

Registered number: 01949542

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## MSX INTERNATIONAL LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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**MSX INTERNATIONAL LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	F Minturn S Del Mar
<b>COMPANY SECRETARY</b>	J Bignall
<b>REGISTERED NUMBER</b>	01949542
<b>REGISTERED OFFICE</b>	The Octagon Middleborough Colchester Essex CO1 1TG
<b>INDEPENDENT AUDITORS</b>	Grant Thornton UK LLP Grant Thornton House Melton Street London EC2Y 5AJ
<b>BANKERS</b>	JP Morgan Chase Bank 125 London Wall London EC2Y 5AJ  Royal Bank of Scotland 45 Head Street Colchester CO1 1NW

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**MSX INTERNATIONAL LIMITED**

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## MSX INTERNATIONAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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The directors present their report and the financial statements for the year ended 31 December 2012

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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,
- 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 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.

#### PRINCIPAL ACTIVITIES

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

#### BUSINESS REVIEW

The company provides primarily Consultancy services, and concentrates on its three core activities of Integrated Warranty Solutions, Growth Solutions and Technical Solutions.

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

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

	2012	2011
Gross Margin as percentage of Turnover	32%	33%
Support Cost Centres as percentage of Turnover	17%	16%
Turnover Growth, year on year (all divisions)	7%	21%
Day Sales Outstanding (all divisions except VMS)	46 days	39 days
Sales Per employee (all divisions)	£63,000	£65,000

The company's performance shows an increase in revenues from one year to the next. Although the company

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## **MSX INTERNATIONAL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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experienced continued pressure to provide price reductions within the industry, 2012 brought growth to the company in some areas and new customers

The company's 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.

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. However, as the automotive industry looks to reduce its cost, 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.

In March 2012 the MSXI group refinanced with loans expiring in 2017 (see note 15), and it is considered that this provides the financial stability for the group to build upon its current strengths. Interest rates are fixed and it is anticipated that the group will be sufficiently profitable to make interest payments and repayments of principal. During 2012, following the group refinancing, the directors agreed with a sister company to take partial write down of the interest receivable from that company (see note 4).

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £2,048 *thousand* (2011 - £3,182 *thousand*)

The directors are unable to recommend payment of a final dividend (2011 £Nil)

#### **DIRECTORS**

The directors who served during the year were

F Minturn  
S Del Mar

#### **COMPANY'S POLICY FOR PAYMENT OF CREDITORS**

The Company seeks to maintain good relations with its suppliers. It is the company policy to comply with the terms of trade agreed with each supplier. As at 31 December 2012, the Company's outstanding trade creditors represents 20 days (2011 15 days)

#### **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.

#### **DISABLED EMPLOYEES**

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.

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**MSX INTERNATIONAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

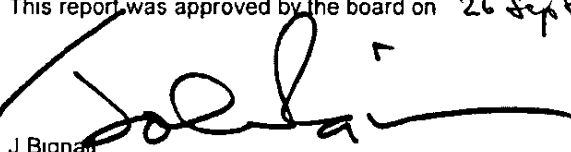
**AUDITORS**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

**BRANCHES**

The company operates branches in Norway, Sweden, Denmark and Finland. In 2012 the branch activities contributed 22% (2011: 26%) of the total turnover for the year.

This report was approved by the board on 26 September 2013 and signed on its behalf



J Bignall  
Secretary

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## **MSX INTERNATIONAL LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MSX INTERNATIONAL LIMITED**

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We have audited the financial statements of MSX International Limited for the year ended 31 December 2012, set out on pages 6 to 25. The financial statements include the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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**

As explained more fully in the Directors' responsibilities statement, 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 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

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**MSX INTERNATIONAL LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MSX INTERNATIONAL LIMITED**

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David Miller (Senior statutory auditor) for and on behalf of

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

London

Date *30 September 2013*



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**MSX INTERNATIONAL LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	Note	2012 £000	2011 £000
<b>TURNOVER</b>	1,2	<b>24,927</b>	<b>23,209</b>
Cost of sales		<u>(16,881)</u>	<u>(15,666)</u>
<b>GROSS PROFIT</b>		<b>8,046</b>	<b>7,543</b>
Administrative expenses		(6,246)	(3,686)
Other operating income	3	12	-
Other operating charges		<u>(480)</u>	<u>(1,070)</u>
<b>OPERATING PROFIT</b>	4	<b>1,332</b>	<b>2,787</b>
Interest receivable and similar income	5	6,192	7,553
Interest payable and similar charges	6	(5,054)	(6,644)
Other finance charges		<u>(3)</u>	<u>(12)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,467</b>	<b>3,684</b>
Tax on profit on ordinary activities	10	<u>(419)</u>	<u>(502)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	19	<u><b>2,048</b></u>	<u><b>3,182</b></u>

All amounts relate to continuing operations

The notes on pages 10 to 25 form part of these financial statements

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**MSX INTERNATIONAL LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	Note	2012 £000	2011 £000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,048</b>	<b>3,182</b>
Actuarial gain/(loss) related to pension scheme	21	66	(184)
Effect of pension surplus cap	21	(77)	97
Currency translation differences on branch foreign currency net investments		27	(46)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>2,064</b>	<b>3,049</b>

The notes on pages 10 to 25 form part of these financial statements

**MSX INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 01949542**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	£000	2012 £000	Restated 2011 £000
<b>FIXED ASSETS</b>				
Tangible assets	12		1,100	1,014
Investments	11		1,118	1,391
			<u>2,218</u>	<u>2,405</u>
<b>CURRENT ASSETS</b>				
Debtors amounts falling due after more than one year	13	415		398
Debtors amounts falling due within one year	14	61,038		82,047
Cash at bank and in hand		6,311		4,412
		<u>67,764</u>		<u>86,857</u>
<b>CREDITORS</b> , amounts falling due within one year	15	(39,106)		(60,405)
<b>NET CURRENT ASSETS</b>			<u>28,658</u>	<u>26,452</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>30,876</u>	<u>28,857</u>
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred tax	17		(147)	(147)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>30,729</u>	<u>28,710</u>
Defined benefit pension scheme liability	21		-	(45)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>30,729</u>	<u>28,665</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital			14,182	14,182
Share premium account	19		517	517
Profit and loss account	19		16,030	13,966
<b>SHAREHOLDERS' FUNDS</b>	20		<u>30,729</u>	<u>28,665</u>

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**MSX INTERNATIONAL LIMITED**

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**BALANCE SHEET (continued)  
AS AT 31 DECEMBER 2012**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2013



**Sam Del Mar**  
Director

The notes on pages 10 to 25 form part of these financial statements

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## MSX INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

The accounting policies are set out below and remain unchanged from the prior year

##### 1.2 Going concern and financing

The financial statements have been prepared on a going concern basis. Results and forecasts for the company following the balance sheet date show evidence of future profits. In addition, cash flow forecasts indicate that underlying profits should be sufficient to meet interest obligations for a year from the date of signing.

In February 2012 the MSX International group was refinanced. The new arrangements involved a reduction of the long term intercompany debtors and creditors (see notes 13 and 16). MSX International Inc. and MSX International Tech Services SL, settled their loans and MSX International Holdings Italia Srl, renewed their loan note. In turn MSX International Ltd settled their loan from MSX International PLC.

At this time, MSX International Ltd was also advanced a further \$40.9m in the form of a loan note by MSX International (Holdings), Inc., and in turn advanced \$46.7m to its parent company MSXI UK Limited in the form of a loan note.

All the new loans within the MSX group are repayable on demand, but are expected to be repaid in 2017.

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

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 rewards of the transaction. Revenue is recognised net, where the company acts as an agent for the delivery of agency staff, as the company does not have the significant risks and rewards of the transaction.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	20% straight line
Office equipment	-	20-33% straight line
Computer equipment	-	33-50% straight line
Development software	-	20% straight line

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

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## **MSX INTERNATIONAL LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 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 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of the company's immediate parent, MSXI UK Limited, a company registered in England & Wales.

##### **1.7 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.

##### **1.8 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 revaluation 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 which states that only profits realised at the balance sheet date should be included in the profit and loss account. All unrealised gains and losses within the profit and loss account, relating to foreign currency items, are disclosed in notes 4 and 6.

Assets and liabilities of branches in foreign currencies are translated into sterling at the exchange rate 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.

##### **1.9 Taxation**

The charge for taxation is based on the profits for the period as adjusted for disallowable items.

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. It is recognised at the date of the transaction that will result in an obligation to pay more, or a right to pay less (or receive more) tax, with the exception that deferred tax assets are recognised only to the extent that it is regarded more likely than not that they will be recovered.

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## **MSX INTERNATIONAL LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.10 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 which is set out in note 22.

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.

##### **1.11 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.

##### **1.12 Cash Flow statement and related party disclosures**

The Company's parent company, MSXI UK Ltd, produces consolidated statements, which include a cash flow statement, and are publicly available. The company is therefore exempt under the terms of FRS 1 (revised), from publishing a cash flow statement, and under FRS 8, from disclosing related party transactions with entities that are part of the MSXI group.

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**2. TURNOVER**

An analysis of turnover by class of business is as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Human capital management services	<b>2,531</b>	<b>2,175</b>
Other collaborative services	<b>22,396</b>	<b>21,034</b>
	<b>24,927</b>	<b>23,209</b>

All turnover arose within the United Kingdom and Europe

Analysis by geographical area is as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>19,340</b>	<b>17,150</b>
Europe	<b>5,587</b>	<b>6,059</b>
Total	<b>24,927</b>	<b>23,209</b>

**3. OTHER OPERATING INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Ground rent receivable	<b>12</b>	<b>-</b>

**4. OPERATING PROFIT**

The operating profit is stated after charging

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>440</b>	<b>283</b>
Auditors' remuneration	<b>50</b>	<b>48</b>
Auditors' remuneration - taxation services	<b>49</b>	<b>9</b>
Hire of other assets - operating leases	<b>1,113</b>	<b>1,030</b>
Impairment of investment	<b>273</b>	<b>1,031</b>
Loss on exchange on other intercompany balances	<b>-</b>	<b>52</b>
Write down of interest receivable from a fellow subsidiary	<b>1,920</b>	<b>-</b>



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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**5 INTEREST RECEIVABLE**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Interest receivable on loans to fellow subsidiary undertakings	<b>6,190</b>	<b>7,550</b>
Bank interest received	<b>2</b>	<b>3</b>
	<b>6,192</b>	<b>7,553</b>

**6. INTEREST PAYABLE**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Interest payable bank loans and overdrafts	<b>2</b>	<b>11</b>
Foreign exchange loss on borrowings	<b>1,169</b>	<b>32</b>
Interest payable on loans from fellow subsidiary undertakings	<b>3,883</b>	<b>6,601</b>
	<b>5,054</b>	<b>6,644</b>

**7 OTHER FINANCE INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	<b>58</b>	<b>56</b>
Interest on pension scheme liabilities	<b>(61)</b>	<b>(68)</b>
	<b>(3)</b>	<b>(12)</b>

**8. DIRECTORS' EMOLUMENTS**

One director (2011: 1) received emoluments for service to the company during the year as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries (including incentive scheme payments)	<b>103</b>	<b>105</b>
Pension contributions	<b>14</b>	<b>21</b>
Benefits in kind	<b>8</b>	<b>12</b>
Total	<b>125</b>	<b>138</b>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**9. EMPLOYEE INFORMATION**

The average monthly number of employees, including the directors, during the year was as follows

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No</b>
Office and management	<b>64</b>	<b>50</b>
Consultants and engineers	<b>328</b>	<b>301</b>
Selling and recruitment	<b>6</b>	<b>5</b>
	<u><b>398</b></u>	<u><b>356</b></u>

**Staff Costs**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries (including directors)	<b>13,620</b>	<b>12,150</b>
Social security costs	<b>1,838</b>	<b>1,700</b>
Other pension costs	<b>537</b>	<b>490</b>
	<u><b>15,995</b></u>	<u><b>14,340</b></u>

**10 TAXATION**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	<b>436</b>	<b>420</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(17)</b>	<b>(65)</b>
Non-recoverable withholding tax on interest payments	<b>-</b>	<b>147</b>
	<u><b>(17)</b></u>	<u><b>82</b></u>
<b>Total deferred tax</b> (see note 17)	<u><b>(17)</b></u>	<u><b>82</b></u>
<b>Tax on profit on ordinary activities</b>	<u><b>419</b></u>	<u><b>502</b></u>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**10. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	<b>2012 £000</b>	<b>2011 £000</b>
Profit on ordinary activities before tax	<b>2,467</b>	<b>3,684</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	<b>604</b>	<b>976</b>
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>480</b>	<b>6</b>
Capital allowances for year in excess of depreciation	<b>78</b>	<b>68</b>
Adjustments to tax charge in respect of prior periods	<b>(42)</b>	<b>60</b>
Other differences leading to an increase (decrease) in the tax charge	<b>-</b>	<b>(2)</b>
Relief from losses of other group members	<b>(751)</b>	<b>(961)</b>
Impairment provision not taxable	<b>67</b>	<b>273</b>
<b>Current tax charge for the year (see note above)</b>	<b>436</b>	<b>420</b>

**11 INVESTMENTS**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 1 January 2012 and 31 December 2012	<b>2,422</b>
<b>Provision for diminution in value</b>	
At 1 January 2012	<b>1,031</b>
Increase in diminution provision	<b>273</b>
At 31 December 2012	<b>1,304</b>
<b>Net book value</b>	
At 31 December 2012	<b>1,118</b>
At 31 December 2011	<b>1,391</b>

The company holds 100% of the share capital of MSX International CLM Limited, a company incorporated in England and Wales and 100% of the share capital of MSXI Business Solutions (Pty) Ltd, a company incorporated in South Africa. Both subsidiaries are suppliers of business services, principally to the

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. INVESTMENTS (continued)**

automotive industry

An impairment review for the investment in MSX International CLM Ltd resulted in a diminution in value which has been applied to the investment value above. The impairment review is based on cash flow forecasts for five years discounted at 15%. Terminal growth is set at 2.5%. Models are sensitised so that the impairment review reflects a balanced position.

The company is exempt from preparing group accounts as group accounts are prepared by the company's parent company MSXI UK Ltd.

**12. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £000	Other fixed assets £000	Total £000
<b>Cost</b>			
At 1 January 2012	566	1,530	2,096
Additions	34	165	199
Transfers to subsidiary	-	(20)	(20)
Disposals	-	(92)	(92)
Own work capitalised	-	353	353
Foreign exchange movement	1	-	1
At 31 December 2012	<u>601</u>	<u>1,936</u>	<u>2,537</u>
<b>Depreciation</b>			
At 1 January 2012	427	655	1,082
Charge for the year	94	346	440
On disposals	-	(86)	(86)
Foreign exchange movement	1	-	1
At 31 December 2012	<u>522</u>	<u>915</u>	<u>1,437</u>
<b>Net book value</b>			
At 31 December 2012	<u>79</u>	<u>1,021</u>	<u>1,100</u>
At 31 December 2011	<u>139</u>	<u>875</u>	<u>1,014</u>

The tangible assets have been charged as security for the bank loan of the company (refer to note 16)

**13. DEBTORS Amounts falling due after more than one year**

	2012 £000	<i>Restated</i> 2011 £000
Deferred tax assets	<u>415</u>	<u>398</u>

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**MSX INTERNATIONAL LIMITED**

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**14. DEBTORS** Amounts falling due within one year

	<b>2012</b>	<i>Restated</i>
	<b>£000</b>	<i>2011</i>
		<i>£000</i>
Trade debtors	4,790	3,195
Amounts recoverable on long term contracts	-	295
Amounts owed by parent undertakings	32,736	42,574
Amounts owed by fellow subsidiary undertakings	19,830	35,519
Amounts owed by own subsidiary undertakings	2,779	-
Corporation tax recoverable	97	192
Other debtors	315	81
Prepayments and accrued income	491	191
	<hr/>	<hr/>
Total	<b>61,038</b>	<i>82,047</i>
	<hr/>	<hr/>

The company was refinanced during 2012. In February 2012 the loan to the ultimate parent company MSX International Inc of US\$ 40,256,420 (valued at £26,153,950 in 2011) was settled in full.

At the beginning of the year the company was owed £644,291 by the company's parent company MSXI UK Limited. As part of group refinancing in February a new additional loan of US\$46,722,433 (valued at £28,921,345 at 31 December 2012) was made to MSXI UK Limited. These loans are expected to be repaid in 2017, but are repayable on demand so have been classified within amounts falling due within one year.

The company's existing loan of US\$21,000,000 (valued at £13,643,362 in 2011) to the company's fellow subsidiary MSX International Holdings Italia Srl, in Italy has been renewed in March 2012 with the accrued interest rolled into a new balance of US\$27,226,116 (valued at £16,853,039 at 31 December 2012). This new loan is expected to be repaid in 2017, but is repayable on demand so has been classified within amounts falling due within one year.

A loan to the company's fellow subsidiary MSX International Tech Services, SL in Spain of USD 16,000,000 (valued at £10,394,943 in 2011) was settled in full in February 2012.

The 2011 comparatives have been restated to conform with the 2012 presentation and to accurately classify the debtors and creditors due within one year and due after more than one year. The restatement has no effect on profits or net assets for either year.

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**MSX INTERNATIONAL LIMITED**

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**15. CREDITORS Amounts falling due within one year**

	2012	<i>Restated</i> 2011
	£000	£000
Trade Creditors	7,390	5,467
Amounts owed to fellow subsidiary undertakings	1,318	51,904
Amounts owed to ultimate parent undertaking	27,344	340
Other taxation and social security	771	730
Debt element of preference shares	650	650
Other creditors	765	767
Accruals and deferred income	868	547
	<hr/>	<hr/>
Total	<b>39,106</b>	<b>60,405</b>
	<hr/>	<hr/>

The company refinanced in February 2012. The existing loan from fellow subsidiary MSX International Limited (formerly MSX International plc) for US\$69,597,500 (valued at £45,216,377 in 2011) was settled and a new loan issued by the parent company MSX International (Holdings), Inc., USA for US\$40,850,959 valued at £25,286,889 at 31 December 2012. This new loan is expected to be repaid in 2017, but is repayable on demand so has been classified within amounts falling due within one year.

**16. BANK LOANS AND OVERDRAFTS**

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 company has a line of credit available to it of \$20 million. Any draw down on the facility is also guaranteed by the ultimate parent company and by a charge over trade receivable assets of the company.

**17. DEFERRED TAX ASSET**

	2012	2011
	£000	£000
At beginning of year	251	333
Released during/(charged for) year	17	(82)
	<hr/>	<hr/>
At end of year	<b>268</b>	<b>251</b>
	<hr/>	<hr/>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. DEFERRED TAX ASSET (continued)**

The deferred tax asset is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	415	398
Non-recoverable withholding tax on interest payments	(147)	(147)
	<u>268</u>	<u>251</u>
comprising		
Asset - due after one year	415	398
Liability	(147)	(147)
	<u>268</u>	<u>251</u>

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

**18. CALLED-UP SHARE CAPITAL**

	2012 £000	2011 £000
<b>Authorised</b>		
14,180,000 ordinary shares of £1 each	14,180	14,180
17,500 9% convertible redeemable preference shares of £1 each	18	18
	<u>14,198</u>	<u>14,198</u>

	2012 £000	2011 £000
<b>Alloted, called up and fully paid</b>		
14,180,000 ordinary shares of £1 each	14,180	14,180
17,500 9% convertible redeemable preference shares of £1 each	18	18
	<u>14,198</u>	<u>14,198</u>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2012 £000	2011 £000
<b>Preference shares classified as</b>		
Equity	3	3
Debt	15	15
	<u>18</u>	<u>18</u>

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 £1,104,000 (2011: £1,035,000).

**19 RESERVES AND SHARE PREMIUM ACCOUNT**

	Share premium account £000	Profit and loss account £000
At 1 January 2012	517	13,966
Profit for the year	-	2,048
Actuarial loss on pension scheme liabilities	-	(11)
Exchange movement in relation to foreign branches	-	27
	<u>517</u>	<u>16,030</u>
At 31 December 2012	<u>517</u>	<u>16,030</u>

The closing balance on the Profit and loss account includes a £NIL (2011 - £45 thousand) deficit, stated after deferred taxation of £NIL (2011 - £NIL), in respect of pension scheme liabilities of the company pension scheme.

**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £000	2011 £000
Opening shareholders' funds	28,665	25,616
Profit for the year	2,048	3,182
Other recognised gains and losses during the year	16	(133)
	<u>30,729</u>	<u>28,665</u>
Closing shareholders' funds	<u>30,729</u>	<u>28,665</u>



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**MSX INTERNATIONAL LIMITED**

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**21. PENSION COMMITMENTS**

The Company operates and contributes to pension schemes for certain employees

The company operates a defined contribution scheme for its employees. The company made contributions to employees' personal pension plans of £537,000 (2011: £490,000).

The company operates a Defined benefit pension scheme in the UK.

Benefits ceased to accrue with effect from 31 January 2004. A full actuarial valuation was carried out at 1 October 2008 and updated to 31 December 2012 by a qualified actuary, independent of the scheme's sponsoring employer.

The amounts recognised in the Balance sheet are as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligations	<b>(1,206)</b>	<b>(1,386)</b>
Fair value of scheme assets	<b>1,283</b>	<b>1,341</b>
	<hr/>	<hr/>
Surplus/(deficit) in scheme	<b>77</b>	<b>(45)</b>
Surplus not recognised	<b>(77)</b>	<b>-</b>
	<hr/>	<hr/>
Net liability	<b>-</b>	<b>(45)</b>
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Interest on obligation	<b>(61)</b>	<b>(68)</b>
Expected return on scheme assets	<b>58</b>	<b>56</b>
	<hr/>	<hr/>
Total	<b>(3)</b>	<b>(12)</b>
	<hr/>	<hr/>
Actual return on scheme assets	<b>73</b>	<b>66</b>
	<hr/>	<hr/>

Movements in the present value of the defined benefit obligation were as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	<b>1,386</b>	<b>1,272</b>
Interest cost	<b>61</b>	<b>68</b>
Actuarial (Gains)/losses	<b>(51)</b>	<b>62</b>
Benefits paid	<b>(190)</b>	<b>(16)</b>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,206</b>	<b>1,386</b>
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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets were as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	1,341	1,369
Expected return on assets	58	56
Actuarial gains and (losses)	15	(122)
Contributions by employer	59	54
Benefits paid	(190)	(16)
	<u>1,283</u>	<u>1,341</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £11,000 loss (2011 - £87,000 loss)

The company expects to contribute £74,400 to its Defined benefit pension scheme in the UK in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	<b>2012</b>	<b>2011</b>
Equities	63.90 %	63.30 %
Bonds	25.30 %	23.80 %
Other (property, cash etc)	10.80 %	12.90 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	<b>2012</b>	<b>2011</b>
Discount rate at 31 December	4.10 %	4.70 %
Rate of increase in pensions where LPI applies	2.80 %	2.90 %
Inflation assumption	2.30 %	2.90 %
Mortality	PCA00 medium cohort	PCA00 medium cohort

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	<b>(1,206)</b>	<b>(1,386)</b>	<b>(1,272)</b>	<b>(1,201)</b>	<b>(927)</b>
Scheme assets	<b>1,283</b>	<b>1,341</b>	<b>1,369</b>	<b>1,222</b>	<b>956</b>
Surplus/(deficit)	<b>77</b>	<b>(45)</b>	<b>97</b>	<b>21</b>	<b>29</b>
Experience adjustments on scheme liabilities	<b>(101)</b>	<b>-</b>	<b>41</b>	<b>166</b>	<b>(45)</b>
Experience adjustments on scheme assets	<b>15</b>	<b>(122)</b>	<b>47</b>	<b>31</b>	<b>(321)</b>

These experience adjustments are disclosed in the statement of recognised gains and losses

**22. OPERATING LEASE COMMITMENTS**

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expiry date</b>				
Within 1 year	<b>87</b>	<b>47</b>	<b>9</b>	<b>9</b>
Between 2 and 5 years	<b>-</b>	<b>40</b>	<b>-</b>	<b>15</b>
After more than 5 years	<b>191</b>	<b>191</b>	<b>-</b>	<b>1</b>

**23. CAPITAL COMMITMENTS**

The Company had no capital commitments at 31 December 2012 (2011 £nil)

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**MSX INTERNATIONAL LIMITED**

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**24. PARENT COMPANY AND ULTIMATE PARENT COMPANY**

MSXI UK Limited is considered by the group to be the parent company as at the balance sheet date. The smallest group of undertakings for which group accounts have been drawn up is that headed by MSXI UK Limited. Accounts are publicly available from Companies House, Crown Way, Cardiff CF14 3UZ.

The largest group of undertakings for which group accounts have been drawn up is that headed by MSX International Inc, a company incorporated in the United States of America.

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

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