BOND UNIVERSITY LIMITED
A.C.N. 010 694 121
AND CONTROLLED ENTITIES

COMPANY PARTICULARS

Directors

Dr Helen Nugent AO	(Chancellor)
Professor Timothy Brailsford	(Vice Chancellor)
Kenneth MacDonald	(Deputy Chancellor)
Professor Kwong Lee Dow AO	
Peta Fielding	
Dr Darryl Gregor OAM	
Victor Hoog Antink	
Tom Ray	
Steven Sargent	
Professor Margaret Seares AO	

Secretary
Michael Dean

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

Auditors
Ernst & Young
111 Eagle Street
Brisbane Qld 4000

Solicitors
Minter Ellison
Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Bankers
ANZ Banking Group Limited
111 Eagle Street
Brisbane Qld 4000

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 2014.

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
Professor Kwong Lee Dow AO
Peta Fielding
Tom Ray
Steven Sargent
Professor Margaret Seares AO

Mary Bent PSM was a director from the beginning of the financial year until her retirement on 2 May 2014.

Dr Darryl Gregor OAM was elected as director on 2 May 2014 and continues in office at the date of this report.

Lynda O'Grady was a director from the beginning of the financial year until her retirement on 19 December 2014.

Victor Hoog Antink was appointed as director on 26 December 2014 and continues in office at the date of this report.

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 Ltd 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 (2013: 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 2014, the registered membership of the company was 30 and the collective liability of members was $300 (2013: $300).

Review of Operations

The University achieved a net profit of $5.3 million for the year compared with $1.1 million in the prior year. The prior year results included restructuring costs of $8.0 million.

The net profit was derived from total operating revenue of $154.7 million (2013: $155.7 million) and other income of $12.6 million (2013: $11.8 million), less total operating expenditures of $162.0 million (2013: $166.4 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 2014 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.

Likely Developments and Expected Results of Operations

There are no likely developments not otherwise disclosed in the accounts to report upon.

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.

DIRECTORS' REPORT (continued)

Information on Directors

Dr Helen Nugent AO *Chairman – 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 or recent directorships
Chairman of Veda Group Limited
Non-executive director of Macquarie Group and Macquarie Bank Ltd. (retired 25 July 2014)
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, SFFin

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 directorships
Chair, Queensland Independent Remuneration Tribunal.
Director, Australian University Sport.

Special responsibilities
Vice-Chancellor and President.

Kenneth MacDonald *Non-executive director*

Qualifications
BA (Hons), LLB (Hons) Qld, FAICD

Experience
Independent non-executive director of Bond University Limited since 23 April 2010. Consultant to law firm Allens Linklaters. 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.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Other current directorship
Chairman of Highlands Pacific Limited.

Special responsibilities
Deputy Chancellor.
Member of Bond University Ltd.

Professor Kwong Lee Dow AO *Non-executive director*

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

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 directorships
Chairman and Director of Australian Multicultural Foundation.
Council Member, University of Tasmania.

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 directorships
Director of Burleigh Brewing Company Pty Ltd.
Chair of the Australian Craft Beer Industry Association.
Director of Gold Coast 2018 Commonwealth Games Corporation.

Special responsibilities
Chair Alumni Board.

Dr Darryl Gregor OAM *Non-executive director*

Qualifications
MBBS (U. Qld), FRANZCO, MAICD

Experience
Independent non-executive director of Bond University Limited since 2 May 2014. Founding partner of the Eye Centre and a founding partner of the Laser Vision Centre. He is a member of the Vision Eye Institute. Until 2010 he was executive director of the Vision Eye Institute. He is a medical tourism advisor to the Gold Coast City Council, Fellow of the Royal Australian College of Ophthalmologists, former president of the Gold Coast Medical Association, branch councillor of AMA Queensland, and founding member of the Australian Society of Cataract and Refractive Surgeons. Dr. Gregor is a member of the Australian Institute of Company Directors.

Other current directorship
Partner, Vision Eye Institute Ltd.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Victor Hoog Antink *Non-executive director*

Qualifications
MBA (Harvard), BCom (U. Qld), FCA, FAICD

Experience
Independent non-executive director of Bond University Limited since 26 December 2014. Mr. Hoog Antink is the Chairman of the Bond University Business School Advisory Board. He is the Chairman of South Bank Corporation, a Director of Sands China Ltd (HKSE 1928) listed in Hong Kong and The Property Industry Foundation. Before becoming a Non-Executive Director in 2012, Mr. Hoog Antink was the CEO of the Dexus Property Group for more than eight years. Prior to that, he was the Director of Funds Management at Westfield responsible for the Westfield Trust and the Westfield America Trust. Mr. Hoog Antink has also served as the National President of the Property Council of Australia and has extensive experience in managing businesses and investments in Australia and internationally.

Other current directorships
Director, Sands China Ltd.
Chairman, South Bank Corporation.
Director, Property Industry Foundation.
Chairman, Bond University Business School Advisory Board.

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

Tom Ray *Non-executive director*

Qualifications
BComn (Bus) Bond

Experience
Independent 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 directorships
Executive Director of the Ray Group.
Chairman Perry Cross Spinal Research Foundation Limited.
Director, The Southport School Foundation.

Special responsibilities
Member of Nominations Advisory Committee.

Steven Sargent *Non-executive director*

Qualifications
BBus Charles Sturt, MAICD

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

Other current directorships
Non-executive director of The Great Barrier Reef Foundation.
Co-ordinating Chair - Human Capital Taskforce, B20 Australia (2014).

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

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Professor Margaret Seares AO *Non-executive director*

Qualifications
PhD UWA, Hon DLitt UWA, FAICD

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.

Other current directorship
Chair Perth International Arts Festival.

Special responsibilities
Member of Nominations Advisory Committee.

Company Secretary

The Company Secretary is Mr Michael Dean LIB, GDipAppCorpGov, MMgmt, FCIS. 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 2014 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	1	1	2	2	4	4	4	4
T. Brailsford	7	7	1	1	**	**	**	**	**	**
K. MacDonald	7	7	1	1	**	**	**	**	**	**
M. Bent (retired 2/5/14)	3	3	1	1	**	**	**	**	**	**
K. Lee Dow	7	6	1	1	**	**	4	4	4	4
P. Fielding	7	7	1	1	**	**	**	**	**	**
D. Gregor (elected 2/5/14)	4	4	-	-	**	**	**	**	**	**
L. O'Grady (retired 19/12/14)	7	5	1	-	**	**	4	4	4	4
T. Ray	7	5	1	1	2	2	**	**	**	**
S. Sargent	7	6	1	1	**	**	4	4	4	4
M. Seares	7	6	1	1	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.

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

DIRECTORS' REPORT (continued)

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
10 March 2015

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2014 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
10 March 2015

FINANCIAL REPORT

31 DECEMBER 2014

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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 2014

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations	4	**154,662**	155,708
Other income	5	**12,585**	11,830
Salaries and related expenses	6(a)	**(98,120)**	(105,641)
Facilities management and maintenance		**(9,349)**	(8,160)
Utilities and outgoings		**(4,343)**	(4,226)
Marketing and promotional expenses		**(9,912)**	(8,875)
Food and beverage cost – Conference Centre		**(2,622)**	(2,385)
Service fee – external programs		**(1,557)**	(1,584)
Consumables		**(1,908)**	(1,825)
Minor equipment		**(1,319)**	(1,245)
Other expenses from ordinary activities	6(d)	**(12,261)**	(10,999)
Earnings before interest, tax, depreciation and amortisation		**25,856**	22,598
Depreciation and amortisation expenses	6(b)	**(18,435)**	(19,074)
Finance costs	6(c)	**(2,127)**	(2,429)
Profit before income tax		**5,294**	1,095
Income tax expense	2(e)	**-**	-
Profit for the year		**5,294**	1,095

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 2014

	Notes	2014 $'000	2013 $'000
Profit for the year		**5,294**	1,095
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cashflow hedges	24(a)	**(67)**	66
Other comprehensive income/(loss) for the year, net of tax		**(67)**	66
Total comprehensive income for the year, net of tax		**5,227**	1,161

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 2014

	Note	2014 $'000	2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**62,172**	55,524
Cash - Restricted	8	**21,319**	19,132
Trade and other receivables	9	**4,060**	3,749
Prepayments		**2,543**	2,715
Inventories	10	**270**	121
Other financial assets at fair value through profit or loss	11	**298**	299
TOTAL CURRENT ASSETS		**90,662**	81,540
NON-CURRENT ASSETS			
Trade receivables	12	**144**	240
Available-for-sale financial assets	13	**11**	11
Property, plant and equipment	14	**133,184**	140,066
Intangible assets	15	**2,645**	1,434
TOTAL NON-CURRENT ASSETS		**135,984**	141,751
TOTAL ASSETS		**226,646**	223,291
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**10,600**	11,957
Borrowings	17	**1,232**	3,586
Derivative financial instruments	18	**100**	33
Provisions	19	**13,155**	11,885
Other current liabilities	20	**11,345**	10,440
TOTAL CURRENT LIABILITIES		**36,432**	37,901
NON-CURRENT LIABILITIES			
Borrowings	21	**37,301**	37,566
Provisions	22	**2,076**	2,214
TOTAL NON-CURRENT LIABILITIES		**39,377**	39,780
TOTAL LIABILITIES		**75,809**	77,681
NET ASSETS		**150,837**	145,610
EQUITY			
Contributed equity	23	**-**	-
Reserves	24(a)	**(100)**	(33)
Retained earnings	24(b)	**150,937**	145,643
TOTAL EQUITY		**150,837**	145,610

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 2014

	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Consolidated					
Balance at 1 January 2013		-	(99)	144,548	144,449
Profit 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		-	(33)	145,643	145,610
Profit for the year		-	-	5,294	5,294
Other comprehensive income (loss) for the year		-	(67)	-	(67)
Total comprehensive income (loss) for the year		-	(67)	5,294	5,227
Balance at 31 December 2014	24	-	(100)	150,937	150,837

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 2014

	Notes	2014 $'000	2013 $'000
Operating Activities			
Receipts from customers (inclusive of applicable GST)		**149,938**	149,056
Payments to suppliers and employees (inclusive of GST)		**(128,143)**	(140,688)
Interest received		**2,517**	2,500
Interest paid		**(2,141)**	(2,366)
Net cash flows from operating activities		**22,171**	8,502
Investing Activities			
Payment for property, plant and equipment		**(9,706)**	(15,724)
Payment for intangible assets		**(2,148)**	(466)
Dividends received		**17**	16
Proceeds from sale of property, plant and equipment		**173**	219
Net cash flows used in investing activities		**(11,664)**	(15,955)
Financing Activities			
Repayment of borrowings		**(2,667)**	-
Repayment of lease liabilities		**(1,058)**	(1,787)
Net cash flows used in financing activities		**(3,725)**	(1,787)
Net increase/(decrease) in cash and cash equivalents		**6,782**	(9,240)
Net foreign exchange difference		**(134)**	-
Cash and cash equivalents at 1 January		**55,524**	64,764
Cash and cash equivalents at 31 December	7	**62,172**	55,524

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 2014

Note 1. Corporate Information

The consolidated financial statement of Bond University Limited for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 10 March 2015.

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 Charities and Not-for-Profits Commission Act 2012, 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 and Amended Standards and Interpretations

The Group had adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2014:

AASB 10 Consolidated Financial Statements

AASB 13 Fair Value Measurement

AASB 119 Employee Benefits (Revised 2011)

The adoption of these standards had not resulted in a change to the measurement or presentation of the financial position or performance of the group in these financial statements.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Bond University Limited and its subsidiaries and special purpose entities (the Group) as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if the Group has:

i) Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary);

ii) Exposure, or rights, to variable returns from its involvement with the subsidiary; and

iii) The ability to use its power over the subsidiary to affect its returns.

When the group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary including:

i) The contractual arrangement with the other vote holders of the subsidiary
ii) Rights arising from other contractual arrangements
iii) The Group's voting rights and potential voting rights

Note 2. Summary of Significant Accounting Policies (continued)

(c) Basis of Consolidation (continued)

The Group re-assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(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 and Lashkar Pty Limited 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.

Note 2. Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

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.

(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 - Course Development Costs
Research costs 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) Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the group obtains control over them.

Contributed assets are recognised at their fair value.

(x) Reclassification

Prior period amounts are 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 liabilities. 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 2014, the carrying amount of capitalised program development costs was $565,297 (2013: $95,928).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

Note 4. Revenue

	2014	2013
From continuing operations	**$'000**	$'000
Sales Revenue		
Tuition revenue – University	**127,069**	128,791
Tuition revenue – External Programs	**2,860**	2,965
Tuition revenue – Language Centre	**2,262**	2,259
Tuition revenue – Bond College	**2,385**	2,277
Sale of goods – food and beverages	**6,104**	5,898
Student accommodation rent	**4,304**	4,077
Consulting income	**1,262**	972
Other student fees and charges	**792**	899
Fitness centre income	**473**	514
Student activities fee income	**871**	876
Sundry income	**3,543**	3,279
	151,925	152,807
Other Revenue		
Interest	**2,720**	2,885
Dividends	**17**	16
	154,662	155,708

Tuition revenue does not include scholarships provided by the University to students which amounted to $19,364,496 in 2014 and $17,563,214 in 2013.

Note 5. Other Income

	2014	2013
	$'000	$'000
Donations	**4,223**	3,896
Research grants	**7,442**	7,642
Other grants	**920**	292
	12,585	11,830

Note 6. Expenses

	2014	2013
Profit before income tax includes the following specific expenses:	**$'000**	$'000
(a) Salaries and related expenses		
Operating salaries and related expenses	**88,127**	87,368
Restructuring costs	**158**	8,016
Defined contribution superannuation expense	**9,835**	10,257
Total Salaries and related expenses	**98,120**	**105,641**
(b) Depreciation and Amortisation		
Depreciation		
Buildings	**7,169**	6,490
Plant and equipment	**3,501**	3,489
Furniture and fitout	**5,073**	5,465
Motor vehicles	**24**	14
Library, books and journals	**831**	838
Total depreciation	**16,598**	16,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

Note 6. Expenses (continued)

	2014 $'000	2013 $'000
Amortisation		
Plant and equipment under finance leases	**832**	1,406
Motor vehicles under finance leases	**67**	88
Course Development Cost	**40**	-
Computer software	**898**	1,284
Total amortisation	**1,837**	2,778
Total depreciation and amortisation	**18,435**	19,074
(c) Finance costs		
Interest and finance charges paid/payable	**2,127**	2,429
(d) Other expenses from ordinary activities		
Net loss on disposal of property, plant and equipment	**-**	15
Rental expense relating to operating leases		
Minimum lease payments	**462**	463
Teaching and other expenses	**11,799**	10,521
Total other expenses from ordinary activities	**12,261**	10,999

Note 7. Current Assets – Cash and Cash Equivalents

	2014 $'000	2013 $'000
Cash at bank and on hand	**26,172**	13,524
Term deposits	**36,000**	42,000
	62,172	55,524

Note 8. Current Assets – Cash - Restricted

	2014 $'000	2013 $'000
Cash - Restricted	**21,319**	19,132

Of the above balance, a total amount of $3,950,844 (2013: $4,099,387) is set aside in the Endowment Fund and a total of $17,368,493 (2013: $15,032,999) 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

	2014 $'000	2013 $'000
Trade receivables	**2,343**	2,272
Less: Provision for impairment of trade receivables - refer note 9(a)	**(628)**	(695)
	1,715	1,577
Other receivables	**2,491**	2,158
Less: Provision for impairment of other receivables - refer note 9(b)	**(160)**	-
	2,331	2,158
Security deposits	**14**	14
	4,060	3,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

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

(a) Impaired trade receivables

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

	2014 $'000	2013 $'000
At 1 January	**975**	689
Provision for impairment recognised during the year	**(18)**	440
Receivables written off during the year as uncollectible	**(116)**	(154)
	841	975
Representing provision for impairment of trade receivables:		
Current (Note 9)	**628**	695
Non-current (Note 12)	**213**	280
	841	975

(b) Impaired other receivables

Movements in the provision for impairment of other receivables are as follows:

	2014 $'000	2013 $'000
At 1 January	**-**	-
Provision for impairment recognised during the year	**160**	-
	160	-

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

	2014 $'000	2013 $'000
At cost		
Food	**60**	50
Beverages	**64**	45
General stores	**146**	26
	270	121

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

	2014 $'000	2013 $'000
Australian listed equity securities	**298**	299

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

	2014 $'000	2013 $'000
Trade receivables	**357**	520
Less: Provision for impairment of trade receivables - refer note 9(a)	**(213)**	(280)
	144	240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

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

	2014 $'000	2013 $'000
Australian unlisted equity securities (at cost)	**11**	11

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

	2014 $'000	2013 $'000
Land and Buildings		
Freehold land – at cost	**12,897**	12,084
Buildings – at cost	**146,764**	145,329
Less: Accumulated depreciation	**49,481**	42,311
Total buildings	**97,283**	103,018
Total land and buildings	**110,180**	115,102
Plant and equipment and other assets		
Plant and equipment – at cost	**29,050**	26,081
Less: Accumulated depreciation	**19,681**	16,711
	9,369	9,370
Plant and equipment under finance lease	**1,898**	2,980
Less: Accumulated amortisation	**711**	2,005
	1,187	975
Furniture, fitout and other assets – at cost	**54,031**	51,205
Less: Accumulated depreciation	**43,976**	39,127
	10,055	12,078
Motor vehicles – at cost	**141**	112
Less: Accumulated depreciation	**41**	17
	100	95
Motor vehicles under finance lease	**144**	440
Less: Accumulated amortisation	**76**	196
	68	244
Library – at cost	**21,371**	20,718
Less: Accumulated depreciation	**19,146**	18,516
	2,225	2,202
Total plant and equipment and other assets	**23,004**	24,964
Total property, plant and equipment	**133,184**	140,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (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 2014	Additions	Disposals	Depreciation/ amortisation charge	Closing net book amount at 31 Dec 2014
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Land	12,084	813	-	-	12,897
Buildings	103,018	1,434	-	7,169	97,283
Plant & Equipment	9,465	3,588	59	3,525	9,469
Leased plant & equipment	975	1,041	-	829	1,187
Furniture, fitout & other assets	12,078	3,085	35	5,073	10,055
Leased motor vehicles	244	14	137	53	68
Library	2,202	864	11	830	2,225
Total	140,066	10,839	242	17,479	133,184

Note 15. Non-Current Assets – Intangible Assets

	2014	2013
	$'000	$'000
Intangible Assets		
Computer software - at cost	**11,402**	10,600
Less: Accumulated amortisation	**10,159**	9,262
	1,243	1,338
Computer software - work in progress	**837**	-
Total Computer software	**2,080**	1,338
Course Development Cost	**605**	96
Less: Accumulated amortisation	**40**	-
	565	96
Total Intangible Assets	**2,645**	1,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

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

	Opening net book amount at 1 Jan 2014	Additions	Disposals	Amortisation charge	Closing net book amount at 31 Dec 2014
	$'000	$'000	$'000	$'000	$'000
Computer software	1,338	803	-	898	1,243
Computer software - work in progress	-	837	-	-	837
Course Development Cost	96	528	19	40	565
Total	1,434	2,168	19	938	2,645

Note 16. Current Liabilities – Trade and Other Payables

	2014 $'000	2013 $'000
Trade payables	**10,377**	11,483
Other payables	**223**	474
	10,600	11,957

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

	2014 $'000	2013 $'000
Secured		
Bank loan	**667**	2,667
Lease liabilities	**565**	919
Total secured current borrowings	**1,232**	3,586

Note 18. Derivative Financial Instruments

	2014 $'000	2013 $'000
Current liabilities		
Interest rate swap contracts – cash flow hedges	**100**	33
	100	33

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 2.69% (2013: 2.67%) plus a pricing margin of 2.50% (2013: 2.50%). 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% (2013: 75%) of the loan principal outstanding and expires on 16 November 2015. The fixed interest rate is 2.85% plus a pricing margin of 2.50% (2013: 2.74% plus a pricing margin of 2.50%) and the variable rate is the bank bill swap rate which at balance date was 2.69 % (2013: 2.67%) plus a margin of 2.50% (2013: 2.50%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

Note 18. Derivative Financial Instruments (continued)

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 2014 a loss of $21,181 was reclassified into profit and loss (2013: loss of $67,323) and included in finance cost. There was no hedge ineffectiveness in the current or prior year.

Note 19. Current Liabilities – Provisions

	2014	2013
	$'000	$'000
Employee benefits – annual leave	**6,716**	6,628
Employee benefits – long service leave	**6,439**	5,257
	13,155	11,885

Note 20. Current Liabilities – Other

	2014	2013
	$'000	$'000
Deferred income		
- student fees	**11,306**	10,400
- fitness centre	**39**	40
	11,345	10,440

Note 21. Non-Current Liabilities – Borrowings

	2014	2013
	$'000	$'000
Secured		
Bank loan	**36,571**	37,187
Lease liabilities	**730**	379
Total non-current borrowings	**37,301**	37,566

(a) Total Secured Liabilities

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

Bank loan	**37,238**	39,854
Lease liabilities	**1,295**	1,298
Total secured liabilities	**38,533**	41,152

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

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

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

	2014 $'000	2013 $'000
Current		
Floating charge		
Cash and cash equivalents	**62,172**	55,524
Cash - Restricted	**21,319**	19,132
Receivables	**4,060**	3,749
Prepayments	**2,543**	2,715
Inventories	**270**	121
Other financial assets at fair value through profit or loss	**298**	299
Total current assets pledged as security	**90,662**	81,540
Non-current		
First mortgage		
Freehold land and buildings	**110,180**	115,102
Finance lease		
Plant and equipment under finance lease	**1,187**	975
Motor vehicles under finance lease	**68**	244
	1,255	1,219
Floating charge		
Receivables	**144**	240
Available-for-sale financial assets	**11**	11
Plant and equipment	**21,749**	23,745
Intangible assets	**2,645**	1,434
	24,549	25,430
Total non-current assets pledged as security	**135,984**	141,751
Total assets pledged as security	**226,646**	223,291

(c) Financing Arrangements

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

	2014	2013
Credit standby arrangements	**$'000**	$'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		
Total facilities	**40,000**	40,000
Used at balance date	**37,333**	40,000
Unused at balance date	**2,667**	-

The current interest rate on the bank loans drawn is 5.31% (2013: 5.22%).

Note 22. Non-Current Liabilities – Provisions

	2014 $'000	2013 $'000
Employee benefits – long service leave	**2,076**	2,214

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 2014, Bond University Limited had 30 (2013: 30) members.

Note 24. Reserves and Retained Earnings

(a) Reserves	**2014 $'000**	2013 $'000
Hedging reserve – cash flow hedges	**(100)**	(33)
Movements:		
Balance 1 January	**(33)**	(99)
Reclassification during the year to profit or loss	**21**	67
Net loss during the year	**(88)**	(1)
Net movement in cash flow hedges	**(67)**	66
Balance 31 December	**(100)**	(33)

(b) Retained earnings	**2014 $'000**	2013 $'000
Movements in retained earnings were as follows:		
Balance 1 January	**145,643**	144,548
Net profit for the year	**5,294**	1,095
Balance 31 December	**150,937**	145,643

(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 2014.

Note 26. Commitments

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.

Note 26. Commitments (continued)

Lease Commitments (continued)

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

	2014	2013
	$'000	$'000
Within one year	**358**	350
Later than one year but not later than five years	**468**	340
Later than five years	**-**	-
	826	690

(ii) Finance Leases

The Group leases various motor vehicles and plant and equipment with a carrying amount of $1.3 million (2013: $1.2 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:

	2014	2013
	$'000	$'000
Within one year	**643**	998
Later than one year but not later than five years	**809**	402
Later than five years	**-**	-
Minimum lease payments	**1,452**	1,400
Less: Future finance charges	**157**	101
Total lease liabilities	**1,295**	1,298
Representing lease liabilities:		
Current (note 17)	**565**	919
Non-current (note 21)	**730**	379
Total lease liabilities	**1,295**	1,298

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

	2014	2013
	$'000	$'000
Key management personnel compensation	**3,315**	3,673

(d) Transactions with key management personnel

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

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 *	
			2014	2013	**2014**	2013
			$	$	**%**	%
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 for 2013 also incorporated the assets, liabilities and results of the Bond University Trust which was under the control of the University. The Bond University Trust was wound-up on 7 March 2014.

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.	2014 $'000	2013 $'000
Current assets	**101,193**	92,334
Total assets	**224,377**	221,321
Current liabilities	**34,469**	37,579
Total liabilities	**73,846**	77,358
Shareholders' equity		
Issued capital	**-**	-
Reserves – Cash flow hedges	**(100)**	(33)
Retained earnings	**150,631**	143,995
Total shareholder's equity	**150,531**	143,963
Profit for the year	**6,635**	1,505
Total comprehensive income of the parent entity	**6,568**	1,571

(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.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2014 or 31 December 2013. For information about guarantees given by the parent entity, please see above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014 (continued)

Note 30. Non-cash Investing and Financing Activities

	2014	2013
	$'000	$'000
Acquisition of plant and equipment by means of finance leases	**1,055**	276

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. As at 31 December 2014, after taking into account the effect of interest rate swaps, approximately 75% of the Group's borrowings are at a fixed rate of interest (2013: 75%).

Note 32. Events Occurring After the Reporting Period

Since 31 December 2014 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 2014 are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012,* including:

(i) Giving a true and fair view of its financial position as at 31 December 2014 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* and the *Australian Charities and Not-for-Profits Commission Regulation 2013.*

(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
10 March 2015

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of Bond University Limited

We have audited the accompanying financial report of Bond University Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and 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.

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, the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 of the financial report that gives a true and fair view 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* and the *Australian Charities and Not-for-Profits Commission Act 2012*. 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* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(a) giving a true and fair view of the financial position of Bond University Limited as at 31 December 2014 and of its performance for the year ended on that date; and

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(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Ernst & Young

Ernst & Young

Mike Reid
Partner
Brisbane
10 March 2015