

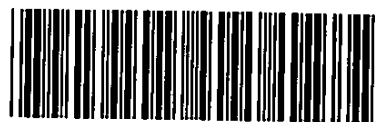
eResearchTechnology Limited

**Directors' report and financial
statements**

Registered number 02126652

For the year ended 31 December 2011

THURSDAY



L11CNSQP

LD2

27/09/2012

#169

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditor's report to the members of eResearchTechnology Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2011

Principal activity

The principal activity of the Company is the provision of cardiac data analysis services

Business review

Net revenues for 2011 totalled £19.8 million, a decrease of £1.7 million (8%) from £21.5 million in 2010. Gross margin percentage was 27.9% in 2011 compared to 31.8% in 2010.

Operating expenses were £14.3 million for 2011, a decrease of £0.4 million (3%) from £14.7 million in 2010. Staff costs have increased to £4.3 million in 2011 from prior year (£3.8 million) in line with increased headcount. The cost of other operating expenses decreased by 14.6% to £7.0 million in 2011 from £8.2 million in 2010 as a result of allocation of group shared services.

Principal Risks and Uncertainties

The Company operates in a market that is intensely competitive, continuously evolving and subject to rapid technological change. Increased competition could result in price reductions, reduced gross margins and loss of market share.

Our primary financial market risks include fluctuations in interest rates and currency exchange rates.

Interest Rate Risk

Another company in the group, eResearchTechnology, Inc. is responsible for group investments and places investments in money market funds, municipal securities, bonds of government sponsored agencies, certificates of deposit with fixed rates with maturities of less than one year, and A1P1 rated commercial bonds and paper. Due to the current financial market conditions, we have invested primarily in liquid money market funds. Due to the average maturity and conservative nature of our investment portfolio, a sudden change in interest rates would not have a material effect on the value of the portfolio. The impact on our future interest income of future changes in investment yields will depend largely on the gross amount of our cash, cash equivalents, short-term investments and long-term investments.

Foreign Currency Risk

All international net revenues are incurred in either US Dollars or Pounds Sterling. As such, we face exposure to adverse movements in the exchange rate of the Pounds Sterling and US Dollars.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a final dividend (2010: £nil).

Directors' report *(continued)*

Directors and their interests

The directors who held office during the year were as follows

J Blakeley	British
K Schneck	American
S Eisenstein	American
E Bartlett	British

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Political and Charitable contributions

The Company made no political donations or incurred any political expenditure during the year. The Company made £6,322 charitable donations to UK charities during the year (2010 £895)

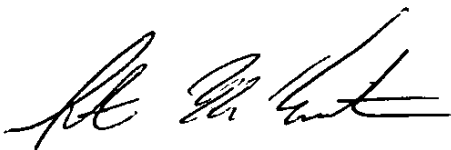
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



S Eisenstein
Director

24th September 2012

Pegasus House
Bakewell Road
Orton Southgate
Peterborough,
Cambridgeshire
PE2 6YS

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Independent auditors report to the members of eResearchTechnology Limited

We have audited the financial statements of eResearchTechnology Limited for the year ended 31 December 2011 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

CM le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Hills Road, Cambridge CB2 1XL

25th September 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Turnover	<i>3</i>	19,816,570	21,490,654
Operating expenses	<i>4</i>	(14,347,020)	(14,659,676)
		<hr/>	<hr/>
Operating profit		5,469,550	6,830,978
Other interest receivable and similar income	<i>8</i>	13,176	12,001
Interest payable and similar charges	<i>9</i>	(1,560,370)	(1,037,998)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>5</i>	3,922,356	5,804,981
Tax on profit on ordinary activities	<i>10</i>	(1,324,741)	(1,729,633)
		<hr/>	<hr/>
Profit for the financial year	<i>19</i>	2,597,615	4,075,348
		<hr/>	<hr/>

All of the above results relate to continuing activities

There were no recognised gains or losses for the period other than the retained results shown above

There is no difference between the profit shown above and the historical cost profit

The notes on pages 7 to 21 form part of these financial statements

Balance sheet
at 31 December 2011

	Note	2011	2010 restated (see note 2)
		£	£
Fixed assets			
Tangible assets	11	4,820,573	4,027,775
Investments	12	54,380,854	54,328,118
		<u>59,201,427</u>	<u>58,355,893</u>
Current assets			
Debtors	13	4,302,499	5,774,252
Cash at bank and in hand		9,622,484	4,477,678
		<u>13,924,983</u>	<u>10,251,930</u>
Creditors amounts falling due within one year	14	(5,458,053)	(5,283,972)
Net current assets		<u>8,466,930</u>	<u>4,967,958</u>
Total assets less current liabilities		<u>67,668,357</u>	<u>63,323,851</u>
Creditors amounts falling due after more than one year	15	(34,903,472)	(33,277,232)
Provisions for liabilities and charges	16	(770)	(16,600)
Net assets		<u><u>32,764,115</u></u>	<u><u>30,030,019</u></u>
Capital and reserves			
Called up share capital	18	259	259
Share premium account	19	16,701,386	16,701,386
Capital contributions reserve	19	1,334,889	1,219,765
Translation reserve	19	(1,657,823)	(1,679,180)
Profit and loss account	19	16,385,404	13,787,789
Shareholders' Funds	20	<u><u>32,764,115</u></u>	<u><u>30,030,019</u></u>

The notes on pages 7 to 21 form part of these financial statements

These financial statements were approved by the board of directors on 24th September 2012 and were signed on its behalf by

September 2012 and were signed



S Eisenstein
Director

eResearchTechnology Limited
Registered number: 02126652

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Related parties

As the Company was a wholly owned subsidiary of eResearchTechnology, Inc at the year end, the Company has taken advantage of the exemption contained in FRS 8, and has therefore not disclosed transactions or balances with entities which form part of the group (or investors of the group qualifying as related parties) The consolidated financial statements of eResearchTechnology, Inc are publicly available (see note 25)

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 1 to 2

The company is expected to continue to generate positive cash flows in its own account for the foreseeable future The company participates in the centralised treasury arrangements of another company in the group and so shares banking arrangements with other entities in the group and fellow subsidiaries

The directors, having assessed the responses of the directors of the company's parent, Explorer Holdings, Inc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Explorer Holdings, Inc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

Under the provisions of FRS 1 (revised), the Company has not prepared a cash flow statement because it was a wholly-owned subsidiary of eResearchTechnology, Inc at the year end whose consolidated financial statements are publicly available (see note 25)

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows

Tools and equipment	-	3-4 years
Fixtures and fittings	-	5 years

Notes (continued)

1 Accounting policies (continued)

Turnover

Revenue is recognised as follows

Cardiac safety service revenues consist of revenues from services that the Company provides on a fee-for-service basis and the Company recognises such revenues as the services are performed. The rental of cardiac safety equipment is recognised over the rental period.

Sales of equipment and supplies are recognised at the date of dispatch. The Company provides consulting and training services on a time and materials basis and recognises revenues as it performs the services.

Customer deposits are included within deferred income until the agreed services are performed.

Share based payments

The share option programme allows employees to acquire shares of eResearchTechnology, Inc. The fair value of options granted after 7 November 2002 and that have not yet vested as at 1 January 2012 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. The Company's parent grants rights to its equity instruments to the Company's employees. These are accounted for as equity settled share based payments in the consolidated accounts of the parent and in these financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Clarification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the actual exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Investments

Where the Company has a foreign currency loan to finance a foreign equity investment a net investment in a subsidiary situation is created. The net investment is revalued at the period end date at the closing exchange rate and the resulting gain or loss on exchange is offset to the translation reserve account.

Where the Company has a foreign equity investment independent of any borrowings the asset is reported at the rate of exchange prevailing at the period end date and the resulting gain or loss on exchange is shown in the profit and loss account.

Leases

The Company enters into operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Pension costs

The Company operates a defined contribution scheme and the amounts charged to the profit and loss account represent the contributions payable in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Notes (continued)

2 Prior year adjustment

As set out in note 15, the company has a loan balance of £34,499,123 (2010 £32,324,800) payable to eResearchTechnology UK 2 Ltd with accrued interest of £404,349 (2010 £952,432)

The directors of the company have received an undertaking from the company to whom the loan is payable that the loan will not be recalled within a period of 12 months from the balance sheet date

Balances in the prior period did not consistently reflect a similar undertaking and accordingly £952,432 has been restated from current liabilities to non current liabilities

3 Analysis of turnover

The turnover for the year was derived from the Company's principal activity

The analysis of turnover by geographical area is as follows

	2011 £	2010 £
United Kingdom	3,759,360	2,083,111
USA	3,638,311	5,221,773
Europe	10,746,026	12,816,454
Other	1,672,873	1,369,316
	<u>19,816,570</u>	<u>21,490,654</u>

4 Operating expenses

	2011 £	2010 £
Raw materials, consumables and other external charges	1,280,693	1,217,199
Staff costs (note 6)	4,315,681	3,804,599
Depreciation of tangible fixed assets	1,765,236	1,434,225
Other operating charges	6,985,410	8,203,653
	<u>14,347,020</u>	<u>14,659,676</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2011 £	2010 £
Depreciation and other amounts written off tangible fixed assets		
- Owned	1,765,236	1,434,225
Operating lease rentals		
- Plant and machinery	23,597	23,843
- Other assets	221,884	221,884
Profit on disposal of fixed assets	77,667	11,594
<i>Auditor's remuneration</i>		
Audit of the financial statements	27,470	20,000
Services relating to tax	27,210	57,100
	<u>27,680</u>	<u>77,924</u>

Notes (continued)

6 Staff numbers and costs

Particulars of employees (including directors) are as shown below

	2011 £	2010 £
Employee costs during the year amounted to		
Wages and salaries	3,575,588	3,119,947
Share based payments (see note 23)	115,124	140,822
Social security costs	506,693	430,795
Other pension costs	118,276	113,035
	<u>4,315,681</u>	<u>3,804,599</u>

The average monthly number of persons employed by the Company (including directors) during the year was as follows

	2011 Number	2010 Number
Management	1	2
Administration and selling	94	86
	<u>95</u>	<u>88</u>

7 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	79,023	56,788
Company contributions to money purchase pension schemes	3,005	4,040
	<u>82,028</u>	<u>60,828</u>

	Number of directors 2011	2010
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>1</u>	<u>2</u>

Directors' rights to subscribe for shares in the Parent Company are indicated below

	At start of year £	At end of year £	Weighted average exercise price £
E Bartlett	<u>8,500</u>	<u>12,000</u>	<u>4.18</u>

The other directors have not been remunerated for their services as directors of the Company. Further details of their remuneration for services for other group companies can be obtained from the financial statements of eResearchTechnology, Inc. (see note 25)

Notes (continued)

8 Other interest receivable and similar income

	2011 £	2010 £
Interest	13,176	12,001

9 Interest payable and similar charges

	2011 £	2010 £
Loss on foreign exchange	30,476	85,566
Interest on parent company loan	1,529,894	952,432
	<u>1,560,370</u>	<u>1,037,998</u>

10 Tax on profit on ordinary activities

Analysis of charge in year

	£	2011 £	£	2010 £
<i>UK corporation tax</i>				
Current tax on income for the year		1,282,785		1,696,571
Total current tax		<u>1,282,785</u>		<u>1,696,571</u>
<i>Deferred tax (see note 17)</i>				
Origination/reversal of timing differences	41,956		33,594	
Adjustments in respect of prior years	-		(532)	
Total deferred tax		<u>41,956</u>		<u>33,062</u>
Tax on profit on ordinary activities		<u>1,324,741</u>		<u>1,729,633</u>

Notes (continued)

10 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK (26.5%, 2010 28%). The differences are explained below

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,922,356	5,804,981
Current tax at 26.5% (2010 28%)	1,039,424	1,625,395
<i>Effects of</i>		
Share option charge	30,508	39,430
Expenses not deductible for tax purposes	1,545	2,642
Disallowable interest payable on loan	367,441	224,571
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	21,981	(46,286)
Reversal/origination of short term timing differences	-	(2,581)
Effect of share options, gains and charges	(1,675)	15,434
Research and development extra tax deduction	(174,369)	(148,330)
Group relief claimed	(1,934)	(1,960)
Other adjustments	(136)	(11,744)
Total current tax charge (see above)	1,282,785	1,696,571

Factors affecting the tax charge after the current year

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £29,350.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

11 Tangible fixed assets

	Fixtures, fittings, tools and equipment £
Cost	
At beginning of year	14,686,325
Additions	2,564,848
Disposals	(114,496)
	<hr/>
At end of year	17,136,677
	<hr/>
Depreciation	
At beginning of year	10,658,550
Charge for the year	1,765,236
Disposals	(107,682)
	<hr/>
At end of year	12,316,104
	<hr/>
Net book value	
At 31 December 2011	4,820,573
	<hr/>
At 31 December 2010	4,027,775
	<hr/>

12 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning of year	54,328,118
Foreign exchange movement	52,736
	<hr/>
At end of year	54,380,854
	<hr/>
Net book value	
At 31 December 2011	54,380,854
	<hr/>
At 31 December 2010	54,328,118
	<hr/>

The companies in which the Company's interest at the year end is more than 20% as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
eResearchTechnology Europe GmbH	Germany	Provides respiratory diagnostics, makes diagnostic devices and provides services for electronically gathering cardiac- safety and patient -reported data	Issued ordinary 100%

Notes (continued)

13 Debtors

	2011 £	2010 £
Trade debtors	3,590,326	4,893,380
Other debtors	104,343	150,648
Prepayments and accrued income	217,974	161,767
Amounts due from group undertaking	22,985	159,630
Deferred tax asset (see note 17)	366,871	408,827
	<u>4,302,499</u>	<u>5,774,252</u>

14 Creditors amounts falling due within one year

	2011 £	2010 restated (see note 2) £
Trade creditors	223,747	153,299
Other taxes and social security	105,217	90,252
Accruals and deferred income	3,393,645	2,957,630
Amounts due to group undertaking	862,751	1,227,800
Corporation tax liability	872,693	854,991
	<u>5,458,053</u>	<u>5,283,972</u>

15 Creditors: amounts falling due after more than one year

	2011 £	2010 restated (see note 2) £
Amounts owed to group undertaking	34,499,123	32,324,800
Interest owed to group undertaking	404,349	952,432
	<u>34,903,472</u>	<u>33,277,232</u>

The amount due to group undertaking consists of an unsecured \$50 million loan from eResearchTechnology UK 2 Ltd. The loan started on 26 May 2010 and the purpose of the loan is for equity investment. The directors of the company have received an undertaking from the company to whom the loan is payable that the loan will not be recalled within a period of 12 months from the balance sheet date. Until the loan is recalled, interest is payable to eResearchTechnology UK 2 Ltd each quarter. Any unpaid interest increases the loan balance and incurs interest accordingly.

16 Provisions for liabilities

	Other provisions £
At beginning of year	16,600
Credit to the profit and loss for the year	(15,830)
At end of year	<u>770</u>

Other provisions relate to employers' national insurance on employee share options in accordance with UITF 25

Notes (continued)

17 Deferred taxation

	£
At beginning of year	(408,827)
Credit to the profit and loss account	41,956
At end of year	(366,871)

The elements of the deferred tax are as follows

	2011 £	2010 £
Short term timing differences on bad debt provision and pension liability	(9,334)	(10,247)
Other timing difference on share options	(1,150)	(18,957)
Difference between accumulated depreciation and amortisation and capital allowances	(356,387)	(379,623)
Deferred tax asset	(366,871)	(408,827)

18 Called up share capital

	2011 £	2010 £
Authorised		
259 ordinary shares of £1 each	259	259
Allotted, called up and fully paid		
259 ordinary shares of £1 each	259	259

19 Capital and reserves

	Called up share capital £	Share Premium £	Capital Contributions Reserve £	Translation reserve £	Profit and loss account £	Total £
At the beginning of the year	259	16,701,386	1,219,765	(1,679,180)	13,787,789	30,030,019
Profit for the year	-	-	-	-	2,597,615	2,597,615
Share based payment charge	-	-	115,124	-	-	115,124
Investment foreign exchange movement	-	-	-	52,736	-	52,736
Loan foreign exchange movement	-	-	-	(31,379)	-	(31,379)
	259	16,701,386	1,334,889	(1,657,823)	16,385,404	32,764,115

Notes (continued)

20 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Retained profit	2,597,615	4,075,348
New share capital subscribed	-	16,701,545
Credit in relation to share based payments	115,124	140,822
Translation reserve	21,357	(1,679,180)
	<hr/>	<hr/>
Net addition to shareholders' funds	2,734,096	19,238,535
Opening shareholders' funds	30,030,019	10,791,484
	<hr/>	<hr/>
Closing shareholders' funds	32,764,115	30,030,019
	<hr/>	<hr/>

21 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
- within 1 year	-	21,589	-	1,083
- between 2-5 years	194,692	-	192,684	22,760
- over five years	29,200	-	29,200	-
	<hr/>	<hr/>	<hr/>	<hr/>
	223,892	21,589	221,884	23,843
	<hr/>	<hr/>	<hr/>	<hr/>

22 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £118,276 (2010 £113,035). There were no prepaid employer pension contributions at the year end (2010 £nil). There were accrued employer pension contributions at the year end of £737 (2010 £nil).

Notes (continued)

23 Employee share schemes

Share based payments

In 1996, the Parent Company adopted a share option plan (the "1996 Plan") that authorised the grant of both incentive and non-qualified options to acquire up to 3,375,000 shares of the Parent Company's common stock. The Parent Board of Directors determined the exercise price of the options under the 1996 Plan. The exercise price of incentive share options was not below the fair value of the common shares on the grant date. Incentive share options under the 1996 Plan expire ten years from the grant date and are exercisable in accordance with vesting provisions set by the Board, which generally are over three to five years. In May 1999, the shareholders of the Parent Company approved an amendment to the 1996 Plan that increased the number of shares which could be acquired through option grants under the 1996 Plan by 4,050,000 to 7,425,000 and provided for an annual option grant of 5,000 shares to each outside Parent Company director. In April 2001, the shareholders of the Parent Company approved an amendment to the 1996 Plan that increased the number of shares which could be acquired through option grants under the 1996 Plan by 2,025,000 to 9,450,000. No additional options have been granted under this plan, as amended, since 31 December 2003 and no additional options may be granted there under in accordance with the terms of the 1996 Plan.

In May 2003, the shareholders of the Parent Company approved a new share option plan (the "2003 Plan") that authorised the grant of both incentive and non-qualified options to acquire shares of the Parent Company's common shares and provided for an annual option grant of 10,000 shares to each outside Parent Company director. The Compensation Committee of the Parent Company Board of Directors determines or makes recommendations to the Parent Company Board of Directors regarding the recipients of option grants, the exercise price and other terms of the options under the 2003 Plan. The exercise price of incentive share options may not be set below the fair value of the common shares on the grant date. Incentive share options under the 2003 Plan expire ten years from the grant date, or at the end of such shorter period as may be designated by the Compensation Committee, and are exercisable in accordance with vesting provisions set by the Compensation Committee, which generally are over four years. In April 2006, the shareholders of the Parent Company approved an amendment to the 2003 Plan that increased the number of shares which could be acquired through option grants under the 2003 Plan by 3,500,000. In accordance with the terms of the 2003 Plan, there are a total of 7,318,625 shares reserved for issuance under the 2003 Plan. The Parent Company normally issues new shares to satisfy option exercises under these plans. On 15 February 2007, the Board of Directors of the Parent Company, based on the recommendation of the Compensation Committee, adopted, subject to shareholder approval at the Annual Meeting, the Parent Company's Amended and Restated 2003 Equity Incentive Plan (the "2003 Equity Plan"). On 26 April 2007, the shareholders approved the adoption of the Plan.

The 2003 Equity Plan amended the Parent Company's existing 2003 Plan in two material respects. First, it prohibits re-pricing of any share options granted under the Plan unless the shareholders approve such re-pricing. Second, it permits awards of share appreciation rights, restricted shares, long term performance awards and performance shares in addition to grants of share options.

Both the 1996 Plan and the 2003 Plan are exercisable in four equal annual instalments, with the first such instalment exercisable on the first anniversary of the date of the grant of this option.

The terms and conditions of the plans are as follows, whereby all options are settled by physical delivery of shares.

Scheme		Vesting conditions	Contractual
1996 Share Option Plan granted by Parent on	23 April 2002	4 years	10 years
	23 July 2002	4 years	10 years
2003 Share Option Plan granted by Parent on	22 April 2003	4 years	10 years
	9 February 2004	4 years	10 years
	14 February 2005	4 years	7 years
	10 February 2006	4 years	7 years
	23 February 2007	4 years	7 years
	28 February 2008	4 years	7 years
	2 March 2009	4 years	7 years
	26 February 2010	4 years	7 years
	3 February 2011	4 years	7 years

Notes (continued)

23 Employee share schemes (continued)

Share based payments

The number and weighted average exercise prices of share options are as follows

	2011 Weighted average exercise price (£)	2011 Weighted average exercise price (\$)	2011 Number of options	2010 Weighted average exercise price (£)	2010 Weighted average exercise price (\$)	2010 Number of options
Outstanding at the beginning of the period	6.43	9.92	252,726	7.10	11.10	237,276
Granted during the period	4.02	6.46	50,900	3.92	6.05	41,850
Forfeited during the period	3.60	5.78	2,775	4.24	6.54	5,050
Exercised during the period	2.01	3.22	2,313	2.98	4.60	675
Lapsed during the period	5.61	9.00	1,800	9.15	14.11	20,675
Outstanding at the end of the period	<u>5.87</u>	<u>9.42</u>	<u>296,738</u>	<u>6.43</u>	<u>9.92</u>	<u>252,726</u>
Exercisable at the end of the period	<u>7.02</u>	<u>11.27</u>	<u>182,803</u>	<u>7.98</u>	<u>12.31</u>	<u>143,477</u>

The weighted average share price at the date of exercise of share options exercised during the period was £4.00 for the period

Notes (continued)

23 Employee share schemes (continued)

Options outstanding at the year end have the following exercise price and weighted average contractual lives

Range of exercise price \$	Vested	Unvested	Weighted average exercise price (\$)	Weighted average exercise price (£)	Weighted average remaining contractual life
2.21-4.42	2,813	-	3.01	1.95	0.56
4.42-6.63	103,640	105,885	5.73	3.71	4.69
6.63-8.84	23,375	-	7.41	4.80	2.54
11.05-13.25	24,150	8,050	12.00	7.77	3.00
13.25-15.46	22,600	-	15.01	9.71	0.71
19.88-22.09	6,225	-	22.09	14.29	2.11

The fair value of the Company's share-based awards to employees during the years ended 31 December 2010 and 2011 was estimated at the date of grant using the Black-Scholes closed form option-pricing model (Black-Scholes), assuming no dividends and using the weighted-average valuation assumptions noted in the following table. The risk-free rate is based on the US Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of the share options granted was estimated using the historical exercise behaviour of employees. Expected volatility was based on historical volatility for a period equal to the share option's expected life, calculated on a daily basis.

	2011 2003 option plan	2010 2003 option plan
Fair value at measurement date	£1.91	£1.89
Weighted average share price	£4.00	£3.96
Exercise price	£4.00	£3.96
Expected volatility	59.26%	61.76%
Option life	4.2 years	3.8 years
Risk free interest rate (based on national government bonds)	2.14%	2.37%

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The total expenses recognised for the period arising from share based payments are as follows

	2011 £	2010 £
Equity settled share based payments	115,124	140,822
	<u>115,124</u>	<u>140,822</u>

Notes *(continued)*

24 Post balance sheet event

On the 9th April 2012 the company's ultimate parent company, eResearchTechnology, Inc entered into a definitive agreement to be acquired by affiliates of Genstar Capital LLC, a private equity firm that invests in leading middle-market companies in various industries including pharmaceutical

The acquisition has privatised the ultimate parent company \$8.00 per share in cash was offered to shareholders whose approval has been obtained in June 2012 with the close date being 3rd July 2012. All stock options held by employees have been accelerated and any proceeds paid net of taxes in July 2012.

25 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Explorer Holdings, Inc. Explorer Holdings, Inc., an affiliate of Genstar Capital LLC, is the ultimate Parent Company and controlling party incorporated in Delaware, USA.

The largest group in which the results of the Company are consolidated is that headed by eResearchTechnology, Inc. No other group financial statements include the results of the Company. The consolidated financial statements of this group can be obtained from 1818 Market Street, 10th Floor, Philadelphia, PA 19103, USA.