Financial Report

31 December 2008

CONTENTS

	Page
Financial report	
Income Statements	9
Balance Sheets	10
Statements of Recognised Income and Expense	11
Cash flow Statements	12
Notes to the financial statements	13
Directors' declaration	36
Independent auditor's report to the members	37

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 2-5, which is not part of this financial report.

The financial report was authorised for issue by the directors on 17 April 2009. The company has the power to amend and reissue the financial report.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue from continuing operations	3	135,117,380	111,236,330	130,012,204	106,726,758
Salaries and related expenses		70,823,009	58,117,115	62,727,896	35,079,077
Facilities management and maintenance		6,237,865	5,591,188	5,499,676	4,965,464
Utilities and outgoings		2,738,994	2,690,934	2,298,917	2,328,202
Marketing and promotional expenses		8,992,011	8,897,805	8,735,730	8,757,586
Depreciation and amortisation expenses	5	10,403,712	8,329,557	10,399,924	8,327,751
Finance costs	5	4,378,622	3,375,115	4,378,622	3,375,115
Food and beverage cost – Conference Centre		2,191,196	1,889,118	-	-
Service fee – external programs		1,308,477	1,305,451	1,308,477	1,305,451
Consumables		2,111,760	1,775,990	1,811,375	1,478,890
Minor equipment		1,472,471	1,449,272	1,317,317	1,321,533
Management fees		-	-	8,010,086	20,520,632
Other expenses from ordinary activities		8,021,971	5,828,125	7,356,366	5,544,738
Profit from operations		16,437,292	11,986,660	16,167,818	13,722,319
Other income	4	10,818,883	2,339,634	9,057,987	2,339,634
Profit before income tax		27,256,175	14,326,294	25,225,805	16,061,953
Income tax expense	1(e)	-	-	-	-
Profit for the year		27,256,175	14,326,294	25,225,805	16,061,953

As a not-for-profit University, the profit for the year is for reinvestment back into the University.

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

BALANCE SHEETS AS AT 31 DECEMBER 2008

		Consolidated		Parent Entity	
		2008	2007	2008	2007
	Notes	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	44,788,334	26,760,590	37,426,025	20,928,216
Receivables	7	13,889,240	6,078,726	13,716,363	5,868,312
Inventories	8	111,559	78,362	-	-
Other financial assets at fair value through profit or loss	9	239,006	5,319	2,601	5,319
TOTAL CURRENT ASSETS		59,028,139	32,922,997	51,144,989	26,801,847
NON-CURRENT ASSETS					
Available-for-sale financial assets	10	11,000	11,000	11,000	11,000
Derivative financial instruments	11	-	1,964,698	-	1,964,698
Other financial assets	12	-	-	13	9
Property, plant and equipment	13	118,227,727	102,308,915	118,180,821	102,292,405
Intangible assets	14	1,011,128	375,824	1,011,128	375,824
TOTAL NON-CURRENT ASSETS		119,249,855	104,660,437	119,202,962	104,643,936
TOTAL ASSETS		178,277,994	137,583,434	170,347,951	131,445,783
LIABILITIES					
CURRENT LIABILITIES					
Payables	15	14,471,973	11,703,491	14,515,456	13,598,555
Borrowings	16	4,751,427	2,195,314	4,751,427	2,195,314
Provisions	17	2,729,917	2,513,646	2,729,917	1,012,021
Other	18	12,247,745	10,668,159	10,592,743	9,124,851
TOTAL CURRENT LIABILITIES		34,201,062	27,080,610	32,589,543	25,930,741
NON-CURRENT LIABILITIES					
Borrowings	19	53,839,516	45,968,514	53,839,516	45,968,514
Derivative financial instruments	11	5,020,506	-	5,020,506	-
Provisions	20	1,669,443	1,257,814	1,669,443	558,186
TOTAL NON-CURRENT LIABILITIES		60,529,465	47,226,328	60,529,465	46,526,700
TOTAL LIABILITIES		94,730,527	74,306,938	93,119,008	72,457,441
NET ASSETS		83,547,467	63,276,496	77,228,943	58,988,342
EQUITY					
Contributed equity	21	-	-	-	-
Reserves	22(a)	(5,020,506)	1,964,698	(5,020,506)	1,964,698
Retained profits	22(b)	88,567,973	61,311,798	82,249,449	57,023,644
TOTAL EQUITY		83,547,467	63,276,496	77,228,943	58,988,342

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 2008

		Consolidated		Parent Entity	
		2008	2007	2008	200
	Notes	$	$	$	
Total equity at the beginning of the financial year		63,276,496	46,593,319	58,988,342	40,569,50
Changes in the value of cash flow hedges, net of tax	22	(6,985,204)	2,356,883	(6,985,204)	2,356,88
Net income recognised directly in equity		(6,985,204)	2,356,883	(6,985,204)	2,356,88
Profit for the year		27,256,175	14,326,294	25,225,805	16,061,95
Total recognised income and expense for the year		20,270,971	16,683,177	18,240,601	18,418,83
Total equity at the end of the financial year		83,547,467	63,276,496	77,228,943	58,988,34

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		Parent Entity	
		2008	2007	2008	2007
	Notes	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		143,242,442	115,529,253	126,418,741	102,463,403
Receipts on behalf of controlled entities (inclusive of goods and services tax)		-	-	7,932,666	7,295,890
Payments to suppliers and employees (inclusive of goods and services tax)		(108,487,711)	(94,393,875)	(90,542,944)	(66,050,517)
Payments on behalf of controlled entities (inclusive of goods and services tax)		-	-	(12,210,871)	(20,974,327)
Interest received		3,284,607	1,768,789	2,785,506	1,492,490
Interest paid		(3,993,842)	(3,955,756)	(3,993,842)	(3,955,756)
Net cash inflow from operating activities	28	34,045,496	18,948,411	30,389,256	20,271,183
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(25,152,338)	(21,450,433)	(25,118,154)	(21,432,581)
Payments for intangible assets		(906,449)	(266,626)	(906,449)	(266,626)
Payments for other financial assets at fair value through profit or loss		(8,000)	(28,405)	-	(28,405)
Loan repaid by (advanced to) Bond University Foundation		29,250	(24,231)	29,250	(24,231)
Proceeds from sale of other financial assets at fair value through profit or loss		-	29,721	0	29,721
Proceeds from sale of property, plant and equipment		1,447,756	341,828	1,447,756	337,374
Net cash outflow from investing activities		(24,589,781)	(21,398,146)	(24,547,597)	(21,384,748)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to controlled entities		-	-	(1,708,226)	(3,665,054)
Repayment from controlled entities		-	-	4,000,000	-
Proceeds from borrowings		10,487,827	10,624,673	10,487,827	10,624,673
Repayment of borrowings		-	-	-	-
Repayment of lease liabilities		(2,455,693)	(2,195,969)	(2,455,693)	(2,195,969)
Net cash inflow/(outflow) from financing activities		8,032,134	8,428,704	10,323,908	4,763,650
Net Increase/(Decrease) in cash and cash equivalents		17,487,849	5,978,969	16,165,567	3,650,085
Cash at the beginning of the financial year		22,270,397	16,291,428	17,716,381	14,066,296
Cash and cash equivalents at the end of the financial year	6	39,758,246	22,270,397	33,881,948	17,716,381
Financing arrangements	19				
Non-cash investing and financing activities	29				

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

		Page
1	Summary of Significant Accounting Policies	14
2	Financial Risk Management	18
3	Revenue	18
4	Other Income	19
5	Expenses	19
6	Current Assets – Cash and cash equivalents	20
7	Current Assets – Receivables	21
8	Current Assets – Inventories	21
9	Current Assets – Other financial assets at fair value through profit or loss	22
10	Non-current Assets – Available-for-sale Financial Assets	22
11	Non-current Assets – Derivative financial instruments	22
12	Non-current Assets – Other Financial Assets	22
13	Non-current Assets – Property, Plant and Equipment	23
14	Non-current Assets – Intangible Assets	25
15	Current Liabilities – Payables	25
16	Current Liabilities – Borrowings	26
17	Current Liabilities – Provisions	26
18	Current Liabilities – Other	26
19	Non-current Liabilities – Borrowings	26
20	Non-current Liabilities – Provisions	30
21	Contributed Equity	30
22	Reserves and Retained Profits	30
23	Remuneration of Auditors	31
24	Contingencies	31
25	Commitments	31
26	Related Party Transactions	32
27	Subsidiaries	34
28	Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities	34
29	Non-cash Investing and Financing Activities	35
30	Events Occurring After the Balance Sheet Date	35

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 2008 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. The Bond University Trust has been included as a subsidiary of Bond University Limited.

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, Themis Pty Ltd and Bond University Trust 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 13). 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 cost.

(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 11. 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.

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.

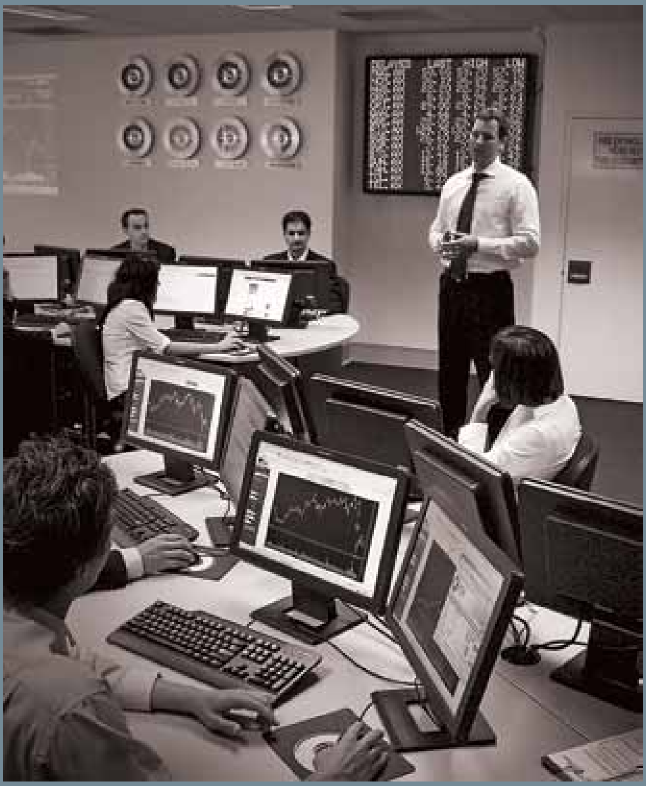
(R) BORROWINGS
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of 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 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group intends to apply the revised AASB 123 from 1 January 2009.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards Arising from AASB 101.

A revised AASB 101 was issued in September 2007 and is applicable to annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 January 2009.

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. Fee-Help revenue is received from the Department of Education, Employment and Workplace Relations on a fortnightly basis throughout the year.

In respect to cash balances including bank deposits, the University has considered and is satisfied with the credit rating of its banker.

(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 cash rate risk arises from movements in interest rates on 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 3. REVENUE

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
FROM CONTINUING OPERATIONS				
Sales Revenue				
Tuition revenue – University	109,177,217	89,641,559	109,177,217	89,641,559
Tuition revenue – External Programs	2,461,545	2,386,129	2,461,545	2,386,129
Tuition revenue – Language Centre	3,883,593	3,232,661	-	-
Tuition revenue – Bond College	1,749,563	347,625	1,749,563	347,625
Sale of goods – food and beverages	5,960,918	5,058,156	-	-
Student accommodation rent	3,624,696	3,358,545	-	-
Consulting income	1,127,861	1,410,351	1,127,861	1,410,351
Non-refundable student income	137,573	74,542	137,573	74,542
Other student fees and charges	1,000,433	983,503	745,121	716,835
Fitness centre income	711,399	763,048	-	-
Student activities fee income	544,989	471,938	544,989	471,938
Sundry income	1,826,599	1,739,058	1,089,731	1,410,351
	132,206,386	109,467,115	117,033,600	96,459,330
Other Revenue				
Interest	2,910,994	1,769,215	2,411,892	1,492,490
Management fee	-	-	10,566,712	8,774,938
	135,117,380	111,236,330	130,012,204	106,726,758

Tuition revenue is net of scholarships provided by the University to students which amounted to $9,769,050 in 2008 and $7,318,517 in 2007.

NOTE 4. OTHER INCOME

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Fair value gain on other financial assets at fair value through profit or loss	-	149	-	149
Grants and donations	10,818,883	2,339,485	9,057,987	2,339,485
	10,818,883	2,339,634	9,057,987	2,339,634

NOTE 5. EXPENSES

PROFIT FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES:				
Depreciation				
Buildings	3,440,719	2,278,318	3,440,719	2,278,318
Plant and equipment	1,097,220	743,975	1,093,432	742,632
Furniture and fitout	2,835,919	2,081,037	2,835,919	2,080,574
Motor vehicles	551	-	551	-
Library	826,282	870,502	826,282	870,502
Total depreciation	8,200,691	5,973,832	8,196,903	5,972,026
Amortisation				
Plant and equipment under finance leases	1,561,531	1,466,772	1,561,531	1,466,772
Motor vehicles under finance leases	370,345	414,796	370,345	414,796
Computer software	271,145	474,157	271,145	474,157
Total amortisation	2,203,021	2,355,725	2,203,021	2,355,725
Finance costs				
Interest and finance charges paid/payable	4,378,622	3,375,115	4,378,622	3,375,115
Net loss on sale of other financial assets at fair value through profit or loss	-	1,585	-	1,585
Net loss on disposal of property, plant and equipment	48,184	3,312	48,184	7,767
Rental expense relating to operating leases				
Minimum lease payments	157,768	162,970	157,768	162,970
Defined contribution superannuation expense	7,540,130	6,264,534	5,960,004	3,428,271

NOTE 6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	44,788,334	26,760,590	37,426,025	20,928,216

(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	44,788,334	26,760,590	37,426,025	20,928,216
Less:				
Monies held in trust	5,030,088	4,490,193	3,544,077	3,211,835
Balances per statement of cash flows	39,758,246	22,270,397	33,881,948	17,716,381

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

NOTE 6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Cash at bank and on hand
Cash at bank bears a floating interest rate of 4.20% (2007: 6.70%) and cash on hand is non-interest bearing.

(c) Endowment fund and restricted funds
Of the above cash at bank balance, a total amount of $6,000,000 (2007: nil) is set aside in the Endowment Fund and a total of $8,531,142 (2007: $4,279,418) represents grants and donations and other funds set aside for restricted purposes.

NOTE 7. CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Trade receivables	10,873,027	3,139,938	10,834,527	2,998,536
Less: Provision for doubtful receivables	(130,000)	(125,000)	(125,000)	(120,000)
	10,743,027	3,014,938	10,709,527	2,878,536
Other receivables	1,613,947	859,044	1,610,492	798,147
Prepayments	1,531,143	2,203,621	1,395,221	2,190,506
Security deposits	1,123	1,123	1,123	1,123
	13,889,240	6,078,726	13,716,363	5,868,312

(a) Trade receivables
Trade receivables include an amount of $10,266,737 (2007: 2,508,911) for Fee-Help receivable from the Department of Education, Employment and Workplace Relations (DEEWR) that was received after year-end.

(b) Bad and doubtful trade receivables
The Group has recognised a loss of $47,760 (2007: $46,271) in respect of bad and doubtful trade receivables during the year ended 31 December 2008. The loss has been included in 'other expenses' in the income statement.

(c) 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.

(d) Impaired trade receivables
As at 31 December 2008 current trade receivables of the Group with a nominal value of $130,000 (2007: $125,000) were impaired. The amount of the provision was $130,000 (2007: $125,000). These impaired receivables mainly relate to students who are no longer enrolled.

(e) Past due but not impaired
As of 31 December 2008, trade receivables of $476,290 (2007: $506,027) were past due but not impaired. These relate to students who are still enrolled or were finishing their course as at year-end. These receivables are past due for no more than one semester.

NOTE 8. CURRENT ASSETS - INVENTORIES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
AT COST				
Food	43,185	21,416	-	-
Beverages	51,486	41,456	-	-
General stores	16,888	15,490	-	-
	111,559	78,362	-	-

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Australian listed equity securities	239,006	5,319	2,601	5,319

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

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

Non-current assets				
Interest rate swap contracts – cash flow hedges	-	1,964,698	-	1,964,698
	-	1,964,698	-	1,964,698
Non-current liabilities				
Interest rate swap contracts – cash flow hedges	5,020,506	-	5,020,506	-
	5,020,506	-	5,020,506	-

Instruments used by the Group
The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Interest rate swap contracts – cash flow hedges
Bank loans of the Group currently bear an average variable interest rate of 8.72%. In order to protect the loans from exposure to increasing interest rates, the Group has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The swap currently in place covers 100% (2007: 100%) of the loan principal outstanding and expires on 23 November 2013. The fixed interest rate is 6.51% plus a pricing margin of 1.35% (2007: 6.51% plus a pricing margin of 1.35%) and the variable rate is the bank bill swap rate which at balance date was 4.29% (2007: 7.12%) plus a margin of 1.35%.

The contract requires settlement of net interest receivable or payable each month. Interest is payable on the underlying debt every quarter. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified to profit and loss when the hedged interest expense is recognised. In the year ended 31 December 2008 a gain of $266,798 was reclassified into profit and loss (2007: $17,748) and included in finance cost. There was no hedge ineffectiveness in the current or prior year.

NOTE 12. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Shares in subsidiaries (note 27)	-	-	13	9

These financial assets are carried at cost.

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Land and Buildings				
Freehold land – at cost	10,717,000	10,717,000	10,717,000	10,717,000
Buildings – at cost	99,689,154	82,767,913	99,689,154	82,767,913
Less: Accumulated depreciation	14,042,052	10,601,333	14,042,052	10,601,333
	85,647,102	72,166,580	85,647,102	72,166,580
Total land and buildings	96,364,102	82,883,580	96,364,102	82,883,580
Plant and equipment and other assets				
Plant and equipment – at cost	11,350,174	9,907,962	11,032,588	9,576,762
Less: Accumulated depreciation	6,512,290	5,507,369	6,241,610	5,192,679
	4,837,884	4,400,593	4,790,978	4,384,083
Plant and equipment under finance lease	6,462,250	5,066,728	6,462,250	5,066,728
Less: Accumulated amortisation	3,836,209	2,584,844	3,836,209	2,584,844
	2,626,041	2,481,884	2,626,041	2,481,884
Furniture, fitout and other assets – at cost	26,423,824	21,939,727	24,822,689	20,217,717
Less: Accumulated depreciation	15,672,681	13,279,006	14,071,546	11,556,996
	10,751,143	8,660,721	10,751,143	8,660,721
Motor vehicles – at cost	3,405	6,136	3,405	-
Less: Accumulated depreciation	551	6,136	551	-
	2,854	-	2,854	-
Motor vehicles under finance lease	1,976,266	2,347,515	1,976,266	2,347,515
Less: Accumulated amortisation	484,406	678,114	484,406	678,114
	1,491,860	1,669,401	1,491,860	1,669,401
Library – at cost	19,508,338	18,949,424	19,445,770	18,886,855
Less: Accumulated depreciation	17,354,495	16,736,688	17,291,927	16,674,119
	2,153,843	2,212,736	2,153,843	2,212,736
Total plant and equipment and other assets	21,863,625	19,425,335	21,816,719	19,408,825
Total property, plant and equipment	118,227,727	102,308,915	118,180,821	102,292,405

(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 2008 in accordance with bank covenants. The market value was calculated at $125,000,000 on a going concern basis.

(b) Non-current assets pledged as security
Refer to note 19 for information on non-current assets pledged as security by the parent entity or its controlled entities.

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 below.

	Opening net book amount at 1 Jan 2008	Additions	Disposals	Amortisation Charge	Closing net book amount at 31 Dec 2008
	$	$	$	$	$
Consolidated					
Land	10,717,000	-	-	-	10,717,000
Buildings	60,318,254	14,126,644	-	2,278,318	72,166,580
Plant and equipment	2,825,882	3,251,014	932,328	743,975	4,400,593
Leased plant and equipment	2,772,312	1,176,344	-	1,466,772	2,481,884
Furniture, fitout and other assets	6,620,995	4,120,763	-	2,081,037	8,660,721
Leased motor vehicles	1,677,081	740,399	333,283	414,796	1,669,401
Library	2,210,755	884,341	11,858	870,502	2,212,736
Total	87,142,279	24,299,505	1,277,469	7,855,400	102,308,915
Parent entity					
Land	10,717,000	-	-	-	10,717,000
Buildings	60,318,254	14,126,644	-	2,278,318	72,166,580
Plant and equipment	2,825,882	3,233,161	932,328	742,632	4,384,083
Leased plant and equipment	2,772,312	1,176,344	-	1,466,772	2,481,884
Furniture, fitout and other assets	6,620,532	4,120,763	-	2,080,574	8,660,721
Leased motor vehicles	1,677,081	740,399	333,283	414,796	1,669,401
Library	2,210,755	884,341	11,858	870,502	2,212,736
Total	87,141,816	24,281,652	1,277,469	7,853,594	102,292,405

	Opening net book amount at 1 Jan 2008	Additions	Disposals	Amortisation Charge	Closing net book amount at 31 Dec 2008
	$	$	$	$	$
Consolidated					
Land	10,717,000	-	-	-	10,717,000
Buildings	72,166,580	16,921,241	-	3,440,719	85,647,102
Plant and equipment	4,400,593	2,485,705	951,194	1,097,220	4,837,884
Leased plant and equipment	2,481,884	1,705,688	-	1,561,531	2,626,041
Furniture, fitout and other assets	8,660,721	4,946,893	20,552	2,835,919	10,751,143
Motor vehicles	-	3,405	-	551	2,854
Leased motor vehicles	1,669,401	807,792	614,988	370,345	1,491,860
Library	2,212,736	795,093	27,704	826,282	2,153,843
Total	102,308,915	27,665,817	1,614,438	10,132,567	118,227,727
Parent entity					
Land	10,717,000	-	-	-	10,717,000
Buildings	72,166,580	16,921,241	-	3,440,719	85,647,102
Plant and equipment	4,384,083	2,451,521	951,194	1,093,432	4,790,978
Leased plant and equipment	2,481,884	1,705,688	-	1,561,531	2,626,041
Furniture, fitout and other assets	8,660,721	4,946,893	20,552	2,835,919	10,751,143
Motor vehicles	-	3,405	-	551	2,854
Leased motor vehicles	1,669,401	807,792	614,988	370,345	1,491,860
Library	2,212,736	795,093	27,704	826,282	2,153,843
Total	102,292,405	27,631,633	1,614,438	10,128,779	118,180,821

NOTE 14. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Computer software	4,053,062	3,147,108	4,033,062	3,126,613
Less: Accumulated amortisation	3,041,934	2,771,284	3,021,934	2,750,789
	1,011,128	375,824	1,011,128	375,824

	Opening net book amount at 1 Jan 2007	Additions	Disposals	Amortisation Charge*	Closing net book amount at 31 Dec 2007
	$	$	$	$	$
Consolidated					
Computer software	583,356	266,625	-	474,157	375,824
Parent entity					
Computer software	583,356	266,625	-	474,157	375,824

	Opening net book amount at 1 Jan 2008	Additions	Disposals	Amortisation Charge*	Closing net book amount at 31 Dec 2008
	$	$	$	$	$
Consolidated					
Computer software	375,824	906,449	-	271,145	1,011,128
Parent entity					
Computer software	375,824	906,449	-	271,145	1,011,128

* Amortisation of $271,145 (2007: $474,157) is included in depreciation and amortisation expense in the income statement. Computer software has a finite useful life of 3 years.

NOTE 15. CURRENT LIABILITIES – PAYABLES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Trade payables	9,851,663	7,398,537	9,313,045	6,674,239
Other payables	4,620,310	4,304,954	4,620,310	2,620,439
Amounts payable to subsidiaries	-	-	582,101	4,303,877
	14,471,973	11,703,491	14,515,456	13,598,555

Other payables include accruals for annual leave. The entire obligation is presented as current, since the Group does not have unconditional right to defer settlement. The Group expects all employees to take the full amount of accrued leave within the next 12 months.

NOTE 16. CURRENT LIABILITIES – BORROWINGS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Secured				
Bank loan	2,500,000	-	2,500,000	-
Lease liabilities (note 25)	2,251,427	2,195,314	2,251,427	2,195,314
Total secured current borrowings	4,751,427	2,195,314	4,751,427	2,195,314

Details of the security relating to each of the secured liabilities and further information on the bank loan are set out in note 19.

NOTE 17. CURRENT LIABILITIES – PROVISIONS

Employee benefits – long service leave	2,729,917	2,513,646	2,729,917	1,012,021

NOTE 18. CURRENT LIABILITIES – OTHER

Deferred income				
student fees	12,105,749	10,564,596	10,530,943	9,102,666
scholarships	61,800	22,185	61,800	22,185
fitness centre	80,196	81,378	-	-
	12,247,745	10,668,159	10,592,743	9,124,851

NOTE 19. NON-CURRENT LIABILITIES – BORROWINGS

Secured				
Bank loan	51,800,000	43,812,173	51,800,000	43,812,173
Lease liabilities (note 25)	2,039,516	2,156,341	2,039,516	2,156,341
Total non-current borrowings	53,839,516	45,968,514	53,839,516	45,968,514

(a) Total Secured Liabilities

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

Bank loan	54,300,000	43,812,173	54,300,000	43,812,173
Lease liabilities	4,290,943	4,351,655	4,290,943	4,351,655
Total secured liabilities	58,590,943	48,163,828	58,590,943	48,163,828

(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 19. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(b) Assets Pledged as Security (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 company complied at all times during the year with the above covenants.

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
CURRENT	$	$	$	$
Floating charge				
Cash and cash equivalents	44,788,334	26,760,590	37,426,025	20,928,216
Receivables	13,889,240	6,078,726	13,716,363	5,868,312
Inventories	111,559	78,362	-	-
Other financial assets at fair value through profit or loss	239,006	5,319	2,601	5,319
Total current assets pledged as security	59,028,139	32,922,997	51,144,989	26,801,847
NON-CURRENT				
First mortgage				
Freehold land and buildings	96,364,102	82,883,580	96,364,102	82,883,580
Finance lease				
Plant and equipment under finance lease	2,626,041	2,481,884	2,626,041	2,481,884
Motor vehicles under finance lease	1,491,860	1,669,401	1,491,860	1,669,401
	4,117,901	4,151,285	4,117,901	4,151,285
Floating charge				
Available-for-sale financial assets	11,000	11,000	11,000	11,000
Other financial assets	-	-	13	9
Derivative financial instruments	-	1,964,698	-	1,964,698
Plant and equipment	17,745,724	15,274,050	17,698,818	15,257,540
Intangible assets	1,011,128	375,824	1,011,128	375,824
	18,767,852	17,625,572	18,720,959	17,609,071
Total non-current assets pledged as security	119,249,855	104,660,437	119,202,962	104,643,936
Total assets pledged as security	178,277,994	137,583,434	170,347,951	131,445,783

NOTE 19. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
(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	4,000,000	4,000,000	4,000,000
	4,343,000	4,343,000	4,343,000	4,343,000
Used at balance date				
Lease finance facility	-	-	-	-
Asset finance facility	700,815	1,397,866	700,815	1,397,866
	700,815	1,397,866	700,815	1,397,866
Unused at balance date				
Lease finance facility	343,000	343,000	343,000	343,000
Asset finance facility	3,299,185	2,602,134	3,299,185	2,602,134
	3,642,185	2,945,134	3,642,185	2,945,134
Bank loan facilities				
Total facilities	54,300,000	54,300,000	54,300,000	54,300,000
Used at balance date	54,300,000	43,812,173	54,300,000	43,812,173
Unused at balance date	-	10,487,827	-	10,487,827

The current interest rate on the bank loans drawn is 7.86% (2007: 7.86%).

(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.

NOTE 19. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(d) Interest Rate Risk Exposures (continued)

2008	Floating interest rate $	Fixed 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 $	Total $
Bank loan (note 19)	54,300,000	-	-	-	-	-	-	54,300,000
Lease liabilities (note 16)	-	2,251,427	1,286,193	527,884	161,331	64,108	-	4,290,943
Interest rate swap (note 11)	(54,187,500)	1,666,666	2,500,000	2,500,000	2,500,000	2,500,000	42,520,834	-
	112,500	3,918,093	3,786,193	3,027,884	2,661,331	2,564,108	42,520,834	58,590,943
Weighted average interest rate	8.72%	8.13%	7.94%	8.18%	8.06%	7.92%		

2007	Floating interest rate $	Fixed 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 $	Total $
Bank loan (note 19)	43,812,173	-	-	-	-	-	-	43,812,173
Lease liabilities (note 16)	-	2,195,314	1,537,618	531,517	87,205	-	-	4,351,654
Interest rate swap (note 11)	(43,812,173)	-	2,500,000	2,500,000	2,500,000	2,500,000	33,812,173	-
	-	2,195,314	4,037,618	3,031,517	2,587,205	2,500,000	33,812,173	48,163,827
Weighted average interest rate		8.79%	8.27%	8.16%	7.91%	7.86%	7.86%	

(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.

NOTE 20. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Employee benefits – long service leave	1,669,443	1,257,814	1,669,443	558,186

NOTE 21. CONTRIBUTED EQUITY

Bond University Limited was incorporated as a company limited by guarantee on 12 February 1987. Pursuant to the Memorandum and Articles of Association of the company, every member has undertaken in the event of a deficiency on winding up to contribute an amount not exceeding $10. At 31 December 2008, Bond University Limited had 30 members.

NOTE 22. RESERVES AND RETAINED PROFITS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
(a) Reserves	$	$	$	$
Hedging reserve – cash flow hedges	(5,020,506)	1,964,698	(5,020,506)	1,964,698
Movements:				
Balance 1 January	1,964,698	(392,185)	1,964,698	(392,185)
Transfer to net profit	(266,798)	(17,748)	(266,798)	(17,748)
Revaluation	(6,718,406)	2,374,631	(6,718,406)	2,374,631
	(6,985,204)	2,356,883	(6,985,204)	2,356,883
Balance 31 December	(5,020,506)	1,964,698	(5,020,506)	1,964,698
(b) Retained profits				
Movements in retained profits were as follows:				
Balance 1 January	61,311,798	46,985,504	57,023,644	40,961,691
Net profit for the year	27,256,175	14,326,294	25,225,805	16,061,953
Balance 31 December	88,567,973	61,311,798	82,249,449	57,023,644

(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	
	2008	2007	2008	2007
	$	$	$	$
Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the Corporations Act 2001	133,500	147,000	84,500	98,000
Total remuneration for audit services	133,500	147,000	84,500	98,000

NOTE 24. CONTINGENCIES

The parent entity and consolidated entity had no contingent liabilities at 31 December 2008.

NOTE 25. COMMITMENTS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
(a) Capital Commitments				
Commitment in relation to a fixed price building contract not recognised as a liability, payable:				
Within one year	5,558,461	10,392,492	5,558,461	10,392,492
(b) Lease Commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	353,635	426,694	353,635	426,694
Later than one year but not later than 5 years	187,467	233,456	187,467	233,456
Later than 5 years	-	-	-	-
	541,102	660,150	541,102	660,150
Representing:				
Non-cancellable operating leases	109,547	220,506	109,547	220,506
Future finance charges on finance leases	431,555	439,644	431,555	439,644
	541,102	660,150	541,102	660,150

NOTE 25. COMMITMENTS FOR EXPENDITURE (CONTINUED)

(b) Lease Commitments (continued)

(i) Operating Leases

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	99,979	136,260	99,979	136,260
Later than one year but not later than 5 years	9,568	84,246	9,568	84,246
Later than 5 years	-	-	-	-
	109,547	220,506	109,547	220,506

(ii) Finance Leases

The Group leases various motor vehicles and plant and equipment with a carrying amount of $4,117,901 (2007: $4,151,285) under finance leases expiring within one to four years.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Commitments in relation to finance leases are payable as follows:				
Within one year	2,505,083	2,485,748	2,505,083	2,485,748
Later than one year but not later than 5 years	2,217,415	2,305,551	2,217,415	2,305,551
Minimum lease payments	4,722,498	4,791,299	4,722,498	4,791,299
Less: Future finance charges	431,555	439,644	431,555	439,644
Total lease liabilities	4,290,943	4,351,655	4,290,943	4,351,655
Representing lease liabilities:				
Current (note 16)	2,251,427	2,195,314	2,251,427	2,195,314
Non-current (note 19)	2,039,516	2,156,341	2,039,516	2,156,341
	4,290,943	4,351,655	4,290,943	4,351,655

The weighted average interest rate implicit in the leases is 8.56% (2007: 8.85%).

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.

NOTE 26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Short-term employee benefits	2,115,695	1,935,578	2,115,695	1,935,578
Post-employment benefits	416,817	381,177	416,817	381,177
Termination benefits	100,179	-	100,179	-
	2,632,691	2,316,755	2,632,691	2,316,755

(d) Transactions with related parties

The following transactions occurred with related parties:

		Parent Entity	
	Subsidiary	**2008**	**2007**
		$	**$**
Management fee revenue	Lashkar Pty Ltd	3,449,067	4,838,052
	Campus Operations Pty Ltd	7,065,649	3,936,886
	Bond Innovation 1 Pty Ltd	25,998	-
	Bond R&D1 Pty Ltd	25,998	-
Management fee expense	Bond University Services Pty Ltd	4,818,741	9,138,432
	Bond University Staff Services Pty Ltd	3,191,345	11,382,200
Accommodation and catering expense	Campus Operations Pty Ltd	763,486	637,744
Audio visual revenue	Campus Operations Pty Ltd	-	1,326

(e) Outstanding balances

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

	Consolidated		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Current payables				
Subsidiaries	-	-	582,101	4,303,877
Current receivables				
Bond University Foundation	-	29,250	-	29,250
Bond University Trust	-	-	8,570	200

(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 amounts advanced to Bond University Foundation and the Bond University Trust. 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 and the Bond University Trust. With the exception of Campus Operations Pty Ltd and Lashkar Pty Ltd, all accounting and administration assistance was provided free of charge.

NOTE 27. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of Entity	Country of Incorporation	Class of shares	Cost of Parent Entity's Investment		Equity Holding *	
			2008	2007	2008	2007
			$	$	%	%
Bond University Services Pty Ltd	Australia	Ordinary	2	2	100	100
Bond University Staff Services Pty Ltd	Australia	Ordinary	2	2	100	100
Campus Operations Pty Ltd	Australia	Ordinary	2	2	100	100
Themis Pty Ltd	Australia	Ordinary	2	2	100	100
Lashkar Pty Ltd	Australia	Ordinary	1	1	100	100
Bond Innovation 1 Pty Ltd	Australia	Ordinary	2	-	100	-
Bond R&D 1 Pty Ltd	Australia	Ordinary	2	-	100	-
			13	9		

* The proportion of ownership interest is equal to the proportion of voting power held.

In addition, the consolidated financial statements also incorporate the assets, liabilities and results of the Bond University Trust which is under the control of the University.

NOTE 28. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
	$	$	$	$
Profit for the year	27,256,175	14,326,294	25,225,805	16,061,954
Depreciation and amortisation	10,403,712	8,329,557	10,399,924	8,327,751
Net (profit) loss on sale of non-current assets	48,184	3,312	48,184	7,767
Net (profit) loss on sale of financial assets at fair value through profit or loss	-	1,585	-	1,585
Fair value (gains) losses on financial assets at fair value through profit or loss	132,201	(149)	2,714	(149)
Non-cash donations income – transfer of financial assets from Bond University Foundation to Bond University Trust	(357,892)	-	-	-
Provision for doubtful debts increase (decrease)	5,000	20,000	5,000	20,000
Change in operating assets and liabilities				
(Increase) decrease in trade & other debtors	(7,844,757)	(3,671,481)	(7,824,506)	(3,531,734)
(Increase) decrease in inventories	(33,197)	4,947	-	-
Increase (decrease) in trade and other creditors and employee benefits	3,396,382	(150,420)	1,396,485	(685,490)
Increase (decrease) in other liabilities	1,039,688	84,766	1,135,650	69,499
Net cash inflow from operating activities	34,045,496	18,948,411	30,389,256	20,271,183

NOTE 28. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES (CONTINUED)

Bond University Limited bills and collects student accommodation and food income on behalf of Campus Operations Pty Ltd. Fitness Centre income is also banked by Bond University Limited. The total income collected by Bond University Limited on behalf of Campus Operations Pty Ltd for the year ended 31 December 2008 was $7,932,666 (2007: $7,295,890).

NOTE 29. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Acquisition of plant and equipment by means of finance leases	2,513,479	1,916,744	2,513,479	1,916,744

NOTE 30. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to balance date, the University Council resolved to allocate $5.0 million of the University's 2008 surplus to the Bond University Endowment Fund, which together with other donated funds brings the Endowment Fund to a total of $15.5 million.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 35 are in accordance with the Corporations Act 2001, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

T C Rowe
Director and Chancellor

Brisbane
17 April 2009

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOND UNIVERSITY LIMITED

Report on the financial report

We have audited the accompanying financial report of Bond University Limited (the company), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Bond University Limited and the Bond University Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOND UNIVERSITY LIMITED (continued)

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Bond University Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Bond University Limited (the company) for the year ended 31 December 2008 included on the Bond University Limited web site. The company's directors are responsible for the integrity of the Bond University Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

Martin T Linz

M Linz Brisbane
Partner 17 April 2009

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