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YouGov®

What the world thinks

Annual Report and Accounts

2009

YouGov
Annual Report and Accounts 2009

Contents

YouGov is the authoritative measure of public opinion and consumer behaviour. It's our ambition to supply a live stream of 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

YouGov

Region: UK

Offices: London

Revenue: £10,470,000

Panel size: 266,000

Number of employees: 90

YouGov is now one of the top 25 research agencies in the world

We now have a panel of

2,216,000

people worldwide

YouGovPolimetrix

Region: North America

Offices: Palo Alto, New York, Princeton, Washington

Revenue: £3,455,000

Panel size: 1,488,000

Number of employees: 31

YouGovZapera
Region: Scandinavia and Northern Europe

Offices: Copenhagen, Helsinki, Malmö, Oslo, Stockholm
Revenue: £7,393,000
Panel size: 143,000
Number of employees: 71

YouGovSiraj
Region: Middle East and North Africa

Offices: Dubai, Dammam, Jeddah, Riyadh
Revenue: £8,398,000
Panel size: 197,000
Number of employees: 49

YouGovPsychonomics
Region: Germany and Central Europe

Offices: Cologne, Berlin, Vienna
Revenue: £14,606,000
Panel size: 122,000
Number of employees: 172

Chairman's Statement

"We have continued to gain market share reflecting the compelling nature of the YouGov offering."

The 12 months to 31 July 2009 (YouGov's financial year) has clearly been a very challenging period both for the economy as a whole and specifically for the market research industry which has experienced revenue declines to a greater degree than in previous recessions.

Against this difficult background, our business succeeded in growing reported revenue by 10% to £44m in this last financial year although this represented a fall of 3% in constant currency terms. This performance, when compared to the sector's larger research groups who reported revenue declines in 2009, suggests that we have continued to gain market share reflecting the compelling nature of the YouGov offering.

Our normalised operating profit was £3.1m compared to £8.7m in the prior year. Although this performance was in line with the expectations set at the time of the interim results, it is nonetheless disappointing to report a fall in profit after eight years continued revenue and profit growth. The primary reason for this was the expansion of our headcount during 2007/08 in anticipation of higher revenue growth which did not materialise due to the subsequent economic slowdown. In simple terms we let our cost base get ahead of our income.

As announced in April, we have been implementing measures to improve profitability by scaling back investment in non-core activities and reducing costs in areas which were not delivering expected revenue growth. We expect annual savings of £2.5m from these actions.

The Group's balance sheet remains strong and at the year-end our net cash balances were £12.5m, compared to £12.3m at 31July 2008. This will allow us to support ongoing investment in new market research products.

The Board remains committed to growing YouGov's market share and focused on investment for future growth. It therefore does not recommend the payment of a dividend.

YouGov is a relatively young company which has been a pioneer in the field of online market research. We have grown very rapidly and the shock of the credit crunch and recession has caused us to pause and take stock.

Over the past year we have had three main goals:

- to improve financial controls and forecasting;
- to focus on specific geographies and market sectors; and
- to invest in improved technology, panel engagement and management.

In pursuit of these objectives we have made a number of senior management appointments and investments which are detailed in the Chief Executive Officer's Report on pages 6 and 7.

In the UK, YouGov has a very strong brand which is widely recognised for successful, accurate political opinion polling and this has opened the doors for our much larger commercial market research activity. We are investing to build similar levels of brand recognition in our other markets with a view to repeating the successful UK model on an international basis.

Roger Parry
Chairman
12 October 2009

Operational Highlights

- Good progress in developing the business, despite tough market conditions
- Roll out of global technology platform will improve operational capabilities and support development of next generation of products
- Developing the next stage of online research – continuous flow of real-time data customised to each client
- BrandIndex now available in all geographies and gaining traction with major brand owners. This reflects benefits offered by real-time research data
- Ongoing innovation at hub level with launches of new syndicated products – Recession Tracker, DebtTrack and DongleTrack
- Reputation for accuracy further reinforced by polling results for the US Presidential Elections
- Actions taken to reduce costs in areas which were not delivering expected revenue growth
- Group management team strengthened
- Recent US acquisition performing well
- Well positioned to benefit from continuing growth in online research

Key Financials

- Turnover up 10% to £44.3m (2008: £40.4m)
- Normalised operating profit of £3.1m (2008: £8.7m)
- Normalised profit before tax of £3.9m (2008: £9.5m)
- Reported loss before tax of £0.7m (2008: profit £4.0m)
- Normalised earnings per share of 2.7p (2008: 9.1p)
- Revenue per head increased by 20% to £107,000 from £89,000
- Good operating cash generation – improved to £5.3m (2008: £3.1m)
- Balance sheet remains strong – net cash increased to £12.5m as at 31 July 2009 from £12.3m as at 31 July 2008

Chief Executive Officer's Report for the year ended 31 July 2009

YouGov has made good progress in developing its business despite the tough market conditions. We are now a leading global research provider as recognised by our being ranked for the first time in the industry's listing: Honomichl Global Top 25.

In pursuing our strategy we have focused on four key themes in the development of our global capabilities. These are:

- establishing an integrated global technology platform;
- leveraging our geographic spread with clients and our range of skills and experience;
- improving financial controls and strengthening Group management; and
- innovating in real-time research.

Over the past two years, we have invested approximately £1.8m in developing and rolling out our global technology platform. Its unique survey and panel management applications were developed originally by our US business and will be in use in all our hubs by the middle of 2010. We believe that this will give YouGov a "best of breed" integrated online research platform and will support seamless global research operations enabling, for example, a researcher in Cologne or London to directly organise and run a survey across all of YouGov's panels without local manual interventions.

Taking the best elements from each of our hubs has allowed us to enhance our ability to innovate and to provide accurate and fast data to clients around the world. Consistent with this, BrandIndex, our proprietary tracker of brand performance, is now available in the US, Germany, the Middle East and Scandinavia as well as the UK. We recently launched an enhanced version which combines the technological and survey expertise of our US hub with the customer experience and feedback gained in the UK. Having a US presence has also enabled us to grow BrandIndex sales significantly with a number of US based international brand owners and advertising agencies becoming subscribers this year. We plan further enhancement and internationalisation of this product in response to demand from global companies.

We have extended our highly successful Omnibus service beyond the UK with an international version which has already proved popular with clients. We are also planning to follow the successful UK model by launching local Omnibus services in several of our hubs.

Our new branding brings together all of our hubs under the YouGov banner and describes our customer proposition as being to tell our clients "what the world thinks". Our wider geographical reach has also allowed us to tender for and win larger, international mandates that would not previously have been available to the Group. Recent such projects include surveys for a global digital media business, a South East Asian Government and the European Commission.

YouGov's successful UK model is based on using our polling skills to build our brand and technical credibility, develop innovative research products and our sector expertise so as to address the strategic research needs of large corporate and public sector organisations. Our acquisitions have extended our geographical coverage and in the case of Germany, added existing sector capability, notably in financial services. We have begun to apply our model to the US market where we enhanced our reputation for accurate political polling in the 2008 Presidential Elections and continue to run a weekly poll on behalf of The Economist. We also took a first step to extend our commercial custom research capability in the US through the acquisition of Clear Horizons. The business is performing well and has been renamed YouGov Marketing Insights, reflecting its focus on providing clients with information which helps them to plan and deliver their marketing strategy.

These developments over the past two years have together succeeded in expanding the scale and complexity of research projects that the YouGov Group can bid for and win.

We also focused this year on improving our financial controls and the quality of our reporting and forecasting as well as on harmonising the Group's key business processes. Although this could not prevent external factors, such as the deterioration of market conditions, from affecting our business, these improved systems and controls made us better able to respond to challenges when they arose and to plan and implement corrective actions.

To help us to improve operating performance across the Group and deliver the benefits of scale we appointed Lars Lund-Nielsen, the former CEO of our Scandinavian business, to the new role of Group Operations Director. We have also appointed Ted Marzilli, head of our US BrandIndex team, to the new position of Global BrandIndex Director so as to drive the product's sales to global clients and co-ordinate regional sales through our hubs around the world.

As we continue to integrate the previously acquired businesses, we have further strengthened our management team through internal promotions. Andreas Schubert has been appointed as CEO of our German business and Ms Iman Annab has become CEO of our Middle East business. The head of our UK data products business, Sundip Chahal, has moved to the Middle East as its Chief Operating Officer to help accelerate the development of our online products business there. These moves were in line with the succession plans made at the time that both businesses were acquired. We are nurturing the talent pool within the Group and aim to provide our people with exciting career development opportunities within the YouGov family. A long-term incentive plan has been put in place to ensure that the interests of all senior staff are focused on delivering shareholder value.

Panel Development

The YouGov panel is at the heart of all of our businesses and we have continued to invest in and develop it to ensure that we maintain a representative, high quality international panel. We have drawn on nearly ten years of panel engagement in the UK as well as the skills and experiences of our acquired hubs to improve and internationalise our research products and services.

The development of multiple ways that people can exchange opinions and join communities online makes engagement with proprietary panels even more critical to delivering high quality market research. This will become an increasing differentiator in the future and thus we continue to enhance our panels to increase our research capabilities, both in new geographies and specialist panels.

As at 31 July 2009, the Group's online panels comprised a total of 2,216,000 panellists (defined as the number of panel registrations), an increase of 24% over the total of 1,780,000 as at 31 July 2008. The panel sizes by region were:

Region	**Panel size at 31 July 2009**	Panel size at 31 July 2008
UK	**266,000**	222,000
Middle East & North Africa	**197,000**	142,000
Germany & Central Europe	**122,000**	52,000
Scandinavia & Northern Europe	**143,000**	126,000
US	**1,488,000**	1,238,000

Our US panel was increased significantly ahead of the 2008 Presidential Elections allowing us to be able to provide a representative sample for polling in each of the 50 States. We continue to expand our panel in the Middle East to establish critical mass in each of the territories allowing us to support our data products across the region. The German panel has been created from nothing in little over 18 months. It is already more than capable of supporting BrandIndex and Omnibus and is being further developed to support the transition online of more of our business.

Current Trading and Prospects

The Board expects that the current challenging economic conditions will continue as clients keep a tight hold of expenditure. However, the Group is now operating with a lower cost base and a greater level of focus. We are also confident that the innovations we are bringing to market will enhance our prospects.

Over the past year, we have built the foundation on which we will now launch the next stage of online research. Dynamic sampling will greatly increase the efficiency of our data collection allowing us to extend the breadth and detail of what we measure. Advanced data mining will yield greater practical value from that, combining this real-time flow of data with in-depth knowledge of our two million strong panel. This will allow us to provide clients with new analytical tools with which to understand their markets and inform their strategies, even as their campaigns are in progress.

This is YouGov 2.0, marking a significant advance in action-focused research with a suite of tools to manage brands in an ever faster moving world. We are as excited about this next phase as we were when we first set out to challenge the old methodologies.

So we believe that YouGov's brand, ability to innovate and proven online research skills will enable us to grow our customer base and continue to win market share. In the short term, we will also ensure that we exploit the individual strengths and market position of each of our hubs.

With a cash generative business model, cash on the balance sheet and an excellent and growing professional reputation, YouGov is well positioned to deliver growth and generate attractive future returns.

Nadhim Zahawi
Chief Executive Officer
12 October 2009

"We continue to innovate and invest to ensure that we are best placed to capitalise on industry trends."

Our Corporate Strategy

As Quick As Thought

Stephan Shakespeare
Chief Innovation Officer and Co-Founder

The internet has changed society: how we communicate; how we shop; and how we think. It has changed the relationship between businesses and customers, between politicians and voters, between audiences and performers. Attention has been simultaneously fragmented and enriched. Singular routes have become multiple networks, limited information has become bewildering data overload.

It's all about interactivity. Just consider one trend in the world of entertainment that most of us still can't imagine: the computer gaming industry now generates more revenue than the music and the movie industries combined. Passive consumption moves to interactive play.

All this has transformed the opportunity for market research, and yet we remain an industry that clings to the past. Most of the time, most of us still prefer slightly modified versions of what we have always done, rather than embracing the revolution. Even the innovators have held back, nervous about the possibilities. But change happens ever faster; this is the time for radicalism. And YouGov is becoming more radical.

At YouGov, our core strength and our unique offering has been accurate, useful, cost-efficient timely data: real-time information flow derived from large numbers of interviews with an engaged, representative panel. And this is optimised for quality, speed and cost by using the internet, and by relating to our panel through a brand that represents consumer democracy.

We are focusing on the development of new products that push out the frontiers of this, to place us firmly into the very fabric of the new social media. Every moment of every day, people are listening and talking and sharing ideas, but traditionally polls have been occasional snapshots rather than a continuous reel. We are now ramping up our commitment to interactivity, to crowd-sourcing, to stream-of-data that is measurable and structured to help people understand what is happening in the here-and-now.

The smartest technology, the most advanced data mining, and our special position in the media, will bring YouGov to the pioneering forefront of consumer research, as well as giving us a prime position in the public sphere. Our investment in our Palo Alto centre speaks to our determination to lead the second phase of the research revolution to give our clients a continuous marketing edge. The YouGov mission enters its second phase.

Operational Integration

Enhancing Our Operational Capabilities

Global Operating Efficiencies

Lars Lund-Nielsen
Group Director
of Operations

In my new role as Group Director of Operations I am responsible for helping all our hubs to improve operational efficiency and effectiveness and thus to increase our operating margins.

Working closely with Michel Floyd, our Chief Technology Officer, my aim is to ensure that we deliver the expected benefits from our investments in technology by harmonising operational processes and procedures across the Group in all parts of our business value chain. This includes: marketing; sales management; client account management; research methods; and operations and panel management. One priority for me this year is to deploy the same IT and production platform in each hub, which will increase our operational efficiency and productivity.

We are also standardising and centralising the management of our online panels which will reduce our recruitment and incentive costs. Improving our sales approach and offerings will increase revenue per head and total Group revenue.

Global Technology Platform

Michel Floyd
Chief Technology
Officer

YouGov's primary goal in technology is to enable us to support continual innovation in our core business functions including the way that we conduct our online surveys, engage with our panel and provide real-time information to our clients. The second is to support process efficiency to help maximise returns to our shareholders.

Being able to innovate and tailor our systems to our precise needs and those of our clients is an essential element in maintaining our advantage as one of the most innovative leaders in global online market research. We have therefore opted to design and build our key survey and panel management applications using our own world class software team. In our experience, commercial survey systems are not sufficiently flexible or capable of being enhanced fast enough for our requirements.

As we develop new innovative products we are striving to make them as real-time as possible while minimising the labour required to deliver them.

This approach is essential to scaling the Company. An important step this year is that all YouGov hubs are being integrated onto a single online research platform called "G", which supports the full range of online survey research techniques and panel management, many unique to YouGov. "G" is based on software originally developed for YouGovPolimetrix in the US and permits us for example, to collect and deliver BrandIndex data daily in 11 different regions automatically.

Uniform back-office systems notably those supporting sales, marketing and customer relationship management and finance are also being deployed in all hubs replacing the various systems used by the acquired companies.

BrandIndex

The BrandIndex dashboard provides senior executives with an easy to read report card on brand health.

In this example, Microsoft Bing's brand health Index increases, driven by increases in its Value score over the most recent 90-day period.

Clients can choose which brands and sectors to view, over what time period and their preferred chart type. By setting brand and sector level benchmarks, clients can easily check their brand's performance in the context of key markets. The data can also be segmented by demographics as required.

BrandIndex tracks consumer perception of seven key attributes independently so that clients can identify key areas for improvement and subsequently measure the effectiveness of any strategic actions. An Index score is also provided, which is the average of all the attributes excluding Buzz. Buzz is excluded so that its effect on the overall profile (Index) can be measured.

BrandIndex

Ted Marzilli
Global BrandIndex
Managing Director

BrandIndex is YouGov's flagship syndicated service. It leverages YouGov's strategic advantages of proprietary online panels and superior technology to deliver real-time consumer research.

In effect, BrandIndex provides clients with a daily dialogue with consumers – current as well as potential customers. This revolutionary daily brand intelligence service provides unparalleled insights into key brand performance indicators such as Satisfaction, Quality and Value.

BrandIndex enables clients to create better advertising, marketing and promotional campaigns and monitor their effectiveness in real-time, thus allowing for course corrections while they are still relevant. With tens or even hundreds of millions of pounds invested in major campaigns, being the first to know if a campaign is having the intended impact or not is critical to our clients. Additionally, the large number of brands covered allows clients to benchmark themselves against thousands of directly and indirectly competing brands, both in their local and international markets.

The value of BrandIndex is perhaps best demonstrated by the range of top tier global brands that have become clients. These now include Microsoft, McDonald's, Nintendo, Lidl and HSBC. Leading global advertising and media agencies such as OMD, Universal McCann and Mediacom are also leveraging BrandIndex to provide actionable information to their clients.

This year we have strengthened our ability to attract multinational clients by creating a global leadership team to drive global strategy and development for the service and ensure BrandIndex is harmonised across borders. YouGov's new global survey platform will support BrandIndex and increase its advantages compared to other brand tracking products, many of which are still collected on a country-by-country basis.

We are continually seeking to enhance the BrandIndex service. Over the next year, we will use YouGov's ability to profile our panellists on hundreds of attitudinal and behavioural measures, to enable clients to hone in on the consumer groups that matter the most to them and their brands.

We also intend to provide clients with additional opportunities to explore movements in their brand's health in greater detail, for example with additional surveys. This will help us to scale the global BrandIndex business by utilising the same high quality online panels as the core service to generate incremental revenues. We are also considering geographical expansion in BrandIndex coverage in response to client requests to measure their brands in their key developed and emerging markets.

Our Hubs

Tim Britton
CEO

YouGov
UK

"The world is getting faster and people want answers today – they don't want to wait. And this is what YouGov is about; providing up to date information that is available when people need it. We are building this thinking into all that we do."

Business Overview
YouGov UK provides a full quantitative and qualitative service to clients. Its sector specialist consulting teams serve financial, media, technology and telecoms, FMCG and public sector markets; its products division provides BrandIndex and the fast turnaround Omnibus service. This offer is rooted in the UK panel of over 250,000 members. YouGov dominates media polling and is one of the most quoted research agencies in the UK.

Review of 2008/09
Our UK business achieved revenues of £11.1m. Although this represented a 12% reduction compared to the previous year, the revenue mix achieved this year represents a firmer base for future growth. A significant factor was the much lower revenue from the provision of primary data to investment fund managers due to the crisis in the financial markets. However, our Omnibus service continued to grow and expanded its range with international and UK regional services. The newer area of sector-focused research has developed its reputation further and added new clients so that its revenue grew by 21% on a like-for-like basis.

A number of new syndicated products were introduced. These include DebtTrack, which helps financial institutions to understand how consumers are managing their personal finances and DongleTrack, which tracks users and purchasers of mobile broadband products and services. We were also appointed to the Central Office of Information roster which will provide further opportunities for growth in our public sector business. Major clients this year included Asda, Costa Coffee, Google, News International and P&O.

Plans for 2009/10
In the UK, our brand is already well recognised and the focus for the current year is to use this to increase our market share of research projects that address customers' strategic needs while also continuing to grow our data products business.

In the public sector, pressure on public spending and growing acceptance of online research, as evidenced by our appointment to the Central Office of Information roster, should help to increase demand for our services. We will continue to expand our international Omnibus services and our range of syndicated products. We have demonstrated with DongleTrack how our panel gives us a competitive advantage in tracking the attitudes and behaviours of niche markets and provide information to companies and products that serve these.

YouGovStone
YouGovStone, based in the UK, is a specialised opinion research company, a joint venture between YouGov plc and Carole Stone. It has developed Carole's highly successful networking business, to create its own international panel of over 4,000 opinion leaders. This provides detailed insights to clients into what opinion leaders think about key issues of the day. YouGovStone frequently holds debates based on its research. Recent clients include global businesses such as SAB Miller and Unilever as well as governments and voluntary sector organisations.

Earlier this year, Carole established TheStoneClub, an invitation-only, part social, part business club whose events brings its members together with leading business, political and media experts to discuss business and social issues of concern to them.

Iman Annab
CEO

YouGovSiraj
Middle East and North Africa

Business Overview
YouGovSiraj is the region's most quoted research company, whose brand is trusted for its impartiality and accuracy. Its reputation has been built upon quality of expertise and research. This is due to its understanding of the local market achieved through the employees' many years of experience in the Arab world as researchers, consumers and marketers. YouGovSiraj speaks the language and understands the cultural and socio-political context of its panel of nearly 200,000 members and seeks to represent them and their needs.

Review of 2008/09
In the Middle East, overall revenues grew by 10% to £8.4m from £7.7m in the previous year. They fell by 13% in local currency terms due to the previously anticipated reduction in a major long-term contract. The regionally generated business continued to develop as planned and achieved revenue growth of 42% in £ terms, 13% in local currency. We continued to develop our online panel, now covering 18 countries in the region. This is helping us to become a leader in online Arabic language research and to bring our international products to the region. BrandIndex was launched this year and will soon be followed by a regional online Omnibus. Following the successful UK model, partnerships with leading regional media in the United Arab Emirates, including The National newspaper, have helped to increase awareness of the YouGov brand in the region. We are also expanding geographically. Our operation in Saudi Arabia has gained significant new clients for both quantitative and qualitative research.

"The past year has shown that more than ever we must be able not only to provide data in a faster and more meaningful way, but more importantly provide vital information that shakes, shapes and moves decisions."

Plans for 2009/10
The Middle Eastern market offers many opportunities as further geographic research markets open up for us to increase our brand presence and use our online products to generate more revenue from our panel.

Our growing quantitative offering, coupled with our strong qualitative heritage provide the tools and the understanding to help our local and international clients understand the Middle East region which continues to become more open and sophisticated as a commercial marketplace.

Our recently established presence in Saudi Arabia will enable us to grow our business in the region's largest market and we are also well positioned to assist international businesses to exploit the growing commercial opportunities in Iraq as its economy develops. We are introducing YouGov's online products to the region and developing our Arabic language media links to complement our capabilities to undertake online research in Arabic across 18 countries.

Our Hubs

Andreas Schubert
CEO

YouGovPsychonomics
Germany and Central Europe

"In the next year and beyond we will systematically expand YouGov's brand and continue our role as innovators in the German market. Our long-term customer relationships and reputation for quality and expertise will help us to maintain the growth of our custom research business while we leverage YouGov's online experience and technology platform to create demand for and grow our real-time data services."

Business Overview
YouGovPsychonomics is one of the top ten market research agencies and a pioneer of online research in Germany. It provides a full range of quantitative and qualitative market research services as well as specialising in organisational and employee research. YouGovPsychonomics works across a range of markets, including the insurance and retail banking sectors for which it undertakes leading annual customer satisfaction studies and frequent surveys analysing key markets, segments and customers. Other specialist areas include healthcare, service quality assessment, insurance business consulting and Great Place to Work which evaluates workplace relations and helps businesses to improve these.

Review of 2008/09
Revenue in Germany grew by 23% to £14.8m from £12.0m the previous year with 6% growth achieved in local currency terms. This was a strong performance in a market where many competitors suffered real revenue declines and demonstrated the strength of our customer base, especially in the retail financial services sector and our specialist employee research and satisfaction practices. Our online offering is developing rapidly, supported by strong panel recruitment with the German and Central European panel more than doubling since this time last year. Approximately 25% of revenue is now derived from online surveys.

Improving margins remains a priority in Germany. Pricing pressure in the market and investment in the new online teams meant that the net margin remained static this year although the Government's scheme for subsidising reduced working hours enabled us to reduce costs in the short term. Longer-term savings will result from restructuring of the back office and the decision to focus on the core German market and cease development of the online business in Central and Eastern Europe. The Group's customer management and financial systems applications are being rolled out in Germany. In September 2009, I stepped up to the role of CEO from COO in succession to Professor Horst Müller-Peters, the co-founder of the German business.

Plans for 2009/10
In Germany, the use of online research has been held back by incumbent suppliers promoting offline methods. We will continue to apply YouGov's experience and learning so as to provide lower cost, faster research in a market which will be moving online.

With our panel now covering over 100,000 members in Germany, we will be expanding our fast turnaround research offering services with an Omnibus service, similar to YouGov UK's, as well as growing BrandIndex sales following the successful launch of the German version in the past year. We will continue to build our leadership position in financial services using our advanced custom research tools and methodologies, as well as developing online data products for employee research, such as PeopleIndex.

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 licence agreement with Great Place to Work Institute, based in California.

Ole Haghfelt
CEO

YouGovZapera
Scandinavia and Northern Europe

Business Overview
YouGov Nordic and Baltic is an online research business whose panels cover over 140,000 members in Denmark, Sweden, Norway, Finland, Poland and Estonia. Its clients range across numerous business areas, with FMCG, media and healthcare representing the largest share of revenue, and the public sector the main growth area during the past year.

Review of 2008/09
Revenues in our Scandinavian operations grew by 14% to £7.4m from £6.5m but fell by 2% in local currency terms. Although the business continued to win new international clients such as Coca Cola and Kellogg's, market conditions were very tough with strong price competition impacting gross margins. In addition, the relative depreciation of the Swedish and Norwegian currencies compared to the Danish currency further reduced profitability as most of the operating costs are incurred in Denmark. This led to the regional business making an operating loss in the year. Significant measures have been taken to reduce costs in the sales teams and the back office so as to improve future profitability.

"In 2009/10 we will continue our journey towards maximising the client experience, by getting tools and employees into even better shape for delivering inspiring and fact-based decision support for clients."

Plans for 2009/10
In Scandinavia, where the market is already largely online we aim to increase the proportion of larger and higher value projects as well as to improve margins through further operational efficiencies.

We will also build on our strengths within the healthcare sector in Denmark to become a leading Nordic supplier of healthcare decision support, as well as putting great effort into further growing our client base within the public sector by introducing product concepts specifically for this business area. We will continue to grow BrandIndex sales and introduce other YouGov products and services into the region.

Our Hubs

Douglas Rivers
CEO

YouGovPolimetrix
North America

Business Overview
YouGovPolimetrix is the leading online polling firm in North America. Using its panel of over 1.4 million members and sophisticated statistical methodologies, it provides corporate, media, academic and non-profit clients with a unique combination of data, analytics and insight. In the 2008 US Presidential Election, it surpassed nearly every other poll, both telephone and internet, with its level of accuracy.

Review of 2008/09
Our US operations grew revenue by 25% to £3.5m from £2.8m. In local currency terms, the revenue fell slightly by 4% as second half performance was affected by recessionary budget cutbacks following a strong first half performance which had benefited from the US Presidential Elections. Our new US BrandIndex team, based in New York has been actively promoting the product's benefits among the advertising and marketing community and their trade media. This has led to significant sales among US based global agencies and brand owners such as OMD (part of Omnicom), Universal McCann, Domino's Pizza and Microsoft. Given that this is a subscription product these sales should be reflected in revenue growth next year.

The acquisition of Clear Horizons in April 2009 has been a successful first step in our strategy of building up our commercial market research practice by acquiring businesses with established client bases so as to strengthen our brand among US research buyers and generate synergy benefits from the use of our US panel. Clear Horizons is a Princeton, New Jersey based research firm specialising in branding, customer satisfaction and new product market research. The business is profitable and combines strong technology sector expertise with advanced analytics skills and a commitment to online research. Its contribution in the first four months after acquisition was in line with its business plan.

Our US IT development team has been instrumental in the development of our new "G" technology platform and works closely with our UK IT team under the leadership of the Group Chief Technology Officer, who is based in our Palo Alto office.

"YouGov's blend of technology, methodology and insight is attracting the attention of US market research buyers as they focus increasingly on issues of data quality. Many companies talk about predictive analytics, but we've demonstrated a record of predictive accuracy, both in the US and the rest of the world, that no other full service research company can match."

Plans for 2009/10
In the US, where we have now established an excellent research engine and a reputation for quality and accuracy among the academic community, we will continue to seek opportunities to scale up our commercial market research business.

We are poised for rapid growth as the US economy emerges from the recession. In 2010, we will build on BrandIndex's emerging position among US brand owners and marketing and advertising agencies as the authoritative source of data which can transform the way that they plan and execute marketing campaigns. Our new Marketing Insights division (formerly Clear Horizons) will help us to grow our corporate market research revenues next year. We will continue to seek opportunities to expand these further through targeted acquisitions, new hires and syndicated product launches, especially in attractive niche markets, such as health and technology. This will enable us to leverage our panel assets and operating capabilities so as to grow our margins from an increased base of business.

Client Case Studies

How We Help Our Clients

UK

DongleTrack – Multiple Clients

DongleTrack is a syndicated research product designed and run by YouGov's UK Technology & Telecoms team. It monitors the mobile broadband market in the UK and its corporate subscribers include TalkTalk Group, T-Mobile, 3, Vodafone, Ericsson, Orange and BT.

From an almost standing start 18 months ago, there are now over three million mobile broadband users in the UK. DongleTrack uses YouGov's ability to identify niche groups and pinpoint early technology adopters thus enabling us to monitor the take-up and usage of mobile broadband as it establishes itself in the market place.

DongleTrack provides mobile operators with a detailed understanding of the attitudes, reasons for purchase, usage behaviour and satisfaction with service of existing and potential customers. It enables subscribers to understand how USB modems are affecting the fixed line broadband market and rival connectivity technology (in particular WiFi). In short, dongle sales are growing; DongleTrack explains why, to whom and for what reason.

The product offers quarterly reports based upon online, quantitative research with 3,000 YouGov UK panellists. The sample comprises 2,000 mobile broadband users and a further sample of 1,000 online respondents representative of the UK population.

"We have found DongleTrack to be an invaluable source of information when planning our strategy in this fast moving marketplace"

Claudia Strauss, Senior Research Manager, T-Mobile UK

Client Case Studies

US

Nutrisystem

Nutrisystem is one of the United States' leading providers of weight loss and weight control products. Nutrisystem single handedly pioneered the "at home, commercial" weight loss category. Nutrisystem's weight management programme consists of offering pre-packaged foods to weight loss programme members directly through the internet and telephone.

Nutrisystem came to YouGov Marketing Insights to test a variety of opportunities to sustain its future growth. Specifically, they had four completely new programmes that they wished to test with consumers to discover: which programmes showed the highest subscription potential; which consumer targets are most interested in the respective programmes; the optimal way to position the programmes; and how to best build the business case.

To achieve these aims YouGov Marketing Insights utilised the powerful assets provided by the YouGovPolimetrix panel to perform a quantitative survey among three sub-segments of diet-orientated consumers. The survey assessed the strength of the four test concepts in addition to identifying the core ideas essential to bringing each concept to market.

"We had to cover a lot of ground in this project in a fairly short timeframe. We were testing four programmes with three different consumer groups and then had to compare all the results to our current offerings to make sure we were driving incremental sales. YouGov never missed a beat. Their Marketing Insights Group knew exactly how to design and field the research and the YouGovPolimetrix panel over delivered every quota group we specified. They also delivered the project on a very aggressive timetable. Their work has helped us get way ahead of the curve in our new product efforts and has led to some real winners for us."

Laura McMillan, Head of New Product Development, Nutrisystem

Germany

European Commission Directorate-General for Health and Consumers

The Directorate-General for Health and Consumers (European Commission) aimed to evaluate cross-border e-commerce in the European Union. For this ambitious task YouGovPsychonomics executed an online mystery research study and for that purpose combined two core competences: an outstanding capability of comprehensive mystery research projects and the expertise and infrastructure in online research.

Mystery shopping is a market research tool for measuring the quality of retail services. Mystery shoppers appear as normal customers attempting to purchase a product and subsequently provide detailed reports or feedback about their experiences. In this study, 190 mystery testers from all member states of the European Union were acting as normal consumers who completed an online purchase up to the last point before the final confirmation.

The study met three predominant objectives, informing the Directorate-General for Health and Consumers of: the extent to which consumers use real cross-border e-commerce alternatives compared with domestic e-commerce; the extent to which cross-border e-commerce has the potential for consumers to make savings compared with domestic purchasing; and the compliance of traders engaging in cross-border e-commerce with basic consumer protection regulation requirements compared with domestic commerce.

United Arab Emirates

Khaleej Times

Khaleej Times was the first English language newspaper to be launched in the United Arab Emirates in 1978. It decided to coincide the completion of its 30th year with a brand and design re-launch to reinvigorate the newspaper's appeal. Consumer research was deemed central to such a high profile exercise. Therefore YouGovSiraj conducted a research study with the following primary objectives: gauge reader motivations and needs from English dailies in the UAE; assess inputs for product reinvention and improvement; and measure current perceptions of Khaleej Times versus competitor newspapers.

A joint qualitative and quantitative study was designed, covering 12 focus groups, five in-depth interviews and over 1,400 quantitative interviews (nearly 1,200 of them online), all in the UAE.

As a result, the Khaleej Times management took the brave step of updating the newspaper and its masthead to give it a bolder, more contemporary look and modifying the layout and content of the paper, to make it more relevant and user friendly.

Given its willingness to listen to its consumers, it seems rather appropriate that the new slogan for Khaleej Times is "Keeping track of change".

"The research helped us identify and focus on our core strengths as a newspaper and make it more thought provoking and engaging for readers. Our trust in YouGovSiraj was rewarded when the revamped Khaleej Times registered a steep rise in new subscriptions and it continues to attract readers from outside its traditional readership base."

Stefanie Patel, Marketing Manager, Khaleej Times

Sweden

Findus

In the spring of 2009, sales in Sweden of ready-to-eat (RTE) frozen meals began to decrease rapidly. Findus, a leading international frozen food company, came to YouGov to gain a better understanding of the declining market. The client had a number of hypotheses for why sales were falling but needed a thorough market analysis to test these.

A large qualitative study was conducted online, comprising eight consumer groups. These were divided into those who had maintained their consumption of frozen RTE meals and those who had not. There was a good mix of heavy, medium and light users so that the study could dig deeper into differences and causes. The discussions were carried out as "bulletin boards", which took place over three days. Sara Berger, Senior Brand Manager at Findus commented that: "It was exciting to follow the discussions in real-time and it simultaneously gave us the opportunity to ask follow up questions when new issues emerged."

YouGov Sweden then undertook an online quantitative study to verify the qualitative study findings. A total of nearly 3,000 consumers participated and from these a sample took part in a concept and package design test to trial new variants within the product line.

"It is incredibly valuable to us that this large and complex study was carried out so quickly. YouGov's methodology also makes it easier to target consumers who would normally be difficult to reach for research purposes. That is a huge advantage."

Sara Berger, Senior Brand Manager, Findus

Chief Financial Officer's Report for the year ended 31 July 2009

"We have refocused and cut costs; going forward the business is supported by a strong balance sheet and good cash generation."

Income Statement Review

Group turnover for the year to 31 July 2009 increased by 10% to £44.3m, compared to £40.4m in the prior year. On a constant currency basis, revenues declined by 3%. Details of each hub's performance are given on pages 12 to 16.

The Group's gross margin fell from 83% to 76%. This was due in part to more intense price pressure in a number of geographies resulting from the economic environment and to a higher proportion of projects involving external suppliers. Operating expenses increased by 22% largely due to the recruitment of additional staff which took place over the preceding year. These costs represented 70% of revenue compared to 63% in the year to 31 July 2008. As a result, normalised operating profit[1] fell by 65% to £3.1m compared to £8.7m in the previous year. Normalised profit before taxation[2], which includes net interest income, fell to £3.9m from £9.4m. Normalised earnings per share[3] correspondingly fell to 2.7p from 9.1p. The reported result before taxation, after charging amortisation and exceptional items showed a loss of £0.7m compared to a profit of £4.0m in the year ended 31 July 2008.

1 Normalised operating profit is defined as Group operating profit (before amortisation and exceptional items) after adding back one-off costs associated with the integration of acquired entities and IFRS transition costs.

2 Normalised profit before tax is defined as Group profit before tax after adding back amortisation, share-based payments, imputed interest, exceptional items and one-off costs associated with the integration of acquired entities and IFRS transition costs.

3 Normalised earnings per share is calculated based on the post tax result derived from the normalised profit before tax.

Cost Reductions

In our Interim Statement in April 2009, we announced a range of cost saving initiatives. These included reductions in the sales and back office resources in Scandinavia, closure of the office running the Austrian and Central European online development and restructuring of the UK custom research teams. These measures led to a reduction of some 30 posts across the Group which are taking effect between April and December 2009. In addition, in Germany, staff working time was reduced under the Government's "Kurzarbeitergeld" scheme for a period. These measures will together reduce costs on an annual basis by approximately £2.5m with £0.3m of these savings having already been achieved in the year to 31 July 2009. Associated restructuring costs of £0.8m have been incurred in the year under review and classified as exceptional costs.

These initiatives contributed to the Group's staff numbers (full-time equivalent) falling to 413 at 31 July 2009 compared to 452 at 31 July 2008. As a result, revenue per head increased by 20% to £107,000 from £89,000 in the year ended 31 July 2008.

Analysis of Operating Profit and Earnings per Share:

	31 July 2009 £000	31 July 2008 £000
Group operating profit before amortisation of intangibles and exceptional costs	**2,715**	7,867
Normalisation adjustments:		
One-off IFRS transition costs	–	288
Integration costs	**371**	540
Normalised operating profit	**3,086**	8,695
Share-based payments	**271**	311
Imputed interest	**158**	318
Net finance income	**404**	108
Share of post tax (loss)/profit in joint venture	**(47)**	23
Normalised profit before tax	**3,872**	9,455
Basic (loss)/earnings per share	**(0.6)**	5.8
Diluted (loss)/earnings per share	**(0.6)**	5.3
Normalised earnings per share	**2.7**	9.1

Integration costs are one-off in nature and relate to the global rebranding undertaken for all of the acquired entities and the cost in association with aligning the German business to the YouGov model.

Cash Flow

The Group generated £5.3m in cash from operations (before paying interest and tax) (2008: £3.1m) and paid out £4.8m in investing activities (2008: £19.3m) (including £0.6m on the acquisition of Clear Horizons, £2.2m in deferred consideration payments for previous acquisitions and £2.8m on capital expenditure).

Taxation

The Group had an overall tax credit of £0.8m compared to £2.1m (after prior year adjustment of £0.8m in respect of schedule 23 share option deductions) in the year ended 31 July 2008. The total tax credit comprised a current tax charge of £0.4m (2008: credit of £0.1m) and a deferred tax credit of £1.2m (2008: £2.0m).

Balance Sheet

Net assets have increased by £6.4m to £67.1m at 31 July 2009 compared to £60.7m at 31 July 2008. £5.3m of this increase was due to the effect of currency appreciation compared to £ Sterling. Current assets fell by £3.9m largely due to a reduction in trade receivables. Debtor days fell significantly to 70 days from 88 days due especially to improved collections on some large contracts. Current liabilities also fell by £8.2m due mainly to a reduction in deferred consideration of £5.6m of which £1.6m related to a payment made in November 2008 in respect of Zapera. At the year end, our net cash balances were £12.5m, compared to £12.3m at 31 July 2008.

The acquisition of the trade and assets of C. Horizons LLC ("Clear Horizons") was finalised on 24 April 2009. The initial consideration paid was $0.8m (£0.6m). This could rise to a maximum total purchase price of $2.8m (£1.9m) if certain financial targets are met over the three years ending 30 April 2012.

Alan Newman
Chief Financial Officer
12 October 2009

Board of Directors

From left to right: Roger Parry, Nadhim Zahawi, Stephan Shakespeare, Alan Newman, Peter Bazalgette, Nick Jones

Roger Parry
Non-Executive Chairman

Roger is also Executive Chairman of Media Square plc, the marketing communications group, and Non-Executive Chairman of Future plc and Mobile Streams plc. He is 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.

Nadhim Zahawi
Chief Executive Officer and Co-Founder

Nadhim is responsible overall for the corporate direction of YouGov, and has operational control for both organic growth and the prospective acquisition strategy. Before founding YouGov, Nadhim was European Marketing Director for Smith & Brooks Limited with responsibility for merchandising brands such as Warner Bros, Disney and Barbie. Nadhim was also a Councillor with the London Borough of Wandsworth and a Parliamentary Candidate and has in-depth experience of public sector consultation and research within local government. He has a BSc in Chemical Engineering from University College, London.

Stephan Shakespeare
Chief Innovation Officer and Co-Founder

Stephan is responsible for YouGov's commercial development and strategy, including creating new research methodologies. Previously, Stephan was an educationist and writer. He was founding Principal of Landmark West Preparatory School in Los Angeles and he has written extensively on education policy for a variety of national newspapers. Stephan is a shareholder of PoliticsHome.com and ConservativeHome.com. He 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 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 Non-Executive Chairman of two of Sony's television divisions in the UK, Non-Executive Director of MyVideoRights and Nutopia and also a member of BBH's Advisory Board. Peter is also a former Board member of Channel 4 and was Chief Creative Officer of Endernol, where he personally devised several internationally successful TV formats and brought Big Brother to the UK. Peter serves as Deputy Chairman of the National Film and Television School and of the English National Opera. Peter graduated with a BA in Law from Cambridge University in 1976.

Nick Jones
Non-Executive Director

Nick Jones is currently CFO of Achilles Group, the global provider of sustainable 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.

Directors' Report for the year ended 31 July 2009

The Directors present their report and the audited financial statements for the year ended 31 July 2009.

Principal Activities

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

Business Review

The business review is discussed on pages 12 to 21.

Financial Summary

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

Future Developments

Future developments are discussed in more detail in the Chairman's report on pages 4 to 5.

Post Balance Sheet Events

Post balance sheet events are discussed in more detail in note 30 on page 69.

Directors

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

Nadhim Zahawi	
Stephan Shakespeare	
Alan Newman	appointed 11 August 2008
Katherine Lee	resigned 8 August 2008
Panos Manolopoulos	resigned 11 August 2008
Roger Parry	
Peter Bazalgette	
Nick Jones	appointed 2 June 2009
Anthony Foye	resigned 1 June 2009

Directors' Interests in Shares

The interests of the Directors in the shares of the Company on 31 July 2009 and 31 July 2008 were as follows:

	31 July 2009 Number of shares	31 July 2008 Number of shares
Nadhim Zahawi[1]	**10**	10
Stephan Shakespeare[2]	**10,939,110**	10,939,110
Alan Newman	**25,000**	n/a
Katherine Lee[3]	**52,000**	52,000
Panos Manolopoulos[4]	**200,365**	200,365
Roger Parry	**25,000**	25,000
Peter Bazalgette	**200,945**	200,945
Nick Jones	**–**	n/a
Anthony Foye[5]	**240,065**	140,065

1 In addition Nadhim Zahawi has an interest in 10,029,100 shares in the Company through his family trust, Balshore Investments, as detailed on page 25.
2 Includes five Ordinary Shares held by Stephan's wife, Rosamund.
3 As at the date of her resignation from the Board on 8 August 2008.
4 As at the date of his resignation from the Board on 11 August 2008.
5 As at the date of his resignation from the Board on 1 June 2009.

Directors' Interests in Share Options

Name	Number of Ordinary Shares under option	Holding period	Exercise period	Exercise price
Nadhim Zahawi	359,447	Three years	Ten years from release	Nil cost
Stephan Shakespeare	359,447	Three years	Ten years from release	Nil cost
Alan Newman	267,281	Three years	Ten years from release	Nil cost
Total	**986,175**			

The share options detailed above have been issued under the Company's LTIP. Further detail is provided in the remuneration report on pages 27 to 28.

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

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

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

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

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

Policy on Supplier Payments
The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 July 2009 the number of days credit taken for purchases by the Company was 19 days (2008: 34 days).

Substantial Shareholders
At 31 July 2009 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	
Fidelity Investments	11,819,251	12.22%
Stephan Shakespeare[1]	10,939,100	10.58%
Balshore Investments[2]	10,029,100	10.37%
JO Hambro Capital Management	5,953,713	6.16%
T Rowe Price Global Investments	4,548,796	4.70%
Baillie Gifford	4,430,500	4.58%
BlackRock Investment Management	4,227,830	4.37%
Invesco Perpetual	3,260,000	3.37%
Jupiter Asset Management	3,054,029	3.16%

1 Includes five Ordinary Shares held by Stephan's wife, Rosamund.
2 Balshore investments is the family trust of Nadhim Zahawi, an Executive Director of YouGov plc.

Key Performance Indicators
Key performance indicators are discussed in more detail on page 5.

Financial Risks
The financial risks facing the Group are discussed in more detail on pages 30 and 31.

Research and Development
The Group's research and development activities centre on the development of producing bespoke software solutions to support and advance our online capabilities. In the year ended 31 July 2009 £0.3m was charged to the income statement (2008: £0.4m).

Social Responsibility
The Company 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.

Directors' Report for the year ended 31 July 2009

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

Charitable and Political Contributions
Donations to charitable organisations amounted to £1,025 (2008: £15,850).

Donations to political organisations amounted to £nil (2008: £nil).

Insurance of Company Officers
The Company has maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Company.

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.

Auditors
PricewaterhouseCoopers LLP were appointed auditors on 11 December 2008 in accordance with section 388(1) of the Companies Act 2006. Special notice pursuant to section 388(3) having been given, a resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting to be held on 3 December 2009.

Annual General Meeting
The Annual General Meeting of the Company will be held on 3 December 2009 at our offices at 50 Featherstone Street, London EC1Y 8RT.

Alan Newman
Chief Financial Officer and Company Secretary
On behalf of the Board
12 October 2009

Remuneration Report for the year ended 31 July 2009

The Remuneration Committee comprised at 31 July 2009 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 3 December 2009 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 in the year ended 31 July 2009 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. 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")

As announced on 11 May 2009, the Long Term Incentive Plan has been established, in which Executive Directors and senior managers of the Company and its subsidiaries are eligible to participate.

Under the rules of the LTIP, participants will be conditionally awarded nil cost options to acquire shares. 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 Company'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 and to the Company's achievement of certain targets for earnings per share growth and Total Shareholder Return.

The total number of LTIP shares expected to be awarded conditionally in the year ended 31 July 2009 to participants in the Scheme will be approximately 2 million. These include conditional awards to the Executive Directors of the Company as set out in the Directors' report on page 24.

Directors' Service Contracts

Nadhim Zahawi is employed by the Company as Chief Executive Officer under the terms of a service agreement dated 18 April 2005, working five days a week for a salary of £195,000 per annum. The contract has no fixed term and is terminable by 12 months in writing by either party. Under the contract, Nadhim is entitled to 25 paid working days holiday each year. He is subject to non-competition covenants for a period of six months and non-solicitation covenants for a period of 12 months following termination of his employment with the Company and to a confidentiality undertaking that is without limit in time.

Stephan Shakespeare is employed by the Company as Chief Innovations Officer under the terms of a service agreement dated 18 April 2005, working five days a week for a salary of £195,000 per annum. The terms of Stephan's contract are identical to those of Nadhim.

Remuneration Report for the year ended 31 July 2009

Alan Newman is employed by the Company as Chief Financial Officer under the terms of a service agreement dated 5 June 2009, working five days a week for a salary of £145,000 per annum. The contract has no fixed term and is terminable by six months in writing by either party. Under the contract, Alan is entitled to 25 paid working days holiday each year. He is subject to non-competition and non-solicitation covenants for a period of six months following termination of his employment with the Company and to a confidentiality undertaking that is without limit in time.

Roger Parry is engaged by the Company as a Non-Executive Director and Chairman on the terms of a letter of appointment dated 6 February 2007 terminable on 30 days' notice from either party. Roger receives a fee of £80,000 per annum.

Peter Bazalgette is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 2 March 2005 terminable on 30 days' notice from either party. Peter receives a fee of £30,000 per annum.

Nick Jones is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 2 June 2009 terminable on 30 days' notice from either party. Nick receives a fee of £30,000 per annum.

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 Company for the year ending 31 July 2008 amounted to £737,000 (2008: £682,000).

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

Policy on Remuneration of Non-Executive Directors

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

Directors' Emoluments

Directors' emoluments including benefits in kind and pension contributions paid by the Company during the financial year are displayed below.

Nadhim Zahawi, Chief Executive Officer, during the period was conditionally awarded nil cost options to acquire 359,447 shares as part of the Company LTIP. The charge to the income statement in respect of these in the year ended 31 July 2009 was £12,750.

Stephan Shakespeare, Chief Innovations Officer, during the period was conditionally awarded nil cost options to acquire 359,447 shares as part of the Company LTIP. The charge to the income statement in respect of these in the year ended 31 July 2009 was £12,750.

Alan Newman, Chief Financial Officer, during the period was conditionally awarded nil cost options to acquire 267,281 shares as part of the Company LTIP. The charge to the income statement in respect of these in the year ended 31 July 2009 was £9,500.

Panos Manolopoulos, the former Managing Director International Development, at the start of the period had share options over 283,455 Ordinary Shares at an exercise price of £0.18 per share. Panos retained these share options, all of which were exercisable, when he resigned as a Director on 11 August 2008.

Katherine Lee, the former Chief Financial Officer of the Company, at the start of the period had share options over 700,000 Ordinary Shares at an exercise price of £0.341 and £0.295 per share. The options became exercisable in equal tranches on 31 October 2005, 31 October 2006 and 31 October 2007. The fourth tranche due to become exercisable on 31 October 2008 expired due to Katherine's resignation from the Company on 8 August 2008. At the date of Katherine's resignation she was free to exercise the first three tranches.

Directors' emoluments in aggregate and in respect of the highest paid Director are as follows:

	2009 Aggregate £000	**2009 Highest paid £000**	2008 Aggregate £000	2008 Highest paid £000
Salaries and fees	**695**	**195**	671	138
Share-based payments	**37**	**13**	7	–
Other benefits	**5**	**1**	4	1
Total emoluments	**737**	**209**	682	139
Social security costs	**68**	**24**	122	35
Total cost to Company	**805**	**233**	804	174

Corporate Governance Report for the year ended 31 July 2009

The Board

At 31 July 2009 the Board consisted of three Executive Directors and three Non-Executive Directors, including a senior Non-Executive Director. The names of the Directors and their respective responsibilities are shown on page 23.

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

The Directors can obtain independent professional advice at the Company's own expense in 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 on page 27 and the statement of the remuneration policy developed by the Committee and details of each Director's remuneration are given within the Directors' Remuneration Report set out on pages 27 to 28.

Audit Committee

The composition of the Audit Committee is described on page 30. 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 2008/09.

	Board meetings	Remuneration Committee meetings	Audit Committee meetings
Director	Maximum 15 (incl. 7 by phone)	Maximum 3	Maximum 2
Nadhim Zahawi	15	–	–
Stephan Shakespeare	14	–	–
Alan Newman	14	–	2
Katherine Lee	n/a	–	n/a
Panos Manolopoulos	n/a	–	–
Roger Parry	13	–	–
Peter Bazalgette	13	3	2
Nick Jones	1	n/a	n/a
Anthony Foye	11	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 4 to 5 and the Chief Financial Officer's Report on pages 20 to 21.

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

Compliance with the Combined Code

The Board considers that the Group continues to work hard towards compliance with the Combined Code. 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.

Corporate Governance Report for the year ended 31 July 2009

Audit Committee

The Audit Committee comprises the two Non-Executive Directors, Nick Jones (its Chairman) appointed to the Board and Chairman of the Audit Committee on 2 June 2009 and Peter Bazalgette. The Chairman of the Committee has relevant financial experience due to the senior positions he currently holds or has held in the past.

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

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

The effectiveness of the internal control systems is under constant review and 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 financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. 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 demonstrate the key areas of identified risk.

Early Stage of Development

Although the Company has grown substantially since it was formed nine 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.

Middle East
We undertake business in the Middle East region. This exposes the Group to currency risk, inflationary risk and political instability risk. In addition, we have a concentration of revenue in a small number of high value contracts. We manage those risks by investing in the local currency of Dubai and by having influential local partners. We keep abreast of the local political situation.

Currency Fluctuations
The Group is exposed to currency risk as the Group operates in multiple geographic regions. This manifests itself in different forms. We seek to reduce this risk by invoicing in local currency thus reducing exposure in normal trading. The Group is exposed to currency translation risk in the consolidation of accounting records. The main reporting currencies of Group subsidiaries are Sterling, US Dollar, Euro, Danish Kroner and Arab Emirate Dirham. The Group does not hedge translation risk.

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.

Integration Risk
Whenever investment is made in a new business there is a risk that our integration plans fail or are delayed. We mitigate this risk by putting together specialist cross-functional integration teams consisting of individuals with the appropriate knowledge and skills to undertake such a task.

Technology and Risk
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 for the year ended 31 July 2009

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

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

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

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

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

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the business review on pages 12 to 21 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved:

a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Alan Newman
12 October 2009

Report of the Independent Auditors (to the Members of YouGov plc) on the Consolidated Financial Statements for the year ended 31 July 2009

We have audited the Group financial statements of YouGov plc for the year ended 31 July 2009 which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, the Group accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on which We Are Required to Report by Exception

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

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

Other Matters

We have reported separately on the parent Company financial statements of YouGov plc for the year ended 31 July 2009.

David Snell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 October 2009

Consolidated Income Statement for the year ended 31 July 2009

	Note	31 July 2009 £000	31 July 2008 £000 (Restated)
Group revenue	1	**44,322**	40,390
Cost of sales		**(10,557)**	(7,037)
Gross profit		**33,765**	33,353
Operating expenses		**(31,050)**	(25,486)
Group operating profit before amortisation of intangibles and exceptional costs	1	**2,715**	7,867
Amortisation of intangibles		**(3,145)**	(2,822)
Exceptional costs	3	**(610)**	(1,200)
Group operating (loss)/profit		**(1,040)**	3,845
Finance income	4	**1,054**	500
Finance costs	4	**(650)**	(392)
Share of post tax (loss)/profit in joint ventures		**(47)**	23
Group (loss)/profit before taxation	1	**(683)**	3,976
Tax credit	5	**842**	2,078
Group profit after taxation	1	**159**	6,054
Attributable to:			
Equity holders of the parent Company		**(544)**	5,282
Minority interests		**703**	772
		159	6,054
Earnings per share			
Basic earnings per share attributable to equity holders of the Company	7	**(0.6)**	5.8
Diluted earnings per share attributable to equity holders of the Company		**(0.6)**	5.3

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

Consolidated Balance Sheet as at 31 July 2009

	Note	31 July 2009 £000	31 July 2008 £000 (Restated)
Assets			
Non-current assets			
Goodwill	9	**33,482**	33,500
Other intangible assets	10	**17,940**	17,118
Property, plant and equipment	11	**2,629**	2,217
Investments accounted for using the equity method	12	**23**	194
Deferred tax assets	21	**2,510**	1,567
Total non-current assets		**56,584**	54,596
Current assets			
Trade and other receivables	13	**13,678**	17,239
Other short-term financial assets	14	**211**	35
Current tax assets		**1,066**	936
Cash and cash equivalents	15	**12,718**	13,406
Total current assets		**27,673**	31,616
Total assets		**84,257**	86,212
Liabilities			
Current liabilities			
Lease liabilities	20	**4**	3
Provisions	19	**1,738**	1,375
Deferred consideration	18	**317**	5,898
Trade and other payables		**7,942**	10,165
Borrowings		**224**	1,127
Current tax liabilities		**158**	53
Total current liabilities	16	**10,383**	18,621
Net current assets		**17,290**	12,995
Non-current liabilities			
Lease liabilities	20	**4**	6
Provisions	19	**–**	15
Deferred consideration	18	**651**	1,152
Long-term borrowings		**18**	–
Deferred tax liabilities	21	**6,105**	5,760
Total non-current liabilities	17	**6,778**	6,933
Total liabilities		**17,161**	25,554
Total net assets		**67,096**	60,658
Equity			
Issued share capital	23	**193**	190
Share premium		**30,811**	29,156
Merger reserve		**9,239**	9,239
Deferred consideration reserve		**–**	1,438
Foreign exchange reserve		**9,780**	4,465
Profit and loss reserve		**13,665**	13,938
Total equity attributable to shareholders of the parent Company		**63,688**	58,426
Minority interests in equity		**3,408**	2,232
Total equity		**67,096**	60,658

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

These financial statements were approved by the Board of Directors on 12 October 2009 and signed on its behalf by:

Alan Newman
Chief Financial Officer

Consolidated Statement of Changes in Equity as at 31 July 2009

	Attributable to equity holders of the Company								
	Share capital £000	Share premium account £000	Foreign exchange reserve £000	Merger reserve £000	Deferred consideration reserve £000	Profit and loss account £000	**Total £000**	Minority interest £000	**Total equity £000**
Balance previously reported at 1 August 2007	135	3,026	(360)	–	–	7,953	**10,754**	1,460	**12,214**
Prior period adjustment for the year ended 31 July 2007*	–	–	–	–	–	279	**279**	–	**279**
Restated balance at 1 August 2007	**135**	**3,026**	**(360)**	**–**	**–**	**8,232**	**11,033**	**1,460**	**12,493**
Changes in equity for 2008									
Exchange differences on translating foreign operations	–	–	4,825	–	–	–	**4,825**	–	**4,825**
Net income recognised directly in equity	–	–	4,825	–	–	–	**4,825**	–	**4,825**
Profit for the period	–	–	–	–	–	4,525	**4,525**	772	**5,297**
Prior period adjustment for the year ended 31 July 2008*	–	–	–	–	–	757	**757**	–	**757**
Total recognised income for the period	–	–	4,825	–	–	5,282	**10,107**	772	**10,879**
Expenses offset against share premium	–	(1,076)	–	–	–	–	**(1,076)**	–	**(1,076)**
Issue of share capital through exercise of share options	4	245	–	–	–	–	**249**	–	**249**
Issue of share capital through fundraising	39	26,961	–	–	–	–	**27,000**	–	**27,000**
Issue of share capital through allotment of shares in satisfaction of acquisition consideration	12	–	–	9,239	–	–	**9,251**	–	**9,251**
Deferred consideration as part consideration for acquisition	–	–	–	–	1,438	–	**1,438**	–	**1,438**
Share-based payments	–	–	–	–	–	424	**424**	–	**424**
Balance at 31 July 2008	**190**	**29,156**	**4,465**	**9,239**	**1,438**	**13,938**	**58,426**	**2,232**	**60,658**
Changes in equity for 2009									
Exchange differences on translating foreign operations	–	–	5,315	–	–	–	**5,315**	500	**5,815**
Dividends	–	–	–	–	–	–	**–**	(27)	**(27)**
Net income recognised directly in equity	–	–	5,315	–	–	–	**5,315**	473	**5,788**
(Loss)/profit for the period	–	–	–	–	–	(544)	**(544)**	703	**159**
Total recognised income for the period	–	–	5,315	–	–	(544)	**4,771**	1,176	**5,947**
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 consideration for acquisition	2	1,436	–	–	(1,438)	–	**–**	–	**–**
Share-based payments	–	–	–	–	–	271	**271**	–	**271**
Balance at 31 July 2009	**193**	**30,811**	**9,780**	**9,239**	**–**	**13,665**	**63,688**	**3,408**	**67,096**

* As described on page 47.

Consolidated Cash Flow Statement for the year ended 31 July 2009

	Note	31 July 2009 £000	31 July 2008 £000 (Restated)
Cash flows from operating activities			
Profit after taxation	1	**159**	6,054
Adjustments for:			
Depreciation	1	**557**	522
Amortisation	1	**3,145**	2,822
Loss on disposal of property, plant and equipment and other intangible assets	1	**53**	1
Foreign exchange loss	1	**132**	53
Share option expense	1	**271**	311
Taxation credit recorded in profit and loss	5	**(842)**	(2,078)
Net finance income	4	**(404)**	(108)
Decrease/(increase) in trade and other receivables		**5,265**	(7,046)
(Decrease)/increase in trade and other payables		**(3,040)**	2,611
Cash generated from operations		**5,296**	3,142
Interest paid		**(109)**	(74)
Foreign exchange losses		**(515)**	–
Income taxes paid		**(520)**	(675)
Net cash generated from operating activities		**4,152**	2,393
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		**(685)**	(16,044)
Settlement of deferred considerations		**(2,215)**	(588)
Other investments made		**(175)**	(77)
Proceeds from sale of property, plant and equipment		**–**	8
Purchase of property, plant and equipment		**(732)**	(1,694)
Purchase of intangible assets		**(2,020)**	(1,441)
Interest received		**329**	500
Foreign exchange gains		**725**	–
Net cash used in investing activities		**(4,773)**	(19,336)
Cash flows from financing activities			
Proceeds from issue of share capital		**220**	26,174
Loan repayments		**(1,043)**	(15)
Financing drawn down		**–**	172
Proceeds from sale of financial assets		**–**	75
Dividends paid to minority interests		**(12)**	–
Net cash (used in)/generated from financing activities		**(835)**	26,406
Net (decrease)/increase in cash, cash equivalents and overdrafts		**(1,456)**	9,463
Cash and cash equivalents at beginning of year		**13,406**	4,061
Exchange gain/(loss) on cash and cash equivalents		**768**	(118)
Cash, cash equivalents and overdrafts at end of year	15	**12,718**	13,406

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2009

1 Nature of Operations

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

1.2 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.

1.3 YouGov plc's annual consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent Company.

1.4 These annual consolidated financial statements have been approved for issue by the Board of Directors on 12 October 2009.

2 Basis of Preparation

2.1 The consolidated financial statements of YouGov plc are for the year ended 31 July 2009. They have been prepared under the historical cost convention with the exception of certain non-current assets that are carried at fair value in accordance with the accounting policies set out below. The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union (EU). All references to IFRS in these statements refer to IFRS as adopted by the EU.

2.2 The policies set out below have been consistently applied to all years presented and comparative information has been restated and represented under IFRS.

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

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

3 Basis of Consolidation

3.1 The Group financial statements consolidate those of the Company and all of its subsidiary undertakings (see note 12) drawn up to 31 July 2009. 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.

3.2 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.

3.3 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 balance sheet 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.

3.4 The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4 Associates and Joint Ventures

4.1 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 financial statements using the equity method of accounting, under which investments in associates and investments in joint ventures are carried in the consolidated balance sheet 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.

4.2 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 investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4.3 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.

5 Revenue

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

5.2 Market Research

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

5.2.1 Syndicated Services

5.2.1.a 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.

5.2.2 Non-Syndicated Services

5.2.2.a 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.

5.3 Non-Cash Transactions

5.3.a 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 2009

6 Panel Incentive Costs

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

7 Interest

7.1 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.

7.2 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.

8 Exceptional Items

8.1 Items are highlighted as exceptional in the income statement when separate disclosure is considered helpful in understanding the underlying performance of the business.

9 Taxation

9.1 Current tax is the tax currently payable based on taxable profit for the year.

9.2 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.

9.3 Deferred tax 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 balance sheet date.

9.4 Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the 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.

10 Dividends

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

11 Goodwill

11.1 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 income statement.

11.2 Goodwill written off to reserves prior to 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.

12 Intangible Assets

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

12.2 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.

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

12.4 Directors conduct an impairment review of intangible assets where necessary. Where impairment arises, losses are recognised in the income statement.

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

13 Intangible Assets Acquired as part of a Business Combination

13.1 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 are 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 and trademarks	5–15 years
Order backlog	3 months–1 year

14 Intangible Assets Generated Internally

14.1 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.

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

14.3 Amortisation rates applicable to internally generated intangible assets are typically:

Intangible asset	Amortisation period
Software and software development	1–3 years
Patents and trademarks	not amortised
Development costs	project by project basis

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2009

15 Consumer Panel

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

15.2 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 three-year period, this being the Directors' estimate of the average active life of a panellist.

15.3 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.

16 Software and Software Development

16.1 Capitalised software includes our 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.

16.2 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.

16.3 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.

17 Customer Contract and Lists

17.1 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.

17.2 Customer contracts and lists are amortised over a useful economic life based on Directors' estimates.

18 Patents and Trademarks

18.1 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.

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

18.3 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. The patents are subject to an annual impairment review.

19 Order Backlog

19.1 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 are 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.

19.2 Amortisation is provided over the period in which it will take to fulfil these secured orders.

20 Development Costs

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

20.2 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.

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

21.1 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.

21.2 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.

21.3 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 the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

21.4 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.

22 Property, Plant and Equipment and Depreciation

22.1 Property, plant and equipment is carried at cost net of depreciation and any provision for impairment. 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 tangible fixed assets 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

23 Leased Assets

23.1 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.

23.2 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.

23.3 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.

24 Financial Assets

24.1 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.

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2009

24.3 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 income statement.

24.4 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.

24.5 An assessment for impairment is undertaken at least at each balance sheet date.

24.6 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.

25 Financial Liabilities

25.1 Financial liabilities are divided into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities 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.

25.2 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.

25.3 Trade and other payables are stated at their nominal value.

25.4 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.

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

26 Cash and Cash Equivalents

26.1 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.

27 Equity

27.1 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.
- Profit and loss reserve represents retained profits.

28 **Foreign Currencies**

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

28.2 Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet 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.

28.3 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 income statement in the period in which they arise.

28.4 Exchange differences on non-monetary items are recognised in the statement of recognised income and expenses 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.

28.5 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 balance sheet 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 associates are taken directly to the "Foreign exchange reserve" in equity.

29 **Employee Benefits**

29.1 Equity settled share-based payment

29.2 All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 August 2006 are recognised in the financial statements.

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

29.4 All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "profit and loss reserve".

29.5 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. Any cumulative adjustment prior to vesting is recognised in the current period.

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

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

30 **Contingent Consideration**

30.1 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, this being, in the Directors' opinion the most appropriate barometer for a risk free rate.

31 **Imputed Interest**

31.1 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 UK ten-year treasury gilt, this being, in the Directors' opinion the most appropriate barometer for a risk free rate. The difference between the present value of all future payments and the nominal amount of the consideration is recognised as an interest charge. Imputed interest is shown within finance costs in the income statement.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2009

32 Critical Accounting Estimates and Judgements

32.1 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.

32.2 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.

32.3 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 financial statements.

32.4 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 they do, differences are recognised in the income statement for the following reporting period.

32.5 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. Variance in any of the inputs could lead to the income statement charge being higher or lower than appropriate.

32.6 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.

32.7 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.

32.8 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 have 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.

32.9 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 the impairment review are fully disclosed in note 19.

32.10 **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 21.

32.11 **Contingent Consideration**
As part of the acquisitions, contingent consideration is payable to selling shareholders' groups based on the future performance of the businesses. Judgement is required in estimating the magnitude of contingent consideration and the likelihood of payment. Contingent consideration is disclosed fully in note 18.

33 **Prior Period Adjustments**

33.1 A recent review identified that the UK corporation tax charge in respect of the years ending 31 July 2007 and 2008 had been overstated. This was due to an error in the calculation of deductions available under Schedule 23 of the Finance Act 2003 relating to the sale of shares acquired by Directors and employees. This has resulted in tax overpayments of £757,000 for the year ended 31 July 2008 and £279,000 for the year ended 31 July 2007. These amounts were reclaimed from HM Revenue and Customs in August 2009.

The impact of the prior period adjustments are as follows:

	31 July 2008 £000	31 July 2007 £000
Tax credit	**757**	279
Current tax assets	**936**	–
Current tax liabilities	**(100)**	(279)
Profit and loss reserve	**1,036**	279
Impact on basic earnings per share attributable to equity holders of the Company (p)	**0.9**	0.4
Impact on diluted earnings per share attributable to equity holders of the Company (p)	**0.7**	0.4

34 **Standard and Interpretations in Issue but Not Yet Effective**

34.1 At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied on these financial statements were in issue but not yet effective.

34.2

Standard and interpretation		Effective for reporting periods starting on or after
IAS 1	Presentation of financial statements	1 January 2009
IAS 23	Borrowing costs	1 January 2009
IAS 27	Consolidated and separate financial statements (revised 2008)	1 July 2009
IAS 32	Presentation and IAS 1 presentation and financial statements – puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 39	Financial instruments: recognition and measurement – eligible hedged items	1 July 2009
IFRS 1/ IAS 27	First time adoption of International Financial Reporting Standards/consolidated and separate financial statements – costs of investment in a subsidiary, jointly controlled entity or associate	1 January 2009
IFRS 2	Amendment to IFRS 2 share-based payment – vesting conditions and cancellations	1 January 2009
IFRS 3	Business combinations (revised 2008)	1 July 2009
IFRS 7	Financial instruments: disclosures	1 July 2009
IFRS 8	Operating segments	1 January 2009
	Minimum funding requirements and their interaction	
IFRIC 15	Agreements for the construction of real estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
	Improvements to IFRSs	1 January 2009/ 1 July 2009

34.3 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 except for additional disclosure and the presentational effects of IAS 1 and IFRS 8.

34.4 IFRS 3 will have no retrospective impact on the Group accounting for business combinations but will impact the accounting treatment for any future acquisitions that the Group makes, specifically transaction costs no longer being able to be classified as part of the consideration cost but taken directly to the income statement.

Notes to the Consolidated Financial Statements
for the year ended 31 July 2009

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 & North Africa, Germany & Central Europe, Scandinavia & Northern Europe & 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.

2009	UK £000	Middle East & North Africa £000	Germany & Central Europe £000	Scandinavia & Northern Europe £000	North America £000	Consolidation eliminations £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.

2009	UK £000	Middle East & North Africa £000	Germany & Central Europe £000	Scandinavia & Northern Europe £000	North America £000	Consolidation eliminations £000	Consolidated £000
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	82	5,624
Unallocated corporate expenses							(2,909)
Operating profit							2,715
Amortisation of intangibles							(3,145)
Exceptional items							(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							
Capital additions	1,226	427	390	169	540	–	2,752
Depreciation	132	77	262	38	44	4	557
Amortisation	364	73	89	60	88	2,471	3,145
Share-based payments	100	–	–	–	171	–	271
Assets							
Segment assets	15,901	15,139	27,735	16,830	19,881	(12,119)	83,367
Investments in joint ventures	–	–	23	–	–	–	23
Unallocated corporate assets	–	–	–	–	–	–	867
Total assets							**84,257**
Liabilities							
Segment liabilities	8,896	411	7,110	5,251	5,045	(9,552)	17,161
Total liabilities	**8,896**	**411**	**7,110**	**5,251**	**5,045**	**(9,552)**	**17,161**

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

2009	UK £000	Middle East & North Africa £000	Germany & Central Europe £000	Scandinavia & Northern Europe £000	North America £000	Consolidation eliminations £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.

1 Revenue and Profit Before Taxation continued

2008	UK £000	Middle East & North Africa £000	Germany & Central Europe £000	Scandinavia & Northern Europe £000	North America £000	Consolidation eliminations £000	Consolidated £000
Revenue							
External sales	11,962	7,670	11,960	6,488	2,310	–	40,390
Inter-segment sales	612	1	32	19	520	(1,184)	–
Total revenue	**12,574**	**7,671**	**11,992**	**6,507**	**2,830**	**(1,184)**	**40,390**

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

Segment result							
Gross profit	10,778	5,673	8,835	5,540	2,234	293	33,353
Operating profit	3,918	3,814	740	964	(73)	426	9,789
Unallocated corporate expenses							(1,922)
Operating profit							7,867
Amortisation of intangibles							(2,822)
Exceptional items							(1,200)
Finance income							500
Finance costs							(392)
Share of results of joint ventures							23
Profit before taxation							3,976
Tax credit							2,078
Profit after taxation							6,054
Other segment information							
Capital additions	697	1,153	625	113	115	16,769	19,472
Depreciation	158	40	254	31	47	(8)	522
Amortisation	115	33	81	199	12	2,382	2,822
Share-based payments	64	–	–	–	247	–	311
Assets							
Segment assets	17,291	11,049	29,367	18,065	16,818	(7,048)	85,542
Investments in joint ventures	133	–	–	–	–	–	133
Unallocated corporate assets	–	–	–	–	–	–	537
Total assets							**86,212**
Liabilities							
Segment liabilities	7,826	1,115	10,591	8,719	3,642	(6,339)	25,554
Total liabilities	**7,826**	**1,115**	**10,591**	**8,719**	**3,642**	**(6,339)**	**25,554**

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

2008	UK £000	Middle East & North Africa £000	Germany & Central Europe £000	Scandinavia & Northern Europe £000	North America £000	Consolidation eliminations £000	Consolidated £000
Revenue by destination							
External sales	15,760	1,149	12,185	6,190	5,106	–	40,390
Inter-segment sales	555	581	3	33	12	(1,184)	–
Total revenue	**16,315**	**1,730**	**12,188**	**6,223**	**5,118**	**(1,184)**	**40,390**

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

Notes to the Consolidated Financial Statements
for the year ended 31 July 2009

1 Revenue and Profit Before Taxation continued

The profit before taxation is stated after charging:

	31 July 2009 £000	31 July 2008 £000
Auditors remuneration:		
Audit of the Group's annual report and accounts (including subsidiaries) pursuant to legislation (including outside the UK)	**100**	115
Other services pursuant to such legislation (including outside the UK)	**15**	22
Taxation	**25**	28
Corporate finance transactions and proposed transactions	**–**	400
Other advisory services	**35**	10
Depreciation and amortisation:		
Plant, property and equipment, owned	**545**	509
Plant, property and equipment, held under finance lease	**12**	13
Amortisation of intangibles	**1,005**	346
Amortisation of intangibles acquired on acquisition	**2,140**	2,476
Loss on disposal of property, plant and equipment and other intangible fixed assets	**53**	1
Other operating lease rentals:		
Plant and machinery	**79**	59
Land and buildings	**1,312**	1,046
Other expenses:		
Exchange differences	**132**	53
Share-based payment expenses	**271**	311
Research and development expenditure expensed	**310**	433
Charitable and political donations	**1**	16

2 Staff Numbers and Costs

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

	31 July 2009 £000	31 July 2008 £000
Wages and salaries	**19,507**	15,410
Social security costs	**2,411**	2,069
Share-based payments	**271**	311
Other benefits	**544**	302
Pension costs	**242**	153
	22,975	18,245

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.

2 Staff Numbers and Costs continued

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

	31 July 2009 Number	31 July 2008 Number
Key management personnel	**22**	24
Administration and operations	**409**	378
	431	402

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 2009 £000	31 July 2008 £000
Short-term employee benefits	**2,549**	2,390
Post-employment benefits	**33**	19
Share-based payments	**37**	7
	2,619	2,416

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

3 Exceptional Items

	31 July 2009 £000	31 July 2008 £000
Aborted acquisition costs	**(173)**	1,064
Restructuring costs	**783**	136
	610	1,200

Restructuring costs arose due to the termination of operations of certain divisions within the UK, German and Scandinavian businesses. The aborted acquisition cost credit in 2009 relates to an over accrual in the prior year.

4 Finance Income and Costs

	31 July 2009 £000	31 July 2008 £000
Interest receivable from bank deposits	**327**	476
Other interest receivable	**2**	24
Foreign exchange gains on cash held in foreign currency denominated accounts	**725**	–
Total finance income	**1,054**	500
Interest payable on bank loans and overdrafts	**68**	73
Interest on obligations under hire purchase and finance leases	**1**	1
Other interest payable	**40**	–
Foreign exchange losses on intra-Group loan positions	**383**	–
	492	74
Finance cost of deferred consideration	**158**	318
Total finance costs	**650**	392

Notes to the Consolidated Financial Statements
for the year ended 31 July 2009

5 Income Taxes

The taxation charge represents:

	31 July 2009 £000	31 July 2008 £000 (Restated)
Income tax	**157**	(57)
Adjustments in respect of prior periods	**258**	(49)
Total income tax charge	**415**	(106)
Origination and reversal of temporary differences:		
Current year	**(1,463)**	(1,972)
Prior year	**206**	–
Total deferred tax	**(1,257)**	(1,972)
Total income statement tax charge	**(842)**	(2,078)

The tax assessed for the year is lower (2008: lower) than the standard rate of corporation tax in the UK.

The differences are explained below:

	31 July 2009		31 July 2008	
	£000	%	£000 (Restated)	%
(Loss)/profit before tax	**(683)**		3,976	
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	**(191)**	**28%**	1,113	28%
Impact of change in tax rate in the period	**–**	**0%**	61	1%
Expenses not deductible for tax purposes	**616**	**(90)%**	546	14%
Capital allowances in excess of depreciation	**–**	**0%**	(24)	(1)%
Depreciation in excess of capital allowances	**66**	**(10)%**	–	0%
Other temporary differences	**(33)**	**5%**	26	1%
Tax deduction in respect of share options exercised	**(44)**	**6%**	(809)	(20)%
Share-based payments charge	**63**	**(9)%**	85	2%
Deferral of tax losses	**597**	**(87)%**	137	3%
Overseas earnings not assessable to corporation tax	**(864)**	**126%**	(1,078)	(27)%
Variation in overseas tax rates	**31**	**(4)%**	(40)	(1)%
Adjustment in respect of prior periods	**258**	**(38)%**	(49)	(1)%
Research and development tax deduction	**(73)**	**11%**	(74)	(2)%
Share of tax loss of joint venture	**(11)**	**1%**	–	0%
Total income tax charge for the year	**415**	**(61)%**	(106)	(3)%
Current year deferred tax adjustment	**(1,257)**	**184%**	(1,972)	(49)%
Total income statement tax charge for the year	**(842)**	**123%**	(2,078)	(52)%

The Group had an overall tax credit of £0.8m compared to £2.1m (after prior year adjustment of £0.8m in respect of Schedule 23 share options deductions) in the year ended 31 July 2008.

6 Dividend

No dividend was paid or proposed during the year (2008: £nil).

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, exceptional items and any related tax effects.

	31 July 2009 £000	31 July 2008 £000 (Restated)
Group (loss)/profit after taxation attributable to equity holders of the parent company	**(544)**	5,282
Add: amortisation of intangible assets	**3,145**	2,822
Add: share-based payments	**271**	311
Add: imputed interest	**158**	318
Add: exceptional items	**610**	1,200
Tax effect of the above adjustments	**(1,384)**	(2,133)
Adjusted retained profit	**2,256**	7,800

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

	31 July 2009	31 July 2008 (Restated)
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	**96,244**	91,688
– Dilutive effect of share options	**3,517**	7,829
– Diluted	**99,761**	99,517
Basic earnings per share (in pence)	**(0.6)**	5.8
Adjusted basic earnings per share (in pence)	**2.3**	8.5
Diluted earnings per share (in pence)	**(0.6)**	5.3
Adjusted diluted earnings per share (in pence)	**2.3**	7.8

The adjustments have the following effect:

	p	p
Basic (loss)/earnings per share	**(0.6)**	5.8
Amortisation of intangible assets	**3.3**	3.1
Share-based payments	**0.3**	0.3
Imputed interest	**0.1**	0.3
Exceptional items	**0.6**	1.3
Tax effect of the above adjustments	**(1.4)**	(2.3)
Adjusted earnings per share	**2.3**	8.5
Diluted (loss)/earnings per share	**(0.6)**	5.3
Amortisation of intangible assets	**3.3**	2.8
Share-based payments	**0.3**	0.3
Imputed interest	**0.1**	0.3
Exceptional items	**0.6**	1.2
Tax effect of the above adjustments	**(1.4)**	(2.1)
Adjusted diluted earnings per share	**2.3**	7.8

Notes to the Consolidated Financial Statements
for the year ended 31 July 2009

8 Business Combinations

Acquisition of C. Horizons LLC
The acquisition of the trade and assets of C. Horizons LLC ("Clear Horizons") was finalised on 24 April 2009. Clear Horizons is a Princeton, New Jersey based research firm specialising in branding, customer satisfaction, and new product market research. The business is profitable and combines strong technology sector expertise with advanced analytics skills and a commitment to online research.

The fair value of the consideration payable for the trade and assets of Clear Horizons was $0.6m (£0.41m) with a further $0.06m (£0.04m) of professional fees bringing the total consideration to $0.66m (£0.45m). This was satisfied by an initial cash payment of $0.6m (£0.41m).

An earn-out has also been put in place for the three financial years ending 30 April 2012. Under this earn-out, if certain financial targets being met, a maximum of a further $2.1m (£1.4m) will be payable in cash. Earn-out consideration of £1.0m, being the Directors' estimate of earn-out most likely to be achieved, has been discounted to a net present value of £0.9m with the resulting discounting charge of £0.1m being taken to the income statement over the earn-out period. In addition to the purchase price payable, a loan of $0.2m (£0.15m) has been extended to the sellers of Clear Horizons. This remains repayable unless certain financial targets again over the period until 30 April 2012.

Professional fees of $0.06m (£0.04m) were incurred during the completion of the transaction.

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

	Acquiree's carrying amount before combination £000	Fair value adjustments £000	Fair value £000
Net assets acquired:			
Intangible assets	–	686	686
Property, plant and equipment	7	–	7
Deferred tax liability	–	(293)	(293)
Net assets	7	393	400
Goodwill arising on acquisition			1,124
Total consideration			**1,524**

Fair value adjustments have been made to align Clear Horizons accounting policies with those of YouGov and to account for the intangible assets and attributable deferred taxation of the business which are recognised upon acquisition.

	£000
Total consideration, analysed as:	
Cash	410
Loan	153
Deferred consideration	921
Acquisition expenses	40
	1,524
Net cash outflow arising on acquisition:	
Cash consideration paid	410
Loan extended	153
	563

Ownership and control passed to YouGov plc on 24 April 2009 and Clear Horizons has been consolidated within the Group financial statements from that date.

The goodwill arising on the acquisition of Clear Horizons is attributable to the anticipated synergies expected to be derived from the combination and value of the workforce of Clear Horizons which cannot be recognised as an intangible asset under IAS38 "Intangible Assets".

Since the acquisition Clear Horizons has contributed £0.4m to Group revenue and £0.1m to the Group profit after taxation for the year ended 31 July 2009. If Clear Horizons had been consolidated from the start of the financial year, management estimate they would have contributed a further £0.5m to Group revenue and a further £nil to profit after taxation.

9 Goodwill

Goodwill can be summarised as follows:

	Middle East & North Africa Siraj FZ LLC £000	North America Polimetrix Inc £000	Scandinavia & Northern Europe Zapera.com AS £000	Germany & Central Europe psychonomics AG £000	North America C. Horizons LLC £000	UK Other LLC £000	Total £000
Carrying amount at 1 August 2007	1,090	–	–	–	–	5	1,095
Carrying amount at 31 July 2008	1,113	7,172	9,808	15,388	–	19	33,500
Carrying amount at 31 July 2009	**1,319**	**8,498**	**8,420**	**14,226**	**939**	**80**	**33,482**
Carrying amount at 1 August 2007	1,090	–	–	–	–	5	1,095
Additions:							
Through business combinations	–	7,030	8,495	13,313	–	–	28,838
Entity creation costs	–	–	–	–	–	14	14
Net exchange differences	23	142	1,313	2,075	–	–	3,553
Carrying amount at 31 July 2008	1,113	7,172	9,808	15,388	–	19	33,500
Additions:							
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	1,326	825	1,345	(185)	–	3,517
Carrying amount at 31 July 2009	**1,319**	**8,498**	**8,420**	**14,226**	**939**	**80**	**33,482**

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

Revisions to initial carrying value of goodwill in the year ended 31 July 2009 related to the non-achievement of earn-out targets (psychonomics £2.5m, Zapera £0.6m and Receptor £0.3m), the budgeted non-achievement of earn-out targets (Zapera £0.6m) and reduction in deferred consideration paid in respect of Zapera (£0.7m).

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 2009 impairment was undertaken as at 31 July 2009. The review as at 31 July 2009 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 cash generating unit based on approved budget numbers. After the initial budgeted period, projections have been assumed at 5% (10% for Polimetrix Inc and 6% for Clear Horizons LLC) for years four and five which is conservative both in comparison with historical performance (across all geographies) and annual growth rates in the internet-based market research sector. Annual growth rates of 3% have been assumed in perpetuity beyond year five. The weighted average cost of capital used by the Group to discount the future cash flows to their present value is 11.5% (2008: 9.25%).

To ensure the robustness of our impairment review we have also conducted sensitivity analyses on our assumptions including the impact of a 0.5% movement in our chosen WACC rate, a 0.5% movement in our chosen perpetual growth rate, the impact of a 5% reduction in profitability in the initial projection period and a 1% variance in our growth assumption in years four and five.

The impairment reviews supported the carrying values of goodwill, and no impairment was required when applying the sensitivity.

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10 Intangible Assets

The following table shows the significant additions and disposals of 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
Gross carrying amount	124	208	–	28	–	–	360
Accumulated amortisation	(9)	(8)	–	–	–	–	(17)
Net carrying amount at 1 August 2007	115	200	–	28	–	–	343
Gross carrying amount	6,252	1,698	5,276	6,168	390	218	20,002
Accumulated amortisation	(1,147)	(443)	(436)	(456)	(390)	(12)	(2,884)
Net carrying amount at 31 July 2008	5,105	1,255	4,840	5,712	–	206	17,118
Gross carrying amount	7,183	3,205	6,275	6,672	48	347	23,730
Accumulated amortisation	(2,624)	(1,196)	(958)	(911)	(48)	(53)	(5,790)
Net carrying amount at 31 July 2009	**4,559**	**2,009**	**5,317**	**5,761**	**–**	**294**	**17,940**

	Consumer panel £000	Software and software development £000	Customer contracts and lists £000	Patents and trade marks £000	Order backlog £000	Development costs £000	Total £000
Net carrying amount at 1 August 2007	115	200	–	28	–	–	343
Additions:							
Separately acquired	523	328	–	23	–	3	877
Internally developed	–	349	–	–	–	215	564
Through business combinations	5,303	719	4,671	5,448	390	–	16,531
Amortisation	(1,138)	(390)	(436)	(456)	(390)	(12)	(2,822)
Reclassification	–	38	–	–	–	–	38
Net exchange differences	302	11	605	669	–	–	1,587
Net carrying amount at 31 July 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)
Disposals	–	–	–	–	–	(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**

Consumer panels are the core asset from which our internet-based revenues are generated. These are being amortised over their useful economic life which is between three and five years. The key component of the balance at 31 July 2009 relates to those panels acquired through acquisition. The remaining amortisation period for these acquired panels is three years.

Software development costs represent the web-based infrastructure which supports both our online panels and the portals for our online products such as BrandIndex. These are being amortised over their useful lives which are estimated at between one and five years. The balance at 31 July 2009 is equally split between development which was acquired through acquisition, the remaining amortisation period for which is three years, and development on our current IT infrastructure, the remaining amortisation period for which is up to three years.

10 Intangible Assets continued

Customer contracts and lists only arise on the acquisition of an entity and are the valuation of the client relationships that have been built. These are being amortised over their useful lives which are estimated at between ten and 11 years. The remaining amortisation periods for these assets are between eight and nine years.

Patents and trademarks represent the costs of acquiring brands, protecting our existing brands from copyright and the intellectual property which supports our products and methodologies. Amortisation rates range from non-amortisation up to 15 years. The key component of the balance at 31 July 2009 relates to those patents and trademarks acquired through acquisition. The remaining amortisation period for these are between three and 13 years.

11 Property, Plant and Equipment

The following table shows the significant additions and disposals of property, plant and equipment.

	Freehold property £000	Leasehold property improvements £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Gross carrying amount	–	196	174	215	50	635
Accumulated depreciation	–	(21)	(42)	(56)	(17)	(136)
Carrying amount at 1 August 2007	–	175	132	159	33	499
Gross carrying amount	946	273	651	861	102	2,833
Accumulated depreciation	–	(70)	(259)	(250)	(37)	(616)
Carrying amount at 31 July 2008	946	203	392	611	65	2,217
Gross carrying amount	1,147	303	1,202	1,179	116	3,947
Accumulated depreciation	–	(143)	(637)	(454)	(84)	(1,318)
Carrying amount at 31 July 2009	**1,147**	**160**	**565**	**725**	**32**	**2,629**
Carrying amount at 1 August 2007	–	175	132	159	33	499
Additions:						
Separately acquired	946	77	277	380	14	1,694
Acquired through acquisitions	–	2	263	265	60	590
Disposals	–	–	–	–	(7)	(7)
Depreciation	–	(51)	(242)	(194)	(35)	(522)
Reclassified	–	–	(38)	–	–	(38)
Net exchange differences	–	–	–	1	–	1
Carrying amount at 31 July 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**

Included within motor vehicles are assets held under lease purchase agreements with a net book value of £9k (2008: £34k). The depreciation charge on these assets for the year was £12k (2008: £13k).

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 2009 or 2008 has been pledged as security against the liabilities of the Group.

Notes to the Consolidated Financial Statements
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12 Investment Accounted for Using the Equity Method

	31 July 2009 £000	31 July 2008 £000
Total fixed asset investments comprise:		
Interest in joint ventures (b)	**23**	133
Interest in investment completed post year end (c)	**–**	61
	23	194

(a) Interests in Subsidiaries
As at 31 July 2009 the Group's principal trading subsidiaries were:

	Subsidiary	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	Subsidiary	United Arab Emirates	Ordinary	78%	78%	Market research
YouGovPsychonomics AG (formerly psychonomics AG)	Subsidiary	Germany	Ordinary	100%	100%	Market research
Service Rating GmbH	Subsidiary	Germany	Ordinary	0%	60%	Market research
psychonomics Field	Subsidiary	Germany	Ordinary	0%	70%	Market research
GPW Deutschland GmbH	Subsidiary	Germany	Ordinary	0%	100%	Market research
Great Workplace Research & Consulting GmbH	Subsidiary	Austria	Ordinary	0%	95%	Market research
YouGov Nordic & Baltic A/S (formerly Zapera.com A/S)	Subsidiary	Denmark	Ordinary	100%	100%	Market research
YouGov Sweden AB (formerly Zapera Sweden AB)	Subsidiary	Sweden	Ordinary	0%	100%	Market research
YouGov Norway AS (formerly Zapera Receptor Norway AS)	Subsidiary	Norway	Ordinary	0%	100%	Market research
Zapera Finland OY	Subsidiary	Finland	Ordinary	0%	100%	Market research
BUZ ApS	Subsidiary	Denmark	Ordinary	0%	51%	Market research
YouGov America Inc	Subsidiary	US	Ordinary	0%	100%	Market research
YouGovStone Limited	Subsidiary	England	Ordinary	51%	51%	Market research
YouGovAlpha Limited	Subsidiary	England	Ordinary	100%	100%	Market research
YouGov1208 Limited (formerly YouGovExecution Limited)[1]	Subsidiary	England	Ordinary	100%	100%	Dormant
YouGovHellas	Subsidiary	Greece	Ordinary	51%	51%	Market research

1 YouGovExecution was previously a joint venture. We acquired the other 50% of the share capital on 19 December 2008 and renamed it YouGov1208 Limited. We are currently in the process of winding this business down.

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

12 Investment Accounted for Using the Equity Method continued

(b) Interest in Joint Ventures
At 31 July 2009 the Group had interests in the following joint ventures:

				Proportion held			
	Joint venture	Country of incorporation	Class of share capital held	By parent Company	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 Comerna AG)[1]	JV	Germany	Ordinary	0%	50%	Market research	31 July

1 Previously psychonomics Advisory (formerly Comerna AG) had been treated as a subsidiary as although the shareholding was only 50%, control was gained by having a greater presence on the Board of Directors than the other partner. This situation changed with effect from 1 August 2008 and control of the Board of Directors was ceded.

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

	31 July 2009 £000	31 July 2008 £000
Revenue	**2**	76
Operating (loss)/profit	**(16)**	9
Non-current assets	**4**	21
Current assets	**51**	77
Current liabilities	**(31)**	(20)
Non-current liabilities	**(79)**	(75)
Net (liabilities)/assets	**(55)**	3

In line with our accounting policy on joint ventures, losses beyond the Group's interest in the joint venture are not recognised.

Capital commitments	**–**	–
Contingent liabilities	**–**	–

The Group's share of the revenue and operating profit and assets and assets and liabilities of psychonomics Advisory are:

	31 July 2009 £000
Revenue	**201**
Operating profit	**2**
Non-current assets	**1**
Current assets	**113**
Current liabilities	**(91)**
Non-current liabilities	**–**
Net assets	**23**
Capital commitments	**–**
Contingent liabilities	**–**

As disclosed above psychonomics Advisory was included in the Group consolidated financial statements in the prior year.

(c) Interest in Investments Completed Post Year End
Capitalised costs relate to legal and professional fees incurred in the incorporation of entities which completed after the balance sheet date.

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13 Trade and Other Receivables

	31 July 2009 £000	31 July 2008 £000
Trade receivables	**8,502**	11,802
Amounts owed by related parties	**116**	210
Other receivables	**519**	898
Prepayments and accrued income	**4,673**	4,329
	13,810	17,239
Provision for trade and other receivables	**(132)**	–
	13,678	17,239

The ageing of the current trade receivables is as follows:

	31 July 2009 £000	31 July 2008 £000
Within payment terms	**2,584**	6,853
Not more than three months overdue	**3,405**	2,325
More than three months but not more than six months overdue	**1,016**	1,543
More than six months but not more than one year overdue	**720**	935
More than one year overdue	**777**	146
	8,502	11,802

The average credit period taken is 70 days (2008: 88 days). The Group's trade receivables are stated before allowances for bad and doubtful debts. This allowance is determined by considering all past due balances and by reference to past default experience.

	2009 £000	2008 £000
Movement on the Group provision for impairment of trade receivables as follows:		
Provision for receivables impairment at 1 August	**–**	10
Provision created/(released) in the year	**132**	(10)
Provision for receivables impairment at 31 July	**132**	–

The creation and release of the provision for impaired receivables has been included in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value 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 >£250k (2008: >£250k) represent 36% of trade receivables (2008: 41%).

At 31 July 2009 £352k (DKK 3.1m) (2008: £433k (DKK 4.1m)) 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 2009 YouGovPsychonomics AG had the option to borrow €300k (£256k) (2008: €300k (£236k)) which is secured against the trade and other receivables of the business. At 31 July 2009 £nil (2008: £nil) had been drawn down.

YouGovPsychonomics AG has secured a value of up to €280k (£239k) (2008: €280k (£220k)) in the event of default on rental payments against its trade and other receivables.

14 Other Short-Term Financial Assets

	31 July 2009 £000	31 July 2008 £000
Available-for-sale financial assets	**211**	35
	211	35

The expiry dates of other short-term financial assets are as follows:

	31 July 2009 £000	31 July 2008 £000
Not more than three months	**211**	35
	211	35

Other short-term financial assets represent corporate bonds that present the Group with opportunity for return 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 2009 and 31 July 2008. Fair value of the asset was not materially different from its historical cost.

15 Cash and Cash Equivalents

	31 July 2009 £000	31 July 2008 £000
Cash at bank and in hand	**12,718**	13,406
	12,718	13,406

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

16 Current Liabilities

	31 July 2009 £000	31 July 2008 £000 (Restated)
Lease liabilities	**4**	3
Provisions	**1,738**	1,375
Deferred consideration on acquisition of subsidiary	**317**	5,898
Trade payables	**858**	1,538
Accruals and deferred income	**5,509**	6,792
Other payables	**1,575**	1,835
Bank loan and overdraft	**224**	1,127
Current tax liabilities	**158**	53
	10,383	18,621

The average credit period taken for trade purchases is 19 days (2008: 34 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 Non-Current Liabilities

	31 July 2009 £000	31 July 2008 £000
Lease liabilities	**4**	6
Provisions	**–**	15
Deferred consideration on acquisition of subsidiary	**651**	1,152
Long-term borrowings	**18**	–
Deferred tax liabilities	**6,105**	5,760
	6,778	6,933

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18 Deferred Consideration

In the year ended 31 July 2009 the Group reduced its obligations for deferred consideration from £7m to £1m. £2.2m of this was paid out in cash whilst £5.1m was released against goodwill due to earn-out targets either not being met or being renegotiated. A further £0.9m was taken onto the balance sheet in relation to the acquisition of Clear Horizons.

Psychonomics
£0.2m of the deferred consideration of £0.7m potentially due in respect of the year ended 31 December 2007 was paid in cash and the balance of £0.5m was released against goodwill due to targets not being met. As at 31 July 2008, £2m was provided in respect of the two years ended 31 December 2008. The targets associated with this were not met and so this balance has been released against goodwill in the period.

Zapera
In the period the Directors reached agreement with the selling shareholders of Zapera.com A/S to settle deferred consideration for the year ended 31 July 2008 at £1.6m which represented a saving to the Group of the earn-out due of £0.7m. The Board considers that the targets for the next two tranches of £1.2m in aggregate due in respect of the years ended 31 July 2009 and 31 July 2010 have not been achieved in the case of 31 July 2009 and are unlikely to be achieved in the case of 31 July 2010 and this balance has therefore been released against goodwill in the period.

Siraj
Deferred consideration of £0.4m was paid out on 31 July 2009 as per the terms of the asset purchase document dated 31 July 2006.

Receptor
The likely deferred consideration due in relation to the period ending 31 July 2009 is approximately £39k. The balance of £0.3m has been released in the period.

Clear Horizons
Under the terms of the asset purchase agreement dated 24 April 2009 a maximum of £1.3m could be payable for 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 has been made for £0.9m being the amount expected to be payable if current performance is maintained.

The Group has the following deferred consideration outstanding:

	Within one year £000	Greater than one year £000	Total £000
Receptor	39	–	39
Clear Horizons	278	651	929
At 31 July 2009	**317**	**651**	**968**

19 Provisions

	Panel incentives £000	Staff gratuity £000	Total £000
At 1 August 2007	1,193	62	1,255
Provided during the year	2,009	89	2,098
Utilised during the year	(1,102)	(40)	(1,142)
Released during the year	(820)	(3)	(823)
Net foreign exchange differences	–	2	2
At 31 July 2008	1,280	110	1,390
Included within current liabilities	1,265	110	1,375
Included within non-current liabilities	15	–	15
	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**

19 Provisions continued

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 by 31 July 2009. The provision of £1.6m represents 25% of the maximum potential liability of £6.6m (2008: £1.3m representing 29% of the total liability of £4.5m). Variables considered when arriving at an appropriate percentage of the total liability are panel churn rates, panel activity rates, current payment volume and the time value of money. Whilst each geographical panel is considered separately a consolidated provision of 25% (2008: 29%) is consistent with our internal historical data and the breadth of maturities of panels within the Group.

An incremental movement of 1% in the panel incentive provision would give rise to an additional expense to the income statement of £66k.

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 2009 (2008: £0.1m) represents the liability that the Company is obliged to pay as at the balance sheet date weighted against historical rates of resignation and redundancy.

20 Obligations Under Finance Leases

	31 July 2009 £000	31 July 2008 £000
Amounts payable under finance leases:		
Within one year	**4**	3
Between one and two years	**4**	3
Between two and five years	**–**	3
	8	9
Less: amounts due for settlement within one year (shown under current liabilities)	**(4)**	(3)
Amount due for settlement after one year	**4**	6

It is the Group's policy to lease certain assets such as motor vehicles under finance leases. The lease terms on these agreements vary as does the interest rate attributable to the agreement.

Lease agreements are denominated in the local currency of the jurisdiction where the asset is held.

The total value of the future minimum lease payments and the net present value of these are not materially different.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

21 Deferred Taxation Assets and Liabilities

Non-current deferred tax asset	Intangible assets £000	Property, plant and equipment £000	Tax losses £000	Other timing differences £000	Total £000
Balance at 1 August 2007	–	20	–	–	20
Acquired on acquisition	(126)	25	1,400	1	1,300
Recognised in income statement	–	(18)	13	126	121
Other movement	126	–	–	–	126
Balance at 31 July 2008	–	27	1,413	127	1,567
Recognised in 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**

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for the year ended 31 July 2009

21 Deferred Taxation Assets and Liabilities continued

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

	31 July 2009 £000	31 July 2008 £000
UK	**571**	–
Germany & Central Europe	**9**	–
Scandinavia & Northern Europe	**645**	345
North America	**1,258**	1,068
	2,483	1,413

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 we can use annually is £0.7m. No such restrictions exist in relation to any of our other tax losses.

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

Non-current deferred tax liabilities	Intangible assets £000	Property, plant and equipment £000	Tax losses £000	Other timing differences £000	Total £000
Balance at 1 August 2007	–	56	–	–	56
Acquired on acquisition	6,795	–	9	134	6,938
Recognised in income statement	(1,041)	68	–	(34)	(1,007)
Tax rate adjustment[1]	(709)	–	–	(18)	(727)
Net foreign exchange differences	510	–	(9)	(1)	500
Balance at 31 July 2008	5,555	124	–	81	5,760
Acquired on acquisition	293	–	–	–	293
Recognised in income statement	(774)	256	(34)	107	(445)
Net foreign exchange differences	447	6	34	10	497
Balance at 31 July 2009	**5,521**	**386**	**–**	**198**	**6,105**

1 Tax rate adjustments in the year ended 31 July 2008 in Germany and the UK have led to the revision of deferred tax liabilities. This adjustment was recognised in the income statement in the prior year.

22 Risk Management Objectives and Policies

The Group is exposed to 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 is considered to be £ Sterling.

22 Risk Management Objectives and Policies continued

Foreign currency denominated financial assets and liabilities, translated into £000 at the closing rate, are as follows:

	2009 £000				2008 £000			
Nominal amounts	US $	Euro €	Dirham AED	Kroner DKK	US $	Euro €	Dirham AED	Kroner DKK
Financial assets	**3,746**	**1,807**	**5,930**	**909**	5,321	2,750	4,653	1,115
Financial liabilities	**(130)**	**(834)**	**(29)**	**(1,143)**	(37)	(1,152)	(408)	(1,955)
Short-term exposure	**3,616**	**973**	**5,901**	**(234)**	5,284	1,598	4,245	(840)
Financial assets	**–**	**–**	**–**	**–**	–	–	–	–
Financial liabilities	**–**	**–**	**(4)**	**(18)**	–	–	–	–
Long-term exposure	**–**	**–**	**(4)**	**(18)**	–	–	–	–

The effect of £ 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:

	2009 £000				2008 £000			
	US $	Euro €	Dirham AED	Kroner DKK	US $	Euro €	Dirham AED	Kroner DKK
Net result for the year	**1**	**(2)**	**(31)**	**5**	3	(2)	(38)	(6)
Equity	**(149)**	**(207)**	**(148)**	**(115)**	(130)	(188)	(99)	(95)

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

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

The 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 2009, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current	
31 July 2009	**Within 6 months £000**	**6 to 12 months £000**	**1–5 years £000**	**Later than 5 years £000**
Trade and other payables	**2,433**	**–**	**–**	**–**
Borrowing principal payments	**226**	**2**	**22**	**–**
Borrowing interest payments	**–**	**–**	**–**	**–**

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

	Current		Non-current	
31 July 2008	Within 6 months £000	6 to 12 months £000	1–5 years £000	Later than 5 years £000
Trade and other payables	3,112	–	–	–
Borrowing principal payments	104	1,026	6	–
Borrowing interest payments	42	35	1	–

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22 Risk Management Objectives and Policies continued

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 short-term financial assets (note 14), cash and cash equivalents (note 15), borrowings (note 16), finance leases (note 20) and equity attributable to shareholders of the parent Company.

	31 July 2009 £000	31 July 2008 £000
Available-for-sale financial assets	**211**	35
Cash and cash equivalents	**12,718**	13,406
Borrowings	**(242)**	(1,127)
Finance leases	**(8)**	(9)
Equity attributable to shareholders of the parent Company	**(63,708)**	(58,426)
	(51,029)	(46,121)

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 £13.1m (2008: £11.7m) attracting an average interest rate of 2.50% (2008: 4.27%). The Group has minimal borrowings; applicable interest rates are disclosed in note 16. If interest rates had been 1% higher during the year ended 31 July 2009 the increase to profit before tax would have been £124k (2008: £107k). If interest rates had been 1% lower during the year ended 31 July 2009 the reduction in profit before tax would have been £124k (2008: £106k). The impact upon shareholders' equity would have been an increase of £94k (2008: £90k) and a decrease of £92k (2008: £89k) respectively.

23 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 2009		
At 1 August 2008	94,876,425	190
Issue of shares	1,856,752	3
At 31 July 2009	**96,733,177**	**193**
Year to 31 July 2008		
At 1 August 2007	67,422,570	135
Issue of shares	27,453,855	55
At 31 July 2008	94,876,425	190

Under the acquisition agreements with Polimetrix and psychonomics further equity was to be issued at specified points in the future, both of which became due in the year ended 31 July 2009. The Polimetrix vendors, by way of a hold back arrangement, were due a further 695,615 YouGov shares on the first anniversary of the acquisition. 226,430 YouGov shares were set aside for an employee incentivisation programme for the employees of psychonomics AG. These shares were issued and distributed in November 2008. All equity deferred consideration has now been settled. These issues had no effect on shareholders' equity as they had been provided for within the deferred consideration reserve which has now been reduced to £nil.

The 934,707 shares issued to satisfy share options yielded £0.2m in cash and increased shareholders' equity by £0.2m. The weighted average exercise price was £0.25.

	Number	£000
Authorised share capital		
At 31 July 2009		
Ordinary shares @ 0.2p each	**150,000,000**	**300**
At 31 July 2008		
Ordinary shares @ 0.2p each	150,000,000	300

23 Share Capital continued

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

	2009 WAEP		2008 WAEP	
	Number	£	Number	£
Approved share option scheme				
Outstanding at the beginning of the year	**483,095**	**0.646**	2,414,830	0.210
Granted during the year	**–**	**–**	–	–
Exercised during the year	**(219,938)**	**0.341**	(1,931,735)	0.101
Lapsed during the year	**(134,101)**	**0.932**	–	–
Outstanding at the end of the year	**129,056**	**0.869**	483,095	0.646
Exercisable at the end of the year	**108,816**	**0.725**	328,776	0.468

	2009 WAEP		2008 WAEP	
	Number	£	Number	£
Unapproved share option scheme				
Outstanding at the beginning of the year	**1,410,703**	**0.212**	995,006	0.258
Granted during the year	**14,250**	**0.180**	883,213	0.132
Exercised during the year	**(714,769)**	**0.222**	(306,577)	0.176
Lapsed during the year	**(171,194)**	**0.229**	(160,939)	0.132
Outstanding at the end of the year	**538,990**	**0.192**	1,410,703	0.212
Exercisable at the end of the year	**387,014**	**0.188**	888,394	0.197

Share options exercised in the current financial year were exercised at prices between £0.132 and £0.341. The weighted average share price at the date of exercise was £0.6475.

The options outstanding under the approved and unapproved share options schemes as at 31 July 2009 have the following average exercise prices and expire in the following financial years.

Expiry	Exercise Price £	2009 Number	2008 Number
31 July 2013	0.180	**24,000**	24,000
31 July 2015	0.180	**44,335**	327,790
31 July 2016	0.341	**–**	293,250
31 July 2016	0.295	**–**	406,750
31 July 2017	1.645	**82,067**	142,856
31 August 2021*	0.132	**517,644**	699,152

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

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

The fair value of equity-settled transactions is estimated at the date of grant. Fair values were determined according to the Black-Scholes option pricing model using the following:

Scheme	2009 EMI	2009 Unapproved	2008 EMI	2008 Unapproved
Number granted	**–**	**14,250**	–	883,213
Weighted average share price at grant	**–**	**£0.723**	–	£1.376
Weighted average share exercise price	**–**	**£0.180**	–	£0.132
Weighted average expected volatility	**–**	**–**	–	27.0%
Average expected life (years)	**–**	**Nil**	–	5
Weighted average risk free rate	**–**	**–**	–	5.1%
Expected dividend yield	**–**	**0.0%**	–	0.0%

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23 Share Capital continued

Options granted during the year were exercised within two weeks of the date of issue.

During the year ended 31 July 2009 the Group introduced an LTIP for Executive Directors, Senior Executives and Senior Managers. Under the rules of the LTIP, participants will be conditionally awarded nil cost options to acquire shares. 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 Company'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 and to the Company's achievement of certain targets for earnings per share growth and Total Shareholder Return. The income statement charge in relation to the LTIP in the year ended 31 July 2009 was £70k (2008: £nil). This charge was valued using a Monte Carlo simulation.

	2009 WAEP	
	Number	**£**
Long-term incentive plan (LTIP)		
Outstanding at the beginning of the year	–	–
Granted during the year	**2,034,655**	**0.000**
Exercised during the year	–	–
Lapsed during the year	–	–
Outstanding at the end of the year	**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.

24 Leasing Commitments

The minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2009 are as follows:

	31 July 2009		31 July 2008	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
In one year or less	**1,179**	**84**	940	69
Between one and five years	**2,209**	**181**	2,377	182
In five years or more	**299**	**34**	873	31
	3,687	**299**	4,190	282

25 Capital Commitments

The Group had outstanding commitments to procure software to the value of £183k (2008: £356k), computer hardware within a third-party owned data centre to the value of £nil (2008: £123k). The software contract is payable in September 2009.

26 Contingent Assets

The Group had no contingent assets as at 31 July 2009 (2008: £nil).

27 Contingent Liabilities

The Group had no contingent liabilities as at 31 July 2009 (2008: £nil).

28 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 £327k (2008: £318k).

Other barter transactions totalled £133k (2008: £146k).

29 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 £1,144k (2008: £748k). IPBD Limited is a company which is owned by the parents of Nadhim Zahawi, an Executive Director of YouGov plc. The purchases were made at an arm's length and on usual commercial terms. No balance remained outstanding as at 31 July 2009 nor 31 July 2008.

During the year, YouGov plc provided research services totalling £194k (2008: £2,668k) 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. Both Stephan Shakespeare and Nadhim Zahawi are Executive Directors of YouGov plc. The sales were made at an arm's length and on usual commercial terms. At 31 July 2008 Privero Capital Advisors Inc owed YouGov plc £599k (2008: £1,728k).

During the year, YouGov plc provided research services totalling £nil (2008: £139k) to Doughty Media Limited, a company which Stephan Shakespeare, an Executive Director of YouGov plc owns. The sales were made at an arm's length and on usual commercial terms. At 31 July 2009 Doughty Media owed YouGov plc £163k (2008: £163k).

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

30 Post Balance Sheet Events

No material events have taken place subsequent to the balance sheet date.

Report of the Independent Auditors (to the Members of YouGov plc) on the Parent Company Financial Statements for the year ended 31 July 2009

We have audited the parent Company financial statements of YouGov plc for the year ended 31 July 2009 which comprise the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the 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 2009;
- 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 for the year ended 31 July 2009.

David Snell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 October 2009

Company Balance Sheet as at 31 July 2009

	Note	31 July 2009 £000	31 July 2008 £000 (Restated)
Fixed assets			
Intangible assets	4	**241**	170
Tangible assets	5	**1,399**	839
Investments	6	**37,448**	43,455
		39,088	44,464
Current assets			
Debtors	7	**9,771**	8,111
Cash at bank and in hand		**5,621**	8,444
		15,392	16,555
Creditors: amounts falling due within one year	8	**(8,516)**	(13,558)
Net current assets		**6,876**	2,997
Total assets less current liabilities		**45,964**	47,461
Creditors: amounts falling due after more than one year	9	**–**	(1,152)
Provisions for liabilities	10	**(252)**	(36)
Net assets		**45,712**	46,273
Capital and reserves			
Called up share capital		**193**	190
Share premium account		**30,811**	29,156
Merger reserve		**9,239**	9,239
Deferred consideration reserve		**–**	1,438
Profit and loss account		**5,469**	6,250
Shareholders' funds	11	**45,712**	46,273

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

The financial statements were approved by the Board of Directors on 12 October 2009 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 2009

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". 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.

Retirement Benefits

The Company did not operate a pension scheme during the period.

Share-Based Payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 August 2006 are recognised in the financial statements.

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. We conduct 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 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 Company. 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.

Prior Period Adjustment

A recent review identified that the UK corporation tax charge in respect of the years ending 31 July 2007 and 2008 had been overstated. This was due to an error in the calculation of deductions available under Schedule 23 of the Finance Act 2003 relating to the sale of shares acquired by Directors and employees. This has resulted in tax overpayments of £757,000 for the year ended 31 July 2008 and £279,000 for the year ended 31 July 2007. These amounts were reclaimed from HM Revenue and Customs in August 2009.

The impact of the prior period adjustments are as follows:

	31 July 2008 £000	31 July 2007 £000
Tax credit	**757**	279
Current tax assets	**936**	–
Current tax liabilities	**(100)**	(279)
Profit and loss reserve	**1,036**	279

Notes to the Company Financial Statements for the year ended 31 July 2009

1 Profit of Parent Company

The parent Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £1,052k (2008 restated: profit of £2,106k).

2 Staff Costs

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

	31 July 2009 £000	31 July 2008 £000
Wages and salaries	**4,569**	3,992
Social security costs	**521**	491
Share-based payments	**69**	304
Other benefits	**40**	26
	5,199	4,813

Director's emoluments are as disclosed in the remuneration report on pages 27 to 28.

3 Dividend

No dividend was paid or proposed during the year (2008: £nil).

4 Intangible Fixed Assets

	Panel acquisition costs £000	Trademarks £000	Total £000
Cost			
At 1 August 2008	146	45	191
Additions	71	41	112
At 31 July 2009	**217**	**86**	**303**
Amortisation			
At 1 August 2008	21	–	21
Provided in the year	41	–	41
At 31 July 2009	**62**	–	**62**
Net book amount at 31 July 2009	**155**	**86**	**241**
Net book amount at 31 July 2008	125	45	170

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

5 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 2008	298	293	454	177	1,222
Additions	222	3	774	–	999
At 31 July 2009	**520**	**296**	**1,228**	**177**	**2,221**
Depreciation					
At 1 August 2008	64	106	161	52	383
Provided in the year	122	47	235	35	439
At 31 July 2009	**186**	**153**	**396**	**87**	**822**
Net book amount at 31 July 2009	**334**	**143**	**832**	**90**	**1,399**
Net book amount at 31 July 2008	234	187	293	125	839

6 Fixed Asset Investments

Total fixed asset investments comprise:

	31 July 2009 £000	31 July 2008 £000
Interest in subsidiaries	**37,203**	43,346
Interest in joint ventures	**43**	48
Interest in investment completed post year end	**–**	61
Capital contributions arising from share-based payments	**202**	–
	37,448	43,455

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

The reduction in value of interest in subsidiaries from £43.3m at 31 July 2008 to £37.2m at 31 July 2009 relates to the reduction in value of earn-outs (due to non-achievement and lower settlement) of £4.7m (Zapera £2.2m and psychonomics £2.5m), the discharge of assumed liabilities as part of the initial acquisition (Zapera £1.7m) whilst a further £0.1m was invested in buying out our joint venture partner in YouGovExecution.

Capitalised costs relate to legal and professional fees incurred in the incorporation of entities which completed after the balance sheet date.

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

7 Debtors

	31 July 2009 £000	31 July 2008 £000 (Restated)
Trade debtors	**3,757**	4,883
Amounts owed by Group undertakings	**3,605**	851
Amounts owed by joint ventures	**116**	189
Other debtors	**72**	244
Prepayments and accrued income	**867**	1,008
Taxation	**1,354**	936
	9,771	8,111

Notes to the Company Financial Statements for the year ended 31 July 2009

8 Creditors: Amounts Falling Due Within One Year

	31 July 2009 £000	31 July 2008 £000 (Restated)
Borrowings	**–**	699
Trade creditors	**176**	718
Amounts owed to Group undertakings	**6,349**	4,062
Corporation tax	**–**	182
Social security and other taxes	**414**	498
Other creditors	**72**	76
Accruals	**1,182**	1,744
Deferred income	**323**	372
Deferred consideration	**–**	5,207
	8,516	13,558

9 Creditors: Amounts Falling Due After More Than One Year

	31 July 2009 £000	31 July 2008 £000
Deferred consideration	**–**	1,152
	–	1,152

In the year ended 31 July 2009 the Company reduced its obligations for deferred consideration from £6.4m to £nil. £1.7m of this was paid out in cash whilst £4.7m was released against interest in subsidiaries due to earn-out targets either not being met or being renegotiated.

psychonomics
£0.2m of the deferred consideration of £0.7m potentially due in respect of the year ended 31 December 2007 was paid in cash and the balance of £0.5m was released against interest in subsidiaries due to targets not being met. As at 31 July 2008, £2.0m was provided in respect of the two years ended 31 December 2008. The targets associated with this were not met and so this balance has been released against interest in subsidiaries in the period.

Zapera
In the period the Directors reached agreement with the selling shareholders of Zapera.com A/S to settle deferred consideration for the year ended 31 July 2008 at £1.6m which represented a saving to the Company on the earn-out due of £0.7m. The Board considers that the targets for the next two tranches of £1.2m in aggregate due in respect of the years ended 31 July 2009 and 31 July 2010 have not been achieved in the case of 31 July 2009 and are unlikely to be achieved in the case of 31 July 2010 and this balance has therefore been released against interest in subsidiaries in the period.

10 Provisions for Liabilities

	31 July 2009 £000	31 July 2008 £000
At 1 August	**36**	56
Provided during year in profit and loss account	**216**	(20)
At 31 July	**252**	36

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

11 Statement of Movements on Reserves

	Share capital £000	Share premium account £000	Merger reserve £000	Deferred consideration reserve £000	Profit and loss account £000	**Total £000**
Balance previously reported at 1 August 2007	135	3,026	–	–	3,339	**6,500**
Prior period adjustment for the year ended 31 July 2007	–	–	–	–	279	**279**
Restated balance at 1 August 2007	135	3,026	–	–	3,618	**6,779**
Changes in equity for 2008						
Profit for the period	–	–	–	–	1,349	**1,349**
Prior period adjustment for the year ended 31 July 2008	–	–	–	–	757	**757**
Total recognised income for the period	–	–	–	–	2,106	**2,106**
Expenses offset against share premium	–	(1,076)	–	–	–	**(1,076)**
Issue of share capital through exercise of share options	4	245	–	–	–	**249**
Issue of share capital through fundraising	39	26,961	–	–	–	**27,000**
Issue of share capital through allotment of shares in satisfaction of acquisition consideration	12	–	9,239	–	–	**9,251**
Deferred consideration as part consideration for acquisition	–	–	–	1,438	–	**1,438**
Reclassification of share-based payments	–	–	–	–	102	**102**
Share-based payments	–	–	–	–	424	**424**
Balance at 31 July 2008	**190**	**29,156**	**9,239**	**1,438**	**6,250**	**46,273**
Changes in equity for 2009						
Profit for the period	–	–	–	–	(1,052)	**(1,052)**
Total recognised income for the period	–	–	–	–	(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**

12 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 2009		
At 1 August 2008	94,876,425	190
Issue of shares	1,856,752	3
At 31 July 2009	96,733,177	193
Year to 31 July 2008		
At 1 August 2007	67,422,570	135
Issue of shares	27,453,855	55
At 31 July 2008	94,876,425	190

Further details on the issues of share capital are included in note 23 of the consolidated financial statements.

Notes to the Company Financial Statements for the year ended 31 July 2009

12 Share Capital continued

	Number	£000
Authorised share capital		
At 31 July 2009		
Ordinary shares @ 0.2p each	150,000,000	300
At 31 July 2008		
Ordinary shares @ 0.2p each	150,000,000	300

13 Share-Based Payments

The Company's share-based payments are included in note 23 of the consolidated financial statements. The charge included in the profit and loss account of the company is £69k (2008: £304k). The increase in investment in respect of subsidiaries is £202k (2008: £nil).

14 Leasing Commitments

Operating lease payments amounting to £294k (2008: £250k) are due within one year. Annual commitments under operating leases which expire in the following periods are as follows:

	2009		2008	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
In one year or less	–	–	–	2
Between one and five years	289	5	–	3
In five years or more	–	–	245	–
	289	5	245	5

15 Capital Commitments

The Company had no material capital commitments as at 31 July 2009 (2008: £nil).

16 Contingent Assets

The Company had no contingent assets as at 31 July 2009 (2008: £nil).

17 Contingent Liabilities

The Company had no contingent liabilities as at 31 July 2009 (2008: £nil).

18 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 £327k (2008: £318k).

Other barter transactions deemed not material in aggregate totalled £28k (2008: £28k).

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 3 December 2009 at 12:30 pm 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 2009, 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 2009.

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

6 To reappoint Nick Jones 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 £9,650;

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
12 October 2009

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 1 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 1 December 2009 (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 1 December 2009. 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 £9,650 (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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