

CBA (Europe) Finance Limited

Registered Number 3279332

Annual report and financial statements

For the Year Ended 30 June 2013



Directors and Advisors

Directors

L Kelly
J C C Marshall
B Parker

Company Secretary

J C C Marshall

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
7 More London Riverside
London SE1 2RT
United Kingdom

Bankers

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

National Westminster Bank plc
Kings Cross House
200 Pentonville Road
London N1 9HL
United Kingdom

Registered office

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

Company Registration Number 3279332 (England and Wales)

Directors' report

The directors present their report and audited financial statements of CBA (Europe) Finance Limited (the "Company"), for the year ended 30 June 2013

Principal activities and review of business

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 2013 (2012: 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, which does not form part of this report.

Results and dividends

The profit for the year ended 30 June 2013, after taxation, amounted to AUD 20,000 (2012: AUD 135,000). The primary reason for the decrease was due to the increase in administrative expenses.

The Company did not pay a dividend on ordinary shares during the year (2012: 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.

The directors are currently reviewing the *Finance Act 2013* (UK) regulations and the impact of this Act on the Company.

Directors' report

Directors and their interests

The directors who held office during the year ended 30 June 2013 and up to the date of signing this report were as follows

L Kelly
J C C Marshall
B Parker

No directors who held office at the end of the financial year had any beneficial interest in the ordinary 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 s 234 of the Companies Act 2006, and as outlined in s 11 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

Financial risk management

The directors have considered the provisions included within s 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 CBA group as a whole and the parent company being the Commonwealth Bank of Australia (CBA). 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 the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's liability this year is auditors' fees, hence there is no material liquidity risk within the Company. The Company has minimal liquidity risk due to the matching of its equity with its investment in certificates of deposit

Interest rate risk

Interest rate risk for the Company is extremely limited due to the fact that the Company has no assets other than its investment of capital. The Company's external interest rate risk is limited to its investment of capital in the form of certificates of deposit or UK Treasury Bills. Both of these financial assets earn interest at a fixed rate which ensures certainty of future interest cash flows

Directors' report

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, directors' reports 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 has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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 prepared 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, 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 adequate 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.

Directors' report

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting

By order of the board

A handwritten signature in black ink, appearing to be 'B. Parker', written over a horizontal line.

B Parker
Director

Dated 22/10/13

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 2013 which comprise the Profit and Loss Account, the Balance Sheet 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 4 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 2013 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

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

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

Date 23 October 2013

Profit and loss account

for the year ended 30 June 2013

	Notes	2013 \$000	2012 \$000
Income from fixed asset investment		24,297	32,965
Interest payable and similar charges		(24,349)	(33,071)
Operating loss		<u>(52)</u>	<u>(106)</u>
Interest receivable and similar income		213	293
Administrative expenses		(141)	(52)
Profit on ordinary activities before taxation	2	<u>20</u>	<u>135</u>
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year		<u>20</u>	<u>135</u>

The Company has, in the current financial year, no recognised gains or losses other than the profit for that period shown above (2012 AUD nil). Thus the profit and loss account also represents the Company's statement of total recognised gains and losses as required by Financial Reporting Standard 3.

There is no material difference between the profit on ordinary activities before taxation and their historical costs equivalents.

All results are derived entirely from continuing operations.

Balance sheet

as at 30 June 2013

	Notes	2013 \$000	2012 \$000
Fixed assets			
Investments	6	600,002	600,002
Current assets			
Debtors	7	7,196	7,111
Cash at bank and in hand	8	67	64
		<u>7,263</u>	<u>7,175</u>
Current liabilities			
Creditors amounts falling due within one year	9	(258)	(190)
		<u>7,005</u>	<u>6,985</u>
Net current assets			
		607,007	606,987
Non-current liabilities			
Creditors amounts falling due after one year	10	(600,000)	(600,000)
		<u>7,007</u>	<u>6,987</u>
Net Assets			
Capital and reserves			
Called up share capital ¹	11	-	-
Profit and loss account	12	7,007	6,987
		<u>7,007</u>	<u>6,987</u>
Total shareholders' funds	13		

¹ Share capital of GBP2 00 has been rounded to AUD nil

The financial statements on pages 8 to 16 were approved by the board of directors and were signed on its behalf by



B Parker
Director

Dated 22/10/13

Notes to the financial statements

for the year ended 30 June 2013

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 and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. 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 financial statements 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 Commonwealth Bank of Australia, whose Annual Report is publicly available. There are no other related parties transactions requiring disclosure.

d) Cashflow statement

The Company is a wholly owned subsidiary of Commonwealth Bank of Australia and has taken advantage of the exemption under FRS 1 'Cashflow Statements' (revised 1996) 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 the Bank and has taken advantage of Section 401 of the Companies Act 2006 exemption for parent companies included in non-EEA financial statements from preparing group financial statements.

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 AUD 1.00=GBP 0.60755.

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) 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

for the year ended 30 June 2013

1. Accounting policies (continued)

h) **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

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 initially recorded at fair value and subsequently held at amortised cost

i) **Fixed asset investments**

Debt securities and equity shares intended to be held on a continuing basis are disclosed as fixed asset investments. These are included in the balance sheet at cost, adjusted for any amortisation of premium or discount incurred at acquisition, or adjustments for any repayments of capital, on an appropriate basis over the period until the investment's contracted or anticipated maturity. Provision is made for any permanent impairment.

j) **Interest receivable and payable**

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

k) **Dividends**

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) **Loans to group undertakings**

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

m) **Functional currency**

These financial statements are presented in Australian Dollars (AUD) as this is deemed to be the main functional and operating currency for the Company.

Notes to the financial statements

for the year ended 30 June 2013

2. Profit on ordinary activities before taxation

The Company's profit for the year is AUD 20,000 (2012 AUD 135,000) This is stated after charging auditor's remuneration for the Company of AUD 48,000 (2012 AUD 51,000)

The Company paid its auditor a fee of AUD 30,000 for tax compliance and advisory services provided to the Company (2012 AUD 3,000)

3. Employee information

The Company did not have any employees, apart from Directors, during the year (2012 nil), and consequently, there were no staff costs (2012 nil)

4. 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. All directors have been granted shares in respect of a long term incentive scheme (2012 one director). None of the directors have been issued any share options (2012 none of the directors).

Notes to the financial statements

for the year ended 30 June 2013

5. Tax on profit on ordinary activities

	2013 \$000	2012 \$000
Current tax charge		
Current year	-	-

Factors affecting the tax charge for the year ended 30 June 2013 The differences are explained below

	2013 \$000	2012 \$000
Profit on ordinary activities before tax	20	135
Tax charge at UK corporation tax rate of 23.75%* (2012: 25.5%)	5	34
Non-assessable income	(5,770)	(8,406)
Group relief surrendered for nil consideration	5,765	8,372
Current tax charge for the year	-	-

* The UK tax reduced from 24% to 23% on 1 April 2013. The effective tax rate for the year ended 30 June 2013 is 23.75%.

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 2013

6. Fixed assets - Investments

	<i>Unlisted investments 2013 \$000</i>	<i>Unlisted investments 2012 \$000</i>
Opening balance as at 1 July	600,002	600,002
Closing balance as at 30 June	<u>600,002</u>	<u>600,002</u>

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 2013 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 and Preference Shares	100%	Investment Company

The directors believe that the carrying value of the investments is supported by their underlying net assets

7. Debtors : Interest receivable and similar income

	<i>2013 \$000</i>	<i>2012 \$000</i>
Amounts owed by group undertakings	7,195	7,110
Interest income from group undertakings	<u>1</u>	<u>1</u>
	<u>7,196</u>	<u>7,111</u>

8. Cash at bank and in hand

	<i>2013 \$000</i>	<i>2012 \$000</i>
Cash on deposit with intergroup undertakings	52	52
Cash on deposit with National Westminster Bank plc	15	12
	<u>67</u>	<u>64</u>

Notes to the financial statements

for the year ended 30 June 2013

9. Creditors: amounts falling due within one year

	2013 \$000	2012 \$000
Accrued interest due to group undertakings	184	141
Accrued professional fees payable	74	49
	<u>258</u>	<u>190</u>

10 Creditors: amounts falling due after one year

	2013 \$000	2012 \$000
Amount owed to group undertakings	600,000	600,000
	<u>600,000</u>	<u>600,000</u>

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

11. Called up share capital

	<i>Authorised Capital</i>	
	2013 £	2012 £
100 ordinary shares at £1 each	100	100
	<i>\$000</i>	<i>\$000</i>
1,500,000,000 preference shares at \$1 each	1,500,000	1,500,000

	<i>Allotted, called up and fully paid</i>			
	2013 \$	2013 No	2012 \$	2012 No
Ordinary shares at £1 each	<u>3</u>	<u>2</u>	<u>3</u>	<u>2</u>

Notes to the financial statements

for the year ended 30 June 2013

12. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> \$000	<i>Profit and loss</i> <i>account</i> \$000	<i>Total</i> <i>shareholders'</i> <i>funds</i> \$000
As at 1 July 2012	-	6,987	6,987
Profit for the financial year	-	20	20
As at 30 June 2013	-	7,007	7,007

13. Contingent asset, liabilities and commitments

There are no contingent assets, liabilities and commitments in the current financial year (2012 nil)

14. 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 Commonwealth Bank of Australia, which is incorporated in Australia

Copies of its consolidated group financial statements, which include the Company, are available to the public from Darling Park 1, Level 18, 201 Sussex Street, Sydney New South Wales, Australia

15. Post balance sheet events

The Company received a dividend of AUD6,047,000 from Burdekin Investments Limited on 30 September 2013. 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