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Company Registration No. FC 024206

NORLAND DACS 13 LIMITED

Annual Report and Financial Statements

For the year ended 30 November 2005



ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J N Maltby
S J Colsell
A S Tomsett
A W Gower
Capita Trust Company Limited

SECRETARY

Ogier Corporate Services Limited

REGISTERED OFFICE

Whiteley Chambers
Don Street
St Helier
JE4 9WG
Jersey

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 year ended 30 November 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The directors are satisfied with the current trading and consider the future prospects of the Company to be satisfactory.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6. The profit after tax of £224,000 has been transferred to reserves (2004: £154,000). No dividend is proposed (2004: £nil).

DIRECTORS

The directors who served during the financial year except as noted below were:

J N Maltby

S J Colsell

A S Tomsett

A W Gower (Appointed on 25 January 2005)

Capita Trust Company Limited (Appointed on 25 January 2005)

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 held the following share options in Kensington Group plc (ordinary shares of 10p each).

Amount of shares	Issue date	Date from which exercisable	Expiry date	Option price
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
37,704	11 March 2005	30 November 2007	31 January 2008	£nil
SAYE				
7,440	21 February 2003	1 April 2006	30 September 2006	£1.27

A S Tomsett currently holds 5,361 shares in Kensington Group plc but does not have any interest in any other group companies.

None of the other directors had any interests either during or at the end of the period in any material contract or arrangement with the Company.

DIRECTORS' REPORT (continued)

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

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

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

A handwritten signature in black ink, appearing to be 'A S Tomsett', with a long horizontal stroke extending to the right.

A S Tomsett

Director

27 July 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 13 LIMITED

We have audited the financial statements of Norland DACS 13 Limited for the year ended 30 November 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 profit for the year then ended 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: 24 July '06

PROFIT AND LOSS ACCOUNT
For the year ended 30 November 2005

	Note	2005 £000	2004 £000
INCOME FROM SECURITISATION ASSETS	2	3,578	7,292
Interest payable on secured loan facilities	3	(568)	(1,037)
NET INCOME FROM INVESTMENT ACTIVITIES		3,010	6,255
Operating expenses		(199)	(65)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,811	6,190
Tax on profit on ordinary activities	6	(2,587)	(6,036)
PROFIT AFTER TAX AND RETAINED PROFIT FOR THE FINANCIAL YEAR	11, 12	224	154

All material activities derive from continuing operations in the current year.

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

The notes on pages 8 to 16 form an integral part of the accounts.

BALANCE SHEET
As at 30 November 2005

	Note	£'000	2005 £'000	2004 £'000
ASSETS				
FIXED ASSETS				
Mortgage loans - securitised balances	7	155,693	274,519	
- less non recourse finance	7	(155,693)	(274,519)	
			-	-
Investments	8		16,327	20,410
CURRENT ASSETS				
Debtors	9		11,161	8,893
Cash			38	-
			27,526	29,303
LIABILITIES				
EQUITY SHAREHOLDERS' FUNDS				
Called up share capital	10		-	-
Profit and loss account	11		634	410
	12		634	410
CREDITORS				
Amounts falling due within one year	13		26,892	28,893
Amounts falling due after more than one year	13		-	-
			27,526	29,303

These financial statements were approved by the Board of Directors on **27** July 2006

Signed on behalf of the Board of Directors



S J Colsell
 Director

NOTES TO THE ACCOUNTS
For the year 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 "DAC's" or "IO's") 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 "MERC's"), 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 "RC's") 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.

DAC's and MERC's 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.

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

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.

NOTES TO THE ACCOUNTS

For the year ended 30 November 2005

1. ACCOUNTING POLICIES (continued)

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

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

2. INCOME FROM SECURITISATION ASSETS

	2005	2004
	£000	£000
Income from securitisation assets	2,531	6,177
Amortisation of securitisation assets	(3,647)	(5,636)
Release of profit on sale of mortgages	3,647	5,636
Interest on 'C' Floating Rate Notes	965	964
Other fees	82	151
	<u>3,578</u>	<u>7,292</u>

3. INTEREST PAYABLE ON SECURED LOAN FACILITIES

	2005	2004
	£000	£000
On loans repayable after five years		
Bank loans	<u>568</u>	<u>1,037</u>

4. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	£000	£000
Operating profit and profit on ordinary activities before taxation is after charging:		
Amortisation of securitisation assets	3,647	5,636
Management charges	<u>35</u>	<u>-</u>

The auditors' remuneration was borne by another group company in the current and prior year.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2004: nil). The directors received no remuneration from the Company in the current year (2004: £nil).

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the tax charge in the year

	2005	2004
	£000	£000
Current tax		
Corporation tax at 30% based on the profit for the year	2,587	6,036

Factors affecting the tax charge for the year

	2005	2004
	£000	£000
Profit on ordinary activities before tax	2,811	6,190
Expected charge at 30%	843	1,857
Expenditure not deductible for tax purposes	1,744	4,179
Current tax charge for the year	2,587	6,036

7. MORTGAGE LOANS - SECURITISED BALANCES AND NON-RECOURSE FINANCE

Norland DACS 13 Limited has sold, through a securitisation transaction, mortgage loans to an SPV Company - a quasi subsidiary which is ultimately beneficially owned by charitable trust. Norland DACS 13 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 13 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 13 Limited is entitled to further residual income depending on the performance of the SPV Company, although the proceeds already received by Norland DACS 13 Limited from the sale of the mortgage loans are non-returnable. Norland DACS 13 Limited has an option to sell further mortgages to the same SPV Company over a fixed period of time.

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

7. MORTGAGE LOANS - SECURITISED BALANCES AND NON RECOURSE FINANCE
(continued)

Norland DACS 13 Limited has also raised additional finance in relation to securitisation transactions through bank loans to purchase C Notes issued by the SPV Company. The terms and conditions of the financing provide that the lender will receive interest and principal only to the extent that there are sufficient funds generated by the investments held by Norland DACS 13 Limited in the SPV Company. The lender has no recourse to Norland DACS 13 Limited in any form.

Balance sheet treatment

In accordance with the requirements of Financial Reporting Standard 5 "Reporting the substance of transactions", the mortgage loans securitised to the SPV Company and the associated non-recourse finance are included on the face of the balance sheet using linked presentation.

The amount included in securitised balances from the SPV Company is as follows:

	2005	2004
	£'000	£'000
Mortgage loans – net balances	155,693	274,519

The amount of non-recourse finance in the SPV Company is as follows:

	2005	2004
	£'000	£'000
Mortgage-backed Floating Rate Notes and Term Loans	155,693	274,519

The summarised balance sheet of the SPV Company is as follows:

	2005	2004
	£'000	£'000
Fixed assets		
Mortgage loans - net balances	155,693	274,519
- unamortised premium	5,246	12,069
Current assets		
Debtors	1,576	400
Cash at bank and in hand	65,103	55,179
	<u>227,618</u>	<u>342,167</u>
Equity shareholders' funds		
Called up share capital	13	13
Profit and loss account	-	-
Creditors		
Amounts falling due within one year	7,329	19,202
Amounts falling due after more than one year	220,276	322,952
	<u>227,618</u>	<u>342,167</u>

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

7. MORTGAGE LOANS - SECURITISED BALANCES AND NON RECOURSE FINANCE
(continued)

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

	2005	2004
	£'000	£'000
Interest receivable	17,286	23,805
Interest payable	(14,596)	(20,347)
Net interest income	2,690	3,458
Other operating income	199	277
Total operating income	2,889	3,735
Operating expenses	(2,341)	(3,509)
Provisions for bad and doubtful debts	(548)	(226)
Profit on ordinary activities before taxation	-	-
Tax on profit	-	-
Profit on ordinary activities after taxation	-	-

Operating expenses include the provision for deferred consideration payable to DACS 13 Limited of £1,717,496 (2004: £2,233,757).

There are no recognised gains and losses in the SPV Company other than those included in the profit and loss account above.

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

8. INVESTMENTS

	Securitisation Assets £'000	Class 'C' Floating Rate Notes £'000	Total £'000
Cost			
At 1 December 2004	21,800	13,021	34,821
Disposal	-	(435)	(435)
At 30 November 2005	21,800	12,586	34,386
Amortisation			
At 1 December 2004	14,411	-	14,411
Amortisation in the year	3,648	-	3,648
Disposal	-	-	-
At 30 November 2005	18,059	-	18,059
Net book value at 30 November 2005	3,741	12,586	16,327
Net book value at 30 November 2004	7,389	13,021	20,410

Securitisation assets consists of interests in Detachable 'A' Coupons which were issued by the SPV Company to which the Company sold mortgages. No cost is attributable to Mortgage Early Redemption Certificates or Residual Certificates, as no consideration is paid for them on acquisition.

9. DEBTORS

	2005 £'000	2004 £'000
Amounts falling due within one year		
Prepayments and accrued income	1,219	3,511
Amounts due from other group companies	2,863	-
Other debtors	-	10
Amounts falling due after one year		
Accrued deferred consideration	7,079	5,372
	11,161	8,893

10. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and unpaid:		
100 ordinary shares of £1 each	100	100

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

11. PROFIT AND LOSS ACCOUNT

	2005	2004
	£'000	£'000
At beginning of the year	410	256
Profit for the year	224	154
	<hr/>	<hr/>
At end of the year	634	410
	<hr/>	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
Profit for the financial year	224	154
Opening shareholders' funds	410	256
	<hr/>	<hr/>
Closing shareholders' funds	634	410
	<hr/>	<hr/>

13. CREDITORS

	2005	2004
	£'000	£'000
Amounts falling due within one year		
Amounts due to other group companies	13,038	834
Accruals and deferred income	4,074	7,769
Corporation tax payable	2,586	6,183
Bank loans	7,194	14,107
	<hr/>	<hr/>
	26,892	28,893
	<hr/>	<hr/>
Amounts falling due after more than one year		
Bank loans – repayable within five years	-	-
	<hr/>	<hr/>

The Company has a bank loan of £7,194,000 at a floating rate at LIBOR plus 2%, which is due for repayment in March 2006. The loan is secured by fixed and floating charges over the DACs and MERCs assets.

NOTES TO THE ACCOUNTS
For the year ended 30 November 2005

14. RELATED PARTY TRANSACTIONS

The Company has purchased interests in Detachable 'A' Coupons, Mortgage Early Redemption Certificates and Residual Certificates, which were issued by the SPV Company to which the Company sold mortgages.

During the period since the purchase, the Company has recognised total income of the following amounts from assets relating to the above Company:

	2005 £'000	2004 £'000
Income from securitisation assets	2,531	6,177
Interest on 'C' Floating Rate Notes	965	964
	<u> </u>	<u> </u>

The Company has the following debtors outstanding at the year end with the SPV Company:

	2005 £'000	2004 £'000
Debtors	7,079	5,372
	<u> </u>	<u> </u>

15. 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 the Kensington Group plc's consolidated financial statements are available from that company's registered office at 1 Sheldon Square, London, W2 6PU.