DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Bond University Limited and the entities it controlled ("Group") at the end of, or during, the year ended 31 December 2013.

Directors

The following persons were directors of Bond University Limited during the whole of the financial year and up to the date of this report:

Dr Helen Nugent AO
Professor Timothy Brailsford
Kenneth MacDonald
Mary Bent PSM
Professor Kwong Lee Dow AO
Peta Fielding
Lynda O'Grady
Tom Ray
Steven Sargent
Professor Margaret Seares AO

Mission Statement

As Australia's first private university, Bond University seeks to be recognized internationally as a leading independent university, imbued with a spirit to innovate, a commitment to influence and a dedication to inspire tomorrow's professionals who share a personalised and transformational student experience.

Objectives and Strategies

Objectives:	
1.	Build on our international brand, underpinned by a distinctive value proposition centred on an outstanding student experience
2.	Strengthen our financially sustainable business model and robust capital base
3.	Grow and diversify our student enrolments, particularly through international and postgraduate students
4.	Focus on niche centres of research excellence

Strategies:	
1.	Growing our educational product portfolio with high quality, flexible and sustainable offerings
2.	Expanding our global focus and reach through international partnerships and benchmarking
3.	Elevating our reputation and influence by focusing on research, external partnerships and our ability to attract world-renowned academics
4.	Maintaining and building on the unique Bond student experience
5.	Leveraging our partnerships with alumni, industry bodies and the wider community

Principal Activities and Significant Changes in Nature of Activities

The principal activity of the consolidated entity is the promotion and operation of Bond University in Queensland. The University also has an agreement with Business Breakthrough University (BBT) in Japan for the delivery of a Masters of Business Administration program in Japan.

Bond University provides English language courses through the Bond University English Language Institute (BUELI), and operates Bond College that provides pathway programs into the University.

In addition to this, Bond University Limited has two subsidiaries - Campus Operations Pty Limited operates student accommodation including food and beverage facilities and Lashkar Pty Ltd owns and manages the Bond Institute of Health and Sport (BIHS) building.

DIRECTORS' REPORT (continued)

Principal Activities and Significant Changes in Nature of Activities (continued)

These principal activities have directly contributed to Bond achieving its objectives. As a not-for-profit entity, the University reinvests its surplus from operations back into the University and continues to introduce new courses, maintain and enhance an innovative and agile teaching and learning environment with the increasing use of technology, and invests in research (including collaborations with industry partners).

Key Performance Indicators

The Council and management monitor the Group's overall performance, from its implementation of the mission statement and strategic plan through to the performance of the Group against its operating plan and budget.

The Council, together with management, have identified key performance indicators (KPIs) that will be used to monitor performance. These KPIs have been developed across each of the key objectives of the University and include measures of financial performance, surveys to assess the quality of services provided to the students including teaching and learning outcomes, improvements in the number of research active staff including measurement of research outputs, increase in industry sponsorships and internships for students.

Senior management will report, on a regular basis, the outcome of these measures to Council.

Dividends

Bond University Limited is a not-for-profit company limited by guarantee. Accordingly, no dividend was declared (2012: nil).

Other Corporate Information

Bond University Limited was incorporated as a company limited by guarantee. Pursuant to the Constitution of the company, each member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding $10. At 31 December 2013, the registered membership of the company was 30 and the collective liability of members was $300 (2012: $300).

Review of Operations

The University made a net profit of $1.1 million compared to a loss of $3.9 million in 2012. This resulted from total operating revenue of $155.7 million which decreased from $169.2 million in the prior year, other income of $11.8 million which increased from $8.4 million in the prior year and a decrease in total expenses from $181.5 million in prior year to $166.4 million in 2013. During 2013, the University conducted another organisational restructure which incorporated restructuring costs of $8.0 million (2012: $7.1 million).

The University includes in operating revenue all research, donations and grants income once received, for which there can be specific restrictions on its use.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 31 December 2013 that has significantly affected or may significantly affect:

(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

DIRECTORS' REPORT (continued)

Likely Developments and Expected Results of Operations

The Federal Government has announced certain tax reforms with respect to not-for-profit entities that will be legislated to take effect from 1 July 2014. While legislation is yet to be enacted, commentary and initial guidance released to date, indicates that there is no financial impact for the University in these accounts.

Environmental Regulation

The company is subject to environmental regulation only in respect to any tree clearing that may be associated with a new building site or in the case of a specialised building, the management of medical or trade waste.

Information on Directors

Dr Helen Nugent AO *Chairman – independent non-executive director*

Qualifications
PhD Qld, BA (Hons) Qld, MBA (Dist.) Harv, Hon DBus Qld, FAICD

Experience
Independent non-executive director and Chairman of Bond University Limited since 22 May 2009. President of Cranbrook School Council. Former Professor in Management, AGSM, University of New South Wales. Former Member of Council, Monash University. Dr. Nugent was a member of the Bradley Review into Higher Education. Former Director of Strategy, Westpac Banking Corporation. Former partner of McKinsey & Company. Dr. Nugent is an experienced non-executive director with significant skills and experience in the commercial, corporate finance and tertiary education sectors.

Other current directorships
Chairman of Veda Group Limited
Non-executive director of Macquarie Group and Macquarie Bank Ltd.
Non-executive director of Origin Energy Ltd.
Chairman of National Portrait Gallery.
Chairman of Funds SA.
President of Cranbrook School.

Special responsibilities
Chancellor.
Chairman of Nominations Advisory Committee.
Member of Audit & Risk Management Committee.
Member of Occupational Health and Safety Committee.
Member of Bond University Ltd.

Professor Timothy Brailsford *Executive director*

Qualifications
PhD (Monash), MEc, FAIM, FCPA, FFin

Experience
Executive director, Vice-Chancellor and President of Bond University Limited since 11 January 2012. Former Executive Dean of Faculty of Business, Economics, Law and Tourism of the University of Queensland. Former Foundation Head & Dean of the UQ Business School. Former Dean of the Faculty of Economics and Commerce of the Australian National University.

Other current directorship
Chair, Queensland Independent Remuneration Tribunal.

Special responsibilities
Vice-Chancellor and President.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Kenneth MacDonald *Non-executive director*

Qualifications
BA(Hons), LLB(Hons) Qld

Experience

Independent non-executive director of Bond University Limited since 23 April 2010. Consultant to Allens Arthur Robinson. Mr. MacDonald is an experienced corporate lawyer and company director with significant legal and corporate governance skills and experience. He is currently Chairman of Highlands Pacific Limited and until recently was Deputy Chairman of QIC Limited. When he retired as a partner of Allens he was Queensland Practice Director and Executive Partner of the Energy Resources and Infrastructure Department. He has previously served as National President of the Australian Mining and Petroleum Association as well as its Queensland President and was Chairman of the Coal Law Committee of the International Bar Association. He has chaired and been a member of editorial panels of academic journals in the energy and natural resources field, as well as acting as a peer reviewer.

Other current directorships
Chairman of Highlands Pacific Limited.
Special responsibilities
Deputy Chancellor.
Member of Bond University Ltd.

Mary Bent PSM *Non-executive director*

Qualifications
BA Qld, Grad Dipl Librarianship, CCAE, GradCert Health Econ. Monash

Experience
Independent non-executive director of Bond University Limited since 15 April 2011. Principal of M J Bent Consulting. Ms. Bent was previously the Deputy Secretary of the Department of Health & Human Services in the Tasmanian government. She has held a number of other senior roles in the health and community sectors. She has been Deputy Chair of Medicare Local Tasmania Board since its inception in 2011. In its first year, she also acted as inaugural Treasurer and Chair of the Finance Audit and Risk Committees. She is currently on the Finance, Governance and Nominations Committees of the Board and is Chair of the Policy Committees. Medicare Locals have been established as part of the national health reform process having key responsibilities in relation to coordination of primary health service development and cross professional workforce development. She has significant experience in strategic planning, financial management and community engagement.

Other current directorships
Deputy Chair of Medicare Local Tasmania Board.
Deputy Chair of Board of Relationships Australia – Tasmania.
Director of Habitat Holdings Pty Ltd.
Chair of Tasmanian Library Advisory Board.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Professor Kwong Lee Dow AO *Non-executive director*

Qualifications
BSc (Hons) Melb, BEd Melb, Hon. LLD Melb, D.Univ. Ballarat

Experience
Independent non-executive director of Bond University Limited since 1 February 2010. Former Vice-Chancellor of the University of Melbourne. Professor Lee Dow is a leading educationalist who has significant teaching and research experience and a deep understanding of education administration.

Other current directorship
Director of Australian Multicultural Foundation.

Special responsibilities
Member of Audit & Risk Management Committee.
Member of Occupational Health and Safety Committee.
Chairman of the Academic Promotions Committee.

Peta Fielding *Non-executive director*

Qualifications
BA, LLB Bond, MBA UH/JAIMS

Experience
Independent non-executive director of Bond University Limited since 23 May 2008. Co-founder and CEO of Burleigh Brewing Company. Ms. Fielding has experience in designing, implementing and managing boutique businesses both in Australia and overseas.

Other current directorship
Director of Burleigh Brewing Company Pty Ltd.

Special responsibilities
Chair of the Alumni Advisory Board.

Lynda O'Grady *Non-executive director*

Qualifications
BCom (Hons) Qld, FAICD

Experience
Independent non-executive director of Bond University Limited since 1 February 2010. Former Executive Director; Chief of Products, Telstra. Former Commercial Director of ACP (Publishing Division of PBL Ltd.). Ms. O'Grady has significant experience in IT, Media and Telecommunications and Business Development.

Other current directorships
Director of Advanced Management Services Pty Ltd.
Director of Evergreen Plant Solutions Pty Ltd.
Chairman of Aged Care Financing Authority (ACFA).
Director of National Electronic Health Transition Authority Ltd. (Nehta).
Director of Evergreen Connect Pty Ltd.
Director of eWorldExchange Pty Ltd.

Special responsibilities
Chairman of Audit & Risk Management Committee.
Chairman of Occupational Health and Safety Committee.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Tom Ray *Non-executive director*

Qualifications
BComn(Bus) Bond

Experience
Non-executive director of Bond University Limited since 23 May 2008. Mr. Ray is a property investor and developer with strong community and corporate networks in the Gold Coast area.

Other current directorship
Chief Executive Officer of the Ray Group.
Chairman Perry Cross Spinal Research Foundation Limited.

Special responsibilities
Member of Nominations Advisory Committee.

Steven Sargent *Non-executive director*

Qualifications
BBus Charles Sturt

Experience
Independent non-executive director of Bond University Limited since 1 February 2010. Vice President and Officer of General Electric Company. Chief Executive Officer of GE Australia and New Zealand. Former President and Chief Executive Officer of GE Capital Asia Pacific. Mr. Sargent has significant experience in finance and in global business.

Other current directorships
Director of GE Australia Pty Ltd.
Director of GE Capital Australia Funding Pty Ltd.
Director of GE Investments Australia Pty Ltd.
Director of GE Holdings Australia Pty Ltd.
Director of GE Mining Services Holdings Pty Ltd.
Director of GE Transportation Group Holdings Pty Ltd.
Director of Business Council of Australia.
Director of American Chamber of Commerce in Australia.

Special responsibilities
Member of Audit & Risk Management Committee.
Member of Occupational Health and Safety Committee.

Professor Margaret Seares AO *Non-executive director*

Qualifications
PhD UWA, Hon DLitt UWA

Experience
Independent non-executive director of Bond University Limited since 23 April 2010. Former Senior Deputy Vice-Chancellor of the University of Western Australia. Former Chairman of Australia Council. Professor Seares is an educationalist who has experience in research and infrastructure within the university sector. She also has significant experience in the not-for-profit sector. She has been a member of the Advisory Committee of the Australian Research Council and member of the boards of National Research Infrastructure Council, Education Investment Fund and the Creative Industries Innovation Centre.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Other current directorships
Non-executive director of Synergy Electricity Retail Corporation.
Director of Education Investment Fund.
Chair Perth International Arts Festival.

Special responsibilities
Member of Nominations Advisory Committee.

Company Secretary

The Company Secretary is Mr Michael Dean LIB, GDipAppCorpGov, MMgmt, ACIS. Mr Dean was appointed to the position of Company Secretary on 8 October 2009.

Meetings of Directors

The numbers of meetings that each Director was eligible to attend and the number they attended for the year ended 31 December 2013 were:

	MEETINGS OF DIRECTORS				MEETINGS OF COMMITTEES					
	Scheduled Meetings & Attendance		Unscheduled Meetings & Attendance		Nominations Advisory Committee		Audit & Risk Management Committee		Occupational Health & Safety Committee	
	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended
H. Nugent	7	7	2	2	2	2	4	4	4	4
T. Brailsford	7	7	2	2	**	**	**	**	**	**
K. MacDonald	7	7	2	2	**	**	**	**	**	**
M. Bent	7	7	2	1	**	**	**	**	**	**
K. Lee Dow	7	7	2	2	**	**	4	4	4	4
P. Fielding	7	7	2	2	**	**	**	**	**	**
L. O'Grady	7	7	2	1	**	**	4	4	4	4
T. Ray	7	6	2	1	2	2	**	**	**	**
S. Sargent	7	7	2	1	**	**	4	3	4	3
M. Seares	7	7	2	2	2	2	**	**	**	**

* Number of meetings held during the time the director held office or was a member of the committee during the year and was eligible to attend (including avoiding conflicts of interest).

** Not a member of the relevant committee.

DIRECTORS' REPORT (continued)

All committees have one or more independent members who are not members of the board of directors.

The company has entered into an agreement with its insurer to insure all directors of the company including executive officers of the company and its controlled entities and independent members of committees.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as directors or executive officers or independent members of committees of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty or the improper use of inside information or position to gain advantage or to cause detriment to the company.

Disclosure of the amount of premium paid is prohibited under the terms of the insurance contract.

Rounding of Amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor and Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the next page.

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

Dr H M Nugent AO
Director and Chancellor

Professor Tim Brailsford
Vice Chancellor and President

Gold Coast
6 March 2014

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
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Fax: +61 7 3011 3100
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Auditor's Independence Declaration to the Directors of Bond University Limited

In relation to our audit of the financial report of Bond University Limited for the financial year ended 31 December 2013 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mike Reid
Partner
6 March 2014

FINANCIAL REPORT

31 DECEMBER 2013

CONTENTS

Bond University Limited is a not-for-profit 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 - 3, which does not form part of these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $'000	2012 $'000
Revenue from continuing operations	4	**155,708**	169,204
Other income	5	**11,830**	8,409
Salaries and related expenses	6(a)	**(105,641)**	(114,343)
Facilities management and maintenance		**(8,160)**	(8,938)
Utilities and outgoings		**(4,226)**	(3,884)
Marketing and promotional expenses		**(8,875)**	(10,090)
Food and beverage cost – Conference Centre		**(2,385)**	(2,202)
Service fee – external programs		**(1,584)**	(1,532)
Consumables		**(1,825)**	(2,235)
Minor equipment		**(1,245)**	(1,127)
Other expenses from ordinary activities	6(d)	**(10,999)**	(11,822)
Earnings before interest, tax, depreciation and amortisation		**22,598**	21,440
Depreciation and amortisation expenses	6(b)	**(19,074)**	(19,932)
Finance costs	6(c)	**(2,429)**	(5,437)
Profit (loss) before income tax		**1,095**	(3,929)
Income tax expense	2(e)	**-**	-
Profit (loss) for the year		**1,095**	(3,929)

As a not-for-profit University, any profit is reinvested into the University's activities and facilities.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $'000	2012 $'000
Profit (loss) for the year		**1,095**	(3,929)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cashflow hedges	24(a)	**66**	2,149
Other comprehensive income for the year, net of tax		**66**	2,149
Total comprehensive income/(loss) for the year, net of tax		**1,161**	(1,780)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**55,524**	64,764
Cash - Restricted	8	**19,132**	13,773
Trade and other receivables	9	**3,749**	3,181
Prepayments		**2,715**	1,612
Inventories	10	**121**	110
Other financial assets at fair value through profit or loss	11	**299**	249
TOTAL CURRENT ASSETS		**81,540**	83,689
NON-CURRENT ASSETS			
Trade receivables	12	**240**	219
Available-for-sale financial assets	13	**11**	11
Property, plant and equipment	14	**140,066**	142,090
Intangible assets	15	**1,434**	2,251
TOTAL NON-CURRENT ASSETS		**141,751**	144,571
TOTAL ASSETS		**223,291**	228,260
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**11,957**	17,105
Borrowings	17	**3,586**	1,736
Derivative financial instruments	18	**33**	99
Provisions	19	**11,885**	12,172
Other current liabilities	20	**10,440**	9,680
TOTAL CURRENT LIABILITIES		**37,901**	40,792
NON-CURRENT LIABILITIES			
Borrowings	21	**37,566**	40,877
Provisions	22	**2,214**	2,142
TOTAL NON-CURRENT LIABILITIES		**39,780**	43,019
TOTAL LIABILITIES		**77,681**	83,811
NET ASSETS		**145,610**	144,449
EQUITY			
Contributed equity	23	**-**	-
Reserves	24(a)	**(33)**	(99)
Retained earnings	24(b)	**145,643**	144,548
TOTAL EQUITY		**145,610**	144,449

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Consolidated					
Balance at 1 January 2012		-	(2,248)	148,477	146,229
Profit for the year		-	-	(3,929)	(3,929)
Other comprehensive income for the year		-	2,149	-	2,149
Total comprehensive income for the year		-	2,149	(3,929)	(1,780)
Balance at 31 December 2012		-	(99)	144,548	144,449
Profit (loss) for the year		-	-	1,095	1,095
Other comprehensive income for the year		-	66	-	66
Total comprehensive income for the year		-	66	1,095	1,161
Balance at 31 December 2013	24	-	(33)	145,643	145,610

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $'000	2012 $'000
Operating Activities			
Receipts from customers (inclusive of GST)		**149,056**	169,545
Payments to suppliers and employees (inclusive of GST)		**(140,688)**	(145,857)
Interest received		**2,500**	4,065
Interest paid		**(2,366)**	(5,009)
Net cash flows from operating activities		**8,502**	22,744
Investing Activities			
Payment for property, plant and equipment		**(15,724)**	(24,381)
Payment for intangible assets		**(466)**	(893)
Dividends received		**16**	18
Proceeds from sale of property, plant and equipment		**219**	369
Net cash flows used in investing activities		**(15,955)**	(24,887)
Financing Activities			
Repayment of borrowings		**-**	(46,800)
Proceeds from borrowings		**-**	40,000
Repayment of lease liabilities		**(1,787)**	(2,904)
Net cash flows used in financing activities		**(1,787)**	(9,704)
Net increase in cash and cash equivalents		**(9,240)**	(11,847)
Cash and cash equivalents at 1 January		**64,764**	76,611
Cash and cash equivalents at 31 December	7	**55,524**	64,764

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

Note 1. Corporate Information

The consolidated financial statement of Bond University Limited for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 6 March 2014.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AASB2011-9 Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income

This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The adoption of this standard has resulted in changes to the presentation of its financial statement and has no other impact.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Bond University Limited and its subsidiaries and special purpose entities as at and for the period ended 31 December each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Note 2. Summary of Significant Accounting Policies (continued)

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of activity, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Tuition and student food and accommodation revenue is 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 on a time proportion basis using the effective interest method.

Dividends are recognised as revenue when the right to receive payment is established, which is generally when shareholders approve the dividend.

Donations and grant income are recognised as income when received or where control of the right to receive the grant has been obtained.

Other income is recognised when the service is provided.

(e) Income Tax

The Company, Bond University Limited, and its controlled entities, Campus Operations Pty Limited, Lashkar Pty Limited 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, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, 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 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 each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. 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.

Note 2. Summary of Significant Accounting Policies (continued)

(g) Impairment of Assets

Assets are tested 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. As a not-for-profit entity, value in use of property, plant and equipment and intangible assets at cost includes depreciated replacement cost. 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts. For the purposes of the statement of cash flows, cash excludes the Endowment Fund and other restricted cash balances.

(i) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance or impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date in which case they are presented as non-current assets.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(j) 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. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Note 2. Summary of Significant Accounting Policies (continued)

(k) Investments and other Financial Assets

Classification

The Group classifies its investments as financial assets 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 if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(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 the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

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. 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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the income statement as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Available-for-sale financial assets are subsequently carried at fair value except where the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In this instance, available-for-sale financial assets are carried at cost. 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. Interest income from these financial assets is included in the net gains/ (losses).

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

Note 2. Summary of Significant Accounting Policies (continued)

(k) Investments and other Financial Assets (continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the 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 on equity instruments that were recognised in the income statement are not reversed through the income statement in a subsequent period.

(l) 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 the end of each reporting period. 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 a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the hedging 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 18. Movements in the hedging reserve in shareholders' equity are shown in note 24. 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 other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects 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.

Note 2. Summary of Significant Accounting Policies (continued)

(m) 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Where assets which would otherwise be classified as investment properties are held to meet service delivery objectives rather than to earn rental or for capital appreciation, they are classified as property in the financial statements.

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 or, in the case of certain leased plant and equipment, the shorter lease term. The assets have been depreciated as follows:

Buildings	10-50 years
Computer Equipment	3 years
Other Plant and Equipment	5 years
Leased Plant and Equipment	3-5 years
Furniture and Fitout	5 years
Library Books and Journals	5 years
Motor vehicles	5 years
Leased Motor Vehicles	2-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2(g)).

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

(n) Intangible Assets

Computer software
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.

Research and development costs
Research cost are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

i) The technical feasibility of completing the intangible asset so that the asset will be available for use
ii) Its intention to complete and its ability to use
iii) How the asset will generate future economic benefits
iv) The availability of resources to complete the asset
v) The ability to measure reliably the expenditure during development

Note 2. Summary of Significant Accounting Policies (continued)

(n) Intangible Assets (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment loss. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in operating expense. During the period of development, the asset is tested for impairment annually.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 income statement as 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 reporting period.

(q) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other 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 Group include interest on long-term borrowings and finance lease charges.

Note 2. Summary of Significant Accounting Policies (continued)

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Parent Entity Financial Information

The financial information for the parent entity, Bond University Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Bond University Limited.

(t) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled.

Long service leave

The liability for long service leave is recognized 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 using the projected unit credit method. 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 that match, as closely as possible, the estimated future cash outflows.

(u) Post Employment Benefits

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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Note 2. Summary of Significant Accounting Policies (continued)

(v) Government Grants

Grants from the government are recognised as income in the year of receipt or where control of the right to receive the grant has been obtained.

(w) Reclassification

Certain prior period amounts have been reclassified in order to conform to the current period's presentation.

Note 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilties. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Development Costs

New program development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a program development project has reached defined milestones including the approval of the University Management Committee. In determining the amount to be capitalised, management includes all directly attributable costs necessary to create and prepare the new program to be capable of being offered to the market. As at 31 December 2013, the carrying amount of capitalised program development costs was $95,928 (2012: $0).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 4. Revenue

	2013	2012
From continuing operations	**$'000**	$'000
Sales Revenue		
Tuition revenue – University	**128,791**	140,813
Tuition revenue – External Programs	**2,965**	2,752
Tuition revenue – Language Centre	**2,259**	2,256
Tuition revenue – Bond College	**2,277**	2,590
Sale of goods – food and beverages	**5,898**	5,632
Student accommodation rent	**4,077**	4,046
Consulting income	**972**	765
Other student fees and charges	**899**	917
Fitness centre income	**514**	586
Student activities fee income	**876**	904
Sundry income	**3,279**	3,108
	152,807	164,369
Other Revenue		
Interest	**2,885**	4,817
Dividends	**16**	18
	155,708	169,204

Tuition revenue does not include scholarships provided by the University to students which amounted to $17,563,214 in 2013 and $19,090,079 in 2012.

Note 5. Other Income

	2013	2012
	$'000	$'000
Donations	**3,896**	2,092
Research grants	**7,642**	5,686
Other grants	**292**	631
	11,830	8,409

Note 6. Expenses

	2013	2012
Profit (loss) before income tax includes the following specific expenses:	**$'000**	$'000
(a) Salaries and related expenses		
Operating salaries and related expenses	**87,368**	95,731
Restructuring costs	**8,016**	7,131
Defined contribution superannuation expense	**10,257**	11,481
Total Salaries and related expenses	**105,641**	**114,343**
(b) Depreciation and Amortisation		
Depreciation		
Buildings	**6,490**	6,081
Plant and equipment	**3,489**	3,114
Furniture and fitout	**5,465**	5,653
Motor vehicles	**14**	-
Library, books and journals	**838**	824
Total depreciation	**16,296**	15,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 6. Expenses (continued)

	2013 $'000	2012 $'000
Amortisation		
Plant and equipment under finance leases	**1,406**	2,247
Motor vehicles under finance leases	**88**	224
Computer software	**1,284**	1,789
Total amortisation	**2,778**	4,260
Total depreciation and amortisation	**19,074**	19,932
(c) Finance costs		
Interest and finance charges paid/payable	**2,429**	5,437
(d) Other expenses from ordinary activities		
Net loss on disposal of property, plant and equipment	**15**	16
Rental expense relating to operating leases		
Minimum lease payments	**463**	276
Teaching and other expenses	**10,521**	11,530
Total other expenses from ordinary activities	**10,999**	11,822

Note 7. Current Assets – Cash and Cash Equivalents

	2013 $'000	2012 $'000
Cash at bank and on hand	**13,524**	55,264
Term deposits	**42,000**	9,500
	55,524	64,764

Note 8. Current Assets – Cash - Restricted

	2013 $'000	2012 $'000
Cash - Restricted	**19,132**	13,773

Of the above balance, a total amount of $4,099,387 (2012: $4,093,003) is set aside in the Endowment Fund and a total of $15,032,999 (2012: $9,680,194) represents grants and donations and other funds set aside for restricted purposes.

Restricted funds include funds granted by external parties under conditions that they may only be utilised for specified expenditure purposes and cannot be allocated to general purpose expenditure. The grantor of the funds specifies how the funds are supposed to be used.

Note 9. Current Assets – Trade and Other Receivables

	2013 $'000	2012 $'000
Trade receivables	**2,272**	1,758
Less: Provision for impairment of receivables - refer note 9(a)	**(695)**	(493)
	1,577	1,265
Other receivables	**2,158**	1,902
Security deposits	**14**	14
	3,749	3,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 9. Current Assets – Trade and Other Receivables (continued)

(a) Impaired trade receivables

Movements in the provision for impairment of receivables (current and non-current) are as follows:

	2013 $'000	2012 $'000
At 1 January	**689**	305
Provision for impairment recognised during the year	**440**	473
Receivables written off during the year as uncollectible	**(154)**	(89)
	975	689
Representing provision for impairment of trade receivables:		
Current (Note 9)	**695**	493
Non-current (Note 12)	**280**	196
	975	689

(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 10. Current Assets - Inventories

	2013 $'000	2012 $'000
At cost		
Food	**50**	46
Beverages	**45**	45
General stores	**26**	19
	121	110

Note 11. Current Assets – Other Financial Assets at Fair Value Through Profit or Loss

	2013 $'000	2012 $'000
Australian listed equity securities	**299**	249

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income or other expense in the income statement.

Note 12. Non-Current Assets – Trade Receivables

	2013 $'000	2012 $'000
Trade receivables	**520**	415
Less: Provision for impairment of receivables - refer note 9(a)	**(280)**	(196)
	240	219

Note 13. Non-Current Assets – Available-for-sale Financial Assets

	2013 $'000	2012 $'000
Australian unlisted equity securities (at cost)	**11**	11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 14. Non-Current Assets – Property, Plant and Equipment

	2013 $'000	2012 $'000
Land and Buildings		
Freehold land – at cost	12,084	12,084
Buildings – at cost	145,329	130,080
Less: Accumulated depreciation	42,311	35,821
	103,018	94,259
Construction in Progress	-	8,998
Total buildings	103,018	103,257
Total land and buildings	115,102	115,341
Plant and equipment and other assets		
Plant and equipment – at cost	26,081	22,954
Less: Accumulated depreciation	16,711	13,452
	9,370	9,502
Plant and equipment under finance lease	2,980	5,529
Less: Accumulated amortisation	2,005	3,424
	975	2,105
Furniture, fitout and other assets – at cost	51,205	46,021
Less: Accumulated depreciation	39,127	33,684
	12,078	12,337
Motor vehicles – at cost	112	3
Less: Accumulated depreciation	17	3
	95	-
Motor vehicles under finance lease	440	878
Less: Accumulated amortisation	196	331
	244	547
Library – at cost	20,718	20,283
Less: Accumulated depreciation	18,516	18,025
	2,202	2,258
Total plant and equipment and other assets	24,964	26,749
Total property, plant and equipment	140,066	142,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 14. Non-Current Assets – Property, Plant and Equipment (continued)

(a) Valuation of land and buildings

Land and buildings are measured on the cost basis. An independent valuation of land and buildings was carried out during 2012 which exceeded the carrying value of land and buildings.

(b) Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the Group.

(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 2013	Additions	Disposals	Transfers	Depreciation/ amortisation charge	Closing net book amount at 31 Dec 2013
	$'000	$'000	$'000	$'000	$'000	$'000
Land	12,084	-	-	-	-	12,084
Buildings	94,259	-	-	15,249	6,490	103,018
Construction in Progress	8,998	6,251	-	(15,249)	-	-
Plant & Equipment	9,502	3,587	121	-	3,503	9,465
Leased plant & equipment	2,105	276	-	-	1,406	975
Furniture, fitout & other assets	12,337	5,235	29	-	5,465	12,078
Leased motor vehicles	547	-	215	-	88	244
Library	2,258	791	9	-	838	2,202
Total	142,090	16,140	374	-	17,790	140,066

Note 15. Non-Current Assets – Intangible Assets

	2013 $'000	2012 $'000
Intangible Assets		
Computer software - at cost	**10,600**	10,229
Less: Accumulated amortisation	**9,262**	7,978
	1,338	2,251
Course Development Cost	**96**	-
Less: Accumulated amortisation	**-**	-
	96	-
Total Intangible Assets	**1,434**	2,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 15. Non-Current Assets – Intangible Assets (continued)

	Opening net book amount at 1 Jan 2013	Additions	Disposals	Amortisation charge	Closing net book amount at 31 Dec 2013
	$'000	$'000	$'000	$'000	$'000
Computer software	2,251	377	6	1,284	1,338
Course Development Cost	-	96	-	-	96
Total	2,251	473	6	1,284	1,434

Note 16. Current Liabilities – Trade and Other Payables

	2013	2012
	$'000	$'000
Trade payables	**11,483**	9,899
Other payables	**474**	7,206
	11,957	17,105

Other payables

Other payables relate to Fee-Help payable to the Department of Innovation, Industry, Science, Research and Tertiary Education (DIISRTE).

Note 17. Current Liabilities – Borrowings

	2013	2012
	$'000	$'000
Secured		
Bank loan	**2,667**	-
Lease liabilities	**919**	1,736
Total secured current borrowings	**3,586**	1,736

Note 18. Derivative Financial Instruments

	2013	2012
	$'000	$'000
Current liabilities		
Interest rate swap contracts – cash flow hedges	**33**	99
	33	99

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 18. Derivative Financial Instruments (continued)

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 2.67% (2012: 3.17%) plus a pricing margin of 2.50% (2012: 2.70%). 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 75% (2012: 75%) of the loan principal outstanding and expires on 15 November 2014. The fixed interest rate is 2.74% plus a pricing margin of 2.50% (2012: 3.14% plus a pricing margin of 2.70%) and the variable rate is the bank bill swap rate which at balance date was 2.67% (2012: 3.17%) plus a margin of 2.50% (2012: 2.70%).

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

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified to profit and loss when the hedged interest expense is recognised. In the year ended 31 December 2013 a loss of $67,323 was reclassified into profit and loss (2012: loss of $2,685,774) and included in finance cost. There was no hedge ineffectiveness in the current or prior year.

Note 19. Current Liabilities – Provisions

	2013 $'000	2012 $'000
Employee benefits – annual leave	**6,628**	6,979
Employee benefits – long service leave	**5,257**	5,193
	11,885	12,172

Note 20. Current Liabilities – Other

	2013 $'000	2012 $'000
Deferred income		
- student fees	**10,400**	9,635
- fitness centre	**40**	45
	10,440	9,680

Note 21. Non-Current Liabilities – Borrowings

	2013 $'000	2012 $'000
Secured		
Bank loan	**37,187**	39,802
Lease liabilities	**379**	1,075
Total non-current borrowings	**37,566**	40,877

(a) Total Secured Liabilities

The total secured liabilities (current and non-current) are as follows:		
Bank loan	**39,854**	39,802
Lease liabilities	**1,298**	2,811
Total secured liabilities	**41,152**	42,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 21. Non-Current Liabilities – Borrowings (continued)

(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 Group;
- cross guarantee between Bond University Limited and all entities in the Group.

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.

The following financial covenants apply to the bank loan using terms defined therein:

- total debt to EBITDA to be less than 3.0 times; and
- debt service cover ratio to be more than 2.5 times.

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:

	2013 $'000	2012 $'000
Current		
Floating charge		
Cash and cash equivalents	**55,524**	64,764
Cash - Restricted	**19,132**	13,773
Receivables	**3,749**	3,181
Prepayments	**2,715**	1,612
Inventories	**121**	110
Other financial assets at fair value through profit or loss	**299**	249
Total current assets pledged as security	**81,540**	83,689
Non-current		
First mortgage		
Freehold land and buildings	**115,102**	115,341
Finance lease		
Plant and equipment under finance lease	**975**	2,105
Motor vehicles under finance lease	**244**	547
	1,219	2,652
Floating charge		
Receivables	**240**	219
Available-for-sale financial assets	**11**	11
Plant and equipment	**23,745**	24,097
Intangible assets	**1,434**	2,251
	25,430	26,578
Total non-current assets pledged as security	**141,751**	144,571
Total assets pledged as security	**223,291**	228,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 21. Non-Current Liabilities – Borrowings (continued)

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Credit standby arrangements	2013 $'000	2012 $'000
Total facilities		
Asset finance facility	25	-
	25	-
Used at balance date		
Asset finance facility	-	-
	-	-
Unused at balance date		
Asset finance facility	25	-
	25	-

Bank loan facilities	2013 $'000	2012 $'000
Total facilities	40,000	40,000
Used at balance date	40,000	40,000
Unused at balance date	-	-

The current interest rate on the bank loans drawn is 5.22% (2012: 5.84%).

Note 22. Non-Current Liabilities – Provisions

	2013 $'000	2012 $'000
Employee benefits – long service leave	2,214	2,142

Note 23. Contributed Equity

Bond University Limited was incorporated as a company limited by guarantee on 12 February 1987. Pursuant to the Constitution 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 2013, Bond University Limited had 30 (2012: 30) members.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 24. Reserves and Retained Earnings

(a) Reserves	2013 $'000	2012 $'000
Hedging reserve – cash flow hedges	**(33)**	(99)
Movements:		
Balance 1 January	**(99)**	(2,248)
Reclassification during the year to profit or loss	**67**	2,686
Net gain/(loss) during the year	**(1)**	(537)
Net movement in cash flow hedges	**66**	2,149
Balance 31 December	**(33)**	(99)

(b) Retained earnings	2013 $'000	2012 $'000
Movements in retained earnings were as follows:		
Balance 1 January	**144,548**	148,477
Net profit/(loss) for the year	**1,095**	(3,929)
Balance 31 December	**145,643**	144,548

(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 in other comprehensive income, as described in note 2(k). Amounts are reclassified to profit and loss when the associated hedge transaction affects profit and loss.

Note 25. Contingencies

The parent entity and consolidated entity had no contingent liabilities at 31 December 2013.

Note 26. Commitments

(a) Capital Commitments

Commitments in relation to fixed price building contracts not recognised as a liability, payable:

	2013 $'000	2012 $'000
Within one year	**-**	9,441

(b) Lease Commitments

(i) Non-cancellable Operating Leases

The Group leases various motor vehicles under non-cancellable operating leases expiring within one to four years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 26. Commitments (continued)

(b) Lease Commitments (continued)

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

	2013 $'000	2012 $'000
Within one year	350	297
Later than one year but not later than five years	340	284
Later than five years	-	-
	690	581

(ii) Finance Leases

The Group leases various motor vehicles and plant and equipment with a carrying amount of $1.2 million (2012: $2.7 million) under finance leases expiring within one to four years. Under the terms of the leases, the Group has the option to extend the lease term or return the leased assets to the financer on expiry of the leases.

Commitments in relation to finance leases are payable as follows:

	2013 $'000	2012 $'000
Within one year	998	1,898
Later than one year but not later than five years	402	1,146
Later than five years	-	-
Minimum lease payments	1,400	3,044
Less: Future finance charges	101	234
Total lease liabilities	1,298	2,810
Representing lease liabilities:		
Current (note 17)	919	1,736
Non-current (note 21)	379	1,075
Total lease liabilities	1,298	2,810

Note 27. 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 28.

(c) Key management personnel compensation

	2013 $'000	2012 $'000
Key management personnel compensation	3,673	3,501

The restructure in the current and prior periods have provided the Council the opportunity to evaluate the key management personnel within the financial statements. As a result of this process, Council have determined that key management personnel are those that are a direct report to the Chief Executive Officer plus those individuals charged with delegation for key decisions over the University core academic activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 27. Related Party Transactions (continued)

(d) Transactions with key management personnel

There are no other transactions with key management personnel during the year other than salary payments.

Note 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(c).

Name of Entity	Country of Incorporation	Class of shares	Cost of Parent Entity's Investment		Equity Holding *	
			2013	2012	**2013**	2012
			$	$	**%**	%
Campus Operations Pty Ltd	Australia	Ordinary	**2**	2	**100**	100
Lashkar Pty Ltd	Australia	Ordinary	**1**	1	**100**	100
			3	3		

* 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 29. Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Information relating to Bond University Ltd.	2013 $'000	2012 $'000
Current assets	**92,334**	92,673
Total assets	**221,321**	226,070
Current liabilities	**37,579**	40,659
Total liabilities	**77,358**	83,679
Shareholders' equity		
Issued capital	**-**	-
Reserves – Cash flow hedges	**(33)**	(99)
Retained earnings	**143,995**	142,490
Total shareholder's equity	**143,963**	142,391
Profit (loss) for the year	**1,505**	(3,940)
Total comprehensive income (loss) of the parent entity	**1,571**	(1,791)

(b) Guarantees entered into by the parent entity

Cross guarantees have been executed between Bond University Ltd and all of its subsidiaries to satisfy the requirements of the Group's financing arrangement. The Group has not sought relief under ASIC Class Order 98/1418. However, these entities are not required to prepare accounts on the basis that they do not meet the criteria to be classified as large proprietary companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013 (continued)

Note 29. Parent Entity Financial Information (continued)

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2013 or 31 December 2012. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity entered into a contract to purchase an existing building. $1.1 million is payable within one year.

Note 30. Non-cash Investing and Financing Activities

	2013	2012
	$'000	$'000
Acquisition of plant and equipment by means of finance leases	**276**	1,275

Note 31. Financial Risk Management

Interest Rate Risk

The Group manages its interest rate risk by entering into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At at 31 December 2013, after taking into account the effect of interest rate swaps, approximately 75% of the Group's borrowings are at a fixed rate of interest (2012: 75%).

Note 32. Events Occurring After the Reporting Period

Since 31 December 2013 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Group.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bond University Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of Bond University Limited for the financial year ended 31 December 2013 are in accordance with the *Corporations Act 2001,* including:

(i) Giving a true and fair view of its financial position as at 31 December 2013 and performance for the year ended on that date; and

(ii) Complying with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(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.

On Behalf of the Board

Dr H M Nugent AO
Director and Chancellor

Professor Tim Brailsford
Vice Chancellor and President

Gold Coast
6 March 2014

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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, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls 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 controls. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of Bond University Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 31 December 2013 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young

Mike Reid
Partner
Brisbane
6 March 2014