

GMAC-RFC HOLDINGS LIMITED

GMAC-RFC Holdings Limited

Annual Report

For the year ended 31 December 2006

Registered Number: 3471082

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GMAC-RFC HOLDINGS LIMITED

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GMAC-RFC HOLDINGS LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

Christopher Nordeen

Stephen Knight

William Fagan

William Acheson

(resigned 28 February 2007)

Simon Knight

Jeff Lundgren

(appointed 28 February 2007)

REGISTERED AUDITORS

PricewaterhouseCoopers LLP

32 London Bridge Street

London

SE1 9SY

SECRETARY AND REGISTERED OFFICE

Karen Edmonds

Eastern Gate

Brants Bridge

Bracknell

Berkshire

RG12 9BZ

IMMEDIATE HOLDING COMPANY

Residential Funding Corporation

8400 Normandale Lake Boulevard

Minneapolis

Minnesota 55437

USA

GMAC-RFC HOLDINGS LIMITED

GROUP DIRECTORS' REPORT

For the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006 of GMAC-RFC Holdings Limited (the "company" or the "parent company") and its subsidiaries (together the "group")

REVIEW OF BUSINESS AND PRINCIPAL ACTIVITIES

The company's principal activity is to act as a holding company. The group operates within the mortgage related finance industry.

The Market

2006 started with the Council of Mortgage Lenders (CML) predicting a small reduction in gross residential advances from £287bn in 2005 to £275bn in 2006. In the event, gross advances increased 20% year-on-year, to £346bn. This tells as much about the difficulties of forecasting as it does about the buoyancy of the current market.

Buy to let lending was a significant component of this growth, surging to 11% of all gross advances. The research which the group commissioned in 2005 indicated that a significant number of potential first time buyers were choosing to rent for flexibility, and to avoid commitment, so this is indicative of continuing demand for this important sector of the market.

Various economic factors also combined to assist the record-breaking 2006. At 2.7%, GDP for 2006 represented a substantial increase on 1.8% for the previous year. Inflation and unemployment remained historically low whilst affordability remained high. This is reflected in the fact that the number of properties taken into a possession in 2006 were a third of the figure ten years previously, with the number of loans between three and twelve months in arrears having also halved in the last decade. These are not the market conditions that most people would immediately think of having read scare stories in the media.

This background might suggest that the market is positioned for further growth in 2007. Indeed, the CML is currently predicting that gross advances will be £360bn this year. The group takes a more cautious view, however. Three successive increases in Base Rate, and more promised, are starting to dent consumer confidence, and willingness to take on extra debt. The unpredictability of the Monetary Policy Committee is causing volatility in the forward interest rate curve, thereby affecting fixed rate pricing. The group feels that these factors, alongside the aggressive initiatives introduced by some of the largest lenders to persuade borrowers not to remortgage away from them, will conspire to prevent year-on-year growth in gross advances, and the group is developing tactics accordingly.

The group also feels that rising interest rates and lower economic growth in 2007 could produce less favourable conditions in relation to affordability, mortgage arrears and house price growth. Far from a recession or a collapse, but, nonetheless, a deteriorating trend, which will require prudent lenders to focus closely on selecting the right applicants, and underwriting new mortgage business with a clear emphasis on attitude to credit, plus a track record of managing debt. In this regard, the group's automated underwriting techniques for residential lending have proven themselves once again, with arrears levels equal to or less than all available industry benchmarks in each of the asset classes we lend in.

Group Performance

For the seventh year in succession the group increased its market share, growing gross residential advances by 75% to £12.1bn (2005: £6.9bn), versus the 20% growth experienced by the market at large. This growth was due to a number of factors including market-leading technology delivering service excellence, focused distribution management, timely and competitive product design and general support, from borrowers and intermediaries, for our core value proposition of "mortgages for everyone in a fast, easy, automated process". In addition the group commenced residential development lending with gross advances in the first year of £39.6 million.

Following an initiative commenced in the second half of 2005 the group has continued to execute on a programme to sell historic residual assets. The group has chosen to trade a proportion of net revenue in circumstances where the group has been able to trade residual interest at, or above, internal valuation. Looking forward, minimising credit ("assumption") risk on the Balance Sheet significantly strengthens the group's position at this point in the economic cycle. Accordingly, pre tax profit reduced to £102.9m (2005: £145.4m).

GMAC-RFC HOLDINGS LIMITED

The group traded £3.9bn of mortgage assets in the capital markets via securitisation. Under UK GAAP, these assets remain on the group's balance sheet, but the group retains limited exposure to the economic risks of these assets. The group additionally created a new record of £6.8bn worth of whole loan sales. The group's strategy of trading the assets created means that the group not only exceeds the return on capital hurdle set by its parent company, but has also established a vibrant market for those institutions who wish to invest in, and own, the mortgage assets which the group's advanced approach to sales, marketing and service generates each year.

FUTURE DEVELOPMENTS

The group has operated satisfactorily during the year. The directors expect trading activities to continue but do not expect any material change in the trading activities of the company and the group in the future.

RESULTS AND DIVIDENDS

The pre-tax profit for the year ended 31 December 2006 was £102.9m (2005: £145.4m). The profit for the year carried forward to reserves as at 31 December 2006 was £84.8m (2005: £104.6m). The directors do not recommend the payment of a dividend (2005: £Nil).

DIRECTORS

The directors who served during the year were as follows:

Christopher Nordeen
Stephen Knight
William Fagan
William Acheson (resigned 28 February 2007)
Simon Knight

No director had any interest in the share capital of the company or any other subsidiaries at any time during the year. On 28 February 2007 Jeff Lundgren was appointed a director.

SECRETARY

Karen Edmonds

EMPLOYEES

The group's policy is to consult and discuss with employees, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and communication meetings which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

It is the policy of the group that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

DONATIONS

In 2006 the group donated £0.2m to various charities (2005: £0.2m). The majority of the charitable donations made by the group are supported financially by its immediate US parent company, Residential Funding Corporation.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the group's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

GMAC-RFC HOLDINGS LIMITED

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The group's policies towards liquidity risk, credit risk, currency risk, interest rate risk and hedging are set out in note 2 in the notes to the financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period

In preparing those accounts, the directors are required to

- Select suitable accounting policies and then 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 accounts,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

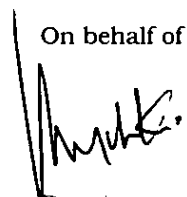
Each of the directors confirms that

- (a) so far as they are aware, there is no relevant audit information of which the company's and group's auditors are unaware, and
- (b) they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's and group's auditors are aware of that information

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting

On behalf of the board



Director
19 June 2007

GMAC-RFC HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GMAC-RFC HOLDINGS LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of GMAC-RFC Holdings Limited for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Groups and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 December 2006 and of the Group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
32 London Bridge Street,
London SE1 9SY

22 June 2007

GMAC-RFC HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 December 2006

| | Note | 2006 £'m | 2005 £'m Restated (see note 28) |
|---|------|-------------|--|
| Interest receivable | 3 | 236 0 | 335 1 |
| Interest payable | 4 | (211 1) | (277 4) |
| Net interest income | | 24 9 | 57 7 |
| Fees receivable and other income | | 138 7 | 115 3 |
| Other income – sale of residuals | | 160 8 | 124 5 |
| Fees payable | | (112 9) | (54 9) |
| Net revenue | | 211 5 | 242 6 |
| Administrative Expenses | | (108 6) | (96 3) |
| Operating profit | | 102 9 | 146 3 |
| Share of associate operating profit | | - | (0 9) |
| Profit on ordinary activities before taxation | 7 | 102 9 | 145 4 |
| Taxation on profit on ordinary activities | 8 | (18 1) | (40 8) |
| Profit on ordinary activities after taxation | 22 | 84 8 | 104 6 |

The group had no acquisitions or discontinued operations and accordingly the above profit and loss account is in respect of continuing operations

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit stated above and their historical cost equivalents

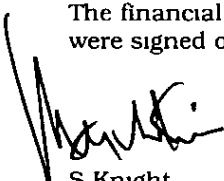
The notes on pages 8 to 25 form part of these financial statements

GMAC-RFC HOLDINGS LIMITED

BALANCE SHEETS As at 31 December 2006

| | Note | Group 2006 £'m | 2005 £'m | Company 2006 £'m | 2005 £'m |
|--|-----------|----------------------|------------------|------------------------|---------------|
| Fixed assets and investments: | | | | | |
| Intangible assets | 9 | 14 7 | 16 1 | - | - |
| Tangible fixed assets | 10 | 13 8 | 14 9 | - | - |
| Investments | 11 | - | 2 3 | 81 0 | 33 9 |
| Loans secured by mortgages held in securitisation vehicles | 12 | 2,146 6 | 4,114 5 | - | - |
| Total fixed assets and investments | | 2,175 1 | 4,147 8 | 81 0 | 33 9 |
| Current assets: | | | | | |
| Loans secured by mortgages | 13 | 3,699 1 | 1,438 6 | - | - |
| Debtors | 14 | 27 1 | 8 4 | 3 9 | 3 5 |
| Cash at bank and in hand | 15 | 536 4 | 319 0 | - | - |
| Total current assets | | 4,262 6 | 1,766 0 | 3 9 | 3 5 |
| Creditors amounts falling due within one year | 16 | (4,651 8) | (4,872 6) | (35 9) | (32 4) |
| Net current liabilities | | (389 2) | (3,106 6) | (32 0) | (28 9) |
| Total assets less current liabilities | | 1,785 9 | 1,041 2 | 49 0 | 5 0 |
| Creditors amounts falling due after more than one year | 17 | (1,476 6) | (852 6) | - | - |
| Provisions for liabilities and charges | 18 | - | (14 2) | - | - |
| Net assets | | 309.3 | 174.4 | 49.0 | 5.0 |
| Capital and reserves: | | | | | |
| Called up share capital | 21 | 68 1 | 18 0 | 68 1 | 18 0 |
| Profit and loss account | 22 | 241 2 | 156 4 | (19 1) | (13 0) |
| Total shareholder's funds | 23 | 309 3 | 174.4 | 49.0 | 5.0 |

The financial statements on pages 6 to 25 were approved by the Board of Directors on 19 June 2007 and were signed on its behalf by


S Knight
Director

GMAC-RFC HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and UK applicable accounting standards. The principal accounting policies are set out below.

BASIS OF PREPARATION

The profit and loss account and balance sheet have adapted the format laid down in Schedule 4 to the Companies Act 1985 to present its results and the state of the group's affairs respectively. In the opinion of the directors, this is required due to the special nature of the group's business.

BASIS OF CONSOLIDATION

The consolidated accounts deal with the accounts of the company and all its subsidiaries drawn up to 31 December 2006. In accordance with section 230(4) of the Companies Act 1985, GMAC-RFC Holdings Limited is exempt from the requirement to present its own profit and loss account. The amount of the loss for the year for GMAC-RFC Holdings, the company, is disclosed in note 22 to the accounts.

REVENUE RECOGNITION

Interest income, interest expense, fees receivable from customers and fees payable are recognised in the profit and loss account on an accruals basis. Fees receivable and other income include administration charges levied on customers and income from wholeloan sales.

CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary of Residential Funding Corporation (incorporated in the United States of America) and is included in the consolidated financial statements of GMAC LLC which are publicly available. Consequently, the group has taken advantage of the exemption from preparing a consolidated cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The group is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of GMAC LLC or members of the GMAC LLC group.

PENSION COSTS

The group operates a defined contribution pension scheme which is contracted out of the State scheme. All pension costs are charged to the profit and loss account as incurred.

GOODWILL

Goodwill may arise on the acquisition of subsidiary and associated undertakings and joint ventures. It represents the excess of cost over fair value of the group's share of net tangible assets acquired. In accordance with Financial Reporting Standard 10 such goodwill is capitalised as an intangible asset and amortised against profit over its expected life, normally 15 years.

Where circumstances or events indicate that the carrying value of goodwill may exceed its recoverable amount, the group will undertake a full impairment review in relation to that goodwill. Where permanent impairment has occurred, the carrying value of goodwill is immediately written down to its recoverable amount with the resulting charge recorded in the profit and loss account.

GMAC-RFC HOLDINGS LIMITED

TANGIBLE FIXED ASSETS AND DEPRECIATION

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation on tangible fixed assets is calculated so as to allocate the difference between the cost and the residual value on a straight line basis over their expected useful economic lives, which are considered to be

| | |
|---|---------|
| Motor vehicles | 4 years |
| Office equipment (including computer hardware and software) | 3 years |
| Fixtures and fittings | 5 years |
| Leasehold improvements | 5 years |

No depreciation is charged on assets in the course of construction

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, it is written down immediately.

DEFERRED TAXATION

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise, based on current tax rates, law and the currently enacted regulation. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

OPERATING LEASES

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Rental income on sub-let properties is credited to the profit and loss account when the amount is earned.

MORTGAGE LOANS

Mortgage loans are stated at cost less provision for losses. Some mortgage loans held within securitisation vehicles are subject to a credit insurance wrap which establishes a maximum possible loss on the portfolio as does the securitisation structure. All costs of securitisation are expensed to the profit and loss account. Mortgages transferred to securitisation vehicles remain on the group's balance sheet until all significant risks and rewards have been transferred to third parties.

PROVISION FOR LOSSES

Provisions for losses on mortgage loans, which include both those specifically identified and those provided for on a general basis are based upon a regular appraisal of the assets concerned. In determining the provision, factors such as value of collateral, length of arrears etc are taken into consideration. The amount charged to the profit and loss account represents the losses written off in the period together with any change in the ongoing provision. In the event that related mortgages (or a proportionate interest therein) are sold in any period, the relevant outstanding loss provision is released to the profit and loss account.

MORTGAGE INDUCEMENTS

The group provides mortgage inducements in the form of discounts on mortgages and cashback payments. Where discounts have been provided they reduce interest receivable over the expected life of the discount.

Cashback payments made as incentives to new borrowers are included in accrued income and are amortised over the initial period of the advance in which they can be recovered under the terms of the mortgage.

GMAC-RFC HOLDINGS LIMITED

INTRODUCER COSTS

Introducer costs represent fees payable to brokers for the introduction of business. The group capitalises these costs which are included within mortgage loans in the balance sheet and subsequently amortises them over the expected life of the asset as a charge to the profit and loss account. In the event that related mortgages (or a proportionate interest therein) are sold in any period, any unamortised introducer costs are expensed to the profit and loss account.

FOREIGN CURRENCY AND HEDGING

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date or at the rate of the prevailing derivative instrument. All foreign exchange differences are taken to the profit and loss account. Foreign exchange contracts are used to hedge foreign exchange exposures on liabilities recognised in the financial statements. Gains and losses on foreign currency contracts are offset against the exchange differences arising on the hedged liabilities.

2. FINANCIAL RISKS AND INSTRUMENTS

The group's financial instruments comprise of mortgages, borrowings, cash and liquid resources and various items such as trade debtors and trade creditors, that arise directly from its operations. The group also utilises derivative instruments as hedges.

The main financial risks faced by the group relate to credit risk, liquidity risk, interest rate risk and currency risk.

CREDIT RISK

The group's major assets are portfolios of mortgage loans which are subject to regular reviews for credit problems to ensure credit risks are identified on a timely basis and losses are minimised. The group further controls the level of credit risk through the sale or securitisation of mortgage loans (or divestment of residual interest therein).

LIQUIDITY RISK

The group's policy is to manage liquidity risk through its use of secured financing facilities. As the length of the loan notes is designed to match the length of the mortgages, there is deemed to be limited liquidity risk facing the group.

INTEREST RATE RISK

Assets and liabilities subject to floating rates are deemed to have limited interest rate risk. The interest rate on floating rate mortgages being mitigated by the group's floating rate note liabilities. Those assets subject to a fixed rate of interest have a short fixed period before converting to floating rates. It is not considered necessary to hedge these assets against interest rate risk, any mismatch being covered by the reserve fund created with the funding structure. In certain securitisation vehicles, the interest rate risk is further mitigated by the use of interest rate caps.

CURRENCY RISK

The group's assets and a portion of the liabilities are denominated in sterling (see note 19). The quarterly cash flows on the non-sterling denominated liabilities are hedged via lifetime cross currency swaps.

HEDGING

It is the group's policy to directly manage the liquidity and interest rate risk through primary financial instruments, as described above. Foreign currency swap contracts are used to manage the currency risk associated with lifetime cashflows on the non-sterling denominated mortgage backed loan notes. The group does not enter into speculative derivative contracts.

GMAC-RFC HOLDINGS LIMITED

3. INTEREST RECEIVABLE

| | 2006 £'m | 2005 £'m Restated |
|--|-------------|-------------------------|
| Group: | | |
| Interest receivable on loans to customers | 148 3 | 80 7 |
| Interest receivable on mortgage loans within securitisation vehicles | 533 9 | 475 7 |
| Other interest receivable | 33 9 | 20 3 |
| | 716 1 | 576 7 |
| Derecognition of interests in securitisation vehicles sold | (480 1) | (241 6) |
| | 236 0 | 335 1 |

4. INTEREST PAYABLE

| | 2006 £'m | 2005 £'m Restated |
|--|-------------|-------------------------|
| Group: | | |
| On bank loans, overdrafts and other loans (including commercial paper) | | |
| Repayable within five years, not by instalments | 138 0 | 71 3 |
| On balances due to group undertakings | 26 7 | 26 9 |
| On loans repayable after five years | | |
| Mortgage backed loan notes within securitisation vehicles | 400 7 | 367 2 |
| | 565 4 | 465 4 |
| Derecognition of interests in securitisation vehicles sold | (354 3) | (188 0) |
| | 211 1 | 277 4 |

5. EMPLOYEE INFORMATION

| | 2006 Number | 2005 Number |
|---|----------------|----------------|
| Group: | | |
| The average monthly number of persons (including directors) employed by the group during the year was | 905 | 683 |
| Staff costs | £'m | £'m |
| Wages and salaries | 45 7 | 34 2 |
| Social security costs | 3 4 | 3 0 |
| Pension costs | 1 9 | 1 5 |
| Other benefits | 1 9 | 2 0 |
| | 52 9 | 40 7 |

Other benefits include the provision of company cars and medical benefits plus relocation expenses

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in two independently administered funds, the Scottish Provident Pension Managed Fund and the Standard Life Pension Managed Fund. The pension charge represents contributions payable by the group to the fund, amounting to £1,929,549 (2005 £1,541,526) and accrued contributions of £735 (2005 contributions repayable £4,126), included in creditors at the year end.

GMAC-RFC HOLDINGS LIMITED

6. DIRECTORS' EMOLUMENTS

| Company: | 2006 £'m | 2005 £'m |
|---|---------------------|---------------------|
| Aggregate directors' emoluments | 2.7 | 1.9 |
| Amounts receivable from long term incentive schemes | 1.5 | 1.3 |
| | 4.2 | 3.2 |
| Remuneration to the highest paid director | | |
| Aggregate emoluments | 1.4 | 1.2 |
| Amounts received under long term incentive schemes | 0.7 | 1.0 |
| Total remuneration to the highest paid director | 2.1 | 2.2 |

Retirement benefits are accruing to two directors (2005: two) under the group's defined contribution schemes.

The highest paid director exercised no share options during the year and received no shares under the executive long term incentive scheme as there are no such shares available. A phantom share plan is operated whereby directors receive cash in lieu of shares.

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| Group: | 2006 £'m | 2005 £'m |
|---|---------------------|---------------------|
| This is stated after charging | | |
| Goodwill amortisation (note 9) | 1.7 | 1.3 |
| Depreciation charge for year (note 10) | | |
| - Tangible fixed assets | 7.6 | 8.9 |
| Impairment of fixed assets | | |
| - Goodwill (note 9) | 0.2 | - |
| - Tangible fixed assets (note 10) | - | 6.0 |
| - Investment in associates (note 11) | 2.3 | 1.5 |
| Auditors' remuneration - audit fees | 0.4 | 0.3 |
| Auditors' remuneration - non audit fees | 0.1 | - |
| Hire of motor vehicles | 0.8 | 0.8 |
| Rent of land and buildings | 3.3 | 3.7 |
| Other operating lease rental income | (0.1) | (0.1) |
| Provisions for losses on mortgages | 26.8 | 21.6 |
| Release of capitalised introducer costs on sale of residual interests | 32.4 | - |
| Release of provision for losses on sale of residual interests | (23.8) | - |
| Net exchange differences on foreign currency borrowings | - | 1.1 |

GMAC-RFC HOLDINGS LIMITED

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| Group: | 2006 £'m | 2005 £'m |
|---|---------------------|---------------------|
| (a) Analysis of charge/(credit) in period | | |
| UK current year corporation tax at 30% (2005 30%) | 32 3 | 43 5 |
| Adjustment in respect of prior years | 0 5 | (0 2) |
| Share of associates tax at 30% | - | (0 3) |
| Current tax charge for the period | 32 8 | 43 0 |
| Deferred tax - timing differences (note 18) | | |
| - current year | (14 5) | (2 2) |
| - prior year | (0 2) | - |
| Tax charge | 18 1 | 40 8 |
| Effective tax rate | 18% | 28% |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK of 30% (2005 30%)

| | 2006 £'m | 2005 £'m |
|--|---------------------|---------------------|
| Profit before tax | 101 1 | 145 4 |
| Tax on profit at 30% | 30 3 | 43 6 |
| Effects of | | |
| Permanent differences | - | 1 2 |
| Timing differences | | |
| Depreciation in excess of capital allowances | (0 2) | 1 5 |
| Group relief payable/recoverable at less than full value | - | (4 0) |
| Timing consolidation adjustments | 2 1 | 1 0 |
| Other timing differences | 0 1 | (0 2) |
| Prior year adjustments | 0 5 | (0 1) |
| Current tax charge for the year | 32 8 | 43 0 |

9. INTANGIBLE ASSETS

| Group: | 2006 £'m | 2005 £'m |
|--------------------------------------|---------------------|---------------------|
| Cost | | |
| At 1 January | 30 0 | 24 8 |
| Additions | 0 5 | 5 2 |
| At 31 December | 30 5 | 30 0 |
| Amortisation | | |
| At 1 January | 13 9 | 12 6 |
| Charge for the year | 1 7 | 1 3 |
| Impairment | 0 2 | - |
| At 31 December | 15 8 | 13 9 |
| Net book value at 31 December | 14.7 | 16.1 |

Goodwill of £0 5m has arisen in the year, following an increase in the investment in National Guarantee plc

Following an impairment review, goodwill in respect of National Guarantee plc was written down by £0 2m

GMAC-RFC HOLDINGS LIMITED

10. TANGIBLE FIXED ASSETS

| Group. | Assets in the course of construction | Motor Vehicles | Office Equipment (including computer hardware and software) | Fixtures and Fittings | Leasehold Improvements | Total |
|----------------------------|---|---------------------------|--|--------------------------------------|-----------------------------------|--------------|
| | £'m | £'m | £'m | £'m | £'m | £'m |
| Cost | | | | | | |
| At 1 January 2006 | - | 0.2 | 44.4 | 3.5 | 3.4 | 51.5 |
| Additions | 1.8 | 0.1 | 4.7 | 0.1 | 0.1 | 6.8 |
| Disposals | - | (0.1) | (7.3) | (0.4) | - | (7.8) |
| Write off | - | - | (0.4) | - | - | (0.4) |
| Reclassification | - | - | - | (0.7) | 0.7 | - |
| At 31 December 2006 | 1.8 | 0.2 | 41.4 | 2.5 | 4.2 | 50.1 |
| Depreciation | | | | | | |
| At 1 January 2006 | - | - | 34.1 | 1.6 | 0.9 | 36.6 |
| Charge for the year | - | - | 6.3 | 0.5 | 0.8 | 7.6 |
| Disposals | - | - | (7.3) | (0.4) | - | (7.7) |
| Write off | - | - | (0.2) | - | - | (0.2) |
| Reclassification | - | - | (0.3) | 0.1 | 0.2 | - |
| At 31 December 2006 | - | - | 32.6 | 1.8 | 1.9 | 36.3 |
| Net Book Value: | | | | | | |
| At 31 December 2006 | 1.8 | 0.2 | 8.8 | 0.7 | 2.3 | 13.8 |
| At 31 December 2005 | - | 0.2 | 10.3 | 1.9 | 2.5 | 14.9 |

GMAC-RFC HOLDINGS LIMITED

11. INVESTMENTS

| | Group companies £'m | Associate £'m | Other investments £'m | Total £'m |
|----------------------------|---------------------------|------------------|-----------------------------|--------------|
| Group: | | | | |
| Cost | | | | |
| At 1 January 2006 | - | 3 8 | 0 2 | 4 0 |
| Additions | - | - | - | - |
| At 31 December 2006 | - | 3 8 | 0 2 | 4 0 |
| Provision | - | | | |
| At 1 January | - | 1 5 | 0 2 | 1 7 |
| Charge for the year | - | 2 3 | - | 2 3 |
| At 31 December 2006 | - | 3 8 | 0 2 | 4 0 |
| Net book value: | | | | |
| At 31 December 2006 | - | - | - | - |
| At 31 December 2005 | - | 2.3 | - | 2.3 |
| Company: | | | | |
| Cost | | | | |
| At 1 January 2006 | 32 6 | 3 8 | 0 2 | 36 6 |
| Increase in investment | 52 4 | - | - | 52 4 |
| At 31 December 2006 | 85 0 | 3 8 | 0 2 | 89 0 |
| Provision | | | | |
| At 1 January | 1 0 | 1 5 | 0 2 | 2 7 |
| Charge for the year | 3 0 | 2 3 | - | 5 3 |
| At 31 December 2006 | 4 0 | 3 8 | 0 2 | 5 0 |
| Net book value: | | | | |
| At 31 December 2006 | 81.0 | - | - | 81.0 |
| At 31 December 2005 | 31.6 | 2.3 | - | 33.9 |

Other investments comprise a 1.4% investment in IFONLINE Plc

In 2006, the investment in Mortgage Ventures Limited was fully written off

On 27 November 2006 GMAC-RFC Limited allotted 50,117,940 shares at par to GMAC-RFC Holdings Limited, the consideration for which was satisfied by a cash injection of £50,117,940

On the following days, National Guarantee allotted 1,949,705 shares at par to GMAC-RFC Holdings Limited. The consideration for 1,900,000 shares was satisfied by a cash injection of £1,900,000. The remaining 49,705 shares were subscribed for via the waiving of an inter company debt

| | |
|------------------|---------|
| 20 March 2006 | 449,705 |
| 19 April 2006 | 250,000 |
| 19 May 2006 | 250,000 |
| 19 June 2006 | 500,000 |
| 15 August 2006 | 250,000 |
| 27 November 2006 | 250,000 |

The company also incurred further cost of £0.4m in respect of the acquisition of National Guarantee plc

GMAC-RFC HOLDINGS LIMITED

11. INVESTMENTS (CONTINUED)

The company's subsidiary undertakings include all undertakings which are wholly owned subsidiaries as well as undertakings in which the group exercises dominant influence and effective control. Consequently these undertakings meet the criteria of a subsidiary as defined by Financial Reporting Standard 2 (Revised 2004). The subsidiaries, all of which have been consolidated, are set out below.

| Company | Principal activity | Group Ownership | Company Ownership | Proportion of voting rights |
|---|--|-----------------|-------------------|-----------------------------|
| GMAC-RFC Limited | Provision of mortgages | 100% | 100% | 100% |
| Private Label Group Limited comprising | | 100% | 100% | 100% |
| Private Label Mortgage Services Limited | Provision of mortgage design, distribution and pre offer processing services | 100% | 100% | 100% |
| Independent Mortgage Collection Limited | Dormant | 100% | 100% | 100% |
| MCA Finance Limited comprising | | 100% | 19% | 100% |
| High Street Home Loans | Dormant | 100% | 100% | 100% |
| National Guarantee plc | Mortgage brokerage | 100% | 100% | 100% |
| GMAC-RFC Property Finance Limited | Provision of commercial finance | 100% | 100% | 100% |
| RMAC 1999-NS1 plc | Dormant | 0% | 0% | 0% |
| RMAC 1999-NS2 plc | Dormant | 0% | 0% | 0% |
| RMAC 2000-NS1 plc | Dormant | 0% | 0% | 0% |
| RMAC 2000-NS2 plc | Dormant | 0% | 0% | 0% |
| RMAC 2000-NS3 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2001-NS1 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2001-NSP2 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2002-NS1 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2002-NS2 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2003-NS1 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2003-NS2 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2003-NS3 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2003-NS4 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2004-NS1 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2004-NSP2 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2004-NS3 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2004-NSP4 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2005-NS1 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2005-NSP2 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2005-NS3 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC 2005-NSP4 plc | Mortgage related securitisation | 0% | 0% | 0% |
| RMAC Securities No 1 plc | Mortgage related securitisation | 0% | 0% | 0% |

GMAC-RFC HOLDINGS LIMITED

11. INVESTMENTS (CONTINUED)

| Company | Principal activity | Group Ownership | Company Ownership | Proportion of voting rights |
|-------------------------|-----------------------------|--------------------|----------------------|-----------------------------------|
| Conduit Trustee Limited | Dormant | 0% | 0% | 0% |
| Flow No 3 Limited | Mortgage related finance | 0% | 0% | 0% |
| Gully (No 4) Limited | Mortgage related finance | 0% | 0% | 0% |
| Silo (No 2) Limited | Mortgage related finance | 0% | 0% | 0% |
| Trench (No 1) Limited | Mortgage related finance | 0% | 0% | 0% |
| Conduit (No 2) Limited | Mortgage related finance | 0% | 0% | 0% |
| Canal (No 6) Limited | Mortgage related finance | 0% | 0% | 0% |

In the directors' opinion the aggregate value of the assets of the subsidiary companies is not less than the aggregate of the amounts of the investments

All companies are registered and operate in England and Wales

12. LOANS SECURED BY MORTGAGES HELD IN SECURITISATION VEHICLES

| | Group 2006 £'m | 2005 £'m | Company 2006 £'m | 2005 £'m |
|---|----------------------|-------------|------------------------|-------------|
| Advances on residential property at cost | 8,551 6 | 8,021 9 | - | - |
| Introducer cost | 13 9 | 70 9 | - | - |
| Loss provision | (6 2) | (17 1) | - | - |
| Mortgage loans | 8,559 3 | 8,075 7 | - | - |
| Derecognition of interests in securitisation vehicles sold | (6,412 7) | (3,961 2) | - | - |
| | 2,146 6 | 4,114 5 | - | - |

These loans have been securitised in subsidiary undertakings (securitisation vehicles). The subsidiary undertaking has a beneficial interest in these loans with the group retaining the legal title. Under FRS5 the loans remain on the group's balance sheet as it retains substantially all the risks and rewards of these loans.

Loans secured by mortgages held for investment include £1,709 0m (2005 restated £3,220 0m) held in securitised vehicles which are subject to a credit insurance wrap which establishes a maximum possible loss on the portfolios to which those assets belong.

There have been additions to mortgage loans of £4,419 8m, redemptions of £2,526 4m, decrease in loss provision of £10 9m and other net decrease of £1,420 7m.

During the year, a percentage of the residual assets of six (2005: nine) subsidiary undertakings were sold to third parties. Under the provisions of Financial Reporting Standard 5, 'Reporting the Substance of Transactions', the group has derecognised this percentage of the assets and liabilities held on its balance sheet which relate to these subsidiary undertakings.

GMAC-RFC HOLDINGS LIMITED

13 LOANS SECURED BY MORTGAGES

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Advances on residential property | 3,691.3 | 1,431.8 | - | - |
| Introducer cost | 29.0 | 12.1 | - | - |
| Loss provision | (21.2) | (5.3) | - | - |
| Mortgage loans | 3,699.1 | 1,438.6 | - | - |

Advances include £3,293.3 (2005 £1,295.1m) of mortgage loans held by subsidiary undertakings (treasury vehicles). The group owns the legal title to the mortgage loans held by the subsidiary undertakings but the subsidiary undertakings retain the beneficial interest in these loans. The mortgage loans held by the subsidiary undertakings will be sold to the group's originator at book value within 1 to 3 years of the date of the advance, or earlier at the group's request.

14. DEBTORS

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Amounts falling due with in one year: | | | | |
| Trade debtors | 0.2 | 0.3 | - | - |
| Amounts due from fellow subsidiaries | 3.0 | 1.8 | - | - |
| Deferred tax asset (note 18) | 0.5 | - | - | - |
| Other debtors | 4.5 | 2.2 | - | - |
| Prepayments and accrued income | 18.9 | 4.1 | - | - |
| Group relief receivable | - | - | 3.9 | 3.5 |
| Debtors | 27.1 | 8.4 | 3.9 | 3.5 |

The amounts owed by fellow subsidiaries are by way of management fees or recharged expenditure, which are unsecured, interest free and repayable on demand.

15. RESTRICTED CASH

Out of the cash balance of £536.4m (2005 £319.0m), £420.7m (2005 £146.1m) relates to securitisation and treasury vehicles and can only be used according to the terms of the offering circular and legal agreements.

GMAC-RFC HOLDINGS LIMITED

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|--|----------------|----------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Bank overdrafts and short term loans | - | 3 0 | - | - |
| Trade creditors | 0 2 | 2 8 | - | - |
| Amounts due to fellow subsidiaries | 533 9 | 253 3 | 35 9 | 32 4 |
| Other taxation and social security | 2 0 | 0 9 | - | - |
| Corporation tax payable | 21 5 | 52 5 | - | - |
| Commercial paper | 3,149 3 | 1,836 5 | - | - |
| Mortgage backed loan notes (note 19) | 3,212 0 | 2,619 1 | - | - |
| Other creditors | 92 2 | 88 1 | - | - |
| Accruals and deferred income | 32 2 | 16 4 | - | - |
| Creditors | 7,043 3 | 4,872 6 | 35 9 | 32 4 |
| Derecognition of interests in securitisation vehicles sold (note 12) | (2,391 5) | - | - | - |
| | 4,651 8 | 4,872 6 | 35 9 | 32 4 |

The amounts owed to fellow subsidiaries are unsecured interest bearing and repayable on demand

Commercial paper is payable to third parties and is secured by the beneficial interest in the loans secured by mortgages (see note 13)

Other creditors includes deferred consideration payable to third parties following the sale of residual assets

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|---|----------------|----------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Non-recourse mortgage backed loan notes (note 19) | 5,400 7 | 4,685 7 | - | - |
| Other creditors | 97 1 | 128 1 | - | - |
| | 5,497 8 | 4,813 8 | - | - |
| Derecognition of interests in securitisation vehicles (note 12) | (4,021 2) | (3,961 2) | - | - |
| Creditors | 1,476 6 | 852 6 | - | - |

The loan notes above are issued by subsidiary undertakings, secured on mortgages included in the balance sheet of the group. The group originator is not required to support these loan notes which are repayable out of the associated assets. Other creditors includes deferred consideration payable to third parties following the sale of residual assets

GMAC-RFC HOLDINGS LIMITED

18. PROVISION FOR LIABILITIES AND CHARGES

| | Group | | Company | |
|---|--------------|---------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Deferred tax asset / (liability) | | | | |
| Accelerated capital allowances | 4 1 | 4 1 | - | - |
| Tax losses | 0 3 | - | - | - |
| Short term timing differences | 0 2 | 0 1 | - | - |
| Other timing differences | (4 1) | (18 4) | - | - |
| Total asset / (provision) | 0 5 | (14 2) | - | - |
| Reconciliation of movement in deferred tax balance | | | | |
| Deferred tax liability at 1 January | (14 2) | (16 5) | - | - |
| Depreciation in excess of capital allowances | (0 2) | 1 5 | - | - |
| Utilisation of tax losses | 0 3 | - | - | - |
| Prior period movements | 0 2 | - | - | - |
| Other timing differences | 14 4 | 0 8 | - | - |
| Deferred tax asset / (liability) at 31 December | 0 5 | (14 2) | - | - |

GMAC-RFC HOLDINGS LIMITED

19. MORTGAGE BACKED LOAN NOTES

The mortgage backed loan notes are secured over a portfolio of mortgage assets

| | 2006 £'m | 2005 £'m |
|---|-------------|-------------|
| Floating rate mortgage backed loan notes | | |
| Sterling denominated | 4,826 2 | 3,788 4 |
| US Dollar denominated | 1,632 0 | 2,218 0 |
| Euro denominated | 2,154 5 | 1,298 4 |
| | 8,612 7 | 7,304 8 |
| Derecognition of mortgage backed loan notes | (6,258 0) | (3,961 2) |
| | 2,354 7 | 3,343 6 |

In the year, £3,900 0m of new mortgage backed loan notes were issued

Maturity of financial liabilities

The maturity profile of the carrying amount of the group's financial liabilities, at 31 December 2006, was as follows

| | Mortgage backed loan notes £'m | Other creditors £'m | 2006 Total £'m | 2005 Total £'m |
|---|---|---------------------------|----------------------|----------------------|
| Less than one year | 3,212 0 | 92 2 | 3,304 2 | 2,707 1 |
| In more than one year but not more than two years | 2,667 4 | 47 9 | 2,715 3 | 2,398 4 |
| In more than two years but not more than five years | 2,492 9 | 44 9 | 2,537 8 | 2,185 6 |
| In more than five years | 240 4 | 4 3 | 244 7 | 229 8 |
| | 8,612 7 | 189 3 | 8,802 0 | 7,520 9 |
| Derecognition of mortgage backed loan notes (note 12) | (6,258 0) | (154 7) | (6,412 7) | (3,961 2) |
| | 2,354 7 | 34 6 | 2,389 3 | 3,559 7 |

The maturity profile of these notes is in line with the redemption profile of the principal balances of the mortgage loans on which the notes are backed

Other creditors includes deferred consideration payable to third parties following the sale of residual assets

GMAC-RFC HOLDINGS LIMITED

20. FINANCIAL INSTRUMENTS

As permitted by Financial Reporting Standard 13, the group has opted to exclude short term debtors and creditors from this disclosure

| | 2006 | | 2005 | |
|----------------------------|--|-------------------|--|-------------------|
| | Floating rate not more than three months £'m | Fixed rate £'m | Floating rate not more than three months £'m | Fixed rate £'m |
| Assets | | | | |
| Mortgage loans | 6,667 7 | 5,590 7 | 6,198 8 | 3,315 5 |
| Cash at bank and in hand | 536 4 | - | 319 0 | - |
| | 7,204 10 | 5,590 7 | 6,517 8 | 3,315 5 |
| Liabilities | | | | |
| Mortgage backed loan notes | 8,612 7 | - | 7,304 8 | - |
| Commercial Paper | 3,149 3 | - | 1,836 5 | - |
| | 11,762 0 | - | 9,141 3 | - |

| | 2006 | 2005 |
|---|-----------|-----------|
| Weighted average interest rate of fixed interest rate loans | 6 24% | 6 06% |
| Weighted average fixed interest period remaining on fixed interest rate loans | 23 months | 17 months |

The fair value of the financial assets and liabilities and their book value are not materially different except where indicated below

| | 2006 | | 2005 | |
|---|-------------------|--------------------|-------------------|-------------------|
| | Book value £'m | Fair value* £'m | Book value £'m | Fair value £'m |
| Assets | | | | |
| Mortgage loans | 12,258 4 | 12,258 4 | 9,514 3 | 9,514 3 |
| Cash at bank and in hand | 536 4 | 536 4 | 319 0 | 319 0 |
| Liabilities | | | | |
| Mortgage backed loan notes | 8,612 7 | 8,612 7 | 7,304 8 | 7,304 8 |
| Commercial Paper | 3,149 3 | 3,149 3 | 1,836 5 | 1,836 5 |
| Derivative financial instruments | | | | |
| Cross currency swaps | (0 1) | (64 4) | (0 3) | 19 7 |
| Interest rate caps | - | 0 2 | - | 0 1 |

* Since the majority of mortgages are held within securitisation vehicles any fair value adjustment is offset by a similar fair value adjustment of the mortgage notes. It is therefore not considered of value to undertake the exercise to fair value these amounts

The commercial paper represents short term funding to the group and therefore its fair value is materially similar to its book value

GMAC-RFC HOLDINGS LIMITED

21. CALLED UP SHARE CAPITAL

| | Group | | Company | |
|---|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Authorised: | | | | |
| 68,200,000 ordinary shares of £1 each (2005 20,000,000 shares) | 68 2 | 20 0 | 68 2 | 20 0 |
| Allotted, called up and fully paid: | | | | |
| 68,117,940 ordinary shares of £1 each (2005 18,000,000 shares) | 68 1 | 18 0 | 68 1 | 18 0 |

On 24 November 2006 the authorised share capital of the company was increased from £20,000,000 to £68,200,000 by the creation of 48,200,000 ordinary shares of £1 each

On that date 50,117,940 shares were allotted at par to Residential Funding Corporation, the consideration for which was satisfied by a cash injection of £50,117,940

22. PROFIT AND LOSS ACCOUNT

| | Group | | Company | |
|--------------------------------------|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| At 1 January | 156 4 | 51 8 | (13 0) | (8 1) |
| Profit/(loss) for the financial year | 84 8 | 104 6 | (6 1) | (4 9) |
| At 31 December | 241 2 | 156 4 | (19 1) | (13 0) |

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'m | £'m | £'m | £'m |
| Profit / (loss) for the financial year | 84 8 | 104 6 | (6 1) | (4 9) |
| Increase in share capital | 50 1 | - | 50 1 | - |
| Shareholder's funds at 1 January | 174 4 | 69 8 | 5 0 | 9 9 |
| Shareholder's funds at 31 December | 309 3 | 174 4 | 49 0 | 5 0 |

GMAC-RFC HOLDINGS LIMITED

24. FINANCIAL COMMITMENTS

At 31 December 2006, the group and company had no capital commitments (2005 £nil)

At 31 December 2006, the group and company had annual commitments under non-cancellable operating leases which expire as follows

| | Group 2006 £'m | 2005 £'m | Company 2006 £'m | 2005 £'m |
|--|----------------------|-------------|------------------------|-------------|
| Land and buildings - in more than two years but not more than five years | 2 5 | 2 1 | - | - |
| | 2 5 | 2 1 | - | - |

25. RELATED PARTY TRANSACTIONS

The directors regard FIM Holdings LLC, a company incorporated in Delaware, U S A, as the ultimate controlling party. The company and group have applied the exemption within Financial Reporting Standard 8 which permits the non-disclosure of transactions with related parties which are included in the consolidated financial statements of GMAC LLC.

There are no related party transactions with FIM Holdings LLC and there are no other related party transactions requiring disclosure in the accounts of the company and group.

GMAC LLC is the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member.

26. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking is Residential Funding Corporation which is incorporated in Delaware, U S A.

The ultimate parent company is FIM Holdings LLC. FIM Holdings LLC is a limited liability company incorporated in Delaware, U S A. On November 30, 2006, FIM Holdings LLC purchased a 51% controlling interest in GMAC LLC, a limited liability company incorporated in Delaware, U S A, from General Motors Corporation. FIM Holdings LLC is an investment vehicle formed, for purposes of the purchase of the 51% controlling interest of GMAC LLC, by Cerberus FIM Investors LLC and wholly owned subsidiaries of Aozora Bank Limited, Citigroup Inc and the PNC Financial Services Group, Inc.

Copies of the group accounts may be obtained from the Secretary at the registered offices of the company.

27. POST BALANCE SHEET EVENTS

The group sold mortgage assets to third parties up until 19 June 2007 amounting to £5,097.5m.

In March 2007, the group sold its rights to the residual interest arising from two securitisation vehicles.

On 12 March 2007 and 12 June 2007, subsidiary companies RMAC 2002 NS1 plc and RMAC 2002 NS2 plc, respectively exercised their option to redeem in full all outstanding mortgage backed loan notes. On those dates, GMAC-RFC Limited purchased all outstanding mortgage loans from the subsidiary companies as part of the redemption process.

GMAC-RFC HOLDINGS LIMITED

28 RESTATEMENT OF PRIOR YEAR PROFIT AND LOSS ACCOUNT

The 2005 profit and loss account has been restated to derecognise the income and expense effects of the residual sales in a manner consistent with the balance sheet presentation

| | Original | Adjustments | Restated |
|---|----------|-------------|----------|
| Interest income | 576 7 | (241 6) | 335 1 |
| Interest expense | (465 4) | 188 0 | (277 4) |
| Net interest income | 111 3 | (53 6) | 57 7 |
| Fees receivable | 100 6 | 14 7 | 115 3 |
| Sale of residual | 92 9 | 31 6 | 124 5 |
| Fees payable | (54 9) | - | (54 9) |
| Net revenue | 249 9 | (7 3) | 242 6 |
| Administrative expenses | (103 6) | 7 3 | (96 3) |
| Operating profit | 146 3 | - | 146 3 |
| Share of associate operating profit | (0 9) | - | (0 9) |
| Profit on ordinary activities before taxation | 145 4 | - | 145 4 |