

GMAC-RFC Holdings Limited

**GMAC-RFC Holdings Limited
(formerly GMAC-RFC (UK) Limited)**

Annual Report

For the year to 31 December 2001

Registered No: 3471082



GMAC-RFC Holdings Limited

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GMAC-RFC Holdings Limited

Directors and Advisers

Directors

Christopher Nordeen
Keenen Dammen
Timothy Freeman
Stephen Knight

Registered Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Secretaries and Registered Office

Karen Edmonds

Eastern Gate
Brants Bridge
Bracknell
Berkshire
RG12 9BZ

Holding Company

Residential Funding Corporation
8400 Normandale Lake Boulevard
Suite 600
Minneapolis
Minnesota 55437
USA

GMAC-RFC Holdings Limited

Directors' Report

For the year to 31 December 2001

The Directors present their report together with the audited accounts for year ended 31 December 2001.

Business objectives and principal activities

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

Business Review

On 18 March 2001, the company changed its name to GMAC-RFC Holdings Limited.

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

Results and dividend

The profit for the year carried forward to reserves as at 31 December 2001 was £14,280,040 (2000: £8,920,288 loss). The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were as follows:-

Christopher Nordeen
Keenen Dammen
Timothy Freeman
Stephen Knight

No Director had any interest in the share capital of any group company at any time during the year.

Secretaries

Tammy Hamzehpour (resigned 16 October 2001)
Karen Edmonds

GMAC-RFC Holdings Limited

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.

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 group and of the profit and loss of the group for that period.

In preparing those accounts, the Directors are required to:

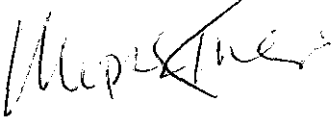
- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- * prepare the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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

On behalf of the Board



Director

1 August 2002

GMAC-RFC Holdings Limited

Independent auditors' report to the members of GMAC-RFC Holdings Limited

We have audited the financial statements on pages 5 to 18, which have been prepared under the historical cost convention and the accounting policies are set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors' responsibility for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3. Our responsibility is to audit the financial statements in accordance with relevant regulatory requirements and United Kingdom Standards issued by the Auditing Practices Board.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

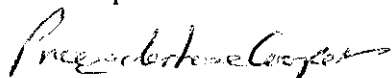
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 affairs of the company and the group at 31 December 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

1 August 2002

GMAC-RFC Holdings Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Note	Group 2001 £	2000 £
Turnover	2	88,651,446	44,441,579
Administrative expenses		(76,886,025)	(55,736,478)
Operating profit/ (loss)		11,765,421	(11,294,899)
Interest receivable and other income		4,935,035	2,145,457
Other income	3	3,037,327	-
Profit/ (loss) on ordinary activities before tax	6	19,737,783	(9,149,442)
Taxation on loss on ordinary activities	7	(5,457,743)	229,154
Profit/ (loss) on ordinary activities after taxation	17	14,280,040	(8,920,288)

The group had no acquisitions or material discontinued operations, and accordingly the above profit & 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 results as stated above, and their historical cost equivalents.

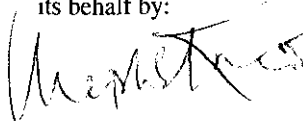
GMAC-RFC Holdings Limited

BALANCE SHEETS

as at 31 December 2001

	Note	Group 2001 £	2000 £	Company 2001 £	2000 £
Fixed assets and investments:					
Intangible assets	8	17,064,181	18,519,091	-	-
Tangible fixed assets	9	9,629,152	5,698,942	-	-
Investments	10	-	450,004	23,745,834	24,195,838
Loans secured by mortgages held for investment	11	1,869,775,160	840,123,958	-	-
Total fixed assets and investments:		1,896,468,493	864,791,995	23,745,834	24,195,838
Current assets:					
Loans secured by mortgages	12	305,068,748	112,673,384	-	-
Debtors: amounts falling due within one year	13	13,570,929	9,463,495	805,452	287,285
: amounts falling due after more than one year	13	105,969	-	12,502	-
Cash at bank and in hand		75,103,253	31,840,124	-	-
Total current assets		393,848,899	153,977,003	817,954	287,285
Creditors: amounts falling due within one year	14	(755,258,165)	(300,545,078)	(8,783,537)	(7,152,309)
Net current liabilities		(361,409,266)	(146,568,075)	(7,965,583)	(6,865,024)
Total assets less current liabilities		1,535,059,227	718,223,920	15,780,251	17,330,814
Creditors: amounts falling due after more than one year	15	(1,517,538,597)	(715,008,334)	-	-
Net assets		17,520,630	3,215,586	15,780,251	17,330,814
Capital and reserves:					
Called up share capital	16	18,000,000	18,000,000	18,000,000	18,000,000
Profit and loss account	17	(479,370)	(14,784,414)	(2,219,749)	(669,186)
Total shareholder's funds	18	17,520,630	3,215,586	15,780,251	17,330,814

The accounts on pages 5 to 18 were approved by the Board of Directors on 1 August 2002 and were signed on its behalf by:



Director

NOTES TO THE ACCOUNTS

for the year ended 31 December 2001

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

ACCOUNTING CONVENTION

The accounts are prepared in accordance with the historical cost convention.

BASIS OF CONSOLIDATION

The consolidated accounts deal with the accounts of the company and all its subsidiaries and quasi-subsidiaries drawn up to 31 December 2001. 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 & loss account. The amount of the loss for the period dealt with in the statements of GMAC-RFC Holdings Limited is disclosed in note 19 to the accounts.

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 General Motors Corporation which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statements under the terms of Financial Reporting Standard 1 (Revised 1996). The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the General Motors Corporation Group or investees of the General Motors Corporation Group.

TURNOVER

In the opinion of the directors, disclosure of turnover is most closely represented for the company as being comprised of interest receivable net of discounts and funding costs, commission receivable, income from asset disposals and management fees earned from the company's and group's principal activities. These changes represent an adaptation of the profit and loss account format laid down in Schedule 4 to the Companies Act 1985 due to the special nature of the company's business.

PENSION COSTS

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

DEFERRED TAXATION

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

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.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Depreciation is calculated so as to write off the cost of the tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned, which are considered to be:

Office equipment	3 years
Fixtures and fittings	5 years
Motor vehicles	3 years

OPERATING LEASES

Rentals on operating leases are charged to the profit and loss account in equal annual amounts over the lease terms

MORTGAGE LOANS

Mortgage loans are stated at cost less provision for diminution in value. Mortgage loans held within certain 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.

PROVISION FOR BAD AND DOUBTFUL DEBTS

Provisions for losses, on commercial assets, which include both those specifically identified and those provided for on a general basis, have been based upon a year end appraisal of the assets concerned. The amount charged to the profit and loss account represents losses written off in the period together with the increase in the ongoing provision. Interest charged to mortgage accounts relating to impaired loans which is considered to be irrecoverable is not recognised as interest receivable in the year.

PREMIUM ON ACQUISITION

The premium arising on the acquisition of the mortgage assets which represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and shown as an asset in the balance sheet and subsequently amortised over the useful economic life of the asset as a separate charge to the Profit and Loss Account.

MORTGAGE INDUCEMENTS

The group provides mortgage inducements only in the form of discounts on mortgages. Where mortgage inducements have been provided they reduce interest receivable over the useful economic life

FOREIGN CURRENCY

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 exchange differences arising on hedged liabilities.

2 TURNOVER

	2001	2000
	£	£
Interest receivable on mortgage loans	89,960,257	63,904,542
Servicing income including gains on disposal of mortgage assets	77,873,225	29,399,956
Interest receivable on mortgage loans and servicing income	167,833,482	93,304,498
Less interest payable:		
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	2,455,803	5,587,234
On balances due to group undertaking	18,805,747	10,682,780
On loans repayable after five years:		
Mortgage backed loan notes	57,920,486	32,592,905
	88,651,446	44,441,579

3 OTHER INCOME

	2001	2000
	£	£
Escrow release	3,037,327	-
	3,037,327	-

4 EMPLOYEE INFORMATION

	2001	2000
	Number	Number
The average monthly number of persons (including directors) employed by the group during the year was:	574	483
	£	£
Staff costs:		
Wages and salaries	19,718,760	15,035,296
Social security costs	1,443,912	1,455,027
Pension costs	857,062	522,166
Other benefits	1,421,306	1,441,877
	23,441,040	18,454,366

Other benefits include the provision of mortgage subsidies, company cars and medical benefits plus relocation expenses.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in three independently administered funds, the Scottish Provident Pension Managed Fund, the Standard Life Pension Managed Fund and the Cornhill Life Managed Fund. The pension charge represents contributions payable by the company to the fund, amounting to £777,390 (2000 £471,166), and accrued contributions of £79,672 (2000 £51,000), included in creditors at the year end.

5 DIRECTORS' EMOLUMENTS

	2001	2000
	£	£
Aggregate Directors Emoluments	1,287,813	1,189,430
Group pension contributions to money purchase schemes	-	-
	1,287,813	1,189,430
Remuneration to the highest paid director	595,000	530,728

6 PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
This is stated after charging/ (crediting):		
Goodwill amortisation (note 8)	1,454,910	1,474,835
Depreciation charge for year (see note 9):		
Tangible owned fixed assets	2,719,422	2,174,206
(Profit)/ loss on disposal of tangible fixed assets	(5,704)	3,854
Auditors' remuneration - audit fees	179,952	161,100
Auditors' remuneration - non -audit fees	71,645	30,000
Hire of motor vehicles	215,773	143,978
Hire of office equipment (operating leases)	177,658	6,271
Rent of land and buildings	1,951,386	2,264,251
Provisions for losses on mortgages	(1,062,228)	3,309,554
Amortisation of discounts on issuance of mortgage backed loan notes	79,504	85,305

7 TAXATION ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom Corporation Tax charge at 2001 : 30% (2000 : 30%)	5,457,743	-
Group relief receivable	-	(229,154)
	5,457,743	(229,154)

8 INTANGIBLE FIXED ASSETS

GOODWILL

	2001 £	2000 £
Cost:		
At 1 January	21,345,534	23,339,317
Additions	-	506,217
Adjustment to contingent consideration (see note 10)	-	(2,500,000)
At 31 December	21,345,534	21,345,534
Amortisation:		
At 1 January	2,826,443	1,351,608
Charge for year	1,454,910	1,474,835
At 31 December	4,281,353	2,826,443
Net Book Value at 31 December	17,064,181	18,519,091

9 TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS	FIXTURES AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	TOTAL
	£	£	£	£	£
Cost:					
At 1 January	28,674	935,651	8,214,900	124,625	9,303,850
Additions	-	440,659	6,260,511	-	6,701,170
Disposals	(4,727)	-	(1,435,199)	(50,843)	(1,490,769)
At 31 December 2001	23,947	1,376,310	13,040,212	73,782	14,514,251
Depreciation:					
At 1 January	6,852	353,463	3,215,968	28,625	3,604,908
Charge for year	2,623	368,415	2,348,384	-	2,719,422
Disposals	-	-	(1,435,199)	(4,032)	(1,439,231)
At 31 December 2001	9,475	721,878	4,129,153	24,593	4,885,099
Net Book Value at 31 December 2001	14,472	654,432	8,911,059	49,189	9,629,152
Net Book Value at 31 December 2000	21,822	582,188	4,998,932	96,000	5,698,942

10 INVESTMENTS

	Group 2001 £	2000 £	Company 2001 £	2000 £
Cost:-				
Shares in non-group companies at 1 January	450,004	200,004	450,004	200,004
Additions during the period	43,893	250,000	43,893	250,000
Total cost of shares in non-group companies	493,897	450,004	493,897	450,004
Provision against shares in non-group companies	(493,897)	-	(493,897)	-
Net book value of shares in non-group companies at 31 December	-	450,004	-	450,004

Investments comprise a 1.4% investment in IFONLINE PLC and a 19.35 % investment in MCA Finance Limited. Both investments are incorporated in Great Britain and registered in England & Wales.

Cost:-		
Shares in group companies at 1 January	23,745,834	25,714,616
Additions during the period	-	531,218
Adjustment to contingent consideration	-	(2,500,000)
Shares in group companies at 31 December	23,745,834	23,745,834

In 1999, the group acquired GMAC-RFC Direct Ltd. The cost of acquisition included £2,500,000 which was payable, contingent on certain performance targets being met over a period of time. Subsequent to the balance sheet date, it was agreed that these performance targets had not been met.

GMAC-RFC Holdings Limited

The company's subsidiary undertakings all of which are wholly owned and consolidated, are set out below:

Company	Principal activity
GMAC-RFC Limited	Provision of mortgages
RMAC 1999-NS1 plc	Provision of mortgages
RMAC 1999-NS2 plc	Provision of mortgages
RMAC 2000-NS1 plc	Provision of mortgages
RMAC 2000-NS2 plc	Provision of mortgages
RMAC 2000-NS3 plc	Provision of mortgages
GMAC-RFC Direct Limited - formerly Rapide Mortgage Services Limited	Provision of loan brokerage services
Private Label Group Limited	
comprising:	
Private Label Mortgage Services Limited	Provision of mortgage design, distribution and pre offer processing services
Independent Mortgage Collection Limited	Provision of mortgage lead generation services

The companies operate and are incorporated in Great Britain, and are registered in England and Wales.

In the directors' opinion the aggregate value of the assets of the subsidiary companies is not less than the aggregate of the amounts at which those assets are stated in the company's balance sheet

The summarised combined of the quasi-subsiidiaries are as follows:

	2001
Profit and loss account	£
Turnover	8,378,197
Administration expenses	(9,982,739)
Interest receivable	1,604,542
Profit on ordinary activities before and after taxation	<u>-</u>

There are no recognised gains and losses other than those included in the results above.

Balance sheet

Mortgage loans held for investment	1,027,530,590
Debtors: amounts falling due within one year	353,576
Cash at bank and in hand	18,226,517
Creditors: amounts falling due within one year	(7,078,306)
Creditors: amounts amounts falling due after more than one year	<u>(1,039,007,373)</u>
Net assets	<u>25,004</u>
Share capital	25,004
Reserves	<u>-</u>
Shareholder's funds	<u>25,004</u>

11 INVESTMENT LOANS SECURED BY MORTGAGES

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Advances on residential property	1,847,362,582	830,642,235	-	-
Introducer cost	22,994,979	11,120,374	-	-
Premiums on acquired mortgage portfolios	29,531	38,232	-	-
Loss provision	(611,932)	(1,676,883)	-	-
Mortgage loans	1,869,775,160	840,123,958	-	-

Advances include £331,896,469 (2000: £21,245,282) of mortgage loans held by a third party. The company owns the legal title to the mortgage loans held by the third party, but the third party retains the beneficial interest in these loans. The mortgage loans held by the third party will be sold to the company at book value within 360 days of the date of the advance, or earlier at the company's request.

Loans secured by mortgages held for investment include £1,163,774,882 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.

The opening investment loans secured by mortgages of £840,123,958 have been subject to additions of £1,387,341,947, redemptions of £301,530,891 and other net reduction movements of £56,159,854.

12 LOANS SECURED BY MORTGAGES

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Advances on residential property	304,045,738	111,140,800	-	-
Introducer cost	1,962,180	2,707,367	-	-
Premiums on acquired mortgage portfolios	6,086	6,087	-	-
Loss provision	(945,256)	(1,180,870)	-	-
Mortgage loans	305,068,748	112,673,384	-	-

Advances include £263,616,237 (2000: £42,262,391) of mortgage loans held by a third party. The company owns the legal title to the mortgage loans held by the third party, but the third party retains the beneficial interest in these loans. The mortgage loans held by the third party will be sold to the company at book value within 360 days of the date of the advance, or earlier at the company's request.

The group is not required to support the non-recourse debt which is repayable from the associated assets.

13 DEBTORS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	10,270,657	7,205,957	-	-
Amounts due from fellow subsidiaries	8,225	56,376	-	-
Other debtors	832,738	799,537	5	-
Prepayments and accrued income	2,459,309	1,281,193	-	-
Group relief receivable	-	120,432	805,447	287,285
	13,570,929	9,463,495	805,452	287,285

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

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due after more than one year:				
Other debtors	105,969	-	12,502	-
	105,969	-	12,502	-

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans & overdrafts	3,803,950	12,460,851	-	5
Trade creditors	165,778	226,469	-	-
Amounts due to fellow subsidiaries	387,499,105	236,171,207	8,778,037	7,146,804
Other taxation and social security	1,320,681	1,021,849	-	-
Corporation tax payable	5,338,965	-	-	-
Other creditors	346,602,346	44,113,116	-	-
Accruals and deferred income	10,527,340	6,551,586	5,500	5,500
	755,258,165	300,545,078	8,783,537	7,152,309

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

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Mortgage backed loan notes	1,517,538,597	715,008,334	-	-
	1,517,538,597	715,008,334	-	-

MORTGAGE BACKED LOAN NOTES

The mortgage backed loan notes are secured over a portfolio of mortgage loans. The senior notes are secured by the same security as the junior notes but rank in priority to the junior notes in the amount of security being enforced.

	2001	2000
	£	£
A and A1 Notes	403,643,773	356,008,334
A2 Notes	618,052,442	294,000,000
A3 Notes	341,022,434	-
A4 Notes	93,914,722	-
M Notes	40,168,084	42,400,000
B Notes	20,737,142	22,600,000
Outstanding principal at 31 December	1,517,538,597	715,008,334

Maturity of Borrowings

If not otherwise redeemed or purchased and cancelled, the mortgage backed loan notes will be redeemed at their principal outstanding balance on the interest payment date as follows:

	£
December 2032	137,350,462
June 2033	206,062,168
December 2033	827,091,043
December 2035	40,672,834
September 2041	57,823,241
March 2042	118,052,442
June 2042	130,486,407

Prior to enforced redemption on the final payment date, the rated notes will be subject to mandatory and/or optional redemption in certain circumstances. Such mandatory redemption in part will be primarily caused by scheduled principal payments by the borrowers and principal prepayments. Optional redemption may take place when the aggregate principal amount outstanding of the rated notes of an issue is less than 10 per cent. of the initial aggregate principal amount outstanding of the rated notes of that issue when the issuer may redeem all (but not some) of the rated notes of that issue at their rated notes principal amount outstanding.

The interest on the notes will accrue on a day by day basis and be payable quarterly in arrears at the following rates above the London Interbank Offered Rate for quarterly sterling deposits:

	<u>until the interest payment falling due within 2006</u>	<u>thereafter</u>	£
A Notes	LIBOR + 0.29 to 0.4%	LIBOR + 0.6 to 0.8%	75,090,849
M Notes	LIBOR + 0.75 to 1.2%	LIBOR + 1.4 to 2.4%	13,468,084
B Notes	LIBOR + 1.9 to 2.4%	LIBOR + 1.9 to 2.4%	9,937,142
	<u>until the interest payment falling due within 2007</u>	<u>thereafter</u>	
A1 Notes	LIBOR + 0.15 to 0.22%	LIBOR + 0.3 to 0.44%	62,336,869
A2 Notes	LIBOR + 0.37 to 0.42%	LIBOR + 0.74 to 0.84%	286,052,442
M Notes	LIBOR + 1.1%	LIBOR + 2.0%	26,700,000
B Notes	LIBOR + 2.0%	LIBOR + 2.0%	10,800,000
	<u>until the interest payment falling due within 2008</u>	<u>thereafter</u>	
A1 Notes	LIBOR + 0.15%	LIBOR + 0.3%	77,539,734
A2 Notes	LIBOR + 0.29%	LIBOR + 0.58%	102,500,000
A3 Notes	LIBOR + 0.35%	LIBOR + 0.7%	26,022,434
	<u>until the interest payment falling due within 2033</u>		
A1 Notes	LIBOR + 0.15%		188,676,321
A2 Notes	LIBOR + 0.25%		229,500,000
A3 Notes	LIBOR + 0.3%		315,000,000
A4 Notes	LIBOR + 0.34%		93,914,722

FINANCIAL RISKS AND INSTRUMENTS

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.

Liquidity risk

Where appropriate, the group's policy is to manage liquidity risk through its use of its start up loan and excess spread and a reserve fund. When securitisation is effected, the length of the loan notes is designed to match the length of the mortgages and there is deemed to be no further liquidity risks facing the group. Liquidity risk in all other circumstances is covered by funding arrangements in place with other GM and GMAC companies and other external providers.

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 company'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 within the funding structure.

Currency Risk

Foreign currency risk arises from movements in currency rates applicable to the group's borrowings denominated in currencies other than sterling. Foreign currency swaps are used to hedge the risk on these exposures.

Hedging

It is the company's policy to directly manage the liquidity, interest rate and currency risks via primary financial instruments as described above to hedge its positions and not to make use of derivative financial instruments, except for foreign currency swaps. These swaps are valued at cost, consistent with the basis applied to the underlying transactions.

As permitted by FRS 13, the company has opted to exclude short term debtors and creditors from this disclosure.

	2001			2000		
	Floating rate not more than three months £	Fixed rate £	Non-interest bearing £	Floating rate not more than three months £	Fixed rate £	Non-interest bearing £
Assets						
Mortgage loans	1,975,045,888	199,798,020	-	834,204,251	118,593,091	-
Cash at bank and in hand	29,329,618	-	45,773,635	21,282,132	-	10,557,992
	<u>2,004,375,506</u>	<u>199,798,020</u>	<u>45,773,635</u>	<u>855,486,383</u>	<u>118,593,091</u>	<u>10,557,992</u>
Liabilities						
Mortgage backed loan notes	<u>1,517,538,597</u>	-	-	<u>715,008,334</u>	-	-

Interest bearing cash at bank and in hand, which is offset by short terms loans bearing the same rate of interest (included in short term creditors) is shown as non-interest bearing cash at bank and in hand to reflect the net position to the group.

	2001	2000
Weighted average interest rate of fixed interest rate loans	6.02	8.22
Weighted average fixed interest rate period remaining on fixed interest rate loans	18 months	7 months

There are no material differences between the fair value of the financial assets and liabilities and their book value.

16 CALLED UP SHARE CAPITAL

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Authorised				
20,000,000 ordinary shares of £1 each (2000: 20,000,000)	20,000,000	20,000,000	20,000,000	20,000,000
Allotted, called up and fully paid				
18,000,000 ordinary shares of £1 each (2000: 18,000,000)	18,000,000	18,000,000	18,000,000	18,000,000

17 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
At 1 January	(14,784,414)	(5,864,126)	(669,186)	(95,828)
Profit / (loss) for the financial year	14,280,040	(8,920,288)	(1,550,563)	(573,358)
Adjustment for share capital of quasi-subidiaries	25,004	-	-	-
At 31 December	(479,370)	(14,784,414)	(2,219,749)	(669,186)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Shareholder's funds at 1 January	3,215,586	12,135,874	17,330,814	17,904,172
Profit / (loss) for the financial year	14,280,040	(8,920,288)	(1,550,563)	(573,358)
Adjustment for share capital of quasi-subidiaries	25,004	-	-	-
Shareholder's funds at 31 December	17,520,630	3,215,586	15,780,251	17,330,814

19 CAPITAL COMMITMENTS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Capital commitments are as follows:				
Capital expenditure that has been authorised and contracted for, which has not been provided for in the accounts	-	37,264	-	-

20 FINANCIAL COMMITMENTS

At 31 December 2001, the group had annual commitments under non-cancellable operating leases which expire as follows:

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Land and buildings				
- after five years	1,812,614	1,812,614	-	-
	<u>1,812,614</u>	<u>1,812,614</u>	<u>-</u>	<u>-</u>
Other				
- between two and five years inclusive	49,173	134,140	-	-
	<u>49,173</u>	<u>134,140</u>	<u>-</u>	<u>-</u>

21 RELATED PARTY TRANSACTIONS

The directors regard General Motors Corporation, a company incorporated in Delaware U.S.A, as the ultimate controlling party. Therefore the company has applied the exemption within Financial Reporting Standard 8 which permits the non-disclosure of transactions and balances with related parties which are included in the consolidated financial statements of General Motors Corporation.

There are no other related party transactions requiring disclosure in the accounts of the company.

22 IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The directors regard Residential Funding Corporation, a company incorporated in Delaware U.S.A. as the immediate parent undertaking. The company regarded by the directors as the ultimate parent undertaking is General Motors Corporation, which is incorporated in Delaware, U.S.A.. General Motors Corporation is also the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and which the company is a member.

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

23 POST BALANCE SHEET EVENTS

GMAC-RFC Limited completed securitisations in March, 2002 and July, 2002 with mortgage backed securities issues totalling £625 million and £525 million respectively.