

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 2013**

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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>	BDO LLP Lockton House Clarendon Road Cambridge CB2 8FH
<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 2013**

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The directors present their report and the financial statements for the year ended 31 December 2013.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic report, 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.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £3,981,000 (2012 - £2,048,000).

The directors are unable to recommend payment of a final dividend. (2012: £Nil)

#### **DIRECTORS**

The directors who served during the year were:

F Minturn  
S Del Mar

#### **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.

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## MSX INTERNATIONAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 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.

#### STRATEGIC REPORT

The Directors have included a business review within the strategic report. Also included in the strategic report are details of the future developments of the group, the principal risks and uncertainties and a review of the key performance indicators as assessed by the directors.

#### DISCLOSURE 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 relevant audit information and to establish that the company's auditors are aware of that information.

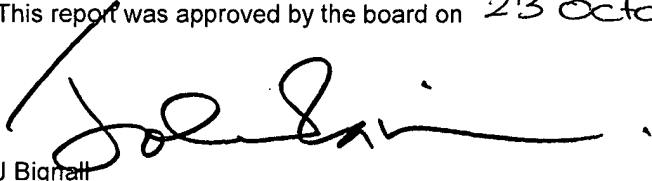
#### AUDITORS

The auditors, BDO LLP, were appointed during the year and 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 2013 the branch activities contributed 25% (2012: 22%) of the total turnover for the year.

This report was approved by the board on 23 October 2014 and signed on its behalf.



J Bignall  
Secretary

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## **MSX INTERNATIONAL LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **BUSINESS REVIEW**

The company primarily provides training, business process outsourcing services ("BPO") and contract labor management solutions. The key activities of the company are Retail Network Solutions (Warranty, Technical and Dealer), and Human Capital Solutions (Managed Service Provider). The group continually develops new solutions to offer the market, and the increase in MSXI software product throughout the MSXI group has helped in the drive to increase revenues.

The company's performance shows an increase in revenues from one year to the next. Although the company experiences continued pressure to provide price reductions within the industry, 2013 brought growth to the company, while retaining a strong profit margin. The Retail Network Solutions (RNS) division grew 9% (2012: 7%), and the Managed Service Provider (MSP) division grew by 16% (2012: 17%). The company continues to provide services within the automotive industry at the level of the larger original equipment manufacturers, who in turn, for RNS, share benefits with their dealers. The company also increasingly provides MSP services outside the automotive industry.

The company has strong procedures in place to review monthly forecast sales and margin reports, and compares and investigates results to forecasts. The company proactively manages recruitment, staff retention and turnover figures. Across the MSXI group there is much communication between sister companies in different markets, and this continues to provide benefits. Over the past year the company has continued to expand, to build on relationships with existing customers and to acquire new customers and contracts.

The Directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation. 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 company also generates revenues from licence fees which are charged to fellow subsidiaries in the MSXI Group. This licence fee revenue is charged for the use of the Software Solutions that the company holds, and it is anticipated that such revenue will grow as fellow subsidiaries increase such services to their customers around the world.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the company in past years have now subsided, having been related to the downturn in the global financial situation and its effect on our customers. In the past few years, however, as the automotive industry looked to reduce its cost, MSXI continued to supply old and new customers with valuable services, as they chose to outsource and take advantage of our solutions.

In August 2014 the MSXI global organisation refinanced its debt at its earliest opportunity and on more favourable terms than before. This refinancing provides the financial stability for the group to build upon its current strengths and continue expansion. Interest rates have now reduced significantly and it is anticipated that increasing company profits will enable increasing investment in its own future, as well as interest payments and repayments of principal.

The company's main foreign currency risk exposure is in respect of the company's loans. The company's most significant borrowings and lendings within MSXI group are denominated in US dollars, so exchange movements mitigate against each other. The lower interest rates described above will also help reduce any exchange risk. In 2013 the company realised a foreign exchange gain of £187,000 (2012 - loss of £207,000).

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**MSX INTERNATIONAL LIMITED**

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**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**KEY PERFORMANCE INDICATORS**

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

	2013	2012
Gross Margin as percentage of Turnover	34%	32%
Support Cost Centres as percentage of Turnover	16%	17%
Turnover Growth, year on year (all divisions)	9%	7%
Day Sales Outstanding (all divisions except HCMS)	47 days	46 days
Sales Per employee (all divisions)	£66,000	£63,000

The company's performance shows an increase in revenues from one year to the next. Although the company experienced continued pressure to provide price reductions within the industry, 2013 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.

This report was approved by the board on 23 October 2014 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 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 Financial Reporting Council'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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2013 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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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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**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.



Gary Hanson (Senior statutory auditor)

for and on behalf of  
**BDO LLP, statutory auditor**

Cambridge, United Kingdom

Date: *28 October 2014*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**MSX INTERNATIONAL LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
<b>TURNOVER</b>	1,2	<b>27,373</b>	<b>24,927</b>
Cost of sales		(17,985)	(16,881)
<b>GROSS PROFIT</b>		<b>9,388</b>	<b>8,046</b>
Administrative expenses		(5,146)	(6,246)
Other operating income	3	-	12
Other operating charges	4	(886)	(480)
<b>OPERATING PROFIT</b>	5	<b>3,356</b>	<b>1,332</b>
Interest receivable and similar income	6	5,612	6,192
Interest payable and similar charges	7	(4,122)	(5,054)
Other finance income/(charges)		9	(3)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,855</b>	<b>2,467</b>
Tax on profit on ordinary activities	11	(874)	(419)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	21	<b>3,981</b>	<b>2,048</b>

All amounts relate to continuing operations.

The notes on pages 11 to 28 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 2013**

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	Note	2013 £000	2012 £000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>3,981</b>	<b>2,048</b>
Actuarial gain related to pension scheme	23	138	66
Pension surplus not recognised	23	(221)	(77)
Foreign currency differences		(44)	27
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>3,854</b>	<b>2,064</b>

The notes on pages 11 to 28 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£000	2013 £000	£000	2012 £000
<b>FIXED ASSETS</b>					
Tangible assets	13		1,493		1,100
Investments	12		45		1,118
			<u>1,538</u>		<u>2,218</u>
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	14	264		415	
Debtors: amounts falling due within one year	15	65,698		61,038	
Cash at bank and in hand		7,478		6,311	
		<u>73,440</u>		<u>67,764</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<b>(40,135)</b>		<b>(39,106)</b>	
<b>NET CURRENT ASSETS</b>			<b>33,305</b>		<b>28,658</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>34,843</b>		<b>30,876</b>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<b>(260)</b>		<b>-</b>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	19		-		(147)
<b>NET ASSETS EXCLUDING PENSION SCHEME ASSETS</b>			<b>34,583</b>		<b>30,729</b>
Defined benefit pension scheme asset	23		298		77
<b>NET ASSETS</b>			<b><u>34,881</u></b>		<b><u>30,806</u></b>

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**MSX INTERNATIONAL LIMITED**

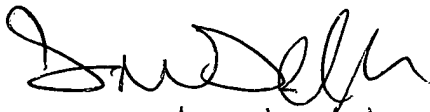
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**BALANCE SHEET (continued)  
AS AT 31 DECEMBER 2013**

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	Note	£000	2013 £000	£000	2012 £000
<b>CAPITAL AND RESERVES</b>					
Called up share capital			<b>14,182</b>		14,182
Share premium account	21		<b>517</b>		517
Pension reserve	21		<b>298</b>		77
Profit and loss account	21		<b>19,884</b>		16,030
<b>SHAREHOLDERS' FUNDS</b>					
	22		<b>34,881</b>		30,806

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

  
**S Del Mar**  
Director  
10/23/2014

The notes on pages 11 to 28 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 2013

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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 Turnover

Turnover comprises revenue recognised by the company in respect of 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.

##### 1.3 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

##### 1.4 Investments

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

##### 1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 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.

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## MSX INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES (continued)

##### 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 5 and 7.

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 2013**

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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 23.

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 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 2013**

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**2. TURNOVER**

An analysis of turnover by class of business is as follows:

	2013 £000	2012 £000
Human capital management services	2,948	2,531
Other collaborative services	24,425	22,396
	<u>27,373</u>	<u>24,927</u>

All turnover arose within the United Kingdom and Europe.

Analysis by geographical area is as follows:

	2013 £000	2012 £000
United Kingdom	20,433	19,340
Europe	6,940	5,587
	<u>27,373</u>	<u>24,927</u>

Total

**3. OTHER OPERATING INCOME**

	2013 £000	2012 £000
Ground rent receivable	-	12
	<u>-</u>	<u>12</u>

**4. OTHER OPERATING CHARGES**

	2013 £000	2012 £000
Impairment of investments	1,073	273
Realised foreign exchange (gains)/loses	(187)	207
	<u>886</u>	<u>480</u>

**MSX INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	484	440
Auditors' remuneration	52	50
Auditors' remuneration - non-audit	-	49
Operating lease rentals:		
- plant and machinery	845	841
- other operating leases	333	297
Impairment of investment	1,073	273
Write down of interest receivable from a fellow subsidiary	-	1,920
	<u>          </u>	<u>          </u>

**6. INTEREST RECEIVABLE**

	2013 £000	2012 £000
Interest receivable on loans to fellow subsidiary undertakings	5,608	6,190
Bank interest received	4	2
	<u>          </u>	<u>          </u>
	<u>5,612</u>	<u>6,192</u>

**7. INTEREST PAYABLE**

	2013 £000	2012 £000
Interest payable bank loans and overdrafts	1	2
On other loans	10	(3)
Interest payable on loans from fellow subsidiary undertakings	3,052	3,883
Foreign exchange loss on group borrowings	1,059	1,172
	<u>          </u>	<u>          </u>
	<u>4,122</u>	<u>5,054</u>

**8. OTHER FINANCE INCOME**

	2013 £000	2012 £000
Expected return on pension scheme assets	58	58
Interest on pension scheme liabilities	(49)	(61)
	<u>          </u>	<u>          </u>
	<u>9</u>	<u>(3)</u>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**9. DIRECTORS' EMOLUMENTS**

No directors (2012: 1) received emoluments for service to the company during the year as follows:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries (including incentive scheme payments)	-	103
Pension contributions	-	14
Benefits in kind	-	8
	<hr/>	<hr/>
Total	-	125
	<hr/>	<hr/>

**10. EMPLOYEE INFORMATION**

Staff costs, including directors' remuneration, were as follows:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	14,537	13,620
Social security costs	2,072	1,838
Other pension costs (Note 23)	534	537
	<hr/>	<hr/>
	17,143	15,995
	<hr/>	<hr/>

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Office and management	61	64
Consultants and engineers	341	328
Selling and recruitment	10	6
	<hr/>	<hr/>
	412	398
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**MSX INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. TAXATION**

	2013 £000	2012 £000
<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	994	478
Adjustments in respect of prior periods	(124)	(42)
<b>Total current tax</b>	<u>870</u>	<u>436</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	151	(17)
Reversal of deferred tax on interest receivable	(147)	-
<b>Total deferred tax</b> (see note 19)	<u>4</u>	<u>(17)</u>
<b>Tax on profit on ordinary activities</b>	<u><u>874</u></u>	<u><u>419</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	<u>4,855</u>	<u>2,467</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	1,129	604
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	200	480
Capital allowances for year in excess of depreciation	(26)	78
Adjustments to tax charge in respect of prior periods	(124)	(42)
Other timing differences leading to an increase (decrease) in taxation	158	-
Double taxation relief	(100)	-
Other differences leading to an increase (decrease) in the tax charge	76	-
Relief from losses of other group members	(692)	(751)
Impairment provision not taxable	249	67
<b>Current tax charge for the year</b> (see note above)	<u><u>870</u></u>	<u><u>436</u></u>

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12. INVESTMENTS**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 1 January 2013	<b>2,422</b>
Amounts written off during the year	<b>(2,377)</b>
At 31 December 2013	<b>45</b>
<b>Provision for diminution in value</b>	
At 1 January 2013	<b>1,304</b>
Impairment on amounts written off during the year	<b>(1,304)</b>
At 31 December 2013	<b>-</b>
<b>Net book value</b>	
At 31 December 2013	<b>45</b>
At 31 December 2012	<b>1,118</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 automotive industry.

An impairment review for the investment in MSX International CLM Ltd resulted in writing off the value of this investment.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £000	Other fixed assets £000	Total £000
<b>Cost</b>			
At 1 January 2013	601	1,936	2,537
Additions	14	518	532
Disposals	(4)	(10)	(14)
Own work capitalised	-	347	347
Foreign exchange movement	(2)	(1)	(3)
At 31 December 2013	<u>609</u>	<u>2,790</u>	<u>3,399</u>
<b>Depreciation</b>			
At 1 January 2013	522	915	1,437
Charge for the year	40	444	484
On disposals	(8)	(6)	(14)
Foreign exchange movement	(1)	-	(1)
At 31 December 2013	<u>553</u>	<u>1,353</u>	<u>1,906</u>
<b>Net book value</b>			
At 31 December 2013	<u>56</u>	<u>1,437</u>	<u>1,493</u>
At 31 December 2012	<u>79</u>	<u>1,021</u>	<u>1,100</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. DEBTORS: Amounts falling due after more than one year**

	2013	2012
	£000	£000
Deferred tax assets (note 18)	264	415

**15. DEBTORS: Amounts falling due within one year**

	2013	2012
	£000	£000
Trade debtors	5,441	4,790
Amounts owed by parent undertakings	38,427	32,736
Amounts owed by fellow subsidiary undertakings	16,958	19,830
Amounts owed by own subsidiary undertakings	2,835	2,779
Corporation tax recoverable	-	97
Withholding tax recoverable	934	-
Other debtors	381	315
Prepayments and accrued income	722	491
<b>Total</b>	<b>65,698</b>	<b>61,038</b>

Amounts owed by parent undertakings includes a loan of US\$46,722,433 (valued at £28,344,108 at 31 December 2013) to MSXI UK Limited. This loan is expected to be repaid in 2017, but is repayable on demand so has been classified within amounts falling due within one year.

Amounts owed by fellow subsidiary undertakings includes a loan of US\$25,156,590 (valued at £15,261,215) to the company's fellow subsidiary MSX International Holdings Italia Srl, in Italy. This loan is expected to be repaid in 2017, but is repayable on demand so has been classified within amounts falling due within one year.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. CREDITORS: Amounts falling due within one year**

	2013 £000	2012 £000
Trade Creditors	10,224	7,390
Amounts owed to fellow subsidiary undertakings	2,405	1,318
Amounts owed to ultimate parent undertaking	23,235	27,344
Other taxation and social security	1,078	771
Debt element of preference shares	390	650
Accruals and deferred income	1,328	868
Corporation tax	474	-
Other creditors	1,001	765
<b>Total</b>	<b>40,135</b>	<b>39,106</b>

Amounts owed to ultimate parent undertaking includes a loan issued by the parent company MSX International (Holdings), Inc., USA standing at US\$35,748,953 valued at £21,687,059 at 31 December 2013. This loan is expected to be repaid in 2017, but is repayable on demand so has been classified within amounts falling due within one year.

**17. CREDITORS:  
Amounts falling due after more than one year**

	2013 £000	2012 £000
Debt element of preference shares	260	-

Disclosure of the terms and conditions attached to the non-equity shares is made in note .

**18. BANK 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.

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**MSX INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. DEFERRED TAX ASSET**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>268</b>	<b>251</b>
(Charge for)/released during year	<b>(4)</b>	<b>17</b>
	<u><b>264</b></u>	<u><b>268</b></u>

The deferred tax asset is made up as follows:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>264</b>	<b>415</b>
Non-recoverable withholding tax on interest payments	<b>-</b>	<b>(147)</b>
	<u><b>264</b></u>	<u><b>268</b></u>

comprising:

Asset - due after one year	<b>264</b>	<b>415</b>
Liability	<b>-</b>	<b>(147)</b>
	<u><b>264</b></u>	<u><b>268</b></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.

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**20. CALLED-UP SHARE CAPITAL**

	2013 £000	2012 £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>

	2013 £000	2012 £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>

	2013 £000	2012 £000
<b>Preference shares classified as</b>		
Equity	2	2
Debt	16	16
	<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 £1,173,000 (2012: £1,104,000).

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**21. RESERVES AND SHARE PREMIUM ACCOUNT**

	Share premium account £000	Pension reserve £000	Profit and loss account £000
At 1 January 2013	517	77	16,030
Profit for the financial year	-	-	3,981
Actuarial loss on pension scheme liabilities	-	-	(83)
Actuarial gain on pension scheme asset	-	221	-
Foreign currency translation differences recognised	-	-	(44)
At 31 December 2013	<u>517</u>	<u>298</u>	<u>19,884</u>

The closing balance on the Profit and loss account includes a £298,000 (2012 - £77,000) credit, stated after deferred taxation of £NIL (2012 - £NIL), in respect of pension scheme assets of the company pension scheme.

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

	2013 £000	2012 £000
Opening shareholders' funds	30,806	28,665
Profit for the financial year	3,981	2,048
Other recognised gains and losses during the year	(127)	16
Pension reserve movement	221	77
Closing shareholders' funds	<u>34,881</u>	<u>30,806</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**23. 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 £534,000 (2012: £537,000).

The company also 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 2011 and updated to 31 December 2013 by a qualified actuary, independent of the scheme's sponsoring employer.

The amounts recognised in the Balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(1,192)	(1,206)
Fair value of scheme assets	1,490	1,283
Net asset	<u>298</u>	<u>77</u>

The amounts recognised in profit or loss are as follows:

	2013 £000	2012 £000
Interest on obligation	(49)	(61)
Expected return on scheme assets	58	58
Total	<u>9</u>	<u>(3)</u>
Actual return on scheme assets	<u>175</u>	<u>73</u>

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

	2013 £000	2012 £000
Opening defined benefit obligation	1,206	1,386
Interest cost	49	61
Actuarial Gains	(21)	(51)
Benefits paid	(42)	(190)
Closing defined benefit obligation	<u>1,192</u>	<u>1,206</u>

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

Changes in the fair value of scheme assets were as follows:

	2013 £000	2012 £000
Opening fair value of scheme assets	1,283	1,341
Expected return on assets	58	58
Actuarial gains	117	15
Contributions by employer	74	59
Benefits paid	(42)	(190)
	<u>1,490</u>	<u>1,283</u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £534,000 (2012: £451,000).

The company expects to contribute £74,400 to its Defined benefit pension scheme in the UK in 2014.

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

	2013	2012
Equities	70.67 %	63.90 %
Bonds	21.28 %	25.30 %
Other (property, cash etc)	8.05 %	10.80 %

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

	2013	2012
Discount rate at 31 December	4.40 %	4.10 %
Rate of increase in pensions where RPI applies	3.30 %	2.80 %
Inflation assumption	2.80 %	2.30 %
Mortality	PCA00 medium cohort 1%	PCA00 medium cohort 1%

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**23. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	(1,192)	(1,206)	(1,386)	(1,272)	(1,201)
Scheme assets	1,490	1,283	1,341	1,369	1,222
Surplus/(deficit)	<u>298</u>	<u>77</u>	<u>(45)</u>	<u>97</u>	<u>21</u>
Experience adjustments on scheme liabilities	-	(101)	-	(41)	(31)
Experience adjustments on scheme assets	<u>117</u>	<u>15</u>	<u>(122)</u>	<u>47</u>	<u>166</u>

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

**24. OPERATING LEASE COMMITMENTS**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expiry date:</b>				
Within 1 year	94	87	6	9
Between 2 and 5 years	<u>210</u>	<u>191</u>	<u>-</u>	<u>-</u>

**25. 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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**MSX INTERNATIONAL LIMITED**

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**26. POST BALANCE SHEET EVENTS**

In August 2014 the MSXI's global debt was refinanced. The new arrangements involved a significant reduction in external borrowing interest rates, and this in turn has resulted in a reduction of the internal borrowing interest rates for MSX International Ltd and MSXI UK Ltd.