

Registration number: 00467474

Dana Spicer Europe Limited
Annual Report and Financial Statements
For the year ended 31 December 2020



Dana Spicer Europe Limited

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Dana Spicer Europe Limited

Company Information

Directors J McFall
O Habluetzel

**Company
secretary** J McFall

Registered office Bridgeway House
Bridgeway
Stratford-upon-Avon
CV37 6YX

**Independent
auditors** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Chamberlain Square
Birmingham
B3 3AX

**Registered
number** 00467474

Strategic Report

For the year ended 31 December 2020

The Directors present their Strategic Report for Dana Spicer Europe Limited (the "Company") for the year ended 31 December 2020.

Business review

The Directors are satisfied with the financial performance and position of the Company. The profit for the financial year, amounted to £729,000 (2019: £127,000). Net assets at 31 December 2020 amount to £8,766,000 (2019: £8,037,000).

The Company is part of the worldwide Dana Incorporated Group ("the Group"), a Company which is incorporated in the State of Delaware in the United States. The Strategic objectives of the Company are aligned with those of the Group. Further details on the strategy and performance of the Group can be found in the Management's Discussion and Analysis of Financial Conditions and Results of Operations section of the 2015 Form 10-K for Dana Incorporated, which does not form part of this report.

Future developments

The Company is expected to continue as a shared service centre company for the foreseeable future.

Principal risks and uncertainties

The principal risk and uncertainty facing the Company is the estimation of the carrying value of investments. Both the forecasts of future cash-flows expected to arise from subsidiaries and the selection of a suitable discount rate is judgemental. The Company monitors the carrying value of each investment to prevent unexpected impairments and to ensure the value of the investments recorded in the financial statements is appropriate.

Financial risk management policies and procedures

The Company's operations expose it to a number of financial risks that include liquidity risk, foreign currency risk and interest rate cash flow risk. The Company has established a framework for managing these risks.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies and procedures set by Dana Incorporated are implemented by the Company's finance department as required.

Liquidity risk

The financial risks of the Company are managed centrally by the Group's European treasury department. The Company operates within a corporate policy to hedge identified trading exposures. All borrowing facilities are arranged by Group Treasury. Wherever practicable, pooling, netting or concentration techniques are employed to minimise gross debt.

Strategic Report (continued)

For the year ended 31 December 2020

Financial risk management policies and procedures (continued)

Interest rate cash flow risk

The Company has variable rate interest bearing assets and interest bearing liabilities with other group companies which are at a level sufficient to fund its operations.

The requirement for medium to long term debt finance will be reviewed by Dana Incorporated based on the Company's forecast requirements.

Key performance indicators

Due to the nature of the activities, the Directors of the Company are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the business.

Section 172 statement

The directors' overarching duty is to promote the success of the Company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in the Section 172. The board regards a well-governed business as essential for the successful delivery of its principal activity.

The directors are aware of their duty under Section 172 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between members of the Company.

The Company is a UK Subsidiary of Dana Incorporated, quoted on the New York Stock Exchange (DAN) and a leading global manufacturer of automotive axles for light vehicles.

Strategic Report (continued)

For the year ended 31 December 2020

Section 172 Statement (continued)

The Company forms part of the Dana Incorporated group. The board of Dana Incorporated manages the group's operations on a global and country wide basis. From the perspective of the Company board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate.

The financial statements on pages 12 to 27 were approved by the Board of Directors on 30th September 2021 and signed on its behalf by:



.....
J McFall
Director

Directors' Report

for the year ended 31 December 2020

The Directors' present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activities

Dana Spicer Europe Limited ("the Company") acts as a holding company and as the shared service centre for Dana group companies in the United Kingdom.

Results and dividends

The profit for the financial year, amounted to £729,000 (2019: £127,000).

No dividends were declared or paid during the year ended 31 December 2020 (2019: £Nil). The directors have not proposed any further dividend at the date these financial statements are issued.

Net assets at 31 December 2020 amount to £8,766,000 (2019: £8,037,000).

Directors of the Company

The Director's who held office during the year and up to the date of signing the financial statements, unless otherwise noted, were as follows:

J T Coppage (resigned 7 July 2020)

J Wald (resigned 7 July 2020)

J McFall (appointed 7 July 2020)

O Habluetzel (appointed 7 July 2020)

Directors' indemnity

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Future developments

A review of the business and an indication of likely future developments is included in the Strategic Report

Financial risk management

Details of the financial risks of the Company are disclosed in the Strategic Report.

Directors' Report (continued)

for the year ended 31 December 2020

Going concern

The Directors have completed a going concern assessment for the Company 15 months from the date of approval of these financial statements (to December 2022/twenty-four months from the balance sheet date) which indicate that, taking account of reasonably possible downsides, with support from its ultimate parent company Dana Incorporated, the Company will have sufficient funding in order to continue to meet its debt as they fall due. Dana Incorporated has indicated its intention to make available such funds as are needed by the Company, in addition, the directors have obtained the letter of support from Dana Incorporated. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The balance sheet of the Company at 31 December 2020 shows net current assets of £1,608,000 (2019: £897,000) and net assets of £8,766,000 (2019: £8,037,000).

During the financial year and in response to the challenges arising from the ongoing COVID-19 pandemic, the Company has demonstrated its operation and financial resilience and ability to manage business risks successfully. It has therefore adopted the going concern basis of preparation in its annual financial statements for the year ended 31 December 2020. The Company directors have challenged these forecasts and concluded that Dana Incorporated had both the ability and intent to provide financial support to the Company, even in a severe but plausible downside scenario.

Employee involvement

The Board are committed to and support employee involvement. The group is operationally split into operating businesses, which systematically provide employees with information and consults with them regarding matters of concern to them as employees to ensure that there is a common awareness of the financial and economic factors that affect the performance of the Company.

Disabled employees

The Company's policy is to give full and just consideration to applications made by disabled persons, with the selection being on the basis of ability. The Company's recruitment, training, development and promotion policies give equality of opportunity to people to develop their potential. Steps are taken to accommodate the needs of disabled employees at work and, wherever possible, additional training is arranged to meet the special needs of those who become disabled.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

Directors' Report (continued)
for the year ended 31 December 2020

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company should continue business

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

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

Post balance sheet events

Subsequent to the balance sheet date the COVID-19 pandemic developed rapidly. The UK entered a period of lockdown resulting in a significant reduction in short term economic activity. The circumstances have increased general economic uncertainty although they have not had a major impact on the Company to date. In response we have sought to reduce costs where possible. The full impact on the future trading levels is uncertain. We continue to monitor the situation closely and review the risks to the business. We have concluded that the outbreak is a non-adjusting event in accordance with Section 32 of FRS 102.

Approved by the Board on 30th September 2021 and signed on its behalf by:



.....
J McFall
Director

Independent auditors' report to the members of Dana Spicer Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dana Spicer Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Dana Spicer Europe Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Dana Spicer Europe Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment legislation and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non standard journals to the profit and loss account or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquires with management
- Review of legal expenses and board minutes
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Auditing the risk of management override of controls, including testing non standard journal entries and unpredictable procedures around furlough payments
- Testing of accounting estimates which could be subject to management bias

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Dana Spicer Europe Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 30 September 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	<i>Note</i>	<i>2020</i> <i>£ 000</i>	<i>2019</i> <i>£ 000</i>
Administrative expenses		(2,524)	(2,823)
Other operating income	4	<u>3,252</u>	<u>2,935</u>
Operating profit	5	728	112
Interest receivable and similar income	9	<u>1</u>	<u>2</u>
Profit before taxation		729	114
Tax on profit	10	<u>-</u>	<u>13</u>
Profit for the financial year		<u>729</u>	<u>127</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>729</u>	<u>127</u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the years 2020 and 2019 other than the results above.

Dana Spicer Europe Limited

Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	11	7,551	7,551
Current assets			
Debtors	12	2,398	1,812
Creditors: amounts falling due within one year	13	(790)	(915)
Net current assets		1,608	897
Total assets less current liabilities		9,159	8,448
Creditors: amounts falling due after more than one year	14	(393)	(411)
Net assets		8,766	8,037
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	4	4
Profit and loss account	16	8,761	8,032
Total shareholders' funds		8,766	8,037

The financial statements on pages 12 to 27 were approved and authorised for issue by the Board on 30th September 2021
and signed on its behalf by:



.....
J McFall
Director

Registered number: 00467474

The notes on pages 15 to 27 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	<i>Called up share capital £ 000</i>	<i>Share premium account £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total shareholders' funds £ 000</i>
At 1 January 2019	1	4	7,905	7,910
Profit for the year	-	-	127	127
At 31 December 2019	1	4	8,032	8,037

	<i>Called up share capital £ 000</i>	<i>Share premium account £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total shareholders' funds £ 000</i>
At 1 January 2020	1	4	8,032	8,037
Profit for the year	-	-	729	729
At 31 December 2020	1	4	8,761	8,766

The notes on pages 15 to 27 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2020

1 General information

Dana Spicer Europe Limited ("the Company") acts as a holding company and as the shared service centre for Dana group companies in the United Kingdom.

The Company is a private company limited by share capital, Incorporated and domiciled in England, United Kingdom. The address of its registered office is Bridgeway house, Bridgeway, Stratford upon Avon, CV37 6YX. The registered number of the Company is 00467474.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Statement of Financial Position paragraph 3.17(d);
- the requirements of Section 11 Financial instruments paragraphs 11.41 (b), 11.41 (c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of "Dana Incorporated for the year ended 31 December 2020" and these financial statements may be obtained from Dana Incorporated, P.O Box 1000, Maumee, Ohio, 43537, USA.

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies (continued)

2.3 Consolidated financial statements

The financial statements contain information about Dana Spicer Europe Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of its ultimate parent company, Dana Incorporated, a Company registered in the state of Delaware, USA.

2.4 Going concern

The balance sheet of the Company at 31 December 2020 shows net assets of £8,766,000 (2019: £8,037,000). During the financial year and in response to the challenges arising from the ongoing COVID-19 pandemic, the Company has demonstrated its operation and financial resilience and ability to manage business risks successfully. It has therefore adopted the going concern basis of preparation in its annual financial statements for the year ended 31 December 2020. The Company directors have challenged these forecasts and concluded that Dana Incorporated had both the ability and intent to provide financial support to the Company, even in a severe but plausible downside scenario.

2.5 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only 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.

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies(continued)

2.6 Financial instruments (continued)

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 Statement of Comprehensive Income.

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 balance sheet date. Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies (continued)

2.9 Pensions

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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Interest income and expense

Interest income/expense is recognised in the Statement of Comprehensive Income using the effective interest method.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet 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 Balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Provision for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Notes to the Financial Statements

For the year ended 31 December 2020

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

The Company's significant accounting policies are set out above. The preparation of financial statements, in conformity with United Kingdom Accounting standards, required the use of estimates, subjective judgement and assumption that may affect the amount of assets and liabilities at the balance sheet date and reported profit for the year. The Directors base these estimates, judgements and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

Where the Directors consider that more complex principal estimates, judgements and assumptions have been made, details are set out in the accounting policies note above or the related notes.

The Directors have made estimates and assumption particularly in relation to the carrying value of investments and the recognition of deferred tax assets. Actual results could differ from those estimates.

Impairment reviews are performed by Directors when there has been an indication of potential impairment. No impairment triggers identified at the balance sheet date. See note 11 for the carrying value of investments.

4 Other operating income

	2020 £ 000	2019 £ 000
Other operating income	<u>3,252</u>	<u>2,935</u>

Other operating income relates to management fees charged to group companies.

5 Operating profit

The operating profit arrived at after (crediting)/charging:

	2020 £ 000	2019 £ 000
Exchange differences	(33)	77
Other operating lease rentals	<u>73</u>	<u>87</u>

Notes to the Financial Statements

For the year ended 31 December 2020

6 Auditors' remuneration

	2020 £ 000	2019 £ 000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>25</u>	<u>41</u>

No other services were carried out, other than that of the audit, by the auditors during the years 2020 and 2019.

7 Employees

Staff costs, including Directors' remuneration were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	1,712	1,703
Social security costs	205	247
Other pension costs	<u>65</u>	<u>55</u>
	<u>1,982</u>	<u>2,005</u>

The average monthly number of persons employed by the Company (including directors) during the year was as follows:

	2020 No.	2019 No.
Management and administration	<u>15</u>	<u>12</u>

Notes to the Financial Statements

For the year ended 31 December 2020

8 Directors' remuneration

The Directors are also Directors of other companies within the Dana Group and their emoluments relate to their services provided to the group as a whole. The emoluments of J Coppage and J McFall are included within the financial statements of Dana UK Axle Limited, the company that paid the emoluments because it is not practical to apportion the amounts paid to the companies to which they relate. J Wald and O Habluetzel received emoluments from other Dana Incorporated group companies based outside the United Kingdom. These emoluments have not been recharged to the Company in the current or prior year.

During the year, no (2019: no) Directors were accruing benefits under a defined benefit pension scheme and one (2019: one) Director was accruing benefits under a money purchase scheme. There were no outstanding contributions at the year end (2019: £Nil).

During the year, none of the Directors have exercised options to subscribe for shares in the Company's ultimate holding company, Dana Incorporated (2019: None).

9 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable from group companies	<u>1</u>	<u>2</u>

10 Tax on profit

	2020 £ 000	2019 £ 000
Corporation tax		
Current tax on profits for the year	<u>-</u>	<u>(13)</u>

Notes to the Financial Statements

For the year ended 31 December 2020

10 Tax on profit (continued)

Factors affecting tax credit for the year

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 reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	729	114
Corporation tax at standard rate of 19% (2019: 19%)	139	22
Effects of:		
Expenses not deductible for tax purposes	-	2
Deferred tax not recognised in respect of accelerated capital allowances	(139)	(37)
Total tax credit for the year	-	(13)

Factors that may affect future tax charge

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019:19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

Deferred taxation

The Company does not recognise a deferred tax asset of £2,923,711 (2019: £2,785,108) in respect of trading losses, inter-company interest and accelerated capital allowances due to the uncertainty concerning the time-scale of its recoverability.

Notes to the Financial Statements

For the year ended 31 December 2020

11 Investments

*Investments in
subsidiary
companies
£ 000*

Cost or valuation

At 1 January 2020	<u>12,300</u>
At 31 December 2020	<u>12,300</u>

Impairment

At 1 January 2020	<u>4,749</u>
At 31 December 2020	<u>4,749</u>

Net book value

At 31 December 2020	<u><u>7,551</u></u>
At 31 December 2019	<u><u>7,551</u></u>

Notes to the Financial Statements

For the year ended 31 December 2020

11 Investments (continued)

Group undertakings

The following were group undertakings of the Company:

Name	Class of shares	Holding %	Principal activity
<i>Subsidiary undertakings</i>			
Dana UK Automotive Systems Limited	Ordinary	100%	The Company acts as an intermediate holding company
Dana UK Axle Limited*	Ordinary	100%	The manufacture and distribution of automotive parts
Dana UK Driveshaft Limited*	Ordinary	100%	The manufacture and distribution of automotive parts
<i>Trade investments</i>			
Brevini Fluid Power UK Ltd*	Ordinary	3%	Manufacture of fluid power equipment
Brevini Espana S.A.*	Ordinary	12%	Servicing, repair, refurbishment and engineering support services

*Indirectly held

Name	Registered office
Dana UK Automotive Systems Limited	Bridgeway House, Bridgeway, Stratford-Upon-Avon, CV37 6YX
Dana UK Axle Limited	Bridgeway House, Bridgeway, Stratford-Upon-Avon, CV37 6YX
Dana UK Driveshaft Limited	Bridgeway House, Bridgeway, Stratford-Upon-Avon, CV37 6YX
Brevini Fluid Power UK Ltd	Kestrel Court Lakeside Drive, Centre Park, Warrington, Cheshire, WA1 1QX, United Kingdom
Brevini Espana S.A.	Calle Abedul s/n. Poligono Industrial los Huertecillos. 28350 Ciempozuelos (Madrid) Spain

Notes to the Financial Statements

For the year ended 31 December 2020

12 Debtors

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings	2,016	1,484
Other debtors	382	283
Prepayments and accrued income	-	45
	<u>2,398</u>	<u>1,812</u>

The amounts owed by group undertakings are unsecured, repayable on demand and interest free.

13 Creditors: amounts falling due within one year

	2020 £ 000	2019 £ 000
Trade creditors	2	24
Amounts owed to group undertakings	38	-
Accruals and deferred income	750	891
	<u>790</u>	<u>915</u>

The amounts owed to group undertakings are unsecured, repayable on demand and interest free.

14 Creditors: amounts falling due after more than one year

	2020 £ 000	2019 £ 000
Accruals and deferred income	<u>393</u>	<u>411</u>

Notes to the Financial Statements

For the year ended 31 December 2020

15 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary voting shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16 Reserves

Share Premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

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

17 Contingent liabilities

The company is part of a group cash pool arrangement operated by a fellow Dana subsidiary undertaking Dana Europe AG. The amounts owed to group undertakings are unsecured and repayable on demand.

18 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £65,000 (2019: £55,000). There were £nil outstanding pension contributions at the year end (2019: £nil)

Notes to the Financial Statements

For the year ended 31 December 2020

19 Commitments under operating leases

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

	2020 £ 000	2019 £ 000
Not later than 1 year	30	49
Later than 1 year and not later than 5 years	43	38
	<u>73</u>	<u>87</u>

The operating lease charged to the Statement of Comprehensive Income during the year amounted to £34,000 (2019: £53,000).

The Company had no other off-balance sheet arrangements.

20 Ultimate parent undertaking and controlling party

Dana Holdings Limited, a Company registered in England, is the immediate parent undertaking. A copy of these financial statements may be obtained from the registered office at Bridgeway House, Bridgeway, Stratford upon Avon, CV37 6YX.

Dana Incorporated, which is incorporated in the State of Delaware, USA is the parent company of the smallest and largest group to consolidate the financial statements of the Company. The Directors consider this Company to be ultimate parent company and controlling party. Copies of the Dana Incorporated group financial statements may be obtained from PO Box 1000, Maumee, Ohio 43537, USA.