

NORLAND DACS 22 LIMITED

Annual Report and Financial Statements

30 November 2005



ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J N Maltby
A S Tomsett
S J Colsell
D A Wheeler (Alternate director)
M Wilten (Alternate director)
Capita Trust Corporate Services Limited
Capita Trust Corporate Limited

SECRETARY

Kensington Secretaries Limited

REGISTERED OFFICE

1 Sheldon Square
London
W2 6PU

BANKERS

Barclays Bank PLC
London Corporate Banking Centre
54 Lombard Street
London
EC3P 3AH

SOLICITORS

Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 6 April 2005 to 30 November 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company has been dormant throughout the period. The directors expect the Company to commence trading in the foreseeable future.

The principal activity of the Company will be the holding of assets created from the securitisation of mortgage loans secured by first charges over residential properties within the United Kingdom.

CHANGE OF NAME

The company was incorporated on 6 April 2005 as Start Securitisation Holdings Limited and subsequently changed its name to Norland DACS 22 Limited on 2 November 2005.

RESULTS AND DIVIDENDS

The company has not traded in the period.

DIRECTORS

The directors since who served during the period as noted below were:

J N Maltby (Appointed 6 April 2005)

A S Tomsett (Appointed 6 April 2005)

S J Colsell (Appointed 6 April 2005)

D A Wheeler (Appointed 6 July 2006)

M Wilten (Appointed 6 July 2006)

Capita Trust Corporate Services Limited (Appointed 11 May 2006)

Capita Trust Corporate Limited (Appointed 11 May 2006)

S J Colsell and 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, D A Wheeler and M Wilten held the following share options in Kensington Group plc (Ordinary shares of 10p each).

A S Tomsett Number of options	M Wilten Number of options	D A Wheeler Number of options	Issue date	Date from which exercisable	Expiry date	Option price
-	-	4,760	6 July 2001	6 July 2004	5 July 2011	£2.10
102,531	-	-	23 January 2003	23 January 2006	22 January 2013	£1.58
39,104	-	-	29 January 2004	29 January 2007	28 January 2014	£4.43
-	-	10,800	29 January 2004	29 January 2007	28 January 2014	£4.245
-	147,275	-	30 November 2004	30 November 2007	30 November 2014	£4.074
-	-	5,255	3 February 2005	3 February 2008	3 February 2015	£5.325
37,704	-	-	11 March 2005	30 November 2007	31 January 2008	£nil
-	-	3,804	8 February 2006	8 February 2009	8 February 2016	£10.71
SAYE						
7,440	-	-	21 February 2003	1 April 2006	30 September 2006	£1.27
PSIP						
-	8,222	-	23 February 2006	30 November 2008	31 January 2009	£nil

DIRECTORS' REPORT (Continued)

A S Tomsett currently holds 5,361 shares in Kensington Group plc but does not have any interests in any other group companies. M Wilten currently holds 1,000 shares in Kensington Group but does not have any interests in any other group companies.

None of the directors had any interests 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 has not been stated as the directors do not consider this measure appropriate to the business.

AUDITORS

Deloitte & Touche LLP were appointed the first auditors of the Company in the period. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

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



A S Tomsett

Director

8 August 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company 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 Company to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORLAND DACS 22 LIMITED

We have audited the financial statements of Norland DACS 22 Limited for the period from 6 April 2005 to 30 November 2005 which comprise the balance sheet and the related notes 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2005 and of its result for the period from 6 April 2005 to 30 November 2005 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

Date: *8 Aug '06*

BALANCE SHEET
As at 30 November 2005

	Notes	2005 £
ASSETS		
CURRENT ASSETS		
Debtors	3	<u>1</u>
LIABILITIES		
EQUITY SHAREHOLDERS' FUNDS		
Called up share capital	4	<u>1</u>

These financial statements were approved by the Board of Directors on 8 August 2006

Signed on behalf of the Board of Directors



S J Colsell

Director

NOTES TO THE ACCOUNTS
For the period ended 30 November 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. *The particular accounting policies adopted are described below.*

Accounting convention

The financial statements are prepared under the historical cost convention.

Linked presentation

The Company has sold as part of a securitisation transaction, certain mortgage loans to a Special Purpose Vehicle ("SPV Company") on a non-recourse basis. The amount of these loans is disclosed on the face of the balance sheet, with the non-recourse finance raised deducted from them.

Deferred profit on sale of mortgages

A cash premium on sale was received when the mortgage loans were sold to the SPV Company. As part of the securitisation transaction, any proceeds in excess of the carrying value of the mortgages sold were automatically reinvested in the securitisation assets described below. Consequently, under FRS 5, no immediate profit on the sale of the mortgages was recognised. This profit has been deferred and will be released to the profit and loss account in line with the amortisation of the securitisation assets.

Securitisation assets

Securitisation assets comprise investments in the following assets which have been issued by the SPV Company:

- Detachable 'A' Coupons (otherwise known as "DACs" or "IOs") representing an entitlement to receive fixed rate, interest only income, determined by reference to the outstanding principal amount of Class A Floating Rate Mortgage Backed Notes issued by the SPV Company;
- Mortgage Early Redemption Certificates (otherwise known as "MERCs"), representing an entitlement to the early redemption charges made to borrowers redeeming their mortgages within a predetermined period in the SPV Company; and
- Residual Certificates (otherwise known as "RCs") which provide an entitlement to surplus income generated by the SPV Company after all other obligations have been met under their respective Deeds of Charge.

DACs and MERCs are recorded at their historical cost of acquisition and are being amortised over the period during which income is expected to be generated from them based on repayment curves. The length of this period is dependent upon the rate of prepayment of the related mortgage portfolio.

RC's are attributed only a nominal value as the income arises from these certificates is more uncertain and dependant upon future performance. The Company accrues for the surplus income generated by the SPV Company and discloses it as "Accrued profits due from SPV Company" within debtors.

Annual impairment reviews are carried out on the securitisation assets and any impairment identified will be taken to the profit and loss account.

NOTES TO THE ACCOUNTS
For the period ended 30 November 2005

1. ACCOUNTING POLICIES (Continued)

Class 'C' Floating Rate Notes

The Company holds Class 'C' Floating Rate Notes. These were also issued by the SPV Company. They are to cover start up costs, initial cash reserves and certain collateral of the SPV. These are repaid over time by the SPV where it has sufficient cash available to do so. Annual impairment reviews are carried out on these notes and any impairment identified is taken to the profit and loss account.

Income from securitisation assets

Turnover comprises investment income from securitisation assets. Interest from DACs and C Notes is recognised on an accruals basis. Income from MERCs and RCs is recognised as earned. As described above, the carrying value of the corresponding securitisation asset is amortised accordingly. The accounting treatment for the profit on the sale of mortgage assets is described above. All turnover is earned in the UK.

Due to the fact that the nature of the business is to earn income from holding certain loan notes issued by the SPV company, the directors are of the opinion that it is more appropriate to use Income from securitisation assets rather than Turnover in presenting the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which 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 the rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The Company is a wholly owned subsidiary of Kensington Group plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised), Cash Flow Statements and not published its own cash flow statement.

Consolidation

The Company is a wholly owned subsidiary of Kensington Group plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 21(b) of Financial Reporting Standard 2, Accounting for Subsidiary Undertakings and not prepared consolidated accounts.

Related party transactions

The Company has taken advantage of the exemption paragraph 3c allowed to subsidiary companies under Financial Reporting Standard 8 - Related Party Transactions, and therefore transactions with other group companies are not disclosed separately.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees. The directors received no remuneration from the Company in the period to 30 November 2005.

NOTES TO THE ACCOUNTS
For the period ended 30 November 2005

3. DEBTORS

	2005 £
Amounts falling due within one year	
Called up share capital	1

4. CALLED UP SHARE CAPITAL

	2005 £
Authorised:	
100 Ordinary shares of £1 each	100
Called up, allotted and unpaid:	
1 Ordinary share of £1	1

5. PROFIT AND LOSS ACCOUNT

The company has not traded since incorporation and therefore no profit and loss account has been prepared. There were no other recognised gains or losses during the period.

6. ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company and controlling party is Kensington Group plc, a company incorporated in Great Britain and registered in England and Wales, and listed on the London Stock Exchange. Kensington Group plc is the only group into which the Company's results are consolidated. Copies of Kensington Group plc's consolidated financial statements are available from that company's registered office at 1 Sheldon Square, London, W2 6PU.