ONYX ACCEPTANCE CORP
Form 11-K/A
December 02, 2004

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K/A (Amendment No. 1)

ANNUAL REPORT

PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

Onyx Acceptance Corporation
401(k) Savings Plan

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

Onyx Acceptance Corporation
27051 Towne Centre Drive
Suite 100
Foothill Ranch, CA 92610

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The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee administering the Plan has duly caused this Amendment No. 1 to the annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Onyx Acceptance Corporation
401(k) Savings Plan

Dated: December 1, 2004 By: /s/ DON DUFFY

Don Duffy
Executive Vice President,
Chief Financial Officer and Director
of Onyx Acceptance Corporation
and a Trustee of the Plan

EXPLANATORY NOTE

This Amendment No. 1 amends the Annual Report on Form 11-K for the Onyx Acceptance Corporation 401(k) Savings Plan (the 401(k) Plan) for the year ended December 31, 2003 for the purpose of having the 401(k) Plan re-audited by an independent registered public accounting firm. The administrators of the Onyx Acceptance Corporation 401(k) Savings Plan (the 401(k) Plan) had been previously advised that Kushner, Smith, Joanou & Gregson LLP (KSJG), the independent public accounting firm which previously audited the 401(k) Plan for the years ended December 31, 2003 and December 31, 2002, had not complied with the requirement to register with the Public Company Accounting Oversight Board (PCAOB). As a result, the 401(k) Plan administrators engaged Haskell & White LLP, an independent registered public accounting firm, to re-audit the 401(k) Plan s 2003 financial statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Participants and Trustees
Onyx Acceptance Corporation 401(k) Saving Plan

We have audited the accompanying statement of net assets available for plan benefits and the related statement of changes in net assets available for plan benefits of the Onyx Acceptance Corporation 401(k) Savings Plan (the Plan), as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits and the changes in net assets available for plan benefits as of and for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2003, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 10, the plan sponsor entered into an agreement and plan of merger with Capital One Auto Finance, Inc.

/s/ Haskell & White LLP

HASKELL & WHITE LLP

November 12, 2004

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INDEPENDENT AUDITOR S REPORT

Participants and Trustees
The Onyx Acceptance Corporation 401(k) Saving Plan

We have audited the accompanying statement of net assets available for plan benefits and the related statement of changes in net assets available for plan benefits of the Onyx Acceptance Corporation 401(k) Savings Plan (the Plan), as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan and the changes in net assets available for plan benefits as of and for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes and schedule of non-exempt transactions are presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2002, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 11, 2003

Kushner, Smith, Joanou & Gregson, LLP

8105 Irvine Center Dr. n Suite 1000 n Irvine California 92618 n 949-261-2808 n FAX 949-261-0188

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN
Statements of Net Assets Available for Plan Benefits
December 31, 2003 and 2002

ASSETS

	2003	2002
Investments at fair value (Notes 2, 3, 4 and 5)	$7,561,267	$3,381,810
Participant loans receivable	299,132	169,128
Total investments	7,860,399	3,550,938
Contributions receivable		
Employer contributions	473,564	439,415
Participant contributions	74,247	49,898
Total receivables	547,811	489,313
Net assets available for plan benefits	$8,408,210	$4,040,251

See accompanying notes to financial statements

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Statements of Changes in
Net Assets Available for Plan Benefits
Years Ended December 31, 2003 and 2002

	2003	2002
Additions to net assets attributed to:		
Contributions:		
Employer contributions	$ 473,564	$ 439,415
Participant contributions	1,451,570	1,214,815
Participant rollovers	43,579	18,117
Total contributions	1,968,713	1,672,347
Investment income:		
Participant loan interest	12,324	18,344
Net appreciation (depreciation) in the fair value of investments	3,018,362	(1,297,668)
Other income (loss)	3,299	(18,005)
Total investment income (loss)	3,033,985	(1,297,329)
Total additions	5,002,698	375,018
Deductions from net assets attributed to:		
Benefits paid to participants	615,499	622,191
Corrective distributions		5,598
Administrative expenses	19,240	9,817
Total deductions	634,739	637,606
Net increase (decrease)	4,367,959	(262,588)
Net assets available for plan benefits beginning of year	4,040,251	4,302,839
Net assets available for plan benefits end of year	$8,408,210	$ 4,040,251

See accompanying notes to financial statements

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Notes to Financial Statements
December 31, 2003 and 2002

NOTE 1 - DESCRIPTION OF PLAN

The following description of Onyx Acceptance Corporation 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General - The Plan is a defined contribution plan covering substantially all of the employees of Onyx Acceptance Corporation and Subsidiaries (the Company) who have completed six months of eligibility service and are at least 21 years old. The Plan is designed to comply with Section 401(a) of the Internal Revenue Code as a defined contribution plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. The assets of the Plan are held and invested by CNA Trust Company (CNA), acting as trustee, custodian and recordkeeper.

Eligibility - Employees are eligible to enter the Plan following the completion of the sixth month of employment with the Company, and the employee has reached his or her 21st birthday.

Contributions and Withdrawals - Contributions are made to the Plan by means of a salary deferral agreement under which the participant is entitled to defer up to the lesser of 20 percent of their eligible compensation or a fixed amount determined annually by the Internal Revenue Service. The Company can make a discretionary matching contribution annually to participants. Currently, the Company s potential match is up to 50 percent of participant contributions up to the first 6 percent of eligible contributions depending upon the years of service, subject to approval annually by the Board of Directors. For the years ended December 31, 2003 and 2002, the Company made matching contributions of $473,564 and $439,415, respectively. The Company may also make discretionary profit sharing contributions under the Plan. The Company made no discretionary profit sharing contributions to the Plan for the years ended December 31, 2003 and 2002.

Participants in service may make hardship withdrawals from their accounts upon demonstrating immediate and heavy financial need as defined by provisions of the Internal Revenue Code (IRC).

Vesting - Participants are vested on their contributions plus earnings, immediately. Vesting in the Company s matching contribution is based on years of service. A year of vesting service is defined as any period in which a participant completes 365 days of service. The following schedule describes the vesting percentages for participants:

Years of Service	Vested Benefit Percentage
1 year but less than 2	20%
2 years but less than 3	40%
3 years but less than 4	60%
4 years but less than 5	80%
5 years or more	100%

Participant Accounts - Each participant account is credited with the participant s contribution and an allocation of (a) the Company s matching contribution, (b) any Company discretionary contribution, and (c) Plan net earnings which include an allocation of certain administrative expenses. Allocations of matching contributions are based on participant contributions, as defined. Allocations of discretionary contributions are based on participant account balances. Allocations of Plan earnings and administrative expenses, when applicable, are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested interest in their account balance.

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Notes to Financial Statements
(Continued)
December 31, 2003 and 2002

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Payment of Benefits - Upon termination of service before the normal retirement age of 65, a participant with benefits of over $5,000 may elect to defer distribution until normal retirement age or receive a lump sum payment equal to the vested share of the participant s account.

Upon termination of service at the normal retirement age of 65, a participant may elect to receive a lump-sum payment equal to the vested value of his or her account. Benefits may also be accessed in the event of disability or death.

The Plan allows participants to make early withdrawals for certain financial hardships. The Plan also allows in-service withdrawals by participants after they reach age 59-1/2. Participants age 59-1/2 taking in-service withdrawals will be required to pay all applicable taxes on the withdrawals but will not be subject to penalty taxes for early withdrawals.

Participant Loans - Participants may borrow 50 percent of their vested account balance up to $50,000 at the prime rate plus 1 percent (an aggregate of 5.00% and 5.25% at December 31, 2003 and 2002, respectively), with payment of principal and interest made through payroll deductions. A general loan will have a term of 5 years or less. Home loans can be repaid over a reasonable period of time that may exceed 5 years. The loans are secured by the balance in the participant s account. Participant loans are stated at the unpaid principal value, which are estimated to approximate fair value.

Administrative Expense - Administrative expense, other than certain miscellaneous charges by the Trustee, are paid for by the Company on behalf of the Plan. Payments of administrative expenses on behalf of the Plan constitute exempt party-in-interest transactions, and are not reflected in the Statement of Changes in Net Assets Available for Plan Benefits.

Forfeitures - Forfeitures of unvested Plan assets are used to reduce the Company s contributions and costs of administering the Plan. Total forfeitures at December 31, 2003 and 2002 were $91,814 and $59,938, respectively. The $59,938 in forfeitures was used to reduce the Company s matching contributions during the year ended December 31, 2003.

Reclassifications - The financial statements for the year ended December 31, 2002 contain certain reclassifications, which have no effect on changes in net assets available for plan benefits, to conform to the current period presentation at December 31, 2003.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared under the accrual basis of accounting. Administrative and other expenses are recorded as incurred. Benefits are reported when paid.

Basis of Presentation - The financial statements have been prepared in compliance with the Department of Labor Rules and Regulations for reporting and disclosure under ERISA.

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 net assets available for benefits at the date of the financial statements and the reported amounts of additions to net assets and deductions from net assets during the reporting period. Actual results could differ from those estimates.

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Notes to Financial Statements
(Continued)
December 31, 2003 and 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued

Valuation of Investments - Investments are included in the accompanying financial statements at fair value as determined by quoted market prices. Interest is recorded on the accrual basis and is included in the investment s value. Purchases and sales of securities are recorded on a trade date basis. Dividends are on the ex-dividend date.

Risks and Uncertainties - The Plan provides for various investment options in any combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participant s account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits.

NOTE 3 - INVESTMENTS

Investment accounts greater than 5 percent of the Plan s net assets as of December 31, 2003 and 2002 are summarized as follows:

	2003	2002
Alliance Technology Fund	$ 925,527	$ 489,146
Alliance Worldwide Privatization Fund		292,721
Alliance Global Small Cap Fund		206,568
Alliance Premier Growth Fund	804,703	516,089
Alliance Growth Fund	607,995	374,218
Alliance Growth & Income Fund	773,021	417,395
AFD Exchange Reserves Fund	424,742	369,940
Onyx Acceptance Corp. Common Stock	2,854,560	515,948
	$6,390,548	$3,182,025

During 2003 and 2002, the Plan s investments (including, gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by $3,018,362 and ($1,297,668), respectively.

NOTE 4 - NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of changes in net assets related to the nonparticipant-directed investment is as follows:

	December 31, 2003	December 31, 2002
Investments, at fair value:		
Onyx Acceptance Corporation Common Stock	$1,950,253	$ 360,407

Contributions	$ 439,415	$ 408,594
Net realized and unrealized appreciation (depreciation) in fair value	1,443,671	(357,445)
Benefits paid to participants	(109,810)	(47,497)
Transfers to participant-directed investments	(183,430)	(81,052)
	$1,589,846	$ (77,400)

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Notes to Financial Statements
(Continued)
December 31, 2003 and 2002

NOTE 5 - EMPLOYER STOCK

Participants may invest their contributions into the Onyx Acceptance Stock Fund and are permitted to transfer funds from the Plan s other investment options into the Onyx Acceptance Stock Fund. Participants may not, however, transfer Company matching or discretionary contributions out of the Onyx Acceptance Stock Fund into any of the Plan s other funds. At December 31, 2003 and 2002, investments in Onyx Acceptance Corporation common stock comprised 36 percent and 14 percent, respectively, of total net assets available for benefits.

NOTE 6 - PARTY-IN-INTEREST

Certain Plan investments are managed by CNA Trust. CNA Trust is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to $19,240 and $9,817 for the years ended December 31, 2003 and 2002, respectively.

NOTE 7 - PLAN TERMINATION

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations, so that each participant receives 100 percent of his or her account balance as of the date of the termination.

NOTE 8 - TAX STATUS

The Internal Revenue Service (IRS) has determined and informed CNA Trust by letter dated May 24, 1991 that its Adoption Agreement known as Defined Contribution Master Plan No. 1 (the master plan) and related trust, are designated in accordance with applicable sections of the IRC. The Company has adopted the master plan and trust as if the Company was a signatory to that Agreement. However, the Plan as adopted and amended has not been evaluated by the IRS and as such no determination has been made as to the Plan s compliance with the IRC. The Plan has applied for a determination letter which is pending IRS approval. The Company and plan administrator believe the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan, is expected to continue as exempt from federal income taxes.

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ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Notes to Financial Statements
(Continued)
December 31, 2003 and 2002

NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the net appreciation (depreciation) in the fair value of investments per the Form 5500 to the financial statements at December 31, 2003 and 2002:

	2003
Unrealized appreciation of investments per the 5500	$1,895,313
Net gain on sale of assets per the 5500	167,984
Net investment gain on registered investment companies per the 5500	955,065
Net appreciation in the fair value of investments per the financial statements as of December 31, 2003	$3,018,362

	2002
Unrealized (depreciation) of investments per the 5500	$ (430,154)
Net (loss) on sale of assets per the 5500	(36,346)
Net investment (loss) on registered investment companies per the 5500	(831,168)
Net (depreciation) in the fair value of investments per the financial statements as of December 31, 2002	$(1,297,668)

NOTE 10 - SUBSEQUENT EVENT

On September 21, 2004, the Company entered into an agreement and plan of merger with Capital One Auto Finance, Inc., a subsidiary of Capital One Financial Corporation under which the Company will be acquired by Capital One Auto Finance for $28.00 per outstanding share of Onyx common stock. The acquisition is expected to close in the first quarter of 2005. As of the date of this report, there are no plans to terminate the Plan as a result of the agreement and plan of merger with Capital One Auto Finance, Inc.

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Schedule 1

ONYX ACCEPTANCE CORPORATION
401(k) SAVINGS PLAN

Schedule of Assets Held for Investment Purposes at End of Year
December 31, 2003

EIN #33-0577635
PN #001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
*	CNA Trust	AFD Exchange Reserves Fund	$	$ 424,742
*	CNA Trust	Alliance Technology Fund		925,527
*	CNA Trust	Alliance Worldwide Privatization Fund		388,444
*	CNA Trust	Alliance Global Small Cap Fund		362,187
*	CNA Trust	Alliance Premier Growth Fund		804,703
*	CNA Trust	Alliance Growth Fund		607,995
*	CNA Trust	Alliance Growth & Income Fund		773,021
*	CNA Trust	Alliance Corporate Bond Portfolio		306,514
*	CNA Trust	Alliance Americas Government Income Fund		30,540
*	CNA Trust	Alliance Balanced Shares Fund		83,034
**	Onyx Acceptance Corporation	Common Stock	1,294,174	2,854,560
	Participant Loans	Interest rates range from 5.0% to 10.5% and are collateralized by participant account balances		299,132
				$7,860,399

* A party-in-interest for which a statutory exemption exists.

** Sponsor and employer and, therefore, a party-in-interest for which a statutory exemption exists.

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EXHIBIT INDEX

EXHIBIT	DESCRIPTION
23.1	Consent of Haskell & White LLP
23.2	Consent of Kushner, Smith, Joanou & Gregson, LLP