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This financial report covers both Bond University Limited as an individual entity and the consolidated entity consisting of Bond University Limited and its controlled entities. The financial report is presented in Australian currency.

Bond University Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Bond University Limited
Level 6, The Arch
Bond University Qld 4229

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 40 - 41, which is not part of this financial report.

The financial report was authorised for issue by the directors on 20 April 2007. The company has the power to amend and reissue the financial report.

**INCOME STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2006**

	Notes	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Revenue from continuing operations	3	98,244,820	81,480,225	92,069,723	92,956,090
Other income	4	2,070	–	2,070	–
Salaries and related expenses		46,018,038	40,939,732	12,490,329	4,833,451
Facilities management and maintenance		6,181,705	7,282,585	6,108,642	7,172,041
Utilities and outgoings		2,702,488	2,878,287	2,611,815	2,691,093
Marketing and promotional expenses		6,705,273	4,971,204	6,225,642	4,832,914
Depreciation and amortisation expenses	5	6,705,253	5,985,175	6,703,206	5,975,810
Finance costs	5	3,164,775	3,408,150	3,164,775	3,408,150
Food and beverage cost - Conference Centre		1,583,248	1,775,520	–	–
Service fee - BBT		1,216,718	2,148,982	1,216,718	2,148,982
Consumables		1,498,027	1,406,766	1,237,669	1,133,769
Minor equipment		760,091	1,286,022	680,039	1,248,717
Management fees		–	–	30,468,581	33,016,445
Other expenses from ordinary activities		6,245,031	5,803,644	5,375,702	4,421,890
Profit before income tax		15,466,243	3,594,158	15,788,675	22,072,828
Income tax expense	1(e)	–	–	–	–
Profit for the year		15,466,243	3,594,158	15,788,675	22,072,828
Profit attributable to members of Bond University Limited		15,466,243	3,594,158	15,788,675	22,072,828

The above income statements should be read in conjunction with the accompanying notes.

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FINANCIAL REPORT 31 DECEMBER 2006

BALANCE SHEETS AS AT 31 DECEMBER 2006

	Notes	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	20,394,038	15,056,414	17,036,300	13,495,325
Receivables	7	2,403,015	2,894,125	2,332,146	2,712,165
Inventories	8	83,309	72,449	–	–
Other financial assets at fair value through profit or loss	9	8,070	–	8,070	–
Total current assets		22,888,432	18,022,988	19,376,516	16,207,490
NON-CURRENT ASSETS					
Available-for-sale financial assets	10	11,000	11,000	11,000	11,000
Other financial assets	11	–	–	9	9
Property, plant and equipment	12	87,142,279	82,805,703	87,141,816	82,803,193
Intangible assets	13	583,356	1,018,644	583,356	1,018,644
Total non-current assets		87,736,635	83,835,347	87,736,181	83,832,846
Total assets		110,625,067	101,858,335	107,112,697	100,040,336
LIABILITIES					
CURRENT LIABILITIES					
Payables	14	12,331,021	11,041,150	18,496,825	20,163,723
Borrowings	15	1,877,311	1,621,970	1,877,311	1,621,970
Provisions	16	2,185,955	2,281,225	657,476	131,936
Other	17	10,195,810	8,769,495	8,813,521	7,704,276
Total current liabilities		26,590,097	23,713,840	29,845,133	29,621,905
NON-CURRENT LIABILITIES					
Borrowings	18	35,941,068	45,159,245	35,941,068	45,159,245
Derivative financial instruments	19	392,185	683,475	392,185	683,475
Provisions	20	1,108,398	1,465,989	364,805	86,170
Total non-current liabilities		37,441,651	47,308,709	36,698,058	45,928,890
Total liabilities		64,031,748	71,022,549	66,543,191	75,550,795
Net assets		46,593,319	30,835,786	40,569,506	24,489,541
EQUITY					
Contributed equity	21	–	–	–	–
Reserves	22	(392,185)	(683,475)	(392,185)	(683,475)
Retained profits	22	46,985,504	31,519,261	40,961,691	25,173,016
Total equity		46,593,319	30,835,786	40,569,506	24,489,541

The above balance sheets should be read in conjunction with the accompanying notes.



STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2006

Total equity at the beginning of the financial year

Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:

Reserves

Restated total equity at the beginning of the financial year

Changes in the value of cash flow hedges, net of tax

Net expense recognised directly in equity

Profit for the year

Total recognised income and expense for the year

Total equity at the end of the financial year

Notes	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
	30,835,786	27,925,103	24,489,541	3,100,188
22	–	(912,056)	–	(912,056)
	30,835,786	27,013,047	24,489,541	2,188,132
22	291,290	228,581	291,290	228,581
	291,290	228,581	291,290	228,581
	15,466,243	3,594,158	15,788,675	22,072,828
	15,757,533	3,822,739	16,079,965	22,301,409
	46,593,319	30,835,786	40,569,506	24,489,541

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

FINANCIAL REPORT 31 DECEMBER 2006

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	Consolidated		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		96,760,803	91,574,876	84,720,897	79,473,699
Receipts from Federal and State governments - capital grants (inclusive of goods and services tax)		9,900,000	-	9,900,000	-
Receipts on behalf of controlled entities (inclusive of goods and services tax)		-	-	7,016,463	7,297,480
Payments to suppliers and employees (inclusive of goods and services tax)		(80,332,713)	(74,607,850)	(41,581,758)	(33,065,767)
Payments on behalf of controlled entities (inclusive of goods and services tax)		-	-	(31,921,549)	(33,609,661)
Interest received		1,125,724	1,041,081	993,237	966,400
Interest paid		(3,169,746)	(3,506,439)	(3,169,746)	(3,506,439)
Net cash inflow from operating activities	28	24,284,068	14,501,668	25,957,544	17,555,712
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(8,805,994)	(15,681,428)	(8,805,994)	(15,681,428)
Payments for intangible assets		(109,120)	(462,586)	(109,120)	(462,584)
Payments for other financial assets at fair value through profit or loss		(6,000)	-	(6,000)	-
Loan repaid by (advanced to) Bond University Foundation		3,844	64,616	3,844	64,616
Proceeds from sale of property, plant and equipment		207,696	179,834	207,696	179,378
Net cash outflow from investing activities		(8,709,574)	(15,899,564)	(8,709,574)	(15,900,018)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to controlled entities		-	-	(3,144,731)	(3,661,544)
Proceeds from borrowings		-	10,000,000	-	10,000,000
Repayment of borrowings		(9,000,000)	(2,187,500)	(9,000,000)	(2,187,500)
Repayment of lease liabilities		(1,877,559)	(1,946,009)	(1,877,558)	(1,946,009)
Net cash inflow/(outflow) from financing activities		(10,877,559)	5,866,491	(14,022,289)	2,204,947
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		4,696,935	4,468,595	3,225,681	3,860,641
Cash at the beginning of the financial year		11,594,493	7,125,898	10,840,615	6,979,974
Cash and cash equivalents at the end of the financial year	6	16,291,428	11,594,493	14,066,296	10,840,615
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The above cashflow statements should be read in conjunction with the accompanying notes.



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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Bond University Limited as an individual entity and the consolidated entity consisting of Bond University Limited and its subsidiaries.

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bond University Limited ('company' or 'parent entity') as at 31 December 2006 and the results of all subsidiaries for the year then ended. Bond University Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Bond University Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

(D) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

- Tuition and student food and accommodation revenue are recognised monthly as the services are provided to students. Tuition revenue is net of financial aid provided to students by the University.
- Other food and beverage income is recognised upon provision to customers.
- Interest revenue is recognised using the effective interest method.
- Donations and government grants are recognised as income when received.
- Other income is recognised when the service is provided. It is the University's policy to recognise as revenue non-refundable student tuition income.

(E) INCOME TAX

The Company, Bond University Limited, and its controlled entities, Bond University Staff Services Pty Ltd, Bond University Services Pty Ltd, Campus Operations Pty Limited, Lashkar Pty Limited and Themis Pty Ltd are exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

(F) LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for the period. The property, plant and equipment acquired under finance lease is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 25). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(G) ACQUISITION OF ASSETS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(H) IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount

is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the cash flows statement, cash excludes monies held in trust.

(J) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

(K) INVENTORIES

Food, beverages and general stores stock are stated at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on the basis of weighted average costs.

(L) INVESTMENTS AND OTHER FINANCIAL ASSETS

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in

the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair Value

The fair value of quoted investments are based on current bid prices.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(M) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designated its derivative as a hedge of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 19. Movements in the hedging reserve in equity are shown in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(N) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(O) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and artworks are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	10-50 years
Computer Equipment	3 years
Other Plant and Equipment	5 years
Furniture and Fitout	5 years
Library Books and Journals	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(P) INTANGIBLE ASSETS

Computer software has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of computer software over their estimated useful life of 3 years.

(Q) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(R) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(S) BORROWING COSTS

Borrowing costs are expensed in the period to which they relate. Any prepayment of interest is recorded as part of current receivables.

Borrowing costs for the consolidated entity include interest on long-term borrowings and finance lease charges.

(T) EMPLOYEE BENEFITS

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.



(iii) Retirement benefit obligations

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The Group has a defined contribution plan that receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to the defined contribution fund are recognised as an expense as they become payable.

(U) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2006 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's financial instruments.

UIG 9 - Reassessment of Embedded Derivatives - effective for annual periods beginning on or after 1 June 2006. The Group has not adopted the UIG early. Application of the UIG will not affect any of the amounts recognised in the financial statements.

NOTE 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the predictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Risk management is carried out under principles approved by the Board of Directors. Management identifies, evaluates and hedges financial risks.

(A) CREDIT RISK

The Group has no significant concentrations of credit risk. Tuition and accommodation fees are payable in advance for each semester.

(B) LIQUIDITY RISK

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

(C) CASH FLOW RISK

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available to the Group borrowed at fixed rates directly. Under the interest-rate swap, the Group agrees to exchange, quarterly, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

NOTE 5. EXPENSES

PROFIT FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES:

Depreciation

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Buildings	1,587,190	1,363,894	1,587,190	1,363,894
Plant and equipment	477,902	344,324	477,902	343,423
Furniture and fitout	1,521,222	1,169,404	1,520,094	1,168,279
Motor vehicles	919	1,230	–	–
Library	864,224	807,083	864,224	807,083
Total depreciation	4,451,457	3,685,935	4,449,410	3,682,679

Amortisation

Plant and equipment under finance leases	1,337,455	1,564,451	1,337,455	1,564,451
Motor vehicles under finance leases	371,933	227,442	371,933	227,442
Computer software	544,408	507,347	544,408	501,238
Total amortisation	2,253,796	2,299,240	2,253,796	2,293,131

Finance costs - net Interest and finance charges paid/payable	3,164,775	3,408,150	3,164,775	3,408,150
Net loss on disposal of property, plant and equipment	15,600	182,634	15,600	183,088
Rental expense relating to operating leases Minimum lease payments	196,559	347,757	196,559	347,757
Defined contribution superannuation expense	5,061,244	4,411,163	1,105,135	406,555

NOTE 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	20,394,038	15,056,414	17,036,300	13,495,325
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(A) RECONCILIATION TO CASH AT THE END OF THE YEAR

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	20,394,038	15,056,414	17,036,300	13,495,325
Less:				
Monies held in trust	4,102,610	3,461,921	2,970,004	2,654,710
Balances per statement of cash flows	16,291,428	11,594,493	14,066,296	10,840,615

Monies held in trust relate to students fees that are held in trust as required by the Education Services for Overseas Students (ESOS) Act.

(B) CASH AT BANK AND ON HAND

Cash at bank bears a floating interest rate of 6.20% (2005: 5.45%) and cash on hand is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

NOTE 7. CURRENT ASSETS - RECEIVABLES

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Trade receivables	417,010	1,095,810	416,410	1,045,717
Less: Provision for doubtful receivables	(105,000)	(155,000)	(100,000)	(150,000)
	312,010	940,810	316,410	895,717
Other receivables	611,351	591,146	547,997	531,354
Prepayments	1,478,356	1,297,551	1,466,616	1,284,894
Security deposits	1,298	64,618	1,123	200
	2,403,015	2,894,125	2,332,146	2,712,165

(a) Bad and doubtful trade receivables

The Group has recognised a loss of \$60,736 (2005: \$112,097) in respect of bad and doubtful trade receivables during the year ended 31 December 2006. The loss has been included in 'other expenses' in the income statement.

(b) Other Receivables

These are debtors other than students and Campus Operations debtors. There is no interest charged on overdue amounts. Collateral is not normally obtained.

NOTE 8. CURRENT ASSETS - INVENTORIES

AT COST

Food	26,989	19,398	-	-
Beverages	36,658	38,603	-	-
General stores	19,662	14,448	-	-
	83,309	72,449	-	-

NOTE 9. CURRENT ASSETS - OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities

8,070	-	8,070	-
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Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income in the income statement (note 4).

NOTE 10. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

Australian unlisted equity securities

11,000	11,000	11,000	11,000
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NOTE 11. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

Shares in subsidiaries (note 27)

These financial assets are carried at cost.

NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Land and Buildings

Freehold land - at cost

Buildings - at cost

Less: Accumulated depreciation

Total land and buildings

Plant and equipment and other assets

Plant and equipment - at cost

Less: Accumulated depreciation

Plant and equipment under finance lease

Less: Accumulated amortisation

Furniture, fitout and other assets - at cost

Less: Accumulated depreciation

Motor vehicles - at cost

Less: Accumulated depreciation

Motor vehicles under finance lease

Less: Accumulated amortisation

Library - at cost

Less: Accumulated depreciation

Total plant and equipment and other assets

Total property, plant and equipment

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Shares in subsidiaries (note 27)	–	–	9	9
Freehold land - at cost	10,717,000	10,717,000	10,717,000	10,717,000
Buildings - at cost	68,641,269	65,734,449	68,641,269	65,734,449
Less: Accumulated depreciation	8,323,015	6,735,824	8,323,015	6,735,824
	60,318,254	58,998,625	60,318,254	58,998,625
Total land and buildings	71,035,254	69,715,625	71,035,254	69,715,625
Plant and equipment - at cost	7,845,380	5,829,914	7,532,033	5,498,567
Less: Accumulated depreciation	5,019,498	4,643,319	4,706,151	4,311,972
	2,825,882	1,186,595	2,825,882	1,186,595
Plant and equipment under finance lease	4,895,008	5,172,195	4,895,008	5,172,195
Less: Accumulated amortisation	2,122,696	2,014,169	2,122,696	2,014,169
	2,772,312	3,158,026	2,772,312	3,158,026
Furniture, fitout and other assets - at cost	17,934,040	15,284,915	16,208,279	13,553,222
Less: Accumulated depreciation	11,313,045	9,938,917	9,587,747	8,208,815
	6,620,995	5,345,998	6,620,532	5,344,407
Motor vehicles - at cost	35,789	35,789	14,020	14,020
Less: Accumulated depreciation	35,789	34,870	14,020	14,020
	–	919	–	–
Motor vehicles under finance lease	2,213,805	1,573,841	2,213,805	1,573,841
Less: Accumulated amortisation	536,724	280,112	536,724	280,112
	1,677,081	1,293,729	1,677,081	1,293,729
Library - at cost	18,214,843	17,736,731	18,152,276	17,674,160
Less: Accumulated depreciation	16,004,088	15,631,920	15,941,520	15,569,349
	2,210,755	2,104,811	2,210,755	2,104,811
Total plant and equipment and other assets	16,107,025	13,090,078	16,106,562	13,087,568
Total property, plant and equipment	87,142,279	82,805,703	87,141,816	82,803,193

(a) Valuations of land and buildings

Land and buildings are measured on the cost basis. An independent valuation of land and buildings was carried out during the financial year ended 31 December 2006 in accordance with bank covenants on the basis of the highest and best use of land other than for University purposes. The market value was calculated at \$110,000,000 on the basis of alternate use.

(b) Non-current assets pledged as security

Refer to note 18 for information on non-current assets pledged as security by the parent entity or its controlled entities.

(c) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out on the next page.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

**NOTE 12. NON-CURRENT ASSETS -
PROPERTY, PLANT AND EQUIPMENT
(CONTINUED)**

	Opening net book amount at 1 January 2005 \$	Additions \$	Disposals \$	Depreciation/ amortisation charge \$	Closing net book amount at 31 December 2005 \$
Consolidated					
Land	10,717,000	–	–	–	10,717,000
Buildings	48,916,903	11,445,616	–	1,363,894	58,998,625
Plant and equipment	613,029	925,917	8,027	344,324	1,186,595
Leased plant and equipment	2,827,667	1,894,810	–	1,564,451	3,158,026
Furniture, fitout and other assets	4,282,282	2,410,984	177,864	1,169,404	5,345,998
Motor vehicles	2,149	–	–	1,230	919
Leased motor vehicles	636,481	1,056,293	171,603	227,442	1,293,729
Library	2,017,955	898,911	4,972	807,083	2,104,811
Total	70,013,466	18,632,531	362,466	5,477,828	82,805,703
Parent entity					
Land	10,717,000	–	–	–	10,717,000
Buildings	48,916,903	11,445,616	–	1,363,894	58,998,625
Plant and equipment	612,128	925,917	8,027	343,423	1,186,595
Leased plant and equipment	2,827,667	1,894,810	–	1,564,451	3,158,026
Furniture, fitout and other assets	4,279,566	2,410,984	177,864	1,168,279	5,344,407
Leased motor vehicles	636,481	1,056,293	171,603	227,442	1,293,729
Library	2,017,955	898,911	4,972	807,083	2,104,811
Total	70,007,700	18,632,531	362,466	5,474,572	82,803,193

	Opening net book amount at 1 January 2006 \$	Additions \$	Disposals \$	Depreciation/ amortisation charge \$	Closing net book amount at 31 December 2006 \$
Consolidated					
Land	10,717,000	–	–	–	10,717,000
Buildings	58,998,625	2,906,819	–	1,587,190	60,318,254
Plant and equipment	1,186,595	2,117,189	–	477,902	2,825,882
Leased plant and equipment	3,158,026	951,741	–	1,337,455	2,772,312
Furniture, fitout and other assets	5,345,998	2,797,449	1,230	1,521,222	6,620,995
Motor vehicles	919	–	–	919	–
Leased motor vehicles	1,293,729	962,981	207,696	371,933	1,677,081
Library	2,104,811	984,537	14,369	864,224	2,210,755
Total	82,805,703	10,720,716	223,295	6,160,845	87,142,279
Parent entity					
Land	10,717,000	–	–	–	10,717,000
Buildings	58,998,625	2,906,819	–	1,587,190	60,318,254
Plant and equipment	1,186,595	2,117,189	–	477,902	2,825,882
Leased plant and equipment	3,158,026	951,741	–	1,337,455	2,772,312
Furniture, fitout and other assets	5,344,407	2,797,449	1,230	1,520,094	6,620,532
Leased motor vehicles	1,293,729	962,981	207,696	371,933	1,677,081
Library	2,104,811	984,537	14,369	864,224	2,210,755
Total	82,803,193	10,720,716	223,295	6,158,798	87,141,816

NOTE 13. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Computer software	2,892,977	2,765,856	2,872,482	2,763,362
Less: Accumulated amortisation	2,309,621	1,747,212	2,289,126	1,744,718
	583,356	1,018,644	583,356	1,018,644

	\$ Opening net book amount at 1 January 2005	\$ Additions	\$ Disposals	\$ Amortisation charge*	\$ Closing net book amount at 31 December 2005
Consolidated					
Computer software	1,063,405	462,586	–	507,347	1,018,644
Parent entity					
Computer software	1,057,298	462,584	–	501,238	1,018,644

	\$ Opening net book amount at 1 January 2006	\$ Additions	\$ Disposals	\$ Amortisation charge*	\$ Closing net book amount at 31 December 2006
Consolidated					
Computer software	1,018,644	109,120	–	544,408	583,356
Parent entity					
Computer software	1,018,644	109,120	–	544,408	583,356

*Amortisation of \$544,408 (2005: \$507,347) is included in depreciation and amortisation expense in the income statement. Computer software has a finite useful life of 3 years.

NOTE 14. CURRENT LIABILITIES - PAYABLES

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Trade payables	7,840,261	4,756,522	6,765,392	3,720,265
Other payables	4,490,760	6,284,628	2,466,377	4,363,686
Amounts payable to subsidiaries	–	–	9,265,056	12,079,772
	12,331,021	11,041,150	18,496,825	20,163,723

Other payables include a Fee-Help overpayment by the Department of Education, Science and Training (DEST) of \$1,376,752 (2005: \$4,210,672) that was repaid subsequent to year-end.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

**NOTE 15. CURRENT LIABILITIES -
BORROWINGS**

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2005 \$	2005 \$
Secured				
Bank loan	–	–	–	–
Lease liabilities (note 25)	1,877,311	1,621,970	1,877,311	1,621,970
Total secured current interest bearing liabilities	1,877,311	1,621,970	1,877,311	1,621,970

Details of the security relating to each of the secured liabilities and further information on the bank loan are set out in note 18.

NOTE 16. CURRENT LIABILITIES - PROVISIONS

Employee benefits - long service leave	2,185,955	2,281,225	657,476	131,936
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NOTE 17. CURRENT LIABILITIES - OTHER

Deferred income				
student fees	9,674,428	8,243,429	8,380,660	7,276,266
scholarships	432,861	428,010	432,861	428,010
fitness centre	88,521	98,056	–	–
	10,195,810	8,769,495	8,813,521	7,704,276

**NOTE 18. NON-CURRENT LIABILITIES -
BORROWINGS**

Secured				
Bank loan	33,187,500	42,187,500	33,187,500	42,187,500
Lease liabilities (note 25)	2,753,568	2,971,745	2,753,568	2,971,745
Total non-current borrowings	35,941,068	45,159,245	35,941,068	45,159,245

(a) Total Secured Liabilities

The total secured liabilities
(current and non-current) are as follows:

Bank loan	33,187,500	42,187,500	33,187,500	42,187,500
Lease liabilities	4,630,879	4,593,715	4,630,879	4,593,715
Total secured liabilities	37,818,379	46,781,215	37,818,379	46,781,215

(b) Assets Pledged as Security

The bank loan is secured by:

- first registered mortgages over the freehold land and buildings;
- first registered company charge over all assets and undertakings of all entities in the consolidated entity;
- cross guarantee between Bond University Limited and all entities in the consolidated entity.

Lease liabilities are effectively secured as the rights to the leased asset recognised in the financial statements revert to the lessor in the event of default.

**NOTE 18. NON-CURRENT LIABILITIES -
BORROWINGS (CONTINUED)**

The following financial covenants apply to the bank loan:

- total debt to EBITDA to be less than 4.1 times;
- alternate use land valuation not less than \$80,000,000;
- EBITDA to be within 85% of budget forecasts;
- debt service cover ratio to be more than 1.3 times; and
- the company is not to incur other debt or operating leasing greater than \$5,000,000 in aggregate without the prior written consent of the bank.

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
CURRENT				
Floating charge				
Cash and cash equivalents	20,394,038	15,056,414	17,036,300	13,495,325
Receivables	2,403,015	2,894,125	2,332,146	2,712,165
Inventories	83,309	72,449	–	–
Other financial assets at fair value through profit or loss	8,070	–	8,070	–
Total current assets pledged as security	22,888,432	18,022,988	19,376,516	16,207,490
NON-CURRENT				
First mortgage				
Freehold land and buildings	71,035,254	69,715,625	71,035,254	69,715,625
Finance lease				
Plant and equipment under finance lease	2,772,312	3,158,026	2,772,312	3,158,026
Motor vehicles under finance lease	1,677,081	1,293,729	1,677,081	1,293,729
	4,449,393	4,451,755	4,449,393	4,451,755
Floating charge				
Available-for-sale financial assets	11,000	11,000	11,000	11,000
Other financial assets	–	–	9	9
Plant and equipment	11,657,632	8,638,323	11,657,169	8,635,813
Intangible assets	583,356	1,018,644	583,356	1,018,644
	12,251,988	9,667,967	12,251,534	9,665,466
Total non-current assets pledged as security	87,736,635	83,835,347	87,736,181	83,832,846
Total assets pledged as security	110,625,067	101,858,335	107,112,697	100,040,336
(c) Financing Arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Lease finance facility	343,000	343,000	343,000	343,000
Asset finance facility	4,000,000	3,000,000	4,000,000	3,000,000
Financial guarantee	12,000,000	12,000,000	12,000,000	12,000,000
	16,343,000	15,343,000	16,343,000	15,343,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

**NOTE 18. NON-CURRENT LIABILITIES -
BORROWINGS (CONTINUED)**

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
(c) Financing Arrangements (continued)				
Used at balance date				
Lease finance facility	–	–	–	–
Asset finance facility	2,442,095	–	2,442,095	–
Financial guarantee	12,000,000	12,000,000	12,000,000	12,000,000
	14,442,095	12,000,000	14,442,095	12,000,000
Unused at balance date				
Lease finance facility	343,000	343,000	343,000	343,000
Asset finance facility	1,557,905	3,000,000	1,557,905	3,000,000
Financial guarantee	–	–	–	–
	1,900,905	3,343,000	1,900,905	3,343,000
Bank loan facilities				
Total facilities	54,300,000	42,500,000	54,300,000	42,500,000
Used at balance date	33,187,500	42,187,500	33,187,500	42,187,500
Unused at balance date	21,112,500	312,500	21,112,500	312,500

The financial guarantee is in favour of the Department of Education, Science and Training for the purpose of Fee Help. The current interest rate on the bank loans drawn is 7.86% (2005: between 7.48% and 7.98%).

(d) Interest Rate Risk Exposures

The following table sets out the consolidated entity's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

Exposures arise predominantly from liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate liabilities to maturity.

	Fixed interest rate							Total \$
	Floating interest rate \$	1 year or less \$	Over 1 to 2 years \$	Over 2 to 3 years \$	Over 3 to 4 years \$	Over 4 to 5 years \$	Over 5 years \$	
2006								
Bank loan (note 18)	33,187,500	–	–	–	–	–	–	33,187,500
Lease liabilities (note 15)	–	1,877,311	1,713,194	958,639	81,735	–	–	4,630,879
Interest rate swap (note 19)	(33,187,500)	–	–	2,500,000	2,500,000	2,500,000	25,687,500	–
	–	1,877,311	1,713,194	3,458,639	2,581,735	2,500,000	25,687,500	37,818,379
Weighted average interest rate		8.00%	8.44%	7.98%	7.87%	7.86%	7.86%	
2005								
Bank loan (note 18)	42,187,500	–	–	–	–	–	–	42,187,500
Lease liabilities (note 15)	–	1,621,970	1,414,165	1,096,496	444,264	16,820	–	4,593,715
Interest rate swap (note 19)	(42,187,500)	2,500,000	2,500,000	2,500,000	34,687,500	–	–	–
	–	4,121,970	3,914,165	3,596,496	35,131,764	16,820	–	46,781,215
Weighted average interest rate		7.84%	7.71%	7.83%	7.61%	6.21%	–	

(e) Fair Value

The fair value of all interest bearing liabilities (including those arising from interest rate swap agreements) of the consolidated entity approximates their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

NOTE 22. RESERVES AND RETAINED PROFITS

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
(a) Reserves				
Hedging reserve - cash flow hedges	(392,185)	(683,475)	(392,185)	(683,475)
Movements:				
Balance 1 January	(683,475)	–	(683,475)	–
Adjustment on adoption of AASB 132 and AASB 139	–	(912,056)	–	(912,056)
	(683,475)	(912,056)	(683,475)	(912,056)
Transfer to income statement	143,868	241,754	143,868	241,754
Revaluation	147,422	(13,173)	147,422	(13,173)
	291,290	228,581	291,290	228,581
Balance 31 December	(392,185)	(683,475)	(392,185)	(683,475)
(b) Retained profits				
Movements in retained profits were as follows:				
Balance 1 January	31,519,261	27,925,103	25,173,016	3,100,188
Net profit for the year	15,466,243	3,594,158	15,788,675	22,072,828
Balance 31 December	46,985,504	31,519,261	40,961,691	25,173,016

(c) Nature and purpose of reserves

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(m). Amounts are recognised in profit and loss when the associated hedge transaction affects profit and loss.

NOTE 23. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
ASSURANCE SERVICES				
Audit services				
PricewaterhouseCoopers Australian firm: Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	138,000	131,500	91,000	86,000
Total remuneration for audit services	138,000	131,500	91,000	86,000
Other assurance services				
PricewaterhouseCoopers Australian firm: Audit of regulatory returns	3,000	3,000	3,000	3,000
Total remuneration for other assurance services	3,000	3,000	3,000	3,000
Total remuneration for assurance services	141,000	134,500	94,000	89,000

The 2005 remuneration for audit services included \$16,000 in relation to audit work performed on the transition to Australian equivalents to International Financial Reporting Standards (AIFRS).

NOTE 24. CONTINGENCIES

The parent entity and consolidated entity had contingent liabilities at 31 December 2006 in respect of:

Claims

There is a claim against the University in respect to entry requirements and admission into a medical program at Bond University. The University is vigorously defending this claim and based on the information that is available it is not practical to estimate the financial effect of this claim, if any, at this time.

Guarantees

A financial guarantee amounting to \$12,000,000 is given in favour of the Department of Education, Science and Training in respect of Fee-Help.

NOTE 25. COMMITMENTS

(a) Capital Commitments

Commitment in relation to a fixed price building contract not recognised as a liability, payable:

Within one year

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Within one year	4,611,861	–	4,611,861	–
(b) Lease Commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	402,725	459,190	402,725	459,190
Later than one year but not later than 5 years	246,867	326,539	246,867	326,539
Later than 5 years	–	–	–	–
	649,592	785,729	649,592	785,729
Representing:				
Non-cancellable operating leases	147,080	210,219	147,080	210,219
Future finance charges on finance leases	502,512	575,510	502,512	575,510
	649,592	785,729	649,592	785,729

Representing:

Non-cancellable operating leases

Future finance charges on finance leases

(I) OPERATING LEASES

The Group leases various motor vehicles under non-cancellable operating leases expiring within one to four years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year

Later than one year but not later than 5 years

Later than 5 years

Within one year	99,102	158,995	99,102	158,995
Later than one year but not later than 5 years	47,978	51,224	47,978	51,224
Later than 5 years	–	–	–	–
	147,080	210,219	147,080	210,219

(II) FINANCE LEASES

The Group leases various plant and equipment with a carrying amount of \$4,449,393 (2005: \$4,451,755) under finance leases expiring within two to five years.

Commitments in relation to finance leases are payable as follows:

Within one year

Later than one year but not later than 5 years

Minimum lease payments

Less: Future finance charges

Total lease liabilities

Representing lease liabilities:

Current (note 15)

Non-current (note 18)

Within one year	2,180,934	1,922,165	2,180,934	1,922,165
Later than one year but not later than 5 years	2,952,457	3,247,060	2,952,457	3,247,060
Minimum lease payments	5,133,391	5,169,225	5,133,391	5,169,225
Less: Future finance charges	502,512	575,510	502,512	575,510
Total lease liabilities	4,630,879	4,593,715	4,630,879	4,593,715
Representing lease liabilities:				
Current (note 15)	1,877,311	1,621,970	1,877,311	1,621,970
Non-current (note 18)	2,753,568	2,971,745	2,753,568	2,971,745
	4,630,879	4,593,715	4,630,879	4,593,715

The weighted average interest rate implicit in the leases is 8.01% (2005: 8.21%).

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NOTE 26. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Bond University Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Short-term employee benefits	1,869,320	1,897,573	1,869,320	1,505,994
Post-employment benefits	368,682	374,073	368,682	296,892
Termination benefits	–	85,791	–	–
	2,238,002	2,357,437	2,238,002	1,802,886

(d) Transactions with related parties

The following transactions occurred with related parties:

	Subsidiary	Parent Entity	
		2006 \$	2005 \$
Management fee revenue	Lashkar Pty Ltd	1,248,154	1,642,595
	Campus Operations Pty Ltd	4,386,048	22,086,168
Management fee expense	Bond University Services Pty Ltd	15,326,289	18,541,366
	Bond University Staff Services Pty Ltd	15,142,292	14,475,079
Accommodation and catering expense	Campus Operations Pty Ltd	400,722	314,571
Audio visual revenue	Campus Operations Pty Ltd	–	1,000

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Current payables				
Subsidiaries	–	–	9,265,056	12,079,772
Current receivables				
Bond University Foundation	5,019	8,863	5,019	8,863

(f) Terms and conditions

The above transactions were made on commercial terms and conditions and at market rates except where indicated.

There are no fixed terms for the repayment of amounts advanced to Bond University Limited and the amount advanced to Bond University Foundation. All amounts payable are free of interest and unsecured.

During the year Bond University Limited provided accounting and administration assistance to other entities in the wholly owned group and Bond University Foundation. With the exception of Campus Operations Pty Ltd and Lashkar Pty Ltd, all accounting and administration assistance was provided free of charge.

