

eResearchTechnology UK 1 Limited

**Directors' report and financial
statements**

Registered number 07255547

For the year ended 31 December 2011

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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 Company is a holding company whose subsidiary's principal activity is the provision of cardiac data analysis services

Business review

The Company was incorporated on May 17 2010 The Company owns 100% of the share capital of eResearchTechnology UK 2 Limited The Company's immediate parent company is eResearchTechnology, Inc

The Company has been established to act solely as a financial holding company and to perform group management functions

The organisational structure comprises of two UK holding companies, eResearchTechnology UK 1 Ltd and eResearchTechnology UK 2 Ltd being added to the ERT group in a linear structure owned by eResearchTechnology, Inc eResearchTechnology UK 2 Ltd now wholly owns eResearchTechnology Ltd which in turn owns ERT Europe GmbH and part owns a partnership (ERT GmbH & Co KG)

Foreign Currency Risk

All transactions are incurred in either US Dollars or Pounds Sterling As such, the Company faces exposure to adverse movements in the exchange rate of the Pounds Sterling and US Dollars

The Company holds an intercompany US dollar loan and the foreign currency risk on the changes in value of this investment are hedged using a translation reserve account

Results and dividends

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

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 period and at the date of this report

Political and charitable contributions

The Company made no political donations or incurred any political expenditure during the period The Company made no charitable donations to a UK charity during the period (2010 £nil)

Directors' report *(continued)*

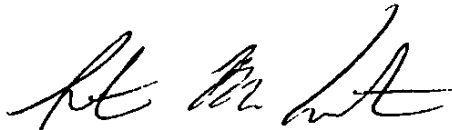
Disclosure of information to auditors

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

Auditors

KPMG LLP was appointed as auditor during the year and 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.



Independent auditor's report to the members of eResearchTechnology UK 1 Limited

We have audited the financial statements of eResearchTechnology UK 1 Limited for the year ended 31 December 2011, set out on pages 5 to 12. 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 auditors

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 web-site 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 loss 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 period 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

CH 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 Sept 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Operating expenses	3	(3,650)	(3,500)
Operating loss		(3,650)	(3,500)
Interest payable and similar charges	6	(1,594,863)	(959,592)
Loss on ordinary activities before taxation	4	(1,598,513)	(963,092)
Tax on loss on ordinary activities	7	-	-
Loss for the financial period	13	(1,598,513)	(963,092)

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 loss shown above and the historical cost loss

The notes on pages 7 to 12 form part of these financial statements

Balance sheet
at 31 December 2011

	Note	2011	2010 restated (see note 2)
		£	£
Fixed assets			
Investments	8	60,043,348	59,985,122
Creditors: amounts falling due within one year	9	(7,150)	(3,500)
Net current liabilities		(7,150)	(3,500)
Total assets less current liabilities		60,036,198	59,981,622
Creditors: amounts falling due after more than one year	10	(34,910,632)	(33,284,392)
Net assets		25,125,566	26,697,230
Capital and reserves			
Called up share capital	11	260	260
Share premium	12	29,773,714	29,773,714
Translation reserve	12	(2,086,803)	(2,113,652)
Profit and loss account	12	(2,561,605)	(963,092)
Shareholders' funds	13	25,125,566	26,697,230

The notes on pages 7 to 12 form part of these financial statements

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



S Eisenstein
 Director

eResearchTechnology UK 1 Limited
 Registered number: 07255547

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 is 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

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 and 2

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 ERT Group to continue as a going concern

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, notwithstanding the company has net current liabilities, 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

Exemption from Consolidation

The Companies Act 2006 provides that intermediate parent undertakings whose higher parents are not established under the law of an EEA state can be exempt from preparing consolidated accounts The exemption is conditional on compliance with various conditions, including that the intermediate parent and all of its subsidiaries are included in consolidated accounts for a larger group drawn up in accordance with the provisions of the Seventh Directive or in an 'equivalent manner'

The directors have undertaken equivalence testing and found the group accounts of eResearchTechnology, Inc to satisfy the requirements of the Companies Act and therefore the company is exempt from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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 Notes
- 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.

Foreign currency

Income and expenses 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 a movement in the translation reserve account.

Taxation

The tax charge or credit for the period comprises of current tax only calculated on the basis of the tax laws enacted at the balance sheet date.

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.

Notes (continued)

2 Prior period adjustment

As set out in note 10, the company has a loan balance of £32,356,177 (2010 £32,324,800) payable to eResearchTechnology, Inc with accrued interest of £2,554,455 (2010 £959,592)

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 £959,592 has been restated from current liabilities to non current liabilities

3 Operating expenses

	2011	2010
	£	£
Other operating charges	3,650	3,500

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging	2011	2010
	£	£
<i>Auditor's remuneration</i>		
Audit of the financial statements	3,650	3,500

5 Remuneration of directors

The 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 Ltd and eResearchTechnology, Inc (see note 15)

6 Interest payable and similar charges

	2011	2010
	£	£
Loss of foreign exchange	64,969	7,160
Interest on parent company loan	1,529,894	952,432
	<u>1,594,863</u>	<u>959,592</u>

Notes (continued)

7 Tax on loss on ordinary activities

Factors affecting the tax charge after the current period

On 27 July 2010 the UK Government's 2010 Finance Bill completed its passage through Parliament, resulting in a change in the corporation tax rate from 26% to 24% as from 1 April 2012

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,598,513)	(963,092)
Current tax at 26.5% (2010: 28%)	(423,606)	(269,666)
<i>Effects of</i>		
Group relief surrendered	967	980
Exchange loss on capital item not deductible for tax purposes	17,217	2,005
Intercompany interest payable exempt for tax purposes	405,422	266,681
Total current tax charge	-	-

There is no recognised or unrecognised deferred tax charge in the year

8 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning of period	59,985,122
Foreign exchange movement	58,226
At end of period	60,043,348
Net book value	
At 31 December 2011	60,043,348
At 31 December 2010	59,985,122

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 UK 2 Limited	United Kingdom	UK Holding Company	Issued ordinary 100%

Notes (continued)

9 Creditors amounts falling due within one year

	2011 £	2010 £
Amounts due to group undertaking	7,150	3,500
	<u>7,150</u>	<u>3,500</u>

10 Creditors: amounts falling due after more than one year

	2011 £	2010 restated (see note 2) £
Amounts owed to group undertaking	32,356,177	32,324,800
Interest due to group undertaking	2,554,455	959,592
	<u>34,910,632</u>	<u>33,284,392</u>

The amount due to group undertaking consists of an unsecured \$50 million loan from eResearchTechnology, Inc. 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, Inc. each quarter. Any unpaid interest increases the loan balance and incurs interest accordingly.

11 Called up share capital

	2011 £	2010 £
<i>Authorised</i>		
260 ordinary shares of £1 each	260	260
	<u>260</u>	<u>260</u>
<i>Allotted, called up and fully paid</i>		
260 ordinary shares of £1 each	260	260
	<u>260</u>	<u>260</u>

12 Capital and reserves

	Called up share capital £	Share premium £	Translation reserve £	Profit and loss account £	Total £
At the beginning of the period	260	29,773,714	(2,113,652)	(963,092)	26,697,230
Investment foreign exchange movement	-	-	58,226	-	58,226
Loan foreign exchange movement	-	-	(31,377)	-	(31,377)
Loss for the period	-	-	-	(1,598,513)	(1,598,513)
	<u>260</u>	<u>29,773,714</u>	<u>(2,086,803)</u>	<u>(2,561,605)</u>	<u>25,125,566</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the period	(1,598,513)	(963,092)
New share capital subscribed	-	29,773,974
Translation reserve	26,849	(2,113,652)
	<hr/>	<hr/>
Net (deduction from)/addition to shareholders' funds	(1,571,664)	26,697,230
Opening shareholders' funds	26,697,230	-
	<hr/>	<hr/>
Closing shareholders' funds	25,125,566	26,697,230
	<hr/>	<hr/>

14 Post balance sheet event

On the 9th April 2012 the company's 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.

15 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.