



2008 Bond University

Annual Report





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

COMPANY PARTICULARS

Directors

Trevor Rowe AM (Chancellor)
Robert Stable (Vice Chancellor)
Gary Bugden OAM (Deputy Chancellor)
Benjamin Chow AO
Peta Fielding
Dennis Gibson AO
Kathryn Greiner AO
Bronwyn Morris
Tom Ray

Secretary

Alan Finch

Registered Office

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

Auditors

PricewaterhouseCoopers
Riverside Centre
123 Eagle Street
Brisbane Qld 4000

Solicitors

Minter Ellison
Waterfront Place
1 Eagle Street
Brisbane Qld 4000
Corrs Chambers Westgarth
Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Bankers

ANZ Banking Group Limited
324 Queen Street
Brisbane Qld 4000

The directors present their report on the consolidated entity consisting of Bond University Limited and the entities it controlled at the end of, or during, the year ended 31 December 2008.

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:

T C Rowe AM
R Stable
G Bugden OAM
B Chow AO
D Gibson AO
K Greiner AO
B Morris

P Fielding and T Ray were appointed as directors on 23 May 2008 and continue in office at the date of this report.

N Balnaves and I Kortlang were directors from the beginning of the financial year until their resignation on 23 May 2008.

PRINCIPAL ACTIVITIES

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

Bond University provides English language courses through a subsidiary, Lashkar Pty Ltd (trading as Bond University English Language Institute) and operates a Bond College that provides pathway programs into the University.

In addition to this, through a subsidiary, Campus Operations Pty Limited, Bond University Limited operates student accommodation including a food and beverage facility.

During the year the University established a postgraduate and Executive Education facility in Sydney.

In the prior year the Board resolved to establish two subsidiary companies, Bond Innovation 1 Pty Ltd and Bond R&D 1 Pty Ltd for the purpose of developing further, the commercialisation of research and development opportunities supported by the University.

DIVIDENDS

Bond University Limited is a not for profit company limited by guarantee. Accordingly, no dividend was declared (2007: nil).

REVIEW OF OPERATIONS

The University achieved a surplus of \$27.256 million for the year compared with \$14.326 million in the prior year.

The parent company reported a surplus for the year of \$25.226 million (2007: \$16.062 million) that includes an internal management charge by the parent company to subsidiaries.

The internal management charge had no impact upon the consolidated surplus achieved by the University.

The surplus was derived from total operating revenue of \$135.117 million (2007: \$111.236 million) and other income of \$10.819 million (2007: \$2.340 million), less total operating expenditure of \$118.680 million (2007: \$99.250 million). The University includes in operating revenue all research income once received, for which there can be specific restrictions on its use.

The University Council resolved to establish the Bond University Endowment Fund within the University and has allocated funds towards the establishment of the Fund.

REVIEW OF OPERATIONS (CONTINUED)

A summary of the consolidated revenues and expenses is as follows:

		2008	2007
		\$	\$
REVENUES			
Tuition revenue - University	(a)	109,177,217	89,641,559
Tuition revenue - External Programs	(b)	2,461,545	2,386,129
Tuition revenue - Language Centre	(c)	3,883,593	3,232,661
Tuition revenue - Bond College	(d)	1,749,563	347,625
Sale of goods - food and beverages	(e)	5,960,918	5,058,156
Student accommodation rent	(e)	3,624,696	3,358,545
Consulting income	(f)	1,127,861	1,410,351
Non-refundable student income	(g)	137,573	74,542
Other student fees and charges	(h)	1,000,433	983,503
Fitness centre income	(i)	711,399	763,048
Student activities fee income	(j)	544,989	471,938
Sundry income	(k)	1,826,599	1,739,207
Interest	(l)	2,910,994	1,769,215
Grants and donations	(m)	10,818,883	2,339,485
		145,936,263	113,575,964
EXPENSES			
Salaries and related expenses	(a)	70,823,009	58,117,115
Facilities management and maintenance	(b)	6,237,865	5,591,188
Utilities and outgoings	(c)	2,738,994	2,690,934
Marketing and promotional expenses	(d)	8,992,011	8,897,805
Depreciation and amortisation expenses	(e)	10,403,713	8,329,557
Finance costs	(f)	4,378,622	3,375,115
Food and beverage cost	(g)	2,191,196	1,889,118
Service fee - external programs	(h)	1,308,477	1,305,451
Consumables	(i)	2,111,760	1,775,990
Minor equipment	(j)	1,472,471	1,449,272
Other expenses from ordinary activities	(k)	8,021,971	5,828,125
		118,680,089	99,249,670

COMMENTS ON THE OPERATIONS:

Revenues

(A) TUITION REVENUE - UNIVERSITY

The increase was substantially attributable to strong growth in continuing full degree domestic enrolments, and in particular undergraduate students.

(B) TUITION REVENUE - EXTERNAL PROGRAMS

Tuition revenue is derived from the Masters of Business Administration program in Japan delivered through Business Breakthrough Inc (BBT).

(C) TUITION REVENUE - LANGUAGE CENTRE

The University operates an English Language training centre which continued to achieve growth in program enrolments, in particular the general English programs and English for

Academic Purposes (EAP). There was also growth in revenue from four groups over the prior year.

(D) TUITION REVENUE - BOND COLLEGE

Bond College commenced in 2007 and achieved strong growth in enrolments particularly in domestic students.

(E) SALE OF GOODS-FOOD AND BEVERAGE & STUDENT ACCOMMODATION RENT

The increase in food & beverage is substantially attributable to the growth in the banquets business, and improved occupancy in student accommodation.

(F) CONSULTING INCOME

This is principally income generated from academic staff through research consulting and by the Centre for Executive Education that was formally established in July 2007.

(G) NON-REFUNDABLE STUDENT INCOME

The University has a policy of bringing into account as revenue any unclaimed credit balances greater than twelve months old.

(H) OTHER STUDENT FEES AND CHARGES

These consist of application fees, graduation fees, course materials and other fees charged to students.

(I) FITNESS CENTRE INCOME

Income includes gym memberships, facilities rental and other sporting event income.

(J) STUDENT ACTIVITIES FEE INCOME

Voluntary student unionism was enacted during 2006, as a result payment of activities fees are now voluntary and increased through the growth in enrolled students.

(K) SUNDRY INCOME

Sundry income includes language training tours, study tours, photocopying charges and rents.

(L) INTEREST

The treasury function of the University invests funds in short-term deposit cycles that support drawdowns required to meet University commitments. The increase in interest income is linked to the revenue growth and increase in cash reserves during the year.

(M) GRANTS AND DONATIONS

The University discloses as part of revenue any general and specific purpose grants and donations received. The increase over the prior year is attributable to growth in research grants, external donations and endowment funds.

EXPENSES

(A) SALARIES AND RELATED EXPENSES

Growth over the prior year, apart from merit and cost of living adjustments, was associated with maintaining low staff to student ratios and supporting growth in full degree enrolments across all faculties.

(B) FACILITIES MANAGEMENT AND MAINTENANCE

This incorporates contract services for maintaining building infrastructure, landscaped areas, and other repairs and maintenance. Additional work was undertaken during the year to ensure the campus is maintained to an acceptable standard.

(C) UTILITIES AND OUTGOINGS

These cover electrical, telecommunications, rates and insurance costs.

(D) MARKETING AND PROMOTIONAL EXPENSES

These cover travel, commissions for recruitment of students, promotional materials and advertising.

(E) DEPRECIATION AND AMORTISATION

The increase is attributable to new buildings, fitout and technology infrastructure under finance lease.

(F) FINANCE COSTS

There has been an increase in debt financing costs associated with new building construction finance and includes lease financing interest for technology infrastructure.

(G) FOOD AND BEVERAGE COST OF SALE

The increase in costs over the prior year are associated with the growth in the banquet business and increase in food costs.

(H) SERVICE FEE - EXTERNAL PROGRAMS

This is the contractual delivery cost associated with the Masters of Business Administration program in Japan.

(I) CONSUMABLES

Consumables consist of postage, courier, stationery, printing and other consumables. The increase over the prior year was generally across all areas consistent with the growth of the University.

(J) MINOR EQUIPMENT

This represents purchases of minor equipment, furniture and fittings associated with new building fitout and other University growth and replacements.

(K) OTHER EXPENSES

Other expenses include consultants, student events, database costs, course materials, subscriptions, professional services, rent and hire costs, bad debts expense and credit card fees and charges. The increase over the prior year was mostly growth related.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- In 2008 the University continued development and curriculum design for the School of Hotel, Resort and Tourism Management which enrolled its first students in January 2009.
- The University established a postgraduate and Executive Education facility in the Sydney CBD.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

No other matter or circumstance has arisen since 31 December 2008 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.

INFORMATION ON DIRECTORS

DIRECTOR	EXPERIENCE	SPECIAL RESPONSIBILITIES
<p>Chairman - non-executive T C Rowe AM CA, CPA, FCIS, FAICD</p>	<p>Independent non-executive director and Chairman for six years. Extensive global investment and banking experience. Chairman of Rothschild Australia Limited. Chairman of Queensland Investment Corporation. Chairman of Queensland BioCapital Fund Limited. Director of Australian Securities Exchange Chairman of United Group Limited. Chairman of GoTalk Limited. Chairman of Enhance Management Pty Ltd. Chairman of RSPCA Queensland Building Fund. Chairman of Careers Australia Group Ltd. Director of CRI Asset Management. Member of the Board of Guardians of the Australian Government Future Fund. Member of the Royal Flying Doctors Friends Committee. Member of the Commonwealth of Australia's Foreign Affairs Council - 2000-2007.</p>	<p>Chancellor and Chairman Chairman of Alumni Committee Chairman of Finance Committee Member of Nominations Advisory Committee</p>
<p>Executive director R Stable MBBS (Qld), MHP (NSW), DUni (QUT), FRACGP, FRACMA, FAICD</p>	<p>Executive director and Vice-Chancellor for five years. Former chairman of Australian Rural and Remote Workforce Agencies Group.</p>	<p>Vice-Chancellor and President Member of Alumni Committee Member of Finance Committee</p>
<p>Non-executive directors G Bugden OAM DUniv Griff., DipL, MAICD</p>	<p>Non-executive director for six years. Currently a consultant lawyer and former partner of Mallesons Stephen Jaques, specialising in property law. Chairman of Purchasers Strata Inspections Pty Ltd. Chairman of MyStrata Pty Ltd. Chairman of Integrated Strata Solutions Pty Ltd. Director of MyStrata Holdings Pty Ltd. Director of Bugden R&D Pty Ltd. Director of Nitarae Nominees Pty Ltd.</p>	<p>Deputy Chancellor Chairman of Nominations Advisory Committee</p>
<p>B Chow AO BEng Syd.</p>	<p>Non-executive director for four years. Civil engineer and property development consultant. Director of Sydney Subdivision Pty Ltd. Director of Trenton Developments Pty Ltd. Director of Jabroo Investments Pty Ltd. Director of Chain Reaction Foundation Ltd. Director of InvoCare Ltd. Council member of the National Museum of Australia. President of Sydney University Nerve Research Foundation. Trustee of Australian Chinese Charity Foundation Inc. Council Member of Australian Chinese Community Association of NSW.</p>	
<p>P Fielding BA LLB Bond, MBA UH/JAAMS</p>	<p>Non-executive director for one year. Corporate Lawyer. Co-founder and CEO of Burleigh Brewing Company.</p>	<p>Member of Alumni Committee</p>
<p>D Gibson AO BSc Hull, MSc Newcastle (UK), PhD Newcastle (UK), DSc CNAA, DUniv Sunshine Coast, DUniv QUT, FAICD, FTSE</p>	<p>Non-executive director for four years. Chancellor of RMIT University. Chairman of M&MD Pty Ltd. Chairman of QID Pty Ltd. Chairman of RDDT Ltd. Director of RMIT Vietnam Holdings.</p>	<p>Member of Audit & Risk Management Committee</p>

DIRECTOR	EXPERIENCE	SPECIAL RESPONSIBILITIES
K Greiner AO BSW (UNSW), MAICD	Non-executive director for five years. Strong background in local government, former Councillor of the City of Sydney, broad interests in education and training. Chair of Bio Tech Capital. Chair of Australian Hearing. Chair of Bell Shakespeare Foundation. Director of Gabane Pty Ltd. Member of National Capital Authority.	Member of Nominations Advisory Committee Member of Alumni Committee
B Morris BCom Qld, FCA, FAICD	Non-executive director for five years Chartered Accountant and former partner of KPMG, director of publicly-listed companies, government and charitable organisations. Strong interests in risk management, corporate governance and strategy development. Director of Spotless Group Ltd. Director of Queensland Investment Corporation. Director of Care Australia. Director of Brisbane Marketing Pty Ltd. Director of The Royal Automobile Club of Queensland. Director of The Brisbane Club. Director of Taylors Group Ltd. Member of the Advisory Council of Parsons Brinckerhoff Australia. Former Chair of Queensland Rail.	Chairman of Audit & Risk Management Committee Member of Finance Committee
T Ray BComn(Bus) Bond	Non-executive director for one year. Chief Executive Officer for the Ray Group. Director of Banksford Pty Ltd. Director of Brentwood Projects Pty Ltd. Director of Cabbala Pty Ltd. Director of Calypso Plaza Pty Ltd. Director of Central Park (Salt) Pty Ltd. Director of Cheka Pty Ltd. Director of Cosmic Echo Pty Ltd. Director of Courthouse Hotel Cairns Pty Ltd. Director of Eastlink Projects Pty Ltd. Director of Gaffer Pty Ltd. Director of Glenloch Pty Ltd. Director of Kingscliff South Pty Ltd. Director of Mastmere Pty Ltd. Director of Moonshadowz Pty Ltd. Director of Naughty Noodles Pty Ltd. Director of NNR Pty Ltd. Director of Port Douglas Developments Pty Ltd. Director of Project & Event Marketing Pty Ltd. Director of Ray Family Investments Pty Ltd. Director of Ray Group Alpine Developments Pty Ltd. Director of Ray Group Management Pty Ltd. Director of Ray Group Mirage Pty Ltd. Director of Ray Group Properties Pty Ltd. Director of Ray Group Pty Ltd. Director of Ray Group Real Estate Pty Ltd. Director of Ray Group Salt Pty Ltd. Director of Ray Management Pty Ltd. Director of RDC Pty Ltd. Director of S1 Developments Pty Ltd. Director of Salt Bar (NSW) Pty Ltd. Director of Salt Developments Pty Ltd. Director of Salt Holdings (NSW) Pty Ltd. Director of Salt Retail Pty Ltd. Director of South Kingscliff Developments Pty Ltd. Director of Sports & Leisure Consulting Pty Ltd. Director of Xebec Holdings Pty Ltd. Director of Xebec Securities Pty Ltd.	Member of Audit & Risk Management Committee Member of Nominations Advisory Committee

COMPANY SECRETARY

The company secretary is Mr Alan Finch BA Melb, FAIM. Mr Finch was appointed to the position of company secretary in 1996. He is employed by Bond University as the Registrar.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2008, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEE					
	No. of Mtgs Held *	No. of Mtgs Attended	Alumni Committee		Nominations Advisory Committee		Audit and Risk Management 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
T Rowe	7	7	4	4	1	1	**	**
R Stable	7	7	4	4	**	**	**	**
G Bugden***	7	1	**	**	1	0	1	0
N Balnaves (retired 23 May 2008)	3	3	**	**	**	**	2	1
B Chow	7	7	**	**	**	**	**	**
P Fielding (appointed 23 May 2008)	4	4	3	3	**	**	**	**
D Gibson	7	6	**	**	**	**	5	5
K Greiner	7	5	4	4	1	1	**	**
I Kortlang (retired 23 May 2008)	3	1	**	**	**	**	**	**
B Morris	7	5	**	**	**	**	5	5
T Ray (appointed 23 May 2008)	4	3	**	**	1	0	3	2

*Number of meetings held during the time the director held office or was a member of the committee during the year

**Not a member of the relevant committee

***The University Council granted formal leave of absence for meetings in 2008.

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

A finance committee was established during January 2009.

INSURANCE OF OFFICERS

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.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

A copy of the auditors' 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.



T C Rowe
 Director and Chancellor
 Brisbane
 17 April 2009



PricewaterhouseCoopers
ABN 52 780 433 757

Riverside Centre
123 Eagle Street
BRISBANE QLD 4000
GPO Box 150
BRISBANE QLD 4001
DX 77 Brisbane
Australia
www.pwc.com/au
Telephone +61 7 3257 5000
Facsimile +61 7 3257 5999

Auditors' Independence Declaration

As lead auditor for the audit of Bond University Limited for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bond University Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads "Martin T Linz".

M Linz
Partner
PricewaterhouseCoopers

Brisbane
17 April 2009

Liability is limited by a scheme approved under Professional Standards Legislation.

Financial Report

31 December 2008

CONTENTS

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

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

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 2-5, which is not part of this financial report.

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

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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



BALANCE SHEETS AS AT 31 DECEMBER 2008

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

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

STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Total equity at the beginning of the financial year		63,276,496	46,593,319	58,988,342	40,569,500
Changes in the value of cash flow hedges, net of tax	22	(6,985,204)	2,356,883	(6,985,204)	2,356,883
Net income recognised directly in equity		(6,985,204)	2,356,883	(6,985,204)	2,356,883
Profit for the year		27,256,175	14,326,294	25,225,805	16,061,950
Total recognised income and expense for the year		20,270,971	16,683,177	18,240,601	18,418,833
Total equity at the end of the financial year		83,547,467	63,276,496	77,228,943	58,988,342

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



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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



CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

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

Historical Cost Convention

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

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bond University Limited ("company" or "parent entity") as at 31 December 2008 and the results of all subsidiaries for the year then ended. Bond University Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. The Bond University Trust has been included as a subsidiary of Bond University Limited.

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

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

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

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(D) REVENUE RECOGNITION

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

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

(E) INCOME TAX

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

(F) LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 13). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for the period. The property, plant and equipment acquired under finance lease is depreciated over the shorter of the asset's useful life and the lease term.

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

(G) ACQUISITION OF ASSETS

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

(H) IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(i) Cash and Cash Equivalents

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

(J) TRADE RECEIVABLES

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

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

(K) INVENTORIES

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

**(L) INVESTMENTS AND OTHER FINANCIAL ASSETS
Classification**

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

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

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

(ii) Available-for-sale financial assets

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

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category

are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

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

Fair Value

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

Impairment

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

(M) DERIVATIVES

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 11. Movements in the hedging reserve in equity are shown in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

Cash flow hedge

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

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

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

(N) FAIR VALUE ESTIMATION

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

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

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

(O) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

(P) INTANGIBLE ASSETS

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

(Q) TRADE AND OTHER PAYABLES

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

(R) BORROWINGS

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

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

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

(S) BORROWING COSTS

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

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

(T) EMPLOYEE BENEFITS

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

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

(ii) Long Service Leave

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

(iii) Retirement benefit obligations

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

(U) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December

2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

NOTE 2. FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

The Group has no significant concentrations of credit risk. Tuition and accommodation fees are payable in advance for each semester. Fee-Help revenue is received from the Department of Education, Employment and Workplace Relations on a fortnightly basis throughout the year.

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

(b) Liquidity risk

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

(c) Cash flow risk

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

NOTE 3. REVENUE

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 4. OTHER INCOME

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

NOTE 5. EXPENSES

PROFIT FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES:

Depreciation

Buildings	3,440,719	2,278,318	3,440,719	2,278,318
Plant and equipment	1,097,220	743,975	1,093,432	742,632
Furniture and fitout	2,835,919	2,081,037	2,835,919	2,080,574
Motor vehicles	551	-	551	-
Library	826,282	870,502	826,282	870,502
Total depreciation	8,200,691	5,973,832	8,196,903	5,972,026

Amortisation

Plant and equipment under finance leases	1,561,531	1,466,772	1,561,531	1,466,772
Motor vehicles under finance leases	370,345	414,796	370,345	414,796
Computer software	271,145	474,157	271,145	474,157
Total amortisation	2,203,021	2,355,725	2,203,021	2,355,725

Finance costs

Interest and finance charges paid/payable	4,378,622	3,375,115	4,378,622	3,375,115
Net loss on sale of other financial assets at fair value through profit or loss	-	1,585	-	1,585
Net loss on disposal of property, plant and equipment	48,184	3,312	48,184	7,767
Rental expense relating to operating leases				
Minimum lease payments	157,768	162,970	157,768	162,970
Defined contribution superannuation expense	7,540,130	6,264,534	5,960,004	3,428,271

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

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

(a) Reconciliation to cash at the end of the year

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

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

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

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

(b) Cash at bank and on hand

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

(c) Endowment fund and restricted funds

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

NOTE 7. CURRENT ASSETS - RECEIVABLES

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

(a) Trade receivables

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

(b) Bad and doubtful trade receivables

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

(c) Other receivables

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

(d) Impaired trade receivables

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

(e) Past due but not impaired

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

NOTE 8. CURRENT ASSETS - INVENTORIES

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

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

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

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

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

Australian unlisted equity securities	11,000	11,000	11,000	11,000
---------------------------------------	--------	--------	--------	--------

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

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

Instruments used by the Group

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

Interest rate swap contracts - cash flow hedges

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

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

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

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

NOTE 12. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

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

These financial assets are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

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

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

(a) Valuations of land and buildings

Land and buildings are measured on the cost basis. An independent valuation of land and buildings was carried out during the financial year ended 31 December 2008 in accordance with bank covenants. The market value was calculated at \$125,000,000 on a going concern basis.

(b) Non-current assets pledged as security

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

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

(c) Reconciliations

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

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

Parent entity

Land	10,717,000	-	-	-	10,717,000
Buildings	60,318,254	14,126,644	-	2,278,318	72,166,580
Plant and equipment	2,825,882	3,233,161	932,328	742,632	4,384,083
Leased plant and equipment	2,772,312	1,176,344	-	1,466,772	2,481,884
Furniture, fitout and other assets	6,620,532	4,120,763	-	2,080,574	8,660,721
Leased motor vehicles	1,677,081	740,399	333,283	414,796	1,669,401
Library	2,210,755	884,341	11,858	870,502	2,212,736
Total	87,141,816	24,281,652	1,277,469	7,853,594	102,292,405

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

Parent entity

Land	10,717,000	-	-	-	10,717,000
Buildings	72,166,580	16,921,241	-	3,440,719	85,647,102
Plant and equipment	4,384,083	2,451,521	951,194	1,093,432	4,790,978
Leased plant and equipment	2,481,884	1,705,688	-	1,561,531	2,626,041
Furniture, fitout and other assets	8,660,721	4,946,893	20,552	2,835,919	10,751,143
Motor vehicles	-	3,405	-	551	2,854
Leased motor vehicles	1,669,401	807,792	614,988	370,345	1,491,860
Library	2,212,736	795,093	27,704	826,282	2,153,843
Total	102,292,405	27,631,633	1,614,438	10,128,779	118,180,821

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 14. NON-CURRENT ASSETS - INTANGIBLE ASSETS

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

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

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

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

NOTE 15. CURRENT LIABILITIES - PAYABLES

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 16. CURRENT LIABILITIES - BORROWINGS

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

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

NOTE 17. CURRENT LIABILITIES - PROVISIONS

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

NOTE 18. CURRENT LIABILITIES - OTHER

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

NOTE 19. NON-CURRENT LIABILITIES - BORROWINGS

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

(a) Total Secured Liabilities

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

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

(b) Assets Pledged as Security

The bank loan is secured by:

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

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

(b) Assets Pledged as Security (continued)

The following financial covenants apply to the bank loan:

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

The company complied at all times during the year with the above covenants.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(c) Financing Arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Lease finance facility	343,000	343,000	343,000	343,000
Asset finance facility	4,000,000	4,000,000	4,000,000	4,000,000
	4,343,000	4,343,000	4,343,000	4,343,000
Used at balance date				
Lease finance facility	-	-	-	-
Asset finance facility	700,815	1,397,866	700,815	1,397,866
	700,815	1,397,866	700,815	1,397,866
Unused at balance date				
Lease finance facility	343,000	343,000	343,000	343,000
Asset finance facility	3,299,185	2,602,134	3,299,185	2,602,134
	3,642,185	2,945,134	3,642,185	2,945,134
Bank loan facilities				
Total facilities	54,300,000	54,300,000	54,300,000	54,300,000
Used at balance date	54,300,000	43,812,173	54,300,000	43,812,173
Unused at balance date	-	10,487,827	-	10,487,827

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

(d) Interest Rate Risk Exposures

The following table sets out the consolidated entity's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate liabilities to maturity.



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

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

(d) Interest Rate Risk Exposures (continued)

	Fixed interest rate							Total \$
	Floating interest rate \$	1 year or less \$	Over 1 to 2 years \$	Over 2 to 3 years \$	Over 3 to 4 years \$	Over 4 to 5 years \$	Over 5 years \$	
2008								
Bank loan (note 19)	54,300,000	-	-	-	-	-	-	54,300,000
Lease liabilities (note 16)	-	2,251,427	1,286,193	527,884	161,331	64,108	-	4,290,943
Interest rate swap (note 11)	(54,187,500)	1,666,666	2,500,000	2,500,000	2,500,000	2,500,000	42,520,834	-
	112,500	3,918,093	3,786,193	3,027,884	2,661,331	2,564,108	42,520,834	58,590,943
Weighted average interest rate	8.72%	8.13%	7.94%	8.18%	8.06%	7.92%		
	Fixed interest rate							
	Floating interest rate \$	1 year or less \$	Over 1 to 2 years \$	Over 2 to 3 years \$	Over 3 to 4 years \$	Over 4 to 5 years \$	Over 5 years \$	Total \$
2007								
Bank loan (note 19)	43,812,173	-	-	-	-	-	-	43,812,173
Lease liabilities (note 16)	-	2,195,314	1,537,618	531,517	87,205	-	-	4,351,654
Interest rate swap (note 11)	(43,812,173)	-	2,500,000	2,500,000	2,500,000	2,500,000	33,812,173	-
	-	2,195,314	4,037,618	3,031,517	2,587,205	2,500,000	33,812,173	48,163,827
Weighted average interest rate		8.79%	8.27%	8.16%	7.91%	7.86%	7.86%	

(e) Fair Value

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 20. NON-CURRENT LIABILITIES - PROVISIONS

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

NOTE 21. CONTRIBUTED EQUITY

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

NOTE 22. RESERVES AND RETAINED PROFITS

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

(c) Nature and purpose of reserves

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

NOTE 23. REMUNERATION OF AUDITORS

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

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

NOTE 24. CONTINGENCIES

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

NOTE 25. COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 25. COMMITMENTS FOR EXPENDITURE (CONTINUED)

(b) Lease Commitments (continued)

(i) Operating Leases

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

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

(ii) Finance Leases

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

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

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

NOTE 26. RELATED PARTY TRANSACTIONS

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

NOTE 26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

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

(d) Transactions with related parties

The following transactions occurred with related parties:

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

(e) Outstanding balances

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

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

(f) Terms and conditions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

NOTE 27. SUBSIDIARIES

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

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

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

NOTE 29. NON-CASH INVESTING AND FINANCING ACTIVITIES

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

NOTE 30. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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



DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 35 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



T C Rowe
Director and Chancellor

Brisbane
17 April 2009

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

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Liability is limited by a scheme approved under Professional Standards Legislation.

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Bond University Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Matters relating to the electronic presentation of the audited financial report

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

PricewaterhouseCoopers



M Linz Brisbane
Partner 17 April 2009

Liability is limited by a scheme approved under Professional Standards Legislation.