

YOUGOV PLC

Company Number: 03607311

Accounts

Accounts made up to 31 July 2018

(due by 31 January 2019)

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Activating data

Annual Report and Accounts 2018

YouGov is an international data and analytics group. Our core offering of opinion data is derived from our highly participative panel of 6 million people worldwide. We combine this continuous stream of data with our deep research expertise and broad industry experience into a systematic research and marketing platform.

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Financial & operational highlights

- Group revenue increased by 9% to £116.6m (12% on a constant currency basis)
- Adjusted operating profit up by 35% to £19.7m, adjusted profit before tax up 42% to £23.3m and adjusted earnings per share up by 52% to 16.6p
- Cash generated from operations (before paying interest and tax) increased by 25% to £23.6m (2017: £18.9m)
- Strong cash conversion¹ of 119% of adjusted operating profit (2017: 130%)
- Net cash balance of £30.6m (2017: £23.2m)
- Recommended dividend increased by 50% to 3.0p per share
- Data Products and Services revenue up by 25% to £59.4m (28% on a constant currency basis); now represents 50% of Group total (2017: 44%)
 - Data Products revenue increased by 26% (30% at constant currency) to £30.4m
 - Data Services revenue increased by 24% (26% at constant currency) to £29.0m
- Data Products and Services adjusted operating profit increased by 54%
- Custom Research revenue down by 3% (static at constant currency) to £58.7m as expected due to strategic focus on higher margin work; resulting in adjusted operating profit of £14.1m, an increase of 59%
- US remains largest profit generator with adjusted operating profit increasing by 78% to £16.6m

Summary of financial results

Turnover	Adjusted earnings per share ¹
£116.6m 2017: £107.0m	16.6p 2017: 10.9p
Adjusted operating profit ¹	Statutory profit before tax
£19.7m 2017: £14.5m	£11.8m 2017: £7.9m
Operating cash generation	Statutory operating profit
£23.6m 2017: £18.9m	£11.8m 2017: £7.6m
Adjusted profit before tax ¹	Statutory earnings per share
£23.3m 2017: £16.4m	7.7p 2017: 4.4p

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

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Chair's statement

for the year ended 31 July 2018

It has been another year of strong organic growth in revenue well above the average across our industry market rate¹, with an improvement in margins and a resulting increase in profitability.

YouGov has one of the world's top international market research and data analytics networks. We now operate from 35 offices in 22 countries. This enables us to serve clients in more than 50 national markets. We operate a global panel of over 6 million engaged panellists who share their data with us in ways that are fully compliant with data protection and data privacy laws, including the new European Union General Data Protection Regulation ("GDPR") which came into force during the year bringing with it a higher standard for compliance.

Results and dividend

Group revenues of £116.6m were 9% up on the previous financial year in reported terms and 12% up in constant currency. Adjusted operating profit² was up by 35% to £19.7m. This reflects improved margins which resulted both from operating efficiencies and a planned change of business mix in line with our strategy to focus on subscription data products.

We ended the financial year in July with a net cash balance of £30.6m. The Board is pleased with operating performance, which is at the top end of the current five-year plan with a year to go, and remains confident of future growth potential. Accordingly, we are pleased to recommend a dividend increase of 50% to 3.0 pence per share payable on 17 December 2018.

Strategy and the next five-year plan

The YouGov Board adopts a long-term planning process to allow us to address changing market needs and to invest to have the right skills, technology and resources to support our ambitions for the business.

Our first five-year plan, which started on 1 August 2014 and will end on 31 July 2019, gave priority to shifting the balance of the business from one-off custom research to syndicated data products provided on a subscription basis. This required us to move further away from the traditional market research model – a consulting model – to a real-time data analytics model. We believe this syndicated-data subscription approach provides us with a higher quality of earnings and is a better fit for the needs of clients who increasingly demand rapid analysis of real-time data on an international basis.

The Board is currently finalising our second five-year plan, which will run for the period from 1 August 2018 to 31 July 2023. The two plans will overlap for one year to avoid a "cliff-edge" of incentives and thus avoid short-termist behaviour. We intend to share the details of the new five-year plan with the Company's major shareholders, and to seek their feedback on a new long-term incentive plan tied to it, in the spring of 2019.

¹ According to the ESOMAR Global Market Research Report published in September 2018, the global research market grew by 3.3% in 2017 (or by 1.0% after inflationary effects are factored in).

² Defined in the explanation of alternative performance measures on page 35.

The success of our initial five-year plan can be seen in the outcome of this the fourth year we have reported."

Board composition and governance framework

The past year has seen changes as we have strengthened our Board.

In December 2017, we appointed two new Executive Directors. Alex McIntosh, previously the Group's Chief Strategy Officer, was promoted to the role of Chief Financial Officer and took over from Alan Newman who retired in December 2017. Sundip Chahal, the Group's Chief Operating Officer since 2014, joined the Board reflecting the increased scope of his role. Doug Rivers, Chief Scientist, stepped down from the Board but continues in his full-time senior executive role with an expanded remit for managing the Group's global technology development teams.

Additionally in December 2017, Andrea Newman joined us as a Non-Executive Director. As the Global Head of Marketing – Wealth and Brand Communications at HSBC Holdings plc she brings great experience and insight into the needs of international marketing clients.

After the start of the new financial year, in September 2018, Ashley Martin joined us as a Non-Executive Director. With effect from 1 November 2018, Ashley will chair the YouGov Board's Audit & Risk Committee, taking over from Nick Jones who will be remaining on the Committee and continuing in his role as Senior Independent Director.

To support our newly composed Board, during the year we added additional resource to the Corporate Secretariat and reviewed and updated our board evaluation and succession planning procedures. We have been following the Quoted Companies Alliance Corporate Governance Code since 2014. We were pleased to adopt the revised code during the year (the "QCA Code 2018") and are confident in our application of its ten principles in our governance framework. In line with the revised code, it is intended that from the 2019 AGM onwards all Directors will retire and be subject to re-election by the Shareholders at each AGM.

With six independent Non-Executive Directors of varied professional backgrounds, and three experienced Executive Directors, we feel the YouGov Board exhibits a good balance of skills and knowledge combined with the necessary challenge and external perspective to support the increased scale and ambition of our business.

Roger Parry
Chair
9 October 2018

Our strategy

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

Our business model has evolved in keeping with the growth of internet usage, the advancement of big data analytics, and the changing needs of our clients. In 2014, we adopted an ambitious five-year plan for transitioning YouGov from a market research business to a research data and analytics business. Key to the transition plan have been the objectives of significantly growing our Data Products and Services divisions, and better aligning our Custom Research division with Data Products and Services. In order to achieve these objectives we have invested in developing not only our suite of products and services (see pages 12 to 21), but also the technical infrastructure which underpins it (see pages 22 and 23), as well as continuing to innovate (see pages 24 and 25).

We are successfully implementing our clearly defined strategy of developing smarter alternatives to traditional market research – based on connected data, new analytical tools and innovative applications – and bringing it all together into a single system for applied research. As we move towards announcing our next five-year plan, we are confident we have a clearly superior product that is becoming ever more relevant to the market as we continue to scale and innovate.

Marketers are in a constant arms race with each other for greater efficiency in reaching their target groups and greater effectiveness in converting them to buying. The key elements of this arms race are the richness, relevance and accuracy of marketing data, and the tools to activate data. Fall behind in this race and you are taking a big risk as markets often change quickly, decisively, and unexpectedly.

YouGov has continued to build a market leading position in each of these elements. We have the best data and the best tools in the market.

- The richness of our data – held in the Cube, our unique data library – provides our clients with exceptionally granular insights on their target audiences. The Cube holds more than 200,000 variables of data that are continuously being updated.
- The relevance of our data – collected from a proprietary panel of over 6 million engaged members worldwide – means that it can effectively be put to use in live marketing campaigns. The panel provides single-source data collected across multiple devices, media and environments to give the best insights.
- The accuracy of our data means that it is reliable, even at the most granular level. This can often only be achieved using advanced data analytics such as MRP (Multilevel Regression with Post-stratification), an advanced statistical methodology which YouGov pioneered and demonstrated to great success in the 2017 UK General Election. We are now applying MRP to other kinds of data, giving us a further competitive edge.

In addition to focussing on the quality of our data, we have continued to make targeted investments in research and development to develop innovative tools. For example, Crunch allows users to process large data sets and conduct complex analysis with drag-and-drop ease at browsable speeds. It is becoming increasingly embedded in the workflows of our leading clients. Another example is Collaborate, our new self-service tool, which allows users to produce survey questionnaires quickly and efficiently and enhances the commissioning of research.

From A/B Testing to Artificial Intelligence, the technology of decision-making is becoming ever more important to marketing professionals. In response to this trend, YouGov is creating data products that are less like conventional market research studies and more like direct data applications – sophisticated tools allowing rich, relevant and accurate data to be usable in real-time.

We are shortly launching YouGov Ratings, our new popularity and awareness metric for thousands of entities including celebrities, politicians, sports teams, music acts and brands – available for free on our website. Ratings has been designed as a showcase for the quality and breadth of our data, to put YouGov at the heart of everyday conversations.

YouGov has increasingly been supporting brands and media agency clients with improved ad targeting. We have done this through a new proposition, YouGov Audience Data, which fuses YouGov Profiles with trusted partners that on-board our data into the digital ecosystem. YouGov is further evolving the model through the development of our new blockchain-based platform, YouGov Direct. A prototype of the YouGov Direct platform will be operational with a test panel and small group of pioneer clients within this calendar year.

To create high-quality, in-depth, connected data – especially since the introduction of the GDPR – one needs panellists who are highly engaged and have granted (and frequently updated) permissions for the use of their personal data by third parties. In response to this, YouGov is innovating with blockchain technology to deliver a way to permit and verify the data exchange between our panellists and advertisers. Through the design of a platform intended to make data users (companies) accountable to individual data suppliers (panellists), we are creating new opportunities for research, activation and direct marketing.

In addition to these innovations, we have continued to focus on improving the connectedness and interoperability of our products and services aligning them in a single connected system to support all stages of the marketing workflow. As our system develops, so does the opportunity within our markets. We envisage further growth opportunities for YouGov as we begin to play an upstream role in the marketing ecosystem, details of which will be provided when we announce our new five-year strategic plan in Spring 2019.

Stephan Shakespeare
Chief Executive Officer
9 October 2018

YouGov ranked in the top ten fastest growing businesses in the MRS Research Live Industry Report 2018

Our business model

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

Our core offering of opinion data is derived from our highly participative panel of over 6 million people worldwide who provide us with live, continuous streams of data. We capture these streams of data via our variety of data collection platforms and collect them together in the YouGov Cube, our unique connected data library.

We maximise the value of all this connected data through the application of leading-edge analytics and research methodologies, allowing us to offer to our clients an innovative and systematic research products and services which together provide a platform which can be used to plan, manage and refine all types of marketing campaigns.

Our reach – page 9

Our media presence – pages 10 and 11

Our products and services – pages 12 to 21

Our data infrastructure – pages 22 and 23

Our data innovations – pages 24 and 25

Rich interaction
with our panel

Authoritative
media presence

Variety of data
collection
platforms

Partnerships
with clients

Leading-edge
analytics
technology

Integrated suite of
data products
and services

Expert
researchers

Our reach

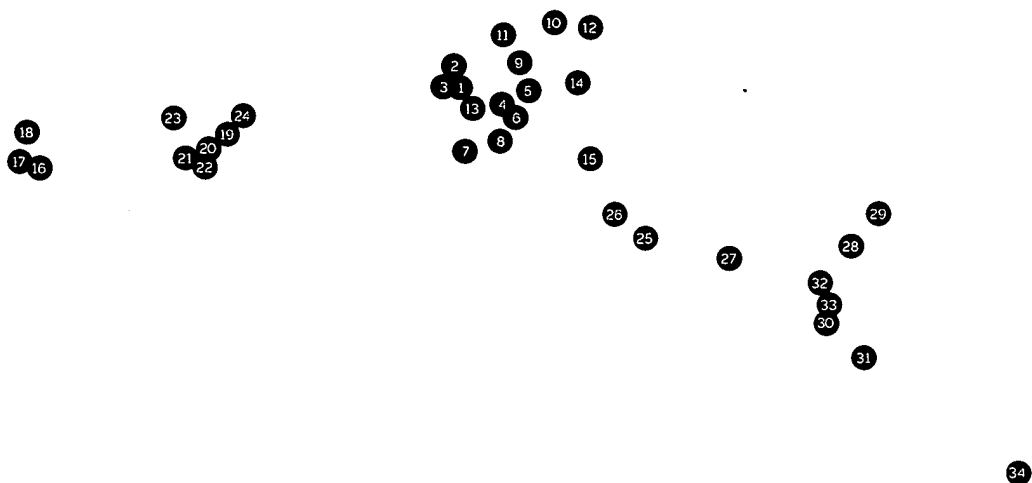
YouGov has one of the world's top international market research and data analytics networks.

We have over 6 million panellists covering 42 countries.

We have offices in 34 cities across Europe, USA, the Middle East and Asia Pacific.

over
6m
panellists

Panellists in
42
countries



Cities in which we have offices

- | | | | |
|---------------|------------------------|---------------------|------------------|
| 1. London | 10. Helsinki | 19. Cheshire, CT. | 28. Hong Kong |
| 2. Manchester | 11. Oslo | 20. New York, N.Y. | 29. Shanghai |
| 3. Guildford | 12. Stockholm | 21. Herndon, VA. | 30. Singapore |
| 4. Cologne | 13. Paris | 22. Washington D.C. | 31. Jakarta |
| 5. Berlin | 14. Warsaw | 23. Chicago, IL. | 32. Bangkok |
| 6. Frankfurt | 15. Bucharest | 24. Boston, MA. | 33. Kuala Lumpur |
| 7. Barcelona | 16. Redwood City, CA. | 25. Dubai | 34. Sydney |
| 8. Milan | 17. San Francisco, CA. | 26. Erbil | |
| 9. Copenhagen | 18. Portland, OR. | 27. Mumbai | |

Our media presence

How your motivations in life change as you get older, according to new study

It's only natural that what motivates you in life should change as you age, but a new YouGov study shines a light on just how that manifests itself. The research confirms that younger people are more likely to feel motivated by goals, money and enthusiasm from others, whereas older generations are more inspired by their partners, family and nature.

The Independent,
5 July 2018

Indonesians have no stomach for artificial meat, study shows

Indonesian consumers have not recognized the benefits of artificial meat, data from UK-based research firm YouGov indicates. YouGov gathered data from 1,002 respondents in Indonesia between Dec. 5 and 12 last year via its YouGov Omnibus research service.

The Jakarta Post,
13 March 2018

Brexit YouGov Opinion Poll Shows Increasing Numbers Regret Decision To Leave EU

An increasing number of people regret Britain's decision to leave the EU, an opinion poll has found. More respondents to the latest YouGov survey on Brexit said the UK's decision to leave was wrong than at any point since the June 2016 referendum. Some 47 percent of the 1,680 adults surveyed (pdf) said it was wrong to leave the EU in hindsight, compared with 42 percent who said it was right to leave.

The Huffington Post,
14 October 2017

Music Piracy is Down in the UK, According to YouGov

The past few years has seen an explosion in different ways to access media content easily and legally. Now the latest YouGov study has found fewer British people are pirating their music compared to five years ago.

Gizmodo,
2 August 2018

Two-thirds of children don't know what a floppy disk is, survey reveals

It's the universal icon for 'Save', but it seems that many youngsters have no idea what a floppy disk actually is. A new YouGov survey of 2,011 children aged 6-18 examined how familiar kids are with technology from previous generations. Results revealed that two-thirds of the children either didn't know what a floppy disk was, or incorrectly identified it.

The Mirror,
12 May 2018

Liverpool fans are noisiest in Premier League, says fan poll

Liverpool fans have been voted as the Premier League's noisiest – with Manchester United supporters even conceding the Anfield club have their favourite rival song. The findings were made in a poll of over 4,000 followers of top-flight teams, former players and managers conducted by Barclays and YouGov.

SkySports,
13 April 2018

The Spice Girls: The UK's favourite band member REVEALED in NEW poll

One of the biggest girl bands of all time might be making a comeback later this year. But of Victoria Beckham, Mel B, Mel C, Geri Horner and Emma Bunton, who is the UK's favourite member of The Spice Girls? Now in a new YouGov poll the nation's favourite has been revealed as Baby Spice herself. Of 31,000 Brits polled, Bunton took up 37% of the vote followed by Sporty (Mel C) at 23%, Ginger (Geri) at 19%, Posh (Victoria) at 12% and Scary (Mel B) at 9%.

The Express,
9 April 2018

IHOP's name change stunt was a flop

It's been more than a week since IHOP teased the public about its name change to IHOb – and while lots of people are talking about the pancake joint, the publicity stunt has not resulted in more diners in its 1,750 eateries, according to research. Interest in dining at IHOP has remained relatively unchanged, according to YouGov BrandIndex, which is releasing a survey on Wednesday about the campaign.

New York Post,
19 June 2018

Young India not so hopeful about job prospects

India's urban youth remains overwhelmingly pessimistic about job prospects, shows a recent survey conducted by market research firm YouGov in collaboration with Mint.

Mint,
3 September 2018

1st

**YouGov is the
most quoted market
research source
in the UK**

Majority of Leave voters think Britain should quit Eurovision

Forget about leaving Europe – what about the far more serious matter of whether Britain should leave Eurovision? That's the big question YouGov has been asking and, much like the issue of whether or not we should quit the EU, it's divided opinion. Perhaps not too surprisingly, the majority of Leave voters think the song contest is another European institution we can do without.

Yahoo News,
11 May 2018

Bill Gates and Angelina Jolie top a global survey of the most admired people

Microsoft co-founder Bill Gates has been named the world's most admired man and Academy Award-winning actress Angelina Jolie the most admired woman in a YouGov survey. Philanthropist Gates and humanitarian Jolie have topped the poll in each of the annual surveys, since the study introduced separate rankings for the sexes in 2015. For its latest survey, the market researcher interviewed over 37,000 people from 35 countries, with the final figures calculated by the percentage share of admiration each person received overall.

CNBC,
12 April 2018

Chi sono le 20 donne più ammirate al mondo: al primo posto Angelina Jolie, poi Michelle Obama e Oprah Winfrey

YouGov ha stilato la classifica delle personalità più considerate in 35 Paesi nel 2018. Tra le new entry, Theresa May, artiste asiatiche e attrici indiane.

Corriere,
12 April 2018

Our products and services

Our suite of products and services

YouGov's suite of products and services consists of three divisions:

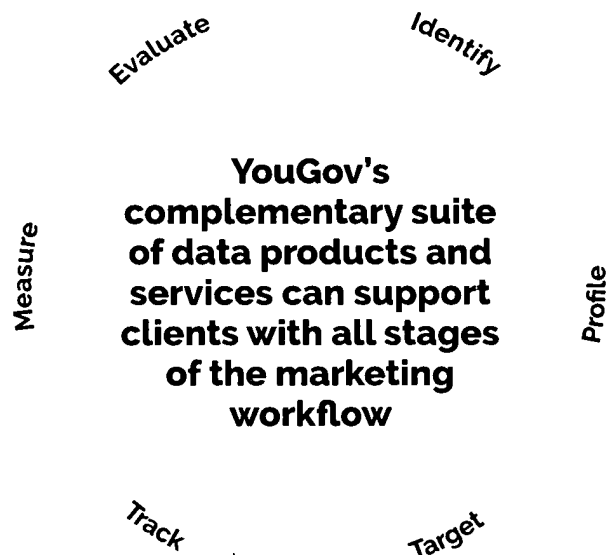
- Data Products (includes our BrandIndex and Profiles products)
- Data Services (includes our fast-turnaround Omnibus service)
- Custom Research (quantitative and qualitative research services)

Through the continued development of innovative data solutions and expansion of our data infrastructure, we are improving the interoperability and connectedness of all of our products and services.

Together, our proprietary decision-making product tools, services and resources provide a system which supports key players in the advertising and marketing eco-system – including brand owners, media agencies, advertising agencies, public relations firms and media owners – to manage their entire marketing workflow.

Using the YouGov system, our clients can:

- **Identify** consumer segments that represent opportunities for growth;
- **Profile** those segments to help create content and messaging that will resonate;
- **Target** those segments based on our media profiling data and reach them using our digital advertising partnerships;
- **Track** the performance of a campaign once it has launched and see its impact on key brand metrics;
- **Measure** the impact of a campaign and understand how it resonates with the target audience; and
- **Evaluate** why consumers are responding as they are and apply campaign learnings to future tactical marketing decisions.



Data Products – pages 14 to 17

Data Services – pages 18 and 19

Custom Research – pages 20 and 21

Data Infrastructure – page 22 and 23

Data Innovations – page 24 and 25

Case study:

Using YouGov's suite of Data Products and Services to identify a competitive edge

With many iconic brands in jeopardy in an increasingly competitive US retail market, staying relevant to consumers has never been more important to retailers. A major US clothing and accessories retail brand asked YouGov to determine the attributes that were most associated with the brand and indicative of its relevance and success in the marketplace. The retailer hoped to identify what consumer perceptions have led to its sustained growth, and to use these insights to continue to outperform its competitors.

A fast-turnaround YouGov Omnibus survey was undertaken to determine which attributes people most associated with the retailer's brand. A qualifier was added to the survey to ensure that only customers of the retailer were interviewed. The respondents were asked to select which attributes they associated with the retail brand such as "Cool", "Fun", "Boring", "Inspiring" and "Changing for the better". The results were loaded into YouGov's consumer segmentation tool, YouGov Profiles, for more granular examination. By connecting the collected attributes to other key variables in YouGov Profiles, the retailer was able to create segmentations of potential target consumer groups. These segmentations could then be used to assess where the group should focus its marketing budget to achieve maximum return on investment.

The combined data showed that respondents who said the clothing brand was "Cool" were extremely likely to be in the market to purchase clothes in the next 90 days, and significantly over-indexed in their intent to purchase merchandise from the retailer. This suggested that the group who rated the retailer as "Cool" would be a critical target audience for future campaigns. Using this same process, it was determined that "Cool" was also the top ranking attribute for two of the retailer's closest competitors.

The retailer then took a deeper look at their newly established key target group – those who think their company is "Cool". Using the variety of demographic, psychographic, attitudinal, lifestyle, and media consumption data available around this audience through Profiles, the retailer was able to determine the best channels by which to reach this target group and re-enforce their status as "Cool". The retailer used this wealth of data to identify key retail therapy moments and evaluate the best messaging to accompany these moments. The retailer could then track results on key brand metrics (e.g. Purchase Consideration, Willingness to Recommend) to measure the impact of its marketing efforts.

By determining a key target group based on a perceived company attribute and analysing the profile of this critical group, the retailer was able to create a new, effectively targeted, end-to-end marketing plan to help maintain their status as a key player in the competitive retail market.

Getting to know the audience segment that thinks the retailer is "Cool"

35-44 years old
Female

Lives in the Northeast
Lives in a City

"I tend to avoid super stores like Walmart or Target."

"I like to think of myself as well-dressed."

"I keep up to date with current fashion trends."

18.1m

Members of the target group in the market

\$165

Spent on clothing for self in the last three months

63%

Don't buy any clothing online

1

Time per month average frequency of purchasing clothes from a store

*YouGov Profiles Data

Our products and services

Data Products

The Data Products division is comprised of our syndicated data tools, which are available to clients on a subscription basis.

YouGov Plan&Track

Our solution to help marketers plan and execute their campaign strategy and track its success

Increasing the interoperability between YouGov BrandIndex and YouGov Profiles has allowed us to develop the YouGov Plan & Track solution, which combines the benefits of both products. Plan & Track offers audience analysis, media targeting, campaign effectiveness and brand health monitoring, all under the one proposition.

Using Plan & Track, our clients can understand and target key consumer segments, create content that will resonate with that audience, effectively target that audience in the media, track the effectiveness of advertising, marketing and public relations strategies and campaigns, and measure how advertising and marketing investments are impacting consumer perception of their brand. The breath of the solution facilitates collaboration among brands, media owners and agencies to help bring transparency and clarity to what can be a challenging marketing and media landscape.

With YouGov Profiles, Plan & Track taps into the YouGov Cube – our data vault of over 200,000 variables on consumers including brand usage and perception, interests, media consumption and social media activity – to provide a detailed portrait of consumer segments. With YouGov BrandIndex, Plan & Track subscribers get access to continuous monitoring of brand fundamentals including brand awareness, advertising awareness, word of mouth, brand health, consideration, purchase intent, and customer satisfaction. Whether planning a campaign, mitigating an issue, or developing new products, the data available through under Plan & Track provides a leading edge.

Plan

Planning a campaign requires setting a goal, selecting the appropriate audience, and determining the best way to target that audience. YouGov's solution assists with understanding how a brand is perceived across a wide range of variables and consumer segments, which can be instrumental in setting relevant goals while helping to reinforce brand strengths and address brand weaknesses. Our ground breaking connected data set for audience profiling and segmentation, YouGov Profiles, enables clients to find and engage the best audience to help them reach their goal. Clients are able to identify and analyse their target audiences across multi-channel data sets from a single source.

Track

Determining a campaign's value requires understanding what worked and what did not, helping to produce an even stronger campaign next time. YouGov's flagship brand intelligence service, YouGov BrandIndex, informs clients what the world thinks of their brands and competitors at any given moment, allowing them to track changes in perception during and following a campaign, as well as alerting them of any unexpected changes that could reflect brand crises.

Identify

Identify who the right audience is

Describe

Describe them with depth and breadth

Target

Understand when and where to meet them

Measure

Track key measures over time

Evaluate

Evaluate campaign success

Our products and services

YouGov BrandIndex

Our daily brand perception tracker

BrandIndex, YouGov's flagship brand intelligence service, tells our clients what the world thinks of their brands and their competitors at any given moment and helps our clients to understand the link between their media and advertising efforts, brand perception, and consumer response. BrandIndex data is updated daily (or bi-weekly or weekly in some developing markets) and includes up to 11 years of historical data which is all available 24/7 to our clients through our user-friendly BrandIndex portal.

BrandIndex serves major accounts among both advertising and media planning agencies on the one hand, and brand owners and advertisers on the other. It is offered to the market as a subscription service with clients accessing the data through a dedicated online portal.

During the year, BrandIndex was rolled out in five new markets (Argentina, Belgium, Chile, Colombia and Peru) and is now available in 37 markets including Australia, Brazil, China, Denmark, Finland, France, Germany, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, Norway, Philippines, Saudi Arabia, Singapore, Spain, Sweden, Taiwan, Thailand, United Arab Emirates, UK, USA and Vietnam. Every day we survey over 10,000 consumers across these territories – conducting more than 5 million BrandIndex interviews every year against YouGov's proprietary panel.

Over 13,500 brands indexed

Over 10,000 consumers surveyed daily

Available across 37 markets

YouGov BrandIndex BestBrand

YouGov BrandIndex BestBrand rankings are released twice a year. In July, we release an Index-based ranking and in January we release a Buzz-based ranking. Additionally, we now release category rankings regularly throughout the year. Categories have included rankings in particular sectors and key demographic groups (e.g. women, LGBT consumers). BestBrand overall and category winners are acknowledged with a personalised letter from YouGov and provided with a marketing pack which they can use in their advertising. This approach has worked well with many brands citing placement on BestBrand in their marketing collateral.

YouGov SportIndex

Our new data product for the sports sector

During the year we expanded our sports sector expertise with the acquisition of SMG Insight, the global sports research agency. The acquisition has provided YouGov with the opportunity to extend our syndicated data products for the sports industry by applying SMG Insights' specialist sector expertise to YouGov's existing data products infrastructure. YouGov's sports research capability now includes YouGov SportIndex, the ultimate "always on" measure of quality, performance and market potential for the most relevant sports leagues and events around the world. SportIndex uses 16 BrandIndex-style metrics to track public perception of more than 200 sport-related properties covering 30 sports on a daily basis. This sports data now feeds into our Profiles and Plan & Track solutions as well.

YouGov Profiles

Our media planning and audience segmentation tool

YouGov Profiles is our groundbreaking tool for audience profiling, segmentation and media planning. The product allows users to profile their target audience across multi-channel datasets from a single source, with greater granularity and accuracy than ever before.

Profiles offers the largest, most detailed and real-time consumer database updated weekly. Leveraging the YouGov Cube, Profiles connects data on demographics and lifestyle, brand, sector, and media, digital and social data all in one place, combining that with attitudes, interests, views and likes. The tool holds over 200,000 separate data variables collected from YouGov panellists in a given country. Launched in 2014, Profiles is now available in 19 markets and is shortly to be launched in two further markets (Italy and Spain).

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

Profiles is offered to the market as a subscription service with clients accessing the data through a dedicated online portal. The Profiles portal gives users access to a wide range of detailed and connected data and provides analytics methods with which to interrogate and interpret the data. Migration of the portal onto the Crunch platform was completed during the year, eliminating our dependence on a third-party to host the platform.

YouGov Data Applications

Our add-on solutions for data products subscribers

The newly enhanced linkage of BrandIndex and Profiles has enabled us to offer clients new ways to get more value out of their data product subscriptions. We have packaged a number of the use cases that go "beyond the login" of our data products to create the YouGov Data Applications series. Some Data Applications are available as self-serve modules that can be accessed inclusive of the subscription price, while others are sold in addition to subscriptions. With YouGov Data Applications, we are showcasing the strategic application of our syndicated data products and connected data solutions for solving our clients' most important business challenges. Our current Data Applications series:

- **YouGov Audience Data** Reach target audience by creating seed audiences from which to scale the programmatic buy with industry Data Management Platforms (DMPs) and Data Houses.
- **YouGov Digital Tracking** Validate audiences reached by campaigns, and evaluate the effectiveness of digital advertising, by tracking who has been exposed to a campaign.
- **YouGov Dynamic Segmentation** Segment audiences and plan campaigns effectively with a constantly refreshed portrait of target demographics.

Our products and services

Data Services

The Data Services division provides clients with fast-turnaround services.

YouGov Omnibus

Our fast-turnaround service, delivering next-day answers

YouGov's very first service, YouGov Omnibus, is the clear market-leading online omnibus service in the UK and a high performer in our other territories.

Omnibus is the perfect vehicle to find out people's opinions, attitudes and behaviours – quickly and cost-effectively. Our Omnibus surveys are run daily in most territories, providing nationally representative responses to clients within a short timeframe (most countries utilise a 48-hour turnaround, with 24-hour turnaround available in the UK and US). The service can provide clients with data from over 50 countries and client demand for multi-country Omnibus surveys continues to increase. We now conduct over 5 million Omnibus surveys every year across our global operations.

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

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

RBS

YouGov Re-Contact

Our deep dive service for data products subscribers

Our new Re-Contact service works in conjunction with our subscription data products. The service provides subscribers with the opportunity undertake one or multiple fast-turnaround Omnibus surveys to augment their syndicated data. Through Re-Contact surveys, clients can obtain additional data tailored to their needs from segments of the panel with specific profile characteristics, selected using Profiles.

Very slick service handled well through a competent account manager. Great turnaround solutions and clear pricing which sets you apart from the competition."

Zing Insights

Our products and services

Custom Research

The Custom Research division offers quantitative and qualitative research services delivered by sector specialists.

YouGovCustomResearch

Our quantitative and qualitative custom research service

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

YouGov's global Custom team works over a breadth of verticals including Financial Services, Consumer, Media, Technology, Political, Corporate Reputation and Sports. The scope, scale and complexity of custom research projects varies significantly and ranges from large-scale national and multinational tracking studies, through to more one-off surveys designed to address a specific commercial, social or political issue for the client. Our custom offerings include: reputation studies; syndicated studies covering sector or product trends; and a full research programme providing a range of research, often on annual contracts, including tracking studies, qualitative research and customer profiling.

Over the last few years, our Custom Research services have been strategically re-positioned to better align with our syndicated data products and services, with a greater focus on multi-year contracts and the delivery of projects through our data analytics tool, Crunch. The YouGov model allows us to minimise the proactive data collection required for each new custom project while at the same time provide our clients with more connected and tailored data than ever before. With every research project we undertake drawing on – as well as building on – the data that we hold in our data library, the Cube, we are redefining the very nature of custom research.

Our products and services

Data Infrastructure

All of our products and services are underpinned by our unique data infrastructure, the principal elements of which are the Cube, Crunch and Collaborate.

Cube

Our connected data library

The Cube is our competitive advantage. Our core offering of opinion data is derived from our highly participative panel of over 6 million people worldwide who provide us with live, continuous streams of data from a variety of data collection platforms and devices. In order to store, connect and easily access all these hugely rich datasets, we developed the YouGov Cube, our highly structured and codified multi-dimensional data library.

The Cube currently holds over 200,000 variables on consumers – including demographics and lifestyle, brand, sector, and media, digital and social data – which are constantly being updated. The Cube's unique structure allows us to undertake fast, large-scale analysis of that data. The Cube has facilitated the development of innovative syndicated data products and services, including YouGov Profiles.

Crunch

Our data analytics and visualisation tool

Crunch makes data processing faster, more accurate and gives users control over data analysis. The intuitive tool provides users with a quick and easy way to prepare, analyse and deliver data. With the highly visual interface, users can quickly view top-line results, or dig deeper using drag-and-drop functionality to create

tables, charts, filters and dashboards. Datasets in Crunch are stored in a cloud-based, high-performance datastore. Crunch is used internally by YouGov's research and operations teams, and is also offered to clients for self-service analysis and visualisation of their commissioned research data.

Collaborate

Our new self-service tool for survey design

With Collaborate, we have automated the process of survey design, making the turnaround from the client's initial request to the delivery of results even faster and more user-friendly. Collaborate users can design their own surveys without any assistance, or get support at any point in the design process from our professional researchers using the "collaboration" feature.

Surveys designed in Collaborate are sent to the Omnibus team for pre-launch quality control and approval to field, in order to ensure submissions are in line with research good practice. A linkage to the Cube ensures that the questions prepared through Collaborate tie back to our data library and users benefit from the complete YouGov system.

Our products and services

Data Innovations

As the pioneer of online market research, innovation is core to YouGov's corporate culture and we are constantly looking for new ways to evolve and transform our services.

YouGovDirect

Our blockchain-based platform for panellist permissioning and effective ad targeting

Currently, consumers have little control over their online data, while ineffective targeting of digital advertisements has a negative impact on brands and publishers. YouGov Direct aims to overcome these problems in the digital advertising eco-system by harnessing blockchain technology to verify the data exchange between consumers and advertisers.

Consumers using the platform are empowered to choose which attributes they make available to advertisers and to earn rewards for the data they share. Advertisers using the platform gain access

to known audience attributes enabling more effective ad targeting and better campaign performance. Permissions and payments are recorded through the blockchain. This transparent and verifiable record of transactions provides assurance that ads are reaching actual people as opposed to bots and supports compliance with data protection legislation including the EU GDPR. The platform is currently in development and a prototype will be operational with a test panel and small group of pioneer clients this year.

YouGovMRP

Our pioneering application of advanced statistical methodology to market research

MRP (Multilevel Regression with Post-stratification) is an advanced statistical methodology which YouGov pioneered and demonstrated to great success in the 2017 UK General Election. The methodology allowed us to predict a hung parliament when nearly everyone else – campaigners, commentators, markets, bookies, academics and other pollsters – was confident of an overwhelming Conservative victory.

MRP was developed by the Stan Development Team at Columbia University in part with YouGov collaboration. The methodology is grounded on the fact that similar people act

in similar ways, irrespective of exactly where they live. Using MRP, YouGov can assess everything we know about the demographics of a particular place and use that information to match individuals from our proprietary panel with the types of people that live there. MRP's application to market research has great value as it allows us to describe micro-audiences with higher levels of confidence than ever before. Just as we can use it to estimate how a constituency is going to vote, we can also use it to understand what influences their grocery shopping or how they react to different types of advertising.

YouGovRatings

Our new popularity and awareness metric

We are shortly launching YouGov Ratings in the UK, our new popularity and awareness metric for thousands of topics including celebrities, politicians, sports teams, music acts and brands. The nationally representative popularity scores cover more than 8,000 topics and are published on a continuous basis. Ratings allows anyone to see what consumers think about almost anything – from pop stars to politicians, sports teams to snack foods, and everything in between. As well as

allowing users to see how popular different things are, it also shows the connections between fans of one thing and another. Whether it is the brands that fans of a particular celebrity like, or what TV shows fans of a certain politician prefer, Ratings shows the links. Ratings is robust, searchable, and publicly accessible data. Available for free on our website, it has been designed as a showcase for the quality and breadth of our data, to put YouGov at the heart of everyday conversations.

Chief Executive's review

for the year ended 31 July 2018

We have delivered revenue and profit growth significantly ahead of our industry and continue to track to meet the financial objectives set out in our five-year plan. The success of that plan has been grounded in a clear vision as we break new ground in our industry. Increasingly, our clients are demanding the rapid analysis of data in real-time and through targeted investments in technology we have built a data engine which serves the modern marketer."

Stephan Shakespeare
Chief Executive Officer

This is the fourth consecutive year in which YouGov has delivered growth significantly above the market both in revenue and profit.

Since we launched our first five-year plan in August 2014, we have shifted our focus from a traditional market research model to a real-time data analytics model. As we move towards announcing our next five-year plan, we are confident we have a clearly superior product that is becoming ever more relevant to the market as we continue to scale and innovate.

Operational review

Throughout the year we have continued to focus on scaling the business. This has included investing in our technology infrastructure (which includes Cube, Crunch and Collaborate), growing our operations capabilities and expanding into new geographic territories.

During the year we have established a new shared services centre in India to complement the existing service centre in Romania and provide 24/7 data processing and analytics coverage. We have also added a commercial arm to this operation, to allow us to offer our data products to the Indian market.

We have established new organic operations in Italy and Spain, initially focussed on selling our flagship products BrandIndex and Omnibus, with Profiles shortly to be made available.

We have also completed two small acquisitions during the year. We acquired a bolt-on acquisition to our existing operation in Australia (Galaxy DP Pty Ltd) where we saw an opportunity to accelerate our growth in that market. We acquired a sports research agency (SMG Insight Limited) where we saw an opportunity to extend our syndicated data products for the sports sector. Post period-end, we have also completed the acquisition of an audience conversation platform (InConversation Media Ltd), where we saw an opportunity to acquire technology for engaging with hard-to-reach audiences.

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

Segmental review

YouGov's lines of business fall into three divisions: Data Products, Data Services and Custom Research.

Data Products

Our Data Products division consists of Profiles, YouGov's audience segmentation and targeting tool, and BrandIndex, YouGov's flagship daily brand tracking service. Increasingly, these complimentary products are positioned as a single capability, communicated as "Plan & Track" to our prospects and clients. During the year, 25% of new Data Products sales globally constituted Plan & Track sales, demonstrating that the strategy is quickly gaining traction in the marketplace.

The Plan & Track solution is instrumental in establishing transparency and a common version of the truth among the key players in the advertising and marketing ecosystem. Advertisers need to find the most attractive avenues through which to grow their brands. Media owners need to demonstrate the desirability and the efficacy of their platforms to brands and their agencies. Agencies are under increasing pressure to justify strategic and tactical investment decisions on behalf of their brand clients. YouGov's Plan & Track solution addresses all of these needs.

The full Plan & Track solution is now available in 13 markets with France, Australia, Hong Kong, Singapore and Thailand launched during the year. With the support of a global media agency as a charter subscriber, we have begun Profiles development in a further eight countries. India, Taiwan, Vietnam and the Philippines will launch by the end of calendar year 2018, along with Italy and Spain, giving us a presence in Europe's "Big 5" economies, as well as Norway and Finland to complete the Nordic footprint. BrandIndex alone is available in 37 markets, including all 21 current and planned Plan & Track markets, as well as Canada, Mexico, Brazil, Ireland, the Netherlands, Egypt, Saudi Arabia, the United Arab Emirates, Russia, Japan and South Korea.

YouGov also offers our Data products subscribers with additional "beyond-the-login" capabilities, under the banner of YouGov Data Applications. These capabilities include:

- With YouGov Dynamic Segmentation, clients are able to run their consumer segmentation against the YouGov panel and then bring the segments into the Plan & Track product, gaining a better understanding of those segments via the thousands of variables in the Cube.
- With YouGov Audience Data, clients identify and reach target audiences. Seed audiences are created in Profiles and then scaled using look-alike methodology to enable programmatic advertising buys through industry Data Management Platforms (DMPs) and Data Houses.

- With YouGov Digital Tracking, clients can conduct analyses to validate that a marketing campaign has reached the correct target audience. Clients can identify and create an audience consisting of consumers who have consumed the relevant media during a particular campaign, then monitor brand KPIs such as brand awareness, advertising awareness and purchase consideration among that exposed audience – and compare that to the general population.

These capabilities provide even more value for our subscriber-base, and are helping to increase subscriber renewal rates and drive additional revenue.

New Plan & Track client wins in the year included BBDO, ING, McDonalds, Santander Consumer Bank and Uber.

Data Services

YouGov Omnibus, our popular and fast-turnaround data service, comprises the majority of Data Services revenue. The balance comes from our related Field & Tab service for targeting pre-specified samples of respondents, and from the provision of Sample-Only services in the Nordic and Middle East regions.

Our technology investments in the period have included developments which are enhancing the commissioning and delivery of Omnibus surveys. In most geographies, results are now being delivered to clients through Crunch, our data analytics and visualisation tool. Our new self-service survey design tool, Collaborate, automates the way that clients submit and approve Omnibus and Custom Research survey questions. The Collaborate tool makes the turnaround from the client's initial question generation to YouGov's survey results delivery even faster and smoother for both clients and staff. Collaborate is currently available in the US and Germany, with roll-out to the UK, Spain and Italy planned for this year.

Increasing numbers of clients are taking advantage of our Re-Contact service through which Data Products subscribers can undertake fast-turnaround Omnibus surveys to obtain additional data tailored to their needs from segments of the panel with specific profile characteristics.

New Omnibus client wins in the year included DeBeers, eBay, Hiscox, WE Communications and Vodafone.

Chief Executive's review

for the year ended 31 July 2018 continued

Custom Research

YouGov's Custom Research business conducts a wide range of quantitative and qualitative research, tailored to meet clients' specific requirements. The scope, scale and complexity of projects varies significantly and ranges from one-off surveys, through to large-scale national and multinational tracking studies often contracted on an annual basis and often requiring advanced analytics.

We have a number of in-house assets – including the Cube, Crunch, Collaborate and MRP methodology – which are a facilitator and differentiator for our Custom Research business. The YouGov model allows us to minimise the proactive data collection required for each new custom project while at the same time deliver our clients with more connected and tailored data than ever before.

Recurring, single or multi-country custom tracking studies whose data is delivered through Crunch, are a form of custom research that is particularly profitable for YouGov. We have made good progress against our strategy to focus less on one-off projects and more on tracking studies, to improve the profitability of this division. In the year this included exiting parts of the Germany and Middle East businesses with low margins.

New Custom Research client wins in the year included Ikea, Piper-Heidsieck, Pyrex, Revlon and 23andMe.

Current trading and outlook

The current year has started well and our order book of multi-year subscription contracts across future years is strong, both of which gives us confidence in our prospects for the year ahead and over the medium term. We continue to see opportunities for growing our suite of data products and services and expanding our geographic footprint.

Our focus for the coming year includes investing in our technology infrastructure to support this growth, expanding into new geographic markets, and increasing our data products subscription client-base to further strengthen the quality of our revenues.

While "Brexit" continues to create uncertainty in the economic and political environment, especially for UK and European businesses, the international spread of our revenues (with a significant US weighting) positions our business well to cope with, or even gain from, potential volatility.

In recent years, we have been focussed on implementing the ambitious strategy the Board laid out in our first five-year plan announced in August 2014. As a result, we have delivered consistent recurring revenue and profit growth. In the coming months, the Board will be developing our next five-year plan, one which we will design to ensure YouGov's position as a significant global player in the field of research data and analytics – and we look forward to sharing the details of that plan with shareholders in the spring of 2019.

Trading for the current financial year is in line with the Board's expectations.

Stephan Shakespeare
Chief Executive Officer
9 October 2018

As the technology of decision-making evolves, so must our products and applications. As we continue to invest in our future we are opening new routes to growth, whether that be through scaling our offering in new markets or launching new applications like YouGov Direct which champions privacy in the GDPR age."

Chief Financial Officer's report

for the year ended 31 July 2018

The 12 months to 31 July 2018 results demonstrate continued progress on the strategic aims of concentrating on higher margin and scalable sales. Total Group Revenue for the period was £116.6m compared to £107.0m in the previous 12-month period. Revenue growth was 9% on a reported basis (12% on constant currency basis). Acquisitions in the period contributed 2% to the overall growth rate.

The focus on restructuring lower margin generating business units coupled with the continued growth in our high margin product sales resulted in an increase in gross margins from 80% in 2017 to 82% in 2018. Adjusted operating margins increased from 14% to 17%.

Group operating costs (excluding amortisation of intangibles and exceptional items) of £75.4m (2017: £71.2m) increased by 6% in reported terms, and 8% in constant currency terms. The average number of staff (full-time equivalents) employed during the year increased by 37 to 816. Average revenue per head increased to £143,000 from £137,000 and staff costs, net of costs capitalised, as a percentage of revenue decreased by 1% point to 49%.

Group Adjusted Operating Profit (before amortisation and separately reported items) increased to £19.7m (35% growth in the period) with strong continued growth in Data Products, coupled with margin improvement in the Custom business. The statutory operating profit (which is after charging amortisation of £7.0m and other separately reported items of £0.9m) increased to £11.8m (2017: £7.6m).

Amortisation charges for intangible assets in the period totalled £7.0m (2017: £6.5m) of which £0.7m (2017: £1.0m) related to assets acquired through business combinations, £2.8m (2017: £2.8m) to separately acquired assets and £3.5m (2017: £2.7m) to internally generated assets. The Group recognised net finance expense of £0.1m during the period (2017: income of £0.3m).

Central costs increased by 98% in the year. This was primarily due to an increase in the Long Term Incentive Plan (LTIP) charge of £1.8m reflecting the increased likelihood that the "LTIP 2014" plan will pay out in full in November 2019; and a reallocation of £2.5m of costs from Custom Research to Central Costs to reflect that these costs related to wider innovation initiatives.

Adjusted profit before tax¹ of £23.3m was an increase of £6.9m (42%) on the comparable result of £16.4m for the 12 months to 31 July 2017. The adjusted tax rate decreased from 30% to 25% mainly as a result of a reduction in US tax rates. The adjusted tax rate is higher than the standard rate of corporation tax in the UK as a result of profits arising in countries with a higher tax rate, notably the US. Adjusted earnings per share¹ rose by 52% to 16.6p, compared to 10.9p in the 12 months to 31 July 2017. A statutory profit before tax of £11.8m was reported after charging separately reported items, amortisation and share-based payment costs of £11.5m (2017: £8.5m).

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

Chief Financial Officer's report

for the year ended 31 July 2018 continued

In December 2017, the Group acquired Galaxy DP Pty Ltd ("Galaxy"), an Australian-based opinion polling company. The terms of the transaction included an upfront payment of AUS\$1.25m with an earn-out based on future performance over the following two years. In May 2018, a second acquisition was completed for the remaining 80% of the issued share capital of SMG Insight Limited ("SMG"), a sports focussed research agency. The transaction was structured with a payment of £1.0m at completion and an earn-out based on performance over a three-year period.

Investment in technology and panel recruitment for the period amounted to £4.4m and £2.8m respectively. In the period we increased the global panel from 5.6m to 6.6m with new panels established in Italy, Spain, Mexico and Taiwan. Our technology investments continue in websites and mobile applications, survey systems, and our data analytics tool. Crunch, £1.0m (2017: £0.8m) was spent on the purchase of property, plant and equipment, resulting in a total investment in fixed assets of £8.2m (2017: £7.8m). Other cash outflows included taxation payments

of £5.5m (2017: £2.5m) and the annual dividend payment of £2.1m (2017: £1.5m) in December 2017.

There was a net cash inflow of £7.2m in the period, compared to £7.5m in the 12 months to 31 July 2017. This was increased by a £0.2m gain in the value of non-Sterling cash balances due to foreign exchange movements so that net cash balances of £30.6m were £7.4m higher than at 31 July 2017 and £9.3m higher than the balances of £21.3m as at 31 January 2018.

The Group's results were affected by the net appreciation of GBP as its average exchange rate was 6% higher against the USD and 3% lower against the Euro in the period compared to the 12 months to 31 July 2017. The net impact of foreign exchange on the Group's adjusted operating profit was a decrease of £0.8m compared to calculation in constant currency terms. The underlying increase in adjusted operating profit, compared to the 12 months ended 31 July 2017, was 41%.

Performance by product and service

Revenue	Year to 31 July 2018 £m	Year to 31 July 2017 £m	% change	% change at constant currency
Data Products	30.4	24.1	26%	30%
Data Services	29.0	23.3	24%	26%
Total Data Products & Services	59.4	47.4	25%	28%
Custom Research	58.7	60.2	(3%)	0%
Intra-group Revenues	(1.5)	(0.6)	-	-
Group	116.6	107.0	9%	12%

Adjusted Operating Profit	Year to 31 July 2018 £m	Year to 31 July 2017 £m	% change	Operating margin %	
				2018	2017
Data Products	11.7	7.0	66%	38%	29%
Data Services	8.0	5.7	40%	28%	24%
Total Data Products & Services	19.7	12.7	54%	33%	27%
Custom Research	14.1	8.9	59%	24%	15%
Support Costs	(14.1)	(7.1)	(98%)	-	-
Group	19.7	14.5	35%	17%	14%

Data Products

Revenue from Data Products increased by 26% (30% in constant currency terms) in the period. The adjusted operating profit from Data Products increased by 66% to £11.7m and the operating margin increased by 9% points to 38%. The improving margin partly reflects the growing contribution from Profiles as well as a reduction in the use of third party data collection.

Our flagship product, BrandIndex, grew revenue by 19% (23% in constant currency terms) to £23.5m (2017: £19.8m). BrandIndex accounts for 20% of total Group revenue in the period and increased its subscriber numbers to 37 markets across the world. Profiles made good progress, with sales in this period together with the subscription growth achieved last year led to global revenue increasing by 81% (87% constant currency) to £6.6m.

Geographically, the US remains the largest Data Products market and grew by 17% in GBP terms (23% in local currency). In the UK, revenue grew by 29%, a faster rate than the previous year, due to faster new business sales in the second half of the previous financial year. There was also strong revenue growth in other markets including 25% in Germany (28% in local currency) and 13% in the Nordics (10% in local currency). The newer markets of France and Asia Pacific each grew their revenue in reported terms by over 50%.

Increasingly, BrandIndex and Profiles are sold as a combined proposition as "Plan & Track". BrandIndex is now available in 37 markets and Profiles is available in 19 markets. Going forward, we will report on the combined Plan & Track performance rather than YouGov BrandIndex and YouGov Profiles separately.

In December 2017, the YouGov Reports product was discontinued resulting in a restructuring charge of £0.2m. Revenues in the year up to the date of closure were £25,000.

Data Services

Revenue from Data Services, 94% of which is Omnibus, our online fast turnaround service increased by 24% (26% in constant currency terms) to £29.0m, mainly due to strong growth in international markets. This growth contributed to an increase of 40% in the Data Services operating profit to £8.0m and the operating margin rose from 24% to 28% reflecting investment in the newer markets, notably Asia Pacific delivering growth.

This included a 46% increase in reported revenue in USA (53% growth in local currency), and a 59% increase in Asia Pacific (63% in local currency). France and Middle East also grew strongly, by 19% (16% local currency) and 21% (27% local currency) respectively. In the UK, where YouGov Omnibus is the market leader, revenue grew by 12%.

Custom Research

Performance in the period was impacted by the reduction of low profit or loss making activities in Germany and the Middle East in the latter half of the last financial year. In the second half of the year, further headcount reductions to the Custom Research division in Germany, Nordics and Middle East resulted in a separately reported charge of £0.7m. Reflecting the reduction of activities in some areas, revenue for the period declined by 3% in reported terms to £58.7m.

However, continued focus on a Custom Research offering which utilises our proprietary panel, survey system and Cube data has resulted in a significant increase in profitability in this division. The adjusted operating profit increased by 59% to £14.1m and the operating margin improved by 9% points to 24%. This was also due to operating costs reducing by 18% mainly as a result of the restructuring of underperforming areas.

The continued rationalisation of Custom Research led to mixed performances across the geographies. In the UK, where our core panel-based model is most established, revenue grew by 5% (benefitting from several large tracker contracts) although the operating margin decreased from 33% to 31%, due to an increase in operating costs.

In the US, revenue grew by 23%, with growth coming both from new business and our existing client portfolio. Operating margin grew to 28% from 16% as a result of continued operational efficiency gains.

Middle East and Germany revenue fell by 32% and 37% in local currency terms due to restructuring of operations. Reported revenue also decreased by 15% in the Nordics in local currency terms.

Chief Financial Officer's report

for the year ended 31 July 2018 continued

Performance by geography

Revenue	Year to 31 July 2018 £m	Year to 31 July 2017 £m	Revenue growth %	Revenue growth at constant currency %
UK	31.3	27.1	15%	15%
USA	48.2	40.7	18%	24%
Mainland Europe	21.6	21.2	2%	2%
Middle East	12.1	16.3	(26%)	(22%)
Asia Pacific	8.7	5.5	59%	62%
Intra-group Revenues	(5.3)	(3.8)	-	-
Group	116.6	107.0	9%	12%

Adjusted Operating Profit	Year to 31 July 2018 £m	Year to 31 July 2017 £m	Operating profit growth %	Operating margin %	
				2018	2017
UK	12.0	8.6	40%	38%	31%
USA	16.6	9.3	78%	34%	23%
Mainland Europe	2.3	2.3	(2%)	11%	10%
Middle East	3.6	2.4	45%	29%	15%
Asia Pacific	0.8	(0.9)	-	10%	(16%)
Corporate/Unallocated	(15.6)	(7.2)	117%	-	-
Group	19.7	14.5	35%	17%	14%

Restructuring costs of £1.4m in the period were the result of further restructuring undertaken in the UK, Middle East and Germany to align activities with the Group's strategic objectives. Revenue in the Middle East declined by 26% due to the closure of non-online research activities. The UK and Germany achieved revenue growth of 15% and 18% whilst stopping low margin revenue of £0.7m and £1.9m respectively.

Our geographic expansion continued with new offices in Spain, Italy and India bringing the total number of countries the Group operates in to 22. All geographies other than Mainland Europe generated increased adjusted operating profits in the period with the US and UK continuing to be significant contributors with growth rates of 78% and 40% respectively. We are pleased to see the investment in Asia Pacific generating profits in the period whilst we continue investing in research capability in more countries in the region.

Panel development by geography

Region	Panel size at 31 July 2018	Panel size at 31 July 2017
UK	1,355,800	1,182,100
USA and Mexico	2,415,000	2,152,400
Mainland Europe	952,000	770,100
Middle East	934,700	858,400
Asia Pacific	946,200	673,700
Total	6,603,700	5,636,700

We continue to expand the reach of our global panel, with recruitment launched in Italy, Spain, Mexico and Taiwan during the year. This, along with growth to support increased demand in existing markets, not least the UK, USA and Germany, led to a total increase of 17% in the size of the panel in the period. As at 31 July 2018, the Group's online panel comprised a total of 6.6 million panellists. The table above shows the breakdown by region.

Group financial performance

Amortisation of intangible assets

In the 12 months to 31 July 2018, amortisation charges for intangible assets of £7.0m were £0.5m higher than the previous year. Amortisation of the consumer panel increased by £0.4m to £2.6m reflecting the additional investment made to grow the panel in the past three years. Amortisation of software increased by £0.5m to £4.0m, £3.5m (2017: £2.7m) of the total charge related to assets created through the Group's own internal development activities, £0.3m (2017: £0.6m) related to separately acquired assets and £0.2m (2017: £0.2m) was for amortisation on assets acquired through business combinations.

Other separately reported items

Discontinued activities in the UK, Mainland Europe and Middle East and the establishment of centralised support functions resulted in restructuring costs of £1.4m in the year to 31 July 2018 (£2017: £0.6m). In addition, costs of £1.1m were incurred in relation to the acquisitions of Galaxy and SMG during the year, including £0.8m of acquisition consideration treated as employment costs, as well as £0.1m in respect of acquisitions completed after the year-end. These costs were partly offset by a £1.7m fair value gain on the 20% shareholding in SMG held prior to the acquisition of the remaining 80%.

Analysis of operating profit and earnings per share

	31 July 2018 £'000	31 July 2017 £'000
Operating profit	11,758	7,557
Amortisation of intangibles	7,024	6,483
Other separately reported items	892	488
Adjusted operating profit ¹	19,674	14,528
Share-based payments	3,571	1,488
Imputed interest	75	20
Net finance income	(52)	254
Share of post-tax (loss)/profit in associates	66	103
Adjusted profit before tax ¹	23,334	16,393
Adjusted taxation ¹	(5,786)	(4,912)
Adjusted profit after tax ¹	17,548	11,481
Adjusted earnings per share (pence) ¹	16.6	10.9

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

Chief Financial Officer's report

for the year ended 31 July 2018 continued

Cash flow

The Group generated £23.6m (2017: £18.9m) in cash from operations (before paying interest and tax) including a £0.6m (2017: £2.3m) net working capital inflow; as a result the cash conversion rate (percentage of adjusted operating profit converted to cash) reduced from 130% to 119% of adjusted operating profit.

Capital expenditure

	31 July 2018 £'000	31 July 2017 £'000
Internally generated software	3,928	3,385
Panel recruitment	2,834	3,471
Other intangible assets	455	112
Total expenditure on intangible assets	7,217	6,968
Purchase of property, plant and equipment	969	843
Total capital expenditure	8,186	7,811

Net expenditure on financing activities increased by £0.8m to £2.1m, including the dividend payment of £2.1m (2017: £1.5m).

Net cash balances at the year-end increased by £7.4m to £30.6m. Net cash inflow in the year was £7.2m (2017: £7.5m) and currency fluctuations in the year resulted in an exchange gain of £0.2m (2017: £0.2m).

Currency

The Group operates across multiple currencies, primarily USD\$ and Euros. The appreciation in the US\$/GBP£ rate resulted in approximately 5% lower reported revenue growth in the US, Middle East and Asia. Group operating expenses were 2% lower than if calculated in constant currency.

Taxation

The blended tax rate payable by the Group decreased from 30% to 25% in the period due to a decrease in corporation taxes in the US. The tax charge for the year was £3.6m on a statutory basis (£3.3m in 2017). On an adjusted basis the tax charge for the year was £5.8m (2017: £4.9m) which is a tax rate of 25% on the adjusted profit before tax.

Balance sheet

As at 31 July 2018, total shareholders' funds and net assets increased from £80.5m to £92.1m. Net current assets increased from £20.7m to £25.3m. Current assets increased by £11.8m to £66.7m with debtor days decreasing from 58 to 56. Current liabilities increased by £7.2m to £41.4m with creditor days decreasing to 21 days from 24 days at 31 July 2017. The focus on increasing revenues from subscriptions has resulted in an increase of £1.8m of deferred revenue which is included in current liabilities. Non-current liabilities increased by £6.3m to £11.2m partly due to £5.1m of contingent consideration payable in respect of the acquisitions in the year.

Proposed dividend

The Board is recommending the payment of a final dividend of 3.0p per share for the year ended 31 July 2018. If shareholders approve this dividend at the AGM (scheduled for Wednesday 12 December 2018), it will be paid on Monday 17 December 2018 to all shareholders who were on the Register of Members at close of business on Friday 7 December 2018.



Alex McIntosh
Chief Financial Officer
9 October 2018

Explanation of non-IFRS measures

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

Principal risks

Our approach to risk management

During 2018, the Board's Audit & Risk Committee have led a review of the Risk Management Policy and Procedure (the "Risk Policy"). Primary responsibility for oversight and scrutiny of the internal controls and risk management has been delegated to the Audit & Risk Committee, who report back to the Board on a regular basis. The Audit & Risk Committee's Terms of Reference have been updated to reflect their additional focus on risk management. The Risk Policy procedures have fed into the Board's identification of the principal risks and uncertainties facing the Company at 31 July 2018.

Summary of principal risks and uncertainties

The principal risks and uncertainties identified in the following table are those risks which are considered by the Board to be material to the development, performance, position and/or future prospects of the Company. Whilst the risks have not materially changed since the 2017 Annual Report, the risk factors may have evolved and the categorisation may have changed. These are not the only risks facing the business, but are those which are considered to have a material impact on the business, and therefore are the focus of discussion at the highest levels of the Company.

Risk category	Description	Mitigation
Competition	<p>Increasing competition from "copycat" products could attract clients away from YouGov.</p> <p>In our fast-paced industry, YouGov's offering could become outdated and thereby not able to retain clients.</p> <p>Panel members could choose to move away from YouGov and offer their opinions to competitors.</p>	<ul style="list-style-type: none"> • Differentiation from our competitors: the size of our panel and the wealth of data in our proprietary data library are key assets which are difficult for competitors to replicate. • YouGov is continuously innovating to keep our products relevant and at the cutting edge of our industry. • Dedicated Panel team manages the needs of our panellists globally. We continuously innovate to improve the panellist experience.
Cyber	<p>Top risks identified from Cyber events are:</p> <ul style="list-style-type: none"> • Inadequacy of IT infrastructure to support the business. For example, an inability to restore business promptly after an outage. • Serious IT failure impacting on business operations such as from deliberate intrusion (i.e. hacking, social engineering or virus), accidental outage due to user error, employee malfeasance or failure of physical IT assets (i.e. data centres and/or hardware). 	<ul style="list-style-type: none"> • YouGov's Business Continuity and Disaster Recovery plans are in place and regularly reviewed. • Robust budget planning in place for IT resource requirements, involving key stakeholders from across the business. • Breach Response policy and dedicated team (including Group Head of Infrastructure & System Operations, Group Head of Panel, Group Head of Governance, Group Data Protection Officer and Group Information Security Manager) in place to respond to any breaches. • Intrusion detection systems in place. • IT security practices are externally validated.
Data protection	<p>The occurrence of a data breach incident (i.e. exposure of panellist/client personal information) due to deliberate intrusion (e.g. unauthorised access, hacking, social engineering or virus), accidental data leak, or deliberate de-anonymisation (client takes YouGov data and combines it with their own data to create data from which individuals can be identified).</p> <p>Non-compliance under the EU GDPR or other data protection or privacy legislation leading to significant penalties or reputation damage.</p>	<ul style="list-style-type: none"> • Dedicated Data Protection Officer and Information Security Manager roles created in the year. • Management focus on compliance across the Group's data handling activities. • Compulsory training on IT Security and Data protection for all employees across the Group. • Data Protection Policies and Guidelines are reviewed and updated regularly. • As mentioned above, Breach Response policy and dedicated team in place to respond to any breaches.

Risk category	Description	Mitigation
Geopolitical	Consequences of the United Kingdom's exit from the European Union ("Brexit") cause uncertainty for the economic outlook for UK-based businesses.	<ul style="list-style-type: none"> The Board and Governance team monitor the political, industry and regulatory changes across the Group in relation to Brexit. While YouGov is headquartered in the UK, the USA is now the Group's largest region in terms of revenue and profit and is expected to be largely unaffected by Brexit.
Internal controls	Unauthorised access to our systems and/or IT infrastructure by ex-employees/contractors and/or unknown third parties.	<ul style="list-style-type: none"> The HR and IT teams work together to manage access to our systems by known third parties such as contractors and ex-employees. Prevention of access by unknown third parties is the responsibility of the IT team. We employ security systems which are externally validated.
Regulatory	Non-compliance with legal and regulatory requirements for a listed company with overseas subsidiaries. This could be due to a lack of knowledge or understanding of relevant legislation, or an inability to follow company policy.	<ul style="list-style-type: none"> Group activities are subject to scrutiny by the Board, Audit & Risk Committee and external auditors. Management is supported by a team of qualified professionals, external advisors and in-house Head of Legal.
Reputation	<p>Failure to protect the Group's reputation could lead to a loss of confidence and a decline in our customer base; and affect our ability to recruit and retain employees and panellists.</p> <p>Damage to our reputation could arise from a range of events, for example from our services being of poor quality or the leak of confidential data.</p>	<ul style="list-style-type: none"> PR advisors retained who actively monitor the corporate press. Executive management have received media training. Nominated staff to manage corporate social media relations and nominated spokespersons for media interaction. Panel team actively monitors panellist feedback by email and surveys; Marketing team actively monitor social media feeds and manage complaints.
Strategy	<p>Key risks related to Strategy include:</p> <ul style="list-style-type: none"> Failure to achieve projected growth in line with our annual budget and/or do not meet the strategy objectives in line with market expectations. Failure to identify or execute a successful strategy for the business leading to loss of client base, inadequate resources to provide new products and/or services, and/or changes in technology result in YouGov's offering becoming outdated. 	<ul style="list-style-type: none"> The Board adopts a five-year strategic plan and assesses progress against it annually. Executive LTIP designed to focus Senior Management on profit growth (see Remuneration Report on page 50 to 54). Senior Management focus on developing and implementing new strategies, methodologies, technologies, products and services. Robust planning process in place involving key stakeholders across the business. Regular review of Company performance against market expectations by the Board. Management meet regularly with the Company's broker to review market expectations and messaging.

For detailed discussion on the financial risks facing the Group, please see Note 20 on pages 101 to 103.

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

Stephan Shakespeare
 Chief Executive Officer
 9 October 2018

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Governance report

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Chair's Introduction and Corporate Governance Statement

On behalf of the Board, I am pleased to present the YouGov plc Corporate Governance Report for the year ended 31 July 2018.

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

Evolving corporate governance at YouGov

Since 2014, the Company has followed the QCA Corporate Governance Code as its benchmark for good corporate governance practice. Following the publication of a new QCA Code in April 2018 (the "QCA Code 2018"), the Board formally adopted the new edition. I have overseen the adoption of the QCA Code 2018 into our Corporate Governance model, ensuring that the ten principles are applied and that our corporate governance processes and procedures meet the new requirements. As a Company listed on the AIM sub-market of the London Stock Exchange, we are not required to follow the UK Corporate Governance Code issued by the Financial Reporting Council but we consider it in our corporate governance activities.

We continually improve our corporate governance practices with a view to achieving best-practice standards befitting our position as one of the largest AIM-listed companies. During the year, corporate governance activities have included:

- Implementation of new risk management policy and procedure (see page 36);
- Nomination Committee search for new Directors (see page 46);
- Updating Terms of Reference for each of our Committees (see page 45 to 46);
- Review of the Board succession planning process (see page 46); and
- Review of the Board effectiveness evaluation process (see page 44).

We have a growing Governance Team at YouGov who assist the Board of Directors to ensure high standards are maintained.

Corporate culture

As the pioneer of online market research, innovation is core to YouGov's corporate culture. We have retained the progressive and entrepreneurial spirit from YouGov's early beginnings, developing it into the driven, fast-paced workplace that we have today.

As demonstrated by our line of business, YouGov's culture is one where all opinions are valued and ideas are openly invited. This culture is reflected in our approach to all parts of our business, from employee relations (such as providing agile working opportunities and instilling a focus on inclusion) to panellist relations (such as seeking regular feedback on panellist's experience and surveying their views on YouGov developments). For information on our employee benefits, and how we interact with our stakeholders, see page 49.

The Board monitors corporate culture through regular interaction with senior management and, for the Executive Directors in particular, day-to-day contact with colleagues at all levels throughout the business. In a year in which we oversaw a number of acquisitions and expansion to new geographies, corporate culture has been an area of focus for the Board during 2018. We aim for acquired companies to be integrated into YouGov as swiftly as possible, from both an operational and cultural perspective.

Changes to our Board of Directors

This financial year has seen a number of changes to our Board of Directors, which are described in my statement in the Strategic Report on page 5 and detailed in this Corporate Governance Report on page 44. We are confident the new composition makes for a high performing Board with the right balance of experience and new ideas for achieving our ambitions for the business. As detailed on page 44, we are undergoing a formal evaluation during 2018/19 to assess the performance of the new Board.

This Corporate Governance Report sets out our approach to governance, provides further information on the operation of the Board and its Committees, and explains how the Group complies with the QCA Code 2018.

Roger Parry
Chair
9 October 2018

Board of Directors

Roger Parry CBE

Non-Executive Chair

Appointed:

Chair of YouGov plc in January 2007

Experience:

Roger is Chair of Oxford Metrics and a Non-Executive Director of Uber UK. He was previously Chair of Future Publishing, Johnston Press and Shakespeare's Globe Trust; a consultant with McKinsey & Co, CEO of More Group, and CEO of Clear Channel International. Roger was educated at the universities of Oxford and Bristol. He is a Visiting Fellow of Oxford University. He was awarded the CBE in 2014. He is the author of five books including *The Ascent of Media*.

Stephan Shakespeare

Chief Executive Officer

Appointed:

Founded YouGov plc in March 2000

Experience:

One of the pioneers of internet research, Stephan has been the driving force behind YouGov's innovation-led strategy. He was Chair of the Data Strategy Board for the Department for Business, Innovation and Skills 2012/13 and led the Shakespeare Review of Public Sector Information. He is a Commissioner for the Social Metrics Commission, an independent charity dedicated to helping UK policy makers and the public understand and take action to tackle poverty. Stephan has an MA in English Language and Literature from Oxford University.

Alex McIntosh

Chief Financial Officer

Appointed:

Executive Director in December 2017

Experience:

Alex has been with YouGov since 2007, and became Chief Financial Officer in December 2017. Alex initially joined YouGov as Corporate Finance Manager within the finance team focussing on planning, budgeting and corporate development. He became Chief Strategy Officer in 2011 and played a leading role in the development of YouGov's strategic plans and data product developments. Alex also held the role of Chief Executive Officer of YouGov's UK business from 2015 to 2016. He previously worked in corporate finance advising a wide range of companies on their growth plans and first worked with YouGov in 2005 while at Grant Thornton when he assisted with the Group's initial public offering on AIM. Alex holds a BSc (Hons) in Applied Accounting, an MSc in Finance, and is a Fellow of the Association of Chartered Certified Accountants.

Sundip Chahal

Chief Operating Officer

Appointed:

Executive Director in December 2017

Experience:

Sundip has been with YouGov since 2005 and has been the Group's Chief Operating Officer since 2014. He initially joined YouGov's UK business as BrandIndex Sales Director, becoming Managing Director of Data Products in 2008. In 2009, he was appointed as Chief Operating Officer of YouGov's MENA business and relocated to Dubai to oversee the expansion of YouGov's core online services across the Middle East, North Africa and Asia. In 2010, he was promoted to Chief Executive Officer of YouGov MENA. Prior to joining YouGov, Sundip gained experience of the market research industry with Ipsos Mori and Research International.

Nick JonesNon-Executive Director **Appointed:**

Senior Independent Director in June 2009

Experience:

Nick is Chief Financial Officer of Broadstone, the provider of employee benefits, actuarial and investment services advice to small and medium-sized businesses. Prior to this, he was CFO of Attenda, CFO of Achilles Group, and Global Head of Finance for Reuters plc where he also led the integration of Thomson and Reuters. Nick has held senior financial roles in technology and media businesses in the UK, the US and Europe including Virgin Media, Phillips Electronics and RR Donnelley. Nick is a Fellow of the Chartered Institute of Management Accountants and holds a BA (Hons) in Accounting and Finance.

Committees:

Chair of Audit & Risk Committee
(to become Member on 1 November 2018)

Member of Remuneration Committee

Ben Elliot

Non-Executive Director

Appointed:

Non-Executive Director in August 2010

Experience:

Ben is the Co-Founder of Quintessentially, the global luxury lifestyle company started in December 2000. He is also the Chair of the Quintessentially Foundation, which has raised over £11m for charity since 2008, and a Partner in Hawthorn Advisors, a successful corporate communications business. He is a Trustee for the V&A Museum and Chair of the Philanthropy Board for the Royal Albert Hall, as well as being a Trustee of the Eranda Rothschild Foundation and the Honorary Treasurer for The Centre for Policy Studies.

Rosemary LeithNon-Executive Director **Appointed:**

Non-Executive Director in February 2015

Experience:

Rosemary is a Non-Executive Director and member of the Risk Committee of HSBC UK Bank plc. She is Co-Founding Director of the World Wide Web Foundation and Trustee of the National Gallery, where she is Chair of the Digital Advisory Board and member of the Remuneration Committee. Rosemary is a Fellow at Harvard's Berkman Klein Center for Internet and Society. Rosemary is an advisor to technology businesses including Motive Partners, Infinite Analytics and Glasswing Ventures, and academic institutions including Queen's University School of Business and Wolfson College. She was Chair of the World Economic Forum Global Agenda Council on Future of Internet Security. Rosemary holds a Bachelor of Commerce (Hons) in Finance and Accounting from Queen's University in Canada.

Committees:

Chair of Remuneration Committee

Member of Audit & Risk Committee

Andrea Newman

Non-Executive Director

Appointed:

Non-Executive Director in December 2017

Experience:

Andrea is the Global Head of Marketing Wealth & Brand Communications at HSBC Holdings plc. In this role, Andrea is responsible for the management of the HSBC brand globally, as well as all marketing related to HSBC's Wealth Management propositions. She has been at HSBC for 20 years and during that time has lived and worked in the US and Asia Pacific in addition to the UK. During her tenure with HSBC she has overseen the development of the company's brand from a federation of over 50 brands to one unified brand, ensuring HSBC's place as one of the most globally recognised financial services brands.

Ashley Martin

Non-Executive Director

Appointed:

Non-Executive Director in September 2018





Experience:

Ashley joined the Board of YouGov on 1 September 2018. Ashley is also Non-Executive Director and Chair of the Audit & Risk Committee at Zegona Communications plc. Until recently, he served for nine years as Non-Executive Director and Chair of the Audit Committee at Rightmove plc. Ashley has held executive roles at a number of high growth entrepreneurial businesses in the technology, media and communications sector including Tempus Group plc, Rok plc and The Engine Group. He is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants.

Committees:

To be appointed Chair of Audit & Risk Committee from 1 November 2018

Key

-  Chair of Committee
-  Senior Independent Director
-  Audit Committee member
-  Remuneration Committee member

Corporate Governance Report

for the year ended 31 July 2018

Statement of compliance

YouGov plc has adopted the QCA Code 2018. We are compliant with the principles of the Code. Disclosures required by the QCA Code 2018 have been made both in this Annual Report and on our website.

The Board

Composition

At 31 July 2018, the Board consisted of three Executive Directors and five Non-Executive Directors, including a Non-Executive Chair. There were a number of changes to the composition of the Board during the year.

On 6 December 2017, Alan Newman retired and was succeeded by Alex McIntosh as Chief Financial Officer and an Executive Director. On the same day, Doug Rivers retired as an Executive Director but remains as Chief Scientist; Sundip Chahal, Chief Operating Officer, became an Executive Director; and Andrea Newman was appointed as a Non-Executive Director.

Since the close of the reporting year, on 1 September 2018, Ashley Martin was appointed as a Non-Executive Director.

The names of the Directors, their biographies and their respective responsibilities are shown on pages 42 and 43.

Independence

The Board periodically reviews its composition and succession planning framework to ensure that Board appointments create an appropriate mix of skills and experience, and a level of diversity and independence that supports the Group's objectives for business growth. The key factors considered by the Board when determining a Director's independence are their other commitments, their tenure and, significantly, the personal qualities they demonstrate in the boardroom in particular their judgement and the level of engagement and challenge that they provide in Board and Committee discussions. Each of the six Non-Executive Directors, including the Non-Executive Chair, are considered by the Board to be independent. Principle 5 of the QCA Code 2018 confirms that a Director's independence is a Board judgement.

Roger Parry reached 11 years tenure on the Board of the Company in 2018. After evaluation, the Board has determined that Roger remains independent in character and judgement in his role as Non-Executive Director and as Chair of the Board.

Nick Jones reached nine years tenure on the Board of the Company in 2018. After evaluation, the Board has determined that Nick remains independent in character and judgement in his roles. Taking into account the length of Nick's tenure, the Board has decided that Ashley Martin will become Chair of Audit & Risk Committee with effect from 1 November 2018.

For more information on succession planning, please see the report of the Nomination Committee on page 46.

Operation

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

All Directors are expected to commit sufficient time to their roles as required. As a minimum, Non-Executive Directors commit one day per month to their roles for the Company and the Chair of the Board commits further time as required to appropriately fulfil his role as Chair.

All Directors are required to submit themselves for re-election at the Annual General Meeting ('AGM') following their appointment and subsequently on a rotational basis, which ensures that each Director is submitted for re-election approximately every three years. In line with best practice, the Board has decided that from the 2019 AGM onwards all Directors will be subject to re-election by the shareholders at each AGM. It is planned that the Company's Articles of Association, which were adopted in 2008, be revised to reflect this new policy on annual re-election and be tabled at the 2019 AGM for shareholder approval.

Evaluation

The Board undertakes an evaluation of its own effectiveness on an annual basis. In accordance with best practice and given the recent changes to the Board, the evaluation process was reviewed in 2018. After review, the Board determined that a more formal in-house board evaluation would be most appropriate. The evaluation is facilitated by the Corporate Secretariat and consists of:

- questionnaires completed by each Director on effectiveness of the Board as a whole;
- individual peer-to-peer questionnaires; and
- one-to-one discussions with the Company Secretary.

Anonymised results from the questionnaires and discussions are shared with the full Board to facilitate discussion and, if appropriate, allocation of actions for improvement. At the time of publication of this report, the evaluation process is underway. It is expected that the Board will provide an overview of the board evaluation, its results and recommendations in the 2019 Annual Report.

Shareholder communications

The Executive Directors meet regularly with institutional shareholders to discuss the Group's performance and future prospects. At these meetings, the views of institutional shareholders are canvassed and subsequently reported back to the Board. The AGM is available as a forum for communication with private shareholders. The Investor Relations section of the website is a key source of information for all shareholders and maintained by the Corporate Secretariat. It is available at yougov.co.uk/about/investors. The Company Secretary is the point of contact for investor relations.

Advisors

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

Board Committees

The Board is supported by the Audit & Risk, Remuneration and Nomination Committees. All Terms of Reference are available to download from yougov.co.uk/about/investors/corporate-governance.

Audit & Risk Committee

Members: Nick Jones (Chair, Non-Executive Director), Rosemary Leith (Non-Executive Director)

Meetings in 2017/18: 3

In July 2018, the Audit Committee was renamed the Audit & Risk Committee (the "Committee"). The Committee operates under Terms of Reference agreed by the Board. The Committee meets with external auditors to consider the Company's financial reporting in advance of its publication. On 1 November 2018, Ashley Martin will replace Nick Jones as Chair of the Committee, while Nick will continue as a member. Both Nick Jones and Ashley Martin have recent and relevant financial experience. Executive members of the Board attend meetings at the invitation of the Chair.

The Terms of Reference were updated following a review of current best-practice guidelines and to reflect the Committee's additional responsibilities regarding the review of risk. For more information on the risk review activities undertaken by the Committee during 2017/18, please see page 36.

The Audit & Risk 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 are regularly reviewed and an assessment of internal controls has been conducted during the year. The Audit & Risk Committee monitors implementation measures 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, the Board and the Committee keep the Group's need for an internal audit function under review.

Remuneration Committee

Members: Rosemary Leith (Chair, Non-Executive Director) and Nick Jones (Non-Executive Director)

Meetings in 2017/18: 5

The Remuneration Committee (the "Committee") develop the Remuneration Policy, which is approved by shareholders.

The Remuneration Committee operates under Terms of Reference agreed by the whole Board. In 2018, the Terms of Reference were updated in line with best-practice guidance.

Details of each Director's remuneration are presented in the Directors' Remuneration Report on pages 52 to 54.

Corporate Governance Report

for the year ended 31 July 2018 continued

Nomination Committee

Members: Board of Directors

Meetings in 2017/18: 3

The whole Board acts as the Nomination Committee (the "Committee"), when the need arises. Roger Parry chairs the Committee, except when the Committee is dealing with the matter of succession to the Chair. On these occasions, Nick Jones as the Senior Independent Director, chairs the Committee.

The Nomination Committee operates under Terms of Reference agreed by the Board. During 2018, the Terms of Reference of the Committee were updated in line with best-practice guidance.

Activities during the year focussed on succession planning, the appointment of two new Executive Directors, and the recruitment of two new Non-Executive Directors:

- **Succession planning:** 2017/18 saw a number of changes in the composition of the Board. To support these changes, the Nomination Committee reviewed the Board's succession planning framework and established two sub-committees to focus on roles of Chair and CEO. These sub-committees will meet annually to consider succession plans. The first sub-committee meetings are anticipated to take place before the end of 2018/19. Additionally, the Board considers the role of Senior Independent Director annually. Succession plans for all positions take into consideration the annual Board effectiveness evaluation process.
- **Directors appointments:** In assessing candidates for directorship, the Committee considers a wide variety of criteria including experience, independence and diversity. In the 2017/18 financial year, the Committee used the services of an external search consultant, Korn Ferry, to assist in identifying suitable candidates for Board appointments. For information on the new Directors during 2017/18, see pages 5 and 43.

Board and Committee attendance

The following table sets out the attendance of Directors at Board and Committee meetings during 2017/18.

Executive Directors	Type	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Stephan Shakespeare	Executive	10 of 10		5 of 5	3 of 3
Alex McIntosh ¹	Executive	7 of 7	2 of 2	3 of 3	1 of 1
Sundip Chahal ¹	Executive	7 of 7			1 of 1
Alan Newman ²	Executive	3 of 3	1 of 1	1 of 1	0 of 2
Doug Rivers ²	Executive	3 of 3			0 of 2
Non-Executive Directors					
Roger Parry	Non-Executive Chair	10 of 10			3 of 3
Nick Jones	Non-Executive	9 of 10	3 of 3	5 of 5	2 of 3
Ben Elliot	Non-Executive	8 of 10			2 of 3
Rosemary Leith	Non-Executive	10 of 10	3 of 3	5 of 5	3 of 3
Andrea Newman ¹	Non-Executive	6 of 7		2	0 of 1
Ashley Martin ³	Non-Executive	N/A	N/A	N/A	N/A

Note:

Executive Directors attend Committee meetings by invitation only.

¹ Andrea Newman attends Remuneration Committee meetings by invitation only.

¹ Appointed to the Board on 6 December 2017.

² Retired from the Board on 6 December 2017.

³ Appointed to the Board after the end of the reporting period, on 1 September 2018.

Controls and procedures

Key controls and procedures

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

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

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

The key procedures include:

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

Auditor independence

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

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

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

Corporate Governance Report

for the year ended 31 July 2018 continued

Corporate Social Responsibility

The Board of Directors is committed to delivering high standards of corporate governance and a key element of this is managing the Group in a socially responsible way. We want YouGov to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. We are mindful of the Group's impact on all our stakeholders including employees, panellists, clients, suppliers, shareholders, local communities, wider society and the environment. We have in place global and local company policies which outline our expectations for employee behaviour and what our employees can expect to receive from us.

Community

YouGov recognises the importance of respecting and supporting the communities in which it operates, and of making a positive contribution to society through its work. Our employees have supported a number of charities and community initiatives during the year, including raising funds for a children's charity in Germany and collecting supplies for a women's personal health charity in the UK.

Suppliers

YouGov aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. For the financial year ended 31 July 2018, the Company is not required to report on payment practices, policies and performance under Section 3 of Small Business, Enterprise and Employment Act 2015.

Privacy

YouGov is an online market research and data analytics Group. The security and privacy of our data is paramount to our business. YouGov expects employees, and those who we work with, to exercise high rigour when it comes to safeguarding the data of all stakeholders, including personal data.

To reinforce our commitment to the security of data and information, during the year we created the new roles of Group Data Protection Officer and Group Information Security Manager. Both roles work closely with our Group Head of Governance, Group Head of Legal, Group Head of Infrastructure & System Operations and external advisors to ensure that the Group's policies and procedures are to a high standard befitting a company of our size and activities. We also introduced compulsory data protection and cyber security e-learning programmes for all employees in the Group and we monitor the results and completion rates of this training.

To prepare for the GDPR which came into force in May 2018, YouGov established a cross-functional GDPR Compliance team which led an internal compliance programme endorsed by the YouGov Group Board. As part of this programme, the Group's Data Protection and IT Security policies were refreshed, in compliance with GDPR as well as other relevant legislation.

Diversity in the workplace

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

We demonstrated our commitment to diversity in the workplace this year by activities including:

- voluntarily publishing our first Gender Pay Gap Report in the UK;
- implementing a gender neutral recruitment process;
- qualifying as a Diversity Champion with Stonewall in the UK;
- committing to the Disability Confident employment scheme in the UK;
- celebrating International Women's Day in March in our global offices; and
- celebrating Pride Week 2018 in our London office.

To view our Gender Pay Gap Information Report for 2018, please visit yougov.co.uk/about/investors/corporate-responsibility.

Engagement with panellists

YouGov's panel is our largest stakeholder group – at over 6 million individuals globally – and is essential to our success. Engaged, diverse and opinionated panellists are key to our business. Keeping panellists engaged is central to what we do, and we have a global Panel team dedicated to doing just that. We work to continually improve the panellist experience, such as:

- investing in new technology to ensure that when a panellist cashes in the points earned for sharing their opinion, they receive their reward within hours; and
- developing a highly effective system of alerting panellists when their opinion "becomes the news". We are fortunate that our research is widely covered in international media, which allows us to tell panellists that they are contributing to the global debate on issues of importance.

Employee involvement

Our employees are an integral part of our business. We realise that engaged and informed employees are productive employees. We recognise the benefits of keeping employees informed on matters which affect them and the wider business, such as financial factors impacting the performance of the Company and developments in the industry. Leaders within the business regularly present at regional "All Hands" meetings to raise awareness throughout the business of the different operations. The London office's monthly "All Hands" meetings are available via web conferencing for all employees working at home or in other global offices.

Details of how employees are kept engaged in the financial and economic factors are outlined in the Directors' Report on page 55.

Employee wellbeing

YouGov is committed to ensuring that our employees have a strong sense of support and wellbeing at work. It is our mission to achieve a valued and productive workforce by implementing a culture of care, increasing employees' skills and building the outlook required to deal with the pressures of the modern workplace. We recognise that many individuals have various responsibilities at home, or complicated commutes, so we offer remote working as standard in many roles, so long as it does not affect business needs. This often enables employees to achieve a better work/life balance than the traditional 9-to-5 office hours, which in turn increases productivity.

Health and safety

YouGov takes all reasonable and practicable steps to safeguard the health, safety and welfare of its employees. We recognise our responsibility for the health and safety of those who may be effected by our activities, and take care to operate in a safe and secure manner.

Ethical behaviour

YouGov expects its employees to exercise high professional, ethical and moral standards at all times whilst representing the Group. The Group maintains an awareness of human rights issues and observance of pertinent law and we reflect this in our suite of policies; these include an Anti-Bribery Policy and Whistleblowing Procedure.

Our statement on Modern Slavery in our supply chain is available at yougov.co.uk/about/investors/modern-slavery-act-statement.

Environment

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

As part of this policy, we undertake:

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

Remuneration Report

for the year ended 31 July 2018

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

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

Directors' Remuneration Policy

Policy on remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Board as a whole. The Board of Directors believes that ownership of the Company's shares by Non-Executive Directors helps to align their interests with those of the Company's shareholders. Accordingly, the Company's policy is that a proportion of each Non-Executive's fee will be paid in the form of ordinary shares in lieu of cash, save if the Non-Executive Director has an existing substantial shareholding. During the year, £20,000 of the Chair's fee and £5,000 of the other Non-Executives' fees, were paid in shares; this amounted to 10,191 shares in total (2017: 12,174 shares) as detailed in the following table:

Name	Title	Shares issued
Roger Parry	Non-Executive Chair	5,095
Nick Jones	Non-Executive Director	1,274
Ben Elliot	Non-Executive Director	1,274
Rosemary Leith	Non-Executive Director	1,274
Andrea Newman	Non-Executive Director	1,274
Ashley Martin*	Non-Executive Director	-

* Appointed to the Board after the end of the reporting period, on 1 September 2018.

Policy on remuneration of Executive Directors

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

External appointments

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

Components

The main components of the Executive Directors' remuneration are:

1. Basic salary

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

2. Bonus scheme

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

The Remuneration Committee adopted a bonus scheme for the Executive Directors for the 2017/18 year. This annual bonus scheme is focussed on the achievement of the Group's short-term objectives and is designed to complement the LTIP 2014 which is focussed on the achievement of the Group's long-term objectives. The cash award values for 2017/18 are stated in this Remuneration Report on page 52.

3. Shares

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

Long Term Incentive Plan 2014 ("LTIP 2014")

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

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

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

Vesting of awards is dependent on the Group achieving the targets for compound earnings per share growth in the plan period as set out in the table below:

Five-year EPS CAGR ¹	% of award vesting
Below 10%	Nil
10%	15%
15%	30%
25%	100%

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

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

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

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

In addition, the Chief Executive Officer is entitled to an enhanced award if the Company's share price grows by more than 200% over the five-year period and if the other vesting conditions are also met in full. This additional award equates to 255% of his annual salary in the year ended 31 July 2015. The combined maximum potential award for the Chief Executive Officer is thus 1105% of his annual salary. This award was granted in full (as a single tranche) during the year.

2,330,975 share options were granted under the LTIP 2014 in the year ended 31 July 2018. These included conditional awards to the Executive Directors of the Company, as set out in the below Annual Report on Remuneration.

Deferred Share Bonus Plan 2014 ("DSBP 2014")

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

152,012 share options were granted under the DSBP 2014 in the year ended 31 July 2018, none of which were granted to Executive Directors of the Company.

Remuneration Report

for the year ended 31 July 2018 continued

Long Term Incentive Plan 2009 ("LTIP 2009")

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

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

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

No share options were granted under the LTIP 2009 in the year ended 31 July 2018.

Long Term Incentive Plan 2019 ("LTIP 2019")

The Board is currently developing its next five-year strategic plan (for the period from 1 August 2018 to 31 July 2023) and the next long-term share incentive plan to run alongside it (tentatively called the "LTIP 2019"). The details of the new five-year plan, and the proposed new share incentive plan, will be shared with the Company's major shareholders in the spring of 2019. Should the new incentive plan be implemented, it is intended for the plan disclosures to include detail on Executive Director personal objectives and Company targets for the achievement of awards under the plan.

Annual Report on Remuneration

A resolution will be put to the shareholders at the Annual General Meeting to be held on 12 December 2018, inviting them to consider and approve this report. The Remuneration Report is unaudited, except where stated. This is not a remuneration report as defined by Company Law.

The total aggregate remuneration (including benefits-in-kind and pension contributions) paid to the Directors by all members of the Group for the year ended 31 July 2018 amounted to £1,860,700 (2017: £1,727,000).

Directors' remuneration (audited)

Directors' remuneration in aggregate for the year ended 31 July 2018 was as follows:

Name	Salary £	Annual bonus £	Pension contribution £	Benefits-in- kind £	Total 31 July 2018 £	Total 31 July 2017 £
Executive Directors						
Stephan Shakespeare	256,903	258,589	10,616	40,226 ⁱ	566,334	504,795
Alex McIntosh [*]	120,349	121,732	1,996	793 ⁱⁱ	244,870	-
Sundip Chahal [*]	137,513	144,838	10,821	29,125 ⁱⁱⁱ	322,297	-
Alan Newman ^{**}	328,746	-	-	-	328,746	415,642
Doug Rivers ^{**}	97,876	97,876	10,628	-	206,380	606,898
Non-Executive Directors						
Roger Parry	100,000	-	-	-	100,000	100,000
Nick Jones	42,000	-	-	-	42,000	35,000
Ben Elliot	35,000	-	-	-	35,000	30,000
Rosemary Leith	42,000	-	-	-	42,000	35,000
Andrea Newman [*]	19,577	-	-	-	19,577	-
Ashley Martin ^{***}	-	-	-	-	-	-
Totals	1,179,964	623,035	34,061	70,144	1,907,204	1,727,335

^{*} Appointed to the Board on 6 December 2017.

^{**} Retired from the Board on 6 December 2017.

^{***} Appointed to the Board after the end of the reporting period, on 1 September 2018.

ⁱ The benefit-in-kind received consists of private health care, family travel allowance and living accommodation allowance.

ⁱⁱ The benefit-in-kind received consists of private health care.

ⁱⁱⁱ The benefit-in-kind received consists of private health care, family travel allowance and dependants' school fees allowance.

In the year ended 31 July 2017, the remuneration paid to Stephan Shakespeare, Alan Newman and Doug Rivers included bonus payments of £252,718, £209,771 and £297,916 respectively.

Directors' share options (audited)

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

Plan	Date of grant	Earliest exercise date	Expiry date	Number at 31 July 2017	Awarded in year	Exercised in year	Number at 31 July 2018
Stephan Shakespeare							
LTIP 2009	7 April 2014	17 October 2016	6 April 2024	262,185	-	-	262,185
LTIP 2014	9 December 2015 [*]	14 October 2019	8 December 2025	544,976	-	-	544,976
LTIP 2014	9 December 2015	14 October 2019	8 December 2025	575,253	-	-	575,253
LTIP 2014	17 November 2016	14 October 2019	16 November 2026	605,529	-	-	605,529
LTIP 2014	12 December 2017	14 October 2019	11 December 2027	-	605,530	-	605,530
				1,987,943	605,530	-	2,593,473
Alex McIntosh							
LTIP 2009	29 July 2010	15 October 2012	28 July 2020	14,527	-	-	14,527
LTIP 2009	21 July 2011	14 October 2013	20 July 2021	17,500	-	-	17,500
LTIP 2009	30 July 2012	13 October 2014	29 July 2022	15,326	-	-	15,326
LTIP 2009	7 April 2014	17 October 2016	6 April 2024	11,517	-	-	11,517
LTIP 2014	9 December 2015	14 October 2019	8 December 2025	86,486	-	-	86,486
LTIP 2014	17 November 2016	14 October 2019	16 November 2026	86,486	-	-	86,486
LTIP 2014	12 December 2017	14 October 2019	11 December 2027	-	86,487	-	86,487
LTIP 2014	3 April 2018	14 October 2019	11 December 2027	-	191,291	-	191,291
				231,842	277,778	-	509,620
Sundip Chahal							
LTIP 2014	9 December 2015	14 October 2019	8 December 2025	120,412	-	-	120,412
LTIP 2014	17 November 2016	14 October 2019	16 November 2026	120,412	-	-	120,412
LTIP 2014	12 December 2017	14 October 2019	11 December 2027	-	120,411	-	120,411
LTIP 2014	3 April 2018	14 October 2019	11 December 2027	-	204,748	-	204,748
				240,824	325,159	-	565,983
Alan Newman**							
LTIP 2014	9 December 2015	14 October 2019	8 December 2025	295,664	-	-	295,664
LTIP 2014	17 November 2016	14 October 2019	16 November 2026	295,664	-	-	295,664
LTIP 2014	12 December 2017	14 October 2019	11 December 2027	-	295,663	-	295,663
				591,328	295,663	-	886,991
Doug Rivers**							
LTIP 2014	9 December 2015	14 October 2019	8 December 2025	332,491	-	-	332,491
LTIP 2014	17 November 2016	14 October 2019	16 November 2026	332,491	-	-	332,491
LTIP 2014	12 December 2017	14 October 2019	11 December 2027	-	332,492	-	332,492
				664,982	332,492	-	997,474

* LTIP 2014 CEO's enhanced award, as described on page 51.

** Retired from the Board on 6 December 2017.

Remuneration Report

for the year ended 31 July 2018 continued

Statement of Directors' Shareholding and Share Interests

	Stephan Shakespeare	Alex McIntosh	Sundip Chahal	Alan Newman	Doug Rivers
Share options with performance conditions	2,593,473	509,620	565,983	886,991	997,474
Share awards without performance conditions	-	-	-	-	-
Scheme interests in shares	2,593,473	509,620	565,983	886,991	997,474
Vested but unexercised share options	262,185	58,870	-	-	-
Shares beneficially owned	7,417,556	8,918	293,164	528,832	988,135
Total interest in shares	10,273,214	518,538	859,147	1,415,823	1,985,609

* As at 6 December 2017, the date of retirement from the Board.

Directors' service contracts

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

Executive Directors	Title	Contract date	Notice period
Stephan Shakespeare	Chief Executive Officer	18 April 2005	12 months
Alex McIntosh	Chief Financial Officer	21 March 2018	6 months
Sundip Chahal	Chief Operating Officer	21 March 2018	6 months
Alan Newman*	Chief Financial Officer	5 June 2009	6 months
Doug Rivers*	Chief Scientist	7 August 2007	90 days

Non-Executive Directors	Title	Date of initial appointment	Notice period
Roger Parry	Non-Executive Chair	6 February 2007	30 days
Nick Jones	Non-Executive Director	2 June 2009	30 days
Ben Elliot	Non-Executive Director	2 August 2010	30 days
Rosemary Leith	Non-Executive Director	1 February 2015	30 days
Andrea Newman	Non-Executive Director	6 December 2017	30 days
Ashley Martin	Non-Executive Director	1 September 2018	30 days

* Retired from the Board on 6 December 2017.

Save as set out above, there are no existing or proposed service contracts between any of the Directors serving at 31 July 2018 and the Company or any member of the Company.

Directors' conflicts of interest

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

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

Directors' Report

for the year ended 31 July 2018

The Directors present their report and the audited consolidated financial statements for the year ended 31 July 2018.

Operating results

The financial and operational performance of the Group is discussed on page 1.

Financial summary

The financial summary is discussed on pages 29 to 34 of the Chief Financial Officer's report.

Key performance indicators

Performance measured against key performance indicators is discussed on page 29.

Principal risks and uncertainties

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

Financial risks

The financial risks facing the Group are discussed in more detail in Note 20 on pages 101 to 103.

Dividends

A final dividend of 2.0p per share in respect of the year ended 31 July 2017 was paid on 11 December 2017, amounting to a total payment of £2,106,340. A dividend of 3.0p per share in respect of the year ended 31 July 2018, amounting to a total payment of £3,164,754 will be proposed at the Annual General Meeting on 12 December 2018.

Prospects

The Board's assessment of the Company's position and prospects are set out in the Chair's statement on pages 4 to 5, the Chief Executive Officer's review on pages 26 to 28 and the Chief Financial Officer's report on pages 29 to 34.

Future developments

Future developments are discussed in more detail in the Chief Executive Officer's review on pages 26 to 28.

Events after the reporting date

On 21 August 2018, YouGov plc acquired InConversation Media Limited. Details of this transaction are disclosed within Note 27 on page 107.

On 6 September 2018, YouGov plc completed a transaction with Crunch.io, Inc. Details of this transaction are disclosed within Note 27 on page 107.

Directors

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

Name	Title	Role	
Stephan Shakespeare	Chief Executive Officer	Executive	
Alex McIntosh	Chief Financial Officer	Executive	Appointed 6 December 2017
Sundip Chahal	Chief Operating Officer	Executive	Appointed 6 December 2017
Alan Newman	Chief Financial Officer	Executive	Retired 6 December 2017
Doug Rivers	Chief Scientist	Executive	Retired 6 December 2017
Roger Parry	Non-Executive Chair	Non-Executive	
Nick Jones	Non-Executive Director	Non-Executive	
Ben Elliot	Non-Executive Director	Non-Executive	
Rosemary Leith	Non-Executive Director	Non-Executive	
Andrea Newman	Non-Executive Director	Non-Executive	Appointed 6 December 2017
Ashley Martin	Non-Executive Director	Non-Executive	Appointed 1 September 2018

Directors' Report

for the year ended 31 July 2018 continued

Treasury shares

The total number of shares in treasury at 31 July 2018 was nil (2017: nil).

Directors' interests in shares

The interests of the Directors in the shares of the Company as at 31 July 2018 and 31 July 2017 were as follows:

	As at 31 July 2018 Number of shares	As at 31 July 2017 Number of shares
Stephan Shakespeare ¹	7,417,556	7,417,556
Alex McIntosh ²	8,918	28,799
Sundip Chahal ²	293,164	292,921
Alan Newman ³	-	528,832
Doug Rivers ³	-	988,135
Roger Parry	94,961	89,685
Nick Jones	21,844	20,570
Ben Elliot	21,844	20,570
Rosemary Leith	10,695	9,421
Andrea Newman ²	1,274	-
Ashley Martin ⁴	-	-

¹ Includes 559,404 ordinary shares held by Stephan Shakespeare's wife, Rosamund Shakespeare.² Appointed to the Board on 6 December 2017.³ Retired from the Board on 6 December 2017.⁴ Appointed to the Board after the end of the reporting period, on 1 September 2018.

There have been no changes to Directors' interests in shares since the financial year-end. The Directors' interests in share options are detailed in the Remuneration Report on pages 53 and 54.

Major shareholders

At 31 July 2018, the Company was aware of the following interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Shares	Percentage issued share capital
Liontrust Asset Management	18,565,339	17.60
BlackRock	11,650,110	11.04
Aberdeen Standard Investments	9,076,175	8.60
T Rowe Price Global Investments	8,088,465	7.67
Octopus Investments	7,511,493	7.12
Stephan & Rosamund Shakespeare ¹	7,417,556 ¹	7.03
Kabouter Management	7,114,653	6.74
Investec Wealth & Investment	6,553,033	6.21
Charles Stanley	4,569,325	4.33
Baillie Gifford	4,459,665	4.23

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

Research and development

The Group's research and development activities centre on the development of bespoke software solutions to support and advance our online capabilities. No research and development costs were charged to the Consolidated Income Statement in either 2018 or 2017. In 2018, £3.9m (2017: £3.4m) was capitalised and included within intangible fixed assets. Capitalised development is amortised to the income statement over a period of three years, the amortisation charge in respect of capitalised development was £3.5m (2017: £2.7m).

Charitable and political contributions

Donations to charitable organisations amounted to £97,000 (2017: £84,000). This included an annual subscription of £78,000 (2017: £78,000) in respect of the YouGov-Cambridge Programme, an academic partnership established with Cambridge University's Department of Politics and International Studies. The Company does not make political donations.

Employee involvement and communication

The Board firmly believes in the importance of keeping employees informed and engaged in the financial and economic factors affecting the Group's performance. Information about the Group's performance against our five-year plan is shared with employees through regular management briefings, newsletters and our global intranet. Employees are encouraged to own shares in the Company, and many employees are shareholders and/or hold options under the Group's share option schemes as part of their compensation packages.

For more information about how we involve, engage and communicate with employees, please see page 49.

Insurance

During the financial year, the Group has maintained Directors' and Officers' liability insurance. In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors and Company Secretary in respect of liabilities incurred because of their office, to the extent permitted by law. This insurance was in force at the date of signing of the Annual Report and financial statements.

Going concern

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

Independent auditors

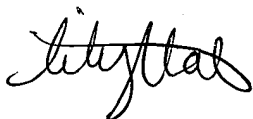
In accordance with Section 418(2) of the Companies Act 2006, each of the Company's Directors in office as at the date of this report confirms that:

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

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 12 December 2018 at our offices at 50 Featherstone Street, London EC1Y 8RT.



Tilly Heald
Company Secretary
On behalf of the Board

9 October 2018

Directors' Responsibilities Statement

Statement of Directors' Responsibilities in respect of the Financial Statements

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

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

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

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' confirmations

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



Alex McIntosh
Chief Financial Officer
On behalf of the Board

9 October 2018

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

Opinion

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

- give a true and fair view of the state of the Group's affairs as at 31 July 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2018 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 July 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Materiality	<ul style="list-style-type: none">• Overall Group materiality: £690,000 (2017: £500,000), based on 3.5% of adjusted operating profit (as presented on the face of the Consolidated Income Statement).
Audit scope	<ul style="list-style-type: none">• The focus of the Group team's work was on the UK and US operations. The Middle East operation was also in full scope and we received reporting on the complete financial information from our Middle East team. In addition, specified audit procedures were performed in Asia Pacific and by the Group team on the German, Nordic and French operations.
Key audit matters	<ul style="list-style-type: none">• Capitalisation of internally generated intangible assets.• Carrying value of goodwill and intangible assets.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of internally generated intangible assets Refer to Principal accounting policies and Note 11.</p> <p>We focussed on this area because of the significant level of judgement by the Directors involved in determining whether internal time and external costs incurred in respect of internally generated intangible assets satisfy the requirements of the financial reporting framework (International Accounting Standard 38 Intangible assets) to be capitalised, including that they are separable from the other assets of the business and will provide future economic benefits for the Group.</p>	<p>We have gained an understanding of the controls and review process over the capitalisation of intangibles and tested the control surrounding the approval of the IT development budget, which was reviewed by the Board as part of the annual business planning process. We considered the feasibility and revenue generation of each project with relevant personnel and obtained satisfactory explanations for the assumptions made. In order to determine the economic feasibility of these products, we have reviewed the revenue streams and tested management's forecasting associated with each of the intangible assets to ensure it supports the net book value. We have reviewed management's classification of costs between new projects, improvements and maintenance expenditure. We confirmed that time associated with maintenance has been appropriately expensed. We have assessed whether any existing assets are impaired as a result of new development in the year. We tested that for a sample of projects costs capitalised they satisfied the recognition criteria in IAS 38. We also tested a sample of internal costs to timesheets and supporting payroll records and verified the allocation of employee costs to the correct projects and external costs to invoices.</p> <p>Based on the audit procedures performed, we are satisfied that amounts capitalised appropriately reflect the requirements of IAS 38.</p>
<p>Carrying value of goodwill and intangible assets Goodwill is an intangible asset that arises on the acquisition of a business and reflects the portion of the consideration paid which cannot be allocated to separately identifiable acquired assets. Goodwill is not amortised but tested for impairment at least once a year or more frequently where there is an indication that it may be impaired. The Group has also recognised both acquired and internally generated intangible assets. Whilst these are amortised over their useful economic life, there is a risk that their value may need to be impaired, and so they are included in the impairment testing.</p> <p>Determining if an impairment charge is required for goodwill and intangible assets involves significant judgements about the future results and cash flows of the business, including forecast growth in future revenues and EBITDA margins, as well as determining an appropriate discount factor and long-term growth rate.</p> <p>Management used a Value in Use model to compute the present value of forecast future cash flows for each cash generating unit (CGU) which was then compared to the carrying value of the net assets of each CGU (including goodwill and intangible assets) to determine if there was an impairment.</p> <p>Management deem the level of cash-generating units (CGUs) to be each geographic region. This represents the level at which the cash flows of the businesses (and goodwill) are monitored and therefore this is the level at which management performs its impairment assessment.</p> <p>Management's impairment assessment has not highlighted that any CGUs are impaired.</p>	<p>We checked and confirmed that the allocation of CGUs to geographic location was consistent with internal management reporting.</p> <p>We reviewed the judgements applied to future forecasts to ensure that these included appropriate consideration of historical variances and uncertain market conditions. We evaluated and sensitised the Directors' future cash flow projections and evaluated the process by which they were drawn up, and tested the underlying value in use calculations.</p> <p>We evaluated the Board approved cash flow forecasts for each CGU, and understood the process by which these were calculated:</p> <ul style="list-style-type: none"> - the revenue and EBITDA growth rates used in the cash flow forecasts by comparing them to historical results, economic forecasts and anticipated growth in each relevant territory; - the discount rate applied, by assessing the cost of capital for the Group and comparable organisations; and - the long-term growth rate applied, by comparing management's rate to forecast long-term GDP growth in each territory and industry growth reports. <p>We found the key assumptions to be reasonable.</p> <p>We considered the Directors' potential bias through performance of our own sensitivity analysis on key assumptions, to understand the impact of reasonable changes in the key assumptions on the available headroom. This included sensitising the discount rate applied to the future cash flows, and the short and longer-term growth rates and profit margins. In performing these sensitivities we considered the historical budgeting accuracy and how the assumptions compared to the actual values achieved in prior years and post year-end.</p> <p>With regard to the above procedures, including the reflection of historical levels of variance from budget into the future forecasts, we determined that the inputs to the value in use model were appropriate. This provided sufficient evidence to support the Directors' assessments that no impairments were recognised. The Directors determined that no impairment and no sensitivity disclosures were necessary for all CGUs. We found that these judgements were supported by reasonable assumptions that would require significant downside changes before any impairments were necessary.</p>

How we tailored the audit scope

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

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

Materiality

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

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

Overall Group materiality	£690,000 (2017: £500,000).
How we determined it	3.5% of adjusted operating profit (as presented on the face of the Consolidated Income Statement).
Rationale for benchmark applied	We believe that adjusted operating profit provides us with a consistent period on period basis for determining materiality and eliminates the disproportionate effect of a discrete number of items on the benchmark, which was also used last year.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £250,000 and £621,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £34,500 (2017: £25,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the parent company financial statements of YouGov plc for the year ended 31 July 2018.



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

9 October 2018

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FINANCIAL STATEMENTS

Consolidated Income Statement

for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Revenue	1	116,559	107,048
Cost of sales		(21,495)	(21,339)
Gross profit		95,064	85,709
Operating expenses		(83,306)	(78,152)
Operating profit	1	11,758	7,557
Amortisation of intangibles	2	7,024	6,483
Other separately reported items	4	892	488
Adjusted operating profit	1	19,674	14,528
Finance income	5	151	480
Finance costs	5	(202)	(226)
Share of post-tax profit/(loss) of associates		66	103
Profit before taxation	1	11,773	7,914
Taxation	6	(3,615)	(3,273)
Profit after taxation	1	8,158	4,641
Attributable to:			
– Owners of the parent		8,158	4,671
– Non-controlling interests		–	(30)
		8,158	4,641
Earnings per share			
Basic earnings per share attributable to owners of the parent	8	7.7p	4.4p
Diluted earnings per share attributable to owners of the parent	8	7.3p	4.2p

All operations are continuing.

The notes and accounting policies on pages 71 to 107 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2018

	2018 £'000	2017 £'000
Profit for the year	8,158	4,641
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	142	1,159
Other comprehensive income for the year	142	1,159
Total comprehensive income for the year	8,300	5,800
Attributable to:		
- Owners of the parent	8,300	5,830
- Non-controlling interests	-	(30)
Total comprehensive income for the year	8,300	5,800

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

The notes and accounting policies on pages 71 to 107 form an integral part of these consolidated financial statements.

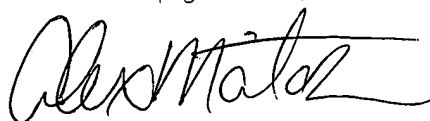
FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at 31 July 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Goodwill	10	52,060	43,746
Other intangible assets	11	13,297	11,211
Property, plant and equipment	12	3,037	3,278
Investments in associates	13	191	345
Deferred tax assets	19	9,434	6,054
Total non-current assets		78,019	64,637
Current assets			
Trade and other receivables	14	34,672	30,699
Current tax assets		1,442	738
Cash and cash equivalents (excluding bank overdrafts)	15	30,621	23,481
Total current assets		66,735	54,918
Total assets		144,754	119,555
Liabilities			
Current liabilities			
Trade and other payables	16	34,998	29,389
Borrowings	15	-	262
Current tax liabilities		1,247	777
Contingent consideration	17	1,409	-
Provisions	18	3,791	3,749
Total current liabilities		41,445	34,177
Net current assets		25,290	20,741
Non-current liabilities			
Contingent consideration	17	5,110	-
Provisions	18	4,000	3,222
Deferred tax liabilities	19	2,128	1,683
Total non-current liabilities		11,238	4,905
Total liabilities		52,683	39,082
Net assets		92,071	80,473
Equity			
Issued share capital	21	211	211
Share premium	21	31,300	31,261
Merger reserve		9,239	9,239
Foreign exchange reserve		15,031	14,889
Retained earnings		36,290	24,873
Total equity attributable to owners of the parent		92,071	80,473
Total equity		92,071	80,473

The notes and accounting policies on pages 71 to 107 form an integral part of these consolidated financial statements. The financial statements on pages 66 to 107 were authorised for issue by the Board of Directors on 9 October 2018 and signed on its behalf by:



Alex McIntosh
Chief Financial Officer

YouGov plc
Registered No. 03607311

Consolidated Statement of Changes in Equity

for the year ended 31 July 2018

	Attributable to equity holders of the Company								
	Note	Issued share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interest in equity £'000	Total equity £'000
Balance at 1 August 2016		209	31,086	9,239	13,730	19,795	74,059	30	74,089
Exchange differences on translation		-	-	-	1,159	-	1,159	-	1,159
Net gain recognised directly in equity		-	-	-	1,159	-	1,159	-	1,159
Profit/(Loss) for the year		-	-	-	-	4,671	4,671	(30)	4,641
Total comprehensive income/(expense) for the year		-	-	-	1,159	4,671	5,830	(30)	5,800
Issue of shares	21	2	175	-	-	(2)	175	-	175
Dividends paid	7	-	-	-	-	(1,470)	(1,470)	-	(1,470)
Share-based payments	22	-	-	-	-	1,488	1,488	-	1,488
Tax in relation to share-based payments	19	-	-	-	-	391	391	-	391
Total transactions with owners recognised directly in equity		2	175	-	-	407	584	-	584
Balance at 31 July 2017		211	31,261	9,239	14,889	24,873	80,473	-	80,473
Exchange differences on translation		-	-	-	142	-	142	-	142
Net gain recognised directly in equity		-	-	-	142	-	142	-	142
Profit for the year		-	-	-	-	8,158	8,158	-	8,158
Total comprehensive income for the year		-	-	-	142	8,158	8,300	-	8,300
Issue of shares		-	39	-	-	-	39	-	39
Dividends paid		-	-	-	-	(2,106)	(2,106)	-	(2,106)
Share-based payments		-	-	-	-	3,571	3,571	-	3,571
Tax in relation to share-based payments		-	-	-	-	1,794	1,794	-	1,794
Total transactions with owners recognised directly in equity		-	39	-	-	3,259	3,298	-	3,298
Balance at 31 July 2018		211	31,300	9,239	15,031	36,290	92,071	-	92,071

The notes and accounting policies on pages 71 to 107 form an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit before taxation		11,773	7,914
Adjustments for:			
Finance income		(151)	(480)
Finance costs		202	226
Share of post-tax profit of associates		(66)	(103)
Amortisation of intangibles	2	7,026	6,508
Depreciation	2	1,231	1,174
Loss on disposal of property, plant and equipment and other intangible assets		7	7
Profit on the disposal of subsidiary undertakings		-	(94)
Share-based payments		3,571	1,488
Other non-cash items ¹		(566)	-
Increase in trade and other receivables		(2,278)	(1,531)
Increase in trade and other payables		2,097	2,779
Increase in provisions		771	1,026
Cash generated from operations		23,617	18,914
Interest paid		(6)	(2)
Income taxes paid		(5,501)	(2,487)
Net cash generated from operating activities		18,110	16,425
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		(695)	-
Settlement of deferred consideration		(190)	-
Proceeds from the sale of subsidiary undertakings (net of cash disposed of)		-	150
Purchase of property, plant and equipment	12	(969)	(843)
Purchase of intangible assets	11	(7,217)	(6,968)
Proceeds from sale of plant, property and equipment		5	-
Dividends received from associates		220	-
Interest received		28	8
Net cash used in investing activities		(8,818)	(7,653)
Cash flows from financing activities			
Proceeds from the issue of share capital		39	175
Dividends paid to Shareholders		(2,106)	(1,470)
Net cash used in financing activities		(2,067)	(1,295)
Net increase in cash and cash equivalents		7,225	7,477
Cash and cash equivalents at beginning of year		23,219	15,553
Exchange gain on cash and cash equivalents		177	189
Cash and cash equivalents at end of year	15	30,621	23,219

¹ Includes (£1,682,000) in respect of the fair value gain on the acquisition of SMG Insight Limited which is offset by £785,000 of contingent consideration in respect of the Galaxy DP Ply Ltd acquisition treated as staff costs.

The notes and accounting policies on pages 71 to 107 form an integral part of these consolidated financial statements.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018

Nature of operations

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

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

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

Basis of preparation

The consolidated financial statements of YouGov plc are for the year ended 31 July 2018. They have been prepared under the historical cost convention modified for fair values under IFRS. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) Interpretations (as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

The following standards, interpretations and amendments, which do not have a material impact, are mandatory for the first time for the financial year beginning 1 August 2017 and are relevant to the preparation of the Group's financial statements:

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

New standards and interpretations not applied

The following amendments to standards and interpretations are mandatory for the first time for the financial years beginning on or after 1 August 2018 and will be relevant to the preparation of the Company's financial statements.

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

Amendments to IAS 12, 'Income taxes': These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. This is effective for accounting periods beginning after 1 January 2018.

Amendments to IFRS 2, 'Share based payments': This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. This is effective for accounting periods beginning after 1 January 2018.

IFRS 9 'Financial instruments': This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. This is effective for accounting periods beginning after 1 January 2018. The Group's evaluation of the effect of the adoption of this standard concluded that the Group's policy for bad debt provisioning will need to be brought in-line with the new standard. As a result it is expected that a small restatement of the bad debt provision as at 31 July 2018 will be required for the financial statements for the year ending 31 July 2019.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018 continued

IFRS 16, 'Leases': This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off-balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This is effective for accounting periods beginning after 1 January.

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

- IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018; and
- IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value, effective 1 January 2018.

These amendments are not yet endorsed by the EU.

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

Management will assess the impact on the Group of these standards prior to the effective date of implementation. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial year beginning 1 August 2018. Management will assess the impact on the Group of these standards prior to the effective date of implementation. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The Group financial statements consolidate the Company and all of its subsidiary undertakings (see Note 13) drawn up to 31 July 2018. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

Associates and joint ventures

Entities whose economic activities are controlled jointly by the Group and by other venturers independent of the Group are accounted for using the equity method. Associates are those entities over which the Group has significant influence (defined as the power to participate in the financial and operating decisions of the investee but not control or joint control over those policies) but which are neither subsidiaries nor interests in joint ventures. The results and assets and liabilities of associates and joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting, under which

investments in associates and investments in joint ventures are carried in the Consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate or joint venture less any impairment in the value of individual investments. The Group's share of its associates' post-acquisition profits or losses is recognised in the Consolidated Income Statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

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

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

Segmental analysis

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

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

Revenue

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

Market research

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

Syndicated services

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

Non-syndicated services

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

Media buying

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

Non-cash transactions

The Group enters into contracts for the provision of market research services in exchange for advertising rather than for cash or other consideration. When barter transactions are agreed, the value of the work provided to the counterparty is equal in value to that which would be provided in an ordinary cash transaction. As required by IAS 18 the value of advertising receivable in all significant barter transactions is measured at the fair value of the services provided.

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018 continued

Provisions

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

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

Staff gratuity costs

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

Panel incentive costs

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

Interest income/expense

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

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

Separately reported items

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

Taxation

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

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

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

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

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

Dividends

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

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually, or if indications of impairment exist, for impairment. Goodwill is carried at cost less accumulated impairment losses. If the Group's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities of the acquired entity exceeds the cost of the business combination the excess is recognised immediately in the Consolidated Income Statement.

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

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are valued at either their directly attributable costs or using valuation methods such as discounted cash flows and replacement cost in the case of acquired intangible assets. The Directors estimate the useful economic life of each asset and use these estimates in applying amortisation rates. The Directors periodically review useful economic life estimates. Intangible assets are stated at cost net of amortisation and any provision for impairment. The Directors conduct an impairment review of intangible assets for assets with an indefinite life annually, or if indications of impairment exist. Where impairment arises, losses are recognised in the Consolidated Income Statement. Amortisation of intangible assets is shown on the face of the consolidated income statement, except for the amortisation of patent incentive costs incurred in product development, which is recognised in cost of sales.

Intangible assets acquired as part of a business combination

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

Intangible asset	Amortisation period
Software and software development	3 – 5 years
Customer contracts and lists	10 – 11 years
Patents and trademarks	5 – 15 years

Intangible assets generated internally

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

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

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018 continued

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

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

Consumer panel

The consumer panel is the core asset from which the Group's online revenues are generated.

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

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

Software and software development

Capitalised software includes our survey and panel management software and other items including the YouGov BrandIndex platform, which are key tools of the Group's business. Software and software development also include purchased off-the-shelf software.

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

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

Customer contract and lists

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

Patents and trademarks

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

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

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

Product Development costs

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

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

Impairment testing of goodwill, other intangible assets and property, plant and equipment

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Leased assets and operating leases

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

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

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018 continued

Financial assets

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

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

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

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. As at 31 July 2018, there are no assets held in this category (31 July 2017: £nil).

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

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

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

Financial liabilities

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

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

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

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

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

- share capital represents the nominal value of equity shares;
- share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of incremental and directly attributable expenses of the share issue;
- foreign exchange reserve represents the differences arising from translation of investments in overseas subsidiaries;
- retained earnings represent retained profits; and
- merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued/allotted directly to acquire another entity meeting the specific requirements of Section 612 of the Companies Act 2006.

The conditions of the relief include:

- securing at least 90% of the nominal value of equity of another company; and
- the arrangement provides for allotment of equity shares in the issuing company.

Foreign currencies

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

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

The assets and liabilities in the financial statements of foreign subsidiaries and associates and related goodwill are translated at the rate of exchange ruling at the reporting date. Income and expenses are translated at average rate unless average rate is not a good approximation of the rate ruling on the date of the transaction. The exchange differences arising from the retranslation of the opening net investment in subsidiaries and joint ventures are taken directly to the "Foreign exchange reserve" in equity.

Employee benefits

Equity-settled share-based payments

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

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

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

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

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

Principal Accounting Policies of the Consolidated Financial Statements for the year ended 31 July 2018 continued

Termination benefits

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

Contingent consideration

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

Imputed interest

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

Going concern

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

Accounting estimates and judgements

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

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

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

Revenue recognition

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

Share-based payments

The Group is required to make estimates regarding the assumptions that are used to calculate the income statement charge for share-based payments. The value of share options is measured using either the Black Scholes option pricing model or the Monte Carlo Simulation. This is dependent on the conditions attached to each of the issued options. Where conditions are non-market based the Black Scholes option pricing model is used. Where market based conditions are attached to options, the fair value is determined using the Monte Carlo Simulation. Inputs to the calculations include (but are not limited to) expected volatility, expected life, risk-free rate, expected dividend yield and redemption rates, the inputs used are disclosed in Note 22. Variances in any of the inputs could lead to the charge being higher or lower than appropriate.

Income taxes

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

Deferred taxation

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

Goodwill

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

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

Contingent consideration

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

Other intangible assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. The Group tests at each reporting date whether intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units has been determined based on discounted future cash flows. These calculations require estimates to be made. Where there is no method of valuation for an intangible asset, management will make use of a valuation technique to determine the value of an intangible if there is no evidence of a market value. In doing so certain assumptions and estimates will be made. Intangible assets are fully disclosed in Note 11. Judgement is also required in the determination of the costs that satisfy the IAS 38 criteria for capitalisation as intangible assets.

Panel incentive provision

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

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018

1 Segmental analysis

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

	Custom Research £'000	Data Products £'000	Data Services £'000	Eliminations & Unallocated Costs £'000	Group £'000
2018					
Revenue	58,657	30,445	28,956	(1,499)	116,559
Cost of sales	(14,205)	(3,700)	(5,089)	1,499	(21,495)
Gross profit	44,452	26,745	23,867	–	95,064
Operating expenses	(30,331)	(15,086)	(15,865)	(14,108)	(75,390)
Adjusted operating profit	14,121	11,659	8,002	(14,108)	19,674
Amortisation of intangible assets					(7,024)
Other separately reported items					(892)
Operating profit					11,758
Finance income					151
Finance costs					(202)
Share of post-tax loss in joint ventures and associates					66
Profit before taxation					11,773
Taxation					(3,615)
Profit after taxation					8,158
Other segment information					
Depreciation	596	214	192	229	1,231
2017					
Revenue	60,220	24,070	23,296	(538)	107,048
Cost of sales	(14,389)	(3,284)	(4,204)	538	(21,339)
Gross profit	45,831	20,786	19,092	–	85,709
Operating expenses*	(36,928)	(13,756)	(13,359)	(7,138)	(71,181)
Adjusted operating profit	8,903	7,030	5,733	(7,138)	14,528
Amortisation of intangible assets					(6,483)
Other separately reported items					(488)
Operating profit					7,557
Finance income					480
Finance costs					(226)
Share of post-tax loss in joint ventures and associates					103
Profit before taxation					7,914
Taxation					(3,273)
Profit after taxation					4,641
Other segment information					
Depreciation	731	138	173	132	1,174

* Custom Research operating expenses in the prior year includes £1,709,000 of costs related to wider innovation initiatives that have been included within Unallocated Costs in the current year.

1 Segmental analysis continued

Supplementary analysis by geography

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

	2018		2017	
	Revenue £'000	Adjusted operating profit/ (loss) £'000	Revenue £'000	Adjusted operating profit/ (loss) £'000
UK	31,332	12,032	27,139	8,575
USA	48,159	16,556	40,710	9,276
Mainland Europe	21,571	2,272	21,227	2,314
Middle East	12,057	3,552	16,322	2,449
Asia Pacific	8,748	847	5,512	(908)
Intra-Group revenues/unallocated costs	(5,308)	(15,585)	(3,862)	(7,178)
Group	116,559	19,674	107,048	14,528

Revenue by geography based on the destination of the customer:

	UK £'000	USA £'000	Mainland Europe £'000	Middle East £'000	Asia Pacific £'000	Intra- Group revenues £'000	Group £'000
2018							
External sales	30,926	48,422	21,435	9,318	6,458	-	116,559
Inter-segment sales	2,363	3,388	1,879	391	619	(8,640)	-
Total revenue	33,289	51,810	23,314	9,709	7,077	(8,640)	116,559
2017							
External sales	26,766	42,595	20,126	13,523	4,038	-	107,048
Inter-segment sales	1,752	2,764	1,487	281	390	(6,674)	-
Total revenue	28,518	45,359	21,613	13,804	4,428	(6,674)	107,048

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 2018 continued

2 Operating expenditure

The profit before taxation is stated after charging:

	2018 £'000	2017 £'000
Auditors' remuneration:		
Fees payable for the audit of the parent company and the consolidated financial statements	243	257
Audit of subsidiaries	121	106
Audit related assurance services	19	3
Tax compliance services	69	16
Tax advisory services	118	10
Total auditors' remuneration	570	392
Disposals, depreciation and amortisation:		
Amortisation of intangible assets recognised in operating expenses	7,024	6,483
Amortisation of intangible assets recognised in cost of sales	2	25
Total amortisation of intangible assets	7,026	6,508
Loss on disposal of intangible assets and property, plant and equipment	6	7
Depreciation of property, plant and equipment (Note 12)	1,231	1,174
Operating lease rentals:		
Plant and machinery	14	55
Land and buildings	2,193	2,430
Other expenses:		
Exchange gains/(losses)	2	(268)
Share-based payment expenses (Note 22)	3,571	1,488
Charitable donations	97	84

3 Staff costs and numbers

	2018 £'000	2017 £'000
Wages and salaries	41,123	40,762
Social security costs	5,630	4,717
Share-based payments (Note 22)	3,571	1,488
Other pension costs	1,054	1,119
Other benefits	9,625	9,288
	61,003	57,374

Included in the above amount are staff costs totalling £3,940,000 (2017: £3,421,000) that were capitalised in relation to internally developed intangible assets. Further details are provided in Note 11. Pension costs are contributions made on behalf of employees to defined contribution pension schemes. Other benefits include staff bonuses paid in cash and private healthcare insurance.

3 Staff costs and numbers continued

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

	2018 Number	2017 Number
Key management personnel	28	29
Administration and operations	788	750
	816	779

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

	2018 £'000	2017 £'000
Short-term employee benefits	5,019	5,249
Post-employment benefits	109	144
Share-based payments	3,300	1,186
	8,428	6,579

Disclosure of Directors' remuneration including share options are included in the Remuneration Report on pages 50 to 54, which form part of the financial statements.

4 Other separately reported items

	2018 £'000	2017 £'000
Restructuring costs	1,381	582
Acquisition-related costs	1,193	-
Fair value gain	(1,682)	-
Profit on disposal of subsidiary of subsidiary undertaking	-	(94)
	892	488

Restructuring costs in the year included £1,036,000 in relation to the reduction of non-core custom operations in Mainland Europe and the Middle East and £181,000 in relation to the Reports product line being discontinued. £164,000 of costs also arose from the establishment of centralised global operations and finance support functions. In 2017, £265,000 of costs were incurred in relation to the Middle East restructuring process and £317,000 was incurred in relation to the global operations reorganisation.

Acquisition-related costs in the year comprise £864,000 the acquisition of Galaxy DP Pty Limited including £785,000 of contingent consideration treated as staff costs, £228,000 for the acquisition of SMG Insight Limited and £101,000 of preliminary work towards acquisitions completed after the reporting date. Further detail on the completed acquisitions is provided in Note 9 and the acquisitions completed after the reporting date in Note 27.

Following the acquisition of the remaining share capital of SMG Insight Ltd the Group's existing 20% shareholding underwent a fair value assessment in accordance with IFRS 3. A gain of £1,682,000 was recognised as a result of this review.

The gain on the disposal of subsidiary undertakings in the prior year of £94,000 arose on the disposal of Service Rating GmbH.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

5 Finance income and costs

	2018 £'000	2017 £'000
Interest receivable from bank deposits	28	8
Foreign exchange gains on cash and intra-Group loans	123	472
Total finance income	151	480
Interest payable on bank loans and overdrafts	2	2
Other interest payable	4	-
Foreign exchange losses on cash and intra-Group loans	121	204
	127	206
Imputed interest on contingent consideration and provisions	75	20
Total finance costs	202	226

6 Taxation

The taxation charge represents:

	2018 £'000	2017 £'000
Current tax on profits for the year	5,042	2,987
Adjustments in respect of prior years	69	305
Total current tax charge	5,111	3,292
Deferred tax:		
Origination and reversal of temporary differences	(1,746)	428
Adjustments in respect of prior years	(189)	(409)
Impact of changes in tax rates	439	(38)
Total deferred tax credit	(1,496)	(19)
Total income statement tax charge	3,615	3,273

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	11,773	7,914
Tax charge calculated at Group's standard rate of 19% (2017: 19.67%)	2,237	1,557
Variance in overseas tax rates	943	1,305
Impact of changes in tax rates	439	(38)
Gains not subject to tax	(347)	(25)
Expenses not deductible for tax purposes	182	45
Tax losses for which no deferred income tax asset was recognised	294	553
Adjustments in respect of prior years	(120)	(104)
Associates results reported net of tax	(13)	(20)
Total income statement tax charge for the year	3,615	3,273

6 Taxation continued

On 8 July 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

On 15 September 2016, further changes to the UK corporation tax rates were made reducing the main rate to 17% from 1 April 2020.

On 22 December 2017, the US federal corporate income tax rate reduced from 35% to 21%. These changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Deferred taxes at the balance sheet date have been measured using the enacted tax rates reflected in these financial statements.

7 Dividend

On 5 December 2017, a final dividend in respect of the year ended 31 July 2017 of £2,106,000 (2.0p per share) (2016: £1,470,000 (1.4p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2018 of 3.0p per share, amounting to a total dividend of £3,165,000 is to be proposed at the Annual General Meeting on 12 December 2018. These financial statements do not reflect this proposed dividend payable.

8 Earnings per share

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

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

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

	2018 £'000	2017 £'000
Profit after taxation attributable to equity holders of the parent company	8,158	4,671
Add: amortisation of intangible assets included in operating expenses	7,024	6,483
Add: share-based payments	3,571	1,488
Add: imputed interest (Note 5)	75	20
Add: other separately reported items	892	488
Tax effect of the above adjustments and adjusting tax items*	(2,172)	(1,639)
Adjusted profit after taxation attributable to equity holders of the parent company	17,548	11,511

* Adjusting tax items in the year includes a one off charge of £374,000 as a result of the reduction in US Federal Tax rates. 2017 included a charge of £341,000 relating to the derecognition of tax losses in Asia Pacific.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

8 Earnings per share continued

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

	2018	2017
Number of shares		
Weighted average number of shares during the year: ('000 shares)		
- Basic	105,410	105,453
- Dilutive effect of share options	7,084	4,670
- Diluted	112,494	110,123
The adjustments have the following effect:		
Basic earnings per share	7.7p	4.4p
Amortisation of intangible assets	6.7p	6.2p
Share-based payments	3.4p	1.4p
Imputed interest	0.1p	0.0p
Other separately reported items	0.8p	0.5p
Tax effect of the above adjustments and adjusting tax items	(2.1p)	(1.6p)
Adjusted earnings per share	16.6p	10.9p
Diluted earnings per share	7.3p	4.2p
Amortisation of intangible assets	6.2p	5.9p
Share-based payments	3.2p	1.4p
Imputed interest	0.1p	0.0p
Other separately reported items	0.8p	0.5p
Tax effect of the above adjustments and adjusting tax items	(2.0p)	(1.5p)
Adjusted diluted earnings per share	15.6p	10.5p

9 Business combinations and disposals

Acquisition of Galaxy DP Pty Limited

On 11 December 2017, to strengthen its position in the Australian market, YouGov purchased a 100% shareholding in Galaxy DP Pty Limited ("Galaxy"), an Australian-based research company. An initial payment of AU\$1,250,000 (£700,000) was paid upon completion, with a further AU\$332,000 (£190,000) paid in April 2018. The balance of the consideration is payable, contingent on performance, in two instalments in December 2018 and December 2019.

The contingent consideration is estimated to total AU\$3.0m (£1.7m) this part of the consideration is contingent upon continuing employment and therefore will be treated as staff compensation under IFRS.

In addition transaction and integration costs of £79,000 were incurred as a result of the acquisition, these have also been treated as excluded items and recognised in the income statement as separately reported items.

9 Business combinations and disposals continued

The amount recognised for each class of assets and liabilities acquired is as follow:

	Acquiree's carrying amount before combination £'000	Fair value adjustments £'000	Fair value acquired £'000
Intangible assets	-	424	424
Property, plant and equipment	28	-	28
Cash	873	-	873
Current assets	807	-	807
Current liabilities	(979)	-	(979)
Tax payable	(21)	-	(21)
Dividend payable	(604)	-	(604)
Deferred tax	3	(116)	(113)
Net Assets acquired	<u>107</u>	<u>308</u>	415
Goodwill on acquisition			469
Total consideration for acquisition			884
Consideration contingent on continued employment			1,653
Total consideration and related employee benefits			2,537

Fair value adjustments included the recognition of the fair value of customer relationships and a related deferred tax liability.

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

Ownership and control passed to YouGov on 11 December 2017 and Galaxy has been consolidated within the Group financial statements from that date. Since the acquisition Galaxy has contributed £1,501,000 to Group revenue and £376,000 to Group adjusted operating profit. If the acquisition had occurred on 1 August 2017 Galaxy would have contributed £2,246,000 to Group revenue and would have increased Group operating profit by £466,000.

Acquisition of SMG Insight Limited

On 22 May 2018, to provide YouGov with the opportunity to develop new syndicated data products for the sports industry, YouGov purchased the remaining 80% shareholding in SMG insight Limited ("SMG"), a UK-based research company in which it had previously held a 20% stake. An initial payment of £1,000,000 was paid upon completion with a further payment of up to £1,000,000 payable in May 2019 contingent on collection of trade receivables. The balance of the consideration is payable, contingent on EBITDA performance, in three annual instalments with a final payment in 2021.

The total contingent consideration is forecast to be £5,727,000 and as this is not contingent upon future employment it is all treated as consideration for acquisition.

In addition transaction and integration costs of £228,000 were incurred as a result of the acquisition, these have also been treated as excluded items and recognised in the income statement as separately reported items.

Provisional fair value adjustments have been made to align SMG's accounting policies with those of YouGov and to account for the fair value of customer relationships and attributable deferred taxation of the business which are recognised upon acquisition. Management are currently finalising their fair value and contingent consideration calculations and this will be completed in the year ending 31 July 2019.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

9 Business combinations and disposals continued

The amount recognised for each class of assets and liabilities acquired is as follows:

	Acquiree's carrying amount before combination £'000	Fair value adjustments £'000	Fair value acquired £'000
Intangible assets	-	1,483	1,483
Property, plant and equipment	18	3	21
Cash	132	-	132
Current assets	1,757	(34)	1,723
Current liabilities	(1,276)	(184)	(1,460)
Tax payable	(161)	-	(161)
Dividend payable	(1,101)	-	(1,101)
Deferred tax	9	(263)	(254)
Net Assets acquired	(622)	1,005	383
Goodwill on acquisition			8,026
Total consideration for acquisition			8,409
Total consideration analysed as:			
Carrying value of investment			-
Re-measurement of investment to fair value			1,682
Cash			1,000
Contingent consideration			5,727
Total consideration			8,409

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

Ownership and control passed to YouGov on 22 May 2018 and SMG has been consolidated within the Group financial statements from that date. Since the acquisition SMG has contributed £789,000 to Group revenue and reduced Group adjusted operating profit by £6,000. If the acquisition had occurred on 1 August 2017 SMG would have contributed £6,647,000 to Group revenue and would have increased Group operating profit by £1,169,000.

Disposal of Service Rating GmbH

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

10 Goodwill

	Middle East £'000	USA £'000	Nordic £'000	Germany £'000	CoEditor £'000	Asia Pacific £'000	Galaxy £'000	SMG £'000	Total £'000
Carrying amount at 1 August 2016	1,667	19,941	8,429	10,980	569	815	-	-	42,401
Exchange differences	15	186	502	610	-	2	-	-	1,345
Carrying amount at 31 July 2017	1,682	20,127	8,931	11,620	569	817	-	-	43,746
Additions through business combinations	-	-	-	-	-	-	469	8,026	8,495
Exchange differences	(7)	(71)	(52)	(49)	-	(7)	5	-	(181)
Carrying amount at 31 July 2018	1,675	20,056	8,879	11,571	569	810	474	8,026	52,060
At 31 July 2018									
Cost	1,675	20,056	8,879	12,294	569	810	474	8,026	52,783
Accumulated impairment	-	-	-	(723)	-	-	-	-	(723)
Net book amount	1,675	20,056	8,879	11,571	569	810	474	8,026	52,060

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 2018 impairment review was undertaken as at 31 July 2018. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of five years for each CGU based on approved budget numbers.

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

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

Annual EBITDA growth rates of 2.25% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are Middle East 10% (2017: 10%), USA 17% (2017: 17%), Nordic 13% (2017: 13%), Germany 15% (2017: 15%) and Asia Pacific 12% (2017: 12%).

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

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

11 Other intangible assets

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Product development costs £'000	Total £'000
At 1 August 2016						
Cost	16,081	19,901	5,418	3,439	962	45,801
Accumulated amortisation	(13,167)	(14,265)	(3,751)	(3,048)	(831)	(35,062)
Net book amount	2,914	5,636	1,667	391	131	10,739
Year ended 31 July 2017						
Opening net book amount	2,914	5,636	1,667	391	131	10,739
Additions:						
Separately acquired	3,471	50	-	26	-	3,547
Internally developed	-	3,385	-	-	36	3,421
Amortisation charge:						
Separately acquired	(2,219)	(534)	-	(8)	(60)	(2,821)
Internally developed	-	(2,726)	-	-	-	(2,726)
Business combinations	-	(226)	(562)	(173)	-	(961)
Disposals	-	-	-	-	(71)	(71)
Exchange differences	34	15	31	4	2	86
Closing net book amount	4,200	5,600	1,136	240	38	11,214
At 31 July 2017 and 1 August 2017						
Cost	19,768	23,374	5,548	3,581	900	53,171
Accumulated amortisation	(15,568)	(17,774)	(4,412)	(3,341)	(862)	(41,957)
Net book amount	4,200	5,600	1,136	240	38	11,214
Year ended 31 July 2018						
Opening net book amount	4,200	5,600	1,136	240	38	11,214
Additions:						
Separately acquired	2,834	404	-	39	-	3,277
Internally developed	-	3,928	-	-	12	3,940
Business combinations (Note 9)	-	97	1,810	-	-	1,907
Amortisation charge:						
Separately acquired	(2,555)	(257)	-	(7)	(2)	(2,821)
Internally developed	-	(3,519)	-	-	-	(3,519)
Business combinations	-	(220)	(466)	-	-	(686)
Exchange differences	(5)	(1)	(9)	-	-	(15)
Closing net book amount	4,474	6,032	2,471	272	48	13,297
At 31 July 2018						
Cost	22,566	27,355	7,339	3,603	911	61,774
Accumulated amortisation	(18,092)	(21,323)	(4,868)	(3,331)	(863)	(48,477)
Net book amount	4,474	6,032	2,471	272	48	13,297

12 Property, plant and equipment

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 August 2016						
Cost	1,667	1,248	3,082	1,692	121	7,810
Accumulated depreciation	(471)	(502)	(2,152)	(1,039)	(78)	(4,242)
Net book amount	1,196	746	930	653	43	3,568
Year ended 31 July 2017						
Opening net book amount	1,196	746	930	653	43	3,568
Additions:						
Separately acquired	-	61	659	86	37	843
Disposals	-	(1)	-	(6)	-	(7)
Depreciation	(87)	(205)	(609)	(243)	(30)	(1,174)
Exchange differences	14	8	16	10	-	48
Closing net book amount	1,123	609	996	500	50	3,278
At 31 July 2017 and 1 August 2017						
Cost	1,682	1,312	3,787	1,788	158	8,727
Accumulated depreciation	(559)	(703)	(2,791)	(1,288)	(108)	(5,449)
Net book amount	1,123	609	996	500	50	3,278
Year ended 31 July 2018						
Opening net book amount	1,123	609	996	500	50	3,278
Additions:						
Separately acquired	-	16	791	144	18	969
Business combinations	-	4	1	44	-	49
Disposals	-	(2)	(6)	(4)	-	(12)
Depreciation	(82)	(231)	(679)	(216)	(23)	(1,231)
Exchange differences	(6)	(4)	(2)	(4)	-	(16)
Closing net book amount	1,035	392	1,101	464	45	3,037
At 31 July 2018						
Cost	1,675	1,336	4,322	1,909	167	9,409
Accumulated depreciation	(640)	(944)	(3,221)	(1,445)	(122)	(6,372)
Net book amount	1,035	392	1,101	464	45	3,037

All property, plant and equipment disclosed above in both the year ended 31 July 2018 and 31 July 2017, with the exception of those items held under lease purchase agreements, are free from restrictions on title.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

12 Property, plant and equipment continued

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

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
At 31 July 2017 and 1 August 2017			
Cost	61	36	97
Accumulated depreciation	(61)	(36)	(97)
Net book amount	-	-	-
At 31 July 2018			
Cost	61	36	97
Accumulated depreciation	(61)	(36)	(97)
Net book amount	-	-	-

13 Investments

(a) Interests in subsidiaries

The table below gives details of the Group's subsidiaries at 31 July 2018. Registered addresses for all subsidiaries can be found in Note 24 to the Parent Company Financial Statements. All subsidiaries have coterminous year ends, except where indicated below, and are included in the Consolidated Financial Statements.

	Country of incorporation	Class of share capital held	Proportion held		Nature of the business
			By parent company	By the Group	
YouGov Services Limited	UK	Ordinary	100%	100%	Software development
YouGov Stone Limited	UK	Ordinary	100%	100%	Dormant
YGV Finance Limited	UK	Ordinary	100%	100%	Dormant
CoEditor LTD	UK	Ordinary	32%	100%	Dormant
Doughty Media 2 LTD	UK	Ordinary	100%	100%	Holding company
SMG Insight Limited	UK	Ordinary	100%	100%	Market research
Margaux Matrix Limited	UK	Ordinary	0%	100%	Market research
MMH 2014 Ltd	UK	Ordinary	0%	100%	Holding Company
Crunch Cloud Analytics Limited	UK	Ordinary	100%	100%	Market research
YouGov America Inc	USA	Ordinary	0%	100%	Market research
YouGov America Holdings LLC *	USA	Ordinary	100%	100%	Holding company
Crunch Cloud Analytics, LLC	USA	Ordinary	0%	100%	Market research
YouGov Deutschland GmbH	Germany	Ordinary	100%	100%	Market research
YouGov Data & Analytics GmbH	Germany	Ordinary	100%	100%	Market research
YouGov Nordic and Baltic A/S	Denmark	Ordinary	100%	100%	Market research
YouGov Sweden AB	Sweden	Ordinary	0%	100%	Market research
YouGov Norway AS	Norway	Ordinary	0%	100%	Market research
YouGov Finland OY	Finland	Ordinary	0%	100%	Market research
YouGov M.E. FZ LLC	U.A.E.	Ordinary	100%	100%	Market research
YouGov M.E. Egypt LLC	Egypt	Ordinary	5%	100%	Market research
Iridescent Productions Company Limited	Iraq	Ordinary	0%	100%	Media production
YouGov France SASU	France	Ordinary	100%	100%	Market research
YouGov Spain S.L.U	Spain	Ordinary	100%	100%	Market research
YouGov Italia Srl	Italy	Ordinary	100%	100%	Market research
Consilium Limited	Hong Kong	Ordinary	100%	100%	Market research
Consilium Asia Limited	China	Ordinary	0%	100%	Market research
YouGov Singapore Pte Limited	Singapore	Ordinary	0%	100%	Market research
PT YouGov Consulting Indonesia	Indonesia	Ordinary	5%	100%	Market research
YouGov Malaysia SDN BHD	Malaysia	Ordinary	0%	100%	Market research
YouGov (Thailand) CO. LTD	Thailand	Ordinary	0%	100%	Market research
YouGov Research Pty Ltd.	Australia	Ordinary	100%	100%	Market research
YouGov Galaxy Pty Limited	Australia	Ordinary	0%	100%	Market research
YG India Private Research Limited	India	Ordinary	100%	100%	Market research
YouGov Poland Sp. z o.o.*	Poland	Ordinary	0%	100%	Software development
YouGov s.r.l.*	Romania	Ordinary	100%	100%	Operations services

* Year end is 31 December.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

13 Investments continued

(b) Interest in associates

	2018 £'000	2017 £'000
Investments in associates comprise:		
Carrying amount at 1 August	345	242
Share of net profit of associates	66	103
Dividends received from associates	(220)	-
Interest in associates at 31 July	191	345

At 31 July 2018, the Group had interests in the following associates:

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

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

	SMG Insight Limited		Portent.io Limited	
	31 July 2018 £'000	31 July 2017 £'000	31 July 2018 £'000	31 July 2017 £'000
Revenue	1,256	857	129	43
(Loss)/Profit after tax	(45)	96	(22)	7
Non-current assets	-	3	-	-
Current assets	-	282	24	5
Current liabilities	-	(163)	(34)	(6)
Non-current liabilities	-	-	(19)	(6)
Net assets	-	122	(29)	(7)

14 Trade and other receivables

	31 July 2018 £'000	31 July 2017 £'000
Trade receivables	21,099	18,441
Other receivables	3,775	2,367
Prepayments	2,448	1,886
Accrued income	8,576	8,549
	35,898	31,243
Provision for trade receivables	(1,226)	(544)
	34,672	30,699

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

As at 31 July 2018, trade receivables of £11,229,000 (2017: £10,660,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectable. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2018 £'000	31 July 2017 £'000
Up to three months overdue	5,833	6,391
Three to six months overdue	3,833	3,011
Six months to one year overdue	823	479
More than one year overdue	740	779
	11,229	10,660

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

	2018 £'000	2017 £'000
Provision for receivables impairment at 1 August	544	474
Provision created in the year	768	206
Provision utilised in the year	(97)	(140)
Exchange differences	11	4
Provision for receivables impairment at 31 July	1,226	544

The creation and release of the provision for impaired receivables has been included in the Consolidated Income Statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The average length of time taken by customers to settle receivables is 56 days (2017: 58 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace, which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2017: greater than £250,000)) represent 40% of trade receivables (2017: 43%).

At 31 July 2018, £nil (2017: £261,000) of the trade and other receivables of YouGov Nordic and Baltic A/S were used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S. The Group does not hold any other collateral as security.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

15 Cash and cash equivalents

	31 July 2018 £'000	31 July 2017 £'000
Cash at bank and in hand	30,621	23,481
Cash and cash equivalents (excluding bank overdrafts)	30,621	23,481

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

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

	31 July 2018 £'000	31 July 2017 £'000
Cash and cash equivalents	30,621	23,481
Bank overdrafts	-	(262)
Cash and cash equivalents including bank overdrafts	30,621	23,219

16 Trade and other payables

	31 July 2018 £'000	31 July 2017 £'000
Trade payables	2,787	1,745
Accruals	13,808	12,887
Deferred income	12,521	10,697
Other payables	5,882	4,060
	34,998	29,389

Included within other payables are £80,000 (2017: £71,000) of contributions due in respect of defined contribution pension schemes.

17 Contingent consideration

	Galaxy DP Pty Ltd £'000	SMG Insight £'000	Total £'000
At 31 July 2016	-	-	-
Acquisition consideration provided during the year	-	-	-
Contingent staff cost provided during the year	-	-	-
Settled during the year	-	-	-
Discount unwinding	-	-	-
Foreign exchange differences	-	-	-
Balance at 31 July 2017 and 1 August 2017	-	-	-
Included within current liabilities	-	-	-
Included within non-current liabilities	-	-	-
Acquisition consideration provided during the year	184	5,727	5,911
Contingent staff cost provided during the year	785	-	785
Settled during the year	(190)	-	(190)
Discount unwinding	5	9	14
Foreign exchange differences	(1)	-	(1)
Balance at 31 July 2018	783	5,736	6,519
Included within current liabilities	510	899	1,409
Included within non-current liabilities	273	4,837	5,110

18 Provisions

	Panel incentives £'000	Staff gratuity £'000	Total £'000
At 31 July 2016	5,413	434	5,847
Provided during the year	7,919	143	8,062
Utilised during the year	(6,767)	(269)	(7,036)
Discount unwinding	20	-	20
Foreign exchange differences	70	8	78
Balance at 31 July 2017 and 1 August 2017	6,655	316	6,971
Included within current liabilities	3,749	-	3,749
Included within non-current liabilities	2,906	316	3,222
Provided during the year	8,306	282	8,588
Utilised during the year	(7,655)	(162)	(7,817)
Discount unwinding	61	-	61
Foreign exchange differences	(14)	2	(12)
Balance at 31 July 2018	7,353	438	7,791
Included within current liabilities	3,689	102	3,791
Included within non-current liabilities	3,664	336	4,000

The panel incentive provision represents the Directors' best estimate of the future liability in relation to the value of panel incentives that have accrued in the panellists' virtual accounts up to 31 July 2018. The provision of £7.4m represents 45% of the maximum potential liability of £16.4m (2017: £6.7m representing 44% of the maximum potential liability of £15.3m). The factors considered in estimating the appropriate percentage of the total potential liability to be provided against at each reporting date include: panel churn rates, panel activity rates, current redemption patterns and the time value of money.

The staff gratuity provision is a statutory obligation under UAE labour law, whereby each employee on termination of their contract is due a payment dependent upon their number of years' service and nature of the termination. The liability of £0.4m at 31 July 2018 (2017: £0.3m) represents the liability that the Group is obliged to pay as at the reporting date weighted against historical rates of resignation and redundancy.

19 Deferred tax assets and liabilities

Deferred tax asset	Intangible assets £'000	Property, plant and equipment £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2016	315	134	3,021	1,946	5,416
Recognised in the income statement	(113)	(1)	(214)	377	49
Recognised in equity	-	-	-	391	391
Foreign exchange differences	8	2	138	50	198
Balance at 31 July 2017 and 1 August 2017	210	135	2,945	2,764	6,054
Acquired on business combination	-	-	-	16	16
Recognised in the income statement	217	3	606	739	1,565
Recognised in equity	-	-	-	1,794	1,794
Foreign exchange differences	6	-	65	(66)	5
Balance at 31 July 2018	433	138	3,616	5,247	9,434

£946,000 (2017: £1,947,000) of the above deferred tax assets are expected to be recovered within one year.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

19 Deferred tax assets and liabilities continued

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

	31 July 2018 £'000	31 July 2017 £'000
UK	484	262
Nordic	091	791
Germany	2,121	1,892
Other	120	–
	3,616	2,945

Utilisation of tax losses is dependent upon future profits being generated and deferred tax assets have been recognised only to the extent where management budgets and forecasts show sufficient profits being generated to discharge these. Losses were incurred in the year in Asia Pacific and there is significant uncertainty around the recoverability of the deferred tax assets in this jurisdiction, therefore tax losses in this region of £829,000 (2017: £597,000) have not been recognised. Based on management forecasts and after carrying out sensitivity analysis, the deferred tax assets in Germany and the Nordics are considered recoverable.

	Intangible assets £'000	Other timing differences £'000	Total £'000
Deferred tax liabilities			
Balance at 1 August 2016	1,314	224	1,538
Recognised in the income statement	(109)	139	30
Foreign exchange differences	75	40	115
Balance at 31 July 2017 and 1 August 2017	1,280	403	1,683
Acquired on business combination	383	–	383
Recognised in the income statement	113	(44)	69
Foreign exchange differences	(3)	(4)	(7)
Balance at 31 July 2018	1,773	355	2,128

£190,000 (2017: £200,000) of the above deferred tax liabilities are expected to be recovered within one year.

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

	2018 £'000	2017 £'000
Balance at 1 August	4,371	3,878
Acquired on business combination	(367)	19
Recognised in the income statement	1,496	19
Recognised in equity	1,794	391
Foreign exchange differences recognised in other comprehensive income	12	83
Balance at 31 July	7,306	4,371

20 Risk management objectives and policies

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

Foreign currency risk

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

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

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

	2018 £'000				2017 £'000			
	US Dollar	Euro	UAE Dirham	Other currencies	US Dollar	Euro	UAE Dirham	Other currencies
Financial assets	24,844	6,430	2,274	8,338	17,136	7,374	1,815	7,308
Financial liabilities	(7,237)	(1,840)	(844)	(3,999)	(5,660)	(2,056)	(1,058)	(3,170)
Short-term exposure	17,607	4,590	1,430	4,339	11,476	5,318	757	4,138
Financial assets	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	(273)	-	-	-	-
Long-term exposure	-	-	-	(273)	-	-	-	-

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

	2018 £'000				2017 £'000			
	US Dollar	Euro	UAE Dirham	Other currencies	US Dollar	Euro	UAE Dirham	Other currencies
Net result for the year	(54)	5	(8)	29	(44)	(1)	(1)	30
Equity	(269)	(53)	(123)	56	(292)	(136)	(86)	(18)

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

Liquidity risk

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

20 Risk management objectives and policies continued

As at 31 July 2018, the Group's liabilities have undiscounted contractual maturities, which are summarised below:

	Current		Non-current	
	Within 6 months £'000	6 to 12 months £'000	1-5 years £'000	Later than 5 years £'000
At 31 July 2018				
Contingent consideration	510	899	5,110	-
Trade and other payables	8,536	130	-	-

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

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

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

Capital risk management

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

	31 July 2018 £'000	31 July 2017 £'000
Borrowings (Bank overdrafts)	-	(262)
Cash and cash equivalents	30,621	23,481
Equity attributable to Shareholders of the parent company	(92,071)	(80,473)
	(61,450)	(57,254)

The Group has no externally imposed capital requirements.

Interest rate risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance, net of bank overdrafts, over the course of the year was £26.7m (2017: £19.2m). Management does not believe that the Group is subject to material interest rate risk.

Fair values of financial assets and financial liabilities

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

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

	31 July 2018		31 July 2017	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Trade and other receivables	32,224	32,224	28,813	28,813
Cash and cash equivalents	30,621	30,621	23,481	23,481
Trade and other payables	(22,474)	(22,474)	(18,692)	(18,692)
Contingent consideration	(6,519)	(6,519)	-	-
Bank overdrafts	-	-	(262)	(262)

20 Risk management objectives and policies continued

Fair value estimation

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

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

Liabilities	31 July 2018 £'000				31 July 2017 £'000			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Contingent consideration	-	-	6,519	6,519	-	-	-	-

The following table presents the changes in Level 3 instruments.

	2018 £'000	2017 £'000
Contingent consideration		
Balance at 1 August	-	-
Provided consideration on business combination	5,911	-
Recognised in the income statement	799	-
Settled	(190)	-
Foreign exchange differences	(1)	-
Balance at 31 July	6,519	-

21 Share capital and share premium

The Company only has one class of share. Par value of each Ordinary Share is 0.2p (2017: 0.2p). All issued shares are fully paid.

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 August 2016	104,299,052	209	31,086	31,295
Issue of shares	999,657	2	175	177
At 31 July 2017 and 1 August 2017	105,298,709	211	31,261	31,472
Issue of shares	193,101	-	39	39
At 31 July 2018	105,491,810	211	31,300	31,511

During the year, 182,910 shares were issued on the exercise of share options and 10,191 in payment of Non-Executive Directors' fees.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

22 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2018 was £3,571,000 (2017: £1,488,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Approved and unapproved share option schemes

Approved share option scheme	2018 WAEP		2017 WAEP	
	Number	£	Number	£
Outstanding at the beginning of the year	-	-	60,721	1,645
Granted during the year	-	-	-	-
Exercised during the year	-	-	(60,721)	1,645
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Unapproved share option scheme	2018 WAEP		2017 WAEP	
	Number	£	Number	£
Outstanding at the beginning of the year	-	-	32,503	1,228
Granted during the year	-	-	-	-
Exercised during the year	-	-	(32,503)	1,228
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average share price at the dates of exercise was £nil (2017: £2.430).

Long Term Incentive Plan 2009

During the year ended 31 July 2018, the Long Term Incentive Plan 2009 ("LTIP 2009") for Executive Directors, Senior Executives and senior managers continued to operate but no new awards were made under the LTIP 2009 as it has been replaced by two new incentive plans summarised below. The rules governing the LTIP 2009 are summarised in the Remuneration Report on page 52.

The charge in relation to the LTIP 2009 in the year ended 31 July 2018 was £nil (2017: £86,000). This charge was valued using a Monte Carlo simulation.

	2018 Number	2017 Number
Outstanding at the beginning of the year	865,522	1,807,908
Exercised during the year	(51,394)	(888,931)
Forfeited during the year	-	(53,455)
Outstanding at the end of the year	814,128	865,522
Exercisable at the end of the year	814,128	865,522

The weighted average share price at the date LTIP 2009 options were exercised was £3.496. All of the above are nil cost options.

22 Share-based payments continued

Long Term Incentive Plan 2014

Awards under the LTIP 2014 are made in the form of nil-cost options as with the LTIP 2009. The maximum total number of shares to be awarded to each participant has been set based on their salary in the year ended 31 July 2015 and the share price at the start of the plan. These awards are to be granted in three equal tranches in October 2015, 2016 and 2017 with an additional award of 396,039 options in April 2018. Receipt of an award in each of those years will be dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year. Vesting of awards will depend on the Company achieving stretching targets relating to compound growth in adjusted earnings per share ("EPS") over the five years ending 31 July 2019 and on improvement in its operating margins. Part of the Chief Executive Officer's award is also subject to a Total Shareholder Return ("TSR") condition, this part of the award will only vest if the EPS performance condition is met in full and the Company's TSR has grown by 200%.

The maximum number of options that can be granted under this scheme is 6,924,000 and the charge in relation to the LTIP 2014 in the year ended 31 July 2018 was £3,222,000 (2017: £1,109,000).

	2018 Number	2017 Number
Outstanding at the beginning of the year	4,394,432	2,460,676
Granted during the year	2,330,974	1,933,756
Vested during the year	-	-
Forfeited during the year	-	-
Outstanding at the end of the year	6,725,406	4,394,432
Exercisable at the end of the year	-	-

All of the above are nil cost options.

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

	2018 Awards	2015 Awards
Share price	3.61	1.04
Exercise price	£0.00	£0.00
Expected volatility	27%	25%
Expected life	1.5 Years	5 Years
Dividend yield	0.8%	0.6%
Risk-free interest rate	0.45%	1.65%

The fair value of 2015 award options granted during the year was £1.01 per option and the fair value of 2018 award options granted during the year was £3.56.

Notes to the Consolidated Financial Statements

for the year ended 31 July 2018 continued

22 Share-based payments continued

Deferred Share Bonus Plan 2014

The DSBP 2014 delivers a portion of managers' (enhanced) annual bonus in shares which must be retained for a period of two years and are subject to continued employment. The charge in relation to the DSBP 2014 in the year ended 31 July 2018 was £349,000 (2017: £293,000).

	2018 Number	2017 Number
Outstanding at the beginning of the year	375,508	255,510
Granted during the year	152,012	182,640
Vested during the year	(131,516)	(5,328)
Forfeited during the year	(25,282)	(57,314)
Outstanding at the end of the year	370,722	375,508
Exercisable at the end of the year	75,575	-

All of the above options are nil cost options.

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

	2018 £'000
Share price	£3.16
Exercise price	£0.00
Expected volatility	27%
Expected life	2 Years
Dividend yield	0.80%
Risk-free interest rate	0.45%

The fair value of options granted during the year determined using the Black Scholes model was £3.11 per option.

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

23 Leasing commitments

The future aggregate minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2018 are as follows:

	31 July 2018		31 July 2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	1,371	-	2,065	3
Between one and five years	1,685	-	5,563	-
In five years or more	-	-	538	-
	3,056	-	8,166	3

The lease rental costs charged to the income statement for the year ended 31 July 2018 amounted to £2,207,000 (2017: £2,430,000).

24 Capital commitments

At 31 July 2018, the Group had capital commitments of £50,000 (2017: £93,000).

25 Major non-cash transactions

During the year, the Group entered into barter transactions with parties in the Middle East, Germany and Asia Pacific with a total value of £606,000 (2017: £957,000) to exchange the provision of market research for advertising on television, on websites and in magazines.

26 Transactions with Directors and other related parties

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

As at 31 July 2018, Rosamund Shakespeare, the wife of Stephan Shakespeare, held 559,404 Ordinary Shares in the Company.

Prior to the acquisition of SMG Insight Limited, YouGov provided £383,000 of research services and charged rent of £55,000 to SMG Insight Limited, an associate, and was charged £308,000 for research services by SMG Insight Limited.

As at 31 July 2018, a loan of £270,000 was receivable from Portent.io Limited and £6,000 was receivable in respect of research services.

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

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

27 Events after the reporting year

On 21 August 2018, YouGov plc acquired a 100% share in Inconversation Media Limited, an audience conversation platform that allows brands and organisations to build conversation channels with their audiences.

On 28 August 2018, a new lease was signed for the London office. The initial term of the lease is 5 years, and the minimum amount payable during this period is £4,193,000.

On 6 September 2018, YouGov plc reached an agreement with Crunch.io Inc., with which it held a joint development agreement, to acquire Crunch.io Inc.'s share of the intangible software assets developed under the agreement.

Independent Auditors' Report to the Members of YouGov plc

Report on the Parent Company Financial Statements

Opinion

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

- give a true and fair view of the state of the parent company's affairs as at 31 July 2018 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2018 (the "Annual Report"), which comprise: the parent company Statement of Financial Position as at 31 July 2018; the parent company Statement of Cash Flows, and the parent company Statement of Changes in Equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall materiality: £305,000 (2017: £270,000), based on 1% of revenue.
- The parent company was audited by the UK audit team based in London.
- We have no key audit matters to report.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the parent company to communicate in our report.

How we tailored the audit scope

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

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

Materiality

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

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

Overall materiality	£305,000 (2017: £270,000).
How we determined it	1% of revenue.
Rationale for benchmark applied	The parent company contains the UK trading activities of the Group as well as costs normally associated with the head office function of a listed company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £15,250 (2017: £13,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Independent Auditors' Report to the Members of YouGov plc

Report on the Parent Company Financial Statements continued

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the Group financial statements of YouGov plc for the year ended 31 July 2018.



Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

9 October 2018

Parent Company Statement of Financial Position

as at 31 July 2018

	Note	31 July 2018 £'000	31 July 2017 £'000
Assets			
Non-current assets			
Intangible assets	6	1,859	1,893
Property, plant and equipment	7	410	530
Investment in subsidiaries	8	49,893	46,497
Investments in associates	9	280	280
Deferred tax assets	15	2,607	1,633
Total non-current assets		55,049	50,833
Current assets			
Trade and other receivables	10	36,359	34,810
Cash and cash equivalents	11	12,136	11,184
Total current assets		48,495	45,994
Total assets		103,544	96,827
Liabilities			
Current liabilities			
Trade and other payables	12	21,152	27,840
Current tax liabilities		494	342
Contingent consideration	13	899	-
Provisions	14	1,628	1,461
Total current liabilities		24,173	29,643
Net current assets		24,322	16,351
Non-current liabilities			
Provisions	14	1,005	877
Contingent consideration	13	4,837	-
Deferred tax liabilities	15	-	30
Total non-current liabilities		5,842	907
Total liabilities		30,015	30,550
Net assets		73,529	66,277
Equity			
Issued share capital	17	211	211
Share premium	17	31,300	31,261
Merger reserve		9,239	9,239
Retained earnings:			
As at 1 August		25,566	21,367
Profit for the year		5,022	3,826
Other changes in retained earnings		2,191	373
Retained earnings as at 31 July		32,779	25,566
Total equity		73,529	66,277

The notes and accounting policies on pages 114 to 127 form an integral part of these financial statements. The financial statements on pages 111 to 117 were authorised for issue by the Board of Directors on 9 October 2018 and signed on its behalf by:



Alex McIntosh,
Chief Financial Officer

YouGov plc
Registered No. 03607311

FINANCIAL STATEMENTS

Parent Company Statement of Changes in Equity

for the year ended 31 July 2018

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 August 2016		209	31,086	9,239	21,367	61,901
Profit for the year		-	-	-	3,826	3,826
Total comprehensive income for the year		-	-	-	7,082	7,082
Issue of shares	17	2	175	-	(2)	175
Dividends paid	5	-	-	-	(1,470)	(1,470)
Share-based payments	18	-	-	-	1,488	1,488
Tax in relation to share-based payments	15	-	-	-	357	357
Total transactions with owners recognised directly in equity		2	175	-	373	550
Balance at 31 July 2017 and 1 August 2017		211	31,261	9,239	25,566	66,277
Profit for the year		-	-	-	5,022	5,022
Total comprehensive gain for the year		-	-	-	5,022	5,022
Dividends paid	5	-	-	-	(2,106)	(2,106)
Share-based payments	18	-	39	-	3,571	3,610
Tax in relation to share-based payments	15	-	-	-	726	726
Total transactions with owners recognised directly in equity		-	39	-	2,191	2,230
Balance at 31 July 2018		211	31,300	9,239	32,779	73,529

The notes and accounting policies on pages 114 to 127 form an integral part of these financial statements.

Parent Company Statement of Cash Flows

for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit before taxation		5,694	4,338
Adjustments for:			
Finance income		(1,170)	(2,134)
Finance costs		391	288
Amortisation of intangibles	6	964	896
Depreciation	7	262	253
Share-based payments	4.18	1,317	784
Other non-cash profit items		(1,519)	-
Increase in trade and other receivables		(623)	(11,282)
Increase in trade and other payables		1,357	8,404
Increase in provisions		295	130
Cash generated from operations		6,968	1,677
Interest paid	15	(796)	-
Net cash generated from operating activities		6,172	1,677
Cash flow from investing activities			
Acquisition of subsidiaries		(1,104)	-
Purchase of property, plant and equipment	7	(142)	(235)
Purchase of intangible assets	6	(930)	(1,434)
Interest received		21	30
Dividends received from subsidiaries		-	1,925
Dividends received from associates		-	-
Net cash generated from investing activities		(2,155)	286
Cash flows from financing activities			
Intercompany loans provided		(1,084)	-
Proceeds from the issue of share capital	17	-	174
Dividends paid to shareholders	5	(2,106)	(1,470)
Net cash used in financing activities		(3,190)	(1,296)
Net increase in cash and cash equivalents		827	667
Cash and cash equivalents at beginning of year		11,184	10,355
Exchange gain on cash and cash equivalents		125	162
Cash and cash equivalents at end of year	11	12,136	11,184

The notes and accounting policies on pages 114 to 127 form an integral part of these financial statements.

Strategic report

Governance

Financial statements

Additional information

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018

1 Significant accounting policies

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

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

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

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

2 Profit of the parent company

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £5,022,000 (2017: £3,826,000).

3 Auditors' remuneration

	2018 £'000	2017 £'000
Auditors' remuneration:		
Fees payable for the audit of the parent company	31	28
Fees payable for the audit of the consolidated financial statements	133	88
Tax compliance services	17	16
Tax advisory services	91	10
Other advisory services	-	-

4 Staff costs and numbers

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

	2018 £'000	2017 £'000
Wages and salaries	10,298	9,747
Social security costs	1,580	1,213
Share-based payments (Note 18)	1,317	784
Other pension costs	396	298
Other benefits	2,520	2,993
	16,111	15,035

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

4 Staff costs and numbers continued

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

	2018 Number	2017 Number
Key management personnel	16	20
Administration and operations	203	187
	219	207

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

	2018 £'000	2017 £'000
Short-term employee benefits	2,030	2,765
Post-employment benefits	26	68
Share-based payments	1,271	760
	3,327	3,593

Disclosure of Directors' remuneration, including share options, are included in the Remuneration Report on pages 50 to 54.

5 Dividend

On 5 December 2017, a final dividend in respect of the year ended 31 July 2017 of £2,106,000 (2.0p per share) (2016: £1,470,000 (1.4p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2018 of 3.0p per share, amounting to a total dividend of £3,165,000 is to be proposed at the Annual General Meeting on 12 December 2018. These financial statements do not reflect this proposed dividend payable.

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

6 Intangible assets

	Consumer panel £'000	Software and software development £'000	Patents and trademarks £'000	Product development costs £'000	Total £'000
At 1 August 2016					
Cost	2,095	2,737	167	482	5,481
Accumulated amortisation	(1,362)	(2,306)	-	(457)	(4,125)
Net book amount	733	431	167	25	1,356
Year ended 31 July 2016					
Opening net book amount	733	431	167	25	1,356
Additions	1,355	21	21	36	1,433
Amortisation charge	(630)	(243)	-	(23)	(896)
Closing net book amount	1,458	209	188	38	1,893
At 31 July 2017 and 1 August 2017					
Cost	3,450	2,758	188	518	6,914
Accumulated amortisation	(1,992)	(2,549)	-	(480)	(5,021)
Net book amount	1,458	209	188	38	1,893
Year ended 31 July 2018					
Opening net book amount	1,458	209	188	38	1,893
Additions	589	291	38	12	930
Amortisation charge	(744)	(218)	-	(2)	(964)
Closing net book amount	1,303	282	226	48	1,859
At 31 July 2018					
Cost	4,039	3,049	226	530	7,844
Accumulated amortisation	(2,736)	(2,767)	-	(482)	(5,985)
Net book amount	1,303	282	226	48	1,859

7 Property, plant and equipment

	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
At 1 August 2016				
Cost	589	511	499	1,599
Accumulated depreciation	(358)	(321)	(372)	(1,051)
Net book amount	231	190	127	548
Year ended 31 July 2017				
Opening net book amount	231	190	127	548
Additions	44	161	30	235
Depreciation	(84)	(135)	(34)	(253)
Closing net book amount	191	216	123	530
At 31 July 2017 and 1 August 2017				
Cost	633	672	529	1,834
Accumulated depreciation	(442)	(456)	(406)	(1,304)
Net book amount	191	216	123	530
Year ended 31 July 2018				
Opening net book amount	191	216	123	530
Additions	-	109	33	142
Depreciation	(92)	(131)	(39)	(262)
Closing net book amount	99	194	117	410
At 31 July 2018				
Cost	633	781	562	1,976
Accumulated depreciation	(534)	(587)	(445)	(1,566)
Net book amount	99	194	117	410

All property, plant and equipment disclosed above are free from restrictions on title. No property, plant and equipment either in 2018 or 2017 has been pledged as security against the liabilities of the Company.

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

8 Investments in subsidiaries

	2018 £'000	2017 £'000
Balance at 1 August	46,497	46,484
Acquired through business combinations	8,409	–
Additional investment in existing subsidiaries	10	–
Investment in new subsidiaries	63	–
Distributions on closure of subsidiaries	(7,110)	–
Share-based payments charge	2,254	704
Settlement of fully vested share options	(230)	(691)
Balance at 31 July	49,893	46,497

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

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

9 Investment in associates

	2018 £'000	2017 £'000
Balance at 1 August	280	280
Acquisition of associate	–	–
Balance at 31 July	280	280

At 31 July 2018 the Company had interests in the following associates:

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

10 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	6,370	4,957
Amounts owed by Group undertakings	24,865	26,746
Amounts owed by associates	270	133
Other receivables	169	143
Prepayments	549	614
Accrued income	4,312	2,361
	36,535	34,954
Provision for trade receivables	(176)	(144)
	36,359	34,810

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

10 Trade and other receivables continued

As at 31 July 2018, trade receivables of £2,814,000 (2017: £2,837,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectable. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2018 £'000	31 July 2017 £'000
Up to three months overdue	1,447	2,216
Three to six months overdue	1,064	621
Six months to one year overdue	253	-
More than one year overdue	50	-
	2,814	2,837

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

	2018 £'000	2017 £'000
Provision for receivables impairment at 1 August	144	111
Provision created in the year	32	112
Provision utilised in the year	-	(79)
Provision for receivables impairment at 31 July	176	144

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

The average length of time taken by customers to settle receivables is 59 days (2017: 52 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace, which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2017: greater than £250,000)) represent 0% of trade receivables (2017: 7%).

11 Cash and cash equivalents

	31 July 2018 £'000	31 July 2017 £'000
Cash at bank and in hand	12,136	11,184
Cash and cash equivalents (excluding bank overdrafts)	12,136	11,184

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

12 Trade and other payables

	31 July 2018 £'000	31 July 2017 £'000
Trade payables	968	234
Amounts owed to Group undertakings	8,877	18,832
Amounts owed to associates	-	8
Accruals	4,656	4,088
Deferred income	4,016	2,399
Other payables	2,635	2,279
	21,152	27,840

Amounts payable to Group undertakings are repayable on demand and non-interest bearing.

Included within other payables are £80,000 (2017: £59,000) of contributions due in respect of defined contribution pension schemes.

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

13 Contingent consideration

	SMG Insight £'000	Total £'000
At 1 August 2017	-	-
Provided in the year	5,727	5,727
Discount unwinding	9	9
Balance at 31 July 2018	5,736	5,736
Included within current liabilities	899	899
Included within non-current liabilities	4,837	4,837

14 Provisions for other liabilities and charges

	Panel incentives £'000	Total £'000
At 1 August 2016	2,209	2,209
Provided during the year	2,761	2,761
Utilised during the year	(2,632)	(2,632)
Balance at 31 July 2017 and 1 August 2017	2,338	2,338
Included within current liabilities	1,461	1,461
Included within non-current liabilities	877	877
Provided during the year	3,126	3,126
Utilised during the year	(2,831)	(2,831)
Balance at 31 July 2018	2,633	2,633
Included within current liabilities	1,628	1,628
Included within non-current liabilities	1,005	1,005

The panel incentive provision represents the Directors' best estimate of the future liability in relation to the value of panel incentives that have accrued in the panellists' virtual accounts up to 31 July 2018. The provision of £2.6m represents 46% of the maximum potential liability of £5.8m (2017: £2.3m representing 46% of the maximum potential liability of £5.1m). The factors considered in estimating the appropriate percentage of the total potential liability to be provided against at each reporting date include: panel churn rates, panel activity rates and current redemption patterns.

15 Deferred tax assets and liabilities

Deferred tax asset	Property, plant and equipment £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Balance at 1 August 2016	63	198	1,155	1,416
Recognised in the income statement	(9)	(101)	(30)	(140)
Recognised in equity	-	-	357	357
Balance at 31 July 2017 and 1 August 2017	54	97	1,482	1,633
Recognised in the income statement	(4)	19	233	248
Recognised in equity	-	-	726	726
Balance at 31 July 2018	50	116	2,441	2,607

£392,000 (2017: 204,000) of the above deferred tax assets are expected to be recovered within one year.

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

15 Deferred tax assets and liabilities continued

Deferred tax liabilities	Intangible assets £'000	Total £'000
Balance at 1 August 2016	-	-
Recognised in the income statement	30	30
Balance at 31 July 2017	30	30
Recognised in the income statement	(30)	(30)
Balance at 31 July 2018	-	-

£nil (2017: 30,000) of the above deferred tax liabilities are expected to be recovered within one year.

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

	2018 £'000	2017 £'000
Balance at 1 August	1,603	1,416
Recognised in the income statement	278	(170)
Recognised in equity	726	357
Balance at 31 July	2,607	1,603

16 Risk management objectives and policies

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

Foreign currency risk

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

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

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

	2018 £'000			2017 £'000		
	US Dollar	Euro	Other Currencies	US Dollar	Euro	Other Currencies
Financial assets	4,241	861	2	956	282	-
Financial liabilities	(54)	(117)	(3)	-	-	-
Short-term exposure	4,187	744	(1)	956	282	-
Financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
Long-term exposure	-	-	-	-	-	-

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

16 Risk management objectives and policies continued

Liquidity risk

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

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

As at 31 July 2018, the Group's liabilities have undiscounted contractual maturities, which are summarised below:

	2018				2017			
	Current		Non-current		Current		Non-current	
	Within 6 months £'000	6 to 12 months £'000	1-5 years £'000	Later than 5 years £'000	Within 6 months £'000	6 to 12 months £'000	1-5 years £'000	Later than 5 years £'000
At 31 July								
Trade and other payables	3,603	-	-	-	2,514	-	-	-
Contingent consideration	-	898	4,837	-	-	-	-	-

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

Capital risk management

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

	31 July 2018 £'000	31 July 2017 £'000
Cash and cash equivalents	12,136	11,184
Equity attributable to Shareholders of the parent company	(73,529)	(66,277)
	(61,393)	(55,093)

The Company has no externally imposed capital requirements.

Interest rate risk

The Group manages its interest rate risk by negotiating fixed interest rates on deposits for periods of up to three months. The average cash and cash equivalents balance, net of bank overdrafts, over the course of the year was £11.7m (2017: £10.1m). Management does not believe that the Group is subject to interest rate risk.

Fair values of financial assets and financial liabilities

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

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

	31 July 2018		31 July 2017	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Trade and other receivables	30,055	30,055	34,196	34,196
Cash and cash equivalents	12,136	12,136	11,184	11,184
Trade and other payables	(13,692)	(13,692)	(25,441)	(25,441)
Contingent consideration	(5,736)	(5,736)	-	-

16 Risk management objectives and policies continued

Fair value estimation

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

Liabilities	31 July 2018 £'000				31 July 2017 £'000			
	Current		Non-current		Current		Non-current	
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Contingent consideration	-	-	5,736	5,736	-	-	-	-

The following table presents the changes in Level 3 instruments.

	2018 £'000	2017 £'000
Contingent consideration		
Balance at 1 August	-	-
Provided consideration on business combination	5,727	-
Recognised in the income statement	9	-
Balance at 31 July	5,736	-

17 Share capital and share premium

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

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 August 2016	104,299,052	209	31,086	31,295
Issue of shares	999,657	2	175	177
At 31 July 2017	105,298,709	211	31,261	31,472
Issue of shares	193,101	-	39	39
At 31 July 2018	105,491,810	211	31,300	31,511

18 Share-based payments

The charge in relation to the share-based payments in the year ended 31 July 2018 was £1,317,000 (2017: £784,000). Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Approved and Unapproved share option schemes

Approved share option scheme	2018 WAEP		2017 WAEP	
	Number	£	Number	£
Outstanding at the beginning of the year	-	-	60,721	1,645
Granted during the year	-	-	-	-
Exercised during the year	-	-	(60,721)	1,645
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

18 Share-based payments continued

Unapproved share option scheme	2018 WAEP		2017 WAEP	
	Number	£	Number	£
Outstanding at the beginning of the year	-	-	21,346	1,645
Granted during the year	-	-	-	-
Exercised during the year	-	-	(21,346)	1,645
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Expiry dates as standard are seven years from the vesting date. Vesting criteria are time based and contingent on continued employment with YouGov rather than performance based. The charge in relation to the approved and unapproved share option schemes in the year ended 31 July 2018 was £nil (2017: £nil).

Long Term Incentive Plan 2009

During the year ended 31 July 2018, the Long Term Incentive Plan 2009 ("LTIP 2009") for Executive Directors, Senior Executives and senior managers continued to operate but no new awards were made under the LTIP 2009 as it has been replaced by two new incentive plans summarised below. The rules governing the LTIP 2009 are summarised in the Remuneration Report on page 52. The charge in relation to the LTIP 2009 in the year ended 31 July 2018 was £nil (2017: £49,000). This charge was valued using a Monte Carlo simulation.

	2018 Number	2017 Number
Outstanding at the beginning of the year	497,421	844,205
Employee transfers during the year	-	(7,172)
Granted during the year	-	-
Exercised during the year	(41,354)	(324,210)
Forfeited during the year	-	(15,402)
Outstanding at the end of the year	456,067	497,421
Exercisable at the end of the year	456,067	497,421

The weighted average share price at the date LTIP 2009 options were exercised was £3.59. All of the above are nil cost options.

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

18 Share-based payments continued

Long Term Incentive Plan 2014

Awards under the LTIP 2014 are made in the form of nil-cost options as with the LTIP 2009. The maximum total number of shares to be awarded to each participant has been set based on their salary in the year ended 31 July 2015 and the share price at the start of the plan. These awards are to be granted in three equal tranches in October 2015, 2016 and 2017 with an additional award of 384,993 options in April 2018. Receipt of an award in each of those years will be dependent upon the achievement of specific and demanding personal targets set for that individual in the previous financial year. Vesting of awards will depend on the Company achieving stretching targets relating to compound growth in adjusted earnings per share ("EPS") over the five years ending 31 July 2019 and on improvement in its operating margins. Part of the Chief Executive Officer's award is also subject to a Total Shareholder Return ("TSR") condition, this part of the award will only vest if the EPS performance condition is met in full and the Company's TSR has grown by 200%.

The maximum number of options that can be granted under this scheme is 4,271,000 and the charge in relation to the LTIP 2014 in the year ended 31 July 2018 was £1,212,000 (2017: £684,000).

	2018 Number	2017 Number
Outstanding at the beginning of the year	2,891,842	1,703,271
Employee transfers during the year	(1,707,719)	-
Granted during the year	744,752	1,188,571
Vested during the year	-	-
Forfeited during the year	-	-
Outstanding at the end of the year	1,928,875	2,891,842
Exercisable at the end of the year	-	-

All of the above are nil cost options.

The fair value of 2015 award options granted during the year was £1.01 per option and the fair value of 2018 award options granted during the year was £3.56. The assumptions used in both the Black Scholes and Monte Carlo Simulation model in calculating the fair values of the options granted during the year are disclosed in Note 22 to the consolidated financial statements.

Deferred Share Bonus Plan 2014

The DSBP 2014 delivers a portion of managers' (enhanced) annual bonus in shares, which must be retained for a period of two years and are subject to continued employment. The charge in relation to the DSBP 2014 in the year ended 31 July 2018 was £105,000 (2017: £51,000).

	2018 Number	2017 Number
Outstanding at the beginning of the year	92,764	87,107
Granted during the year	35,977	50,953
Vested during the year	(26,896)	-
Forfeited during the year	(12,286)	(45,296)
Outstanding at the end of the year	89,559	92,764
Exercisable at the end of the year	28,414	-

All of the above are nil cost options. The fair value of options granted during the year, determined using the Black Scholes model, was £3.11 per option. The assumptions used in the Black Scholes model in calculating the fair values of the options granted during the year are disclosed in Note 22 to the consolidated financial statements.

Notes to the Parent Company Financial Statements

for the year ended 31 July 2018 continued

19 Leasing commitments

The future aggregate minimum lease rentals to be paid under non-cancellable operating leases at 31 July 2018 are as follows:

	31 July 2018		31 July 2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	76	-	497	-
Between one and five years	10	-	1,990	-
In five years or more	-	-	538	-
	86	-	3,025	-

The lease rental costs charged to the income statement for the year ended 31 July 2018 amounted to £521,000 (2017: £501,000).

20 Capital commitments

At 31 July 2018, the Company had capital commitments of £nil (2017: £2,000).

21 Major non-cash transactions

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

22 Transactions with Directors and other related parties

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

As at 31 July 2018 Rosamund Shakespeare, the wife of Stephan Shakespeare, held 559,404 Ordinary Shares in the Company.

Prior to the acquisition of SMG Insight Limited, the Company provided £115,000 of research services and charged rent of £55,000 to SMG Insight Limited, an associate, and was charged £84,000 for research services by SMG Insight Limited.

As at 31 July 2018, a loan of £270,000 was receivable from Portent.io Limited.

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

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

23 Events after the reporting year

On 21 August 2018 YouGov plc acquired a 100% share in Inconversation Media Limited, an audience conversation platform that allows brands and organisations to build conversation channels with their audiences.

On 28 August 2018 a new lease was signed for the London office. The initial term of the lease is 5 years, and the minimum amount payable during this period is £4,193,000.

On 6 September 2018 YouGov plc reached an agreement with Crunch.io Inc., with which it held a joint development agreement, to acquire Crunch.io Inc.'s share of the intangible software assets developed under the agreement.

24 Registered addresses

Subsidiary Company	Registered Addresses
YouGov plc	50 Featherstone Street, London, EC1Y 8RT, United Kingdom
CoEditor LTD	
Crunch Cloud Analytics Limited	
Doughty Media 2 LTD	
InConversation Media Limited	
Margaux Matrix Limited	
SMG Insight Limited	
YGV Finance Limited	
YouGov Crunch Limited	
YouGov Services Limited	
YouGov Stone Limited	
Consilium Asia Limited	Room 22D, Shuguang Building, No. 189 Puan Road, Shanghai, 200021, China
Consilium Limited	9/F, Skyway Centre, 23 Queen's Road West, Sheung Wan, Hong Kong
Iridescent Productions Company Limited	240/2/580 Ashtar Compound, Ankawa, Erbil, Kurdistan Region, Iraq
MMH 2014 Limited	115, George's Street, 4th Floor, Edinburgh, EH2 4JN, Scotland
PT YouGov Consulting Indonesia	62, Setiabudi One 2 Building, 6th Floor Suite 605C, Jl HR Rasuna Said Kav 62.12920, Jakarta, Republic of Indonesia
YG Research India Private Limited	Kaledonia 1st Floor, Sahar Road, Andheri East, Mumbai, 400069, India
YouGov America Inc	805 Veterans Blvd, Suite 202, Redwood City, CA. 94063, USA
YouGov America Holdings LLC	
YouGov Data & Analytics GmbH	41, Sebastian-Kneipp-Straße, Frankfurt am Main, 60439, Germany
YouGov Deutschland GmbH	Gustav-Heinemann-Ufer 72, 50968, Cologne, Germany
YouGov Finland OY	Sales Questor Oy, Myllypellontie 3 C 63, 00650, Helsinki, Finland
YouGov France SASU	29 Rue du Louvre, 75002, Paris, France
YouGov Galaxy Pty Limited	Level 5, 580 George Street, Sydney, NSW 2000, Australia
YouGov Research Pty Ltd	
YouGov Italia S.R.L.	Via Leone XII, N. 14, Milan, Italy
YouGov M.E. Egypt LLC	115 Althawra St., Heliopolis, Cairo, Egypt
YouGov M.E. FZ LLC	Suites 302 and 303, Cayan Business Center, Barsha Heights, Dubai, UAE
YouGov Malaysia Sdn. Bhd.	33-1, Level 1, Jalan 4/93, Taman Miharja Cheras, Kuala Lumpur, 55200, Malaysia
YouGov Nordic and Baltic A/S	Bryggervangen 55, 1th, DK-2100, Copenhagen, Denmark
YouGov Norway AS	Møllergata 8, 0179, Oslo, Norway
YouGov Poland Sp. z o.o.	17/9, Ul. Wiejska, Warsaw, 00-480, Poland
YouGov Singapore Pte Ltd	67, Tanjong Pagar Road, #02-01, Singapore, 088488, Singapore
YouGov Spain S.L.	19, Calle de Prim, Madrid, 28004, Spain
YouGov SRL	85, str. Buzesti, sector 1, Bucharest, Romania
YouGov Sweden AB	Holländargatan 17 B, 111 60, Stockholm Sweden
YouGov (Thailand) CO. LTD	152, Chartered Square Building, 12Ath Floor, Unit 12A-01, North Sathorn Road, Silom, Bangrak, Bangkok, 10500, Thailand

ADDITIONAL INFORMATION

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of YouGov plc will be held at 50 Featherstone Street, London, EC1Y 8RT on Wednesday 12 December 2018 at 8.30am to consider and, if thought fit, pass the resolutions below.

Resolutions 13 and 14 will be proposed as Special Resolutions. All other Resolutions will be proposed as Ordinary Resolutions.

Ordinary Resolutions

Resolution 1

Report and accounts

To receive the Company's annual accounts for the financial year ended 31 July 2018, together with the Directors' report and the auditors' report on those accounts.

Resolution 2

Directors' remuneration report

To approve the Directors' remuneration report set out in the annual report and accounts for the financial year ended 31 July 2018.

Resolution 3

Appointment of auditors

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.

Resolution 4

Remuneration of auditors

To authorise the Directors to fix the remuneration of the auditors.

Resolution 5

Election of Sundip Chahal as Director

To elect Sundip Chahal as a Director who retires at the first AGM following his appointment, in accordance with the Company's Articles of Association.

Resolution 6

Election of Ashley Martin as Director

To elect Ashley Martin as a Director who retires at the first AGM following his appointment, in accordance with the Company's Articles of Association.

Resolution 7

Election of Alexander McIntosh as Director

To elect Alexander McIntosh as a Director who retires at the first AGM following his appointment, in accordance with the Company's Articles of Association.

Resolution 8

Election of Andrea Newman as Director

To elect Andrea Newman as a Director who retires at the first AGM following her appointment, in accordance with the Company's Articles of Association.

Resolution 9

Re-Election of Roger Parry as Director

To re-elect Roger Parry as a Director, who retires by rotation in accordance with the Company's Articles of Association.

Resolution 10

Re-Election of Benjamin Elliot as Director

To re-elect Benjamin Elliot as a Director, who retires by rotation in accordance with the Company's Articles of Association.

Resolution 11

Dividend

To declare a final dividend of 3.0 pence per ordinary share to be paid on Monday 17 December 2018 to those shareholders on the register of members as at Friday 7 December 2018.

Resolution 12

Directors' authority to allot shares

To generally and unconditionally authorise the Directors (in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) for the purposes

of section 551 of the Companies Act 2006 (the "2016 Act") to exercise all the powers of the Company to allot shares in the Company ("Shares") and grant rights to subscribe for, or to convert any security into, Shares ("Subscription or Conversion Rights") up to an aggregate nominal amount of £10,550 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2018, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted or Subscription or Conversion Rights to be granted after such expiry and the Directors may allot Shares and grant Subscription or Conversion Rights in pursuance of any such offer or agreement as if this authority had not so expired.

Special Resolutions

Resolution 13

Authority for disapplication of pre-emption rights

That conditional on the passing of Resolution 12 above, that the Directors be and are hereby empowered in accordance with section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash, either pursuant to the authority conferred by Resolution 12 or by way of a sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer of such securities:
 - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and
 - (ii) to holders of other securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £10,550 and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2018, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

Resolution 14

Purchase of own shares for market value

That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the 2006 Act to make one or more market purchases (as defined in Section 693(4) of the 2006 Act) on the London Stock Exchange of ordinary shares of 0.2p each of the Company provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 10,549,181 (representing 10% of the Company's issued ordinary share capital at the date of this notice); and
- (b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 0.2p; and
- (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share will not be more than the price permitted by the Listing Rules of the UK Listing Authority at the time of purchase (which is currently the higher of an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company, as derived from the Daily Official List of the London Stock Exchange for the 5 business days immediately preceding the day on which such share is contracted to be purchased and an amount equal to the higher of:
 - (i) the price of the last independent trade of an ordinary share; and
 - (ii) the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.)
- (d) unless previously renewed, revoked or varied, this authority shall continue for the period ending on the date of the Annual General Meeting in 2019 or 31 December 2019, whichever is the earlier, provided that, if the Company has agreed before this date to purchase ordinary shares where these purchases will or may be executed after the authority terminates (either wholly or in part), the Company may complete such purchases.

By order of the Board:



Tilly Heald
Company Secretary
9 October 2018

Registered Office:
50 Featherstone Street,
London EC1Y 8RT
Registered in England and Wales No. 03607311

Notes to the Notice of Annual General Meeting

Explanatory Notes to the Notice of Annual General Meeting

Resolutions 1 to 12 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.

Resolutions 13 and 14 are proposed as Special Resolutions. 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 5 – 8 Explanatory Notes

Each of the Directors proposed for election in Resolutions 5, 6, 7 and 8 were appointed by the Board during the 12 month period since the 2017 AGM. In accordance with the Articles of Association, each Director is proposed for election by the Shareholders in general meeting. For more information about the Directors' background and experience, please see pages 42 and 43.

Resolution 9 Explanatory Notes

Roger Parry, Non-Executive Director and Chair, retires by rotation in accordance with the Articles of Association. Roger was last re-elected at the 2016 AGM.

Roger reached nine years' tenure on the Board as of the 2016 AGM. The Board has confirmed that Roger continues to be effective in, and demonstrates commitment to, his role, including time commitment for Board meetings. The Board is satisfied that Roger *continues to be independent in both character and judgement and unanimously recommends his re-election.*

Resolution 10 Explanatory Notes

Benjamin Elliot, Non-Executive Director, retires by rotation in accordance with the Articles of Association. He was last re-elected at the 2016 AGM.

Resolution 13 Explanatory Notes

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro-rata to their holdings. This Special Resolution renews the authorities previously granted to the Directors to: (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £10,550 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 5 October 2018 (being the last practicable date prior to the publication of this notice)) as if the pre-emption rights of Section 561 did not apply. The authority granted by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2019, whichever is the earlier.

Resolution 14 Explanatory Notes

The Directors consider that it would be appropriate and that it would promote the success of the Company, for the benefit of its members as a whole, to seek authority to make market purchases of its ordinary shares on the London Stock Exchange, up to a limit of 10% of its issued ordinary share capital. The maximum and minimum prices are stated in Resolution 14. Any ordinary shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to an employee share plan.

The Board have no present intention to exercise the authority to purchase the Company's ordinary shares, however they consider it prudent to have the authority to do so should it be in the best interests of the Company to undertake a share buy-back upon vesting of the Company's Long Term Incentive Plan which is due to vest in 2019 (the LTIP 2014). The Directors will keep the matter under review, taking into account the overall financial position of the Company. The authority will be exercised only if the Directors believe that in doing so it is likely to promote the success of the Company for the benefit of its members as a whole.

As at 5 October 2018, being the last practicable date prior to the publication of this notice, there were employee share plan options over 7,908,363 ordinary shares in the capital of the Company, which represent 7.5% of the Company's issued ordinary share capital at that date. This figure of ordinary shares includes both vested and unvested employee share options. If all share options were to vest in full, and authority under this resolution to purchase the Company's ordinary shares was exercised in full, the proportion of ordinary shares subject to such options would represent 7.5% of the Company's issued ordinary share capital as at 5 October 2018, being the latest practicable date before publication of this notice.

Note on voting procedures

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD no later than 8.30am on Monday 10 December 2018.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on Monday 10 December 2018 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 8.30am on Monday 10 December 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chair 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 chair and the chair 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 chair 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 chair is being appointed as described in (i) above.

Notes

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