MSX International Limited

Annual report
for the year ended 31 December 2007

Registered No. 1949542

MSX International Limited

Annual report
for the year ended 31 December 2007

Company information

Directors at 31 December 2007

F.Minturn
W.Kurth

Secretary and registered office

J.Bignall
The Octagon
Middleborough
Colchester
Essex
CO1 1TG

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

JPMorgan Chase Bank, N.A.
125 London Wall
London
EC2Y 5AJ

Directors' Report

For the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007.

Principal activities

The company is a supplier of business services, principally to the automotive industry.

Results and Dividends

The company's profit after tax is £2,071,000 (2006: £1,669,000). The directors are unable to recommend payment of a final dividend (2006: £Nil).

Changes in fixed assets

Details of movements on fixed assets during the year are set out in note 10 to the financial statements.

Branches

The company operates branches in Norway, Sweden, Denmark, Eire and Finland. In 2007 the branch activities contributed 18% (2006: 20%) of the total turnover for the year.

Directors

The directors of the company are:

F. Minturn
P. Leger

F. Minturn held office throughout the entire year. W. Kurth resigned and P. Leger was appointed on 14 January 2008.

F. Minturn held shares in the ultimate parent companies, MSX International Inc. and MSX IBS Inc, during the year.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Directors' Report (continued)

For the year ended 31 December 2007

Employee Involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Supplier Payment Policy

The Company seeks to maintain good relations with its suppliers. It is the company's policy to comply with the terms of trade agreed with each supplier. As at 31 December 2007, the Company's outstanding trade creditors represents 15 days (2006: 18 days).

Business Review & Financial Risk Management

The company provides primarily Consultancy services, and concentrates on its three core activities of Integrated Warranty Solutions, Growth Solutions and Technical Solutions which are controlled through the Business Services and Human Capital Management divisions.

The company reviews monthly forecast sales and margin reports, and compares and investigates results to forecasts. The company monitors monthly staff retention and turnover figures.

The Company uses the following Key Performance Indicators to monitor the performance of the business.

	2007	2006
Gross Margin as percentage of Turnover	**18%**	27 %
Support Cost Centres as percentage of Turnover	**10%**	13 %
Growth, year on year, and by business type (BTS division)	**10%**	4 %
Day Sales Outstanding in debtors (Business services- UK)	**33**	53
Day Sales Outstanding in debtors (Business services - division)	**49**	28
Sales Per employee (all divisions)	**90,000**	69,000

The KPIs were affected by the contract disclosed in the turnover accounting policy.

The Directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation.

Policy is for work contracts to have in place a customer Purchase Order and for payment terms to agree with our debtor collection targets. Credit checks are instigated for any new business customer. Day Sales Outstanding is monitored monthly and receives close scrutiny when showing a variance from target.

Directors' Report (continued)

For the year ended 31 December 2007

The principal risks and uncertainties facing the company relate to the current global financial situation and how this is affecting our customers in the automotive industry. The current economic condition is causing some reduction in activity levels in the automotive industry. However, as the automotive industry looks to reduce its costs, we look forward to being able to supply old and new customers with savings, as they choose to outsource and take advantage of our solutions.

The company is now refinanced with bonds expiring in 2012 (see note 14), and it is considered that this will provide the financial stability in which the company can build upon its current strengths. Interest rates are fixed and it is anticipated that the company will be sufficiently profitable to make interest payments. A significant change in the profitability of the company could impact its ability to make interest payments.

The financial statements have been prepared on a going concern basis in spite of the fact that the majority of the net asset value is represented by amounts owing by other group companies. The going concern basis has been applied with the assurance of the ultimate parent company, MSX International, Inc., that it will indemnify MSX International Limited against any defaults on payment of these balances. In addition, results and forecasts following the balance sheet date show evidence of future profits for the company.

It should be noted that MSX International Inc's ability to make good under the indemnity is dependent on it continuing to trade as a going concern. Although MSX International Inc has significant net liabilities in the region of $154m as at 31 December 2007 its financing is in place until March 2012. As such its directors are of the view that MSX International Inc remains a going concern for the foreseeable future.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (UK GAAP). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

Directors' Report (continued)

For the year ended 31 December 2007

The directors are responsible for keeping proper accounting records that 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

By order of the board

J.Bignall
Secretary

Date: 14 January 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MSX INTERNATIONAL LIMITED

We have audited the financial statements of MSX International Limited for the year ended 31 December 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 other transactions 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. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MSX INTERNATIONAL LIMITED (continued)

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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements for the year ended 31 December 2007.

Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the uncertainty surrounding the recovery of amounts owed by other group companies which is predicated on the future performance of the MSX Group of companies. In view of the significance of this uncertainty we consider that it should be brought to your attention.

Grant Thornton UK LLP
16 January 2009
GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	**22,403**	14,493
Cost of sales		**(18,444)**	(10,590)
Gross profit		**3,959**	3,903
Administrative expenses		**(2,193)**	(1,817)
Other operating income		**257**	161
Loss on disposal of fixed assets		**(2)**	(2)
Operating profit	3	**2,021**	2,245
Loss on disposal of investments		**-**	(106)
Net interest receivable and similar charges	4	**1,777**	1,802
Net interest payable and similar charges	4	**(1,156)**	(1,052)
Profit on ordinary activities before taxation		**2,642**	2,889
Tax charge on profit on ordinary activities	8	**(571)**	(1,220)
Retained profit for the financial year	18,19	**2,071**	1,669

All operating transactions arose from continuing activities in the current year.

The movement in reserves is shown in note 18.

Statement of Total Recognised Gains and Losses for the year ended 31 December 2007

	2007 £'000	2006 £'000
Profit for the financial year	**2,071**	1,669
Currency translation differences on branch foreign currency net investments	**252**	(39)
Actuarial gain arising on pension scheme liabilities	**3**	-
Total gains and losses recognised in the year	**2,326**	1,630

Balance sheet
as at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Investments in subsidiaries	9	2,371	-
Tangible assets	10	495	130
Current assets			
Debtors: amounts falling due within one year	11	10,828	16,810
Debtors: amounts falling due after more than one year	11	41,074	7,775
Cash at bank and in hand		2,117	1,425
		54,019	26,010
Creditors: amounts falling due within one year	12	(11,749)	(16,278)
Net current assets		42,270	9,732
Total assets less current liabilities		45,136	9,862
Creditors: amounts falling due after more than one year	13	(33,006)	-
Net assets excluding pension asset / (liability)		12,130	9,862
Pension asset / (liability)	16	17	(41)
Net assets		12,147	9,821
Capital and reserves			
Called up share capital	17	14,183	14,183
Share premium	18	517	517
Profit and loss account	18	(2,553)	(4,879)
Shareholders' funds	19	12,147	9,821

The financial statements on pages 8 to 31 were approved by the board of directors on 14 January 2009 and were signed on its behalf by:

F Minturn
Director

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention. The accounting policies are set out below and remain unchanged from the prior year.

Basis of preparation of financial statements and going concern

The financial statements have been prepared on a going concern basis in spite of the fact that the majority of the net asset value is represented by amounts owing by other group companies. The going concern basis has been applied with the assurance of the ultimate parent company, MSX International, Inc., that it will indemnify MSX International Limited against any defaults on payment of these balances. In addition, results and forecasts following the balance sheet date show evidence of future profits for the company.

It should be noted that MSX International Inc's ability to make good under the indemnity is dependent on it continuing to trade as a going concern. Although MSX International Inc has significant net liabilities in the region of $154m as at 31 December 2007 its financing is in place until March 2012. As such its directors are of the view that MSX International Inc remains a going concern for the foreseeable future..

The company and its ultimate US parent undertaking operate in the automotive industry and its major customers include Ford. The automotive industry has suffered a downturn and matters materially affecting the industry may impact the future performance of the company and its parent. Despite these adverse economic conditions the directors are of the view that the company and US parent are well positioned in the sector as they concentrate on cost saving and sales growth programmes.

Consolidated financial statements

The financial statements contain information about MSX International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of MSX International Holdings Limited, a company registered in England and Wales.

Tangible fixed assets

Fixed assets are stated at original cost less accumulated depreciation. Depreciation has been provided so as to allocate the cost of tangible fixed assets systematically over their remaining expected useful economic lives. The following rates per annum are used.

Notes to the financial statements for the year ended 31 December 2007 (continued)

	%
Plant and Machinery	33 straight line
Fixtures and fittings	20 straight line
Office equipment	20 straight line
Motor vehicles	25 straight line
Computer equipment general	33 straight line
Computer equipment – portable or specialised	50 straight line

Leasehold premium and improvements are amortised evenly over the remaining term of the lease.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in the value of investments.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies including long term assets and liabilities are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account. This treatment is required by Statement of Standard Accounting Practice ("SSAP") No. 20 and provides a true and fair view of the company's results by recognising exchange movements whether positive or negative. In the case of recognising unrealised gains, this treatment is chosen in favour to the application of the general rule Schedule 4 Paragraph 12 of the Companies Act 1985 which states that only profits realised at the balance sheet date should be included in the profit and loss account. The unrealised exchange gain (if any) relating to long term foreign currency items is disclosed in note 3.

Assets and liabilities of branches in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the results of foreign branches are translated at the average rate of exchange for the year. Differences on exchange arising from the re-translation of the opening net investment in the branches, and from the re-translation of the results of those branches at the average rate, are taken to reserves.

Notes to the financial statements for the year ended 31 December 2007 (continued)

Turnover

Revenue is recognised as services are delivered. Where the company is responsible for the delivery of the service, revenue is recognised gross, as the company has the significant risks and the rewards of the transaction. Revenue is recognised net, where the company acts as an agent for the delivery of agency staff, and the company does not have the significant risks and rewards for the transaction. For the year ended 31 December 2007 the company became the primary obligator for a service which was previously structured as an agency agreement resulting in a c£6m increase in revenues.

Deferred taxation

Deferred taxation is provided on all timing differences that have not reversed before the balance sheet date at the rate of tax expected to apply when those timing differences reverse. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

Pension commitments arising in respect of the defined contribution scheme are charged to the profit and loss account on the basis of contributions payable for the period.

FRS 17, Retirement Benefits, deals with the treatment of the Company's defined benefits pension scheme in the accounts and is set out in note 16.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the year is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Notes to the financial statements for the year ended 31 December 2007 (continued)

Leased assets

Expenditure on operating leases is charged to the profit and loss account on a straight line basis over the lease term.

Assets acquired under finance leases are capitalised as tangible fixed assets. The corresponding leasing commitments are shown as obligations to the lessor. Interest on such lease obligations is charged to the profit and loss account on an actuarial basis over the term of the lease.

Cashflow statement and related party disclosures

The Company's parent company, MSX International Holdings Limited, produces consolidated statements which are publicly available. The company is therefore exempt under the terms of FRS 1 (revised), from publishing a cashflow statement, and under FRS 8, from disclosing related party transactions with entities that are part of the MSX International Holdings Limited.

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Analysis by class of business and geographical area

A segmental analysis of turnover is set out below. The main operations are in the UK and Europe.

	2007	2006
	£'000	£'000
Class of business		
Human capital management services	**1,459**	1,356
Business and technical services	**20,944**	13,137
	22,403	14,493
Geographical segment (destination)		
United Kingdom	**18,435**	11,467
Scandinavia	**3,937**	2,954
Rest of Europe (Ireland)	**31**	72
	22,403	14,493

3 Operating profit and loss on disposal of investment

Operating profit is stated after charging/(crediting):

	2007	2006
	£'000	£'000
Depreciation charge for the period:		
Tangible owned fixed assets	**118**	113
Auditors' remuneration for audit related services	**64**	62
Hire of other assets – operating leases	**1,064**	850
Other operating income – rental income	**(139)**	(587)
Profit /(loss) on disposal of fixed assets	**(2)**	(2)
Exchange Items:		
(Loss)/gain on exchange arising on debtors due in more than one year	**(82)**	165
Loss on exchange on other intercompany balances	**17**	265

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Interest

	2007	2006
	£'000	£'000
Interest receivable		
Interest receivable on loans to fellow subsidiary undertakings	**1,579**	527
Bank interest received	**47**	56
Other interest received	**-**	22
Foreign exchange gain on borrowings	**144**	1,194
	1,770	1,799
Interest payable		
On bank loans and overdrafts:		
- repayable within 5 years, not by instalments	**-**	(31)
Interest payable on loans from fellow subsidiary undertakings	**(827)**	-
Interest payable on secured notes	**(325)**	(1,021)
Other interest payable	**(4)**	-
	(1,156)	(1,052)
Other finance income		
Expected return on pension scheme assets	**65**	53
Interest on pension scheme liabilities	**(58)**	(50)
	7	3
Net interest receivable and similar charges	**621**	750

Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Directors' emoluments

No directors (2006: none) received emoluments for services to this company during the year. The emoluments are shown below:

	2007	2006
	£'000	£'000
Aggregate emoluments	-	-
Company pension contributions	-	-
	-	-

6 Auditors' Remuneration

	2007	2006
	£'000	£'000
Remuneration receivable by the company's auditors for audit of the company's financial statements	**64,000**	62,750
Remuneration receivable by the company's auditors for other services	**7,500**	-
	71,500	62,750

7 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2007	2006
By activity		
Office and management	**37**	38
Consultants and engineers	**195**	152
Selling and recruitment	**17**	21
	249	211

Staff costs		
	£'000	£'000
Wages and salaries (including directors)	**8,303**	6,728
Social security costs	**1,224**	962
Other pension costs (see note 16)	**228**	101
	9,755	7,791

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£'000	£'000
Current tax:		
UK corporation tax on profit	516	739
Overseas tax charge	92	92
Withholding tax not recoverable	-	-
Adjustments to tax in respect of prior periods	(228)	106
Total Current Tax charge	380	937
Deferred tax charge (note 15)	191	283
Total tax charge	571	1,220

(b) Factors affecting tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	2,642	2,889
Profit on ordinary activities multiplied by standard rate of tax in the UK at 30% (2006: 30%)	793	867
Effects of:		
Expenses not deductible for tax purposes	7	7
Excess of depreciation over capital allowances	(192)	(221)
Adjustments in respect of loan relationships	-	178
Adjustments to tax charge in respect of previous period	(228)	106
Current tax charge for period (note 8 (a))	380	937

(c) Factors that may affect future tax charges

There are no other significant factors known at 31 December 2007, which may affect future tax charges.

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Investments

	Interest in Subsidiary Companies £'000
Cost	
New investments in year	2,371
At 31 December 2007	2,371
Provision for diminution in value	
At 31 December 2007	-
Net book value at 1 January 2007	-
Net book value at 31 December 2007	2,371

During the year the company purchased 100% of the share capital of Actuate Business Solutions Limited, a company incorporated in the UK. Since the purchase the name of the subsidiary has been changed to MSX International CLM Limited.

The directors consider the net book value of the above investment to be recoverable in full.

The company is exempt from preparing group accounts as group accounts are prepared by the company's parent company MSX International Holdings Limited.

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Tangible fixed assets

	Land and Buildings Short Leasehold	Plant and Machinery	Motor Vehicles, Fixtures and Fittings	Computer Equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2007	296	18	774	4,585	5,673
Additions	-	-	317	183	500
Disposals	(277)	(6)	(530)	(2,226)	(3,039)
At 31 December 2007	**19**	**12**	**561**	**2,542**	**3,134**
Depreciation					
At 1 January 2007	296	18	732	4,497	5,543
Charge for the year	-	-	40	78	118
Disposals	(277)	(6)	(514)	(2,225)	(3,022)
At 31 December 2007	**19**	**12**	**258**	**2,350**	**2,639**
Net book value					
At 31 December 2007	**-**	**-**	**303**	**192**	**495**
At 31 December 2006	-	-	42	88	130

The tangible assets have been charged as security for the bank loan of the company (refer to note 14).

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**3,692**	3,940
Amounts recoverable on contracts	**166**	39
Amounts owed by fellow subsidiary undertakings	**6,568**	11,755
Amounts owed by ultimate parent undertaking	**-**	312
Other debtors	**222**	515
Prepayments and accrued income	**180**	249
	10,828	16,810
Amounts falling due after more than one year		
Amounts owed by fellow subsidiary undertaking	**18,608**	7,051
Amounts owed by ultimate parent undertaking	**21,933**	-
Deferred tax assets (see note 15)	**533**	724
	41,074	7,775

The amount due after more than one year from a fellow subsidiary undertaking represents two separate loans of the following amounts:

- USD 16,000,000 receivable from MSX Spain, (valued at £8,046,671)
- USD 21,000,000 receivable form MSX Italy, (valued at £10,561,255)

The amount due after more than one year from the ultimate parent undertaking represents the following amount:

- USD $41,611, 962 receivable from MSX USA Inc, (valued at £21,933,193)

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Trade creditors	3,575	3,633
Amounts owed to fellow subsidiary undertakings	4,237	1,227
Amounts owed to ultimate parent undertaking	1,234	-
Other taxation and social security	423	350
Bank loans and overdrafts (note 14)	12	8,792
Debt element of preference shares	650	650
Corporation tax	264	744
Contract payments on account	415	358
Other creditors	572	368
Accruals and deferred income	367	156
	11,749	16,278

13 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Finance Leases	21	-
Deferred consideration on acquisition	251	-
Amounts owed to fellow subsidiary undertakings	32,734	-
	33,006	-

The amount due after more than one year to a fellow subsidiary undertaking represents the following amount:

- USD 65,088,134 payable to MSX International PLC, (valued at £32,733,924)

Note: Summary of borrowings	**Bank loans & overdrafts and secured notes (note 14)**	
	2007	2006
	£'000	£'000
Within one year or on demand	15	8,792
Between two and five years	32,755	-
More than five years	-	-
	32,770	8,792

Notes to the financial statements for the year ended 31 December 2007 (continued)

14 Bank loans, overdrafts and secured notes

Any bank overdrafts were secured by a guarantee by the ultimate parent company and a fixed and a floating charge over certain assets of the company and of certain subsidiaries of the ultimate parent company.

The Secured Notes previously issued by MSX International Limited were redeemed in March 2007 and were as follows:

1. Senior Secured Note Principal Value USD 10,570,000
Interest is accrued at 11% per annum, payable semi annually. The note is split into units, with similar notes issued by MSXI Inc. Units are registered and publicly traded in the U.S. pursuant to an effective S-4 Registration Statement filed with the U.S. S.E.C. on November 19, 2004.

2. Secured Term Loan Principal Value USD 3,500,000
Interest is accrued at 11.50% per annum, payable semi annually. The lender is Citicorp Mezzanine III, L.P.

3. Secured Term Loan Principal Value USD 2,391,783
Interest is accrued at 10% per annum. The lender is Court Square Capital Limited.

In March 2007, the MSX International Group was refinanced.

As part of the refinancing, MSX International UK Plc has during 2007 extended a loan of $69,597,500 to MSX International Limited, and this is not repayable until 2012. Of this original amount $65,088,134 is outstanding at the end of the period. Interest accrues at 15.2% per annum.

In addition to the borrowings mentioned above the company has a line of credit available to it of $10 million.

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Deferred taxation

	Provided 2007 £'000	2006 £'000
Excess of capital allowances over depreciation	**533**	724
	533	724

	£'000	£'000
Opening balance	**724**	1,007
Charge to profit and loss account	**(191)**	(283)
Closing balance	**533**	724

As a result of a sustained period of profitability taken together with forecast profits it is more likely than not that deferred tax assets will be recovered.

Notes to the financial statements for the year ended 31 December 2007 (continued)

16 Pension obligations

The Company operates and contributes to pension schemes for certain employees.

The company operates a defined contribution scheme for the employees of the Executive Operating Committee. This scheme is now closed to new members. The company contributes 13% of pensionable pay to the scheme. Pension commitments charged to the profit and loss account in respect of the company's defined contribution scheme amount to £2,000 (2006: charge £1,000). Accrued contributions at the balance sheet date were £Nil (2006: £Nil).

In addition the company made contributions to employees' personal pension plans of £154,546 (2006: £101,529).

The company operates a defined benefit scheme in the UK. Benefits ceased to accrue with effect from 31 January 2004. A full actuarial valuation was carried out at 1 October 2006 and updated to 31 December 2007 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:

	2007	2006	2005
	%	%	%
Rate of increase in salaries	**N/A**	N/A	N/A
Rate of increase in pensions in payment where LPI applies	**3.4**	3.2	3.0
Discount rate	**5.8**	5.1	4.8
Inflation assumption	**3.5**	3.3	3.0
Loading for mortality improvements	**0.0**	0.0	5.0
Mortality table	**PA92 medium cohort**	PA92 medium cohort	PA92 c2020

Notes to the financial statements for the year ended 31 December 2007 (continued)

16 Pension obligations (continued)

The assets in the scheme and the expected return were:

	Long term rate of return expected at 31 December 2007	Value at 31 December 2007	Long term rate of return expected at 31 December 2006	Value at 31 December 2006
	%	£'000	%	£'000
Equities	6.1	1,042	6.2	877
Bonds	4.1	93	4.2	120
Other (Property, Cash, etc)	4.1	81	4.2	91
Total market value of assets		1,216		1,088
Present value of scheme liabilities		(1,087)		(1,146)
Surplus/(deficit) in the scheme		129		(58)
Amount of surplus not recoverable		(129)		-
Surplus/(deficit) in the scheme		-		-
Related deferred tax asset		17		17
Net pension asset/(liability)		17		(41)

Analysis of amount charged to operating profit:

	2007	2006
	£'000	£'000
Current service charge	2	1
Curtailments and settlements	-	-
Total operating charge/(credit)	2	1

Notes to the financial statements for the year ended 31 December 2007 (continued)

16 Pension obligations (continued)

Analysis of the movement in scheme deficit during the year:

	2007	2006
	£'000	£'000
Deficit in the scheme at beginning of the year	**(58)**	(89)
Movement in year:		
Current service cost	**(2)**	(1)
Contributions	**50**	29
Other income	**7**	3
Actuarial gains/(losses):		
Actual return less expected return on pension scheme assets	**15**	44
Experience gains and losses arising on the scheme liabilities	**-**	(57)
Surplus restriction	**(129)**	-
Changes in assumptions underlying the present value of the scheme liabilities	**117**	13
Actuarial gain recognised in the statement of total recognised gains and losses	**3**	-
Surplus/(deficit) in the scheme at the end of the year	**-**	(58)

History of experience gains and losses

	2007	2006	2005
Difference between the expected and actual return on scheme assets:			
Amount (£ thousand)	**15**	44	108
Percentage of scheme assets	**1%**	4%	11%
Experience gains and losses on scheme liabilities			
Amount (£ thousand)	**-**	(57)	(3)
Percentage of the present value of the scheme liabilities	**-%**	(5%)	(-%)
Total amount recognised in statement of total recognised gains and losses:			
Amount (£ thousand)	**3**	-	(90)
Percentage of the present value of the scheme liabilities	**-%**	0%	(9%)

Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Called-up share capital

	2007 £'000	2006 £'000
Authorised		
14,180,000 (2006: 14,180,000) ordinary shares of £1 each	**14,180**	14,180
17,500 9% convertible cumulative redeemable preference shares of £1 each	**18**	18
	14,198	14,198
Allotted, called up and fully paid		
14,180,000 (2006: 14,180,000) ordinary shares of £1 each	**14,180**	14,180
17,500 9% convertible cumulative redeemable preference shares of £1 each	**18**	18
	14,198	14,198
Preference Shares classified as:		
Equity	**3**	3
Debt	**15**	15
	18	18

The holders of the preference shares can convert their holdings into ordinary shares on a one for one basis. The conversion must take place within 28 days of notice being given. The preference shares can be redeemed for the value that they were originally acquired, at the option of the preference shareholder with six months notice. Only 5,250 shares can be redeemed in any six month period. Cumulative unpaid preference dividends amounted to £759,000 (2006: 690,000).

18 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2007	517	(4,879)
Profit for the year	-	2,071
Exchange movement in relation to foreign branches	-	252
Actuarial gains on pension scheme liabilities	-	3
At 31 December 2007	517	(2,553)

Notes to the financial statements for the year ended 31 December 2007 (continued)

19 Reconciliation of movements in shareholders' funds

	2007	2006
	£'000	£'000
Profit for the year	**2,071**	1,669
Other recognised gains and losses	**255**	(39)
Net increase in shareholders' funds	**2,326**	1,630
Opening shareholders' funds	**9,821**	8,191
Net increase in shareholders' funds	**2,326**	1,630
Closing shareholders' funds	**12,147**	9,821

20 Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows.

	2007		2006	
	Other	**Land and Buildings**	Other	Land and Buildings
	£'000	**£'000**	£'000	£'000
Expiring within one year	**3**	**7**	36	200
Expiring between two and five years inclusive	**27**	**107**	30	132
Expiring in over five years	**30**	**183**	-	-
	60	**297**	66	332

Notes to the financial statements for the year ended 31 December 2007 (continued)

21 Capital Commitments

The Company had no capital commitments at 31 December 2007 (2006: £nil)

22 Parent company

The group considers MSX International Holdings Limited, a company registered in the UK, to be the parent company as at the balance sheet date. The smallest group of undertakings for which publicly available group accounts have been drawn up is that headed by MSX International Holdings Ltd.

23 Ultimate parent company

The directors consider MSX International Inc., a company registered in the United States of America, to be the ultimate parent company as at the balance sheet date. As a result of post balance sheet events, the ultimate parent company is more recently considered to be MSX IBS Inc. Copies of the parents' consolidated financial statements may be obtained from 1950 Concept Drive, Warren, Michigan, 48091, USA.

24 Related party transactions

In March 2007, the MSX International Group was refinanced. For this purpose, MSX International UK Plc was incorporated as a subsidiary of MSX International Netherlands BV.

As part of the refinancing, MSX International UK Plc issued $71,750,000 of 12.5% Senior Secured Notes Due 2012, which are guaranteed by the Company and by MSX International Holdings Ltd on a senior secured basis. This liability is secured by a debenture comprising a fixed and floating charge over all the Company's assets. MSX International UK Plc has during 2007 extended a loan of $69,597,500 to MSX International Limited, and this is not repayable until 2012. Of this original amount $65,088,134 is outstanding at the end of the period.
MSX International UK Plc charges interest on this loan to MSX International Limited.

During the year, there were transactions between the Group and fellow subsidiary companies. Those pertaining to the above financing arrangements (as opposed to arms length trade) resulted in the following temporary balances disclosed within Debtors and Creditors, both due within one year.

Notes to the financial statements for the year ended 31 December 2007 (continued)

24 Related party transactions (continued)

Accrued interest receivable/payable	2007
	£'000
MSX International Spain	565
MSX International Italy	700
MSX International Inc	2,648
Amounts owed by fellow subsidiary undertakings	3,913

MSX International plc	3,433
Amounts owed to fellow subsidiary undertakings	3,433

25 Post Balance Sheet Events

During 2008, MSX International Holdings Ltd sold MSX International Ltd to MSXI UK Ltd.

26 Ultimate Parent Company

At 31 December 2007 MSX International Holdings Limited, a company incorporated in England and Wales, was the immediate parent company of MSX International Limited and the largest and smallest company for which publicly available group accounts have been drawn up.

The directors consider MSX IBS Inc, a company registered in the United States of America to be the ultimate parent company.