


327012

CBA (Europe) Finance Group

Report and Accounts

30 June 2004

 ERNST & YOUNG



CBA (Europe) Finance Limited

Registered No: 3279332

Directors

J C C Marshall

B Parker

Secretary

J C C Marshall

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Bankers

Commonwealth Bank of Australia

108-120 Pitt St

Sydney

New South Wales 2000

National Westminster Bank Plc

Kings Cross House

200 Pentonville Road

London N1 9HL

Registered Office

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Senator House

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London EC4V 4HA

Directors' report

The directors present their report and accounts for the year ended 30 June 2004.

Results and dividends

The Group profit for the year, after taxation, amounted to AUD 9,630,000 (2003 – AUD 18,201,000). The directors paid a preference dividend of AUD 28,000,000.

The accounts are presented in Australian dollars to reflect the underlying nature of the investments.

Principal activity and review of the business

The group's principal activity during the period was the making of investments.

Future development

The directors of the company do not expect any significant change in the operations of the company.

Directors and their interests

The directors who held office at 30 June 2004 were as follows:

B Parker

J C C Marshall

P J R Chiswell (resigned on 17 September 2004)

J C C Marshall holds one fully paid ordinary share of £1 in Pontoon (Funding) plc and one fully paid ordinary share of £1 in Quay (Funding) plc. Other than these holdings, no director was interested in the ordinary shares or preference shares of the company at 30 June 2003.

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditors has been made by the members at the Annual General Meeting held on 5 October 2004.

On behalf of the board



J C C Marshall

Director

05 NOV 2004

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 CBA (Europe) Finance Limited

We have audited the group's accounts for the year ended 30 June 2004 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 19. These accounts have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group 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.

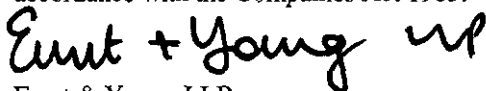
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor

London

12 November 2004

Group profit and loss account

for the year ended 30 June 2004


	Notes	2004 AUD'000	2003 AUD'000
Interest receivable and similar income	4	94,447	86,240
Interest receivable and similar income arising from investments	5	30,742	14,496
Interest payable and similar charges	6	(113,383)	(75,237)
Other external charges		(526)	(550)
Foreign exchange gains		(112)	1,124
Profit on ordinary activities before taxation	2	11,168	26,073
Tax on profit on ordinary activities	3	(1,538)	(7,872)
Profit for the financial year		9,630	18,201
Preference dividends		(28,000)	-
Profit retained for the financial year		(18,370)	18,201

The profit and loss account also represents the company's statement of total recognised gains and losses as required by Financial Reporting Standard 3.

Group balance sheet

at 30 June 2004

	Notes	2004 AUD'000	2003 AUD'000
Fixed assets			
Investments	7	811,445	442,543
Hire purchase contract	8	4,750	3,394
Loans and advances to group undertaking	9	1,855,150	1,782,432
		<u>2,671,345</u>	<u>2,228,369</u>
Current assets			
Prepayments and accrued income from group undertaking		21,572	23,861
Accrued interest income on investment securities		4,292	4,365
Cash in hand and at related bank		957	856
Hire purchase contract	8	2,890	1,304
Loans and advances to group undertaking	9	34,456	555,644
		<u>64,167</u>	<u>586,030</u>
Creditors: amounts falling due within one year			
Accruals and deferred income – group undertaking		3,800	2,184
Accruals and deferred income – other		24,280	21,400
Corporation tax		1,562	8,170
Amount owed to group companies	10	443,908	419,762
Debt securities in issue	11	28,609	27,354
		<u>502,159</u>	<u>478,870</u>
Net current assets		<u>(437,992)</u>	<u>107,160</u>
Total assets less current liabilities		<u>2,233,353</u>	<u>2,335,529</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group companies	10	370,110	3,318
Debt securities in issue	11	1,855,150	1,782,434
Unamortised fees and net position in underlying swap transaction	12	3,405	25,854
		<u>4,688</u>	<u>523,923</u>
Capital and reserves			
Called up share capital	13	-	500,000
Foreign exchange revaluation reserve		(314)	551
Profit and loss account	14	5,002	23,372
Shareholders' funds :			
Equity		4,688	23,923
Non-equity		-	500,000
	13	<u>4,688</u>	<u>523,923</u>



Director

05 NOV 2004

Company balance sheet

at 30 June 2004

	Notes	2004 AUD '000	2003 AUD '000
Fixed assets			
Investments	7	439,069	415,452
Hire purchase contract	8	4,750	3,394
		<u>443,819</u>	<u>418,846</u>
Current assets			
Prepayments and accrued income		244	4,833
Cash in hand and at related bank		348	515
Corporation tax		201	-
Hire purchase contract	8	2,890	1,304
Loan and advances to group companies	9	3,741	524,406
		<u>7,424</u>	<u>531,058</u>
Creditors: amounts falling due within one year			
Accruals and deferred income – group undertaking		2,827	2,105
Accruals and deferred income – other		37	181
Corporation tax		-	3,555
Amounts owed to group companies	10	443,908	419,762
		<u>446,772</u>	<u>425,603</u>
Net current assets		<u>(439,348)</u>	<u>105,455</u>
Total assets less current liabilities		<u>4,471</u>	<u>524,301</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group companies	10	4,439	3,318
		<u>32</u>	<u>520,983</u>
Capital and reserves			
Called up share capital	13	-	500,000
Profit and loss account	14	32	20,983
Shareholders' funds:			
Equity		32	20,983
Non-equity		-	500,000
	14	<u>32</u>	<u>520,983</u>



Director

05 NOV 2004

Notes to the accounts

at 30 June 2004

1. Accounting policies

A summary of the principal accounting policies applied consistently throughout the year are set out below:

a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Related parties

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties which are part of the group.

c) Cash flow statement

The company is a wholly owned subsidiary of Commonwealth Bank Australia and has taken advantage of the exemption under FRS 1 (revised) from preparing a cash flow statement.

d) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Where foreign currency borrowings are used to finance foreign equity investments denominated in foreign currencies, the investments are translated at the end of each accounting period at the closing rate and exchange differences arising are taken to reserves. Exchange gains or losses on the foreign currency borrowings used to finance such investments are offset, as a reserve movement, *against exchange difference on the investments.*

All other differences are taken to the profit and loss account.

e) Fixed asset investments

Investments are shown at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate adjustment is made.

f) Derivative financial instruments

For group accounts, hedge accounting has been used to minimise foreign exchange, interest rate and translation risk. *Burdekin Investments Limited, a subsidiary of CBA (Europe) Finance Ltd, has entered into cross currency swaps to hedge certain assets and liabilities. These are accounted for on an accrual basis consistent with the assets and liabilities they are hedging.*

Notes to the accounts

at 30 June 2004

g) Hire Purchase Contracts

The net investment in Hire Purchase contracts is recorded on the balance sheet as a debtor. The rental receipts under hire purchase contracts are apportioned between finance income and repayment of the debtor balance.

2. Profit on ordinary activities before taxation

This is stated after providing for auditors' remuneration for the group of AUD 94,000 (2003 - AUD 64,000). CBA (Europe) Finance Limited's profits on ordinary activities before taxation amounted to AUD 6,852,021 (2003 - AUD 19,069,000).

3. Taxation

	2004 AUD'000	2003 AUD'000
Tax charge reconciles to the standard UK rate of 30% as follows:		
UK corporation tax at 30%	3,350	7,822
Previous year over accrued expense	-	18
Foreign exchange variance on consolidation	(29)	32
Tax credit on non-taxable income	(3,543)	-
Group relief surrendered for free	1,760	-
	<u>1,538</u>	<u>7,872</u>

4. Income receivable and similar income

	2004 AUD'000	2003 AUD'000
Interest income receivable and similar income – group undertaking	93,870	85,061
Interest income receivable and similar income – other	577	1,179
	<u>94,447</u>	<u>86,240</u>

Notes to the accounts

at 30 June 2004

5. Interest receivable and similar income arising from investment

	2004 AUD'000	2003 AUD'000
Listed	18,930	14,496
Unlisted	11,812	
	<u>30,742</u>	<u>14,496</u>

6. Interest payable and similar charges

	2004 AUD'000	2003 AUD'000
Interest payable to group companies	29,003	17,788
Interest payable on debt securities	84,380	57,449
	<u>113,383</u>	<u>75,237</u>

7. Investments

	Group AUD'000	Company AUD'000
Listed		
Cost:		
At 1 July 2003	442,543	124
Amortisation of Premium	(1,012)	-
Foreign exchange movement	4,243	7
	<u>445,774</u>	<u>131</u>
At 30 June 2004		
Unlisted		
Cost:		
At 1 July 2003	-	415,328
Additions	388,894	-
Maturity	-	-
Foreign exchange movement	(23,223)	23,610
	<u>365,671</u>	<u>438,938</u>
At 30 June 2004		

Notes to the accounts

at 30 June 2004

Total		
Cost:	AUD'000	AUD'000
At 1 July 2003	442,543	415,452
Additions	388,894	-
Amortisation of Premium	(1,012)	-
Maturity	-	-
Foreign exchange adjustment	(18,980)	23,617
At 30 June 2004	811,445	439,069

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital as at 30 June 2004 are as follows:

	Holding	Proportion of voting rights and shares held	Nature of business
Burdekin Investments Limited (incorporated in Cayman Islands)	Ordinary shares	100%	Financial Services
Burdekin Investments Limited (incorporated in Cayman Islands)	Preference shares	100%	Financial Services
Pontoon (Funding) Plc	Ordinary shares	100%	Financial Services
Quay (Funding) Plc	Ordinary shares	100%	Financial Services

8. Hire Purchase Contract

	Group 2004 AUD'000	2003 AUD'000	Company 2004 AUD'000	2003 AUD'000
Amount receivable under finance leases:				
Within one year	2,970	1,484	2,970	1,484
In two to five years	5,183	3,584	5,183	3,584
	8,153	5,068	8,153	5,068
Less: Finance charges allocated to future periods	(513)	(370)	(513)	(370)
	7,640	4,698	7,640	4,698
Of which less than one year	2,890	1,304	2,890	1,304
Of which over one year	4,750	3,394	4,750	3,394
	7,640	4,698	7,640	4,698

Notes to the accounts

at 30 June 2004

9. Loans and advance to group undertaking

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	AUD'000	AUD'000	AUD'000	AUD'000
Maturity analysis:				
3 months or less	15,724	537,704	3,741	524,406
1 year or less but over 3 months	18,732	17,940	-	-
5 years or less but over 1 year	1,855,150	1,159,030	-	-
Over 5 years	-	623,402	-	-
	<u>1,889,606</u>	<u>2,338,076</u>	<u>3,741</u>	<u>524,406</u>

10. Amounts owed to group companies

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	AUD'000	AUD'000	AUD'000	AUD'000
Maturity analysis:				
1 year or less	443,908	419,762	443,908	419,762
2 years or less but over 1 year	3,157	1,468	3,157	1,468
5 years or less but over 2 years	366,953	1,850	1,282	1,850
	<u>814,018</u>	<u>423,080</u>	<u>448,347</u>	<u>423,080</u>

11. Debt securities in issue

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	AUD'000	AUD'000	AUD'000	AUD'000
Bonds and medium term notes	-	1,782,434	-	-
Maturity analysis:				
1 year or less (balance sheet – current liabilities)	28,609	27,354	-	-
2 years or less but over 1 year	28,059	27,069	-	-
5 years or less but over 2 years	1,827,091	1,131,961	-	-
Over 5 years	-	623,404	-	-
	<u>1,883,759</u>	<u>1,809,788</u>	<u>-</u>	<u>-</u>
Of which less than one year	28,609	27,354	-	-
Of which over one year	1,855,150	1,782,434	-	-
	<u>1,883,759</u>	<u>1,809,788</u>	<u>-</u>	<u>-</u>

Notes to the accounts

at 30 June 2004

12. Unamortised fees and net position in underlying swap transaction

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	AUD'000	AUD'000	AUD'000	AUD'000
Maturity analysis:				
2 years or less but over 1 year	-	3,029	-	-
5 years or less but over 2 years	3,405	18,156	-	-
Over 5 years	-	4,669	-	-
	<u>3,405</u>	<u>25,854</u>	<u>-</u>	<u>-</u>

13. Group and company called up share capital

	<i>Authorised</i> 2004 £	<i>Authorised</i> 2003 £
Ordinary shares of £1 each	100	100
	<i>AUD</i>	<i>AUD</i>
Preference shares of AUD 1 each	1,500,000,000	1,500,000,000

	<i>Allotted, called up and fully paid</i>			
	2004	2003	2004	2003
	No.	No.	£	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

	<i>AUD'000</i>
Preference shares of AUD 1 each	
At 1 July 2003	500,000
Capital redemption	(500,000)
At 30 June 2004	<u>-</u>

In December 2003 the company entered a capital redemption programme for 500 million redeemable preference shares at par for AUD 500 million.

Notes to the accounts

at 30 June 2004

14. Group reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Foreign exchange reserve</i>	<i>Total shareholders' funds</i>
	<i>AUD'000</i>	<i>AUD'000</i>	<i>AUD'000</i>	<i>AUD'000</i>
At 1 July 2003	500,000	23,372	551	523,923
Profit/(loss) for the year	-	(18,370)	-	(18,370)
Foreign exchange difference	-	-	(865)	(865)
Redemption	(500,000)	-	-	(500,000)
At 30 June 2004	-	5,002	(314)	4,688

Company reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>AUD'000</i>	<i>AUD'000</i>	<i>AUD'000</i>
At 1 July 2003	500,000	20,983	520,983
Profit/(loss) for the year	-	(20,951)	(20,951)
Redemption	(500,000)	-	(500,000)
At 30 June 2004	-	32	32

The share capital balance of the company at 30 June 2004 is £2.

15. Directors' Remuneration

No emoluments were received by the directors from the company or any other third party for the performance of their duties.

16. Employees

The company did not have any employees during the financial period.

17. Commitments

CBA (Europe) Finance Limited had an AUD 24,745,000 commitment to Veolia Environment SA which was cancelled on 24 February 2004.

18. Parent undertaking

The company's parent undertaking is Commonwealth Bank of Australia, which is incorporated in Australia. Copies of its group accounts, which include the company, are available from 48 Martin Place, Sydney, Australia.

Notes to the accounts

at 30 June 2004

19. Post Balance Sheet Event

The company purchased AUD 600m preference shares in Burdekin Investments Ltd on 24 August 2004. Burdekin Investments Ltd purchased AUD 600m preference shares in Watermark Ltd and AUD 1,500 ordinary shares in Pavilion & Park Ltd on 24th August 2004. On 31st August Burdekin Investments Ltd lent the preference shares in Watermark Ltd to Pavilion and Park Ltd.