

# **CBA (Europe) Finance Limited**

Registered Number 3279332

**Annual report and financial statements**

**For the Year Ended 30 June 2015**



## **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 2015.

### Results and dividends

The profit for the financial year ended 30 June 2015, after taxation, amounted to AUD 3,937,000 (2014: AUD 197,000). The increase was due to the receipt of ordinary share dividends received from the subsidiary Burdekin Investments Limited.

The Company paid a dividend on ordinary shares during the year totalling AUD10,000,000 (2014: AUD nil).

### Directors and their interests

The directors who held office during the year ended 30 June 2015 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.

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;
- 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

### 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.

### 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.

On behalf of the Board.



B. Parker  
**Director**

Dated 12.10.2015

## Strategic Report

### Principal activities and review of business

The principal activity of the Company is to act as a holding Company. The Company had one subsidiary, Burdekin Investments Limited ("Burdekin"), which was engaged in the business of making investments. The Company had invested in preference shares issued by Burdekin, from which it derived net interest income. This income has been classified as proceeds from discontinued operations. Burdekin was subsequently placed into liquidation in March 2015 as the entity was no longer required. Further details on the liquidation may be seen in Note 16 below.

The Company made no charitable donations or political contributions during the year ended 30 June 2015 (2014: 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.

### Future developments

The Company disposed of its investment in Burdekin during the financial year. The Directors are presently considering the future of the Company.

### 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 Commonwealth Bank of Australia (CBA) Group as a whole and the parent company being the 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.

#### Interest rate risk

The Company manages its interest rate risk by matching the assets and liabilities in terms of both interest payment frequency and type of interest rate, hence interest rate risk is minimised. The interest rate on the fixed asset investment (i.e. preference shares) is matched to the rate at which the interest payments are made on the long-term borrowing, thereby creating a natural hedge. The directors will re-assess the adequacy of this arrangement should the Company's operations change in size or nature

On behalf of the Board



B. Parker  
Director

Dated 12.10.2015

# ***Independent auditors' report to the members of CBA (Europe) Finance Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, CBA (Europe) Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

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### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 June 2015;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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) ("ISAs (UK & 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.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

12 October 2015

## Profit and loss account

for the year ended 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Discontinued operations</b>			
Income from other fixed asset investment		11,290	22,793
Interest payable and similar charges		(11,228)	(22,662)
<b>Net Profit from discontinued operations</b>		<b>62</b>	<b>131</b>
Other income	3	3,810	30
Administrative expenses		(79)	(140)
Interest receivable and similar income		155	176
<b>Profit on ordinary activities before taxation</b>	2	<b>3,948</b>	<b>197</b>
Tax on profit on ordinary activities	6	(11)	-
<b>Profit for the financial year</b>	13	<b>3,937</b>	<b>197</b>

The Company has, in the current financial year, no recognised gains or losses other than the profit for that year shown above (2014: 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.



**Balance sheet**

as at 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Fixed assets</b>			
Investment	7	-	600,000
<b>Current assets</b>			
Investment	7	2	2
Debtors	8	-	7,211
Cash at bank and in hand	9	1,218	115
		1,220	7,326
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(68)	(124)
Corporations tax		(11)	-
<b>Net current assets</b>		1,141	7,202
<b>Total assets less current liabilities</b>		1,141	607,204
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	11	-	(600,000)
<b>Net Assets</b>		1,141	7,204
<b>Capital and reserves</b>			
Called up share capital <sup>1</sup>	12	-	-
Profit and loss account	13	1,141	7,204
<b>Total shareholders' funds</b>	13	1,141	7,204

<sup>1</sup> Share capital of GBP2.00 has been rounded to AUD nil.

The financial statements on pages 7 to 14 were approved by the board of directors and were signed on its behalf by:



B. Parker  
Director

Dated 12.10.2015

## Notes to the financial statements

for the year ended 30 June 2015

### 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.

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.

**h) Creditors**

When a financial liability is recognised initially, the entity measures it at its fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

After initial recognition, an entity measures all financial liabilities at amortised cost.

## Notes to the financial statements

for the year ended 30 June 2015

### 1. Accounting policies (continued)

#### h) Financial Instruments

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.

### 2. Profit on ordinary activities before taxation

The Company's profit for the financial year is AUD 3,937,000 (2014: AUD 197,000). This is stated after charging auditor's remuneration for the Company of AUD 36,000 (2014: AUD 60,000).

The Company paid its auditor a fee of AUD 11,000 for tax compliance and other advisory services provided to the Company (2014: AUD 7,000).

### 3. Other Income

	2015 \$000	2014 \$000
Intergroup dividend income from ordinary shares	3,780	-
Realised foreign exchange income	30	30
	<u>3,810</u>	<u>30</u>

## Notes to the financial statements

for the year ended 30 June 2015

### 4. Employee information

The Company did not have any employees, apart from Directors, during the year (2014: nil), and consequently, there were no staff costs (2014: nil).

### 5. 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 the ultimate parent company in respect of a long term incentive scheme (2014: All of the directors). None of the directors have been issued any share options (2014: none of the directors).

### 6. Tax on profit on ordinary activities

	2015 \$000	2014 \$000
<b>Current tax charge</b>		
Current financial year	11	-

Factors affecting the tax charge for the year ended 30 June 2015. The differences are explained below:

	2015 \$000	2014 \$000
Profit on ordinary activities before taxation	3,948	197
Tax charge at UK corporation tax rate of 20.75%* (2014: 22.50%)	819	44
Non-assessable income	(3,127)	(5,099)
Group relief surrendered for nil consideration	2,319	5,055
Current tax charge for the financial year	11	-

\* The UK tax reduced from 21% to 20% on 1 April 2015. The pro-rated tax rate for the year ended 30 June 2015 is 20.75%.

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 2015

### 7. Investments

	<i>Unlisted investments 2015 \$000</i>	<i>Unlisted investments 2014 \$000</i>
Opening balance as at 1 July	600,002	600,002
Maturities	(600,000)	-
Closing balance as at 30 June	<u>2</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 2015 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 Shares	100%	Investment Company

Burdekin Investments Limited redeemed the preference shares issued to the Company on 30 December 2014.

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

### 8. Debtors

	<i>2015 \$000</i>	<i>2014 \$000</i>
Amounts owed by group undertakings	-	7,211
	<u>-</u>	<u>7,211</u>

### 9. Cash at bank and in hand

	<i>2015 \$000</i>	<i>2014 \$000</i>
Cash on deposit with intergroup undertakings	915	52
Cash on deposit with National Westminster Bank plc	303	63
	<u>1,218</u>	<u>115</u>

## Notes to the financial statements

for the year ended 30 June 2015

### 10. Creditors: amounts falling due within one year

	2015 \$000	2014 \$000
Amounts owed and due to group undertakings	-	53
Accrued professional fees payable	68	71
Corporation tax	11	-
	<u>79</u>	<u>124</u>

### 11. Creditors: amounts falling due after more than one year

	2015 \$000	2014 \$000
Amounts owed to group undertakings	-	600,000
	<u>-</u>	<u>600,000</u>

As part of the liquidation of the MarsaScala Transaction, the Company repaid its borrowings from the Commonwealth Bank of Australia (London Branch) on 30 December 2014.

### 12. Called up share capital

	<i>Authorised Capital</i>	
	2015 £	2014 £
100 (2014: 100) ordinary shares at £1 each	100	100
	<u>\$000</u>	<u>\$000</u>
1,500,000,000 (2014: 1,500,000,000) preference shares at \$1 each	1,500,000	1,500,000

	<i>Allotted, called up and fully paid</i>			
	2015 \$	2015 No.	2014 \$	2014 No.
Ordinary shares at £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

## Notes to the financial statements

for the year ended 30 June 2015

### 13. Reconciliation of shareholders' funds and movement on reserves

	<i>Called up share capital \$000</i>	<i>Profit and loss account \$000</i>	<i>Total shareholders' funds \$000</i>
As at 1 July 2014	-	7,204	7,204
Profit for the financial year	-	3,937	3,937
Ordinary dividends paid		(10,000)	(10,000)
As at 30 June 2015	-	1,141	1,141

### 14. Contingent asset, liabilities and commitments

There are no contingent assets, liabilities and commitments in the current financial year (2014: nil).

### 15. 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.

### 16. Post balance sheet events

The Company received a final distribution of GBP50 and the proceeds from the redemption of its ordinary shares of GBP1,000 from Burdekin Investments Limited on 10 August 2015.

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.