

CBA (Europe) Finance Limited

Annual report and financial statements

Registered No: 3279332

30 June 2008

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Registered No: 3279332

Directors

J C C Marshall
B Parker
C McBride

Secretary

J C C Marshall

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and registered auditors
Hay's Galleria
1 Hays Lane
London SE1 2RD

Bankers

Commonwealth Bank of Australia
108-120 Pitt Street
Sydney
New South Wales 2000

National Westminster Bank Plc
Kings Cross House
200 Pentonville Road
London N1 9HL

Registered Office

Level 3
Senator House
85 Queen Victoria Street
London EC4V 4HA

Directors' report

The directors present their report and financial statements of the company for the year ended 30 June 2008.

Principal activity and Review of the business

The company's principal activity is the making of investments. CBA (Europe) Finance Limited has three subsidiaries which are also engaged in the business of making investments.

During the year ended 30 June 2007, the company subscribed to USD 10,000 Limited Partnership units in Devonport LP in its involvement in Project Roadrunner.

The main reason for the increase in profit this year compared to a profit last year is due to the increase in dividend payment from Burdekin (Investments) Limited (Burdekin). Burdekin had paid a discretionary dividend of \$5million in August 2007. The interest expense on the debt funding for this period was \$1.1 million, creating a \$3.8 million variance in return over funding.

The company made no charitable donations during the year ended 30 June 2008

Results and dividends

The profit for the year, after taxation, amounted to AUD 3,402K (2007: Profit AUD 309K). The directors do not recommend the payment of a dividend this financial year (2007: Nil).

The financial statements are presented in AUD to reflect the underlying nature of the loans

Future developments

The directors of the company consider that the company is well placed to meet the future demands on the business.

The directors do not foresee any significant future changes in the operations of the company.

Directors

The directors who held office during the year were as follows:

J C C Marshall
B Parker
C McBride

No director who held office at the end of the financial year had any beneficial interest in the ordinary shares or preference shares of the company.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, and as outlined in s11.1 of the Company's Articles of Association. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' report

Financial Risk Management

The Directors have considered the provisions included within Schedule 7(5A) of the Companies Act 1985, relating to the financial risk management objectives and policies of the company, including any associated use of financial instruments.

The financial risk management of the Company is performed in conjunction with the overall risk management of the ultimate parent company being Commonwealth Bank of Australia (CBA), and of the CBA group as a whole. Relevant procedural guidelines and methods of the CBA Risk Management Group used to manage credit risk, liquidity risk and interest rate risk are set out below and where appropriate these have been implemented by the Company.

Credit risk

CBA Risk Management Group has policies requiring appropriate credit checks on potential counterparties before transactions are made. The amount of exposure to any counterparty is subject to a limit, which is re-assessed continuously by the Risk Management department.

Liquidity risk

Liquidity risk is that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The maturity of the investments is matched with the maturity of the liabilities to either other affiliated entities or external providers, thereby eliminating liquidity risk.

Interest rate risk

The company manages its interest rate risk on the cost of borrowings and interest income on assets by benchmarking against LIBOR. Hence interest rate risk is minimised through this natural hedge. The directors will re-assess the adequacy of this arrangement should the company's operations change in size or nature.

Disclosure of information to auditors

In so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the necessary steps in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK 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 judgments 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 its financial statements comply with the Companies Act 1985 and the United Kingdom Generally Accepted Accounting Practice. 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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Auditors

During the year Ernst & Young resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting



On behalf of the board

Director

Date: 28th April 2009

Independent Auditor's Report

To the Members of CBA (Europe) Finance Limited

We have audited the financial statements of CBA (Europe) Finance Limited for the year ended 30 June 2008 which comprise of the profit and loss account, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Auditor's Report

To the Members of CBA (Europe) Finance 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 30 June 2008 and of its profit for the year 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

Date: *29 April 2009*

Profit and loss account

for the year ended 30 June 2008

| | Notes | 2008 AUD'000 | 2007 AUD'000 |
|--|----------|-----------------|-----------------|
| Income from fixed asset investment | | 52,793 | 54,000 |
| Interest payable to group undertaking | | (48,993) | (53,858) |
| Administrative expenses | | (398) | (218) |
| Operating Profit /Loss | | 3,402 | (76) |
| Interest receivable and similar income | | - | 385 |
| Profit on ordinary activities before taxation | 2 | 3,402 | 309 |
| Tax on profit on ordinary activities | 5 | - | - |
| Profit retained for the financial year | | 3,402 | 309 |

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical costs equivalents.

The result for the year is derived entirely from continuing operations.

Statement of total recognised gains and losses**for the year ended 30 June 2008**

| | 2008 AUD'000 | 2007 AUD'000 |
|--|-----------------|-----------------|
| Profit retained for the financial year | 3,402 | 309 |
| Exchange difference on retranslation of foreign equity investments | (30) | (13,866) |
| Exchange difference on retranslation of foreign currency borrowings designated as hedges | 30 | 13,866 |
| Total recognised losses and gains relating to the year | 3,402 | 309 |

Balance sheet

at 30 June 2008

| | Notes | 2008 AUD'000 | 2007 AUD'000 |
|--|-------|-----------------|------------------|
| Fixed assets | | | |
| Investments | 6 | 600,209 | 862,641 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 46,694 | 28,229 |
| Cash at bank and in hand | | 24 | 57 |
| | | <u>46,718</u> | <u>28,286</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 8 | (39,820) | (267,671) |
| Net current assets | | <u>6,898</u> | <u>(239,385)</u> |
| Non- current liabilities | | | |
| Inter- company loan | 8 | (600,000) | (619,551) |
| Net assets | | <u>7,107</u> | <u>3,705</u> |
| Capital and reserves | | | |
| Called up share capital* | 9 | - | - |
| Profit and loss account | 10 | 7,107 | 3,705 |
| Total shareholders' funds | 10 | <u>7,107</u> | <u>3,705</u> |

* Share capital of GBP2 has been rounded to AUD nil

The financial statements on pages 8-16 were approved by the board of directors on 28 April 2009 and were signed on its behalf by:



Director

Date: 28th April 2009

Notes to the financial statements

for the year ended 30 June 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

a) Accounting convention

These financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards. A summary of more important accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

b) Going concern

These accounts are prepared in accordance with the Companies Act 1985 and on a going concern basis.

c) Related parties

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Commonwealth Bank of Australia, whose accounts are publicly available. There are no other related parties transactions requiring disclosure.

d) Cash flow statement

The company is a wholly owned subsidiary of Commonwealth Bank of Australia and has taken advantage of the exemption under FRS 1 (revised) from preparing a cash flow statement, as a consolidated cash flow statement is included in publicly available financial statements of the ultimate holding company CBA.

e) Consolidation exemption

The company is a wholly owned subsidiary of Commonwealth Bank of Australia and has taken advantage of the 'Companies Act 228A Exemption for parent companies included in non-EEA group accounts' from preparing group accounts.

f) 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. The conversion rate at balance sheet date is 1AUD=£0.48405351.

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.

g) Fixed asset investments

Investments are stated at cost (as adjusted for discounts or premiums) unless, in the opinion of the directors, there has been impairment in value, in which case an appropriate adjustment is made.

h) Derivative financial instruments

The company enters into credit default swaps to reduce exposures to credit risk on certain assets and liabilities. The credit default swaps are accounted for on an accruals basis. Due to the termination of The Barbican transaction during the year there are no longer any balances

Notes to the financial statements

for the year ended 30 June 2008

1. Accounting policies (continued)

h) Derivative financial instruments (continued)

relating to the CDS at year end. Any amounts receivable/payable in relation to the CDS have been realised in the period.

i) Classification of financial instruments issued by the Company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or Group); and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Financial instruments arising from the company's operations which include amounts owed to and from group companies, debtors and creditors are included within the creditors and debtors to group companies are recorded at fair value.

j) Interest receivable and payable

Interest receivable and payable is accrued over the period of the loans, investments and borrowings.

k) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

l) Functional Currency

The financial statements are presented in AUD as this is deemed to be the main functional and operating currency for the company.

m) Loans to group undertakings

Loans and advances to group undertakings are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised as income or expense when loans and advances are derecognised or impaired.

Notes to the financial statements

for the year ended 30 June 2008

2. Profit on ordinary activities before taxation

The company's profit before tax for the year is AUD 3,402K (2007: profit AUD 309K). This is stated after charging auditors' remuneration for the company of AUD 40,000 (2007: AUD 39,731).

3. Directors' Remuneration

The emoluments of all the directors are paid by the ultimate parent company which makes no recharge to the company. The directors are employees of the ultimate parent company and are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of the directors' emoluments in respect of each of the subsidiaries. Hence, no directors' emoluments are disclosed in the financial statements of the company.

4. Employee information

The company did not have any employees during the year.

5. Taxation

| | 2008 AUD'000 | 2007 AUD'000 |
|---|-----------------|-----------------|
| (a) Current tax charge | | |
| UK Corporation tax at 29.5027%* (2007 - 30%) | - | - |
| (b) Reconciliation of total tax charge | | |
| Profit / (loss) on ordinary activities before tax | 3,402 | 309 |
| Profit / (loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 29.5027%* (2007 - 30%) | 1,004 | 93 |
| Effects of: | | |
| Tax credit on non-assessable income | (15,476) | (15,892) |
| Group relief surrendered for free | 14,385 | 15,365 |
| Schedule 28AA adjustment for Inter Company loans | 87 | 434 |
| Current tax charge for the year (note 5(a)) | - | - |

* The rate of UK corporation tax is reduced from 30% to 28% with effect from 1 April 2008. Therefore the tax rate for the year ended 30 June 2008 is 29.5027%.

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

Notes to the financial statements

for the year ended 30 June 2008

6. Fixed asset investments

Shares in group undertakings

| | 2008 AUD'000 | 2007 AUD'000 |
|-------------------------------|-----------------|-----------------|
| At 1 July | 862,641 | 896,939 |
| Addition | - | 12 |
| Redemption of shares* | (262,402) | - |
| Distribution of share premium | - | (20,444) |
| Foreign exchange movement | (30) | (13,866) |
| At 30 June | 600,209 | 862,641 |

*During the year ended 30 June 2008, Burdekin Investments Limited redeemed AUD 262,402k of issued capital from CBA (Europe) Finance Limited.

Details of investments in which the company holds 20% or more of the nominal value of any class of share capital as at 30 June 2008 are as follows:

| <i>Company</i> | <i>Country of incorporation</i> | <i>Holding</i> | <i>Proportion of voting rights and shares held</i> | <i>Nature of business</i> |
|-------------------------------|-------------------------------------|------------------------------|--|-------------------------------|
| Burdekin Investments Limited | Cayman Islands | Ordinary & Preference shares | 100% | Investment Company |
| Pontoon (Funding) Plc | United Kingdom | Ordinary shares | 100% | Funding Company |
| Quay (Funding) Plc | United Kingdom | Ordinary shares | 100% | Funding Company |
| Pavilion & Park Limited * | United Kingdom | Ordinary shares | 75% | Investment Company |
| Waterloo & Victoria Limited * | Cayman Islands | Ordinary shares | 25% ^Ω | Investment Company |
| Watermark Limited * | Hong Kong | Ordinary & Preference shares | 100% ^Ω | Investment Company |
| Bayswater & Bond Limited * | Cayman Islands | Ordinary shares | 25% ^Ω | Investment Company |

* The company holds an indirect interest through its interest in Burdekin Investments Limited.

The credit risks in certain investments have been matched by credit default swaps. On 27 August 2004, Burdekin Investments Limited invested AUD 600.01m in shares of Watermark Limited, a fellow subsidiary undertaking. The consideration was financed through the issuance of redeemable voting preference shares. Subsequent to the initial purchase, the preference shares were provided to Pavilion & Park Limited under a stock loan agreement. Cash collateral of AUD 600m was received in respect of this stock loan.

^Ω Under the terms of a stock loan agreement CBA (Europe) Finance Limited neither controls nor significantly influences the entity at the year end.

Burdekin is a fully owned subsidiary of CBAE and has placed a deposit with CBA London Branch, pledge against the borrowings by CBAE from London Branch. If CBAE does not pay London Branch then Burdekin will not receive its deposit back from London branch and it could lead to a possible impairment in the investment of CBAE in Burdekin.

Notes to the financial statements

for the year ended 30 June 2008

6. Fixed asset investments (continued)

Burdekin Investments Limited is the beneficiary of an indemnity against costs from ASB Bank to the extent that the net asset value of Waterloo & Victoria Limited is less than NZD 900.004m at the termination of the stock loan.

7. Debtors

| | 2008 AUD'000 | 2007 AUD'000 |
|--|-----------------|-----------------|
| Amounts falling due within one year | | |
| Amounts owed by group undertakings | 6,538 | 3,929 |
| Prepayments and accrued income from group undertakings | 39,956 | 24,099 |
| Other debtors | 200 | 201 |
| | <u>46,694</u> | <u>28,229</u> |

8. Creditors

| | 2008 AUD'000 | 2007 AUD'000 |
|---|-----------------|-----------------|
| Current liabilities (Amounts falling due within one year) | | |
| Accruals and deferred income | | |
| - Group undertakings | 4,892 | 6,349 |
| - Others | - | 228 |
| Amount owed to group undertakings | 34,928 | 261,094 |
| | <u>39,820</u> | <u>267,671</u> |
| Non-current liability | | |
| Inter-company loan (interest of 7.3241%) | 600,000 | 619,551 |

Interest-bearing loans and borrowings are repayable as follows:

| | Total AUD000 | Less than 1 year AUD000 | 1-2 years AUD000 |
|--------------------|-----------------|-------------------------------|---------------------|
| Liabilities | | | |
| Inter-company loan | 600,000 | - | 600,000 |
| | <u>600,000</u> | <u>-</u> | <u>600,000</u> |

Notes to the financial statements

for the year ended 30 June 2008

9. Share capital

| | <i>Authorised</i> | |
|---|-------------------|-------------|
| | 2008 | 2007 |
| 100 ordinary shares of £1 each | 100 | 100 |
| | AUD million | AUD million |
| 1,500,000,000 preference shares of AUD 1 each | 1,500 | 1,500 |

| | <i>Allotted, called up and fully paid</i> | | | |
|----------------------------|---|------|------|------|
| | 2008 | 2007 | 2008 | 2007 |
| | No. | No. | £ | £ |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |

10 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> |
|---|----------------------|--------------------------------|---------------------------------|----------------------------------|
| | AUD'000 | AUD'000 | AUD'000 | AUD'000 |
| At 1 July 2007 | - | 3,705 | - | 3,705 |
| Profit retained for the year | - | 3,402 | - | 3,402 |
| Exchange differences on re-translation of foreign equity investments | - | - | (30) | (29,919) |
| Exchange differences on re-translation of foreign currency borrowings designated and hedges | - | - | 30 | 29,919 |
| At 30 June 2008 | - | 7,107 | - | 7,107 |

11 Contingent assets, liabilities and commitments

There are no contingent assets, liabilities and commitments in the financial year. (2007: nil)

12. Parent undertaking

The company's immediate and ultimate parent company is Commonwealth Bank of Australia, which is incorporated in Australia. The smallest group which the financial statements are consolidated is Commonwealth Bank of Australia. Copies of its group financial statements, which include the company, are available to the public from 48 Martin Place, Sydney, Australia.