GreenHouse Funding III (RF) Limited

(Registration Number: 2013/210846/06)

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Prepared by: Richard Burnham CA (SA) (Retail Finance Executive)

GreenHouse Funding III (RF) Limited

Audited Annual Financial Statements

Reg. No. 2013/210846/06

For the year ended 31 December 2015

In terms of S 29(1)(e)(ii) of the Companies Act 71 of 2008, we confirm that the preparation of the following Annual Financial Statements is the responsibility of RA Burnham CA(SA), public officer of GreenHouse Funding III (RF) Limited.

The following financial statements have been audited in compliance with the requirements of the Companies Act 71 of 2008, S 29(1)(e)(i).

GreenHouse Funding III (RF) Limited

Audited Annual Financial Statements

For the year ended 31 December 2015

Reg. No. 2013/210846/06

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Certification by company secretary

In terms of Section 88(2)(e) of the Companies Act, 71 of 2008, that for the year ended 31 December 2015, GreenHouse Funding III (RF) Limited has lodged with the Commissioner of the Companies Intellectual and Property Commission, all returns as are required of a company in terms of the Companies Act, 71 of 2008, and all such returns are true, correct and up to date.

Nedgroup Secretariat Services (Proprietary) Limited (1992/006437/07)

Compliance with King III

The company endeavours at all times to apply the principles of the King Code of Governance Principles for SA (King III Code/King III) in such a way that these requirements are met. For the period under review the board indicated that it was satisfied with the way in which the company applied the recommendations of King III, or put alternative measures in place where necessary.

In terms of the JSE Debt Listings Requirements, the company has complied with the King III Code, and is required to provide an explanation of which principles are not applied along with reasons for non-application. At 31 December 2015 the company did not apply the below principles:

Principles not applied	Reasons for Non-application
The board of directors does not have a board charter.	A board charter is currently being produced and it will be adopted in 2016.
The board should appoint the Chief Executive Officer (CEO).	The company is a ring fenced special purpose securitisation vehicle. All its services are outsourced to Nedbank Ltd and the company has no employees. Therefore it is not necessary for the board to appoint a CEO.
Evaluations of the board have not been performed every year.	An evaluation of the Board will be performed in 2016.
The board of directors does not delegate its functions to a risk, nomination or remuneration committee.	The company is a ring fenced special purpose securitisation vehicle. All its services are outsourced to Nedbank Ltd and the company has no employees. Therefore it is not necessary for the company to have a remuneration committee. All services performed by Nedbank Ltd are subject to Nedbank's Risk Committee as well as other Governance Committees within Nedbank.

GreenHouse Funding III (RF) Limited
Directors' responsibility and approval
for the year ended 31 December 2015

Directors' responsibility

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements of GreenHouse Funding III (RF) Limited, comprising the statement of financial position at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2008, of South Africa.

The directors' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these Annual Financial Statements, so as to be free from material misstatement, whether owing to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and there is no reason to believe that the company will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the company's Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

Directors' approval of the Annual Financial Statements

The Annual Financial Statements set out on pages 5 to 30 were approved by the board of directors on 8 March 2016 and are signed on its behalf by:

B Harmse
Director

RC Hayne
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GREENHOUSE FUNDING III (RF) LIMITED

We have audited the financial statements of Greenhouse Funding III (RF) Limited set out on pages 8 to 30, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greenhouse Funding III (RF) Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Emphasis of Matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

We draw your attention to note 23 of the annual financial statements which indicates that the company's total liabilities exceeded its total assets by R3 243 844 at 31 December 2015 (2014: R Nil). Note 23 provides details of this condition, as well as management's key measures in place to ensure the company continues as a going concern.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Report of directors, the Audit committee report, the Certification by company secretary, and the Corporate Governance Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of Greenhouse Funding III (RF) Limited for 2 years. We are independent of the company in accordance with the IRBA Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: Cathryn Emslie
Partner
31 March 2016

The directors have pleasure in presenting their report on the activities of the company for the year ended 31 December 2015.

Nature of activities

GreenHouse Funding III (RF) Limited is a securitisation special purpose vehicle that acquires the rights, title, interest and related security of residential home loans from Nedbank Limited under a segregated series medium term note programme. The company acquired R2.052 billion of residential home loans from Nedbank Limited, funded through the issuance of 6 listed secured floating rate notes placed with a combination of third party capital market investors and Nedbank Limited, and an unlisted subordinated loan provided by Nedbank Limited. The listed notes are currently rated by Fitch Ratings and are listed on the Interest Rate Market of the JSE Limited.

The programme is a static amortising structure, and as such the company will direct all net capital repayments received on the home loan portfolio to noteholders under the priority of payments.

Financial results

For the year under review the company made a net loss after tax of R3 911 861. For more detail refer to the statement of comprehensive income on page 8.

Parent Entity

The Securitisation Issuer Owner Trust (IT2455/05)

Country of Incorporation

South Africa

Interest of directors and officers

The directors and officers have no interests in the company.

Authorised and issued share capital

Details of the authorised and issued share capital appear in note 12 to the Annual Financial Statements.

Dividends

No dividend was paid in 2015.

Service providers

Nedbank Limited fulfils a number of roles in relation to GreenHouse Funding III (RF) Limited, including acting as originator, service provider, credit enhancement facility provider and provider of temporary funding.

Social and Ethics Committee

A Social and Ethics Committee was formed on 29 February 2016. The first meeting of the committee took place on 8 March 2016.

Controlled entities

The Securitisation Issuer Owner Trust holds 100% of the issued ordinary shares of GreenHouse Funding III (RF) Limited. Nedbank Limited holds the issued cumulative non-redeemable preference share.

In terms of IFRS10 - consolidated financial statements, an entity is consolidated when it is controlled by an investor. Control is achieved when the investor is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, an investor controls an investee if and only if the investor has:- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

In terms of IFRS10, the company is regarded to be controlled by Nedbank Limited and is consolidated in Nedbank Limited's annual financial statements. Nedbank Limited is incorporated in South Africa.

Directors and secretary	Appointed
JRP Doidge	25 April 2014
RC Hayne (British)	25 April 2014
B Harmse	12 November 2013
R Thanthony	12 November 2013
WH Swanepoel (Alternate to JRP Doidge)	25 April 2014
WH Swanepoel (Alternate to B Harmse)	23 July 2015

The secretary of the company for the year under review until the signing date of these financials was:

Name	Appointed
Nedgroup Secretariat Services (Proprietary) Limited.	24 April 2014

Business address	Postal Address
135 Rivonia Road Sandown Sandton	P.O. Box 1144 Johannesburg 2000

Going concern

The company's liabilities exceeded its assets by R3 243 844 as at 31 December 2015 (2014: nil). The primary reason for this deficit is the fair value loss sustained on the financial instrument. The company is expected to trade to finalisation and is expected by management to continue as a going concern for the forseeable future. Accordingly, the financial statements are prepared on the basis of the accounting policies applicable to a going concern.

Audit committee

For details of the audit committee, refer to the audit committee report on page 7 of these Annual Financial Statements.

GreenHouse Funding III (RF) Limited
Audit committee report
For the year ended 31 December 2015

Members of the audit committee

R Thanthony (Chairperson)
B Harmse
JRP Doidge

The audit committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act No. 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

Meetings held by the audit committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act No. 71 of 2008 by holding meetings with the key role players and by the unrestricted access granted to the external auditors.

Two meetings were held during 2015. The first meeting was held on 6 May 2015. The audit committee met in order fulfill its responsibilities in order to recommend approval of the Company's audited annual financial statements to the Board. The audited annual financial statements were approved by the Board on 6 May 2015. The second meeting was held on 24 November 2015.

Expertise and experience of finance function

The on-going secretarial administration of the company's statutory records is done by Nedgroup Secretariat Services (Proprietary) Limited, whilst accounting is managed by the Nedbank Retail Finance Home Loans Department. Nedbank Corporate and Investment Banking Specialised Funding Support is the professional administrator of GreenHouse Funding III (RF) Limited as well.

The audit committee satisfied itself that the composition, experience and skills set of the finance function met the company's requirements.

Independence of external auditors

The audit committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act No. 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act No. 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Fees paid to the auditors are disclosed in Note 6 to the Annual Financial Statements.

Discharge of responsibilities and audited Annual Financial Statements

Following the review by the audit committee of the audited Annual Financial Statements of the company for the year ended 31 December 2015 and based on the information provided to it, the audit committee considers that, in all material respects, the company complies with the provisions of the Companies Act No. 71 of 2008, International Financial Reporting Standards, and that the accounting policies applied are appropriate.

Following the review of the audited Annual Financial Statements, the audit committee recommended the Company's 2015 audited Annual Financial Statements for approval to the Board on 8 March 2016.

The audit committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the Annual Financial Statements is appropriate.

The audit committee fulfilled its responsibilities in compliance with the audit charter.

On behalf of the audit committee:

R Thanthony
Chairperson: Audit committee
8 March 2016

GreenHouse Funding III (RF) Limited

Statement of comprehensive income for the year ended 31 December 2015

	Note	**31 December 2015 R**	10 months ended 31 December 2014 R
Interest income	2	**157 818 552**	15 183 780
Interest expense	3	**(149 454 286)**	(12 659 528)
Net interest income		**8 364 266**	2 524 252
Other income	4	**2 404 939**	202 861
Net loss on financial instruments	5	**(14 493 408)**	(1 387 450)
Other expenses	6	**(1 708 937)**	(412 000)
(Loss) / Profit before taxation		**(5 433 140)**	927 663
Taxation	7	**1 521 279**	(259 746)
Net (loss) / profit after taxation		**(3 911 861)**	667 917
Other comprehensive income		**-**	-
Total comprehensive (loss) / income for the year		**(3 911 861)**	667 917

GreenHouse Funding III (RF) Limited
Statement of financial position as at 31 December 2015

	Note	31 December 2015 R	31 December 2014 R
ASSETS			
Cash and cash equivalents	8	**150 642 686**	10 162 286
Accounts receivable	9	**10 039 741**	2 073 504
Loan to Nedbank Limited	10	**1 927 526 324**	960 837 190
Deferred tax	11	**3 924 639**	255 234
TOTAL ASSETS		**2 092 133 390**	973 328 214
EQUITY AND LIABILITIES			
Share capital	12	**100**	100
(Accumulated deficit) / Retained earnings		**(3 243 944)**	667 917
Total equity		**(3 243 844)**	668 017
Loan from Nedbank Limited	13	**-**	968 518 960
Derivative financial instruments	14	**12 323 747**	-
Accounts payable	15	**1 147 156**	4 039 497
Current tax liability		**1 267 391**	101 740
Long term debt instruments	16	**2 080 638 940**	-
Total liabilities		**2 095 377 234**	**972 660 197**
TOTAL EQUITY AND LIABILITIES		**2 092 133 390**	**973 328 214**

GreenHouse Funding III (RF) Limited
Statement of changes in equity for the year ended 31 December 2015

	Share capital R	(Accumulated deficit) / Retained income R	Total equity R
Balance as at 28 February 2014	-	-	-
Issuance of ordinary share capital	100	-	100
Issuance of preference share capital	-	-	-
Total comprehensive income for the period	-	667 917	667 917
Balance as at 31 December 2014	**100**	**667 917**	**668 017**
Total comprehensive loss for the year		**(3 911 861)**	**(3 911 861)**
Balance as at 31 December 2015	**100**	**(3 243 944)**	**(3 243 844)**

GreenHouse Funding III (RF) Limited
Statement of cash flows for the year ended 31 December 2015

	Note	31 December 2015 R	10 months ended 31 December 2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (utilised in) / generated by operating activities	17	**(1 587 564)**	4 281 106
Taxation paid	18	**(982 475)**	(413 240)
Net cash (outflow) / inflow from operating activities		**(2 570 039)**	3 867 866
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in loan to Nedbank Limited		**(969 069 541)**	(962 224 640)
Net cash outflow from investing activities		**(969 069 541)**	(962 224 640)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on issue of shares		**-**	100
Proceeds on issue of long term debt instruments		**2 080 638 940**	-
(Decrease) / increase in loan from Nedbank Limited		**(968 518 960)**	968 518 960
Net cash from financing activities		**1 112 119 980**	968 519 060
Net increase in cash and cash equivalents		**140 480 400**	10 162 286
Cash and cash equivalents at the beginning of the year		**10 162 286**	-
Cash and cash equivalents at the end of the year	8	**150 642 686**	10 162 286

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items that are considered material in relation to the GreenHouse Funding III (RF) Limited Annual Financial Statements.

1.1 Basis of presentation

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Companies Act 71 of 2008.

1.2 Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held on call with banks, bank overdrafts, arrear reserve, redraw reserve and liquidity reserve (which reserves are determined in accordance with the programme memorandum).

1.3 Use of estimates and key management assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

Credit impairment of loans and advances

The company's policy regarding the credit impairment of loans and advances is aligned with that of Nedbank Limited. In terms of this policy an incurred-loss approach is adopted. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more past events that has occurred since initial recognition. This necessitates the establishment of 'impairment triggers' on the occurrence of which an impairment loss may be recognised.

Credit impairment is based on discounted estimated future cashflows on an asset or group of assets, where such objective evidence of impairment exists. The discount rate used to calculate the recoverable amount excludes consideration of any anticipated future credit losses.

1 Accounting policies (continued)

1.3 Use of estimates and key management assumptions (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Fair value of financial instruments

Certain of the company's financial instruments are carried at fair value through profit or loss for financial reporting purposes. The fair value of a financial instrument is the amount that would be received on the sale of the asset or paid to transfer the liability in an orderly transaction at the measurement date between knowledgeable, willing parties, other than in a forced or liquidation sale. Details of the processes, procedures and assumptions used in the determination of fair value are discussed in note 1.5 and note 14 to the Annual Financial Statements.

1.4 Contingencies and commitments

Transactions are classified as contingencies where the company's obligations depend on uncertain future events. Items are classified as commitments where the company commits itself to future transactions or if the items will result in the acquisition of assets.

1.5 Financial instruments

Financial instruments, as reflected on the statement of financial position, include all financial assets and financial liabilities, including derivative instruments, but exclude deferred taxation and taxation payable/receivable. Financial instruments are accounted for under IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement. The company does not apply hedge accounting. This accounting policy should be read in conjunction with the classified statement of financial position in schedule 1.

1.5.1 Initial recognition

Financial instruments are recognised on the statement of financial position when the company becomes a party to the contractual provisions of a financial instrument. All purchases of financial assets that require delivery within the time frame established by regulation or market convention ('regular way' purchases) are recognised at trade date, which is the date on which the company commits to purchase the asset. The liability to pay for 'regular way' purchases of financial assets is recognised on trade date, which is when the company becomes a party to the contractual provisions of the financial instrument. Contracts that require or permit net settlement of the change in the value of the contract are not considered 'regular way' contracts and are treated as derivatives between the trade and settlement of the contract.

1 Accounting policies (continued)

1.5 Financial instruments (continued)

1.5.2 Initial measurement

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments at fair value through profit or loss

Financial assets at fair value through profit or loss consist of instruments that the company has elected, on initial recognition date, to designate as at fair value through profit or loss. The designation of these financial assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from using different bases to measure and recognise the gains and losses of these financial assets.

Financial assets at fair value through profit or loss are measured at fair value, with fair value gains and losses (excluding interest income and interest expense calculated on the amortised-cost basis relating to interest-bearing instruments that have been designated as at fair value through profit or loss) reported in non-interest revenue as they arise. Interest income and interest expense calculated on the amortised-cost basis are reported in interest income and expense.

The company's derivative transactions include interest rate swaps. Subsequent to initial recognition, derivative financial instruments are measured at fair value at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the company as at fair value through profit or loss. Financial assets classified as loans and receivables are carried at amortised cost, with interest income recognised in profit or loss.

1.5.3 Subsequent measurement

Financial liabilities

All financial liabilities are classified as non-trading financial liabilities and are measured at amortised cost.

1 Accounting policies (continued)
1.5 Financial instruments (continued)

1.5.4 Measurement basis of financial instruments

Amortised cost

Amortised cost financial assets and financial liabilities are measured at fair value plus transaction costs on initial recognition, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, less any cumulative impairment losses.

Fair value

Transaction costs directly attributable to financial assets and financial liabilities other than those at fair value through profit or loss are included in the initial fair value of these instruments. The best evidence of the fair value of a financial asset or financial liability at initial recognition is the transaction price, unless the fair value of the instrument is evidenced by comparison with other current observable market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

Where quoted market prices or rates are available, such market data is used to determine the fair value of financial assets and financial liabilities that are measured at fair value. The bid price is used to measure financial assets held.

If quoted bid prices are unavailable, the fair value of financial assets and financial liabilities is estimated using pricing models or discounted cashflow techniques. Where discounted cashflow techniques are used, estimated future cashflows are based on management's best estimates and the discount rate used is a market-related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures (prices from observable current market transactions in the same instrument without modification or other observable market data) at the reporting date.

1.5.5 Derecognition

The company derecognises a financial asset or a part of a financial asset when and only when the contractual rights to the cashflows arising from the financial asset have expired; or it transfers the financial asset, including substantially all the risks and rewards of ownership of the asset; or it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial asset or financial liability (or part thereof) that is derecognised and the consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the year.

1 Accounting policies (continued)

1.5 Financial instruments (continued)

1.5.6 Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has (or events have) an impact on the estimated future cashflows of the financial asset that can be reliably estimated.

Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the group would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cashflows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers, or
  - national or local economic conditions that correlate with defaults on the assets.

1.6 Interest income and expenses

Interest income and expense are recognised in profit or loss using the effective-interest-rate method taking into account the expected timing and amount of cashflows. The effective-interest-rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant year. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective-interest-rate basis.

1.7 Taxation

Taxation expense comprises current and deferred taxation.

1.7.1 Current tax

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

1 Accounting policies (continued)

1.7 Taxation (continued)

1.7.2 Deferred tax

Deferred taxation is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they reverse. Deferred taxation is charged to profit or loss for the period. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.
Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred taxation is not recognised for temporary differences that arise on the initial recognition of assets or liabilities in a transaction and that affect neither accounting nor taxable profit.

A deferred taxation asset is recognised to the extent that it is probable that future taxable income will be available against which the unutilised taxation losses and deductible temporary differences can be used. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

1.8 Adoption of new and revised standards

The following standards and interpretations, or amendments thereto, effective for the financial year end beginning on 1 January 2014, and which are relevant to the company, have been adopted by the company:

IFRS 13: Fair Value Measurement

Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52). The amendments clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

The adoption of the amendment did not have an impact on the company's Annual Financial Statements.

IAS 24: Related Party Disclosures

Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities). The amendments clarify how payments to entities providing management services are to be disclosed.

The adoption of the amendment did not have an impact on the company's Annual Financial Statements.

1 **Accounting policies (continued)**

1.9 **Standards issued but not yet adopted**

The following revisions to International Accounting Standards are not all the standards issued but those which may be relevant to Greenhouse Funding III (RF) Limited:

Standard	Annual periods beginning on or after	Expected impact
IFRS 9 Financial Instruments (2014) A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: > Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. > Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. > Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activites when hedging financial and non-financial risk exposures. > Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	1 January 2018	The company is in the process of assessing the impact that IFRS 9 will have on the financial statements. Until the process has been completed, the company is unable to determine the significance of the impact.
IFRS 15 Revenue from Contracts with Customers IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: > Identify the contract with the customer > Identify the performance obligations in the contract > Determine the transaction price > Allocate the transaction price to the performance obligations in the contracts > Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	1 January 2018	The company is in the process of assessing the impact that IFRS 15 will have on the financial statements. Until the process has been completed, the company is unable to determine the significance of the impact.
IAS 1 Disclosure initiative - Amendments to IAS 1 Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: > Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. > Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; > Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.	1 January 2016	The amendment is not expected to have a significant impact on the company's results.
Annual Improvements 2012-2014 Cycle Makes amendments to the following standards: IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference	1 January 2016	The amendment is not expected to have an impact on the company's results.
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) Amends IAS 12 Income Taxes to clarify the following aspects: > Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. > The carrying amount of an asset does not limit the estimation of probable future taxable profits. > Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. > An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	1 January 2017	The amendment is not expected to have a significant impact on the company's results
Disclosure Initiative (Amendments to IAS 7) Amends IAS 7 Statement of Cash Flowsto clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017	The amendment is not expected to have a significant impact on the company's results.

Note		2015 R	10 months ended 31 December 2014 R
2	**Interest income**		
	Interest income from Nedbank Limited	157 818 552	15 183 780
		157 818 552	15 183 780
3	**Interest expense**		
	Long term debt instruments	(128 362 813)	-
	Nedbank warehouse facility	(20 070 876)	(12 659 528)
	Interest incurred on derivative financial instruments	(1 020 597)	-
		(149 454 286)	(12 659 528)
4	**Other income**		
	Administration fee received	2 404 939	202 861
		2 404 939	202 861
5	**Net loss on financial instruments**		
	Fair value adjustment on derivative financial instruments	(12 106 881)	-
	Loans and advances specific impairments	(1 077 898)	(172 050)
	Loans and advances portfolio impairments	(1 330 894)	(1 215 400)
	Loans and advances bad debts recovered	22 265	-
		(14 493 408)	(1 387 450)
6	**Other expenses**		
	Audit Fees	(249 900)	(150 000)
	Other expenses	(1 459 037)	(262 000)
		(1 708 937)	(412 000)
7	**Taxation**		
	South African normal taxation		
	Current charge	(2 148 126)	(514 980)
	Deferred tax credit	3 669 405	255 234
		1 521 279	(259 746)
	Taxation rate reconciliation		
	South African standard tax rate	28.00%	28.00%
	Taxation rate reduction	0.00%	0.00%
	Disallowable expenses	0.00%	0.00%
	Effective tax rate	28.00%	28.00%

Note		31 December 2015 R	10 months ended 31 December 2014 R
8	**Cash and cash equivalents**		
	* Cash representing amount of arrear reserve	**322 575**	-
	Cash at Nedbank Limited available for operations	**150 320 111**	10 162 286
		150 642 686	10 162 286

*In accordance with the programme funding documentation, excess spread is reserved in an arrear reserve equal to an amount comprising 100% of the principal balance of those home loans in arrears by an amount greater than 3 instalments, less 65% of the value of the properties in respect to such home loans.

Included in the cash balance are the following reserves and facilities :
- A redraw reserve of R48.5m and a liquidity reserve of R 51.7m

At year end the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

9	**Accounts receivable**		
	Debtors and accruals	**10 039 741**	2 073 504
		10 039 741	2 073 504

At year end the carrying amounts of accounts receivable approximate their fair values due to the short-term maturities of these assets.

10 **Loan to Nedbank Limited**

The loan to Nedbank Limited represents an amount owed to GreenHouse Funding III (RF) Limited by Nedbank Limited. This loan is backed by residential mortgage loans, which did not achieve de-recognition from Nedbank Limited's balance sheet, in terms of the de-recognition principles set out in IAS 39 Financial Instruments: Recognition and Measurement, following the legal sale of such loans by Nedbank Limited to GreenHouse Funding III (RF) Limited. As a result, the transaction has been presented, for accounting purposes, as a loan to Nedbank Limited as opposed to the residential mortgage loans themselves, given that de-recognition of such loans was not achieved by Nedbank Limited. See analysis of pool of loans on schedule 2.

Loan to Nedbank Limited (at amortised cost)	**1 931 294 181**	962 224 640
Impairment	**(3 767 857)**	(1 387 450)
Net Carrying Value	**1 927 526 324**	960 837 190

11 **Deferred tax asset**

11.1 **Reconciliation of deferred tax balance**

Balance at the beginning of the year	**255 234**	-
Current year temporary differences recognised in the statement of comprehensive income	**3 669 405**	255 234
Balance at the end of the year	**3 924 639**	255 234

11.2 **Analysis of deferred taxation asset**

Fair value adjustment of derivative financial instrument	**3 389 927**	-
Income and expenditure accruals	**534 712**	255 234
Balance at the end of the year	**3 924 639**	255 234

Note		2015 R	2014 R
12	**Share capital**		
12.1	**Ordinary share capital**		
	Authorised:		
	100 ordinary shares of no par value	-	-
	Issued:		
	100 ordinary shares of no par value issued for a subscription price of R1 each	**100**	100
12.2	**Cumulative non-redeemable preference share capital**		
	Authorised:		
	50 cumulative non-redeemable preference shares of no par value	-	-
	Issued:		
	1 cumulative non-redeemable preference share issued for a subscription price of R0.01	**0.01**	0.01
13	**Loan from Nedbank Limited**		
	Nedbank warehouse facility	-	968 518 960
		-	968 518 960

The facility bore interest at a rate of 2% below the prime interest rate and was repayable within the period of the lesser of 364 days from date of signature of the Warehouse Facility Agreement (19 September 2014) and the initial issue date of the notes issued.

14 Derivative financial instruments

The company uses interest rate swaps to mitigate its exposure to interest rate movements on its long term debt instruments. In terms of these interest rate basis swaps, the company exchanges the variable rate of interest based on 3 month JIBAR for variable rates of interest based on the prime interest rate based on notional amounts.

The interest rate swaps are classified as fair value through profit or loss (held for trading) and accounted for at fair value.

Fair value of derivative financial instruments	**(12 323 747)**	-
Notional principal	**1 895 501 401**	-

The company entered into an interest rate swap agreement with Nedbank Limited, effective 17 April 2015 and terminating on the 25 February 2020. The notional amount represents the aggregate principal balance outstanding of the Class A, Class B and Class C notes as at the relevant reset date.

There were no defaults or breaches of interest or any other terms and conditions of the interest rate swap.

The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.

15 Accounts payable

Sundry creditors	-	3 627 497
Expense accruals	**1 147 156**	412 000
	1 147 156	4 039 497

At year end the carrying amounts of accounts payable approximate their fair values due to the short-term maturities of these liabilities.

Note		2015 R	2014 R

16 Long term debt instruments

The long term debt instruments consist of the following:

	Legal maturity	Amortised cost	Amortised cost
Listed on the Johannesburg Stock Exchange (JSE)			
GH31A1	25-Feb-42	**558 256 536**	-
GH31A2	25-Feb-42	**403 133 282**	-
GH31A3	25-Feb-42	**685 393 648**	-
GH31B	25-Feb-42	**80 685 835**	-
GH31C	25-Feb-42	**65 608 528**	-
GH31D	25-Feb-42	**100 985 513**	
		1 894 063 342	-
Non-listed			
Subordinated 1	25-Feb-42	**186 575 598**	-
		186 575 598	-
Total		**2 080 638 940**	-

The notes were issued in April 2015 and are secured floating rate notes, backed by residential mortgage loans purchased from Nedbank Limited, and have maturity dates as per the table above. The notes and the subordinated loan accrue interest at the 3 month JIBAR plus a margin. The interest is paid quarterly.

Capital repayments at 3-month JIBAR plus a margin accrue to noteholders on a quarterly basis with maturity-dates per the schedule above.

The notes are callable by the issuer after approximately five years from the date of issue, being 17 April 2015 (i.e. 25 February 2020).

17 Cash (utilised in) / generated by operating activities

Profit before taxation	**(5 433 140)**	927 663
Adjusted for:		
Fair value adjustment of derivative financial	**12 323 747**	-
Movement in impairments of loan to Nedbank Limited	**2 380 407**	1 387 450
Increase in accounts receivable	**(7 966 237)**	(2 073 504)
(Decrease) / Increase in accounts payable	**(2 892 341)**	4 039 497
	(1 587 564)	4 281 106

18 Taxation paid

Balance at the beginning of the year	**(101 740)**	-
Statement of comprehensive income charge (excluding deferred tax)	**(2 148 126)**	(514 980)
Balance at the end of the year	**1 267 391**	101 740
	(982 475)	(413 240)

Note

19 Risk management

In common with all other businesses, the company is exposed to financial risks. These risks are managed as part of the normal operations of the company and the board of directors oversees the effectiveness of risk management. In addition, the duties of the Audit, Risk and Compliance Committee of Nedbank Limited encompass the activities of the company. The more important financial risks to which the company is exposed are described below.

19.1 Liquidity risk analysis

		Term to maturity			
	2015	**<12 months**	**1-5 years**	**>5 years**	**Non determined**
	R	**R**	**R**	**R**	**R**
ASSETS					
Cash and cash equivalents	**150 642 686**	**150 642 686**	**-**	**-**	**-**
Accounts receivable	**10 039 741**	**10 039 741**	**-**	**-**	**-**
Loan to Nedbank Limited	**1 927 526 324**	**155 727**	**8 388 787**	**1 918 981 810**	**-**
Deferred tax	**3 924 639**	**-**	**-**	**-**	**3 924 639**
Total assets	**2 092 133 390**	**160 838 154**	**8 388 787**	**1 918 981 810**	**3 924 639**
LIABILITIES					
Derivative financial instruments	**12 323 747**	**12 323 747**	**-**	**-**	**-**
* Acccunts payable	**1 147 156**	**-**	**-**	**-**	**1 147 156**
Current tax liability	**1 267 391**	**1 267 391**	**-**	**-**	**-**
* Long term debt instruments	**2 080 638 940**	**-**	**2 080 638 940**	**-**	**-**
Total liabilities	**2 095 377 234**	**13 591 138**	**2 080 638 940**	**-**	**1 147 156**

		Term to maturity			
	2014	<12 months	1-5 years	>5 years	Non determined
	R	R	R	R	R
ASSETS					
Cash and cash equivalents	10 162 286	10 162 286	-	-	-
* Accounts receivable	2 073 504	2 073 504	-	-	-
Loan to Nedbank Limited	960 837 190	-	4 351 442	956 485 748	-
Deferred Tax	255 234	-	-	-	255 234
Total assets	973 328 214	12 235 790	4 351 442	956 485 748	255 234
LIABILITIES					
Loan from Nedbank Limited	968 518 960	968 518 960	-	-	-
* Accounts payable	4 039 497	4 039 497	-	-	-
Current tax liability	101 740	101 740	-	-	-
Total liabilities	972 660 197	972 660 197	-	-	-

* The contractual maturity of the long term liabilities is 25 February 2042. The contractual maturity of the accounts payable is identical to the periods anticipated in the liquidity analysis.

The liquidity and interest rate risk of GreenHouse Funding III (RF) Limited is managed by Nedbank ALCO which meets monthly and reports quarterly to the Board Risk Committee.

19.2 Market Risk

The company's activities expose it primarily to financial risks of changes in interest rates. The company seeks to minimise the effects of interest rate risks by using the derivative financial instruments (see note 18.4 below).

19.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company makes use of an internal risk management policy (credit committee approval policy), and utilises the Nedbank Group credit risk monitoring process (Credit Approval Policy of Nedbank Limited) to govern lending activities to external parties. The company only transacts with creditworthy counterparties. In addition financial assets may only be introduced into the program provided they meet certain Eligibility Criteria prescribed by the programme agreements. The carrying amount of the loan to Nedbank Limited and accounts receivable as reflected in the Annual Financial Statements represents the company's maximum exposure to credit risk. See Schedule 2 for further disclosures relating to the Loan to Nedbank Limited.

Note

19 Risk management (continued)

19.4 Interest rate risk

The table below summarises the entity's exposure to interest rate risks. Included in the table are the entity's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Carrying amount 2015 R	Up to 3 months R	More than 3 months to 5 years R	More than 5 to 10 years R	More than 10 years R	Non-interest bearing (no stated maturity) R
ASSETS						
Cash and cash equivalents	**150 642 686**	**150 642 686**	-	-	-	-
Accounts receivable	**10 039 741**	**10 039 741**	-	-	-	-
Loan to Nedbank Limited	**1 927 526 324**	**1 924 544 688**		**94 153**	**2 887 483**	-
Deferred tax	**3 924 639**	-	-	-	-	**3 924 639**
Total assets	**2 092 133 390**	**2 085 227 115**	-	**94 153**	**2 887 483**	**3 924 639**
LIABILITIES						
Derivative financial instrument	**12 323 747**	**12 323 747**	-	-	-	-
Accounts payable	**1 147 156**	**1 147 156**	-	-	-	-
Current tax liability	**1 267 391**	**1 267 391**	-	-	-	-
Long term debt instruments	**2 080 638 940**	**2 080 638 940**	-	-	-	-
Total liabilities	**2 095 377 234**	**2 095 377 234**	-	-	-	-

	Carrying amount 2014 R	Up to 3 months R	More than 3 months to 5 years R	More than 5 to 10 years	More than 10 years	Non-interest bearing (no stated maturity) R
ASSETS						
Cash and cash equivalents	10 162 286	10 162 286	-	-	-	-
Accounts receivable	2 073 504	2 073 504	-	-	-	-
Loan to Nedbank Limited	960 837 190	960 837 190	-	-	-	-
Deferred Tax	255 234	-	-	-	-	255 234
Total assets	961 092 424	960 837 190	-	-	-	255 234
LIABILITIES						
Loan from Nedbank Limited	968 518 960	968 518 960	-	-	-	-
Accounts payable	4 039 497	4 039 497	-	-	-	-
Current tax liability	101 740	101 740	-	-	-	-
Total liabilities	972 660 197	972 660 197	-	-	-	-

The liquidity and interest rate risk of GreenHouse Funding III (RF) Limited is managed by Nedbank ALCO which meets monthly and reports quarterly to the Board Risk Committee.

The company's activities expose it primarily to financial risks of differences in the base interest rate.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the exposures at the end of the reporting period were consistent for the whole year. If interest rates were 100 basis points higher/lower, assuming all other variables remain constant, the company's:

- Profit before tax would decrease / increase by R101 501 (2014: decrease / increase by R118 230). This is attributable to the company's exposure to variable rate assets and liabilities, as set out in the interest rate risk table above.

Note

19 Risk management (continued)

19.5 Operational risk

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, employees and technology, and from external events. One of the core objectives of the company is to establish and instil a culture of control, compliance and risk consciousness appropriate to its business. In terms of the transaction documents applicable to the company, all these functions are outsourced to Nedbank Limited.

19.6 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 13, cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

20 Related parties

Nedbank Limited is exposed, or has rights to, variable returns from its involvement with GreenHouse Funding III (RF) Limited and

The following significant transactions were entered into between GreenHouse Funding III (RF) Limited and Nedbank Limited. All of these transactions were entered into in the normal course of business and are market-related.

Outstanding balances	**2015 Balance due from / (to)**	2014 Balance due from / (to)	Terms and conditions
Loan to Nedbank	**1 931 294 181**	962 224 640	Interest earned on the loan is variable based on the underlying residential mortgage loan portfolio.
Note GH31D	**(100 985 513)**	-	Interest payable quarterly based on 3m JIBAR
Subordinated loan 1	**(186 575 598)**	-	Interest payable quarterly based on 3m JIBAR
Interest rate swap at fair value	**(12 323 747)**	-	Quarterly exchange of a variable rate of interest based on 3m JIBAR for a variable rate based on prime minus 3.142%, applied to notional amounts.
Cash and cash equivalent	**150 320 111**	10 162 286	Transaction account at guaranteed investment
Warehouse facility	**-**	(968 518 960)	Accounts payable to Nedbank Limited, bearing interest at a rate of prime less 2%
Intercompany funding	**4 539 741**	(3 627 497)	Accounts receivable from Nedbank Limited, bearing interest at a linked variable rate, which averaged 5.95% (2014: 5.75%) for the year
Expense accrual	**(1 147 156)**	(226 000)	Servicer and administration fees payable
Debtors and accruals	**5 500 000**	2 073 504	Cash collected by Nedbank Limited on behalf of GreenHouse Funding III (RF) Limited.

Note

20 Related parties (continued)

Transactions	2015 Amount earned / (expensed)	2014 Amount earned / (expensed)
Loan to Nedbank	**143 504 669**	15 183 780
Note GH31D	**(6 877 677)**	-
Subordinated loan 1	**(20 615 868)**	-
Fair value adjustment on interest rate swap	**(12 106 881)**	-
Interest incurred on swap	**(1 020 597)**	-
Cash and cash equivalent	**11 232 514**	-
Warehouse facility	**(20 070 876)**	(12 659 528)
Intercompany funding	**3 081 369**	-
Servicer and administration fees	**(1 375 202)**	(226 000)

21 Contingencies and commitments

The company had no material contingencies or commitments at the balance sheet date.

22 Subsequent events

The directors are not aware of any material post-balance sheet events that have occurred between balance sheet date and the date of this report.

23 Going concern

The company's liabilities exceeded its assets by R3 243 844 as at 31 December 2015 (2014: nil). The primary reason for this deficit is the fair value loss sustained on the financial instrument. The company is expected to trade to finalisation and is expected by management to continue as a going concern for the forseeable future. Accordingly, the financial statements are prepared on the basis of the accounting policies applicable to a going concern.

GreenHouse Funding III (RF) Limited
Schedule 1

Categorised statement of financial position as at 31 December 2015

	2015 R	Held for trading financial instruments at fair value R	Financial instruments at amortised cost R	Non-financial assets and liabilities R
ASSETS				
Cash and cash equivalents	150 642 686	-	150 642 686	-
Accounts receivable	10 039 741	-	10 039 741	-
Loan to Nedbank Limited	1 927 526 324	-	1 927 526 324	-
Deferred tax	3 924 639	-	-	3 924 639
Total assets	2 092 133 390	-	2 088 208 751	3 924 639
EQUITY AND LIABILITIES				
Share capital	100	-	-	100
Accumulated deficit	(3 243 944)	-	-	(3 243 944)
Total equity	(3 243 844)	-	-	(3 243 844)
Derivative financial instrument	12 323 747	12 323 747	-	-
Accounts payable	1 147 156	-	1 147 156	-
Current tax liability	1 267 391	-	-	1 267 391
Long term debt instruments	2 080 638 940	-	2 080 638 940	-
Total liabilities	2 095 377 234	12 323 747	2 081 786 096	1 267 391
Total equity and liabilities	2 092 133 390	12 323 747	2 081 786 096	(1 976 453)

Fair value hierachy

Liabilities

Derivative financial instruments - level 2	12 323 747

The table above analyses the financial assets and financial liabilities that are measured at fair value by level of fair-value hierarchy as required by IFRS 13 Fair Value Measurement. The levels of the hierarchy are defined as follows:
Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date .
Level 2: Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

GreenHouse Funding III (RF) Limited
Schedule 1

Categorised statement of financial position as at 31 December 2014

	2014 R	Held for trading financial Instruments at fair value R	Financial Instruments at amortised cost R	Non-financial assets and liabilities R
ASSETS				
Cash and cash equivalents	10 162 286	-	10 162 286	-
Accounts receivable	2 073 504	-	2 073 504	-
Loan to Nedbank Limited	960 837 190	-	960 837 190	-
Deferred tax	255 234	-	-	255 234
Total assets	973 328 214	-	973 072 980	255 234
EQUITY AND LIABILITIES				
Share capital	100	-	-	100
Retained earnings	667 917	-	-	667 917
Total equity	668 017	-	-	668 017
Loan from Nedbank Limited	968 518 960		968 518 960	-
Accounts payable	4 039 497	-	4 039 497	-
Current tax liability	101 740	-	-	101 740
Total liabilities	972 660 197	-	972 558 457	101 740
Total equity and liabilities	973 328 214	-	972 558 457	769 757

GreenHouse Funding III (RF) Limited
Schedule 2

Additional information - pool of mortgage loans

All mortgage loans assigned to GreenHouse Funding III (RF) Limited at 31 December 2015 had a maximum maturity of 25 years. The analysis of these loans is as follows:

	2015 R	2014 R
Classification of mortgage loans		
Neither past due nor impaired	**1 891 622 060**	955 746 730
Past due but not impaired	**29 275 670**	5 694 645
Impaired	**10 396 451**	783 265
	1 931 294 181	962 224 640
Age analysis of past due but not impaired		
< 30 days	**17 103 626**	5 308 082
31 < 90 days	**12 172 044**	386 563
	29 275 670	5 694 645
Credit quality of neither past due nor impaired		
NGR 1-12	**404 256 579**	190 514 604
NGR 13-20	**1 467 091 209**	758 399 095
NGR 21-25	**20 274 272**	6 833 031
	1 891 622 060	955 746 730
Credit quality of past due but not impaired		
NGR 1-12	**-**	-
NGR 13-20	**6 462 331**	4 631 603
NGR 21-25	**22 813 339**	1 063 042
	29 275 670	5 694 645

NGR 1-12 represents borrowers who demonstrate a strong capacity to meet financial obligations and who have a negligible or low probability of default.

NGR 13-20 represents borrowers who demonstrate a satisfactory ability to meet financial obligations and who have a low or moderate probability of default.

NGR 21-25 represents borrowers who are of higher risk. However the borrower has not defaulted and is continuing to make repayments.

Analysis of impairments

2015	**Total** **R**	**Specific** **R**	**Portfolio** **R**
Balance at the beginning of the year	**(1 387 450)**	**(172 050)**	**(1 215 400)**
Statement of comprehensive income - charge for year	**(2 408 792)**	**(1 077 898)**	**(1 330 894)**
Written off	**28 385**	**28 385**	**-**
Balance at the end of the year	**(3 767 857)**	**(1 221 563)**	**(2 546 294)**

2014	Total R	Specific R	Portfolio R
Balance at the beginning of the period	-	-	-
Statement of comprehensive income - charge for period	(1 387 450)	(172 050)	(1 215 400)
Balance at the end of the period	(1 387 450)	(172 050)	(1 215 400)

GreenHouse Funding III (RF) Limited
Schedule 3

Directors' remuneration

Directors' fees in respect of the 2015 financial period are payable to TMF Corporate Services (South Africa) (Proprietary) Limited (TMF), for director services provided to the company. TMF provides 3 independent directors to the company, and all 3 directors are employees of TMF. These individuals are remunerated by TMF on a separate basis that has no direct correlation to the fees paid by the company to TMF. Total fees paid to TMF are R61 437 (2014: R36 000) from this company and R542 644 (2014: R373 333) from other group companies in respect of provision of director services. No other fees are paid to the directors or prescribed officers. Fees per director / prescribed officer are set out below.

2015	Total fee paid to TMF for provision of directors	Amount (indirectly) receivable by individual director for services rendered to the company	Amount (indirectly) receivable by individual director for services rendered to other group companies	Amounts paid to individual director otherwise in connection with the company's / group companies' affairs	Pensions paid / payable	Amounts paid / payable to a pension scheme	Compensation for loss of office
	R	R	R	R	R	R	R
John Doidge	29 490	1 180	10 419	-	-	-	-
Brendan Harmse	17 202	688	6 078	-	-	-	-
Rishendrie Thanthony	14 745	413	3 646	-	-	-	-
Richard Hayne	-	-	-	-	-	-	-
W.H Swanepoel (alternate to John Doidge)	-	-	-	-	-	-	-
Public Officer Richard Burnham	-	-	-	-	-	-	-
Total	61 437	2 281	20 143	-	-	-	-

2014	Total fee paid to TMF for provision of directors	Amount (indirectly) receivable by individual director for services rendered to the company	Amount (indirectly) receivable by individual director for services rendered to other group companies	Amounts paid to individual director otherwise in connection with the company's / group companies' affairs	Pensions paid / payable	Amounts paid/payable to a pension scheme	Compensation for loss of office
	R	R	R	R	R	R	R
John Doidge	17 280	691	7 168	-	-	-	-
Brendan Harmse	10 080	403	4 181	-	-	-	-
Rishendrie Thanthony	8 640	242	2 509	-	-	-	-
Richard Hayne	-	-	-	-	-	-	-
W.H Swanepoel (alternate to John Doidge)	-	-	-	-	-	-	-
Public Officer Richard Burnham	-	-	-	-	-	-	-
Total	36 000	1 336	13 858	-	-	-	-