Company Registration No. FC025002

NM

NORLAND DACS 16 LIMITED

Report and Financial Statements

31 March 2008

CONTENTS

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2 - 4
Statement of directors' responsibilities	5
Independent auditors' report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10 - 19

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
Derek Lloyd
Anant Patel
Nicholas James Ralph
Andrew Salter

REGISTERED OFFICE
Whiteley Chambers
Don Street
St Helier
JE4 9WG
Jersey

SECRETARY
Ogier Corporate Services Limited
Whiteley Chambers
Don Street
St Helier
JE4 9WG
Jersey

BANKERS
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

SOLICITORS
Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

AUDITORS
Ernst & Young LLP
1 More London Place
London
SE1 2AF

DIRECTORS' REPORT

The Directors present their report and the financial statements for the 16 month period ended 31 March 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

Norland DACS 16 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 16 plc ("SPV"), conducted by the Group. The securitisations are backed by mortgage loans originated by companies within the Group. The Company, together with associated Group companies which have similar assets to the FIs, is party to bank loans, secured on the FIs and similar assets owned by other Group companies. The bank loans were used to acquire FI and to provide working capital to the rest of the Group via inter-company loans.

As at the date of this report, the Directors are not aware of any likely major changes in the Company's activities in the coming year.

On 8 August 2007, the entire share capital of the Company's sole parent Kensington Group plc was acquired by Investec plc.

The balance sheet on page 9 of the financial statements shows the Company's financial position at the period 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 includes 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 (2006: £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 FIs, bank loans and amounts due to or from other Group companies. The bank loans were used to fund the acquisition of the FIs by the Company and to provide working capital to the Group via inter-company loans. 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 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 potentially exposed to the credit risk relating to the underlying mortgage loans held by the SPV on which the FIs are secured as payments in respect of the FIs are dependent upon the performance of the mortgage loans. The risk is mitigated by the appointment by the SPV of an experienced specialist mortgage servicer to administer the mortgage loans which is overseen and monitored by employees of the Group in its role of special servicer.

Credit Risk (Continued)

Taking into account the impact of the 'credit crunch', the mortgage portfolio is performing in line with the Directors expectations. This performance is being closely monitored and any relevant corrective action will be taken as appropriate. 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 Company's bank borrowings are repaid from the payments received from the SPV in respect of the FIs as and when they are received which reduces the liquidity risk. The Company also has the support of other Group Companies to repay certain borrowings through the cross-collateralisation of other Group assets (see note 15).

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 (2006: none). All the operations associated with the Company's activities are carried out by the employees of affiliated companies, Kensington Mortgages Limited and Investec Bank (UK) Limited.

DIRECTORS

The Directors, all of whom served in the financial period except as noted below were:

J N Maltby	Resigned 9 May 2007
R F C Blundell	Resigned 11 September 2007
Capita Trust Corporate Services Limited	Resigned 8 January 2008
Capita Trust Corporate Limited	Resigned 8 January 2008
A Hutchinson	Appointed 22 March 2007, resigned 14 April 2008
A S Tomsett	Resigned 14 April 2008
M Clays	Resigned 14 April 2008
D Lloyd	Appointed 14 April 2008
A Patel	Appointed 14 April 2008
N J Ralph	Appointed 14 April 2008
A Salter	Appointed 14 April 2008
D A Wheeler	Resigned 2 May 2008

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

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 and the Group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

APPOINTMENT OF 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. Deloitte & Touche LLP resigned as auditors of the company on 11 October 2007 and Ernst & Young LLP were appointed on the 15 October 2007.

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

For and on behalf of Kensington Secretaries Limited

Secretary

Date: 26 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgements and 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 proper accounting records that 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 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORLAND DACS 16 LIMITED

We have audited the financial statements of Norland DACS 16 Limited for the period ended 31 March 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORLAND DACS 16 LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of the profit for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date: 26 March 2009

PROFIT AND LOSS ACCOUNT
For the period ended 31 March 2008

	Notes	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
INCOME FROM SECURITISATION ASSETS	2	7,632	13,340
Interest payable on secured loan facilities	3	(1,668)	(1,945)
NET INCOME FROM INVESTMENT ACTIVITIES		5,964	11,395
Operating expenses		(855)	(11,745)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	5,109	(350)
Taxation	6	(1,386)	(3,250)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12,13	3,723	(3,600)

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

There were no recognised gains or losses during the current period or prior period other than the profit/(loss) disclosed above. Accordingly no statement of recognised gains and losses has been prepared. A reconciliation of the movements in the equity shareholders' funds has been prepared in note 13 to the financial statements.

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

BALANCE SHEET
at 31 March 2008

	Notes	£'000	31 March 2008 £'000	£'000	30 November 2006 (restated)* £'000
NON CURRENT ASSETS					
Mortgage loans and other assets - securitised balances	7	97,673		350,548	
Less non-recourse finance and other liabilities	7	(69,889)		(317,490)	
Investments in securitisation vehicle	8		27,784		33,058
CURRENT ASSETS					
Debtors	9		2,829		5,768
TOTAL ASSETS			30,613		38,826
LIABILITIES					
Creditors: Amounts falling due within one year	10		29,959		34,098
Creditors: Amounts falling due after more than one year	10		-		7,797
TOTAL LIABILITIES			29,959		41,895
NET ASSETS/(LIABILITIES)			654		(3,069)
CAPITAL AND RESERVES					
Called up share capital	11		-		-
Profit and loss account	12		654		(3,069)
SHAREHOLDERS' FUNDS	13		654		(3,069)

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

* Certain 2006 numbers were restated. Refer to notes 1 and 14.

These financial statements were approved by the Board of Directors and authorised for issue on 26 March 2009

Signed on behalf of the Board of Directors

Director

BALANCE SHEET
at 31 March 2008

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements are prepared in accordance with United Kingdom Law and applicable accounting standards. The accounting policies adopted have been applied consistently throughout the current and prior periods.

Certain figures in the Balance Sheet of the prior period have been reclassified to ensure consistent presentation with the current period. There is no impact on the Company's net profit or loss for the prior period. For further information refer to note 14.

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.

Quasi-subsidary
Residential Mortgage Securities 16 Plc (the 'SPV Company') has been consolidated as a quasi-subsidary under the linked presentation basis as described above.

Change in accounting period
Following the acquisition of Kensington Group plc by Investec plc on 8 August 2007 the Company changed its accounting reference date from 30 November to 31 March. Therefore, comparative amounts in the profit and loss account and related notes are not entirely comparable.

Income from securitisation assets
Turnover comprises investment income from securitisation assets.

- Interest from Detachable 'A' Coupons ("DAC's") and C Notes is recognised on an accruals basis.
- Income from Mortgage Early Redemption Certificates ("MERC's") and Residual Certificates ("RC's") is recognised as earned.
- The accounting treatment for the profit on the sale of mortgage assets is described below.

All income 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.

For definitions of securitised assets see "Securitisation assets" below.

Interest payable
Due to the fact that the nature of the business is to take on loans in order to purchase investments in the SPV Company, the Directors are of the opinion that it is appropriate to show interest payable above operating profit.

BALANCE SHEET
at 31 March 2008

1. ACCOUNTING POLICIES (CONTINUED)

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.

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 (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.

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 from 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 are initially recorded at cost and subsequently 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.

No cost is attributed to the MERC's. The redemption income is credited to the profit and loss account on a received basis and is based on the actual repayment curve in the SPV.

No cost is attributed to the RC's as the income that arises from these certificates is more uncertain and dependant upon future performance of the SPV company. The Company accrues for the surplus income generated by the SPV Company and discloses it as "Accrued Deferred Consideration" within debtors. This represents further amounts receivable from the sale of mortgages to the SPV. The payment of this amount is conditional on the performance of the sold mortgages and the amount is settled to the extent that surplus cash is available in the SPV.

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

BALANCE SHEET
at 31 March 2008

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 requirements 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.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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

Cash flow statement
Under Financial Reporting Standard 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.

2. INCOME FROM SECURITISATION ASSETS

	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
A coupon interest	3,240	6,590
Early redemption charges	3	3,629
Interest on 'C' Floating Rate Notes	3,555	2,411
Deferred consideration receivable from SPV	760	563
Amortisation of securitisation assets	(2,808)	(8,193)
Release of profit on sale of mortgages	2,808	8,193
Other income	74	147
	7,632	13,340

The Company's income from securitisation assets is directly influenced by changes in the Constant Prepayment Rate (CPR curve) of the SPV. An acceleration of the CPR curve increases early redemption charge income and decreases interest receivable on the A coupon whereas a deceleration in the CPR curve reduces early redemption charge income and increases interest receivable on the A coupon.

BALANCE SHEET
at 31 March 2008

3. INTEREST PAYABLE ON SECURED LOAN FACILITIES

	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
Interest on bank loans repayable within five years	1,668	1,945

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
Amortisation of securitisation assets	2,808	8,193
Management charges	40	40

The auditors' remuneration amounting to £5,965 (2006: £2,218) was borne by Kensington Mortgages Limited in the current period and prior periods.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2006: none). The Directors received no remuneration from the Company in the period (2006: £nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the tax charge for the period

	31 March 2008 £'000	30 November 2006 £'000
Current tax		
UK corporation tax expense in the profit and loss account	1,386	3,250

Factors affecting the tax charge for the period

	31 March 2008 £'000	30 November 2006 £'000
Profit on ordinary activities before tax	5,109	(350)
Tax on ordinary activities at standard UK corporation tax rate of 30% (2006: 30%)	1,533	(105)
(Income not taxable) / expenditure not deductible for tax purposes	(147)	3,355
Current tax charge for the period	1,386	3,250

BALANCE SHEET
at 31 March 2008

7. MORTGAGE LOANS (CONTINUED)

Norland DACS 16 Limited has sold, to enable a securitisation transaction, mortgage loans to a SPV Company. Norland DACS 16 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 16 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 16 Limited is entitled to further residual income depending on the performance of the SPV Company, although the proceeds already received by Norland DACS 16 Limited from the sale of the mortgage loans are non-returnable. Norland DACS 16 Limited has an option to sell further mortgages to the same SPV Company over a fixed period of time.

Norland DACS 16 Limited has also raised additional finance in relation to securitisation transactions through bank loans to purchase C Notes issued by the SPV Company. These loans are secured on the cash flows arising from the Company's investment in the A coupon and the MERC's and RC's. 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 16 Limited in the SPV Company. The lender has no recourse to Norland DACS 16 Limited in any form.

Balance sheet treatment

In accordance with the requirements of FRS 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 summarised balance sheet of the SPV excluding the C Notes and A Coupons held by the Company is as follows:

	31 March 2008 £'000	30 November 2006 (restated) £'000
Mortgage loans – net balances	66,200	223,830
Debtors due within one year	979	4,472
Cash	30,488	122,246
Derivative financial instruments	6	-
Total assets	**97,673**	**350,548**
Mortgage - backed floating rate notes (excluding C notes)	64,919	289,076
Creditors	3,328	9,891
Derivative financial instruments	1,629	18,510
Share capital	13	13
Total liabilities and equity	**69,889**	**317,490**

BALANCE SHEET
at 31 March 2008

7. MORTGAGE LOANS (CONTINUED)

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

	31 March 2008 £'000	30 November 2006 (restated) £'000
Interest receivable	16,749	25,735
Interest payable	(16,461)	(22,489)
Net interest income	288	3,246
Net fair value gain on derivatives	373	535
Other operating income	183	369
Total operating income	844	4,150
Operating expenses	(844)	(4,150)
Profit on ordinary activities before taxation	-	-
Tax on profit	-	-
Profit on ordinary activities after taxation	-	-

8. INVESTMENTS

	Securitisation Assets Dacs £'000	Class 'C' Floating Rate Notes £'000	Total £'000
Cost			
At 1 December 2006 (restated)	26,143	30,250	56,393
Repayments	-	(2,466)	(2,466)
At 31 March 2008	26,143	27,784	53,927
Amortisation			
At 1 December 2006 (restated)	23,335	-	23,335
Amortisation	2,808	-	2,808
At 31 March 2008	26,143	-	26,143
Net book value at 31 March 2008	-	27,784	27,784
Net book value at 30 November 2006 (restated)	2,808	30,250	33,058

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.

BALANCE SHEET
at 31 March 2008

9. DEBTORS

Amounts falling due within one year	31 March 2008 £'000	30 November 2006 £'000
Prepayments and accrued income	805	4,503
Accrued deferred consideration	2,024	1,265
	2,829	5,768

The Directors expect that the accrued deferred consideration will be received in full as cash becomes available in the SPV or upon the collapse of the securitisation.

10. CREDITORS

	31 March 2008 £'000	30 November 2006 (restated) £'000
Amounts falling due within one year		
Bank loans – repayable within one year	15,616	7,775
Amounts due to group companies, net	8,745	17,835
Accruals and deferred income	962	5,238
Corporation tax payable	4,636	3,250
	29,959	34,098
Amounts falling due after more than one year		
Bank loans – repayable within five years	-	7,797

The Company has a bank loan of £15,615,568 (2006: £15,572,000) which became repayable on 30 November 2008 and was extended until 28 February 2011. The outstanding balance includes interest accrued at a floating rate of LIBOR plus 2%. The loan is secured by fixed and floating charges over the DACs assets and cash flows from MERCs and RCs.

Intercompany debtors and creditors have been presented on a net basis in the financial statements as it is management's intention that the gross balances owed by group companies and owed to group companies will be settled on a net basis through the main operating companies Kensington Group plc and Kensington Mortgages Limited.

BALANCE SHEET
at 31 March 2008

11. CALLED UP SHARE CAPITAL

	31 March 2008 £	30 November 2006 £
Authorised:		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted and called up:		
100 Ordinary share of £1	100	100

12. PROFIT AND LOSS ACCOUNT

	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
Balance at beginning of the period	(3,069)	531
Profit/(loss) for the period	3,723	(3,600)
Balance at end of the period	654	(3,069)

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	16 months to 31 March 2008 £'000	Year ended 30 November 2006 £'000
Share capital	-	-
Profit/(loss) for the period	3,723	(3,600)
Opening shareholders' funds	(3,069)	531
Closing shareholders' funds	654	(3,069)

BALANCE SHEET
at 31 March 2008

14. PRIOR YEAR RESTATEMENTS

Balance Sheet	**£ '000**
Non current assets	
Investments in securitisation vehicle reported 2006	34,224
Amortisation of securitisation assets restated	(1,166)
Investments in securitisation vehicle restated 2006	**33,058**
Current assets	
Debtors as reported 2006	37,784
Amounts owed by group undertakings reclassified	(32,016)
Debtors restated 2006	**5,768**
Creditors	
Amounts falling due within one year reported 2006	(59,340)
Bank loans restated	7,919
Deferred income on sale of mortgages restated	1,166
Amount owed by group undertakings reclassified	32,016
Amount owed by group undertakings restated	(14,728)
Accruals and deferred income restated	(1,131)
Amounts falling due within one year restated 2006	**(34,098)**
Bank loans – repayable within five years reported 2006	(15,737)
Bank loans restated	7,940
Bank loans – repayable within five years restated 2006	**(7,797)**

15. 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.

BALANCE SHEET
at 31 March 2008

15. CONTINGENT LIABILITY (CONTINUED)

The Company has a residual loan which is cross collateralised together with Norland DACS 17 Limited, Norland DACS 18 Limited, Norland DACS 19 Limited, Norland DACS 20 Limited and other affiliated companies, under a loan facility provided by Barclays Bank plc. The total outstanding as at 31 March 2008 was £80,693,436 (2006: £147,292,295). The facility is secured over the Company's and its co-borrowers' assets. At the balance sheet date, the Directors have reviewed the performance of the affiliated companies and their capacity to meet their repayment obligations arising from this borrowing, and have determined that the Company has a contingent liability of £nil (2006: £nil).

The Company also has a term loan which is cross collateralised together with Norland DACS 21 Limited, Norland DACS 22 Limited, Norland MPL DACS 1 Limited, Norland MPL DACS 2 Limited, Norland MPL DACS 3 Limited, and other affiliated companies, under a loan facility provided by Barclays Bank plc. The total outstanding as at 31 March 2008 was £58,789,484 (2006: £179,779,236). The facility is secured over the Company's and its co-borrowers' assets. At the balance sheet date, the Directors have reviewed the performance of the affiliated companies and their capacity to meet their repayment obligations arising from this borrowing, and have determined that the Company has a contingent liability of £nil (2006:£nil).

16. 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.