

CBA (Europe) Finance Limited

Annual report and financial statements

Registered No: 3279332

For the year ended 30 June 2009

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CBA (Europe) Finance Limited

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 CBA (Europe) Finance Limited (the "Company" or "CBAE") for the year ended 30 June 2009

This report has been prepared in accordance with special provisions of part XV of the Companies Act 2006 relating to small companies which are members of an ineligible group

Principal activity

The principal activity of the Company is to act as a holding Company. The Company has three subsidiaries which are also engaged in the business of making investments.

The decrease in profit in comparison to the prior year is due to the decrease in dividend income.

The Company made no charitable donations or political contributions during the year ended 30 June 2009.

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 discussed 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, after taxation, amounted to AUD 16K (2008 Profit AUD 3,402K)

Dividends

The directors do not recommend the payment of a dividend this financial year (2008 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.

Post Balance Sheet event

The loan from CBA London branch matured on 25 August 2009. The loan was initially rolled monthly but as at 30 October 2009, the loan has been extended to 31 December 2010.

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 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 (CBA), and of the 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 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 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

Directors' statement as to disclosure of information to auditors in accordance with Section 418 of the Companies Act 2006, the 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 has taken all steps 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 auditor are aware of that information

Directors' report

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- 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 transaction 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.

Auditors

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

On behalf of the Board



Director **John Marshall**
Date 24 February 2010

Independent Auditors' Report

To the Members of CBA (Europe) Finance Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CBA (EUROPE) LIMITED

We have audited the financial statements of CBA (Europe) Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 set out 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 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 Sections 495 and 496 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.

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 2009 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.

Independent Auditors' Report

To the Members of CBA (Europe) Finance Limited

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



Duncan McNab (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

25 February 2010

Profit and loss account

for the year ended 30 June 2009

	Notes	2009 AUD'000	2008 AUD'000
Income from fixed asset investments		36,207	52,793
Interest payable and similar charges		(35,911)	(48,993)
Administrative expenses		(79)	(398)
Operating Profit		217	3,402
Profit on ordinary activities before taxation	2	217	3,402
Tax on profit on ordinary activities	5	(201)	-
Profit retained for the financial year		16	3,402

There is no material difference between the profit on ordinary activities before taxation and the profit 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 2009

	Notes	2009 AUD'000	2008 AUD'000
Profit retained for the financial year		16	3,402
Exchange difference on retranslation of foreign equity investments		(1)	(30)
Exchange difference on retranslation of foreign currency borrowings designated as hedges		1	30
Total recognised losses and gains relating to the year		16	3,402

Registered no: 3279332

Balance sheet

at 30 June 2009

	Notes	2009 AUD'000	2008 AUD'000
Fixed assets			
Investments	6	600,208	600,209
Current assets			
Debtors amounts falling due within one year	7	34,937	46,694
Cash at bank and in hand		135	24
		<u>35,072</u>	<u>46,718</u>
Current liabilities			
Creditors amounts falling due within one year	8	(628,157)	(39,820)
Net current assets/(liabilities)		<u>(593,085)</u>	<u>6,898</u>
Non- current liabilities			
Inter- company loan	8	-	(600,000)
Net assets		<u>7,123</u>	<u>7,107</u>
Capital and reserves			
Called up share capital*	9	-	-
Profit and loss account	10	7,123	7,107
Total shareholders' funds	10	<u>7,123</u>	<u>7,107</u>

* Share capital of GBP2 has been rounded to AUD nil

The financial statements on pages 8-17 were approved by the board of directors on 24 February 2010 and were signed on its behalf by



Director

John Marshall

Date 24 February 2010

Notes to the financial statements

for the year ended 30 June 2009

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 2006 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 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 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=£0.4636.

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.

Notes to the financial statements

for the year ended 30 June 2009

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

The Company has elected not to early adopt the FRS 26 'Financial Instruments - measurement requirements'

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

Notes to the financial statements

for the year ended 30 June 2009

1. Accounting policies (continued)

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.

n) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

2 Profit on ordinary activities before taxation

The Company's profit before tax for the year is AUD 217K (2008 profit AUD 3,402K). This is stated after charging auditors' remuneration for the Company of AUD40,000 (2008 AUD 40,000).

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.

Notes to the financial statements

for the year ended 30 June 2009

5 Taxation

	2009 AUD'000	2008 AUD'000
(a) Current tax charge		
UK Corporation tax at 28% (2008 - 29 5027%*)	201	-
(b) Reconciliation of total tax charge		
Profit on ordinary activities before tax	217	3,402
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 28% (2008 - 29 5027%*)	61	1,004
Effects of		
Non-assessable income	(10,055)	(15,476)
Group relief surrendered for nil consideration	9,994	14,385
Schedule 28AA adjustment for Inter Company loans	-	87
Reversal of prior year tax overaccrual	201	-
Current tax charge for the year (note 5(a))	201	-

* 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%

The effective tax rate for 30 June 2009 is 28%

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

6. Fixed asset investments

Shares in group undertakings

	2009 AUD'000	2008 AUD'000
At 1 July	600,209	862,641
Redemption of shares	-	(262,402)
Foreign exchange movement	(1)	(30)
At 30 June	600,208	600,209

Notes to the financial statements

for the year ended 30 June 2009

6 Fixed asset investments (continued)

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 2009 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%	Trading Company
Waterloo & Victoria Limited *	Cayman Islands	Ordinary shares	25% [□]	Investment Company
Watermark Limited *	Hong Kong	Ordinary & Preference shares	100% [□]	Investment Company
Bayswater & Bond Limited *	Cayman Islands	Ordinary shares	25% [□]	Investment Company

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

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.

[□] 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 the Company and has placed a deposit with CBA London Branch, pledged against the borrowings by CBAE from London Branch. If CBAE does not repay London Branch then Burdekin will not receive its deposit back from London branch. This could result in impairment in the investment of the Company in Burdekin.

As at 25 August 2009, this deposit has been replaced by a deposit from Watermark Limited.

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 agreement.

7. Debtors

Amounts falling due within one year	2009	2008
	AUD'000	AUD'000
Other Amounts owed by group undertakings	6,848	6,538
Prepayments and accrued income from group undertakings	28,089	39,956
Other debtors	-	200
	<u>34,937</u>	<u>46,694</u>

Notes to the financial statements

for the year ended 30 June 2009

8 Creditors

Current liabilities

(Amounts falling due within one year)

Accrued and Deferred income from Group undertakings	2,362	4,892
Amount owed to group undertakings	625,795	34,928
	<u>628,157</u>	<u>39,820</u>

Non-current liability

Inter-company loan (interest of 5.7954%)	-	600,000
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The Company has entered into an agreement with Commonwealth Bank of Australia (London Branch) to extend the maturity date of the loan of \$600 million to 31 December 2010. This will ensure that the Company remains a going concern.

Interest-bearing loans and borrowings are repayable as follows

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

9. Share capital

	Authorised	
	2009	2008
	£	£
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

	Allotted, called up and fully paid			
	2009	2008	2009	2008
	No.	No.	£	£
Ordinary shares of £1 each	2	2	2	2

Notes to the financial statements

for the year ended 30 June 2009

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital AUD'000	Profit and loss account AUD'000	Foreign exchange reserve AUD'000	Total shareholders' funds AUD'000
At 1 July 2008	–	7,107	–	7,107
Profit retained for the year	–	16	–	16
Exchange differences on re-translation of foreign equity investments	–	–	(1)	(1)
Exchange differences on re-translation of foreign currency borrowings designated and hedges	–	–	1	1
At 30 June 2009	–	7,123	–	7,123

11. Contingent assets, liabilities and commitments

There are no contingent assets, liabilities and commitments in the financial year (2008 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 consolidated financial statements, which include the Company, are available to the public from 48 Martin Place, Sydney, Australia.

13. Post Balance Sheet event

Loan from CBA London branch matured on 25 August 2009. The loan was initially rolled monthly but as at 30 October 2009, the loan has been extended to 31 December 2010.