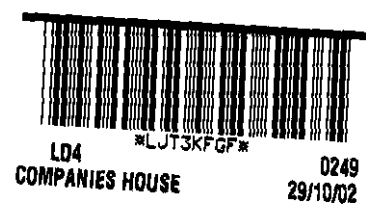


Dana Capital Limited
Directors' report and Accounts
for the year ended 31 December 2001

Registered Number 1676144



Dana Capital Limited

Directors' report and Accounts

for the year ended 31 December 2001

Contents

Directors' report for the year ended 31 December 2001	1
Auditors' report to the members of Dana Capital Limited	3
Profit and loss account for the year ended 31 December 2001	4
Balance sheet as at 31 December 2001	5
Notes to the financial statements for the year ended 31 December 2001	6

Dana Capital Limited

Directors' report for the year ended 31 December 2001

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 December 2001.

Principal Activity and Review of Business

On 17 October 2001 Dana Corporation announced its intention to sell Dana Commercial Credit, the group of companies that includes this company. As at the date of this report, efforts to sell the business and assets of the company are on-going. Until such time as all of the business and assets have been sold, the company's principal activity is servicing its portfolio of plant and equipment leases.

Results

The profit and loss account for the period shows a loss after tax of £1,027,144 (1999: £912,410).

Directors and their interests

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

E Shultz	(Resigned 1 February 2002)
PJ Bishop	
JA Beham	
NB Barnard	
JC Beckham	(Resigned 3 December 2001)
BA Mullkoff	
TW Roberts	(Resigned 3 December 2001)
ED Zak	
AP Paszek	(Resigned 3 December 2001)
TD Jones	(Appointed 3 December 2001)

None of the directors 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.

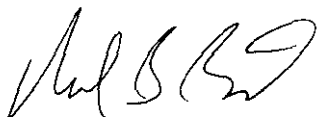
Dana Capital Limited

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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Neal B Barnard', written in a cursive style.

Neal B Barnard

Director

28 October 2002

Dana Capital Limited

Independent auditors' report to the members of Dana Capital Limited

We have audited the financial statements on pages 4 to 12.

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 on pages 1-2.

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.

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.

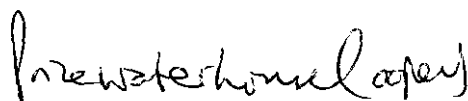
Basis of audit opinion

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

28 October 2002

Dana Capital Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Lease income	1	2,766,102	2,556,174
Other income		302,087	63,902
Administrative expenses		(3,478,987)	(3,082,517)
Interest Payable	6	(518,339)	(547,677)
Loss on ordinary activities before taxation	3	(929,137)	(1,010,118)
Tax (charge)/credit on loss on ordinary activities	7	(98,007)	97,708
Retained loss for the year		(1,027,144)	(912,410)
Reserves brought forward		(1,461,402)	(548,992)
Reserves carried forward		(2,488,546)	(1,461,402)

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

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

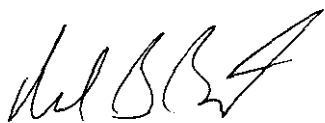
The notes on pages 6 to 12 form an integral part of these financial statements.

Dana Capital Limited

Balance sheet as at 31 December 2001

	Notes	2001 £	2000 £
Fixed Assets	8	15,371,029	9,654,474
Current Assets			
Debtors : Amounts falling due after more than one year	9	986,380	146,440
Debtors : Amounts falling due within one year	9	1,167,079	1,906,150
Cash at bank and in hand		145,249	405,332
		2,298,708	2,457,922
Creditors : Amounts falling due within one year	10	(20,019,833)	(13,435,348)
Net Current Liabilities		(17,721,125)	(10,977,426)
Total Assets Less Current Liabilities		(2,350,096)	(1,322,952)
Shareholders' Funds			
Called up share capital	13	138,450	138,450
Profit and loss account		(2,488,546)	(1,461,402)
Total Shareholders' Funds (all equity interests)	12	(2,350,096)	(1,322,952)

The financial statements on pages 4 to 12 were approved by the board of directors on 28 October 2002 and were signed on its behalf by:



Neal B Barnard

Director

The notes on pages 6 to 12 form an integral part of these financial statements.

Dana Capital Limited

Notes to the financial statements for the year ended 31 December 2001

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historic cost convention and in accordance with applicable UK accounting standards.

Lease income

The profit and loss account is credited with income from

- finance leases using a method to give a constant periodic rate of return on the net investment in the lease.
- operating leases using the straight line basis which apportions income evenly over the period of the lease.

Operating Leases

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

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.

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 – 10 years based on estimated useful life
Computer and Office Equipment and software	3 to 5 years
Automobiles	3 years
Leasehold Improvements	Over the period of the lease

Deferred Taxation

Deferred taxation assets and liabilities are recognised at the taxation rates at which future taxation will become payable or recoverable on all timing differences between the accounting and taxation treatment of income and expense.

Assets and liabilities are only recognised to the extent that, in the opinion of the directors, a liability or an asset is expected to crystallise in the foreseeable future.

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.

Dana Capital Limited

2 Going concern

The company is dependent on a loan facility of up to £25 million from National Westminster bank for its ongoing working capital requirements. At 31 December 2001, the drawn amount of this loan was £19,000,000. This loan facility was withdrawn with effect from 21 October 2002 and has been replaced by a loan from another company within the Dana Corporation group of companies, Dana Credit Corporation.

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 Loss on ordinary activities

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

	2001 £	2000 £
Depreciation on operating lease assets	2,047,373	1,993,229
Depreciation on other tangible fixed assets	117,229	94,644
Profit/(loss) on disposal of operating lease assets	2,554	(29,565)
Profit/(loss) on disposal of fixed assets	(20,901)	-
Auditors remuneration	21,537	19,870
Fees paid to auditors for non audit services	38,985	27,357
Rentals receivable from operating leases	(2,620,673)	(2,431,276)
Rentals receivable from finance leases	(833,193)	(846,877)

4 Directors' emoluments

The aggregate emoluments paid to directors in the period amounted to £4,471 (2000: £10,693). The aggregate amounts receivable by directors under long-term incentive schemes and the sums paid to third parties for directors' services amounted to £Nil (2000: £Nil).

There are no pension benefits accruing to any of the directors in respect of their services to the company during the period.

Dana Capital Limited

5 Staff costs

	2001	2000
	£	£
Wages and salaries	311,657	312,294
Social security costs	37,047	32,393
Pension costs	16,687	16,295
	<u>365,391</u>	<u>360,982</u>

Pension costs represent contributions made to a third party defined contribution scheme. The costs are accounted for on an accruals basis.

The average number of persons employed during the year was 11 (2000 -10).

6 Interest payable

The interest payable of £518,339 (2000: £547,677) can be analysed as follows: -

	2001	2000
	£	£
Overdraft interest	416	2,548
Short term bank loan	517,923	545,129
	<u>518,339</u>	<u>547,677</u>

Dana Capital Limited

7 Tax on loss on ordinary activities

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

	2001 £	2000 £
Current Year		
Group relief receivable (30%)	-	97,708
	-	97,708
Prior Year		
Group relief payable	(98,007)	-
	(98,007)	97,708

In accordance with Note 1, deferred tax has been provided for at the rate at which the tax is expected to be recovered. In the opinion of the directors, the recovery of the potential deferred tax asset is not assured within the foreseeable future and therefore no deferred tax asset has been recognised.

8 Fixed Assets

	Operating lease assets £	Computer & office equipment & software £	Automobiles £	Leasehold improvements £	Total assets £
Cost					
As at 1 January 2001	16,583,419	263,567	80,280	97,852	17,025,118
Transfer to finance lease assets	(197,487)	-	-	-	(197,487)
Additions in period	8,072,170	27,346	16,995	-	8,116,511
Disposals in period	(162,942)	(51,613)	-	-	(214,555)
As 31 December 2001	24,295,160	239,300	97,275	97,852	24,729,587
Accumulated Depreciation					
As at 1 January 2001	7,254,247	81,387	7,397	27,613	7,370,644
Charge for the period	2,047,373	68,066	29,593	19,570	2,164,602
Disposals in period	(145,977)	(30,711)	-	-	(176,688)
At 31 December 2001	9,155,643	118,742	36,990	47,183	9,358,558
Net book value as at 1 January 2001	9,329,172	182,180	72,883	70,239	9,654,474
Net book value as at 31 December 2001	15,139,517	120,558	60,285	50,669	15,371,029

Of the amounts included in operating lease assets, £11,043,121 (2000: £4,230,220) relates to an asset in the course of construction for use in a future lease contract with a fellow group company.

Dana Capital Limited

9 Debtors

	2001 £	2000 £
Amounts falling due within one year		
Trade debtors	289,904	21,029
Net investment in finance leases	478,646	485,655
Group relief receivable	18,131	116,138
VAT recoverable	180,204	933,806
Prepayment and accrued income	54,517	49,136
Other debtors	25,865	127,836
Amounts due from fellow subsidiary undertakings	119,812	172,550
	<u>1,167,079</u>	<u>1,906,150</u>
Amounts falling due after more than one year		
Other debtors	62,708	-
Net investment in finance leases	923,672	146,440
	<u>986,380</u>	<u>146,440</u>

The cost of assets acquired during the period for the purposes of letting under finance leases amounted to £1,277,796 (2000: £ Nil).

The total amount due under finance leases of £1,402,318 (2000: £632,095) represents gross receivables of £1,651,876 (2000: £680,845) less unearned income of £249,558 (2000: £48,750).

Included in other debtors are receivables under lease purchase agreements of £102,168 net of £20,759 of unearned income (2000: Receivables £126,275, Unearned income £31,813).

10 Creditors: Amounts falling due within one year

	2001 £	2000 £
Other creditors	-	185,632
Trade creditors	650,352	-
Accruals and deferred income	111,829	63,039
Amounts due to fellow subsidiary companies	257,652	1,786,677
Short term bank loan	19,000,000	11,400,000
	<u>20,019,833</u>	<u>13,435,348</u>

All of the above creditor balances are unsecured. The short-term bank loan bears interest at rates linked to Libor.

Dana Capital Limited

11 Deferred taxation

The full potential deferred tax asset at a tax rate of 30% is £386,948 (2000: £300,435). However, in the opinion of the directors, the company is unlikely to realise this asset in the foreseeable future, and therefore no deferred tax asset has been recognised.

12 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the year	(1,027,144)	(912,410)
Opening shareholders' funds	(1,322,952)	(410,542)
	<u>(2,350,096)</u>	<u>(1,322,952)</u>

Shareholders' funds are all attributable to equity interests.

13 Called up share capital

	2001 £	2000 £
Authorised		
138,450 ordinary shares of £1 each	<u>138,450</u>	<u>138,450</u>
Allotted and fully paid		
138,450 ordinary shares of £1 each	<u>138,450</u>	<u>138,450</u>

14 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 UK Holdings 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.

Dana Capital Limited

15 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.