CBA (Europe) Finance Limited

Registered Number: 3279332

Annual Report and Financial Statements

For the year ended 30 June 2012

CommonwealthBank

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Registered No 3279332

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COMPANY DIRECTORY

Directors
J C C Marshall
B Parker
L Kelly (appointed 14 September 2011)

Secretary
J C C Marshall

Statutory Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Bankers
Commonwealth Bank of Australia
Ground Floor
Tower 1, 201 Sussex Street
Sydney
New South Wales 2000
Australia

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 for the year ended 30 June 2012

The directors present their report and audited financial statements of CBA (Europe) Finance Limited (the "Company" or "CBAEF") for the year ended 30 June 2012

Principal activity

The principal activity of the Company is to act as a holding Company The Company has one subsidiary, Burdekin Investments Limited ("Burdekin"), which is engaged in the business of making investments

The Company made no charitable donations or political contributions during the year ended 30 June 2012 (2011 AUD nil)

Given the nature of the business, the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business The development, performance and position of the Company, is included in Commonwealth Bank of Australia's Annual Report and Accounts, which does not form part of this report

Results and review of the business

The profit for the year is due to a decrease in administrative expenses, a decrease in the loss on investments and an increase in the dividend income from Burdekin

The profit for the year amounted to AUD 135K (2011 Loss AUD 132K)

Dividends

The directors do not recommend the payment of a dividend this financial year (2011 AUD nil)

Future developments

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

No significant changes are anticipated in the operations of the Company

Directors

The directors who held office during the year and up to the date of approval of this report were as follows

J C C Marshall
B Parker
L Kelly (appointed 14 September 2011)

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 Section 234 of the Companies Act 2006, 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 for the year ended 30 June 2012 (continued)

Financial Risk Management

The Directors have considered the provisions included within Section 417 of the Companies Act 2006, 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 (the "Bank"), and of the Commonwealth Bank of Australia Group ("CBA Group") as a whole Relevant procedural guidelines and methods of the CBA Group Risk Management 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 Group 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 the risk 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 mitigating liquidity risk

Interest rate risk

The Company manages its interest rate risk on the cost of borrowings and dividend income on assets by benchmarking against the Australian Bank Bill Swap Reference Rate (BBSW) 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 accordance with Section 418 of the Companies Act 2006, Directors' Report shall include a statement, in the case of each director in office at the date the Directors' Report is approved, that

- so far as the director is aware, there is no relevant audit information, of which the Company's auditors are unaware, and

- he/she has taken all steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report for the year ended 30 June 2012 (continued)

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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 are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Post balance sheet events

The Company received a dividend of AUD6,410K from Burdekin Investments Limited on 28 September 2012
The directors are not aware of any other matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

On behalf of the Board

B Parker
Director

Date 8 November 2012

Independent auditors' 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 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report
To the members of CBA (Europe) Finance Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or

Alastair Findlay (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Dated 8 November 2012

Profit and loss account

for the year ended 30 June 2012

	Notes	2012 AUD'000	2011 AUD'000
Administrative expenses		**(52)**	(167)
Interest received	2	**293**	249
Income from fixed asset investments	2	**32,965**	31,886
Loss on investment		**-**	(92)
Interest paid		**(33,071)**	(32,008)
Operating profit/(loss)		**135**	(132)
Profit/(loss) on ordinary activities before taxation	2	**135**	(132)
Tax on profit/(loss) on ordinary activities	5	**-**	-
Profit/(loss) for the financial year	10	**135**	(132)

The above Profit and Loss Account should be read in conjunction with the accompanying notes

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical costs equivalents

All results derived entirely from continuing operations

Statement of total recognised gains and losses

for the year ended 30 June 2012

	2012 AUD'000	2011 AUD'000
Profit/(loss) for the financial year	**135**	(132)
Exchange difference on retranslation of foreign currency equity investments	-	(22)
Exchange difference on retranslation of foreign currency borrowings	-	22
Total recognised profit/(loss) relating to the year	**135**	(132)

The above Statement of total recognised gains and losses should be read in conjunction with the accompanying notes

Balance Sheet

as at 30 June 2012

	Notes	2012 AUD'000	2011 AUD'000
Fixed assets			
Investments	6	**600,002**	600,002
Current assets			
Debtors amounts falling due within one year	7	**7,111**	6,868
Cash at bank and in hand		**64**	131
		7,175	6,999
Current liabilities			
Creditors amounts falling due within one year	8	**(190)**	(149)
Net current assets		**6,985**	6,850
Total assets less current liabilities		**606,987**	606,852
Non-current liabilities			
Creditors amounts falling due after more than one year	8	**(600,000)**	(600,000)
Net assets		**6,987**	6,852
Capital and reserves			
Called up share capital*	9	**-**	-
Profit and loss account	10	**6,987**	6,852
Total shareholders' funds	10	**6,987**	6,852

* Share capital of GBP 2 has been rounded to AUD nil

The above Balance Sheet should be read in conjunction with the accompanying notes

The financial statements and notes on pages 8-16 were approved by the board of directors on 8 November 2012 and were signed on its behalf by

B Parker
Director

Date 8 November 2012

Notes to the financial statements

for the year ended 30 June 2012

1. Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

a) **Accounting convention**
These financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of more important accounting policies is set out below

b) **Going concern**

These accounts are prepared in accordance with the Companies Act 2006 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 the Commonwealth Bank of Australia ("the Bank"), whose accounts are publicly available There are no other related party transactions requiring disclosure

d) **Cash flow statement**

The Company is a wholly owned subsidiary of the Bank 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, the Bank

e) **Consolidation exemption**

The Company is a wholly owned subsidiary of the Bank and has taken advantage of Section 401 of the Companies Act 2006 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 AUD1=£0 650865

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 an impairment in value, in which case an appropriate adjustment is made

h) **Debtors**

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection

Notes to the financial statements (continued)

for the year ended 30 June 2012

1. Accounting policies (continued)

i) Classification of financial instruments issued by the Company

As per FRS 25, Financial Instruments - Presentation and Disclosure, 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 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, 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

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy The finance cost on the financial liability component is correspondingly higher over the life of the instrument

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 (see dividends policy), 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 and are recorded at fair value

j) Interest receivable and payable

Interest receivable and payable are 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

Notes to the financial statements (continued)

for the year ended 30 June 2012

1. Accounting policies (continued)

m) Loans to group undertakings

Loans and advances to group undertakings are stated at cost less provision for impairment

2. Profit/(loss) on ordinary activities before taxation

The Company's profit for the year is AUD 135K (2011 Loss AUD 132K) This is stated after charging auditor's remuneration for the Company of AUD 51,355 (2011 AUD 52,795)

The Company paid its auditor an IXBRL service fee of AUD 3,714 (non-audit services provided to the Company in 2011 AUD nil)

Details of income for the year are as follows

	2012 AUD'000	2011 AUD'000
Interest - debtors and cash at bank	**293**	249
Dividends - shares in group undertakings	**32,965**	31,886
Total income for the year	**33,258**	32,135

3. Directors' Remuneration

In accordance with the Companies Act 2006, directors' emoluments represent the proportion of total emoluments paid or payable in respect of qualifying services only Directors also receive emoluments for non-qualifying services which are not required to be disclosed

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

All directors are members of a group defined contribution pension scheme, except for one director who is a member of a group defined benefit pension scheme Only one director has been granted shares in respect of a long term incentive scheme (2011 all directors) None of the directors have been issued any share options (2011 none of the directors)

4. Employee information

The Company did not have any employees (apart from Directors) during the year (2011 none) Nor were there any staff costs (2011 AUD nil)

Notes to the financial statements (continued)

for the year ended 30 June 2012

5. Tax on profit on ordinary activities

(a) Current tax	**2012 AUD'000**	2011 AUD'000
UK Corporation tax at 25 5% (2011 27 5%)	-	-

The tax assessed for the period is lower (2011 lower) than the standard effective rate of corporation tax (25 5%) in the UK for the year ended 30 June 2012 (2011 27 5%) The differences are explained below

(b) Factors affecting the tax charge for the year

	2012 AUD'000	2011 AUD'000
Profit/(loss) on ordinary activities before taxation	**135**	(132)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25 5%* (2011 27 5%)	**34**	(36)
Effects of		
Preference dividend income not taxable	**(8,406)**	(8,828)
Group relief surrendered for nil consideration	**8,372**	8,864
Current tax charge for the year (note 5(a))	-	-

* During the year, the UK main corporation tax rate changed from 26% to 24% This change was effective from 1 April 2012 The effective tax rate for the year ended 30 June 2012 is 25 5%

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

6. Fixed asset Investments

Shares in group undertakings	**2012 AUD'000**	2011 AUD'000
At 1 July	**600,002**	600,178
Sale of investments	-	(154)
Foreign exchange movement	-	(22)
At 30 June	**600,002**	600,002

Details of the investment in which the Company holds 20% or more of the nominal value of any class of share capital as at 30 June 2012 are as follows

Company	*Country of incorporation*	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Burdekin Investments Limited	Cayman Islands	Ordinary & Preference shares	100%	Investment Company

On 27 August 2004, Burdekin Investments Limited ("Burdekin") 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

Notes to the financial statements (continued)

for the year ended 30 June 2012

6. Fixed asset investments (continued)

Burdekin is a fully owned subsidiary of the Company and has placed a deposit with Commonwealth Bank of Australia London Branch, pledged against the borrowings by CBAEF from London Branch If CBAEF does not repay London Branch then Burdekin will not receive its deposit back from London branch

This deposit was replaced by a deposit from Watermark Limited ("Watermark") on 25 August 2009 following the maturity of the Marsascala transaction On 31 March 2010 the preference shares in Watermark issued to Burdekin were redeemed The Watermark deposit in London branch was replaced by a deposit from Burdekin on the same date, continuing to satisfy the pledge against the borrowings by CBAE from London branch

7. Debtors: amounts falling due within one year

	2012 AUD'000	2011 AUD'000
Amounts owed by group undertakings	**7,110**	6,867
Prepayments and accrued income from group undertakings	**1**	1
	7,111	6,868

8. Creditors

	2012 AUD'000	2011 AUD'000
Current liabilities		
(Amounts falling due within one year)		
Amount owed to group undertakings	-	-
Deferred income and accruals due to Group undertakings	**190**	149
	190	149
Non-current liability		
Inter-company loan (interest of 5 50%)	**600,000**	600,000
Total liabilities	**600,190**	600,149

The Company has entered into an agreement with Commonwealth Bank of Australia (London Branch) on 12 June 2012 to extend the maturity date of the loan of AUD 600 million to 31 December 2015

Interest-bearing loans and borrowings are repayable as follows

	Less than 1 year AUD'000	*1-2 years AUD'000*	*2-3 years AUD'000*	*3-4 years AUD'000*	*Total AUD'000*
Inter-company loan	-	-		600,000	600,000

Notes to the financial statements (continued)

for the year ended 30 June 2012

9. Called up share capital

Authorised

	2012	2011
	£	£
100 (2011 100) ordinary shares of £1 each	100	100
	AUD'000	AUD'000
1,500,000,000 (2011 1,500,000,000) preference shares of AUD 1 each	1,500,000	1,500,000

Allotted, called up and fully paid

	2012	2011	**2012**	2011
	No.	No.	**AUD**	AUD
Ordinary shares of £1 each	**2**	2	**3**	3

10 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital	*Profit and loss account*	*Total shareholders' funds*
	AUD'000	*AUD'000*	*AUD'000*
At 1 July 2011	-	6,852	6,852
Profit for the financial year	-	135	135
At 30 June 2012	**-**	**6,987**	**6,987**

11. Contingent assets, liabilities and commitments

There are no contingent assets, liabilities and commitments in the financial year (2011 AUD nil)

12. Parent undertaking

The Company's immediate and ultimate parent company, controlling party and largest and smallest group in which the Company's results are consolidated is the Bank, which is incorporated in Australia

Copies of its consolidated group financial statements, which include the company, are available to the public from Ground Floor, Tower 1, 201 Sussex Street, Sydney, Australia

13. Post balance sheet events

The Company received a dividend of AUD6,410K from Burdekin Investments Limited on 28 September 2012 The directors are not aware of any other matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years