

Registered Number 1676144

Dana Capital Limited
Directors' report and Accounts
for the year ended 31 December 2003



Dana Capital Limited

Directors' report and Accounts

for the year ended 31 December 2003

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Dana Capital Limited

Directors' report for the year ended 31 December 2003

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 December 2003.

Principal Activity and Review of Business

In December 2003, the sale of the majority of the leasing assets of this company was successfully completed. Until such time as all of the business and assets have been sold, the company's principal activity is the continued servicing of its portfolio of equipment and property leases. The company will not be entering into any new leasing transactions and as such, the only related risks to the company relate to the future realisation of assumed residual values. More information on these residual values is provided at note 13 to the accounts.

Results

The profit and loss account for the period shows a profit after tax of £1,021,761 (2002: Loss £29,490). The directors do not propose the payment of a dividend (2002:£Nil).

Directors and their interests

The directors of the company who held office during the year and up to the date of this report are:

PJ Bishop
JA Beham
NB Barnard (Resigned 03 December 2003)
BA Mullkoff
ED Zak
RR Filcek
SP Harrison
DL Wilson (Appointed 26 August 2003)
AM Petters

None of the directors had or have had any interests in the shares of the company or in any transaction with the company.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Dana Capital Limited

Directors' report for the year ended 31 December 2003 (continued)

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



Alan M Petters

Director

15 October 2004

Dana Capital Limited

Independent auditors' report to the members of Dana Capital Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985, and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

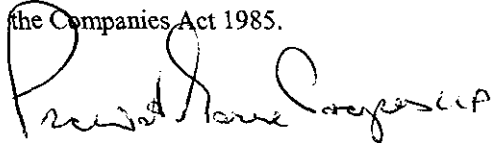
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Birmingham

15 October 2004

Dana Capital Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	2,341,869	3,653,624
Cost of sales		(919,157)	(1,746,488)
Gross profit		1,422,712	1,907,136
Other income		17,240	7,346
Other expenses		(24,829)	(3,723)
Administrative expenses before exceptional items		(560,624)	(1,455,909)
Administrative income - exceptional item	6	1,773,909	286,380
Total administrative income/(expenses)		1,213,285	(1,169,529)
Interest Payable	7	(1,345,585)	(954,488)
Profit/(Loss) on ordinary activities before taxation	3	1,282,823	(213,258)
Tax (charge)/credit on profit/loss on ordinary activities	8	(261,062)	183,768
Retained profit/(loss) for the year		1,021,761	(29,490)
Accumulated deficit brought forward		(2,518,036)	(2,488,546)
Accumulated deficit carried forward		(1,496,275)	(2,518,036)

All of the company's turnover and profits are derived from continuing operations.

The company has no recognised gains and losses other than the profit as shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and retained profit for the year stated above and their historical cost equivalents.

The notes on pages 6 to 13 form an integral part of these financial statements.

Dana Capital Limited

Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
Fixed Assets	9	11,266,212	13,075,876
Current Assets			
Debtors : Amounts falling due within one year	10	48,755	1,285,412
Debtors : Amounts falling due after more than one year	10	508,954	1,735,956
Cash at bank and in hand		5,012,165	727,555
		<u>5,569,874</u>	<u>3,748,923</u>
Creditors : Amounts falling due within one year	11	(18,193,911)	(19,204,385)
Net Current Liabilities		<u>(12,624,037)</u>	<u>(15,455,462)</u>
Total Assets Less Current Liabilities		<u>(1,357,825)</u>	<u>(2,379,586)</u>
Capital and Reserves			
Called up share capital	16	138,450	138,450
Profit and loss account		(1,496,275)	(2,518,036)
Total Shareholders' Deficit (all equity interests)	15	<u>(1,357,825)</u>	<u>(2,379,586)</u>

The financial statements on pages 4 to 13 were approved by the board of directors on 15 October 2004 and were signed on its behalf by:



Alan M Petters

Director

The notes on pages 6 to 13 form an integral part of these financial statements.

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The accounts fall within the scope of, and comply where applicable with, the Statement of Recommended Practice for Leasing companies.

Turnover

Turnover comprises income from

- finance leases using an actuarial pre tax method to give a constant periodic rate of return on the net investment in the lease. The net investment in the lease comprises the company's gross investment in the lease less gross earnings allocated to future periods.
- operating leases using the straight line basis which apportions income evenly over the period of the lease.

Operating Leases as Lessor

Assets on hire under operating leases are classified as tangible fixed assets, and are depreciated over their estimated useful lives to anticipated residual values on a straight-line basis.

Finance Leases as Lessor

The net investment in finance leases comprises future rentals receivable and residual values less unearned income relating to future periods. Unearned income represents the unamortised portion of total finance charges on finance lease agreements relating to future periods. Income under finance leases is recognised using the actuarial pre tax method.

Operating Leases as Lessee

Operating lease costs are charged against profits on a straight line basis over the life of the lease.

Depreciation of Tangible Fixed Assets

Depreciation is provided on a straight line basis in monthly instalments over the estimated useful lives of the assets as follows:-

Operating Lease Assets	3 to 20 years based on estimated useful life
Computer and Office Equipment	3 to 5 years
Automobiles	3 years
Leasehold Improvements	Over the period of the lease

Deferred Taxation

Deferred taxation is recognised on all timing differences where transactions or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred taxation assets are recognised when it is more likely than not that they will be recovered. Deferred taxation is measured using rates of tax that have been enacted by the balance sheet date.

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

1 Accounting policies (continued)

Pension Costs

The company operates a defined contributions scheme and company contributions are charged to the profit and loss account as they are incurred.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

Cash Flow Statement

The company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard 1 and does not produce a cash flow statement.

2 Going concern

The company is dependent on an inter company loan facility from Dana Credit Corporation (DCC). This loan facility bears interest at a rate based on the rate incurred on DCC's external borrowings and is repayable on demand. At 31 December 2003, the amount due under this loan is £17,192,200 (2002 : £18,865,204) and is disclosed in Note 11 as part of Amounts due to fellow subsidiary companies.

Dana Credit Corporation has provided a letter of support to the company stating that it will undertake to provide adequate financial support to the company to enable it to meet all of its liabilities as and when they fall due for a period of at least one year from the date of these financial statements. It is on the strength of this guarantee and commitment of financial support that the directors deem it appropriate to prepare the financial statements on the assumption that the company is a going concern.

3 Profit on ordinary activities

The profit on ordinary activities is stated after charging/(crediting):

	2003 £	2002 £
Depreciation on operating lease assets	919,157	1,736,688
Depreciation on other tangible fixed assets	82,334	107,189
(Profit)/loss on disposal of operating lease assets	(2,959)	3,724
(Profit) on disposal of other tangible fixed assets	(383)	(2,253)
Operating lease costs – other operating leases	174,519	147,400
Auditors remuneration	15,010	30,150
Fees paid to auditors for non audit services	10,500	30,095
Rentals receivable from operating leases	(1,901,555)	(3,109,858)
Rentals receivable from finance leases	(711,059)	(1,080,694)

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

4 Directors' emoluments

The aggregate emoluments paid to directors in the period amounted to £Nil (2002: £6,510). There were no amounts receivable by directors under long-term incentive schemes and there were no sums paid to third parties for directors' services (2002: £Nil). There are no pension benefits accruing under a defined benefit scheme to any of the directors in respect of their services to the company during the period. The company made no pension contributions to any of the directors in respect of his services to the company during the period (2002: £3,438 on behalf of 1 director).

5 Staff Costs

	2003 £	2002 £
Wages and salaries	146,116	379,487
Social security costs	16,053	50,560
Pension costs	5,253	19,398
	<u>167,422</u>	<u>449,445</u>

Pension costs represent contributions made to a defined contribution scheme, the assets of which are held separately from those of the company. The costs are accounted for on an accruals basis. The average number of persons employed during the year was 2 (2002 -10).

6 Administrative Income

As mentioned in Note 2, the company is dependent on an intercompany loan facility from Dana Credit Corporation (DCC). The exceptional item within administrative income of £1,773,909 (2002 : £286,380) relates to a foreign currency exchange gain on this loan.

7 Interest payable

The interest payable of £1,345,585 (2002: £954,488) can be analysed as follows: -

	2003 £	2002 £
On amounts due to fellow subsidiary undertakings	1,345,585	299,169
Short term bank loan	-	655,319
	<u>1,345,585</u>	<u>954,488</u>

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

8 Tax on loss on ordinary activities

a) The tax charge/(credit) for the period can be analysed as follows:

	2003 £	2002 £
Current Year		
Deferred tax	(63,942)	-
Group relief payable (30%) (Note 8(b))	141,236	(183,768)
	77,294	(183,768)
Prior Year		
Group relief payable	183,768	-
Net tax charge/(credit)	261,062	(183,768)

b) Factors affecting the tax charge for the year.

The standard rate of tax in the year is 30%. The actual rate of tax is lower than the standard rate and the differences are explained below:

	2003 £	2002 £
Profit/(loss) on ordinary activities before taxation	1,282,823	(213,258)
Expected tax charge/(credit) at 30%	384,847	(63,977)
Effects of:		
Timing differences on recognition of income from leased assets	(44,867)	(96,406)
Income not subject to tax (currency exchange gain)	(92,066)	-
Expenses not deductible for tax purposes (primarily interest)	76,641	68,990
Losses (utilised)/unutilised	(183,319)	(92,375)
Current tax charge/(credit) (Note 8(a))	141,236	(183,768)

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

9 Fixed Assets

	Operating lease assets £	Computer & office equipment & software £	Automobiles £	Leasehold improvements £	Total assets £
Cost					
As at 1 January 2003	19,804,190	228,354	16,994	97,852	20,147,390
Transfer from finance lease assets	38,813	-	-	-	38,813
Additions in period	227,140	-	-	-	227,140
Disposals in period	(6,892,498)	(67,676)	-	(97,852)	(7,058,026)
As 31 December 2003	<u>13,177,645</u>	<u>160,678</u>	<u>16,994</u>	<u>-</u>	<u>13,355,317</u>
Accumulated Depreciation					
As at 1 January 2003	6,830,509	165,754	8,498	66,753	7,071,514
Charge for the period	919,157	45,570	5,665	31,099	1,001,491
Disposals in period	(5,818,372)	(67,676)	-	(97,852)	(5,983,900)
As 31 December 2003	<u>1,931,294</u>	<u>143,648</u>	<u>14,163</u>	<u>-</u>	<u>2,089,105</u>
Net book value as at 1 January 2003	<u>12,973,681</u>	<u>62,600</u>	<u>8,496</u>	<u>31,099</u>	<u>13,075,876</u>
Net book value as at 31 December 2003	<u>11,246,351</u>	<u>17,030</u>	<u>2,831</u>	<u>-</u>	<u>11,266,212</u>

10 Debtors

	2003 £	2002 £
Amounts falling due within one year		
Trade debtors	1,939	47,535
Net investment in finance leases	600	726,774
Group relief receivable	-	183,768
Prepayments and accrued income	8,745	220,775
Other debtors	10,471	73,805
Amounts due from fellow subsidiary undertakings	27,000	32,755
	<u>48,755</u>	<u>1,285,412</u>

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

10 Debtors (continued)

	2003 £	2002 £
Amounts falling due after more than one year		
Other debtors	-	4,066
Prepayments and accrued income	445,012	-
Deferred tax asset	63,942	-
Net investment in finance leases	-	1,731,890
	<u>508,954</u>	<u>1,735,956</u>

The cost of assets acquired during the period for the purposes of letting under finance leases amounted to £Nil (2002: £ 953,474).

The total amount due under finance leases of £600 (2002: £2,458,664) represents gross receivables of £2,696 (2002: £2,976,782) less unearned income of £2,096 (2002: £518,118).

11 Creditors: Amounts falling due within one year

	2003 £	2002 £
VAT Payable	631,619	182,533
Trade creditors	50,510	85,176
Group Relief	141,236	-
Accruals and deferred income	171,750	57,175
Amounts due to fellow subsidiary companies	17,198,796	18,879,501
	<u>18,193,911</u>	<u>19,204,385</u>

All of the above creditor balances are unsecured.

12 Deferred taxation

The full potential deferred tax asset at a tax rate of 30% is £248,419 (2002: £421,804). The deferred tax asset arises largely due to losses carried forward. In accordance with Note 1, in the opinion of the directors, the company is unlikely to realise the portion of the asset relating to losses in the foreseeable future, and therefore no deferred tax asset has been recognised in respect of them.

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

13 Unguaranteed residual values on operating lease assets

Year in which residual will be recovered	Residual value – land & buildings £	Total £
Between 2 – 5 years	5,982,078	5,982,078
Total exposure	5,982,078	5,982,078

The residual values of land and buildings are reviewed by the directors on an annual basis as part of the preparation of the financial statements. Where appropriate, advice is sought from specialist property consultants in order to evaluate any impairment in value.

14 Commitments under operating leases

Amounts falling due	Land & buildings £	Total £
Within 1 year	99,617	99,617
Total commitments	99,617	99,617

15 Reconciliation of movements in shareholders' deficit

	2003 £	2002 £
Profit/(loss) for the year	1,021,761	(29,490)
Opening shareholders' deficit	(2,379,586)	(2,350,096)
Closing shareholders' deficit	(1,357,825)	(2,379,586)

The shareholders' deficit is all attributable to equity interests.

Dana Capital Limited

Notes to the financial statements

for the year ended 31 December 2003 (continued)

16 Called up share capital

	2003 £	2002 £
Authorised		
138,450 ordinary shares of £1 each	138,450	138,450
Allotted and fully paid		
138,450 ordinary shares of £1 each	138,450	138,450

17 Parent company

The ultimate parent company is Dana Corporation, which is incorporated in the USA.

Dana Corporation is the parent undertaking of the largest group to consolidate the accounts of the company and is the ultimate controlling party. Dana Investments UK Limited, a company registered in England, is the parent undertaking of the smallest such group. Copies of the group accounts of Dana Corporation may be obtained from PO Box 1000, Toledo, Ohio 43697, USA.

18 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 relating to 90% subsidiary undertakings and has not disclosed details of transactions with other undertakings within the Dana Corporation Group.