

Decision Strategies/Fairfax International (UK) Limited

Annual report and financial statements
for the year ended 31 December 2000

Registered number : 3677656



Directors' report

For the year ended 31 December 2000

The directors present their report together with financial statements for the year ended 31 December 2000.

Principal activity

The Company is engaged in investigations, business intelligence and litigation support.

Business review

The directors' expect the general level of activity to significantly increase in 2001. On 14 February 2000 the company was acquired by SPX Corporation, a company incorporated in the USA.

Results and dividends

The audited financial statements for the year ended 31 December 2000 are set out on pages 6 to 15. The profit for the year after taxation was £93,000 (1999 – loss £166,000). The current year profit has been transferred to reserves.

The directors do not recommend the payment of a dividend.

Directors

The directors' who served during the year and subsequently were as follows:

M J Hershman (American)

J Jaffe (American)

G A McKay (American)

D A Nardello (American)

B M Schwartz (American)

None of the directors' have interest in the shares of the company.

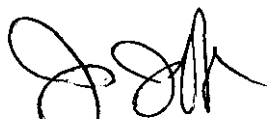
Directors' report (continued)

Auditors

During the period Grant Thornton resigned as auditors and Arthur Andersen were appointed to fill the resulting casual vacancy. Subsequently Arthur Andersen resigned as auditors and Deloitte & Touche were appointed to fill the resulting casual vacancy.

The directors' will place a resolution before the annual general meeting to appoint Deloitte & Touche as auditors for the ensuing year.

By order of the Board,



100 New Bridge Street
London
EC4V 6JA

J. Jaffe

Director

4 October 2002

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report**To the shareholders of Decision Strategies/Fairfax International (UK) Limited**

We have audited the financial statements of Decision Strategies/Fairfax International (UK) Limited for the year ended 31 December 2000 which comprise Profit and loss account, Balance sheet, and the related notes numbered 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

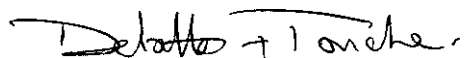
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read "Deloitte & Touche", with a stylized flourish at the end.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Birmingham

4 October 2002

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	1,337	797
Cost of sales		(308)	(359)
Gross profit		1,029	438
Administrative expenses		(936)	(604)
Profit (loss) on ordinary activities before taxation	2	93	(166)
Tax on profit (loss) on ordinary activities	5	-	-
Retained profit (loss) for the year	13	93	(166)

All results are derived from continuing operations.

There are no recognised gains or losses other than the result for the financial year.

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

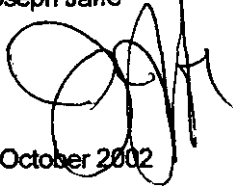
Balance sheet
31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	6	45	10
Investments	7	7	2
		<u>52</u>	<u>12</u>
Current assets			
Stocks	8	18	176
Debtors	9	94	274
Cash at bank and in hand		98	28
		<u>210</u>	<u>478</u>
Creditors: Amounts falling due within one year	10	<u>(310)</u>	<u>(631)</u>
Net current liabilities		<u>(100)</u>	<u>(153)</u>
Net liabilities		<u>(48)</u>	<u>(141)</u>
Capital and reserves			
Called-up share capital	12	25	25
Profit and loss account	13	<u>(73)</u>	<u>(166)</u>
Equity shareholders' deficit	14	<u>(48)</u>	<u>(141)</u>

The financial statements on pages 6 to 15 were approved by the board of directors signed on its behalf by:

Joseph Jaffe

Director



4 October 2002

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 December 2000

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 248 of the Companies Act 1985 because it qualifies as a small or medium sized group. The company is also exempt from the requirement of FRS 1 to present cash flow statement, because it is a wholly owned subsidiary of SPX Corporation which prepares consolidated financial statements which are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, 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:

Leasehold land and buildings	term of lease
Office equipment	20% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes sub-contractor fees, staff wages and as attributable proportion of overheads. Net realisable value is based on estimated selling price.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the relevant tax legislation) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Statement of accounting policies (continued)

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contribution payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Notes to the financial statements

31 December 2000

1 Turnover

	2000 £'000	1999 £'000
United Kingdom	233	109
Rest of Europe	1,088	408
Other	16	280
	<u>1,337</u>	<u>797</u>

2 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after changing:

	2000 £'000	1999 £'000
Depreciation and amounts written off owed tangible fixed assets	15	3
Operating lease rentals – other	54	70
Auditors remuneration for audit services	<u>8</u>	<u>8</u>

There were no amounts payable to Deloitte & Touche in respect of non-audit services in either year.

Auditors remuneration for 1999 was payable to a firm of chartered accountants other than Deloitte & Touche.

3 Staff costs

The average monthly number of employees (including executive directors) was:

	2000 Number	1999 Number
Sales and administration	<u>6</u>	<u>3</u>

Notes to the financial statements (continued)

3 Staff costs (continued)

Their aggregate remuneration comprised:

	2000 £'000	1999 £'000
Wages and salaries	262	187
Social security costs	11	19
Other pension costs (see note 17)	3	8
	<u>276</u>	<u>214</u>

4 Directors remuneration

Remuneration

The remuneration of the directors was as follows:

	2000 £'000	1999 £'000
Emoluments	<u>204</u>	<u>52</u>

Some of the directors receive emoluments from various other group companies and it is not practical to allocate there emoluments as directors of Decision Strategies/Fairfax International (UK) Limited

Highest paid director

The highest paid director received emoluments of £204,000 (1999: £52,000).

None of the directors were members of the pension scheme.

5 Tax on profit (loss) on ordinary activities

The current year tax charge has been offset by tax losses brought forward.

Notes to the financial statements (continued)

6 Tangible fixed assets

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2000	-	13	13
Additions	3	47	50
At 31 December 2000	<u>3</u>	<u>60</u>	<u>63</u>
Depreciation			
At 1 January 2000	-	3	3
Charge for the year	1	14	15
At 31 December 2000	<u>1</u>	<u>17</u>	<u>18</u>
Net book value			
At 31 December 1999	-	10	10
At 31 December 2000	<u>2</u>	<u>43</u>	<u>45</u>

7 Fixed assets investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 January 2000	2
Additions	5
At 31 December 2000	<u>7</u>

At 31 December 2000 the company held more than 20% of the allotted share capital of the following undertaking:

	Principal activity	Country of incorporation	Holding	%
Decisions Italia Srl	Investigations, business intelligence and litigation support	Italy	Ordinary	99

8 Stocks

	2000 £'000	1999 £'000
Short term work in progress	<u>18</u>	<u>176</u>

Notes to the financial statements (continued)

9 Debtors

Amounts falling due within one year:

	2000 £'000	1999 £'000
Trade debtors	53	227
Amounts owed by group undertakings	3	1
Other debtors	11	12
Pre payments and accrued income	27	34
	<u>94</u>	<u>274</u>

10 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	94	98
Amounts owed to group undertakings	191	514
Other taxation and social security	17	11
Accruals and deferred income	8	8
	<u>310</u>	<u>631</u>

11 Provisions for liabilities and charges

Deferred tax

The company has available estimated tax losses of £39,000 (1999: £127,000). The related unprovided deferred tax asset is £12,000 (1999: £38,000). There are no other provided or unprovided deferred tax assets or liabilities

12 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
25,000 ordinary £1 shares	<u>25</u>	<u>25</u>
<i>Allotted, called-up and fully paid</i>		
25,000 ordinary £1 shares	<u>25</u>	<u>25</u>

Notes to the financial statements (continued)

13 Reserves

	Profit and loss account £'000
At 1 January 2000	(166)
Retained profit for the year	93
At 31 December 2000	<u>(73)</u>

14 Reconciliation of movements in shareholders' deficit

	2000 £'000	1999 £'000
Profit (loss) for the financial year	93	(166)
Issue of shares	-	25
Net increase (reduction) in shareholders deficit	<u>93</u>	<u>(141)</u>
Opening shareholders' deficit	(141)	-
Closing shareholders' deficit	<u>(48)</u>	<u>(141)</u>

15 Capital commitments

The company had no capital commitments at 31 December 2000 (1999- £nil).

16 Leasing commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2000 £'000	1999 £'000
Expire within		
- one year	-	54
- over 5 years	<u>35</u>	<u>-</u>

17 Pension arrangements

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £3,000 (1999 - £8,000).

Notes to the financial statements (continued)

18 Ultimate controlling party

The directors regard Decision Strategies/Fairfax International LLC, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

Decision Strategies/Fairfax International LLC is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 100 New Bridge Street, London, EC45 6JA.

As a subsidiary undertaking and Decision Strategies/Fairfax International LLC, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' from disclosing transactions with other member of the group leased by Decision Strategies/Fairfax International LLC.

On 14 February 2001 Decision Strategies/Fairfax International LLC was acquired by SPX Corporation, a company incorporated in the United States of America, from this date SPX Corporation became the ultimate parent company and the ultimate controlling party.