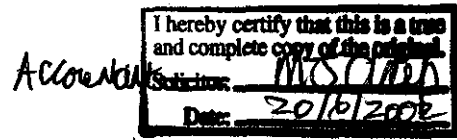


AMENDMENT

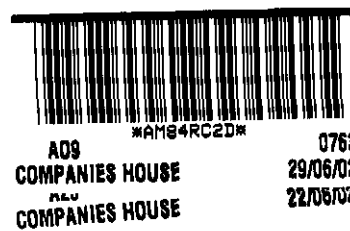
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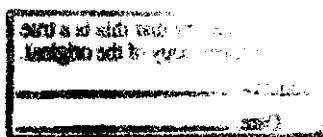


NORLAND CAPITAL LIMITED

Report and Financial Statements

30 November 2001





REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Kingdon
J N Maltby
A S Tomsett

SECRETARY

A S Tomsett

REGISTERED OFFICE

1 Derry Street
London
W8 5HY

BANKERS

Barclays Bank PLC
London Corporate Banking Centre
PO Box No 544
54 Lombard Street
London
EC3P 3AH

SOLICITORS

Linklaters
1 Silk Street
London
EC2Y 8HQ

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 November 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the provision of management services to fellow subsidiaries and the ultimate parent company.

The directors are satisfied with the progress of the business to date and are encouraged by future prospects.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6. The profit after taxation and dividends of £512,000 (2000 – profit of £5,000) has been transferred to reserves. A final dividend of £2,000,000 is proposed (2000 – £1,500,000).

DIRECTORS

The directors since the beginning of the financial year were:

S C Kingdon

J N Maltby

A S Tomsett

S C Kingdon and Mr J N Maltby are directors of the ultimate parent company. Accordingly, their interests in shares of group companies are disclosed in that company's directors' report.

A S Tomsett holds the following share options in Kensington Group plc (Ordinary shares of 10p each).

Amount of shares	Issue date	Date from which exercisable	Expiry date	Option price
62,500	1 April 1998	1 April 2001	31 March 2005	£1.80
62,500	18 December 1998	18 December 2001	17 December 2005	£1.80
62,500	17 December 1999	17 December 2002	16 December 2006	£1.80
31,250	26 October 2000	1 April 2001	31 March 2005	£1.80
31,250	26 October 2000	18 December 2001	17 December 2005	£1.80
31,250	26 October 2000	17 December 2002	16 December 2006	£1.80
36,666	6 July 2001	06 July 2004	05 July 2001	£1.80

None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the company.

CREDITOR PAYMENT POLICY


The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure at 30 November 2001 is 15 days (2000 – 6 days).

DIRECTORS' REPORT

AUDITORS

The company passed a written resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligation of appointing auditors annually and accordingly the company's auditors, Deloitte & Touche will remain in office until the company or the auditors otherwise determine.

Approved by the Board of Directors
and signed on behalf of the Board


A S Tomsett

Secretary

28 February 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in relation to Financial Statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. As required, in the absence of any circumstances which would make it inappropriate, the financial statements have been prepared on a going concern basis.

The directors are required to ensure that in preparing the financial statements on pages 6 to 13, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



AUDITORS' REPORT TO THE MEMBERS OF NORLAND CAPITAL LIMITED

We have audited the financial statements of Norland Capital Limited for the year ended 30 November 2001 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors' are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nicola He. Lawrence

Deloitte & Touche

Chartered Accountants and Registered Auditors

4 March 2002

PROFIT AND LOSS ACCOUNT
Year ended 30 November 2001

	Note	2001 £'000	2000 £'000
INCOME			
Management charges		12,410	11,817
Interest receivable	2	1,391	274
Income from securitisations	3	536	428
Income from shares in group undertakings		-	-
Other income		490	3
Total operating income		14,827	12,522
Operating expenses		(11,241)	(10,306)
OPERATING PROFIT BEING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	3,586	2,216
Tax on profit on ordinary activities	6	(1,074)	(711)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE PROFIT FOR THE FINANCIAL YEAR		2,512	1,505
Dividend proposed	7	(2,000)	(1,500)
Retained profit	12	512	5

All material activities derive from continuing operations.

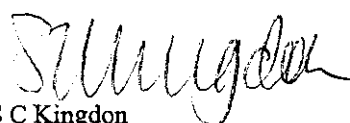
There are no recognised gains or losses other than the profit for the year ending 30 November 2001 and the profit for the year ending 30 November 2000.

BALANCE SHEET
30 November 2001

	Note	£'000	2001 £'000	£'000	2000 £'000
ASSETS EMPLOYED					
FIXED ASSETS					
Tangible assets	8		570		700
Investments	9		250		250
			<u>820</u>		<u>950</u>
CURRENT ASSETS					
Debtors	10	59,286		36,810	
Cash at bank and in hand		<u>35,368</u>		<u>39,682</u>	
			94,654		76,492
			<u>95,474</u>		<u>77,442</u>
FINANCED BY					
EQUITY SHAREHOLDERS' FUNDS					
Called up share capital	11		-		-
Profit and loss account	12	<u>1,996</u>		<u>1,484</u>	
	13		1,996		1,484
CREDITORS					
Amounts falling due within one year	14		<u>93,478</u>		<u>75,958</u>
			<u>95,474</u>		<u>77,442</u>

These financial statements were approved by the Board of Directors on 28 February 2002

Signed on behalf of the Board of Directors



S C Kingdon

Director

NOTES TO THE ACCOUNTS**Year ended 30 November 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is provided on cost in equal annual instalments over the lives of the assets. The rates of depreciation are as follows:

Short term leasehold property	Over the period of the lease
Computer equipment	33% per annum
Furniture, fixtures and office equipment	20% per annum

Operating leases

Rental costs under operating leases are charged to the profit and loss account so as to spread the charge evenly over the life of the leases.

Pension costs

The company operates a defined contribution pension scheme.

Contributions to the scheme are charged in the accounts as they accrue.

Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

Fixed asset investments

The Company's investments in subsidiary companies are stated at cost less any provision for impairment.

Related party transactions

The company has taken advantage of the exemption allowed to subsidiary companies under Financial Reporting Standard 8 - Related Party Transactions, and therefore transactions with other group companies are not disclosed separately.

2. INTEREST RECEIVABLE

	2001 £'000	2000 £'000
Other interest	1,391	274

3. INCOME FROM SECURITISATIONS

	2001 £'000	2000 £'000
Interest on start up loans	29	63
Other securitisation income	507	365
	<u>536</u>	<u>428</u>

NOTES TO THE ACCOUNTS
Year ended 30 November 2001

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000	2000 £'000
Directors' emoluments		
Total emoluments	905	919
Pension contributions	48	41
	<u>953</u>	<u>960</u>
 Remuneration of the highest paid director	 399	 319
	<u>399</u>	<u>319</u>
 Pension contributions of £15,844 (2000 - £15,945) were paid in respect of this director.		
	No	No
Number of directors who are members of the defined contribution pension scheme	<u>3</u>	<u>3</u>
	2001 No	2000 No
Average number of persons employed		
Administration	<u>84</u>	<u>84</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	4,953	4,829
Social security costs	578	629
Pension costs	269	225
	<u>5,800</u>	<u>5,683</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £'000	2000 £'000
Profit on ordinary activities before taxation is after charging:		
Depreciation	314	301
Net amount of assets written off	-	66
Property rents	281	277
Other leases	84	73
Auditors' remuneration		
Audit services	5	5
Non audit services (2000 - includes £419,000 relating to the float and demerger)	202	580
	<u>202</u>	<u>580</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
UK corporation tax on profit at 30% (2000 - 30.3%)		
Current year - corporation tax	940	701
Current year - group relief	134	-
Prior year - corporation tax	-	20
Prior year - group relief	-	(10)
	<u>1,074</u>	<u>711</u>

No provision has been made for deferred tax. The potential deferred tax asset is :

NOTES TO THE ACCOUNTS
Year ended 30 November 2001

		Unprovided	
		2001	2000
		£'000	£'000
Accelerated capital allowances		-	(111)
		<u></u>	<u></u>
7. DIVIDENDS			
		2001	2000
		£'000	£'000
Final proposed		2,000	1,500
		<u></u>	<u></u>
8. TANGIBLE FIXED ASSETS			
			Furniture, fixtures, office and computer equipment £'000
Cost			
At 1 December 2000			1,197
Additions			184
Assets written off			(138)
			<u></u>
At 30 November 2001			1,243
			<u></u>
Accumulated depreciation			
At 1 December 2000			497
Charge for the year			314
Assets written off			(138)
			<u></u>
At 30 November 2001			673
			<u></u>
Net book value			
At 30 November 2001			570
			<u></u>
At 30 November 2000			700
			<u></u>

NOTES TO THE ACCOUNTS

Year ended 30 November 2001

9. INVESTMENTS

Investment in securitisations - Start up loan £'000

At 1 December 2000 and 30 November 2001 250

The loan has been made to a company into which a pool of mortgage loans has been securitised by a fellow subsidiary, Regents Park Mortgage Funding Limited. The loan will be repaid in accordance with a priority of payments but ultimately by September 2037.

Shares in Group companies £

At 1 December 2000 and 30 November 2001 104

The principal operating subsidiaries, which are all wholly owned are:

Company	Principal activity
Hyde Park Mortgage Funding Limited	Holders of securities
Green Park Mortgage Funding Limited	Holders of securities
Norland DACS Limited	Investment
Norland DACS 2 Limited	Investment
Norland DACS 4 Limited	Investment

The issued share capital of all subsidiaries consists of ordinary share capital.

All the above companies are registered and operate in England and Wales.

10. DEBTORS

	2001 £'000	2000 £'000
Amounts falling due within one year		
Amount owed by other group companies	56,108	36,179
Other debtors	2,838	315
Prepayments and accrued income	340	316
	<u>59,286</u>	<u>36,810</u>

11. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS

Year ended 30 November 2001

12. PROFIT AND LOSS ACCOUNT

	£'000
At 1 December 2000	1,484
Profit for the year	512
At 30 November 2001	<u>1,996</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit for the financial year	512	5
Opening shareholders' funds	<u>1,484</u>	<u>1,479</u>
Closing shareholders' funds	<u>1,996</u>	<u>1,484</u>

14. CREDITORS

	2001 £'000	2000 £'000
Amounts falling due within one year		
Trade creditors	226	105
Amounts due to ultimate parent company	55,114	54,096
Amounts due to other group companies	34,254	18,387
Group relief payable	134	734
Corporation tax	891	1,057
Other creditors	88	23
Other taxation and social security	179	160
Accruals	<u>2,592</u>	<u>1,396</u>
	<u>93,478</u>	<u>75,958</u>

15. CAPITAL COMMITMENTS

There were no capital commitments at 30 November 2001 or 30 November 2000.

16. FINANCIAL COMMITMENTS

On 30 November 2001, the company had commitments to make payments in the next year under operating leases which expire as follows:

	2001		2000	
	Other leases £'000	Land and buildings £'000	Other leases £'000	Land and buildings £'000
Leases which expire:				
Within one year	1	-	13	-
Within one to two years	30	-	27	-
Within two to five years	<u>37</u>	<u>321</u>	<u>23</u>	<u>321</u>
	<u>68</u>	<u>321</u>	<u>63</u>	<u>321</u>

17. PENSION SCHEMES

The Company operates a defined contribution pension scheme. Contributions to the scheme are charged in the accounts as they accrue. The total charge in the accounts for the year amounted to £269,000 (2000 - £225,000).

NOTES TO THE ACCOUNTS
Year ended 30 November 2001

18. RELATED PARTY TRANSACTIONS

The company has provided a start up loan to Residential Mortgage Securities 2 plc which is owned by a charitable trust and to which a fellow subsidiary sold a portfolio of mortgages. During the year Norland Capital Limited has recognised interest on the start up loan of £29,000 (2000 - £63,000).

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Kensington Group plc, a company registered in England and Wales. Copies of the Group's financial statements are available from that company's registered office at 1 Derry Street, London, W8 5HY.