Registered number: 01949542

MSX INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

MSX INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	F Minturn S Del Mar (resigned 17 December 2020) N Andersson (appointed 17 December 2020) P Katenkamp (appointed 17 December 2020, resigned 31 October 2021)
Registered number	01949542
Registered office	The Octagon Middleborough Colchester Essex CO1 1TG
Independent auditors	BDO LLP Newton House Cambridge Business Park Cambridge CB4 0WZ
Bankers	NatWest Bank 25 High Street Colchester Essex CO1 1DG
	Royal Bank Of Canada P.O. Box 50 Royal Bank Plaza Toronto Ontario, Canada M5J 2W7

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The company primarily provides training, business process outsourcing services ("BPO") and contract labour management solutions. The key activities of the company were Retail Network Solutions (Warranty, Technical and Dealer, Learning and Training), and Human Capital Solutions (Managed Service Provider).

Business review

Turnover fell by £7,367,000, mostly as a result of the impact of the COVID-19 pandemic on the UK automotive industry (see section on COVID-19 below). MSX International Limited is a supplier to the global car brands and their networks so the long term impact will be limited. The company continues to provide services within the automotive industry at the level of the larger original equipment manufacturers, who in turn, for Retail Network Solutions ("RNS"), share benefits with their dealers.

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 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.

An impairment of £10,059,000 has been booked against the investment held in Impetus Automotive Limited reducing the investment from £32.6 million to £22.5 million. The trigger for the impairment review was a result of the reduction in trading due to COVID-19 experienced during 2020, and the expected future performance of its contracts combined with the transfer of trade and assets from 1 January 2021. The impairment was calculated based upon a discounted cashflow using a discount rate of 10%

Group loan streamlining

On 30 November 2020 the group owned by Pacific (BC) Topco limited, of which MSXI is an indirect subsidiary, under took an exercise to segregate intragroup loans between its two divisions, the RNS division in which the company sits and the Geometric Results, Inc. ("GRI") division. Two of the company's loans were reassigned. The company assigned an existing £9,312,122 loan to a fellow subsidiary Geometric Results Limited and accrued interest of £1,593,527 over to one of the company's parent companies Pacific (BC) Topco 5 Limited. In return for this the company received a new note for £10,905,639 from another parent company Pacific (BC) Bidco Limited. Also a note that was payable to a fellow subsidiary, MSX International Canada Limited of USD3,400,000 and accrued interest of USD230,429 up to 30 November 2020 was reassigned payable to Pacific (BC) Bidco Limited.

On 31 December 2020 the group took further steps to rationalise its loans. Notes payable to a fellow subsidiary company MSX International Holdings Inc. totalling USD39,531,746 and accrued interest of USD2,504,352 were assigned to Pacific (BC) Bidco Limited.

Later on 31 December 2020 the company agreed with Pacific (BC) Bidco Limited to set off its trade, loan and accrued loan interest balances owed to Pacific (BC) Bidco Limited totalling USD233,625,210 and its loan and accrued loan interest balances receivable from Pacific (BC) Bidco Limited totalling USD14,885,168 in return for one new note of $218,740,042 payable by the company to Pacific (BC) Bidco Limited.

Loan Financing

MSXI drew down £11m on its facility with Royal Bank of Canada in March 2020. This amount was repaid in June 2020. The withdrawal was made to provide liquidity during the early stages of the pandemic. The borrowing was subsequently incorporated within the overall borrowing of the wider Pacific (BC) Topco Ltd group.

On 16 June 2020, the company's intermediate parent company, Pacific (BC) Bidco Limited, entered into a $25m revolving facility agreement. This is an ancillary agreement to the senior facilities arrangement debt noted in note 26 and MSX International Limited is a guarantor to the additional facility agreement.

Principal risks and uncertainties

Over the past few years, as the automotive industry looks to reduce its cost, MSXI has continued to supply old and new customers with valuable services as they choose to outsource and take advantage of our solutions.

MSXI is mainly a supplier of services to the dealership, warranty and training sectors of the automotive industry. As such, the company is largely shielded from short-term changes in activity relating to the new car sales market. MSXI continues to monitor its employee profile against the demands of the industry and tailors its workforce to meet that demand. The final terms of the Brexit agreement were such that the impact on the UK car industry was minimal and did not significantly impact the activities of MSXI. MSXI does not make any exports of good from the UK, nor does it supply cross border service.

The company's main foreign currency risk exposure is in respect of the company's loans. In 2020 the company made an operational foreign exchange loss of £2,626,000 *(2019 - gain of £1,899,000)*. Exchange losses on group loans amounted to £5,606,000 *(2019 - gain of £11,837,000)*.

COVID 19

On 30 January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The longer term impact of COVID-19 continues to evolve as of the date of this report. As such, there is still some level of uncertainty of the continuing effects on the Company's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry and workforce.

The COVID-19 outbreak has affected the Company and wider MSX International group headed up by Pacific (BC) Topco Limited, an intermediate parent company (together the "Group") as follows:

- Workforce disruptions negatively impacted the Group's customers and therefore negatively impacted the Group's revenues.

- Revenues were particularly negatively impacted during Q2 of 2020. However, during Q3 and Q4 there was significant recovery and operating performance returned to a similar level as that generated prior to the pandemic.

- The Group is dependent upon its workforce to deliver its services. Developments such as social distancing impacted the Group's ability to deploy its workforce effectively at customer locations, however, in many circumstances the Group's workforce is able to deliver services remotely.

- Due to the variability of the Group's cost base, the Group has been able to react to the financial implications of COVID-19 by taking advantage of furlough programs and reducing headcount where required. The Group has also renegotiated payment arrangements with certain suppliers to modify the timing and amounts of cash outflows.

- During 2020 the company claimed government support as part of the Coronavirus Job Retention Scheme (CJRS) of £1,610,728. It also took advantage of the options to defer payroll taxes and VAT payments.

- In the first half of 2020 the intermediate parent group, headed by Pacific (BC) Topco Limited, further drew down the maximum available borrowings under its Credit facilities of $75m to provide adequate cash resources during the pandemic. Subsequent to this, and as a result of improved trading, the additional borrowing has been reduced to $51.5m at 31 December 2020, although the full $75m facility remains available.

- The outbreak is still having an adverse impact on economic and market conditions and this has contributed to a period of global economic slowdown, which may further depress the Group's asset values, including its investments in and loans to its subsidiaries and its tangible and intangible fixed assets. However, at the date of signing, the Directors do not believe there are any indicators that the future impact is to be on such a scale to cause a problem in this regard.

The directors believe that the measures taken by the Group should enable the business to continue to manage its way through the extended impact of COVID-19.

Financial key performance indicators

The company's policy is to finance working capital through retained earnings and bank borrowings and to finance subsidiary acquisitions through loans from group companies and bank loans.

Financial instruments - financial risk management

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

	2020	*2019*
Gross Margin as percentage of Turnover	**29%**	*31%*
Support Cost Centres as percentage of Turnover	**8%**	*11%*
Turnover Growth/(Decline), year on year	**(21)%**	*(14)%*
Day Sales Outstanding	**62 days**	*61 days*
Sales Per Employee	**£49,000**	*£63,000*

The company's performance reflects a strong position within the market, given the challenges faced by the automotive sector in 2020. Sales per employee has fallen due to periods with employees on furlough.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through internal credit control procedures. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The company has amounts owed to it by group companies. The company is exposed to the usual credit risk and cash flow risk associated with having inter-company debts. The company manages this through monitoring and assessing the results and forecasts of the group entities from which the company is owed money.

Market (price) risk and interest rate risk

The company, alongside its competitors, is exposed to fluctuation in certain purchased services and manages this risk, so far as is possible, by having long term relationships with key suppliers that aim to bring a high degree of stability and certainty to service costs.

Market risk arises from the company's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), or other market factors (other price risk).

The company is exposed to cash flow interest rate risk from short and long-term bank and group borrowings as some of these instruments incorporate a fixed and variable rate. For those instruments not at a fixed rate of interest, the rate of interest is a fixed percentage plus a variable element, usually based on Libor or Euribor.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The Board reviews cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) in some cases on a portion of its short and long-term borrowings, this is further discussed in the 'interest rate risk' section above.

Investment risk

The company holds investments in subsidiaries. It is exposed to risk of the changes in the value of the investment it holds. It manages the value of its investments through monitoring and assessing the impact of any changes in the business model.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Section 172 Statement

The Directors acknowledge their responsibility to promote the success of the company for the benefit of its members as a whole in accordance with section 172 of the Companies Act 2006.

The Board of Directors, its key members of management and its advisors ensure that all decisions are taken for the long term. Collectively and individually they aim always to uphold the highest standards of business conduct. The Directors acknowledge that the business will only grow and prosper over the long term if it understands and respects the views of the company's investors, customers, employees, suppliers and other stakeholders to whom the Directors are accountable.

The Directors fulfil these duties partly through a strong system of governance that delegates day to day decision making to key employees of the company.

Additionally, the further requirements of Section 172 are met though a combination of the following:

- The likely consequences of any decision in the long term

The Directors understand the nature of the business through extensive expertise in the evolving environment in which the Company operates, including the development of alternative fuel technologies and Motability development. Key decisions are taken with future developments and the long-term success of the company at the forefront of the decision-making process.

At the start of the COVID pandemic the board forecast various scenarios.

Since April 2020 the MSX management operating committee and Directors continually reviewed the performance of MSX international against its competitors and the automotive industry generally, continually assessed the likely future development of the market and prepared and agreed a 3-year business plan.

- Interests of Employees

The company recognises that its employees are fundamental to the success of the business. The success of the organisation depends on attracting, retaining, and motivating employees. We remain a responsible employer and maintain a fair system of pay and benefits and a safe working environment for our employees.

During 2020 we reinvigorated our Employee forum made up of elected employees to meet with senior management to discuss matters and proposals affecting the workforce ahead of implementation and seek feedback and support.

To keep colleagues in touch with the wider business we introduced a monthly newsletter. This proved especially valuable as a medium to help keep colleagues who were furloughed appraised of company news.

We implemented a continuous listening approach to Employee Engagement powered by Peakon. This continuous cycle of gathering feedback, analysis, and action empowers senior management as well as individual team leaders to understand the specific issues in their teams and take actions to address these. This is supported by contextual training and learning content.

We have embraced the positive lessons learned from the government-imposed lockdowns. We now offer a balanced working policy which, where feasible, formally enables colleagues to benefit from a mix of home working and office working.

Our Global Town Halls are open to all employees and are held quarterly. They consist of presentations by the senior leadership team on our performance, goals and strategic direction. They are also an open forum for *employees to ask questions directly to our leadership team during the Q&A section of the event. The Global* Townhalls are complemented by Regional and Country level meetings to update employees on more detailed and relevant information pertaining to their domain.

Communication is all important in keeping colleagues appraised of company news. We also decided that communication needs to be 2-way and therefore introduced the UK Directors Question Time sessions to enable a direct line of questioning to the company directors.

- Business relationships with suppliers, customers, and others

We work in close partnership with our customers and suppliers to develop and promote the relationships necessary for the growth of the business. Our systems ensure fair and timely payment to suppliers. Customer relationship management is achieved through a dedicated of system of customer account managers.

A close working relationship with our client base was critical in managing the delivery of services during the pandemic. Our relationships successfully enabled all engagements to agree new working standards and practices. *This helped minimise the impact of COVID 19 both for MSX and importantly our customers.*

An important factor in managing the postponement services that could not be delivered during the pandemic was the ability to leverage the relevant government support schemes. Although complex the schemes were successfully used, and robust internal monitoring meant all claims were paid promptly. This strengthened cash flows and protected the robust ramp-up of hibernated services as the country emerged from lock down.

- Impact of operations on the community and environment

The company engages with the local community wherever this is appropriate and is committed to reducing its environmental impact through working closely with its suppliers and customers.

As a result of COVID 19 there was a significant reduction in travel. We fully expect travel to be significantly lower in the future as employees, customers and suppliers have reflected on the benefits of communications biased towards the virtual, rather than the physical.

We have increased the number of battery electric and hybrid vehicles within the company fleet and expect full adoption by mid-decade as existing leases renew.

We encourage employees to volunteer for charities and local community support groups during the furlough period and reported back via our newsletter

- Maintain a reputation of high standards of business conduct

The company maintains focus on compliance with all corporate governance and tax environments around the globe. The organisation maintains a collaborative and low risk approach in dealing with external regulations.

- Act fairly between members of the company

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our corporate strategy taking into account short-and long-term needs and the impact on stakeholders.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

The company continues to build relationships with new and current customers looking to acquire new contracts in both existing and new markets.

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

N Andersson
Director

Date: 14 March 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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 loss for the year, after taxation, amounted to £20,004 thousand *(2019 - profit £9,229 thousand).*

The directors do not recommend payment of a final dividend (2019: £Nil).

Directors

The directors of the company throughout the year and to the date of this report were:

F Minturn
S Del Mar (resigned 17 December 2020)
N Andersson (appointed 17 December 2020)
P Katenkamp (appointed 17 December 2020, resigned 31 October 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of the directors which remain in force at the date of this report.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, details of its financial instruments and its exposures to price, credit, liquidity and foreign exchange risk, where material to an assessment of the financial position of profit, are described in the strategic or directors' report. At 31 December 2020 the company had: net current liabilities of £341,053,000 (2019 net current liabilities of £355,467,000); and net assets of £39,533,000 (2019: £59,497,000). Included within creditors amounts owed to group undertakings due within one year are amounts totalling £362,445,000 (2019: £355,767,000). The intermediate parent company Pacific (BC) Topco Ltd has confirmed their intention to provide ongoing financial support to the company. The directors believe that the company is well placed to manage its business risks successfully.

The directors have prepared detailed trading and cash flow forecasts for the Company and intermediate parent Group covering a period of at least 12 months from the date of approval of these financial statements, and have reviewed the company's working capital requirements, compared to the funding resources available. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The impact of Covid -19 on businesses across the globe and in all industries has been enormous. In response to the pandemic, as noted in the Strategic Report, the Company has strengthened its liquid resources, worked with its suppliers, and received government support in minimising the impact on its business and employees. These steps have ensured the company has remained strong and in a position to grow rapidly once the risks of the pandemic recede. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Matters covered in the 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 and the principal risks and uncertainties and a review of the key performance indicators as assessed by the directors, and details of financial risk management objectives and policies and details of any material exposures to price credit and liquidity cash flow risks.

Research and development activities

The company is actively engaged in product research and development in order to maintain its competitiveness.

Engagement with employees

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.

Energy and emissions report

In the year the company took the following energy efficiency actions:

- Reduction in internal business travel through use of remote working and video-conferencing.
- Reduction in customer related travel through use of remote working.
- Increased use of hybrid electric and fully electric vehicles within the company fleet.

The energy and carbon footprint cover Scope 1,2 and selected Scope 3 emissions for the year ended 31 December 2020 in respect of the Company. The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol. Outputs are in Kwh & CO2e using the 2020 conversion factors issued by the Department for Business, Energy and Industry Strategy (BEIS).

. **Greenhouse gas emissions and energy use data for the year ended 31 December 2020**

	2020
Energy consumption used to calculate emissions (kWh)	**340,462**
Scope 2 – purchased electricity (Tonnes CO2e)	**72.79**
Scope 3 – Business travel in rental cars or employee-owned vehicles (Tonnes CO2e)	**6.96**
Total gross emissions (Tonnes CO2e)	**79.75**
Intensity Ratio - Emissions per employee	**0.14**

Branches outside the United Kingdom

The company operates branches in Norway, Sweden, Denmark, Finland and Dubai. In 2020 the branch activities contributed 46% (2019: 41%) of the total turnover for the year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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 the director is aware, there is no relevant audit information of which the company's auditor are unaware and;
- the 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 auditor are aware of that information.

Post balance sheet events

From 1 January 2021, the Directors have made the strategic business decision to transfer the trade and assets from its subsidiary Impetus Automotive Limited to the Company. The Directors have taken this decision as there are significant cost savings available by combining the two entities due to the similarity in the principal activities of the two companies.

In February 2022 the group undertook a refinancing to extend the maturity of its existing facilities with no change in the total indebtedness as follows:

On 24 February 2022 the group amended and restated the Senior Facility Agreement, extending the maturity of a proportion of its Term Loans by two years, to 6 January 2026 from 6 January 2024. €475.0 million of Euro-denominated term loans and $48.3 million USD-denominated term loans were extended, with applicable margins of 4.75% and 5.0%, respectively. Existing term loans totalling €24.6 million remained outstanding and due at the original maturity of 6 January 2024. In addition, the maturity of the group's multicurrency revolving credit facility was extended by 2.5 years to 6 July 2025 from 6 January 2023.

In connection with amendments to the group's Senior Facility Agreement, as amended, the group amended the PIK Facility Agreement. The term was extended to 6 July 2026 from 6 January 2025, and Term SOFR was introduced as the reference rate.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

N Andersson
Director

Date: 14 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSX INTERNATIONAL LIMITED

Opinion on the 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 2020 and of its loss 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.

We have audited the financial statements of MSX International Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of those charged with governance and management, including obtaining and reviewing correspondence, concerning the Company's internal policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether there were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have the knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risk relates to fraud or non-compliance with laws and regulations.
- Obtaining an understanding, as gathered from accumulated knowledge of client and the industry, of the legal and regulatory (including reporting framework) environment that the Company operates in, focusing on

those laws and regulations that could reasonably be expected to have a direct effect on the financial statements or a fundamental effect on the operations of the Company.

- Where available and provided, reviewing all correspondence with regulatory authorities such as HMRC.
- Undertaking analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. Including reviewing all manual journals made to revenue above triviality.
- Additionally, we reviewed the revenue recognition policy for consistency with prior year and ensured adopted policy was in line with financial reporting requirements, we tested the application of this policy throughout our substantive audit procedures over revenue.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: . This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Piers Harrison
991518A1F86F45F.

Piers Harrison (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Cambridge
United Kingdom

15 March 2022

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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	*2019 £000*
Turnover	4	**27,966**	*35,333*
Cost of sales		**(19,970)**	*(24,219)*
Gross profit		**7,996**	*11,114*
Administrative expenses		**(9,272)**	*(11,168)*
Other operating income	6	**1,611**	*-*
Other operating (charges)/income	5	**(2,626)**	*1,899*
Operating (loss)/profit	7	**(2,291)**	*1,845*
Income from other fixed asset investments	10	**2,038**	*1,786*
Amounts written off investments	16	**(10,059)**	*-*
Interest receivable and similar income	11	**3,720**	*18,527*
Interest payable and similar expenses	12	**(12,901)**	*(12,431)*
(Loss)/profit before tax		**(19,493)**	*9,727*
Tax on (loss)/profit	13	**(511)**	*(498)*
(Loss)/profit for the financial year		**(20,004)**	*9,229*

The notes on pages 21 to 51 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	*2019* *£000*
(Loss)/profit for the financial year	**(20,004)**	*9,229*
Other comprehensive income		
Actuarial gain on defined benefit schemes	**95**	*98*
Pension surplus not recognised	**(95)**	*(98)*
Currency translation difference	**40**	*(17)*
Other comprehensive income/(loss) for the year	**40**	*(17)*
Total comprehensive (loss)/income for the year	**(19,964)**	*9,212*

The notes on pages 21 to 51 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £000		*2019 £000*
Fixed assets					
Intangible assets	14		**5,091**		*4,699*
Tangible assets	15		**552**		*803*
Investments	16		**375,203**		*409,722*
			380,846		*415,224*
Current assets					
Debtors: amounts falling due within one year	17	**25,716**		*16,354*	
Cash at bank and in hand	18	**7,426**		*2,218*	
		33,142		*18,572*	
Creditors: amounts falling due within one year	19	**(374,195)**		*(374,039)*	
Net current liabilities			**(341,053)**		*(355,467)*
Total assets less current liabilities			**39,793**		*59,757*
Creditors: amounts falling due after more than one year	20		**(260)**		*(260)*
Net assets			**39,533**		*59,497*
Capital and reserves					
Called up share capital			**14,182**		*14,182*
Share premium account			**517**		*517*
Profit and loss account			**24,834**		*44,798*
			39,533		*59,497*

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

N Andersson
Director

Date: 14 March 2022

The notes on pages 21 to 51 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	14,182	517	44,798	59,497
Comprehensive loss for the year				
Loss for the year	-	-	(20,004)	(20,004)
Actuarial gains on pension scheme net of surplus not recognised	-	-	-	-
Foreign exchange differences	-	-	40	40
Other comprehensive income for the year	-	-	40	40
Total comprehensive loss for the year	-	-	(19,964)	(19,964)
At 31 December 2020	14,182	517	24,834	39,533

The notes on pages 21 to 51 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	14,182	517	35,586	50,285
Comprehensive income for the year				
Profit for the year	-	-	9,229	9,229
Actuarial losses on pension scheme net of surplus not recognised	-	-	-	-
Currency translation difference	-	-	(17)	(17)
Other comprehensive loss for the year	-	-	(17)	(17)
Total comprehensive income for the year	-	-	9,212	9,212
At 31 December 2019	14,182	517	44,798	59,497

The notes on pages 21 to 51 form part of these financial statements.

1. General information

The company is a private company limited by shares incorporated in England and Wales. The company's registered office and principal place of business is located at The Octagon, Middleborough, Colchester CO1 1TG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have also adopted the following disclosure exemptions:

- The requirements of Section 7 Statement of Cash Flows; and
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of Pacific (BC) Topco Limited, as at 31 December 2020, a company registered in Jersey.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The company is reliant on its parent group, MSX International group, which is headed up by Pacific (BC) Topco Limited, an intermediate parent company, for financial support. The parent group has provided a support letter indicating its intent and ability to financially support through a year and a day from the date the financial statements were available to be issued.

The impact of Covid -19 on businesses across the globe and in all industries has been enormous. In response to the pandemic, as noted in the Strategic Report, the Company has strengthened its liquid resources, worked with its suppliers, and received government support in minimising the impact on its business and employees. These steps have ensured the company has remained strong and in a position to grow rapidly once the risks of the pandemic recede.

The directors have prepared detailed trading and cash flow forecasts for the Company and intermediate parent Group covering a period of at least 12 months from the date of approval of these financial statements, and have reviewed the company's working capital requirements, compared to the funding resources available. Accordingly, the Directors continue continue to adopt the going concern basis in preparing the annual report and accounts.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Human Capital Management Services

Revenue is recognised net where the company acts as an agent for the delivery of agency staff, as is the case for all Human Capital Management Services activities, as the company does not have the significant risks and rewards of the transaction.

Sale of Software Licences

Revenue is recognised as services are delivered. Invoices are raised on a monthly basis at the end of the month to which they relate. Revenue is recognised in accordance with the period for which services are provided.

2.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

See note 2.23 for further details of amortisation policy.

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20% straight line
Other fixed assets	- 20-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

2.8 Valuation of investments

investments in subsidiaries and associates are measured at cost less accumulated impairment. Loans to group companies included within Fixed asset investments are accounted for in accordance with the financial instrument accounting policy (note 2.11).

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where the company has entered into a debt factoring arrangement and has transferred to the debt factor substantially all of the risks and rewards of ownership of the receivables, the receivable is removed from its statement of financial position and no liability in respect of the proceeds received from the debt factor.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.11 Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For loans from group undertakings payable after one year, where these arrangements constitutes a financing transaction, the company initially measures the financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. For loans from parent entities or fellow subsidiaries, as the actual rate of interest is lower than the deemed market rate, the deemed capital contribution is recognised as a capital contribution in the statement of changes in equity. For loans from subsidiaries, as the actual rate of interest is lower than the deemed market rate, the company recognises a distribution made to it by the subsidiary, being the difference between the present value as explained above, and the sum advanced. This is included within income from fixed asset investments. Subsequently, at the end of each reporting period, the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Over the term of the loan, the company recognises an interest expense in the income statement equal to the amount of the capital contribution or the deemed distribution, in addition to the actual interest expense arising on the related inter company loans.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Foreign Currencies

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs or interest payable or receivable'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income or charges'.

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 other comprehensive income.

Functional and presentational currency

The company has multiple functional currencies: GBP, SEK, EUR, NOK, DKK, AED as a result of the international branches. The company's presentational currency is GBP. The financial statements are rounded to the nearest £1,000.

2. Accounting policies (continued)

2.13 Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.14 Defined benefit pension scheme

In the past, employees could join a defined benefit scheme, for which the company still has obligations. Pension commitments arising in respect of the defined contribution scheme are charged to the income statement on the basis of contributions payable for the period. FRS 102 section 28 deals with the treatment of the company's defined benefits pension scheme in the accounts which is set out in note 23.

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus through reduced contributions in the future or through refunds from the scheme.

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 comprehensive income.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other income" within profit and loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Group has not directly benefited from any other forms of government assistance.

2. Accounting policies (continued)

2.17 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.20 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2.21 Income from fixed asset investments

Income from fixed assets investments is recognised when the company's right to receive payment is established.

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.23 Capitalisation of Software Costs

Costs directly attributable to the development of computer software are capitalised as intangible assets where technical feasibility of the project is demonstrated, the company has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Amortisation is charged to administration expenses in the income statement.

Amortisation is provided on the following basis:

Development software - 20% straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

2.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.25 Share capital and reserves

The company's reserves are as follows:

• Called up share capital reserve represents the nominal value of the shares issued.

• The share premium account includes the premium on issue of equity shares, net of any issue costs.

• Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2.26 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 has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in non-EEA group accounts of a larger group headed by Pacific (BC) Topco Limited incorporated in Jersey. The registered office of Pacific (BC) Topco Limited is 22 Grenville Street, St Helier, Jersey JE4 IPX, Channel Islands.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Intangible and tangible fixed assets (see notes 14 and 15)

Intangible and tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Agency vs principal

Determine whether contracts entered into by the company is to provide the service itself (i.e., the entity is a principal) or to arrange for another party to provide the service (i.e., the entity is an agent). MSX International Limited makes this determination by evaluating the nature of its promise to the customer. An entity is a principal (and, therefore, records revenue on a gross basis) if it controls the promised service before transferring it to the customer. An entity is an agent (and records as revenue the net amount it retains as a commission) if its only role is to arrange for another entity to provide the services. Because the identification of the principal in a contract is not always clear, the Board uses the following non-exhaustive list of indicators that a performance obligation involves an agency relationship:

- Another party has primary responsibility for fulfilling the contract;
- The entity does not have discretion to establish pricing for the other party's services (i.e., the benefit the entity can receive from those services is limited);
- The entity's consideration is in the form of a commission; and
- The entity is not exposed to credit risk for the amount receivable in exchange for the services.

- Impairment of fixed asset investments

Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

- Financial Instruments

For financial liabilities which are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument, judgements are made in relation to the determination of market rate of interest for a similar debt instruments.

3. Judgments in applying accounting policies (continued)

- Pension benefits

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details of the estimates applied are given in note 23.

The carrying value of any pension scheme asset is restricted to the extent that the company is able to recover the surplus through reduced contributions in the future or through refunds from the scheme. The directors have determined that pension scheme surplus of £418,000 was not recognised as an asset because they consider that the company does not have an unconditional right to a refund or reduced contributions. The company does not have an unconditional right to a refund because of the ability of the Trustees to influence and decide on the most appropriate use of any surplus, and the company is not able to recover the surplus through reduced contributions for the same reason.

- Impairment of intangible assets

Determine whether there are indicators of impairment of the company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Recoverability of debtors

Determine whether debtors are recoverable, including determining whether trade debtors and intercompany debtor balances are recoverable. Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that come to the attention of the Company or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in respect of that financial asset. Consideration is also made taking account of factors such as payment history, and managements knowledge of their customer base and their financial position. Judgement is also applied in assessing if the loan receivable is fixed asset investment or current asset based upon the nature of the balance and the timing and nature of expected settlement. In relation to intercompany debtors due from entities within the same group as a company, the directors have received a letter from the parent company, Pacific (BC) Topco Ltd in which Pacific (BC) Topco Ltd confirm they will guarantee the amounts owed by all group entities to the company.

- Capitalisation of intangible assets (software costs)

Management make judgements in relation to determining whether software costs should be expensed or capitalised as intangible assets, as explained below.
Management recognise an intangible asset as an asset if, and only if:
(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
(b) the cost or value of the asset can be measured reliably.

Management assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the economic conditions that will exist over the useful life of the asset.

3. Judgments in applying accounting policies (continued)

- Capitalisation of intangible assets (software costs) continued

In relation to internally generated intangible assets, management recognise an intangible asset arising from development (or from the development phase of an internal project) if, and only if, management can demonstrate all of the following:
(a) *The technical feasibility of completing the intangible asset so that it will be available for use or sale.*
(b) Its intention to complete the intangible asset and use or sell it.
(c) Its ability to use or sell the intangible asset.
(d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

4. Turnover

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

	2020 £000	*2019* *£000*
General collaborative services	**27,215**	*33,869*
License fee revenue	**731**	*1,190*
Custom implementation revenue	**20**	*274*
	27,966	*35,333*

Analysis of turnover by country of destination:

	2020 £000	*2019* *£000*
United Kingdom	**14,966**	*20,841*
Nordic countries	**10,846**	*10,718*
Dubai	**2,154**	*3,774*
	27,966	*35,333*

5. Other operating charges/(income)

	2020 £000	*2019 £000*
Other operating charges/(income)		
Exchange losses/(gains) on operating activity	**2,626**	*(1,899)*
	2,626	*(1,899)*

6. Other operating income

	2020 £000	*2019 £000*
Government grants receivable	**1,611**	*-*
	1,611	*-*

The Government Grant is the amount received relating to the Government Coronavirus Job Retention Scheme ('Furlough'). In determining the recognition of the grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started.

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £000	*2019 £000*
Depreciation of tangible fixed assets	**275**	*455*
Amortisation of intangible fixed assets	**838**	*569*
Exchange losses/(gains) on operating activity	**2,626**	*(1,899)*
Other operating lease rentals	**1,056**	*1,412*
Defined contribution pension cost	**1,109**	*1,260*

8. Auditor's remuneration

Fees payable to the Company's auditor and its associates in connection with the Company's pension scheme(s) in respect of:

	2020 £000	*2019 £000*
The audit of the Company's financial statements	**83**	*68*
Audit related services	**34**	*31*
	117	*99*

In respect of non-audit services provided to the company, during the year the fees payable to the auditors were £445 (2019: £nil) for assistance with registration at the Swedish companies registration office. Fees payable to the auditors for the audit of fellow group companies, which were borne by the company, were £95,850 (2019: £40,000). Fees payable to the auditors for audit related assurance services of fellow group companies, which were borne by the company, were £5,850 (2019: £nil).

9. Employees

Staff costs were as follows:

	2020 £000	*2019* *£000*
Wages and salaries	**19,592**	*22,552*
Social security costs	**2,842**	*3,025*
Cost of defined contribution scheme	**1,109**	*1,260*
	23,543	*26,837*

The figures above do not include amounts paid through the MSX International Limited payroll that are recharged to other group companies. In 2020 staff costs paid by the company that were recharged amounted to salaries (less government COVID-19 contributions) of £410,000 *(2019: £323,000)*, social security costs of £65,000 *(2019: £38,000)* and defined contribution pension costs of £7,000 *(2019: £12,000)*.

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

	2020 No.	*2019* *No.*
Office and management	**84**	*79*
Consultants and engineers	**480**	*479*
Selling and recruitment	**1**	*1*
	565	*559*

During the year, no director received any emoluments from the Company. Director costs for those who served during the year were borne by other group companies. (2019 - £NIL).

10. Income from investments

	2020 £000	*2019* *£000*
Dividends received from shares in group undertakings	**(2,038)**	*(1,786)*
	(2,038)	*(1,786)*

11. Interest receivable

	2020 £000	2019 £000
Interest receivable from group companies	3,720	6,690
Foreign exchange gain on group borrowings	-	11,837
	3,720	18,527

12. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	345	139
Other loan interest payable	1	2
Loans from group undertakings	6,948	12,284
Foreign exchange on group loans	5,607	-
Share of associates	-	6
	12,901	12,431

13. Taxation

	2020 £000	2019 £000
Foreign tax		
Foreign tax on income for the year	511	498
	511	498
Total current tax	511	498
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	511	498

13. Taxation (continued)

Factors affecting tax charge for the year

The corporation tax rate in the UK was 19% for the tax year 2020-21 (2019-20 - 19%). The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 £000	*2019* *£000*
(Loss)/profit on ordinary activities before tax	**(19,493)**	*9,727*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(3,704)**	*1,848*
Effects of:		
Non-tax deductible impairment	**1,911**	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**77**	-
Capital allowances for year in excess of depreciation	**(102)**	-
Foreign taxes on overseas earnings	**511**	*498*
Adjustments to tax charge in respect of prior periods	**-**	*87*
Dividends from EU companies	**(387)**	*(340)*
Exempt foreign branch net (profits)	**(449)**	*(388)*
Unrelieved tax losses carried forward/(utilisation of b/fwd tax losses)	**2,086**	*(1,207)*
Group relief	**79**	-
Corporate interest restriction	**489**	-
Total tax charge for the year	**511**	*498*

Factors that may affect future tax charges

At the year end the company had trading losses carried forward of £21,540,000 (2019: £10,562,000). No related deferred tax asset at a rate of 19%, of £4,093,000 (2019: £2,007,000) has been recognised as it is not foreseeable that these losses will be utilised and the asset recovered.

The March 2021 Budget announced a further increase to the main UK rate of corporation tax to 25% from April 2023. This rate has not been substantially enacted at the balance sheet date. As a result any potential deferred tax asset balances as at 31 December 2020 continues to be measured at 19%.

14. Intangible assets

	Software £000	Development software £000	Total £000
Cost			
At 1 January 2020	-	8,376	8,376
Additions	776	476	1,252
Disposals	-	(23)	(23)
Foreign exchange movement	-	1	1
At 31 December 2020	776	8,830	9,606
Amortisation			
At 1 January 2020	-	3,677	3,677
Charge for the year on owned assets	130	708	838
At 31 December 2020	130	4,385	4,515
Net book value			
At 31 December 2020	646	4,445	5,091
At 31 December 2019	*-*	*4,699*	*4,699*

15. Tangible fixed assets

	Fixtures and fittings £000	Other fixed assets £000	Total £000
Cost or valuation			
At 1 January 2020	616	4,175	4,791
Additions	13	377	390
Disposals	(516)	(1,559)	(2,075)
Exchange adjustments	6	12	18
At 31 December 2020	119	3,005	3,124
Depreciation			
At 1 January 2020	573	3,414	3,987
Charge for the year on owned assets	17	258	275
Disposals	(516)	(1,179)	(1,695)
Exchange adjustments	5	-	5
At 31 December 2020	79	2,493	2,572
Net book value			
At 31 December 2020	40	512	552
At 31 December 2019	*42*	*761*	*803*

16. Fixed asset investments

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 January 2020	323,900	85,822	409,722
Interest	-	2,765	2,765
Repayment	-	(22,758)	(22,758)
Foreign Exchange movement	-	(1,042)	(1,042)
Transfer to current assets	-	(3,425)	(3,425)
At 31 December 2020	323,900	61,362	385,262
Impairment			
Charge for the period	10,059	-	10,059
At 31 December 2020	10,059	-	10,059
Net book value			
At 31 December 2020	313,841	61,362	375,203
At 31 December 2019	*323,900*	*85,822*	*409,722*

An impairment of £10,059,000 has been booked against the investment held in Impetus Automotive Limited reducing the investment from £32.6 million to £22.5 million. The trigger for the impairment review was a result of the reduction in trading due to COVID-19 experienced during 2020, and the expected future performance of its contracts combined with the transfer of trade and assets from 1 January 2021. The impairment was calculated based upon a discounted cash flow using a discount rate of 10%.

The transfer to current assets relates to the reclassification of certain amounts owed by group undertakings to reflect the nature and time of expected settlement based on managements expectations at the year end.

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Go-on Kfz Service GmbH	Hugo-Eckener-Str. 2050829 Köln Germany	Ordinary	100%
Impetus Automotive Consulting (Beijing) Co Ltd	Office No 1562 NCI Tower, 12a Jianguomenwai Avenue, 100022 Beijing, China	Ordinary	100%
Impetus Automotive GmbH	Bismarckstraße 30, 64668 Rimbach, Germany	Ordinary	100%
Impetus Automotive Limited**	Impetus Automotive Tournament Court, Edgehill Drive, Warwick, CV34 6LG, UK	Ordinary	100%
Impetus Automotive Pty Ltd	75 Wensleydale Drive, Mornington, Victoria 3931, Australia	Ordinary	100%
MSX International Business Services France SAS (France)	4 avenue Pablo Picasso, 92000 Nanterre, France	Ordinary	100%
MSX International Business Solutions Pty Ltd. (South Africa)**	4th Floor Aloe Grove, 2 Osborn Road, Houghton Estate, OfficePark, 2196 South Africa	Ordinary	100%
MSX International do Brasil Ltda	Rua Amazonas, 439 9 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brasil	Ordinary	100%
MSX International GmbH (Germany)**	Ossendorf -Technology CentreHugo-Eckener-Str. 2050829 Köln Germany	Ordinary	100%
MSX International Holdings Italia S.r.l. (Italy)	Viale Alexandre Gustave Eiffel 13/15 Roma Italy	Ordinary	100%
MSX International K.K. (Japan)	Level 2 Sengakuji Success Building2-20-29 TakanawaMinato-Ku Tokyo 108-0074 Japan	Ordinary	100%

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
MSX International Limited (Thailand)**	10/168 Trendy Building, 20th FloorUnit 20 -nua Sukhumvit 13, sukhumvit RdKlongton. Wattana Bankok 10110 Thailand	Ordinary	99.97%
MSX International Sweden AB	Drakegatan 7Göteborg, Sweden 412 50	Ordinary	100%
MSX International TechServices, S.L. (Spain)**	Madrid, La Resina No. 29-C, Nave 3, Spain	Ordinary	100%
MSX Ricerca & Selezione S.r.l. (Italy)	Via Calvi, 300071 Pomezia Roma Italy	Ordinary	100%
MSXI Netherlands BV**	Van't Hoffstraat 263863 AX Nijkerk The Netherlands	Ordinary	100%
MSXI RNS Brasil Training and Process Outsourcing Ltda	Rua Amazonas, 439 9 Floor Room 91Sao Caetano do Sul-SPCEP 09.520-070 Brasil	Ordinary	100%
MSXI TRABALHO TEMPORÁRIO LTDA. (Brazil)	Rua Amazonas, 439 16 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brazil	Ordinary	100%
MSXI TRABALHO TEMPORÁRIO LTDA. (Brazil)	Rua Amazonas, 439 16 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brazil	Ordinary	100%
MSXI TRABALHO TEMPORÁRIO LTDA. (Brazil)	Rua Amazonas, 439 16 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brazil	Ordinary	100%
MSXI TRABALHO TEMPORÁRIO LTDA. (Brazil)	Rua Amazonas, 439 16 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brazil	Ordinary	100%
MSXI TRABALHO TEMPORÁRIO LTDA. (Brazil)	Rua Amazonas, 439 16 Floor Room 160Sao Caetano do Sul-SPCEP 09.520-070 Brazil	Ordinary	100%

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Pacific Technology Solutions, LLC	15530 Rockfield Boulevard Suite B4 Irvine, CA 92618	Ordinary	100%
Pacific Technology Solutions, LLC	15530 Rockfield Boulevard Suite B4 Irvine, CA 92618	Ordinary	100%
Pacific Technology Solutions, LLC	15530 Rockfield Boulevard Suite B4 Irvine, CA 92618	Ordinary	100%
Pacific Technology Solutions, LLC	15530 Rockfield Boulevard Suite B4 Irvine, CA 92618	Ordinary	100%
Pacific Technology Solutions, LLC	15530 Rockfield Boulevard Suite B4 Irvine, CA 92618	Ordinary	100%
Roland Sewells and Associates South Africa Proprietary Unlimited (South Africa)	1st Floor, Block A, La Rocca Office Park, 321 Main Road, Bryanston, Johannesburg, South Africa 2021	Ordinary	100%
Sewells (Thailand) Ltd	571 RSU Tower10th floor Unit 4-5Office Number 1001 Sukhumvit 31Sukhumvit RoadWattana, Long ton-nue Bangkok 10110 Thailand	Ordinary	99.8%
Sewells Asia Holdings Pte Ltd (Singapore)	30 Raffles Place #19-04 Chevron House Singapore 048622	Ordinary	100%
Sewells Group India Private Limited	101, Building 6, Sector 3, Millenium Business Park, MIDC, Mahape, Navi Mumbai, India 400701	Ordinary	68.45%

** Denotes the subsidiary listed above is a direct subsidiary of the company.

17. Debtors

	2020 £000	*2019 £000*
Due within one year		
Trade debtors	**2,270**	*3,857*
Amounts owed by group undertakings	**19,469**	*5,055*
Other debtors	**32**	*236*
Prepayments and accrued income	**3,945**	*7,206*
	25,716	*16,354*

18. Cash and cash equivalents

	2020 £000	*2019 £000*
Cash at bank and in hand	**7,426**	*2,218*
	7,426	*2,218*

Cash at bank includes £1,484,981 restricted cash (2019: £98,790), pledged to Credit Agricole under the existing factoring agreement.

19. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	2,785	14,011
Amounts owed to group undertakings	362,445	355,767
Amounts owed to joint ventures	325	-
Corporation tax	130	104
Other taxation and social security	1,579	732
Proceeds of factored debts	1,485	-
Other creditors	1,835	1,499
Accruals and deferred income	3,221	1,536
Share capital treated as debt	390	390
	374,195	374,039

Secured Loans

The company's parent company Pacific (BC) Topco 5 Limited has a senior facilities agreement underwritten by Nomura Bank International plc, Nomura International plc, HSBC Bank plc and Royal Bank of Canada. The agreement is secured on the assets of several group companies; the company itself, Pacific (BC) Bidco Limited, MSXI UK Limited, MSX International GmbH (Germany), MSX International Techservices S.L. (Spain), MSX International Business Services France SA, MSX International Holdings Italia S.R.L., Pacific (BC) Hedgeco Limited, Patron (BC) Bidco Limited, Pacific Holdco Inc. US, MSX IHC LLC (US), MSX International Inc (US), MSX International (Holdings) Inc and MSX Americas Inc. The security provided includes: A share pledge agreement entered into between company and its lenders in relation to shares in the 100% subsidiary MSX International GmbH (Germany); A charge over the shares in the 100% subsidiary MSX International Techservices SL; Fixed charges over the assets of the company.

20. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Share capital treated as debt	260	260
	260	260

21. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**91,244**	*102,705*
Financial liabilities		
Financial liabilities measured at amortised cost	**372,256**	*373,134*

22. Called up share capital

	2020 £000	2019 £000
Alloted, called up and fully paid		
14,180,000 ordinary shares of £1 each	**14,180**	*14,180*
17,500 9% cumulative convertible redeemable preference shares of £1 each	**18**	*18*
	14,198	*14,198*

	2020 £000	2019 £000
Preference shares classified as		
Equity	**2**	*2*
Debt	**16**	*16*
	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. The preference share holder MSXI UK Limited has waived its right to receive any preference dividends before such a time, as determined by the directors of MSX International Limited, that dividends are declared and then due for payment.

The company's preference shares carry no voting rights, but preference shareholders have the right, unless waived, to first to receive dividends and repayments of capital ahead of the ordinary shareholders.

23. Pension commitments

The company operates a defined contribution scheme for its employees. The company made contributions to employees' personal pension plans of £1,109,286 (2019: £1,259,939).

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 2014 and updated to 31 December 2020 by a qualified actuary, independent of the scheme's sponsoring employer.

Reconciliation of present value of plan liabilities:

	2020 £000	*2019* *£000*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**1,330**	*1,232*
Interest income	**26**	*34*
Actuarial gains/losses	**114**	*108*
Benefits paid	**(45)**	*(44)*
At the end of the year	**1,425**	*1,330*

Reconciliation of fair value of plan assets:

	2020 £000	*2019* *£000*
At the beginning of the year	**1,716**	*1,515*
Interest income	**26**	*34*
Actuarial gains/losses	**146**	*211*
Benefits paid	**(45)**	*(44)*
At the end of the year	**1,843**	*1,716*

23. Pension commitments (continued)

Composition of plan assets:

	2020 £000	*2019 £000*
Equities	**1,312**	*1,152*
Bonds	**239**	*270*
Absolute return	**179**	*158*
Property	**36**	*59*
Commodities	**44**	*-*
Cash	**33**	*77*
Total plan assets	**1,843**	*1,716*

	2020 £000	*2019 £000*
Fair value of plan assets	**1,843**	*1,716*
Present value of plan liabilities	**(1,425)**	*(1,330)*
Unrecognised (surplus)	**(418)**	*(386)*
Net pension scheme liability	**-**	*-*

No amounts have been recognised in the profit or loss.

The amounts recognised in other comprehensive income are as follows:

Total

Actual return on scheme assets	**172**	*245*
	172	*245*

23. Pension commitments (continued)

The company expects to contribute £NIL to its Defined benefit pension scheme in 2021.

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2020	***2019***
	%	*%*
Discount rate	**1.3**	*2.0*
Future salary increases	**2.3**	*2.4*
Inflation assumption	**2.8**	*2.9*
Mortality rates		
- for a male aged 65 now	**87.6**	*87.5*
- at 65 for a male aged 45 now	**89.8**	*89.7*
- for a female aged 65 now	**88.7**	*88.6*
- at 65 for a female member aged 45 now	**91.0**	*90.9*

24. Contingent Liabilities

The company has been responding to questions from HM Revenue & Customs (HMRC) in a check of the company's 2015 and 2016 corporation tax returns. The enquiry has focussed on the deductibility of interest charges arising from the restructuring exercise that took place in this period. The position had not been agreed at the time of preparing these accounts. The company's view is that any amendments arising from the enquiry would only reduce the availability of tax losses carried forward with no effect on tax paid or payable. Additionally, no recognition of these losses had been made through deferred tax so there would be no change in the deferred tax balances or charges. The company has co-operated fully with HMRC in their enquiry and whilst penalties potentially ranging from £nil to approx. £709k could be levied, management believes that the likelihood of such penalties being charged by HMRC and becoming payable on any misstatement is low. Management assess that the most probable outcome is that no penalties will become payable.

25. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	*2019 £000*
Land and Buildings		
Not later than 1 year	**522**	*506*
Later than 1 year and not later than 5 years	**856**	*1,350*
	1,378	*1,856*

	2020 £000	*2019 £000*
Motor Vehicles		
Not later than 1 year	**222**	*285*
Later than 1 year and not later than 5 years	**210**	*81*
	432	*366*

26. Other Financial Commitments

The MSX International Group - specifically the company's indirect parent company Pacific (BC) Topco 5 Limited - has a senior facilities agreement underwritten by Nomura Bank International plc, Nomura International plc, HSBC Bank plc and Royal Bank of Canada. The facility includes loans of Euro 498,000,000 and US$50,000,000 and access to a revolving facility of US$ 75,000,000. The agreement is secured on the assets of several group companies; Pacific (BC) Bidco Limited, MSXI UK Limited, MSX International Limited (the company), MSX International GmbH (Germany), MSX International Techservices S.L. (Spain), MSX International Business Services France SA, MSX International Holdings Italia S.R.L., Pacific (BC) Hedgeco Limited, Patron (BC) Bidco, Pacific Holdco Inc. US, MSX IHC LLC (US), MSX International Inc (US), MSX International (Holdings) Inc, MSX Americas Inc. The termination date for the loan is 6th January 2024 which was extended to 6th January 2026 in February 2022 as set out in note 28. The security provided includes: A share pledge agreement entered into between company and its lenders in relation to shares in the 100% subsidiary MSX International GmbH; A charge over the shares in the 100% subsidiary MSX International Techservices SL; Fixed charges over the assets of the company.

On 17 June 2019 the company entered into a factoring agreement with Credit Agricole, with Credit Agricole advancing funds secured on the company's trade debtors.

27. Related party transactions

Key management personnel includes both the directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The costs for key management compensation are allocated to and bourne by other group undertakings. As such, the total compensation paid to key management personnel for services provided to the company was £nil (2019 - £nil).

28. Post balance sheet events

From 1 January 2021, The Directors have made the strategic decision to transfer the trade and assets from Impetus Automotive to the Company. The Directors have taken this decision as there are significant cost savings available by combining the two entities die to the similarity in the principal activities of the two companies.

In February 2022 the group undertook a refinancing to extend the maturity of its existing facilities with no change in the total indebtedness as follows:

On 24 February 2022 the group amended and restated the Senior Facility Agreement, extending the maturity of a proportion of its Term Loans by two years, to 6 January 2026 from 6 January 2024. €475.0 million of Euro-denominated term loans and $48.3 million USD-denominated term loans were extended, with applicable margins of 4.75% and 5.0%, respectively. Existing term loans totalling €24.6 million remained outstanding and due at the original maturity of 6 January 2024. In addition, the maturity of the group's multicurrency revolving credit facility was extended by 2.5 years to 6 July 2025 from 6 January 2023.

In connection with amendments to the group's Senior Facility Agreement, as amended, the group amended the PIK Facility Agreement. The term was extended to 6 July 2026 from 6 January 2025, and Term SOFR was introduced as the reference rate.

29. Parent company and ultimate parent company

MSXI UK Limited is the immediate parent company as at the balance sheet date.

The smallest and largest group of undertakings for which group accounts have been drawn up as at 31 December 2020 is that headed by Pacific (BC) TopCo Limited a company registered in Jersey. The consolidated financial statements of Pacific (BC) TopCo Limited have been filed with the Registrar of Companies (England and Wales) with these accounts and are available from Registrar of Companies (England and Wales), Companies House, Crown Way, Cardiff, CF14 3UZ.
The directors consider Pacific (BC) TopCo S.à.r.l a company registered in Luxembourg, to be the ultimate parent company of the group.
Bain Capital Europe Fund IV LP is the ultimate controlling party.

2020 Annual Report

Pacific (BC) TopCo Limited

The Octagon, Middleborough
Colchester Essex CO1 1TG

Year Ended December 31, 2020

GROUP ACCOUNTS TO BE FILED WITH THE 2020 ACCOUNTS

FOR MSX INTERNATIONAL LIMITED No 01949542

PACIFIC (BC) TOPCO LIMITED
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FINANCIAL INFORMATION

Financial Statements:
Pages

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Independent Auditor's Report

Board of Directors
Pacific (BC) TopCo Limited
Colchester, United Kingdom

Opinion

We have audited the consolidated financial statements of Pacific (BC) TopCo Limited and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, cash flows, and shareholders' equity for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Troy, Michigan
April 27, 2021

PACIFIC (BC) TOPCO LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 133,198	$ 59,566
Accounts receivable, net (Note 4)	458,055	413,535
Prepaid expenses and other assets	10,956	12,741
Income tax recoverable, net	9,262	-
Total current assets	611,471	485,842
Property and equipment, net (Note 5)	34,175	30,074
Goodwill (Note 6)	545,821	545,821
Other intangibles, net (Note 6)	305,128	345,284
Other assets	5,955	5,307
Deferred income taxes, net (Note 14)	8,848	7,628
Total assets	$ 1,511,398	$ 1,419,956
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities.		
Current portion of long-term debt (Note 8)	$ 51,500	$ -
Accounts payable and drafts (Note 11)	519,143	476,144
Accrued payroll and benefits	40,188	25,112
Other accrued liabilities (Note 7)	62,083	58,743
Total current liabilities	672,914	559,999
Long-term debt (Note 8)	705,868	632,221
Other long-term liabilities	532	4
Deferred income taxes, net (Note 14)	72,320	83,884
Total liabilities	1,451,634	1,276,108
Shareholders' equity		
Pacific (BC) TopCo Limited shareholders' equity		
Common Stock, € 1 00 par value*	187,841	187,841
Accumulated other comprehensive (loss) income	(4,798)	6,158
Accumulated loss	(123,317)	(50,189)
Total Pacific (BC) TopCo Limited shareholders' equity	59,726	143,810
Noncontrolling interest	38	38
Total shareholders' equity	59,764	143,848
Total liabilities and shareholders' equity	$ 1,511,398	$ 1,419,956

** At December 31, 2020 and December 31, 2019 200,000,000 shares authorized; 177,458,186 shares issued and outstanding*

The accompanying notes are an integral part of the consolidated financial statements

PACIFIC (BC) TOPCO LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Amounts in thousands)

	For the Fiscal Year Ended December 31, 2020		For the Fiscal Year Ended December 31, 2019	
Net sales	$	458,848	$	584,014
Cost of sales		338,198		441,361
Gross profit		120,650		142,653
Selling, general and administrative expenses		72,407		79,596
Amortization of intangibles (Note 6)		40,156		39,941
Loss on sale of business (Note 6)		569		10,573
Income from operations before interest and other expense, inome tax provision (benefit) and non-controlling interest		7,518		12,543
Cash interest expense (Note 8)		34,499		33,867
Non-cash interest and other expense (income), net (Note 8)		51,256		(13,759)
Loss from operations before inome tax provision and non-controlling interest		(78,237)		(7,565)
Income tax (benefit) provision (Note 14)		(5,109)		8,187
Net loss		(73,128)		(15,752)
Less Net loss attributable to the noncontrolling interest		-		-
Net loss attributable to Pacific (BC) TopCo Limited		(73,128)		(15,752)
Other comprehensive loss, net of tax.				
Foreign currency translation adjustments		(10,956)		(14,346)
Total comprehensive loss	$	(84,084)	$	(30,098)

The accompanying notes are an integral part of the consolidated financial statements

PACIFIC (BC) TOPCO LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the Fiscal Year Ended December 31, 2020	For the Fiscal Year Ended December 31, 2019
Cash flows from operating activities:		
Net loss	$ (73,128)	$ (15,752)
Adjustments to reconcile loss to net cash provided by operating activities:		
Foreign currency loss (gain) (Note 8)	38,221	(24,231)
Loss on sale of business	569	10,573
Depreciation	8,063	6,781
Amortization of intangible assets	40,156	39,941
Amortization of debt issuance costs	5,151	4,908
Payment in kind interest	6,010	5,565
Deferred income taxes	(13,333)	(6,156)
(Increase) decrease in receivables, net	(41,125)	53,174
Decrease in prepaid expenses and other assets	1,519	2,814
Increase (decrease) increase in current liabilities	59,736	(54,644)
Changes in book overdrafts, net	(12,927)	3,905
Decrease in long-term liabilities and other, net	(108)	(50)
Net cash provided by operating activities	18,804	26,828
Cash flows from investing activities:		
Capital expenditures	(10,845)	(15,954)
Acquisitions of business, net of cash acquired	(1,494)	(11,577)
Proceeds from sale of business, net of cash sold	(51)	11,951
Net cash used for investing activities	(12,390)	(15,580)
Cash flows from financing activities:		
Proceeds from issuance of debt	13,462	224,145
Contribution from parent	-	947
Payments for debt issuance costs	(614)	(5,245)
Changes in revolving debt, net	51,500	(50,838)
Repayment of long-term debt	-	(167,799)
Net cash provided by financing activities	64,348	1,210
Effect of foreign exchange rate changes on cash and cash equivalents	2,870	1,083
Cash and cash equivalents:		
Increase for the period	73,632	13,541
Balance, beginning of period	59,566	46,025
Balance, end of period	$ 133,198	$ 59,566
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 33,989	$ 35,543
Cash paid for income taxes, net	13,253	32,781

The accompanying notes are an integral part of the consolidated financial statements

PACIFIC (BC) TOPCO LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in thousands)

	Common Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated (Loss) Profit	Total Pacific (BC) TopCo Limited Inc. Shareholders' Equity (Deficit)	Non-Controlling Interest	Total Shareholders' Equity (Deficit)
Balance at December 31, 2018	$ 186.894	$ 20 504	$ (34,437)	$ 172,961	$ (57)	$ 172,904
Contribution from parent	947			947		947
Comprehensive loss						
Net loss			(15,752)	(15,752)	-	(15,752)
Foreign currency translation		(14 346)		(14,346)	95	(14,251)
Total comprehensive loss				(30,098)	95	(30,003)
Balance at December 31, 2019	$ 187,841	$ 6,158	$ (50 189)	$ 143,810	$ 38	$ 143,848
Comprehensive loss						
Net loss			(73 128)	(73,128)	-	(73,128)
Foreign currency translation		(10,956)		(10,956)		(10,956)
Total comprehensive loss				(84,084)	-	(84,084)
Balance at December 31, 2020	$ 187,841	$ (4 798)	$ (123,317)	$ 59 726	$ 38	$ 59,764

The accompanying notes are an integral part of the consolidated financial statements

PACIFIC (BC) TOPCO LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Dollars in thousands unless otherwise noted

1. **Organization and Basis of Presentation:**

The accompanying consolidated financial statements present the assets and liabilities, and results of operations of Pacific (BC) Topco Limited and its majority-owned subsidiaries, which operate globally under variations of the names MSX International, Inc. or Geometric Results, Inc.

Pacific (BC) Topco Limited is a holding company. Operating subsidiaries and branches located in Europe, North America, Asia-Pacific, and South America provide business process outsourcing ("BPO") in the form of retail network solutions to automotive OEMs, managed service provider ("MSP") solutions for extended workforce management across many industries, and technical contingent staffing and training services to automobile manufacturers, their dealers and suppliers.

On January 6, 2017, the Company's predecessor, MSX-IBS Holdings, Inc., was acquired pursuant to an Agreement and Plan of Mergers dated November 8, 2016 by and among MSX-IBS Holdings, Inc., a direct subsidiary MSX-IHC, LLC, another indirect subsidiary, and entities organized by the purchaser. Concurrently, the structure of the Company's direct and indirect subsidiaries was modified and reorganized under two newly-formed companies, Pacific (BC) Bidco Limited, a UK company, and Pacific Holdco, Inc., a Delaware company. Pacific (BC) Topco Limited is a UK company resident for tax purposes in Jersey.

2. **Significant Accounting Policies:**

a. *Principles of Consolidation.* The accompanying financial statements include the accounts of Pacific (BC) TopCo Limited and all majority owned subsidiaries. Significant intercompany transactions have been eliminated.

b. *Cash and Cash Equivalents.* All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash balances in selected bank accounts in the United States may be in excess of amounts insured by the Federal Deposit Insurance Corporation. Selected bank accounts in certain markets are subject to pledges in connection with the Company's non-recourse accounts receivable factoring program; related customer collections are immediately forwarded to the financing institution involved in the program.

c. *Accounts Receivable.* Accounts receivable are presented net of allowances for uncollectible accounts of less than $0.1 million as of December 31, 2020 and December 31, 2019. The Company records an allowance for uncollectible accounts receivable based on historical loss experience, customer payment patterns and current economic trends. The Company reviews the adequacy of the allowance for uncollectible accounts receivable on a quarterly basis and, if necessary, increases or decreases the balance. See Note 4 for a discussion of the Company's factoring arrangement.

d. *Property and Equipment.* Property and equipment, including leasehold improvements, are recorded at cost. Maintenance and repair costs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

	Useful Lives In Years
Buildings and leasehold improvements	5 - 39
Machinery and equipment	3 - 12
Computers, peripherals and software	2 - 5
Automobiles and trucks	3 - 5

Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the term of the lease, whichever is shorter.

e. *Goodwill and Other Intangibles.* Goodwill is not amortized and represents the excess of purchase price over net assets acquired. Management evaluates the recoverability of goodwill when events or circumstances warrant such a review, and in any case, annually during the fourth quarter of each year. In its annual assessment, the Company has the option first to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, including goodwill. This review includes, but is not limited to, an evaluation of the macroeconomic, industry, or market, and cost factors relevant to the reporting unit as well as financial performance and entity or reporting unit events that may affect the value of the reporting unit. If this review leads to the determination that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, further impairment testing is not required. However, if this review cannot support a conclusion that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, or at our discretion, quantitative impairment steps are performed. The quantitative portion of the impairment test compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value, then an impairment loss is recognized in an amount equal to the excess, up to the value of goodwill in accordance with the Company's early adoption of the Financial Accounting Standards Board, Accounting Standards Update No. 2017-04 -- Simplifying the Test for Goodwill Impairment. The Company performed a quantitative assessment of goodwill impairment concluding that there was no impairment as of December 31, 2020 as the fair value of the Company's reporting units exceeded the respective carrying values. Other intangibles include customer related intangibles, trademarks, and technology, and are amortized over three to nineteen years. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of intangible assets subject to amortization is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. The estimated cash flows include management's assumptions of cash inflows and outflows directly resulting from the use of that asset or asset group in operations. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Other intangibles were not impaired during 2020 or 2019.

f. *Debt Issuance Costs.* Debt issuance costs are deferred (included with debt) and amortized over the term of the related debt into interest expense on a straight-line basis, which approximates the effective interest method.

g. *Investments.* For investments accounted for using the cost and equity methods of accounting, management evaluates information (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market price, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financings at an amount below the cost basis of an investment. This list is not all-inclusive, and management weighs all qualitative factors in determining if an other-than temporary decline in value of an investment has occurred. For investments accounted for under the equity method, the carrying amount of the investment is increased or decreased to recognize the Company's share of the profit or loss of the investee. At December 31, 2020 and December 31, 2019 the value of such investments totaled $4.6 million and is included with other assets in the accompanying consolidated balance sheets. See Note 3 for a discussion of the investment activity for 2020 and 2019.

h. *Reserves for Self-Insured Risk.* The Company is self-insured for a significant portion of its health insurance. The Company was self-insured for workers' compensation until April 15, 2008; at which time, the Company entered into a guaranteed contract with The Hartford and a reinsurance agreement with Archway Insurance. In March 2014 the contract with The Hartford ended and was replaced by a guaranteed cost contract with Old Republic Insurance Company. Under its current self-insurance program, the Company is responsible for up to $250,000 of health insurance claims per person per year.

Remaining estimated self-insurance costs are accrued for incurred claims and claims incurred but not yet reported. Factors considered in estimating the insurance reserves are the nature of outstanding claims including the severity of the claims, costs to settle existing claims, loss history and inflation, as well as estimates provided by third party actuaries. Significant changes in the factors described above could have a material adverse impact on future operating results. The accrual at December 31, 2020 and December 31, 2019 was $0.2 million and $0.3 million respectively.

i. *Fair Value of Financial Instruments.* The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and debt approximate their carrying amounts. The estimated fair value of other current assets and liabilities are reported in Note 10.

j. *Foreign Currency Translation and Transactions.* Net assets of operations outside of the U.S. are translated into U.S. dollars using exchange rates at the end of the fiscal year with the effects of translation adjustments included in shareholders' equity as a separate component of comprehensive income. Revenues and expenses of operations outside of the U.S. are translated at the average rates of exchange during the period. Gains and losses arising from transactions denominated in currencies other than the functional currency of a particular entity are included in income. These transaction gains and losses are included in interest and other expense on the consolidated statements of operations and comprehensive loss.

k. *Revenue Recognition.* On January 1, 2019 the Company adopted the Financial Accounting Standards Board FASB, Accounting Standards Codification ASC Topic 606 - Revenue from Contracts with Customers ("ASC 606") and concluded that the Company has three separate revenue streams: MSX - BPO services; GRI - MSP solutions, and staffing and training. ASC 606 was adopted on a modified retrospective method and did not have a material impact on the consolidated financial statements. The Company generates BPO services across multiple countries in North America, Europe and Asia. MSP solutions are provided in multiple countries, with concentrated presence in the USA and United Kingdom. Staffing and training is based in Brazil.

Revenues are recognized when control of the promised services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Revenue from services and the related direct costs are recorded in accordance with the accounting guidance on reporting revenue gross as a principal versus net as an agent. When the Company is the principal, it demonstrates control over the service by being the employer of record for the individuals performing the service, by being primarily responsible to the customers and by having a level of discretion in establishing pricing in which the gross amount is recorded as revenues. When the Company arranges for other contingent labor suppliers and/or service providers to perform services for the customer, the Company does not control those services before they are transferred, and only the net amount is recorded as revenue. The amounts recorded as revenue are the amounts billed to the customers less the amounts paid to the secondary suppliers/service providers.

MSX

MSX provides BPO (business process outsourcing) and other services primarily to the automotive industry. These Services consist of warranty claim management, channel management, parts and services sales optimization, customer engagement and fleet mobility, provided to global OEMs. Revenue is primarily comprised of revenue from time and material contracts and fixed price contracts. Revenues from time and material contracts and fixed price contracts are recognized in the period in which services are provided and control passes to the customer based on contractual billing rates as the customer simultaneously receives and consumes the benefits. Revenue is recognized on a gross basis since the company is acting as principal in these transactions.

The Company has elected the "as-invoiced" practical expedient to recognize revenue as they have the right to payment in an amount that corresponds directly with the value of the performance completed to date according to the fixed price contract. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. The Company typically satisfies the contractual performance obligations as services rendered (on a weekly or monthly basis).

GRI

GRI provides MSP solutions, which are a BPO relating to the provision of management of labor and other employee services to the Company's customers. Revenue is primarily comprised of fixed management contracts and fee based contracts. Revenue is recognized on a net basis since the company is acting as agent in these transactions.

The Company has elected the "as-invoiced" practical expedient to recognize revenue as they have the right to payment in an amount that corresponds directly with the value of the performance completed to date according to the fixed price contract. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The Company typically satisfies the contractual performance obligations as services rendered (on a weekly or monthly basis).

Technical Staffing

Technical Staffing Services consist of provision of labor and other employee services to the company's customers. Revenue is based on agreed rates for the individual services provided. Revenue is recognized on a gross basis since the company is acting as principal in these transactions.

The Company has elected the "as-invoiced" practical expedient to recognize revenue as they have the right to payment in an amount that corresponds directly with the value of the performance completed to date according to the fixed price contract. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The Company typically satisfies the contractual performance obligations as services rendered (on a weekly or monthly basis).

Variable Consideration

Variable consideration included in certain customer contracts is predominantly associated with meeting specific key performance indicators (KPIs) related to reduction of costs. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur. Provisions for sales allowances (billing adjustments related to errors, service issues and compromises on billing disputes), based on historical experience, are recognized at the time the related sale is recognized as a reduction in revenue from services.

Payment Terms and Other

Customer payments are typically due within 30 to 90 days of invoicing but may be shorter or longer depending on contract terms. Management does not assess whether a contract has a significant financing component if the expectation at contract inception is that the period between payment by the customer and the transfer of the services to the customer will be less than one year. We do not have any significant financing components or extended payment terms.

Contract costs include all direct material and labor costs and indirect costs such as indirect labor, supplies, tools and repairs. Contract liabilities are recognized for consideration received in respect of unsatisfied performance obligations and are reported as other liabilities in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The following table shows the Company's revenues disaggregated according to the timing of transfer of goods or services (in millions). Sales (and similar) taxes that are imposed on our sales and collected from customers are excluded from revenues:

Basis of Revenue Recognition	For the Fiscal Year Ended 2020	For the Fiscal Year Ended 2019
Revenue Recognized Gross		
RNS Services revenue	$ 370.1	$ 459.1
Total Revenue Recognized Gross	$ 370.1	$ 459.1
Revenue Recognized Net		
MSP Solutions revenue	68.1	72.6
Technical Staffing revenue	20.6	52.3
Total revenue recognized Net	$ 88.7	$ 124.9
Total Revenue	$ 458.8	$ 584.0
All Revenue is recognized as a point in time		

Our contract assets and liabilities consist of:

Accounts Receivable	December 31, 2020	December 31, 2019
RNS Services revenue	$ 39.0	$ 60.1
MSP Solutions revenue	414.1	348.1
Technical Staffing revenue	5.0	5.3
Total Accounts Receivable	$ 458.1	$ 413.5

Deferred Revenue (included in other accrued liabilities)	December 31, 2020	December 31, 2019
RNS Services	$ 9.4	$ 9.1
Technical Staffing	-	0.1
Total Deferred Revenue	$ 9.4	$ 9.2

l. *Income Taxes.* Deferred income taxes are recorded to reflect the differences between the tax basis and financial reporting basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount management believes is more likely than not to be realized.

m. *Derivative Contracts.* The Company uses derivative contracts periodically to manage its exposure to fluctuations in foreign currency rates and to rates of interest on its borrowings. These contracts are not held for trading purposes and are put into place to hedge specific exposures. Gains and losses on these contracts are recognized currently in earnings because they are not designated as hedging instruments for accounting purposes.

n. *Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from such estimates and assumptions.

o. *Recently Issued Accounting Pronouncements.* In June 2016, the FASB issued ASU 2016-13 amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model which is a new impairment model based on expected losses. Under this model, an entity recognizes an allowance for expected credit losses based on historical experience, current conditions and forecasted information rather than the current methodology of delaying recognition of credit losses until it is probable a loss has been incurred. This ASU is effective for interim and annual reporting periods beginning after December 15, 2022 based on FASB guidance issued via ASU 2019-10. The Company has evaluated the new guidance and it is not expected to have a material effect on its consolidated financial statements.

In February of 2016, the FASB issued ASU 2016-02, Leases. Under ASU 2016-02, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This ASU is effective for annual periods, beginning after December 15, 2021, with early adoption permitted based on the FASB guidance issued via 2019-10. We are in the process of evaluating the new guidance on our consolidated financial position, results of operations and cash flows.

p. Recently Adopted Accounting Pronouncements. In November 2016, the FASB issued ASU 2016-18 amending the presentation of restricted cash within the statement of cash flows. The new guidance requires that restricted cash be included within cash and cash equivalents on the statement of cash flows. The ASU is effective retrospectively for reporting periods beginning after December 15, 2018, with early adoption permitted. The adoption of ASU 2016-18 in 2019 did not have a material impact on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 clarifying how entities should classify certain cash receipts and payments on the statement of cash flows. The new guidance addresses classification of cash flows related to the following transactions: 1) debt prepayment or debt extinguishment costs; 2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; 3) contingent consideration payments made after a business combination; 4) proceeds from the settlement of insurance claims; 5) proceeds from the settlement of corporate owned life insurance policies; 6) distributions received from equity method investees; and 7) beneficial interests in securitization transaction. ASU 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. This ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018 and requires retrospective application. Early adoption is permitted. The adoption of ASU 2016-15 in 2019 did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 amending the current guidance for how entities measure certain equity investments, the accounting for financial liabilities under the fair value option, and the presentation and disclosure requirements relating to financial instruments. The new guidance requires entities to use fair value measurement for equity investments in unconsolidated entities, excluding equity method investments, and to recognize the changes in fair value in net income at the end of each reporting period. Under the new standard, for any financial liabilities in which the fair value option has been elected, the changes in fair value due to instrument-specific credit risk must be recognized separately in other comprehensive income. Presentation and disclosure requirements under the new guidance require public business entities to use the exit price when measuring the fair value of financial instruments measured at amortized cost. In addition, financial assets and liabilities must now be presented separately in the notes to the financial statements and grouped by measurement category and form of financial asset. This ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. The adoption of ASU 2016-01 did not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, that supersedes the previously existing revenue recognition guidance under U.S. generally accepted accounting principles. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The objective of the new standard is for companies to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the company expects to be entitled to in exchange for those goods or services. This ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018. See item k. Revenue Recognition in Note 2 for details of the impact of ASU 2014-09 on our consolidated financial statements.

3. Acquisitions and Disposals:

On April 17, 2019 the Company acquired a minority interest in MCON Group (MCON) for approximately $4.5 million. Based in Munich, Germany, with offices across Europe, Asia, Africa and North America. MCON has more than twenty years of experience in building and maintaining digital customer journeys for automotive manufacturers and retailers as well as aiding enterprises to move infrastructure into the cloud. The Company's investment in MCON lays the foundation for the two companies to leverage each other's strong positioning in their respective fields to capture shared opportunities and enhance value for customers across the global automotive landscape. The investment takes the Company further towards fulfilling its ambition of becoming the partner of choice for its customers' digital transformation.

The carrying value of the investment is included in other assets in the Company's consolidated balance sheet. The Company's share of the net income (loss) of MCON during 2020 and 2019 was not material.

On June 3, 2019 the Company sold 100% of its equity interest in MSX International Staffing, LLC for a total sale price of approximately $12.0 million. The Company recorded a loss on sale of approximately $10.6 million during 2019.

On October 9, 2019 the Company acquired Pacific Technology Solutions, LLC (PTS). Based in Irvine, California, PTS is a leading provider of e-learning, training development and performance improvement solutions to the automotive industry. With the acquisition of PTS, the Company strengthens its Channel Management product portfolio with PTS's suite of software tools, proven e-learning and training management platforms. PTS maintains long-standing relationships with world-class automotive manufacturers, distributors and tier-one suppliers in the United States, helping them reduce overhead costs, deliver high return on investment and increase customer satisfaction. The purchase price for PTS was approximately $9.2 million and the acquisition was funded through the Company's existing borrowing facilities. The results of operations of PTS have been included in the consolidated financial statements from the date of acquisition.

The purchase price of the transaction was allocated to the acquired assets and liabilities based on their estimated fair value at the date of acquisition, including identifiable intangible assets, with the remaining amount being classified as goodwill, which is not deductible for tax purposes. Included in both goodwill and liabilities assumed is $1.7 million in contingent consideration.

Dollars in thousands unless otherwise noted

The following is an allocation of the purchase price:

Cash and cash equivalents	$ 1,450
Current assets	1,066
Trademark	185
Internal Software	271
Content library	1,416
Customer related intangible	2,750
Goodwill	3,847
Total assets acquired	10,985
Less. liabilities assumed	(1,788)
Net assets acquired	$ 9,197

During 2019, the Company finalized its purchase accounting for the De Poel acquisition which resulted in an increase in goodwill and other accrued liabilities of $2.7 million.

On December 18, 2020, the Company disposed of its interest in MSX International LLC in Russia. The transaction resulted in a loss on disposal being recognized of $0.6 million.

4. Accounts Receivable, Net:

Accounts receivable includes both billed and unbilled receivables. Amounts are billed periodically in accordance with contract terms. Unbilled receivables amounted to $151.0 million and $108.6 million at December 31, 2020 and December 31, 2019, respectively. All such billings are expected to be collected within the ensuing year. Accounts receivable also include the portion of our billings for certain master vendor and supply chain management services attributable to services provided by the Company's vendors, which are passed on to its customers and for which the Company records revenue on a net basis. These amounts totaled $413.4 million as of December 31, 2020 and $348.2 million as of December 31, 2019, portions of which are included in unbilled receivables. A corresponding liability to our vendors for these amounts is recorded in accounts payable at the time the related receivables are recorded and totaled $503.7 million and $467.1 million at December 31, 2020 and December 31, 2019, respectively. Included in such liabilities at December 31, 2020 and December 31, 2019 were $2.9 million and $0.8 million of liabilities, respectively, related to a vendor management solution partner. At such date, the Company's cash and cash equivalents included $2.9 million and $0.8 million respectively, as an offset to this liability for December 31, 2020 and December 31, 2019.

In February 2019, the Company entered into a non-recourse factoring agreement to sell trade accounts receivables owed to MSX subsidiaries in the US, UK, France, Germany, Spain and Italy to an international financing institution. The agreement accelerates collection of trade accounts receivables denominated in GBP, EUR and USD at a financing fee of 3-month Euribor (zero floor), plus 75bps, plus factoring and administrative charges. The maximum total funding amount available from the program through February 15, 2024 is €45 million. At December 31, 2020 and December 31, 2019 the amount of accelerated funding through the facility totaled approximately $33.5 million and $30.3 million respectively.

Dollars in thousands unless otherwise noted

Significant portions of the Company's revenues are delivered to manufacturers in the automotive and transportation related industries. Sales to significant automotive customers, including their automotive subsidiaries, as a percent of total net sales were:

	Percent of Net Sales	
Sales to:	For the Fiscal Year Ended 2020	For the Fiscal Year Ended 2019
Ford	30.3%	31.9%
FCA	8.3%	11.1%
PSA	8.1%	8.2%
Total	46.7%	51.2%

At December 31, 2020 and December 31, 2019, the foregoing three customers and their subsidiaries accounted for approximately 12% and 15%, respectively, of our billed accounts receivable balance.

5. Property and Equipment, Net:

Property and equipment, net includes the following:

	At December 31, 2020	At December 31, 2019
Cost:		
Buildings and leasehold improvements	$ 3,958	$ 3,269
Machinery and equipment	2,488	2,952
Computers, peripherals and software	44,058	33,898
	50,504	40,119
Less accumulated depreciation	(16,329)	(10,045)
Property and equipment, net	$ 34,175	$ 30,074

Depreciation amounted to $8.1 million the fiscal year ended December 31, 2020 and $6.8 million for the fiscal year ended December 31, 2019.

6. Goodwill and Other Intangibles, Net:

The recoverability of goodwill is evaluated at the reporting unit level. Goodwill is considered impaired if the book value of a reporting unit exceeds its estimated fair value. The customer related intangible assets are amortized over ten to nineteen years. Trademark assets are amortized over fifteen years. Technology assets are amortized over three to ten years. Internal software assets are amortized over three years. The content library intangible assets are amortized over ten years. Intangible amortization expense was $40.2 million for the fiscal year ended December 31, 2020 and $39.9 million for the fiscal year ended December 31, 2019. Intangible amortization expense is expected to be $40.1 million for the fiscal year 2021, $39.8 million for the fiscal year 2022, $39.7 million for fiscal years 2023, 2024 and 2025, and $106.1 million thereafter.

Dollars in thousands unless otherwise noted

The following summarizes the changes in the Company's goodwill balances, by reporting unit, as of December 31, 2020 and December 31, 2019:

	MSX BPO Solutions	GRI MSP Solutions	Total
Balance at December 31, 2018	$ 206,711	$ 347,641	$ 554,352
Acquisitions	3,847	2,660	6,507
Disposition	-	(15,038)	(15,038)
Balance at December 31, 2019	$ 210,558	$ 335,263	$ 545,821
Acquisition			-
Balance at December 31, 2020	$ 210,558	$ 335,263	$ 545,821

The following summarizes the Company's other intangibles balances as of December 31, 2020 and December 31, 2019:

	2020			2019		
	Gross Carrying Value	Amortization	Net	Gross Carrying Value	Amortization	Net
Customer related intangible	$ 361,345	$ (124,115)	$237,230	$ 361,345	$ (91,477)	$ 269,868
Trademark	64,707	(16,994)	47,713	64,707	(12,680)	52,027
Technology	27,218	(8,430)	18,788	27,218	(5,458)	21,760
Content library	1,416	(177)	1,239	1,416	(35)	1,381
Internal software	271	(113)	158	271	(23)	248
Total	$ 454,957	$ (149,829)	$305,128	$ 454,957	$ (109,673)	$ 345,284

On June 3, 2019 the Company sold 100% of its equity interest in MSX International Staffing, LLC for a total sale price of approximately $12.0 million. MSX International Staffing, LLC was included in the Human Capital Solutions reporting unit. Goodwill was allocated to the disposal group based on the relative fair value of MSX International Staffing, LLC to the Human Capital Solutions fair value. The Company recorded a loss on sale of approximately $10.6 million during 2019. MSX International Staffing, LLC does not qualify for discontinued operations presentation.

Dollars in thousands unless otherwise noted

7. Other Accrued Liabilities:

Other accrued liabilities include the following:

	At December 31, 2020	At December 31, 2019
Income and other taxes	$ -	$ 371
Deferred income/advance payments	9,386	9,605
Interest	9,151	8,695
Accrued services	21,501	21,808
Accrued acquisition costs	3,984	4,862
Restructuring - France	9,900	-
Other	8,161	13,402
Total	$ 62,083	$ 58,743

Deferred income/advance payments represent both payments from customers received in advance of revenues recognized and payments received in advance of billings from sub-contract vendors.

8. Debt:

Long-term debt is comprised of the following:

	Interest Rates at December 31, 2020	Maturity Date	December 31, 2020	December 31, 2019
Outstanding Debt:				
Senior ancillary facility #1	5.75%	January 6, 2023	$ 19,500	$ -
Senior ancillary facility #2	5.75%	January 6, 2023	25,000	
Senior revolving facility	5.05 - 6.60%	January 6, 2023	7,000	-
PIK notes	12.50%	January 6, 2025	49,161	43,220
Term B3 loan	4.50%	January 6, 2024	608,357	558,507
Term B4 loan	4.98%	January 6, 2024	50,000	50,000
Pandemic support loan - Spain	1.99%	June 8, 2025	4,276	-
Pandemic support loan - France	0.00%	See Notes	9,284	-
Capital leases and other			459	536
Unamoritized issuance costs			(15,669)	(20,042)
Total debt			757,368	632,221
Less: current portion of long-term debt			51,500	-
Long-term debt			$ 705,868	$ 632,221

Senior Facility Agreement

On January 6, 2017, the Company borrowed €327.9 million pursuant to a term loan facility ("Term Loan") and $35 million pursuant to a then-$75 million multicurrency revolving credit facility ("Revolver"), which may be utilized by any subsidiary that accedes to the underlying senior facility agreement ("SFA") as a borrower. The SFA Revolver matures on January 6, 2023 and is available for general corporate purposes. The Term Loan has a bullet maturity on January 6, 2024. Borrowings under the Term Loan bear interest at Euribor (with a zero rate floor), plus an applicable margin. The applicable margin, established at 5.5% at closing, ratchets based on Topco 5's Senior Secured Net Leverage Ratio, as defined in the SFA. Interest periods can be established in one, two, three or six month intervals.

On January 31, 2018, the Company amended and restated the SFA ("SFA Amendment"), resulting in a €100.0 million, or approximately $118.4 million, increase in the Term Loan outstanding. The applicable margin on aggregate outstanding Term Loan decreased to 4.75% from 5.5%, with a commensurate 75 basis point reduction on each downward ratchet based on the Company's Senior Secured Net Leverage Ratio, as defined. On January 9, 2019, the Company completed a substantial refinancing of outstanding SFA indebtedness ("2019 Refinancing"). The 2019 Refinancing increased aggregate indebtedness, reduced selected interest rates, and improved alignment of borrowing currencies with regional financial performance.

Funds provided by the 2019 Refinancing included the combination of €498.0 million, or approximately $566.0 million, of Euro-denominated Term Loans with an original issue discount, or OID, of 0.9975% ("Term B3") and a $50.0 million, USD-denominated Term Loan with an OID of 0.9925% ("Term B4"). Incremental new funds, net of the rollover of approximately $410.0 million of existing Term Loan indebtedness, was used to repay Revolver borrowings totaling approximately $43.9 million, including accrued interest; to repay approximately $82.1 million of existing Term Loans including accrued interest; to repay $76.6 million in indebtedness pursuant to the Company's PIK Facility, and pay related debt issuance costs.

Term Loan indebtedness continues to bear interest at Euribor or Libor, based on the denomination of borrowing (each with a zero rate floor), plus an applicable margin. As a result of the 2019 Refinancing, the applicable margin on outstanding, Euro-denominated Term B3 was decreased to 4.25% from 4.75%, with a commensurate 50 basis point reduction on each downward ratchet based on the Company's Senior Secured Net Leverage Ratio, as defined in the SFA. The applicable margin on USD-denominated Term B4 remains unchanged at 4.75%.

As required by the original 2017 SFA, the Company entered into a swap contract to cap the applicable Euribor base rate on a portion of the Term Loan. On August 20, 2018, the Company enhanced the interest rate protection, entering into additional interest rate caps on an aggregate €265.0 million of indebtedness. The derivative instruments cap Term Loan exposure to Euribor base rates at 1.0% through January 9, 2020 and 1.5% through January 9, 2021.

Borrowings under the SFA Revolver bear interest at LIBOR or EURIBOR, based on the denomination of the borrowing, plus an applicable margin. The applicable margin, established at 4.25% at the initial utilization, is also subject to a ratchet based on the Senior Secured Net Leverage Ratio, as defined, and a zero rate floor. The ratchet was not changed by the SFA Amendment or the 2019 Refinancing. Utilizations can be drawn in five agreed common currencies, USD, GBP, EUR, CAD and AUD. Interest periods can be established in one, two, three or six month intervals.

In late March 2020, MSX borrowed substantially all availability pursuant to the SFA Revolver and the then-available ancillary facility. Incremental indebtedness totaling $73.2 million was borrowed as a pre-emptive liquidity management action in connection with the Company's COVID-19 pandemic mitigation response. At December 31, 2020, the Company was in compliance with applicable debt covenants and unutilized availability, as defined, was $23.0 million.

Indebtedness pursuant to the SFA is secured by guarantees of material subsidiaries and pledges and grants of continuing security interest in collateral of the guarantor subsidiaries. The SFA contains a springing Senior Secured Net Leverage covenant, as defined, and a Guarantor Coverage Test, as defined, as well as customary affirmative and negative covenants and events of default.

Ancillary Agreement – #1

On January 9, 2017, the Company executed an Ancillary Facility Agreement with a separate lender ("Ancillary Agreement #1"), as permitted by the SFA. The Lender's Ancillary Commitment, as defined, totals $20 million, and reduces availability pursuant to the SFA Revolver to $55 million from $75 million. Ancillary Agreement #1, which provides multi-currency borrowing in USD, GBP and EUR, matures on January 6, 2023, unless accelerated in connection with the SFA.

Two interest rate options are applicable to advances borrowed pursuant to Ancillary Agreement #1: Alternative Base Rate Loans and Eurocurrency Loans, as defined. Alternative Base Rate Loans may be borrowed on a same-day basis and bear interest at a base rate, as defined, plus an applicable margin, which ranges based on the leverage ratio in a range from 0.25% to 1.25%. Eurocurrency Loans bear interest at one, two or three month LIBOR rates, subject to a zero rate floor, plus an applicable margin which ranges from 3.25% to 4.25% based on our Consolidated Senior Secured Net Leverage Ratio, as defined. At December 31, 2020, unutilized availability, as defined, was $0.5 million.

Ancillary Agreement - #2

On June 16, 2020, the Company executed a $25 million Multi Currency Revolving Facility Agreement with one of its SFA lenders ("Ancillary Agreement #2"), as permitted by the SFA. The Company then borrowed $25 million pursuant to the agreement, with proceeds applied to repay a portion of SFA Revolver debt outstanding. The Ancillary Commitment, as defined, offsets availability pursuant to the SFA Revolver and, in combination with Ancillary Agreement #1, reduces aggregate SFA Revolver availability to $30 million. Ancillary Agreement #2 provides multi-currency borrowing in USD, GBP, EUR, AUD and CAD, and it matures on January 6, 2023, unless accelerated in connection with the SFA. Borrowings pursuant to the agreement bear interest at LIBOR or EURIBOR, as applicable (and subject to a zero rate floor), plus the same margin as applicable to SFA Revolver borrowings. Loans bear interest based on one, two, three or six-month Interest Periods. At December 31, 2020, the facility remained fully utilized.

Government-supported Loans in Response to COVID-19 Pandemic

Among actions initiated in March 2020 to mitigate the impact of the COVID-19 pandemic on liquidity, the Company identified and assessed its eligibility in major operating markets to qualify for government-sponsored financing programs that were enacted to preserve business activity and mitigate local job losses. As of December 31, 2020, these efforts resulted in locally-sourced loans in Spain and France.

Spain: On August 27, 2020, the Company's subsidiary in Spain received proceeds from a €3.5 million loan from a local bank offered in accordance with Spain's pandemic relief initiatives. Indebtedness incurs interest due monthly at 1.99% per annum for the first twelve months. Thereafter, interest and principal are amortized in equal monthly payments, with final maturity June 8, 2025. Proceeds of the loan, initially held as excess cash, are available to support operations of the business and are subject to restrictions on certain transactions with affiliates.

France: On November 26, 2020, the Company's subsidiary in France finalized a €7.6 million loan. Loan proceeds initially invested as cash are held in anticipation of planned disbursements. Principal outstanding incurs interest at a 0% fixed fate and is repayable on the first anniversary of initial funding. The Company has the option, by giving notice prior to the end of the first year, to choose to amortize the loan over an additional period of one, two, three, four or five years. If the Company exercises this option, principal repayment will be straight-line over the period chosen, plus applicable interest calculated on the basis of the actual cost incurred by the Bank to finance on the European interbank market. Use of loan proceeds are subject to restrictions on transactions with affiliates, including dividends, distributions and cash pooling arrangements.

PIK Facility

A portion of the consideration paid on January 6, 2017 to acquire MSX-IBS and to refinance the predecessor's existing indebtedness was financed through a $77 million investment by a group of institutional lenders pursuant to a PIK Facility Agreement ("PIK Facility"). In connection with the acquisition of Ultium Business Outsourcing Group Limited on January 31, 2018 and concurrent with the SFA amendment, the Company raised an additional $25 million investment pursuant to the PIK Facility. The incremental borrowing – a "PIK Additional Facility Loan" – is permitted under the PIK facility, based on defined conditions that were satisfied on the borrowing date. In connection with the 2019 Refinancing of the Senior Facility Agreement, the Company repaid $76.6 million in PIK Facility Indebtedness including accrued interest.

Dollars in thousands unless otherwise noted

The PIK Facility matures January 6, 2025 and accrues PIK interest at LIBOR plus 11.5% with a 1.0% LIBOR floor. Alternatively, cash interest may be paid at LIBOR plus 10.0% with a 1.0% LIBOR floor. Following the 2019 Refinancing, interest has accrued at the PIK interest rate. The PIK Facility contains customary affirmative and negative covenants defining permissible dividends, distributions, investments and other transactions among related parties, including the Company.

Brazil Loan Facility – Banco Itau S.A.

In February 2008, the Company entered into a credit agreement with Banco Itau S.A. The agreement was amended in December 2016 to increase the line to R$13.0 million. The agreement is supported by a guarantee from MSX International Netherlands B.V. The interest rate on outstanding indebtedness, if any, is 2.34% per month and the annually-renewed facility matured on March 22, 2021. The intention is to renew the facility, but this had not been completed at the date of signing these accounts.

Capital Leases

As of December 31, 2019, the Company has capital lease obligations primarily related to the lease of computer equipment and software. This leased equipment is used for internal use as well as the direct support of customer related programs where the Company is able to pass the costs on to its customer.

Other Debt

Certain of the Company's foreign subsidiaries maintain lines of credit with local banks to provide backup liquidity or to finance operational cash flows as needed. In general, interest accrues on the lines of credit at floating rates, as determined by the applicable bank, with amounts outstanding payable on demand. As of December 31, 2020 and December 31, 2019 there was $0.5 million outstanding.

Interest and Other Expense

The Company's non-cash interest and other expense is impacted by changes in foreign exchange rates on the recorded value of its debt. The translation of the non U.S. dollar denominated intercompany and external debt resulted in a $38.5 million currency translation loss during fiscal year 2020 and a $25.9 million currency translation gain during fiscal year 2019. These losses and gains are the result of appreciation or depreciation in the value of the Euro and British Pound relative to the U.S. dollar during the respective periods.

The following table summarizes the significant components of the Company's interest and other expense:

	For the Fiscal Year Ended December 31, 2020	For the Fiscal Year Ended December 31, 2019
Term B Loan	$ 29,360	$ 28,788
PIK note	6,010	5,871
Credit facilities	2,905	1,589
Invoice Factoring	1,146	1,056
(Gain) loss on currency translation of debt and accrued interest	38,209	(26,074)
(Gain) loss on cross-currency coupon swaps and options	1,874	1,842
Debt issuance	5,151	4,908
Other	1,100	2,128
Interest and other expense, net	$ 85,755	$ 20,108

Dollars in thousands unless otherwise noted

9. Derivatives and Hedging Activities:

The Company is exposed to market risk from changes in foreign currency exchange rates. Periodically, the Company enters into derivative contracts and non-derivative financial instruments with the objective of managing its financial and operational exposure arising from this risk by offsetting gains and losses on the underlying exposures with gains and losses on the financial instruments used to hedge them. The Company monitors the hedging program, derivative positions and hedging strategies. The Company's hedging documentation includes the hedging objectives, practices and procedures, and related accounting treatment. Hedges that receive designated hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period.

Derivative Instruments

The Company has a mix of US Dollar and Euro denominated debt. To align the indebtedness to the Company's earning profile, from time to time the Company enters into cross currency swaps and also caps interest rates on variable rate borrowings.

On November 20, 2018, the Company entered into a cross currency swap fixing the exchange rate of €100.0 million of borrowing into £88.9 million through to maturity on January 9, 2023 and to fix the exchange rate on the quarterly interest repayments. This transaction was undertaken to better align the GBP earnings of the Group with its loan commitments.

On August 20, 2018, the Company entered into interest rate caps on €265.0 million of borrowings. These caps eliminate the exposure to EUR-EURIBOR-Reuters rates in excess of 1.00% up to January 9, 2020 and 1.50% up to January 9, 2021.

Shortly after its January 6, 2017 Term Loan borrowing, the Company executed an internal FX hedge transaction between a UK subsidiary and a US subsidiary. The arrangement, undertaken in connection with tax planning considerations, partially hedges exposure to the Company's Euro-denominated Term Debt. The US subsidiary pays semi-annual interest accrued at the floating six-month LIBOR rate on a $207.6 million intercompany loan to its UK affiliate. Offsetting this, the UK subsidiary incurs semi-annual floating interest based on EURIBOR (with a 0% floor) on a €193.0 million loan to the US subsidiary. The intercompany FX hedge loans terminate January 6, 2024 unless accelerated by the early termination of the Company's Term Loans.

Information related to the fair values of derivative instruments in our consolidated balance sheets as of December 31, 2020 and December 31, 2019 is as follows:

	Liability Derivatives		
	December 31, 2020		
Derivatives not designated as hedging instruments	**Balance Sheet Location**	**Fair Value**	**Net**
Cross-currency forward acquisition hedge	Accrued liabilities	$ 280	$ (280)
	December 31, 2019		
Derivatives not designated as hedging instruments	**Balance Sheet Location**	**Fair Value**	**Net**
Cross-currency forward acquisition hedge	Accrued liabilities	$ 326	$ (326)

The interest rate caps had nominal value at December 31, 2020 and have not been valued in the financial statements.

Dollars in thousands unless otherwise noted

Information related to the effect of derivative instruments on our consolidated statements of operations for the fiscal year ended December 31, 2020 and for the fiscal year ended December 31, 2019 is as follows:

Derivatives Not Designated as Hedging Instruments	Amount of (Income) Loss Recognized in Income on Derivative		
	Location	For the Fiscal Year Ended December 31, 2020	For the Fiscal Year Ended December 31, 2019
Cross-currency forward acquisition hedge	Interest and Other Expense	$ 1,817	$ 1,842
Cross-currency option	Interest and Other Expense	$ -	$ -

10. Fair Value Measurement:

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2020 and December 31, 2019 using the fair value hierarchy prescribed by U.S. GAAP. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and level 3 includes fair values estimated using significant non-observable inputs. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

	Carrying Value	*Fair Value Measurements Using* Level 1	Level 2	Level 3
At December 31, 2020				
Cross-currency forward acquisition hedge - liabilities	$ 280	-	$ 280	-
At December 31, 2019				
Cross-currency forward acquisition hedge - liabilities	$ 326	-	$ 326	-

The Company's counterparty to these cross currency swap and option contracts is a major financial institution with an investment grade credit rating. The contracts are measured at fair value using a valuation approach which represents the counterparty's good faith estimate of the market value of the contracts based on estimated or actual bids and offers on forward currency contracts.

11. *Book Overdrafts:*

Book overdrafts represent checks drawn on zero balance accounts that have not yet been presented to the Company's banks for funding. Such overdrafts are funded when the related checks are presented and are not subject to finance charges. There were aggregate book overdrafts of $8.2 million and $21.1 million at December 31, 2020 and December 31, 2019, respectively. Such amounts are included in accounts payable and drafts in the consolidated balance sheets.

Dollars in thousands unless otherwise noted

12. Commitments and Contingencies:

The Company and its subsidiaries are parties to various legal proceedings arising in the normal course of business. While litigation is subject to inherent uncertainties, management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

In conjunction with certain transactions and in the ordinary course of business, the Company occasionally provides routine indemnifications relating to the enforceability of trademarks, coverage for legal and environmental issues, as well as provisions for other items. Currently, the Company has several such agreements in place with various expiration dates. Based on historical experience and evaluation of the specific indemnities, management does not believe that any material loss related to such indemnifications is likely and therefore no related liability has been recorded. The Company has standby letter of credit agreements securing certain obligations totaling approximately $0.3 million at December 31, 2020. Except for the Company's letters of credit, the Company has no other existing off-balance sheet financing arrangements.

The Company entered into a management agreement with Bain Capital Private Equity, LP, a related party to its majority shareholders, to assist the Company with various services. The Company incurred expenses related to these services of $1.5 million for the fiscal year ended December 31, 2020 and for the fiscal year ended December 31, 2019.

The Company and its subsidiaries have leases for real estate and equipment utilized in its business. In most cases, management expects that in the normal course of business these leases will be renewed or replaced by other leases. Future minimum rental payments required under leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

	Total
Fiscal year ended:	
2021	$ 12,127
2022	7,496
2023	4,820
2024	3,145
2025	2,570
2026 and thereafter	5,945
Total	$ 36,103

Rental expense net of rental reimbursements approximated $15.9 million for the fiscal year 2020 and $16.5 million for the fiscal year 2019.

On June 23, 2020, the Company was advised of the termination of several contracts in France PSA due to cost saving initiatives being introduced. The Company needed to make a significant restructuring of its work force as a result of the loss of these contracts. The Company worked closely with PSA to minimise the impact on its employees during Summer 2020.

A 'Social Plan' (restructuring plan under French labor law) was initiated in September 2020 and concluded in December 2020. A provision of $9.9 million was accrued at December 31, 2020 to meet the anticipated costs of the restructuring, which is included within accrued liabilities.

13. Employee Benefit Plans:

The Company maintains a qualified cash or deferred compensation plan under Section 401(k) of the Internal Revenue Code. Participation in this plan is available to substantially all salaried employees and to certain groups of hourly employees. Under the plan, employees may elect to defer up to 75 percent of their annual wages, subject to the limitations of the Internal Revenue Code. All matching contributions were suspended.

With the acquisition of APX International during 1997, the predecessor Company acquired certain obligations with respect to a frozen defined benefit pension plan. The plan was frozen in 1988 and covers certain union and non-union employees who were formerly employed by Autodynamics Corporation of America, Inc., a predecessor company. Contributions are determined in accordance with provisions of the plan. This plan is not material to the Company's consolidated financial position, results of operations or cash flows.

The Company also participates in statutory pension plans for certain of its foreign subsidiaries. The Company's consolidated pension expense was $3.8 million for the fiscal year December 31, 2020 and $4.6 million for the fiscal year December 31, 2019.

14. Income Taxes:

Federal and state income taxes are provided at the applicable rates on the basis of items included in the determination of income for income tax purposes. The Corporations effective tax rate may be different than what would be expected if the federal and state statutory rates were applied to earnings primarily because of changes in the valuation allowance, income included for tax purposes not included for financial report, and amounts expensed for financial reporting that are not deductible for tax purposes. Examples of these in the current year and years prior are the impacts of foreign FX, foreign exchange rates, meals and entertainment, taxable gain on reorganization of the MSXI group, and state and local taxes.

As discussed in Note 1, the Company was acquired in January 2017 and is now a U.K. entity. As a result, the statutory rate decreased from 35% to 19%.

The following table summarizes (loss) and income before income taxes, the Company's components of the consolidated provision for income taxes and the temporary differences that give rise to deferred tax assets and liabilities for the years ended December 31, 2020 and December 31, 2019 (in thousands):

PACIFIC (BC) TOPCO LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Dollars in thousands unless otherwise noted

		For the Fiscal Year Ended December 31, 2020		For the Fiscal Year Ended December 31, 2019
(Lloss) income from operations before income taxes for U.S. and foreign operations was:				
UK	$	(68,118)	$	4,053
US		(28,822)		(13,563)
Other Foreign		18,703		1,915
	$	(78,237)	$	(7,565)
The provision (benefit) for income taxes was:				
Current:				
UK	$	910	$	3,174
US Federal		(313)		5,818
Other Foreign		7,213		4,854
US State		414		497
Deferred:				
UK		(964)		1,468
US Federal		(3,920)		(10,905)
Other Foreign		(1,081)		(1,298)
US State		(7,368)		4,579
	$	(5,109)	$	8,187

		At December 31, 2020		At December 31, 2019
Net deferred tax liabilities included:				
Goodwill and intangibles	$	(78,655)	$	(90,316)
Prepaids, accrued liabilities and deferred compensation		214		(276)
Net operating losses		20,014		12,836
Property & equipment		(85)		(531)
Unrealized foreign exchange loss		5,270		5,069
Other, net		11,063		12,512
Deferred tax liability		(42,179)		(60,706)
Less: Valuation allowance		(21,293)		(15,550)
Net deferred tax liability	$	(63,472)	$	(76,256)

The ability for the Company to utilize net operating losses (NOLs) it has either generated or acquired may be limited under certain sections of the Internal Revenue Code. As of December 31, 2017, the US Consolidated Group utilized the remaining balance of NOL carryforwards in the amount of approximately $0.9 million. The Company has NOL carry forwards related to certain foreign operations totaling $88.2 million, of which $68.4 million can be carried forward indefinitely, with the balance expiring in varying amounts between 2025 and 2035.

Realization of deferred tax assets is dependent on various limitations as provided within current tax laws, including generation of sufficient taxable income within specific tax jurisdictions. At December 31, 2020, a $21.3 million valuation allowance has been recorded for specific items where management has determined that the likelihood of realization was not sufficient to allow for recognition of the deferred tax asset, primarily related to various tax attribute carry forwards. Based on expected future profits, management determined that it was more likely than not that certain deferred tax assets will not be realized in the future.

Dollars in thousands unless otherwise noted

In 2019 the Company recognized an uncertain tax position in the amount of $4.3 million and $0.1 million in 2020.

The following table summarizes activity of unrecognized tax benefits:

Balance as of December 31, 2018	$	-
Increase related to current year tax positions		4,247
Balance as of December 31, 2019		4,247
Increase related to current year tax positions		128
Balance as of December 31, 2020	$	4,375

The Company recognizes interest accrued related to unrecognized tax benefits in income tax expense. Penalties, if incurred, would also be recognized as a component of income tax expense. The Company had accrued interest expense related to the unrecognized tax benefits of $0.6 million in 2020, and $0.5 for 2019. Interest included in our provision for income taxes for all periods presented was immaterial.

The Company conducts business globally and, as a result, its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Brazil. France, Germany, Italy, Spain, the U.K. and the U.S. The global taxing authorities for which the Company operates are subject to examination based on each country's statute of limitations. The U.S. federal income tax returns of the Company for the years 2015 through 2018 are subject to examination by the Internal Revenue Service. The U.S. state and local income tax returns of the Company are subject to examination by the state taxing authorities, for various periods generally up to four years after they are filed. Currently, the U.S. federal income tax returns are under examination for the tax years 2015 through 2018. Also, the UK is under examination for the tax years 2015 through 2017. Italy is under examination for the tax year 2016.

15. *Subsequent Events*

The Company evaluated subsequent events through the date these financial statements were available for issuance which is April 27, 2021. We are not aware of any significant events that occurred subsequent to the balance sheet date that would have a material impact on the Consolidated Financial Statements.

16. Impact of Covid-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry and workforce.

The COVID-19 outbreak has affected the Company as follows during 2020:

- Workforce disruptions negatively impacted the Company's customers which has negatively impacted the Company's revenues during 2020.

- Revenues were particularly negatively impacted during Q2 of 2020. During Q3 and Q4 there was significant recovery and operating performance returned to a similar level as that being generated before the pandemic.
- The Company is dependent upon its workforce to deliver its services. Developments such as social distancing has impacted the Company's ability to deploy its workforce effectively at customer locations, however, in many circumstances the Company's workforce is able to deliver services remotely.
- Due to the variability of the Company's cost base, the Company was able to react to the financial implications of COVID-19 by taking advantage of furlough programs and reducing headcount where required. The Company also renegotiated payment arrangements with certain suppliers to modify the timing and amounts of cash outflows.
- The Company increased its borrowings under its existing credit facilities to provide adequate cash needs.
- The Company obtained government-sponsored financing in Spain and France as further disclosed in Note 8.

While the Company has significant financial resources, these are finite and the Company is subject to lending covenants related to minimum levels of profitability across the worldwide group. The directors believe that the above measures taken by the Company should enable the business to manage its way through the pandemic and meet its lending covenants within the next 12 months

Only if the effects of COVID-19 are significantly prolonged and extreme do the Directors consider that there may be a possibility that the Company's asset values, including long-lived assets and intangible assets, might become impaired due to COVID-19.