	(171)	(252)
Net assets		41,336	45,712
Capital and reserves			
Called up share capital	10	194	193
Share premium account		30,822	30,811
Merger reserve		9,239	9,239
Profit and loss account		1,081	5,469
Total shareholders' funds	9	41,336	45,712

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 11 October 2010 and signed on its behalf by:



Alan Newman
Chief Financial Officer

Principal Accounting Policies of the Company Financial Statements for the year ended 31 July 2010

Basis of Preparation

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

The Company has also taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash flow statement (revised 1996)". The cash flows of the Company are disclosed as part of the consolidated cash flow statement within the consolidated financial statements.

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

Related Parties

The Company has taken advantage of the exemption contained in FRS 8 "Related party disclosures" and has not reported transactions with fellow Group undertakings.

Panel Incentive Costs

The Company invites consumer panel members to fill out polls for a cash incentive. Although these amounts are not paid until a pre-determined target value has accrued on a panellist's account, an assessment of incentives likely to be paid is made and is recognised as a cost of sale in the period in which the service is provided.

Share-Based Payments

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

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

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

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

Intangible Fixed Assets and Amortisation

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

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

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment.

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

Leasehold property and improvements	Life of the lease
Fixtures and fittings on a reducing balance basis	25%
Computer software and hardware on a straight-line basis	10%–33%
Software development costs on a straight-line basis	33%–50%

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

Research and Development

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

Investments

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

Leased Assets – Operating Leases

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

Leased Assets – Financial Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the inception of the lease or contract. The total finance charges are allocated over the period of the lease or contract in such a way as to give a constant periodic charge on the outstanding liability.

Deferred Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax provision is held at its current value and not discounted.

Notes to the Company Financial Statements for the year ended 31 July 2010

1 Profit of Parent Company

The parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £4,536,000 (2009: loss of £1,052,000).

2 Dividend

No dividend was paid or proposed during the year (2009: £nil).

3 Intangible Assets

	Panel acquisition costs £000	Trademarks £000	Total £000
Cost			
At 1 August 2009	217	86	303
Additions	38	20	58
At 31 July 2010	255	106	361
Accumulated amortisation			
At 1 August 2009	62	–	62
Provided in the year	80	–	80
Reclassification	28	–	28
At 31 July 2010	170	–	170
Net book amount at 31 July 2010	85	106	191
Net book amount at 31 July 2009	155	86	241

The valuation method for intangibles is arm's-length purchase price.

4 Tangible Fixed Assets

	Software development costs £000	Fixtures and fittings £000	Computer software and hardware £000	Leasehold property and improvements £000	Total £000
Cost					
At 1 August 2009	520	296	1,228	177	2,221
Additions	43	25	159	–	227
Disposals	(145)	–	(575)	–	(720)
At 31 July 2010	418	321	812	177	1,728
Accumulated depreciation					
At 1 August 2009	186	153	396	87	822
Provided in the year	260	39	220	35	554
Reclassification	(28)	–	–	–	(28)
At 31 July 2010	418	192	616	122	1,348
Net book amount at 31 July 2010	–	129	196	55	380
Net book amount at 31 July 2009	334	143	832	90	1,399

5 Fixed Asset Investments

Total fixed asset investments comprise:

	31 July 2010 £000	31 July 2009 £000
Interest in subsidiaries	33,166	37,203
Interest in joint ventures	43	43
Capital contributions arising from share-based payments	337	202
	33,546	37,448

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

The Company's principal trading subsidiaries and joint ventures are listed in note 12 of the consolidated financial statements.

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

In the year, an impairment of £3.9m was charged against the investments in YouGovPsychonomics AG. Further details are disclosed in note 9 of the consolidated financial statements.

Notes to the Company Financial Statements for the year ended 31 July 2010

6 Debtors

	31 July 2010 £000	31 July 2009 £000
Trade debtors	2,916	3,757
Amounts owed by Group undertakings	6,524	3,605
Amounts owed by joint ventures	122	116
Other debtors	337	72
Prepayments and accrued income	1,599	867
Deferred taxation	1,572	1,354
	13,070	9,771

7 Creditors: Amounts Falling Due Within One Year

	31 July 2010 £000	31 July 2009 £000
Trade creditors	343	176
Amounts owed to Group undertakings	6,657	6,349
Taxation and social security	532	414
Other creditors	–	72
Accruals	3,168	1,182
Deferred income	404	323
	11,104	8,516

8 Provisions for Liabilities and Charges

	31 July 2010 £000	31 July 2009 £000
Deferred tax		
At 1 August	252	36
(Released)/provided during year in profit and loss account	(81)	216
At 31 July	171	252

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

9 Reconciliation of Movements in Shareholders' Funds

	Share capital £000	Share premium account £000	Merger reserve £000	Deferred consideration reserve £000	Profit and loss account £000	Total £000
Balance at 31 July 2008	190	29,156	9,239	1,438	6,250	46,273
Changes in equity for 2009						
Profit for the year	–	–	–	–	(1,052)	(1,052)
Total recognised income for the year	–	–	–	–	(1,052)	(1,052)
Expenses offset against share premium	–	(13)	–	–	–	(13)
Issue of share capital through exercise of share options	1	232	–	–	–	233
Deferred consideration as part consideration for acquisition	2	1,436	–	(1,438)	–	–
Share-based payments	–	–	–	–	271	271
Balance at 31 July 2009	193	30,811	9,239	–	5,469	45,712
Changes in equity for 2010						
Profit for the year	–	–	–	–	(4,536)	(4,536)
Total recognised income for the year	–	–	–	–	(4,536)	(4,536)
Issue of share capital through exercise of share options	1	11	–	–	–	12
Share-based payments	–	–	–	–	148	148
Balance at 31 July 2010	194	30,822	9,239	–	1,081	41,336

10 Called-Up Share Capital

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

	Number	£000
Year to 31 July 2010		
At 1 August 2009	96,733,177	193
Issue of shares	94,237	1
At 31 July 2010	96,827,414	194
Year to 31 July 2009		
At 1 August 2008	94,876,425	190
Issue of shares	1,856,752	3
At 31 July 2009	96,733,177	193

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

	Number	£000
Authorised share capital		
At 31 July 2010		
Ordinary Shares @ 0.2p each	150,000,000	300
At 31 July 2009		
Ordinary Shares @ 0.2p each	150,000,000	300

Notes to the Company Financial Statements for the year ended 31 July 2010

11 Share-Based Payments

The Company's share-based payments are included in note 21 of the consolidated financial statements. The charge included in the profit and loss account of the Company is £14,000 (2009: £69,000). The increase in investment in respect of subsidiaries is £134,000 (2009: £202,000).

12 Leasing Commitments

Operating lease payments amounting to £439,000 (2010: £294,000) are due within one year. Annual commitments under operating leases which expire in the following periods are as follows:

	31 July 2010		31 July 2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	289	5	–	–
Between one and five years	289	–	289	5
In five years or more	–	–	289	–
	578	5	578	5

13 Major Non-Cash Transactions

The Company entered into a barter transaction with Centaur plc, a joint venture partner, to exchange the provision of BrandIndex content for advertising within its publications for £327,000 (2009: £327,000).

Other barter transactions deemed not material in aggregate totalled £28,000 (2009: £28,000).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of YouGov PLC will be held at 50 Featherstone Street, London EC1Y 8RT on 8 December 2010 at 12.30pm to consider and, if thought fit, pass the resolutions below. Resolution 7 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

- 1 To receive the Company's annual accounts for the financial year ended 31 July 2010, together with the Directors' report and the auditors' report on those accounts.
- 2 To approve the Directors' remuneration report set out in the annual report and accounts for the financial year ended 31 July 2010.
- 3 To reappoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
- 4 To authorise the Directors to fix the remuneration of the auditors.
- 5 To reappoint Roger Parry as a Director retiring by rotation in accordance with the Company's Articles of Association.
- 6 To reappoint Ben Elliot as a Director who, having been appointed a Director by the Directors since the last Annual General Meeting, would in accordance with the Company's Articles of Association vacate office at the conclusion of this meeting unless reappointed.

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

Special Resolution

- 7 THAT:
 - 7.1 the Directors shall, in substitution of all previous authorities, have the power under section 570 of the Companies Act 2006 (the "Companies Act") to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authority conferred by resolution 6 passed at the Annual General Meeting held on 7 December 2007, as if section 561(1) of the Companies Act did not apply to the allotment;
 - 7.2 this power shall be limited to:
 - 7.2.1 the allotment of equity securities in connection with an offer or issue of such securities to holders of Ordinary Shares on the register on a date fixed by the Directors, whether by way of rights issue, open offer or otherwise, in proportion (as nearly as practicable) to their respective holdings on that date or in accordance with the rights attached to them but subject to such exclusions and other arrangements as the Directors may consider appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - 7.2.2 the allotment (other than under paragraph 7.2.1 above) of equity securities having, in the case of relevant shares (as defined for the purposes of section 560 of the Companies Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £9,680;
 - 7.3 this power shall cease to have effect on the earlier of the date on which the authority given by resolution 6 passed at the Annual General Meeting held on 7 December 2007 is revoked, and the conclusion of the next Annual General Meeting of the Company;
 - 7.4 the Company may make an offer or agreement before this authority expires which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the authority has expired.

By order of the Board

Alan Newman
Company Secretary
11 October 2010

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

Notice of Annual General Meeting

Notes:

- 1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Neville Registrars, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 12.30pm on 6 December 2009.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 6 December 2010 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 12.30pm on 6 December 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 7 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 8 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

Explanatory Notes to the Notice of Annual General Meeting

The notes above give an explanation of the proposed resolutions. Resolutions 1 to 6 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 7 is proposed as a special resolution. This means that for each resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 7 (statutory pre-emption rights)

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. This special resolution renews the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £9,680 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 31 October 2009 (being the last practicable date prior to the publication of this notice)) as if the pre-emption rights of section 561 did not apply. The authority granted by this resolution will expire on the earlier of, the expiry or revocation of the Directors' authority to allot shares given at the Annual General Meeting on 7 December 2007, and the conclusion of the next Annual General Meeting.

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