NORLAND DACS 22 Limited

Report and Financial Statements

31 March 2012

Company Registration No 05416288

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors
D Lloyd
K McKenna
K Street

Secretary
S Pindoria
2 Gresham Street
London
EC2V 7QP

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1 More London Place
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SE1 2AF

Bankers
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DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

Norland DACS 22 Limited (the "Company") is a wholly owned subsidiary of Kensington Group plc ("Kensington") The Company operates as part of the group of companies owned by Kensington ("Group") The Company's principal activity is the acquisition of financial investments ("FIs") in the residential mortgage-backed securitisation transaction, Residential Mortgage Securities 22 Plc ("SPV"), conducted by the Group The securitisations are backed by mortgage loans originated by companies within the Group

Kensington Group plc is a subsidiary of Investec plc (the "ultimate parent company")

The Profit and Loss result on page 8 of the financial statements shows the Company's financial position at the year end

Kensington manages its operations on a group-wide basis and therefore the Company's Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the Group's mortgage lending activities, which included the Company, is discussed in the Investec plc annual report which does not form part of this report The Directors do not recommend the payment of a dividend for the period (2011 £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

Group wide risks are discussed in the Investec plc annual report which does not form part of this report Risks specific to the Company's activities are associated with its financial instruments and are market, credit and liquidity risks

Financial instruments

The Company's financial instruments comprise of mortgage assets, FIs and amounts due to or from other Group companies The Company itself does not enter into derivative transactions and neither does it trade in financial instruments However, the Company is affected by the derivative contracts entered into by the SPV to hedge interest rate and currency risk insofar as they affect the SPV's resources available to make payments in respect of the FIs

Market risks

Market risks specific to the Company's investment activities in the SPV are interest rate risk and foreign currency risk The SPV enters into derivative contracts to manage the difference between the interest rates applicable to the notes and the interest rates of the mortgage loans Although the Company is not directly affected by foreign currency risk, the SPV has issued floating rate notes denominated in currencies other than Sterling which are secured on mortgage loans denominated in Sterling To mitigate the SPV's foreign currency risk, the SPV has entered into cross currency swaps and the derivative instruments used match the maturity of the foreign currency notes

Credit risk

The Company is exposed to the credit risk relating to the underlying mortgage loans which form part of the securitisation on which the FIs are secured, as payments in respect of the FIs are dependent upon the performance of the mortgage loans The ongoing credit risk of the mortgage portfolio (and particularly in respect of accounts in arrears) is closely monitored by the Directors

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DIRECTORS' REPORT (continued)

Credit risk (continued)

The level of arrears in the underlying mortgage portfolio has largely stabilised, which is consistent with the gradual easing in the severe market conditions experienced in the past few years in the UK mortgage market This performance is being closely monitored and any relevant corrective action will be taken as appropriate Arrears management and recovery processes have been maintained during the year to attempt to minimise the impact of market conditions on the business The Directors expect the pressures on the performance of the portfolio to persist for the foreseeable future

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they fall due under normal circumstances The payments received from the SPV in respect of the FIs will be used to repay the inter-group loan as and when they were received which reduces the liquidity risk In addition, liquidity is managed centrally by Group through other intra-group short term funding arrangements

CONTINGENT LIABILITY

Upon each loan sale, the Company issues a warranty that all mortgages being sold are compliant with various representations made in the mortgage sale agreement contained in the Offer Circular These representations are made in respect of specific characteristics of the loans being sold such as the level of arrears existing at sale, the ratio of loan to property value and a description of the type of property acting as security for the loans In the event of any mortgages being included in the loan sale that do not meet the criteria specified in the representation made in the mortgage sale agreement contained in the Offer Circular the Company is required to repurchase at par value those mortgages that do not meet the criteria The Directors are not aware of any such loans existing at the balance sheet date

GOING CONCERN

On the basis of current financial projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of this report In this regard, the Directors have considered the performance of its financial investments relative to the current and expected future performance of underlying mortgage assets held by the SPV Accordingly, the Directors believe it appropriate to prepare the financial statements on a going concern basis

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Directors confirm that there are no significant events occurring after the balance sheet date, up to the date of this report, which would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 March 2012

CORPORATE SOCIAL RESPONSIBILITY

The Company operates in accordance with the Group policies described in the Investec plc annual report which does not form part of this report

EMPLOYEES

The Company does not have any employees All the operations associated with the Company's activities are carried out by the employees of an affiliated company, Investec Bank plc

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DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as noted below, are as follows

D Lloyd	
K McKenna	Appointed 3 May 2011
N J Ralph	Resigned 3 May 2011
A Salter	Resigned 3 May 2011
K Street	Appointed 5 December 2011
A Patel	Resigned 5 December 2011

None of the above mentioned directors are directors of the ultimate parent company

DIRECTORS' INDEMNITY AND DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The Company maintains a Directors' and Officers' Liability Insurance policy In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liabilities incurred as a result of their office, to the extent permitted by law Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors However, costs may be advanced to Directors for their defence in investigations or legal actions

COMPANY SECRETARY

Shilla Pindoria continued to act as Company Secretary for the year ended 31 March 2012

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

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

APPOINTMENT OF AUDITORS

The Company has elected not to make annual appointments of auditors Accordingly Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006

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

SPindoria

S Pindoria

Company Secretary

Date 04/12/2012

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

We have audited the financial statements of Norland DACS 22 Limited for the year ended 31 March 2012 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Angus Grant (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 5 DECEMBER 2012

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PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2012

	Notes	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
INCOME FROM SECURITISATION ASSETS	2	5,938	6,646
NET INCOME FROM INVESTMENT ACTIVITIES		5,938	6,646
Operating expenses		(4,397)	(4,785)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,541	1,861
Taxation	5	(1,541)	(1,614)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11,12	-	247

The result in the current year and in the prior year was derived from continuing operations

The notes on pages 10 to 19 form an integral part of these financial statements

There were no recognised gains or losses during the current year or prior year other than the profit disclosed above Accordingly no statement of recognised gains and losses has been prepared A reconciliation of the movements in equity shareholders' funds has been prepared in note 12 to the financial statements

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BALANCE SHEET
at 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
NON-CURRENT ASSETS			
Mortgage loans and other assets	6	362,083	391,238
Less Non-recourse finance and other liabilities	6	(362,083)	(386,351)
Investments	7	-	4,887
CURRENT ASSETS			
Debtors Amounts falling due within one year	8	39,443	68,157
TOTAL ASSETS		39,443	73,044
LIABILITIES			
Creditors Amounts falling due within one year	9	38,986	72,587
TOTAL LIABILITIES		38,986	72,587
NET ASSETS		457	457
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	457	457
SHAREHOLDERS' FUNDS	12	457	457

The notes on pages 10 to 19 form an integral part of these financial statements

These financial statements were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

D Lloyd (Director)

03/12/2012

Date

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and under the historical cost convention The financial statements have been prepared on a going concern basis

Income from securitisation assets
Income from securitisation assets comprises

- Interest from Detachable 'A' Coupons ("DAC's") and C Notes which is recognised on an accruals basis
- Income from Mortgage Early Redemption Certificates ("MERC's") and Residual Certificates (deferred consideration) which is recognised as received

The accounting treatment for the profit on the sale of mortgage assets is described below ("Deferred profit on sale of mortgages")

All income is earned in the UK

Due to the fact that the nature of the business is to earn income from holding certain investments in Residential Mortgage Securities 22 Plc (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

For definitions of the securitised assets see "Securitised Assets" below

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 profit on sale of mortgages
A premium 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 (Detachable 'A' Coupons) 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 expected lives of the securitisation assets

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NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

1 ACCOUNTING POLICIES (CONTINUED)

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 In accordance with the requirements of Financial Reporting Standard ("FRS") 5 "Reporting the Substance of Transactions", these amounts cannot be derecognised and have been disclosed on the face of the balance sheet less any non-recourse finance, using the linked presentation basis The SPV accounting policy is summarised below

Mortgage loans
The Company has sold, to enable a securitisation, certain mortgages to the SPV on a non-recourse basis However, the Company has retained significant risk and rewards associated with these mortgages through the acquisition of financial investments in the SPV made as part of the securitisation Therefore, in accordance with the requirements of FRS 5, these amounts cannot be derecognised and have been disclosed on the face of the balance sheet less any non-recourse finance, using linked presentation

Mortgage loans are carried at amortised cost using the effective interest rate method, less provision made to reduce the value of impaired loans to their estimated recoverable amount Provisions are made against mortgages when, in the opinion of the Directors, objective evidence of a loss event exists

Impairment of mortgage loans
The Company assesses at each balance sheet date whether there is evidence that a mortgage loan or a portfolio of mortgage loans is impaired Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event'), and that loss event or events has had an impact on the estimated future cash flows of the mortgage loans or the portfolio that can be reliably estimated

The Company first assesses whether objective evidence of impairment exists individually for mortgage loans that are individually significant and individually or collectively for mortgage loans that are not individually significant If the Company determines that no objective evidence of impairment exists for an individually assessed mortgage loan, whether significant or not, it includes the asset in a group of mortgage loans with similar credit risk characteristics and collectively assesses them for impairment Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment

For the purposes of a collective evaluation of impairment, mortgage loans are grouped on the basis of similar risk characteristics, taking into account asset type, borrower, geographical location, collateral type, past-due status and other relevant factors These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate The amount of the loss is recognised in the Profit and Loss account

Future cash flows in a group of mortgage loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist

Any impairment in the underlying mortgage assets will be reflected in the Company's accounts by adjusting the carring value of the loan to originator

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

1. ACCOUNTING POLICIES (CONTINUED)

Investment - Securıtısatıon assets
Securıtısatıon assets comprıse of ınvestments ın the followıng assets which have been ıssued by the SPV Company

- Detachable 'A' Coupons (otherwise known as "DAC's" or "IO's") representıng an entıtlement to receıve fıxed rate, ınterest only ıncome, determıned by reference to the outstandıng prıncıpal amount of Class A Floatıng Rate Mortgage Backed Notes ıssued by the SPV Company,
- Mortgage Early Redemptıon Certıfıcates (otherwıse known as "MERC's"), representıng an entıtlement to the early redemptıon charges made from borrowers redeemıng theır mortgages wıthın a predetermıned perıod ın the SPV Company, and
- Resıdual Certıfıcates (otherwıse known as deferred consıderatıon) whıch provıde an entıtlement to surplus ıncome generated by the SPV Company after all other oblıgatıons have been met under theır respectıve Deeds of Charge

DAC's are recorded at cost and amortısed over the perıod durıng whıch ıncome ıs expected to be generated from them based on repayment curves at the date of ıssue The length of thıs perıod ıs dependent upon the expected rate of prepayment of the related mortgage portfolıo at the date of ıssue

No cost was attrıbuted to the MERC's The redemptıon ıncome was credıted to the Profıt and Loss Account on a receıved basıs At thıs stage ın the SPV Company's lıfe, all mortgages have moved outsıde of the early redemptıon charges perıod

No cost ıs attrıbuted to the deferred consıderatıon as the ıncome that arıses from these certıfıcates ıs more uncertaın and dependent upon future performance of the SPV Company The Company accrues for the surplus ıncome generated by the SPV Company to the extent the performance of the sold mortgages wıll result ın surplus cash beıng avaılable ın the SPV to settle these amounts These amounts are dısclosed as accrued deferred consıderatıon

Annual ımpaırment revıews are carrıed out on securıtısatıon assets and any ımpaırment ıdentıfıed ıs taken to the Profıt and Loss Account

Investment - Class 'C' Floatıng Rate Notes
The Company holds Class 'C' Floatıng Rate Notes These were also ıssued by the SPV Company and are carrıed at amortısed cost less amounts determıned to be ımpaıred, ıf any These are repaıd over tıme by the SPV where ıt has suffıcıent cash avaılable to do so Annual ımpaırment revıews are carrıed out on these notes and any ımpaırment ıdentıfıed ıs taken to the Profıt and Loss Account

Derıvatıve fınancıal ınstruments
The Company has sold, as part of a securıtısatıon transactıon, certaın mortgages to the SPV on a non-recourse basıs The SPV uses derıvatıve fınancıal ınstruments to hedge ıts exposure to ınterest rate rısk and currency rısk arısıng from these purchased mortgages and loan notes ıssued In accordance wıth FRS 5, these amounts cannot be derecognısed and have been dısclosed on the face of the balance sheet usıng lınked presentatıon

The SPV does not hold or ıssue derıvatıve fınancıal ınstruments for tradıng purposes None of the derıvatıves held by the SPV qualıfy for hedge accountıng

The SPV has adopted FRS 26 and therefore derıvatıves are measured at faır value and any gaıns or losses arısıng are recognısed ımmedıately ın the Profıt and Loss Account FRS 26 ıs not mandatory to the Company

Fınancıal lıabılıtıes and equıty
Fınancıal lıabılıtıes and equıty ınstruments are classıfıed accordıng to the substance of the contractual arrangements entered ınto An equıty ınstrument ıs any contract that evıdences a resıdual ınterest ın the assets of the company after deductıng all of ıts lıabılıtıes

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

1 ACCOUNTING POLICIES (CONTINUED)

Related party transactions
The Company has taken advantage of the exemption allowed under FRS 8 - Related Party Transactions paragraph 3(c), and therefore transactions with other wholly owned group companies are not disclosed separately

Cash flow statement
Under FRS 1 (Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the results of the Company in its own consolidated financial statements

Accrued deferred consideration
Accrued deferred consideration receivable represents further amounts receivable relating to the sale of mortgages to the SPV A recievable is recorded for deferred consideration within the financial statements as amounts are expected to become receivable as a result of the performance of the acquired mortgages in the SPV

Accrued deferred consideration payable represents income generated by the securitisation assets held by the Company and payable to other Group entities which originated the mortgages now held by the SPV This balance is treated as an intercompany and is expected to become payable as a result of the performance of the sold mortgages and to the extent that surplus cash is available

In the event the Company makes a loss in the current year, losses are still passed to Group entities to the extent these entities still have recognised assets on the balance sheet from prior years' profits passed by the Company

2. INCOME FROM SECURITISATION ASSETS

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
A coupon interest	1,596	2,930
Early redemption charges	14	15
Interest on 'C' Floating Rate Notes	-	47
Deferred consideration receivable from SPV	4,228	3,539
Amortisation of securitisation assets	(4,881)	(712)
Release of profit on sale of mortgages	4,881	712
Other income	100	115
	5,938	6,646

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following within operating expenses	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Auditors' remuneration - for audit services*	9	10
Deferred consideration payable to group companies	4,388	4,783

In the prior year the auditors' remuneration was borne by an affiliated company, Kensington Mortgages Limited

*Statutory information on remuneration for other services provided by the Company's auditors to the Investec group is given in the statutory accounts of Investec plc, which is the largest group into which the results of this Company are consolidated There are no non audit services related to this company

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2011 none) The Directors remuneration for the year was £15,000 (2011 £10,000) The Directors remuneration is paid by an affiliated company Investec Bank plc

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the tax charge for the year

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Current tax		
UK corporation tax expense in the Profit and Loss Account	1,541	1,614

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the year

	31 March 2012 £'000	31 March 2011 £'000
Profit on ordinary activities before tax	1,541	1,861
Tax on ordinary activities at standard UK corporation tax rate of 26% (2011 28%)	401	521
Expenditure not deductible for tax purposes	1,140	1,339
UK-UK transfer pricing adjustment	-	(246)
Current tax charge for the year	1,541	1,614

6. MORTGAGE LOANS AND OTHER ASSETS

Norland DACS 22 Limited has sold, to enable a securitisation transaction, mortgage loans to a SPV Company Norland DACS 22 Limited is not obliged to support any losses of the SPV Company and does not intend to do so The terms and conditions of the securitisation provide that holders of the notes issued by the SPV Company will receive interest and repayment of principal only to the extent that sufficient funds are generated by the mortgage portfolios acquired by the SPV Company Note holders have no recourse to Norland DACS 22 Limited in any form

The priority and amount of claims on the proceeds generated by the assets are determined in accordance with a strict priority of payments Norland DACS 22 Limited is entitled to further residual income depending on the performance of the SPV Company, although the proceeds already received by Norland DACS 22 Limited from the sale of the mortgage loans are non-returnable Norland DACS 22 Limited has an option to sell further mortgages to the same SPV Company over a fixed period of time

Balance sheet treatment
In accordance with the requirements of FRS 5, the mortgage loans sold to the SPV Company and the associated non-recourse finance are included on the face of the balance sheet using linked presentation

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NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

6 MORTGAGE LOANS AND OTHER ASSETS (CONTINUED)

The summarised balance sheet of the SPV Company excluding the C Notes and A Coupons held by the Company is as follows

	31 March 2012 £'000	31 March 2011 £'000
Loans to originator	308,871	346,031
Debtors	226	2,845
Derivative financial instruments	16,089	24,777
Cash	36,897	17,585
Total assets	**362,083**	**391,238**
Creditors	56,424	43,454
Mortgage backed floating rate notes	305,606	342,763
Derivative financial instruments	40	121
Shareholders' funds	13	13
Total liabilities and equity	**362,083**	**386,351**
	-	**4,887**
C note principal not held by DACS	-	-
DACS Investment in SPV company	**-**	**4,887**

The profit and loss account of the SPV Company is as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Interest receivable	9,962	14,961
Interest payable	(1,189)	(6,524)
Net interest income	8,773	8,437
Net fair value loss on derivatives	(8,608)	(3,540)
Unrealised exchange gain on restatement of loan liabilities	7,952	3,598
Other operating income	243	142
Total operating income	8,360	8,637
Operating expenses	(8,360)	(8,637)
Profit / (Loss) on ordinary activities before taxation	-	-
Tax on profit / (loss) on ordinary activities	-	-
Profit / (Loss) on ordinary activities after taxation	-	-

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

7 INVESTMENTS

	Assets Detachable 'A' Coupons £'000	Class 'C' Floating Notes £'000	Total £'000
Cost			
At 1 April 2011	14,800	6	14,806
Repayments in the year	-	(6)	(6)
At 31 March 2012	14,800	-	14,800
Amortisation			
At 1 April 2011	9,919	-	9,919
Amortisation in the year	4,881	-	4,881
At 31 March 2012	14,800	-	14,800
Net book value at 31 March 2012	-	-	-
Net book value at 31 March 2011	4,881	6	4,887

The unamortised Detachable A Coupon was released in the current year in order to align the A Coupon amortisation with the expiry of the A Coupon instrument

8 DEBTORS

	31 March 2012 £'000	31 March 2011 £'000
Amounts falling due within one year		
Prepayments and accrued income	-	353
Accrued deferred consideration	37,182	39,057
Amounts due from group companies	2,261	28,747
	39,443	68,157

Whilst accrued deferred consideration from the SPV company is deemed to be repayable on demand, based on the liquidity position of the SPV company at the balance sheet date, there is a likelihood that these amounts will be settled after one year from the balance sheet date

The Directors have assessed the value of the deferred consideration receivable and have determined that the full £37,182,000 is recoverable

Amounts due from group companies are interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

9 CREDITORS

	31 March 2012 £'000	31 March 2011 £'000
Amounts falling due within one year		
Amounts due to group companies	94	2,618
Accruals and deferred income	9	4,892
Accrued deferred consideration	31,513	45,358
Group relief payable to group companies	7,370	19,719
	38,986	72,587

Whilst accrued deferred consideration to the funding companies is deemed to be payable on demand, based on the liquidity position of the DACS at the balance sheet date, there is a likelihood that these amounts will be settled after one year from the balance sheet date

Amounts due to group companies are interest free and repayable on demand

Within accruals and deferred income is the deferred profit on the sale of mortgages The amortisation of this has been adjusted during the period to match the treatment of the A Coupon, as referred to in note 7

10 CALLED UP SHARE CAPITAL

	31 March 2012 £	31 March 2011 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and paid		
1 Ordinary share of £1	1	1

11 PROFIT AND LOSS ACCOUNT

	31 March 2012 £'000	31 March 2011 £'000
Balance at the beginning of the year	457	210
Profit for the year	-	247
Balance at end of the year	457	457

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2012

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2012 £'000	31 March 2011 £'000
Opening shareholders' funds	457	210
Profit for the year	-	247
Closing shareholders' funds	457	457

13. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Kensington Group Plc, a company registered in England and Wales The ultimate parent company and controlling party is Investec plc, a company registered in England and Wales Investec plc is the only group into which the Company's results are consolidated Copies of the Investec plc consolidated financial statements are available to the public from that company's registered office at 2 Gresham Street, London, EC2V 7QP