

**FAIR WORK COMMISSION**

**Commission Matter No.:**  
**AM2015/6**

**4 yearly review of modern awards – Education group**  
*Higher Education Industry - Academic Staff - Award 2010*

**STATEMENT OF TERENCE JOSEPH GYGAR**

I, Terence Joseph Gygar, care of Bond University, 14 University Drive, Robina in the State of Queensland, Associate Professor, state as follows:

**Background**

1. I was a Member of the Queensland Legislative Assembly for the Electoral District of Stafford between 1974 and 1989.
2. I commenced studying a Bachelor of Laws with the first cohort of students at Bond University in January 1990. At that time there were around 70 students enrolled in the law faculty.
3. In January 1992, I was in the first graduating class at Bond University. Bond University was the ninth University in Australia to offer a Bachelor of Laws.
4. In 1992, I commenced employment at Bond University as an Assistant Professor. This was a permanent contract of employment and I have remained employed by Bond University since this time in the positions of:
  - (a) Assistant Professor (b);
  - (b) Assistant Professor (a); and
  - (c) Associate Professor (b).
5. Marked and annexed as "TG1" is a copy of my curriculum vitae.

**Structure of Bond University**

6. Bond University is a public company limited by guarantee. It was established pursuant to the *Bond University Act 1987* (Qld).
7. Marked and annexed as "TG2" is a copy of the constitution of Bond University Limited.
8. In 2008, I was elected as an Ordinary Member of Bond University by the academic staff in accordance with clause 3.5 of the Constitution.
9. I served as an Ordinary Member until the Annual General Meeting in 2014 when I could no longer hold the position pursuant to rule 3.5(e) of the Constitution as I had been an Ordinary Member for more than six years.
10. During my six years as an Ordinary Member, I attended the general meetings of Bond University. By attending these general meetings I received financial statements and am aware that Bond University has, in recent years, reported significant profits.
11. I have now reviewed copies of the financial statements of Bond University for each of the last ten (10) years. These statements are publicly available through either the Bond University website or by searching the Australian Securities and Investments Commission register.

  
C Goodman

12. The surplus or profit reported by Bond University for each financial year (as it appears in the Statement of Financial Performance or Comprehensive Income Statement) is as follows:

Year	Profit/Surplus (\$'000s)
2015	6,611
2014	5,294
2013	1,095
2012	(3,929)
2011	14,785
2010	19,644
2009	25,460
2008	27,256
2007	14,326
2006	15,466
2005	3,594

13. Marked and annexed as "TG3" are copies of the comprehensive income statements for 2013, 2014 and 2015.
14. I am currently a member of the following committees of Bond University:
- (a) Occupational Health and Safety Working Group
  - (b) Law Faculty Alumni Committee
  - (c) Law Faculty China Engagement Committee, and
  - (d) the selection group for the Bachelor of Medicine, Bachelor of Surgery (MBBS) Program.

15. [REDACTED]


16. I teach the following subjects at Bond University:
- (a) Torts;
  - (b) Law in the People's Republic of China;
  - (c) Australian Government & Politics;
  - (d) Introduction to Common Law; and
  - (e) Australian Legal Systems.

  
C. Goodman

17. There are presently 950 students enrolled in the law faculty at Bond University.
18. I am also the director of Bond University Law Faculty's China Programs.
19. The duties involve: conducting the 'Law in the PRC' Program for Bond Students; liaising with and maintaining relationships with Chinese partner Universities; marketing Bond Law programs in China; mentoring and assisting visiting academics and inbound students from China and other NESB Asian students; teaching Bond Law Courses in China and generally coordinating and conducting China related activities within the Faculty.
20. [REDACTED]
21. For each of these reasons, I believe Bond University is a strong viable University that will continue to grow.

#### **Bond University Academic Staff Association**


22. The Bond University Academic Staff Association ('the Association') was established pursuant to section 12 of the *Bond University Act 1987* (Qld).
23. I became involved in the Association in 2013 when I joined its Executive Committee, with the specific role of managing some complex continuing issues related to a small number of Members.
24. In May 2016 I was appointed as the President of the Association to fill the casual vacancy created by the resignation of the previous President who had left employment at Bond University and was elected as President at the Annual General Meeting on 3 August 2016.
25. As President, I am the spokesperson of the Association and am regularly contacted by members of the academic staff about issues affecting them in their employment.
26. I am specifically aware that the issue of fixed-term rolling contracts is of great concern to members of the Association.
27. From many conversations I have had with members since becoming President of the Association, I believe that the prevalence of fixed term contracts is devastating for staff morale. Members of the Association have informed me that they:
  - (a) suffer from significant anxiety and stress as a result of their insecure employment and that some have received medical treatment for these conditions;
  - (b) have been considered ineligible for mortgages by banks because of uncertainty surrounding their continued employment;
  - (c) have been disadvantaged in gaining approval as lessors of residential properties because of uncertainty surrounding their continued employment
  - (d) have been denied consumer motor vehicle finance unless they can provide guarantor support because of uncertainty surrounding their continued employment
  - (e) employees on single semester contracts are ineligible for long serve leave as they do not have continuous service because they are not on an employment contract in between semesters;
  - (f) employees on single semester contracts do not receive any income for a period of five weeks between one contract expiring and the next contract being processed by payroll; and

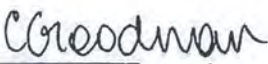


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- (g) have experienced delays in receiving wages as a result of the teaching schedules and the employment contracts being administered by different units within Bond University.
28. As President of the Association, I consider that fixed term contracts are the most important long term issue affecting members and is the issue that has been raised with me most often since assuming the Presidency of the Association.
29. This statement is, to the best of my knowledge and belief, true and correct.

Dated this 9<sup>th</sup> day of August 2016.

  
\_\_\_\_\_  
Terry Gygar

  
\_\_\_\_\_  
Witness  
C. Goodman  
JP (QUAL)



# CURRICULUM VITAE

**Terence Joseph (Terry) Gygar RFD, LLB (Hons), LL M**

## PERSONAL DETAILS

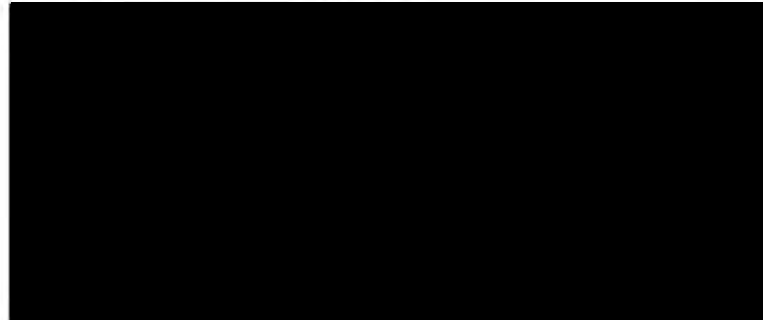
Name: Terence Joseph (Terry) Gygar

Address:

Phone:

Date of Birth:

Marital Status:



## EDUCATION

Secondary:	1958/64		St Joseph's College, Gregory Terrace, Brisbane
Tertiary:	1972/3	Full time	LL B, University of Queensland
	1988	Full time	3 months, post graduate research fellow, London School of Economics
	1990/91	Full time	LL B, Bond University*
	2009/14	Part Time	LL M, Bond University

\* Graduated February 1992 with First Class Honours, University Medallist in Law

## EMPLOYMENT HISTORY

1966/72	Australian Army	Highest Rank attained - Captain
1973/74	Law Student	University of Queensland
1974/89	Member of Parliament - Member for Stafford, Qld State Parliament	
1990/91	Law Student	Bond University
1992/94	Assistant Professor	Faculty of Law, Bond University
Jan/Sept 1995	Associate Dean	Faculty of Law, Bond University
Sep 95/Aug 96	Chief of Staff	Office of Vice Chancellor, Bond University
Apr/Aug 96	Director of External Relations,	Bond University
Aug 96/May 97	Assistant Professor	Faculty of Law, Bond University
May 97/Dec 97	Chief Political Adviser to the NSW Leader of the Opposition	
Jan 98-Jan 02	Assistant Professor	Faculty of Law, Bond University
Jan 02-current	Associate Professor	Faculty of Law, Bond University
Mar 03 – Dec 03	Concurrent appointment as Associate Professor,	City University of Hong Kong
Sept 05 – Dec 2006	Concurrent appointment as Visiting Professor,	East China University of Political Science and Law, Shanghai

## MILITARY AND WAR SERVICE

### 1965/6 Army Reserve (then Citizen Military Forces)

- \* Officer Cadet (Queensland University Regiment)

### 1966/72 Australian Army

- \* Infantry Soldier - highest rank reached: Sergeant
- \* Commissioned as 2<sup>nd</sup> Lt. December 1967 (OTU Scheyville)
- \* Infantry Platoon Commander/Training Officer (1 RTB & 8 RAR)
- \* Army Aviation Corps, Pilot Training
- \* Adjutant, 1st Aviation Regiment
- \* Vietnam - 161 (Independent) Reconnaissance Flight
- \* Staff Officer, 1 Army Recruiting Unit
- \* Transferred to Army Reserve, December 1972 with rank of Captain

### 1973/86 Army Reserve (Aviation & Infantry Corps)

- \* Company Second in Command, Company Commander
- \* Senior Instructor/Chief Instructor (Officer Training)

## DECORATIONS AND AWARDS

- \* Australian Active Service Medal (1945-75)
- \* General Service Medal Vietnam
- \* Queen Elizabeth II Silver Jubilee Medal
- \* Australian Centenary Medal
- \* Reserve Forces Decoration (R.F.D.)
- \* National Medal
- \* Australian Defence Medal
- \* Vietnamese Freedom Medal
- \* Army Combat Badge

## PARLIAMENTARY SERVICE

Liberal Member for Stafford in the Queensland Legislative Assembly, 1974-89

### Party Positions Held

- \* Joint Coalition Parties Secretary - 1978/81
- \* Member of various Government Committees (eg Justice, Police, Tourism, Primary Industries) - 1974/83
- \* Liberal Party Secretary - 1984/87
- \* Liberal Whip & Leader of the House - 1987/89
- \* Liberal Spokesman on Health, Tourism and Emergency Services - 1984/87;  
Police, Prisons, Tourism, Conservation and Environment - 1987/89

### Parliamentary Positions/Appointments

- \* Member, Subordinate Legislation Committee - 1977/89
- \* Deputy Chairman, Subordinate Legislation Committee - 1978/81
- \* Delegate to Hobart and Adelaide Constitutional Conventions
- \* Member, Parliamentary Trade Delegation to Melanesia, Japan, Korea and Hong Kong - 1979
- \* Leader, Liberal Parliamentary Delegation to People's Republic of China - 1984

## **Academic/ Legal Career**

Graduated LL B from Bond University with first class honours and the University Medal in Law, February 1992.

In the course of studies at Bond University, also received ten awards/prizes for achieving the highest grades in individual subjects:

- 1) Family Law
- 2) Contract Law A
- 3) Company & Partnership Law A
- 4) Contract Law B
- 5) Equity
- 6) Company & Partnership Law B
- 7) Highest Aggregate - Company & Partnership Law
- 8) Commercial Law B
- 9) Japanese Law
- 10) Evidence

Admitted as a barrister of the Supreme Court of Queensland in Dec 1991 and as a barrister of the High Court of Australia and Federal Court of Australia in Nov 1993.

Appointed as Assistant Professor, Faculty of Law, Bond University, Jan 1992

Major Responsibilities: Lecturer in Torts and Civil Remedies; also taught in Administrative Law, Advocacy, Introduction to Law, Business Law, Commercial Law, Tourism and Hospitality Law, Trade Practices, Negotiation & Dispute Resolution, Media & Telecommunications Law, Australian Government & Politics, Skills Teaching Coordinator and Advocacy Training Coordinator within the Bond Law Faculty

Consultant to the Director of Public Prosecutions (Qld) and instructor in advocacy training for Crown Prosecutors, 1994, 1998.

Visiting Lecturer in Advocacy, International Islamic University, Malaysia, 1995

Appointed Associate Dean, Bond University Faculty of Law, 1 Jan 1995

Appointed Chief of Staff to the Vice Chancellor, 1 August 1995

Appointed Acting Director of External Relations, Bond University, 1 April 1996

Appointed Associate Professor, 1 Jan 2002

Visiting Professor of Law, City University of Hong Kong, 2003

Visiting Professor of Law, East China University of Politics and Law, Shanghai, 2005 & 2006

Director of China Programs, Bond Faculty of Law: 2008 – current

Master of Laws (LL M), February 2014

Current teaching areas: Torts, Australian Government & Politics, Legal Skills, Introduction to Law in the PRC, Introduction to Common Law, Legal English, Law and Language.

Current Research Areas: Law of the PRC; Legal Education

### **Major Publication:**

'*Mooting Manual*', Butterworths, Sydney, 1997; the only current text on Australian University and high school mooting training & winner of the 1997/98 Australian Publishers' Association Award for the best series of tertiary texts in any discipline.

### **Civilian Interests:**

**Business:** Advisor to Chinese Iron and Steel Industry regarding Australian resource contracts and investments

**Hobbies:** Pistol shooting, hunting, reading (particularly history and science fiction).

## SIGNIFICANT ACHIEVEMENTS

1. Joined the Australian Army aged 18, by age 19 had been promoted to become the youngest sergeant in the permanent Army and applied for a commission, which was gained through OTU, Scheyville, 8 weeks after twentieth birthday.
2. Graduated from 1 Basic Flying Training School (Pont Cook) December 1968.
3. At age 22 was appointed to be the Adjutant of the Australian Army's largest arms Regiment (1st Aviation Regiment) as a Second Lieutenant - a post usually held by a senior Captain. Accelerated promotion to Lieutenant ahead of 52 contemporaries in recognition of performance, awarded two Formation Commander's Letters of Commendation.
4. Served in Vietnam with 161 (Indep) Recce Flight (Army Aviation). Flew 100 operational missions.
5. Resigned Regular Army Commission with rank of Captain in December 1972. Continued to serve in the Queensland University Regiment, Army Reserve (Aviation and Infantry Corps) until 1986.
6. Elected in 1974 as Liberal Member for Stafford in the Queensland Legislative Assembly at age 27. Held Stafford until December 1989 (with one five month break). Held various Shadow Ministerial appointments (see detailed CV), also appointed variously as Joint Parties Secretary, Whip and Leader of the House and Deputy Chairman of the Subordinate Legislation Committee.
7. Recipient, British Council 'Future Leaders' Chevening Scholarship for three months study at London School of Economics – 1988
8. Upon leaving Parliament, completed Law Degree at Bond University in two years gaining first class honours and awarded the University Medal in Law. While studying for this degree also completed the Bar Practice Course and pre-admission requirements. Admitted as a Barrister 22 months after commencing degree studies.
9. Upon graduation was immediately offered an appointment as Assistant Professor in the Bond University Faculty of Law.
10. Three years after graduation, (five years after commencing undergraduate course) was appointed Associate Dean of the Bond University School of Law. Responsibilities included the coordination of undergraduate courses, student examinations and assessment, appeals, admissions, exclusions etc.
11. Appointed Chief of Staff to the Vice Chancellor of Bond University and later, concurrently, as Acting Director of External Relations. Principal adviser and executive officer to the Vice Chancellor and responsible for University marketing (domestic and overseas), admissions and public relations.
12. Specialist in Advocacy Training - consultant to Queensland Director of Public Prosecutions, conducted training for DPP barristers in advocacy in 1994 and 1998.
13. Appointed by invitation to be visiting lecturer in advocacy at the International Islamic University of Malaysia (1995) and lecture on advocacy to the Malaysian Bar.
14. Major author of the text '*Mooting Manual*', Butterworths, Sydney, 1997 only current text on Australian University mooting training. Won the 1997 Australian Publishers' Association Award as part of the best series of tertiary texts in any discipline.
15. Appointed, by invitation, as Visiting Associate Professor at School of Law, City University of Hong Kong, to write and implement a new Legal Education Syllabus, arising out of the recommendations of a Government Committee of Review. Lived Hong Kong, 2003.
16. Awarded Australian Centenary Medal by Commonwealth of Australia in April 2003 in recognition of services to the Armed Forces, Government, Education and the Law.
17. Visiting Professor, East China University of Political Science and Law, Shanghai, teaching in Shanghai one semester each year in 2005 & 2006.
18. Award: 2006, Lexis-Nexis Stanley Shaw Bond Prize for Teaching Excellence in Law
19. Award: 2007, Vice Chancellor's Quality Award for Teaching Excellence (Bond University's top teaching award)



**CORPORATIONS ACT 2001**  
**A COMPANY LIMITED BY GUARANTEE**

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**CONSTITUTION**  
of  
**BOND UNIVERSITY LIMITED**

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*Adopted by special resolution of the members,  
pursuant to section 136(1)(b) of the Corporations Act*

**CORRS CHAMBERS WESTGARTH**

Lawyers  
Level 35, Waterfront Place  
1 Eagle Street  
BRISBANE QLD 4000  
**AUSTRALIA**  
Tel: (07) 3228 9333  
Fax: (07) 3228 9444  
DX: 135 Brisbane  
Ref: AMK/OOH  
B/616235/3

**CONSTITUTION OF  
BOND UNIVERSITY LIMITED**

**CONTENTS**

**PART A**

1	NAME.....	1
2	LIMITED LIABILITY .....	1
3	OBJECTS.....	1
	3.1 Objects of the Company .....	1
	3.2 Powers of the Company.....	2
	3.3 Application of funds .....	4
4	MEMBERS' CONTRIBUTION.....	4

**PART B**

1	INTERPRETATION .....	5
	1.1 Definitions .....	5
	1.2 Construction.....	7
	1.3 Replaceable Rules Excluded .....	7
2	COMPANY DETAILS.....	8
	2.1 Status as public company .....	8
	2.2 Company limited by guarantee.....	8
	2.3 Purpose of Company .....	8
3	MEMBERSHIP .....	8
	3.1 Who may be a member .....	8
	3.2 Ordinary Members.....	8
	3.3 Alumni Ordinary Members .....	8
	3.4 Community Ordinary Members.....	9
	3.5 Staff Ordinary Members .....	9
	3.6 Student Ordinary Members .....	10
	3.7 Council Ordinary Members .....	10
	3.8 Ballot .....	10
	3.9 Trustee Members .....	12
	3.10 Resignation by members .....	12
	3.11 Expulsion of members .....	12
	3.12 Cessation of membership.....	13
4	GENERAL MEETINGS.....	13
	4.1 Convening and Notice of General Meetings .....	13
	4.2 Nominations Advisory Committee .....	14
	4.3 Proceedings at General Meetings .....	15
	4.4 Voting procedures at General Meetings .....	16
	4.5 Adjournment of General Meetings .....	17
5	VOTES OF MEMBERS .....	17
	5.1 Right to Vote .....	17

5.2	Proxies and Attorneys.....	18
5.3	Signed Document Passing Resolution of Members .....	19
6	COUNCILLORS .....	20
6.1	Appointment of Councillors .....	20
6.2	Remuneration and Expenses.....	20
6.3	Vacation of Office .....	21
6.4	Rotation of Councillors .....	22
6.5	Powers of Councillors .....	22
6.6	Meetings of Councillors .....	23
6.7	Proceedings of Councillors.....	24
6.8	Signed document passing Resolution of Councillors .....	24
6.9	Pro-Chancellor and Academic Senate .....	25
6.10	Vice Chancellor .....	25
6.11	Alternate Councillors.....	26
6.12	Minutes .....	27
6.13	Interests of Councillors.....	27
7	SECRETARY .....	28
7.1	Appointment .....	28
7.2	Terms of Office .....	28
8	SEAL .....	28
8.1	Types of Seals.....	28
8.2	Use of Seal.....	28
9	UNIVERSITY CREST .....	28
10	ACCOUNTS AND AUDIT .....	29
10.1	Auditor.....	29
10.2	Accounts .....	29
10.3	Inspection of Company Records.....	29
11	NOTICES.....	29
11.1	Mode of Service.....	29
11.2	Deemed Receipt of Notice.....	30
11.3	Proof of Service .....	30
11.4	Notice of General Meeting of the Company.....	30
11.5	Previous Notice.....	31
12	WINDING UP .....	31
12.1	Distribution of assets .....	31
13	INDEMNITY OF OFFICERS .....	31

**CORPORATIONS ACT 2001**  
**A COMPANY LIMITED BY GUARANTEE**

**CONSTITUTION**  
**OF**  
**BOND UNIVERSITY LIMITED**

**PART A**

**1 NAME**

The name of the Company is Bond University Limited.

**2 LIMITED LIABILITY**

The liability of members of the Company is limited.

**3 OBJECTS**

**3.1 Objects of the Company**

The objects for which the Company is formed are to establish and operate, maintain and promote the Bond University (“**the University**”) in Queensland and, without limitation:

- (a) to encourage and provide facilities for study and research generally;
- (b) to provide educational facilities at university standard for all persons who, without discrimination and from all sections of the public are eligible and seeking the benefits of such facilities;
- (c) to provide facilities for the welfare of staff and students;
- (d) to establish facilities for providing courses of study or instruction at such levels of attainment as the University Council of the Company deems proper to meet the special needs of the community;
- (e) to disseminate knowledge and promote scholarship;
- (f) to award and confer degrees, diplomas and other awards;
- (g) to aid, by research and other appropriate means, the advancement and development of knowledge and the practical application of knowledge to government, industry, commerce and the community;
- (h) to undertake such research, development, consultancy or other services for commercial organisations, public bodies or individuals which, in the opinion of the University Council of the Company, are appropriate to be undertaken by public educational institutions.

- (i) To aid or engage in the development, promotion or use of the results of the University research.
- (j) To prepare, publish or distribute literary or artistic works, audio or audio-visual material or computer software.
- (k) To seek or encourage gifts, donations, endowments or bequests to the University and to seek or encourage participation in any investment, entity or arrangement which is of financial or other benefit to the University.
- (l) To do all such things as are ancillary or conducive to the attainment of all or any of the objects of the Company referred to above.

### **3.2 Powers of the Company**

For the purpose of carrying out the objects, the Company shall have the following powers:

- (a) To purchase, take on lease or in exchange, hire and otherwise acquire any lands, buildings, easements or property, real and personal; and any rights or privileges which may be requisite for the purposes of, or capable of being conveniently used in connection with, any of the objects of the Company and to sell, manage, lease, mortgage, dispose of or otherwise deal with all or any part of the property of the Company.
- (b) To enter into any arrangements with any Government or authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them; and to obtain from any such Government or authority any rights, privileges and concessions which the Company may think it desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (c) To charge fees for the provision of and in connection with any of the objects of the company.
- (d) To hold or arrange competitions and provide or contribute towards the provision of prizes, awards and distinctions in connection therewith.
- (e) To buy, sell and deal in all kinds of apparatus and all kinds of provisions whatsoever required by the University.
- (f) To appoint, employ, remove or suspend such professors, other academic and teaching staff and such administrative and other officers and staff within the university as the University Council of the Company may from time-to-time determine, including without limiting the generality of the foregoing, deputy vice-chancellors, bursars, registrars, librarians, deans of divisions or schools, readers, lecturers and examiners;
- (g) To appoint, employ, remove or suspend such managers, clerks, secretaries, servants, workmen and other persons as may be necessary or convenient for the purposes of the Company.
- (h) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or past employees of the Company or the dependants or connections of any such persons;

and to grant pensions and allowances; and to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects, or for any public, general or useful object.

- (i) To construct, improve, maintain, develop, work, manage, carry out, alter or control any houses, buildings, grounds, works or conveniences which may seem calculated directly or indirectly to advance the Company's interest, and to contribute to, subsidise or otherwise assist and take part in the construction, improvement, maintenance, development, working, management, carrying out, alteration or control thereof.
- (j) To invest and deal with the money of the Company not immediately required in such manner as the University Council of the Company thinks fit.
- (k) To borrow or raise or secure the payment of money in such manner as the Company may think fit and to secure the same or the repayment of performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the Company in any way and in particular by the issue of debentures, perpetual or otherwise, charged upon all or any of the Company's property (both present and future), and to purchase, redeem or pay off any such securities.
- (l) To make, draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments.
- (m) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.
- (n) To take or hold mortgages, liens and charges to secure payment of the purchase price or any unpaid balance of the purchase price, of any part of the Company's property of any kind sold by the Company, or any money due to the Company from purchasers and others.
- (o) To take any gift of property whether subject to any special trust or not, for any one or more of the objects of the Company provided that in case the Company shall take or hold any property which may be subject to any trusts the Company shall only deal with the same in such manner as is allowed by law having regard to such trusts.
- (p) To take such steps by personal or written appeals, public meetings or otherwise, as may from time to time be deemed expedient for the purpose of procuring contributions to the funds of the Company, in the form of donations, annual subscriptions or otherwise.
- (q) To print and publish any newspapers, periodicals, books, journals, papers, monographs or leaflets that the Company may think desirable for the promotion of its objects.
- (r) In furtherance of the objects of the Company, to amalgamate with any companies, institutions, societies or associations having objects altogether or in part similar to those of the Company and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as that imposed upon the Company under or by virtue of **clause 3.3** of Part A of this Constitution.

- (s) In furtherance of the objects of the Company to purchase or otherwise acquire and undertake all or any part of the property, assets, liabilities and engagements of any or more of the companies, institutions, societies or associations with which the Company is authorised to amalgamate.
- (t) In furtherance of the objects of the Company, to transfer all or any part of the property, assets, liabilities and engagements of the Company to any one or more of the companies, institutions, societies or associations with which the Company is authorised to amalgamate.
- (u) To establish or join in the establishment or promotion of other companies, trusts, institutions, societies or associations and to enter into partnerships, joint ventures or other arrangements with other individuals, companies, trusts, institutions, societies or associations.
- (v) To make donations for patriotic or charitable purposes.
- (w) To act as trustee, to hold property or land or to promote any trust for any purpose which is within the objects of the Company.
- (x) To give guarantees.
- (y) To establish such faculties, departments, schools or other organisational sections or units as the University Council of the Company sees fit.
- (z)
  - (i) To acquire by purchase, lease or otherwise, land (whether improved or not) suitable for student and staff residential purposes;
  - (ii) to erect on lands owned or occupied by the university, whether acquired for that purpose or not, buildings suitable for such purposes; and
  - (iii) to enter into such arrangements with any other party as the University Council of the company may decide for the provision of student and staff residential accommodation.
- (aa) To do all such other things as are incidental or conducive to the exercise of the above powers in furtherance of the objects of the Company.

### **3.3 Application of funds**

The income and property of the Company, shall be applied solely towards the promotion of the objects of the Company as set forth in this Constitution, and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise to the members of the Company. Provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration or bonus to any officer or servant of the Company, or to any member of the Company in return for any services actually rendered to the Company, nor prevent the payment of interest at a rate not exceeding interest at any commercial rate, or reasonable and proper rent for premises demised or let by any member to the Company.

## **4 MEMBERS' CONTRIBUTION**

Every member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he is a member, or within one year after he

ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges, and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required but not exceeding \$10.

## PART B

### 1 INTERPRETATION

#### 1.1 Definitions

In this Constitution, unless the contrary intention appears:

“**Academic Staff**” has the meaning given in the Bond University Act 1987.

“**Alumni**” means, for the purposes of this Constitution, the persons who are graduates of the university operated by the Company and does not include any person who is a Student or a person who is employed by, or who provides services under contract to, the Company or a Related Body Corporate of the Company at the date of close of nominations for a Ballot of the Alumni.

“**Alumni Ordinary Member**” means a person who is a member of the Alumni and admitted as an Alumni Ordinary Member in accordance with **clause 3.3**.

“**Academic Senate**” means the academic senate created by the University Council pursuant to **clause 6.9**.

“**Ballot**” means a ballot conducted in accordance with **clause 3.8**.

“**Bond University**” means the university established under the Bond University Act 1987.

“**business day**” means a day on which trading banks are open for business in the State in which the Company’s registered office is for the time being located.

“**Chancellor**” means the Chancellor of the Company appointed by the Councillors pursuant to **clause 6.1**.

“**Community Ordinary Member**” means a person admitted as a Community Ordinary Member in accordance with **clause 3.4**.

“**Company**” means Bond University Limited ACN 010 694 121.

“**Constitution**” means this Constitution as amended from time to time.

“**Councillor**” means a director of the Company and includes an alternate councillor.

“**Council Ordinary Member**” means a person who is admitted as a Council Ordinary Member in accordance with **clause 3.7**.

“**Deputy Chancellor**” means the Deputy Chancellor of the Company appointed by the Councillors pursuant to **clause 6.1**.

“**General Staff**” has the meaning given in the Bond University Act 1987.



**“Independent Councillor”** means a Councillor other than one who:

- (a) is employed by, or provides services under contract to, the Company or a Related Body Corporate of the Company;
- (b) has a material interest in, or who controls, a company or other entity which provides services under contract to the Company or a Related Body Corporate; or
- (c) is a Student.

**“member”** means a person entered in the register as a member of the Company for the time being.

**“Nominations Advisory Committee”** means the committee established in accordance with **clause 4.2**.

**“Ordinary Member”** means a member of the Company other than a Trustee Member.

**“Postgraduate”** means a person enrolled in a postgraduate course of the University at the date of close of nominations of a Ballot of the postgraduate students of the University.

**“Postgraduate Student Ordinary Member”** means a person who is a Postgraduate and admitted as a Student Ordinary Member in accordance with **clause 3.6**.

**“Pro-Chancellor”** means any person appointed by the Councillors pursuant to **clause 6.9**.

**“Related Body Corporate”** has the meaning given in the Corporations Act.

**“register”** means the register of members of the Company kept pursuant to the Corporations Act 2001 (**“Corporations Act”**).

**“representative”** means a person authorised to act as a member’s representative pursuant to section 250D of the Corporations Act.

**“seal”** means the common seal of the Company (if any) and includes any duplicate common seal of the Company.

**“Staff”** means the Academic Staff and the General Staff.

**“Staff Ordinary Member”** means a person who is a full time or part time member of the Academic Staff or the General Staff and admitted as an Staff Ordinary Member in accordance with **clause 3.5**.

**“Student Ordinary Member”** means a person who is an Undergraduate or a Postgraduate and admitted as a Student Ordinary Member in accordance with **clause 3.6**.

**“Students”** means the persons who:

- (a) are students of the university operated by the Company; and
- (b) are not Staff.

**“Trustee Member”** means a member of the Company admitted by the University Council in accordance with **clause 3.9**.

“**Undergraduate**” means a person enrolled in an undergraduate course of the University at the date of close of nominations of a Ballot of the undergraduate students of the University.

“**Undergraduate Student Ordinary Member**” means a person who is an Undergraduate and admitted as a Student Ordinary Member in accordance with **clause 3.6**.

“**University Council**” means the board of Councillors.

“**University Crest**” means the coat of arms or crest which may be assumed and used by the Company.

“**Vice-Chancellor**” means the person appointed by the University Council pursuant to **clause 6.10**.

## **1.2 Construction**

- (a) Section 46(1) of the Acts Interpretation Act 1901 (Cth) applies in relation to this Constitution as if they were an instrument made, granted or issued under the Corporations Act as in force on the date on which this Constitution became binding on the Company.
- (b) An expression used in a particular Part or Division of the Corporations Act that is given by that Part or Division a special meaning for the purposes of that Part or Division has, in any of this Constitution that deals with a matter dealt with by that Part or Division, unless the contrary intention appears, the same meaning as in that Part or Division.
- (c) References to statutes or regulations include all statutes or regulations amending, consolidating or replacing them.
- (d) A reference to a body or entity (whether corporate or unincorporate) includes, in the event that the body or entity ceases to exist, or is reconstituted, renamed or replaced from time to time, a reference to the body or entity established or constituted in its place or nearly as may be succeeding to its powers, objects or functions.
- (e) Unless the contrary intention appears:
  - (i) words importing the singular include the plural and vice versa;
  - (ii) words importing any gender include all genders; and
  - (iii) the term “person” or words importing persons include bodies corporate.
- (f) Headings are for ease of reference only and do not affect the construction of this Constitution.

## **1.3 Replaceable Rules Excluded**

The replaceable rules contained in the Corporations Act are excluded and do not apply to the Company.

## **2 COMPANY DETAILS**

### **2.1 Status as public company**

The Company is a public company.

### **2.2 Company limited by guarantee**

The Company is limited by guarantee.

### **2.3 Purpose of Company**

The Company is established for the purposes set out in **clause 3.1** of Part A of this Constitution.

## **3 MEMBERSHIP**

### **3.1 Who may be a member**

- (a) The persons who have consented to become members for the purposes of sections 117(2)(c) and (5) and such other eligible persons as admitted to membership in accordance with this Constitution shall be members of the Company.
- (b) A natural person shall be eligible for membership if he or she is over the age of eighteen.

### **3.2 Ordinary Members**

There shall be no more than 30 Ordinary Members of the Company.

### **3.3 Alumni Ordinary Members**

- (a) There shall be twelve Alumni Ordinary Members of the Company from time to time admitted in accordance with this clause.
- (b) A person is admitted as an Alumni Ordinary Member if they are elected to be so by a Ballot of the Alumni.
- (c) At every annual general meeting one-third of the Alumni Ordinary Members, shall retire from office with effect from the close of meeting.
- (d) The Alumni Ordinary Members to retire at any annual general meeting shall be those who have been a member the longest, subject to the following:
  - (i) the length of time a member has been a member shall be computed from the Alumni Ordinary Member's last election or appointment; and
  - (ii) as between 2 or more Alumni Ordinary Members who have been in office an equal length of time, the Alumni Ordinary Members to retire, in default of agreement between them, shall be determined by lot.
- (e) An Alumni Ordinary Member retiring under this clause shall be eligible for re-election provided that no Alumni Ordinary Member will be eligible for re-election if they would hold office for more than six years and eleven months consecutively if re-elected.

### 3.4 Community Ordinary Members

- (a) There shall be eight Community Ordinary Members of the Company from time to time admitted in accordance with this clause.
- (b) The University Council shall, after receiving a report from the Nominations Advisory Committee, make a recommendation to the members of the Company identifying which persons it wishes to be admitted as Community Ordinary Members. The members shall elect at a general meeting the Community Ordinary Members from the persons recommended by the University Council.
- (c) At every annual general meeting, three of the Community Ordinary Members, shall retire from office with effect from the close of the meeting, except in the case of every third annual general meeting, when only two shall retire.
- (d) The Community Ordinary Members to retire at any annual general meeting shall be those who have been a member the longest, subject to the following:
  - (i) the length of time a member has been a member shall be computed from the Community Ordinary Member's last election or appointment; and
  - (ii) as between 2 or more Community Ordinary Members who have been in office an equal length of time, the Community Ordinary Members to retire, in default of agreement between them, shall be determined by lot.
- (e) A Community Ordinary Member retiring under this clause shall be eligible for re-election provided that no Community Ordinary Member will be eligible for re-election if they would hold office for more than six years and eleven months consecutively if re-elected.

### 3.5 Staff Ordinary Members

- (a) There shall be six Staff Ordinary Members of the Company from time to time admitted in accordance with this clause provided that:
  - (i) there is at least one Staff Ordinary Member who is a member of the General Staff; and
  - (ii) there are no more than two Staff Ordinary Members from the same school of the university operated by the Company.
- (b) A person is admitted as a Staff Ordinary Member if they are elected to be so by a Ballot of the Staff.
- (c) At every annual general meeting, two of the Staff Ordinary Members shall retire from office with effect from the close of the meeting.
- (d) The Staff Ordinary Members to retire at any annual general meeting shall be those who have been a member the longest, subject to the following:
  - (i) the length of time a member has been a member shall be computed from the Staff Ordinary Member's last election or appointment; and

- (ii) as between 2 or more Staff Ordinary Members who have been in office an equal length of time, the Staff Ordinary Members to retire, in default of agreement between them, shall be determined by lot.
- (e) A Staff Ordinary Member retiring under this clause shall be eligible for re-election provided that no Staff Ordinary Member will be eligible for re-election if they would hold office for more than six years and eleven months consecutively if re-elected.

### **3.6 Student Ordinary Members**

- (a) There shall be two Student Ordinary Members of the Company from time to time admitted in accordance with this clause of which one shall be an Undergraduate and the other a Postgraduate.
- (b) A person is admitted as an Undergraduate Student Ordinary Member if they are elected to be so by a Ballot of the Undergraduate Students.
- (c) A person is admitted as a Postgraduate Student Ordinary Member if they are elected to be so by a Ballot of the Postgraduate Students.
- (d) At the next annual Ballot of Students after a Student Ordinary Member's election or appointment the Student Ordinary Member shall retire from office with effect from the close of the annual general meeting at which the declaration of the result of the Ballot occurs.
- (e) A Student Ordinary Member retiring under this clause shall be eligible for re-election provided that no Student Ordinary Member will be eligible for re-election if they would hold office for more than two consecutive years if re-elected.

### **3.7 Council Ordinary Members**

- (a) Whoever holds the office of Chancellor from time to time shall be a Council Ordinary Member of the Company.
- (b) In addition to the Chancellor, the University Council shall appoint one Independent Councillor as a Council Ordinary Member.
- (c) Except for the Chancellor, at the expiry of three years from a Council Ordinary Member's election or appointment, the Council Ordinary Member shall retire from office.
- (d) A Council Ordinary Member retiring under this clause shall be eligible for re-appointment.

### **3.8 Ballot**

- (a) A ballot for each of the Alumni Ordinary Members, Staff Ordinary Members and Student Ordinary Members will be held each year within the period of two months before the date on which the annual general meeting is held.
- (b) The secretary will act as returning officer for each Ballot.
- (c) The secretary will send a notice to the last known address of all known members of a group calling for nominations for election as a member of the Company at

least two months before the proposed closing date of the Ballot and not more than three months before that date.

- (d) A period of 14 clear days will be allowed for nominations to be submitted.
- (e) A nomination must be in writing signed by the nominee and at least two other persons as sponsors, who belong to the relevant group and must, in the case of staff and student nominees, specify the sub-category to which they belong. The two sub-categories of staff are Academic and General. The two sub-categories of students are Undergraduate and Postgraduate.
- (f) The nominee may submit written material, not exceeding 150 words, to be sent with the ballot papers to assist persons voting to determine their suitability as a member. The secretary may decline to distribute this material if, in their opinion, it is defamatory or otherwise inappropriate.
- (g) If the number of nominations exceeds the number of positions to be filled, the secretary will prepare ballot papers for the group with clear instructions consistent with the provisions of the Constitution.
- (h) If the number of nominations equals the number of positions to be filled, then the chairperson will, at the annual general meeting, declare the nominees elected without the need for a ballot.
- (i) If the number of nominations is less than the number of positions to be filled, then the chairperson will, at the annual general meeting, declare the nominees elected without the need for a ballot and the University Council will at its first meeting after that date fill any vacancies, as casual vacancies, with persons who, in the opinion of the University Council are suitably qualified persons, from the relevant group. Any person admitted by the University Council to fill a vacancy ceases to be a member when another person is elected or appointed by the relevant group as a replacement in accordance with **clause 3**.
- (j) Where a ballot is necessary, ballot papers (together with the written material submitted by nominees) will be sent to all known members of the particular group within 14 days after the date on which nominations closed.
- (k) The ballot will close at 4.00pm on the 55<sup>th</sup> day after the date on which nominations closed (or the next business day if a Saturday, Sunday or Public Holiday).
- (l) Nominees who receive the most number of votes in the ballot will be elected to fill the contested positions as at the close of the annual general meeting and the results of the ballot will be declared by the chairperson at the annual general meeting.
- (m) If two or more nominees receive the same number of votes and it is necessary for one or more of them, but not all of them, to be elected to fill the contested positions, then the nominees to be elected will be determined by lot.

### 3.9 Trustee Members

- (a) There shall be no more than 30 Trustee Members of the Company from time to time or such other maximum number as resolved by the University Council from time to time.
- (b) A person shall be eligible to be admitted as a Trustee Member if the person, in the opinion of the University Council:
  - (i) has made a substantial contribution, in money or in kind, to the Company;
  - (ii) is a prominent and distinguished member of the Australian community or a foreign community to which they belong; and
  - (iii) has a genuine interest in the objects of the Company.
- (c) The Trustee Members have the right to meet with the University Council annually to consult with the University Council on matters that are of concern or interest to the Trustee Members relating to the university. The University Council shall convene the meeting and decide the time and place of the meeting and the manner in which it will be conducted. The Chancellor will chair the meeting or, in the absence of the Chancellor, the Deputy Chancellor will chair the meeting.

### 3.10 Resignation by members

A member may at any time by giving notice in writing to the Secretary resign their membership of the Company but shall continue to be liable for all arrears due and unpaid at the date of their resignation and for all other moneys due by them to the Company and in addition for any sum for which they are liable as a member of the Company under **clause 4** of Part A of this Constitution.

### 3.11 Expulsion of members

If any member wilfully refuses or neglects to comply with the provisions of the Constitution of the Company or is guilty of any conduct which, in the opinion of the Councillors, is unbecoming of a member or prejudicial to the interests of the Company the Councillors shall have power to expel the member from the Company provided that:

- (a) at least 1 week before the meeting of the Councillors at which a resolution for the member's expulsion is passed the member is given:
  - (i) written notice:
    - (A) of such meeting; and
    - (B) of what is alleged against the member; and
    - (C) of the intended resolution for the member's expulsion; and
    - (D) that the member shall at such meeting and before the passing of such resolution have an opportunity to give orally or in writing any explanation or defence the member may think fit; and

- (b) any such member may by notice in writing lodged with the Secretary at least 24 hours before the time for holding the meeting at which the resolution for the member's expulsion is to be considered by the Councillors elect to have the question of his expulsion dealt with by the Company in general meeting and in that event an extraordinary general meeting of the Company shall be called for the purpose.
- (c) If at the meeting a resolution for the expulsion of the member be passed by a majority of two-thirds of those present and voting (such vote to be taken by ballot) the member shall be expelled and his or her name removed from the Register of Members.

### 3.12 Cessation of membership

- (a) A member ceases to be a member if:
  - (i) in respect of an Ordinary Member, he or she ceases to be a member of the group he or she was elected to represent;
  - (ii) the member becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
  - (iii) the member becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health; or
  - (iv) the member dies.
- (b) If a vacancy arises in the manner set out in **clauses 3.10, 3.11 or 3.12(a)**, the Council may admit a new member to fill the vacancy but the person admitted must be eligible in the same way as the original member was. If the person admitted to fill such a vacancy is not a Council Ordinary Member or Trustee Member, they shall retire at the next Ballot held for the relevant group or the next annual general meeting (as the case may be) and shall be eligible for re-election or re-appointment in accordance with **clause 3**.

## 4 GENERAL MEETINGS

### 4.1 Convening and Notice of General Meetings

- (a) The Company shall, in addition to any other meeting held by the Company, hold a general meeting, to be called the annual general meeting, in accordance with the provisions of the Corporations Act.
- (b) Any Councillor may at any time convene a general meeting of the Company.
- (c) Unless the provisions of the Corporations Act allow for a shorter period of notice, at least 21 days' notice must be given in writing to each member entitled to attend and vote at general meetings or a meeting of a class of members of the Company, as the case may be.
- (d) The Councillors shall, on receipt of a request in accordance with section 249D of the Corporations Act, convene a general meeting of the Company.



- (c) A notice convening a meeting of the Company shall:
- (i) set out the place, date and time of the meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this);
  - (ii) set out the general nature of the meeting's business;
  - (iii) if a special resolution is to be proposed at the meeting – set out an intention to propose the special resolution and state the resolution; and
  - (iv) if a member is entitled to appoint a proxy – contain a statement setting out the following information:
    - (A) that the member has a right to appoint a proxy;
    - (B) that the proxy need not be a member of the Company;
    - (C) that a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (f) All business at a general meeting other than annual general meetings shall be special business.
- (g) The Councillors may by notice in writing to the members postpone any meeting which has been convened to a date specified in the notice, or cancel the meeting, subject to the Corporations Act.
- (h) The accidental omission to give notice of any general meeting to, or the non-receipt of any such notice by, any person entitled to be notified does not invalidate the meeting or any resolution passed at that meeting.

#### **4.2 Nominations Advisory Committee**

- (a) A Nominations Advisory Committee shall be established.
- (b) The Nominations Advisory Committee shall comprise:
  - (i) the Chancellor;
  - (ii) two members of the University Council appointed by the University Council; and
  - (iii) three members of the Company chosen at the annual general meeting, one being an Alumni Ordinary Member, one being a Staff Ordinary Member and the other being any other Ordinary Member, except a Council Ordinary Member.
- (c) The Nominations Advisory Committee shall comply with the policies and procedures established by the University Council and notified to the Nominations Advisory Committee from time to time.
- (d) The University Council may fill any casual vacancy on the Nominations Advisory Committee but must do so from the relevant members category.

- (c) The Nominations Advisory Committee shall:
- (i) identify potential candidates for appointment to the University Council and admission to membership of the Company as a Community Ordinary Member;
  - (ii) consult with the University Council and the university community about the skills of the potential candidates; and
  - (iii) report its recommendations to the University Council about the suitability of the potential candidates.

#### 4.3 Proceedings at General Meetings

- (a) A quorum at a general meeting of the Company is constituted by:
- (i) where the Company has 1 member only, that member;
  - (ii) where the Company has 2 members, 2 members present in person or by proxy, attorney or representative;
  - (iii) where the Company has between 3 and 8 members (inclusive), 3 members present in person or by proxy, attorney or representative;
  - (iv) where the Company has more than 8 members, at least one-third of members entitled to vote present in person or by proxy, attorney or representative provided there are at least:
    - (A) 3 Alumni Ordinary Members;
    - (B) 2 Community Ordinary Members;
    - (C) 1 Staff Ordinary Member;
    - (D) 1 Student Ordinary Member; and
    - (E) 1 Council Ordinary Member,
 present in person or by proxy, attorney or representative.
- (b) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (c) If a quorum is not present within 30 minutes after the time appointed for a meeting or such longer period as the chairman of the meeting allows, the meeting:
- (i) if convened on the request of members pursuant to section 249D, or by members pursuant to section 249E or 249F, of the Corporations Act, is dissolved;
  - (ii) in any other case, stands adjourned to the same day in the next week at the same time and place or to such other day, time and place as the chairman determines.

- (d) If at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.
- (e) The chairman's ruling on all matters relating to the order of business, procedure and conduct of a general meeting is final.

#### **4.4 Voting procedures at General Meetings**

- (a) The Chancellor shall preside at every general meeting of the Company, but if the Chancellor is not present and willing to act within 15 minutes after the time appointed for a meeting, the following, being members of the Company, may preside as chairman of the meeting, in the following order of entitlement:
  - (i) the Deputy Chancellor;
  - (ii) another Councillor present;
  - (iii) a member present in person chosen by a majority of the members present in person or by proxy, attorney or representative.
- (b) In the case of an equality of votes, the chairman of the meeting does not have a casting vote, either on a show of hands or on a poll, and the motion is deemed not to have been passed.
- (c) Every question submitted to a meeting shall be decided by a show of hands unless, before or upon the declaration of the result of the show of hands, a poll is demanded by:
  - (i) the chairman of the meeting;
  - (ii) not less than 3 members present in person or by proxy, attorney or representative and having the right to vote at the meeting; or
  - (iii) a member or members present in person or by proxy, attorney or representative representing not less than 5% of the total voting rights of all members having the right to vote at the meeting.
- (d) Unless a poll is demanded, a declaration by the chairman of the meeting that the resolution has been carried or carried unanimously or without dissent or by a particular majority or lost, and an entry to that effect in the minutes of the meeting, is conclusive evidence of the result of the resolution and it is not necessary to prove the number or proportion of votes cast in favour of or against the resolution.
- (e) Where a poll is duly demanded, it shall be taken in such manner and at the time and place the chairman of the meeting directs.
- (f) The result of the poll is deemed to be the resolution of the meeting at which the poll was demanded.
- (g) A poll cannot be demanded on the election of a chairman of a meeting or on the adjournment of a meeting.

- (h) A demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.
- (i) The demand for a poll may be withdrawn.

#### **4.5 Adjournment of General Meetings**

- (a) The chairman of a meeting may, with the consent of the meeting, adjourn the meeting from time to time and place to place, but the only business that may be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
- (b) Where a meeting is adjourned for more than 1 month, the Councillors must give at least 3 business days' notice of the adjourned meeting in the same manner as for an original meeting. Otherwise, it is not necessary to give notice of any adjournment or of the business to be transacted at an adjourned meeting.

### **5 VOTES OF MEMBERS**

#### **5.1 Right to Vote**

- (a) All members are entitled to receive notice of general meetings of the Company and have the right to attend general meetings.
- (b) An Ordinary Member has a right to vote at general meetings.
- (c) A Trustee Member has the right to address the general meeting.
- (d) A Trustee Member has no right to vote at general meetings.
- (e) On a show of hands, each Ordinary Member present in person or by proxy, attorney or representative has one vote and on a poll, each member present in person or by proxy, attorney or representative has one vote.
- (f) If an Ordinary Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the Ordinary Member's committee or trustee or other person as properly has the management of the member's estate may exercise any rights of the Ordinary Member in relation to a general meeting as if the committee, trustee or other person were the Ordinary Member.
- (g) An objection may be raised to the right of a person to attend or vote at a meeting or adjourned meeting or to vote on a poll only at that meeting or adjourned meeting or when that poll is taken, and every vote not disallowed at the meeting or adjourned meeting or when the poll is taken is deemed valid for all purposes.
- (h) In the case of a dispute as to the admission or rejection of a vote, the chairman of the meeting shall decide the matter and the chairman's decision is final and conclusive.

**5.2 Proxies and Attorneys**

- (a) A member entitled to attend and vote at a meeting of the Company or of any class of members of the Company is entitled to appoint a person as the member’s proxy to attend and vote for the member at the meeting.
- (b) A proxy has the same right as the member to speak at the meeting.
- (c) An instrument appointing a proxy shall be:
  - (i) in writing under the hand of the appointor or of the appointor’s attorney authorised in writing, or if the appointor is a body corporate under its common or official seal or the hand of an officer or attorney authorised in writing;
  - (ii) in or to the effect of the following form or in any other form acceptable to the Councillors generally or in a particular case:

**BOND UNIVERSITY LIMITED  
FORM OF PROXY**

I .....  
of.....  
being a member of Bond University Limited, hereby appoint as my proxy to vote on my behalf at the \*annual general meeting/general meeting of the Company to be held on the..... day of..... and at any adjournment thereof, ..... of..... or failing him, the chairman of the meeting.

This Form of Proxy is to be used \*in favour of/against the resolution.

If this proxy is signed under power of attorney, the signatory declares that the attorney has had no notice of revocation thereof.

**DATED** this                      day of    20     ,

.....  
Signature(s)  
.....

.....  
\* delete as appropriate.

- (d) An instrument appointing a proxy, unless the instrument expressly provides otherwise, confers on the proxy authority to agree to:
  - (i) a meeting being convened by shorter notice than is required by the Corporations Act; and

- (ii) demand or join in demanding a poll.
- (e) An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution, and where the instrument of proxy so provides the proxy is not entitled to vote on the resolution except as specified in the instrument.
- (f) A member may, by power of attorney duly executed in the presence of at least one witness and (if necessary) duly stamped, appoint an attorney (whether a member or not) to act on the member's behalf at all or any meetings of the Company or of any class of members.
- (g) A member may, if it is a body corporate, appoint a representative (whether a member or not) to act on its behalf at all or any meetings of the Company or of any class of members.
- (h) Subject to the Corporations Act, an instrument appointing an attorney or a proxy is valid only if there is lodged or received at the registered office of the Company (or at such other place as is specified by the Company in the notice of meeting) not less than 48 hours before the time appointed for the meeting or adjourned meeting at which the person named as the attorney or in the proxy proposes to attend and vote:
  - (i) the instrument appointing the attorney, or the proxy and any power of attorney or other authority under which the instrument of proxy is executed (or a copy of the power or the authority notarially certified), together with such evidence of stamping, execution and non-revocation of the instrument or power as the Councillors may require; or
  - (ii) where that instrument is signed by the member, a legible facsimile transmission copy of the power of attorney, or the instrument of proxy together with such evidence of due stamping, execution and non-revocation of that instrument as the Councillors may require.
  - (iii) A vote cast by a proxy, attorney or representative is valid notwithstanding the previous revocation of the proxy's, attorney's or representative's authority by the death or mental incapacity of the appointing member unless the Company receives notice in writing of the revocation or transfer at the registered office before commencement of the meeting or adjourned meeting or poll at which the instrument, authority or certificate is to be used or the power is to be exercised.

### **5.3 Signed Document Passing Resolution of Members**

- (a) The Company may pass a resolution without a general meeting being held if all members entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.
- (b) Separate copies of a document may be used for signing by members if the wording of the resolution and statement is identical in each copy. An electronically transmitted facsimile copy of a document, the original of which in the opinion of the secretary has been apparently signed by a member, is deemed to be a document signed by that member for these purposes.

- (c) Any document that is attached to a resolution signed in accordance with this **clause 5.3** is deemed to have been laid before the Company in general meeting.
- (d) The resolution is passed when the last member signs.
- (e) If the Company has only 1 member, the Company may pass a resolution by the member recording the resolution and signing the record.
- (f) The passage of a resolution in accordance with this **clause 5.3** satisfies any requirement that the resolution be passed at a general meeting.

## **6 COUNCILLORS**

### **6.1 Appointment of Councillors**

- (a) Unless otherwise determined by the Company in general meeting, the number of Councillors shall be not less than 3 and not more than 10.
- (b) A Councillor must be a natural person.
- (c) A Councillor is not required to be a member.
- (d) A person (other than a Councillor retiring under **clause 6.4**) is not eligible to be elected as a Councillor at a general meeting unless they have, at least 30 business days before the meeting, left at the registered office of the Company, a notice in writing duly signed by them, consenting to their nomination as a candidate for the office.

Notice of each candidature must at least seven days prior to the meeting at which the election is to take place, be given to all members.

- (e) The University Council may appoint a person as Councillor to fill a casual vacancy where a Councillor retires under **clause 6.4**, is removed or whose office is vacated, or as an addition to the existing Councillors, but so that the total number of Councillors shall not exceed the number fixed in accordance with the Constitution. Any Councillor appointed in accordance with this clause shall hold office only until the next following annual general meeting and shall then be eligible for election.
- (f) The Company may by ordinary resolution remove any Councillor from office and may by ordinary resolution appoint another Councillor.
- (g) The University Council may from time to time elect two of their number to be Chancellor and Deputy Chancellor of the Company respectively.
- (h) The Vice Chancellor is a Councillor by virtue of his appointment under **clause 6.10**.

### **6.2 Remuneration and Expenses**

- (a) The Councillors are entitled to receive remuneration for acting as Councillors as the Company may determine by ordinary resolution.

- (b) A Councillor may receive remuneration in the Councillor's capacity as an employee of the Company, provided that the terms of the Councillor's employment are approved by a resolution of the Councillors.
- (c) Where with the prior approval of the Councillors a Councillor renders or is called upon to perform services for the Company in the Councillor's technical or professional capacity, the Councillors may arrange with that Councillor special remuneration by payment of a stated sum of money determined by a resolution of the Councillors, provided the amount paid or payable for the services does not exceed reasonable commercial terms.
- (d) The Councillor is entitled to be reimbursed out of the funds of the Company reasonable travelling, accommodation and other expenses the Councillor incurs when travelling to or from and attending meetings of the Councillors or a committee of the Councillors or when otherwise engaged on the business of the Company, provided that the amount does not exceed a maximum amount previously approved by the Councillors.

### 6.3 Vacation of Office

- (a) In addition to the circumstances in which the office of a Councillor becomes vacant under the Corporations Act, the office of a Councillor becomes vacant if the Councillor:
  - (i) becomes bankrupt or makes an arrangement or composition with his creditors generally;
  - (ii) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
  - (iii) resigns from office by notice in writing to the Company or refuses to act; or
  - (iv) is absent from the meetings of the Councillors for a continuous period of 6 calendar months without special leave of absence from the Councillors (but for the purposes of determining whether the Councillor is absent from a meeting, attendance by the Councillor's alternate is deemed to be attendance by the Councillor).
- (b) A Councillor is not disqualified by that office from:
  - (i) holding any other office or position of profit (except that of auditor) in the Company or in any body corporate in which the Company is a member or otherwise interested;
  - (ii) entering into a contract or arrangement with the Company as vendor, purchaser, underwriter or otherwise and participating in any association, institution, fund, trust or scheme for past or present employees or Councillors of the Company,

subject to **clause 6.13**.



#### 6.4 Rotation of Councillors

- (a) At every annual general meeting, one-third of the Councillors, other than the Vice-Chancellor, and other than the Chancellor and Deputy Chancellor in their first term of office, shall retire from office. If the number is not exactly divisible by 3, then the next whole number less than one-third shall retire.
- (b) The Councillor or Councillors to retire at any annual general meeting shall be those who have been longest in office, subject to the following:
  - (i) the length of time a Councillor has been in office shall be computed from the Councillor's last election or appointment; and
  - (ii) as between 2 or more Councillors who have been in office an equal length of time, the Councillor or Councillors to retire, in default of agreement between them, shall be determined by lot.
- (c) A Councillor retiring under **clause 6.4(a)** or whose office is vacated under section 201C of the Corporations Act shall be eligible for re-election provided that no Councillor will be eligible for re-election if they would hold office for more than six years and eleven months consecutively if re-elected.

#### 6.5 Powers of Councillors

- (a) Subject to the Corporations Act, the management of the business of the Company is vested in the Councillors and they may exercise all the powers of the Company and do all such acts and things as the Company can exercise and do and are not required to be exercised or done by the Company in general meeting.
- (b) Without limiting the generality of **clause 6.5(a)**, the Councillors may exercise all powers of the Company to:
  - (i) borrow or raise or secure the payment or repayment of any sum or sums of money;
  - (ii) charge, mortgage or otherwise encumber any or all of the undertakings, property, assets or business of the Company (both present or future whatsoever and wheresoever situate) or all or any of its uncalled capital;
  - (iii) issue notes, bonds, debentures or any other securities whatsoever or give any other security or guarantee for any debt, liability or obligation of the Company or of any other person,

in such manner and on such terms and conditions as the Councillors determine.
- (c) Where a Councillor or other officer of the Company becomes personally liable for the payment of a sum primarily due from the Company, the Councillors may mortgage, charge or otherwise give security over the whole or any part of the Company's undertakings, property or assets (present or future) including its uncalled capital, by way of indemnity to secure the Councillor against any loss in respect of that liability.
- (d) All cheques, bills of exchange, promissory notes, bankers drafts and other negotiable instruments and all receipts for money paid to the Company, shall be

signed, accepted, drawn, made, endorsed or otherwise executed for and on behalf of the Company by any two Councillors or by such persons (whether Councillors or officers of the Company or not) in such manner as the Councillors determine.

## 6.6 Meetings of Councillors

- (a) The Councillors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.
- (b) Without limiting the generality of **clause 6.6(a)**:
  - (i) the Councillors may confer by radio, telephone, closed circuit television or other electronic means of audio or audio-visual communication, or by any other form of technology consented to by all of them (which consent:
    - (A) may be a standing consent;
    - (B) may only be withdrawn within a reasonable time before the meeting);
  - (ii) a resolution passed at such a conference, notwithstanding the Councillors are not present together in one place at the time of the conference, is deemed to have been passed at a meeting of the Councillors held on the day on which and at the time at which the conference was held;
  - (iii) the provisions of this Constitution relating to proceedings of Councillors apply, so far as they are capable of application (*mutatis mutandis*), to conferences held by these means.
- (c) A Councillor may, and the secretary shall upon the request of a Councillor, convene a meeting of the Councillors.
- (d) The person convening a meeting of Councillors shall give at least 7 days' notice of the meeting to each Councillor by delivering or posting the notice or by sending the notice by communication service to the last address or communication service number (as the case may be) within Australia provided by the Councillor for the purposes of this **clause 6.6**. A meeting of Councillors may be convened on less than 7 days' notice if all Councillors entitled to receive notice of the meeting agree in writing prior to the commencement of the meeting.
- (e) If any of the Councillors consider that a meeting of the Councillors is required upon short notice for consideration of urgent business, notice of such meeting and of the general nature of the business for discussion at the meeting may be given by telephone to each Councillor at the Councillor's last telephone number within Australia provided by the Councillor for the purposes of this **clause 6.6**.
- (f) Notice of meetings of Councillors may be given to a Councillor at an address or communication service number outside Australia provided by the Councillor for the purposes of this **clause 6.6**, but the Councillor or secretary convening a meeting of Councillors is not obliged to give notice to any Councillor at an address or communication service number outside Australia.

- (g) For the purposes of this **clause 6.6**, “**communication service**” means any facsimile, telex, electronic post service or other electronic means of written communication.
- (h) Three Councillors constitute a quorum at a meeting of Councillors, unless the Councillors at any time determine that a greater number of Councillors must be present to constitute a quorum.

### **6.7 Proceedings of Councillors**

- (a) The Chancellor shall preside at meetings of the Councillors, but if at the time of any meeting a Chancellor has not been elected or is not present within ten minutes of the time appointed for holding the meeting, the Deputy Chancellor shall be chairman of that meeting. In the absence of the Chancellor and Deputy Chancellor, the Councillors shall elect one of their number to chair the meeting.
- (b) Subject to this Constitution, questions arising at a meeting of the Councillors are decided by a majority of votes of the Councillors present and competent to vote on the question.
- (c) In the case of an equality of votes, the Chancellor has a casting vote in addition to a deliberative vote. If the Chancellor is absent from the meeting then the person chairing the meeting has a casting vote in addition to a deliberative vote.
- (d) The Councillors may delegate any of their powers to committees consisting of any Councillor or Councillors, or such other persons as the Councillors think fit, and may at any time revoke that delegation.
- (e) A committee to which any powers have been delegated shall exercise the powers delegated in accordance with any directions of the Councillors.
- (f) The Councillors may act notwithstanding any vacancy in the University Council, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the necessary quorum of the University Council, the continuing member or members may act for the purpose of summoning a general meeting of the company, but for no other purpose.
- (g) Subject to **clause 6.7(e)**, the meetings and proceedings of a committee of Councillors are governed by the provisions of this Constitution regulating meetings and proceedings of the Councillors, so far as they are capable of application (*mutatis mutandis*) to meetings and proceedings of committees.
- (h) All acts of the Councillors, a committee of the Councillors or a member of a committee of Councillors are valid notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified from acting or had vacated office.

### **6.8 Signed document passing Resolution of Councillors**

- (a) The Councillors may pass a resolution without a Councillors’ meeting being held if all the Councillors entitled to vote on the resolution (which does not include any alternate Councillor whose appointor signs the document) sign a document

containing a statement that they are in favour of the resolution set out in the document.

- (b) Separate copies of a document may be used for signing by Councillors if the wording of the resolution and statement is identical in each copy. An electronically transmitted facsimile copy of a document, the original of which in the opinion of the secretary has been apparently signed by a Councillor, is deemed to be a document signed by that Councillor for these purposes.
- (c) The resolution is passed when the last Councillor signs.

#### **6.9 Pro-Chancellor and Academic Senate**

- (a) The University Council may from time-to-time appoint one or more persons to hold the non-executive honorific title of Pro-Chancellor.
- (b) The University Council shall create an Academic Senate, which shall be advisory to the Vice-Chancellor on matters concerning the academic functions and policies of Bond University.
- (c) The Academic Senate shall be chaired by one of its members approved by the University Council and shall consist of such members of the Academic Staff and Students as the University Council shall, from time-to-time appoint, or as shall be determined in the manner laid down from time-to-time by the University Council. The University Council may from time to time invite the chair of Academic Senate to report to it, either generally, or in respect of specific academic functions or policies of Bond university.
- (d) The University Council may constitute and appoint one or more advisory boards consisting of such member or members as the University Council or the advisory boards so constituted thinks fit. The University Council may formulate its own rules as to the manner in which the membership of such boards may be constituted and without limiting the generality of the foregoing any of such advisory boards may consist of persons who are not members of the University Council. Such advisory boards shall act in an advisory capacity only and shall have power to co-opt any member or members thereof and all members of such advisory boards shall have one vote.

#### **6.10 Vice Chancellor**

- (a) The Councillors may from time-to-time appoint a person to the office of Vice-Chancellor on such terms as they think fit and subject to the terms of any agreement entered into in any particular case may revoke any such appointment. The said appointee shall contemporaneously with his appointment as Vice-Chancellor be appointed to the University Council. The appointment of such person as a Councillor as aforesaid shall automatically be determined if he ceases from any cause to be a Vice-Chancellor.
- (b) A Vice-Chancellor shall, subject to the terms of any agreement entered into in a particular case, receive such remuneration (whether by way of salary or commission or partly in one way and partly in another) as the Councillors determine.

- (c) (i) The Councillors may, upon such terms and conditions and with such restrictions as they think fit, confer upon a Vice-Chancellor any of the powers exercisable by them.
- (ii) Any powers so conferred may be concurrent with, or be to the exclusion of, the powers of the Councillors.
- (iii) The Councillors may at any time withdraw or vary any of the powers so conferred on a Vice-Chancellor.

### 6.11 Alternate Councillors

- (a) A Councillor may by notice in writing to the Company appoint a person (whether a member of the Company or not and whether otherwise a Councillor or not) approved by a majority of the other Councillors, to act as an alternate Councillor in the Councillor's place on such terms and conditions and for such period as the Councillor specifies.
- (b) An appointment, or the termination of an appointment, of an alternate Councillor is effected by notice in writing signed by the Councillor who makes or made the appointment and served on the Company, either by delivery of the notice to the Company's registered office or sending the notice to the Company by post, courier, airmail or facsimile transmission.
- (c) An alternate Councillor:
  - (i) may at any time be removed or suspended from office by writing under the hand of the Councillor by whom the alternate was appointed, notwithstanding that the period of the appointment of the alternate has not expired;
  - (ii) is entitled to receive notice of meetings of the Councillors and to attend and vote at those meetings if the Councillor by whom the alternate was appointed is not present;
  - (iii) where the alternate is also a Councillor, has a separate additional vote on behalf of the Councillor the alternate is representing;
  - (iv) may exercise all the powers reposed in the appointor (subject to any conditions or restrictions imposed in that regard by the appointor) but does not have the power to appoint an alternate Councillor;
  - (v) automatically ceases to be an alternate Councillor if the Councillor by whom the alternate was appointed ceases to be a Councillor;
  - (vi) whilst acting as a Councillor, is responsible to the Company for the alternate's own acts and defaults, and the Councillor by whom the alternate was appointed is not responsible for those acts or defaults;
  - (vii) is not entitled to any remuneration but is entitled to be reimbursed out of the funds of the Company for all reasonable travelling, accommodation and other expenses incurred by the alternate in travelling to or from and attending meetings of the Councillors or a committee of the Councillors or when otherwise engaged on the business of the Company; and

- (viii) is counted in determining a quorum for the purposes of **clause 6.6(h)**, but where the alternate Councillor is also a Councillor is not counted in both capacities.

## 6.12 Minutes

The Councillors shall ensure that the Company keeps minute books, and that minutes of meetings are signed, as required by the Corporations Act.

## 6.13 Interests of Councillors

- (a) A Councillor (including an alternate Councillor) in his capacity as such, may, unless prohibited from doing so in accordance with the Corporations Act, vote in respect of any contract or arrangement or proposed contract or arrangement in which he has, directly or indirectly, a material interest and may be present while the matter is being considered at a meeting of Councillors. The provisions of the Corporations Act shall apply in the case of any such material interest.
- (b) A Councillor may, notwithstanding his office as such and the fiduciary relationship established by that office:
  - (i) hold any other office or place of profit (except that of auditor of the Company) in the Company or in any body corporate in which the Company is a member or otherwise interested, provided however that a Councillor shall not without the approval of the Councillors hold the office of a director of any other company which in the opinion of the Councillors is for the time being in active competition with the Company;
  - (ii) enter into a contract or arrangement with the Company as vendor, purchaser, underwriter or otherwise and may participate in any association, institution, fund, trust, scheme or convenience for past or present employees or Councillors of the Company; and
  - (iii) subject to **clause 6.13(d)**, retain for his own benefit, any profit arising from any such other office or place of profit, or from any such contract or arrangement and any remuneration, pension, allowance, commission or other benefit received in relation to such office or place of profit or received by reason of participation in any such association, institution, fund, trust, scheme or convenience.
- (c) Any contract or arrangement entered into by or on behalf of the Company is not void or voidable by reason only that a Councillor is in any way directly or indirectly interested in it.
- (d) A Councillor who is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company or who holds any office or possesses any property by which, directly or indirectly, duties or interests might be created in conflict with his duties or interests as Councillor, shall declare the nature of his interest or the nature, character and extent of the conflict (as the case may be).

## 7 SECRETARY

### 7.1 Appointment

The Councillors may at any time appoint a secretary and may at any time terminate the appointment of any secretary.

### 7.2 Terms of Office

A secretary of the Company holds office on such terms and conditions, as the Councillors determine.

## 8 SEAL

### 8.1 Types of Seals

- (a) The Councillors may adopt a common seal of the Company.
- (b) Where the Company has a common seal, the Company may have a duplicate common seal, which must be a copy of the common seal with the words "duplicate seal" or "certificate seal" added.
- (c) The Councillors shall provide for the safe custody of all seals in such manner as they determine.

### 8.2 Use of Seal

- (a) The seal shall be used only by the authority of the Councillors.
- (b) Subject to **clause 8.2(c)**, every document to which the seal is affixed shall be signed by a Councillor and countersigned by the secretary or a second Councillor or by some other person appointed generally or in a particular case by the Councillors for that purpose.
- (c) Where the Company has only 1 Councillor and that Councillor is also the only secretary, that Councillor alone shall sign any document to which the seal is affixed.
- (d) The Councillors may determine, generally or in a particular case, that the seal and the signatures of the Councillor, secretary or other person appointed by the Councillors for the purpose of signing documents to which the seal is affixed, may be affixed or written on documents by a specified mechanical means so as to produce a facsimile of such seal and signatures.

## 9 UNIVERSITY CREST

If and when the company adopts a University Crest, the University Council shall provide for its safe custody and the University Crest shall only be used by the authority of the Councillors or of a committee of the University Council authorised by the University Council in that regard.

## **10 ACCOUNTS AND AUDIT**

### **10.1 Auditor**

Where the Company has an auditor, the auditor or the auditor's agent authorised in writing for the purpose is entitled to:

- (a) attend general meetings;
- (b) receive all notices of and other communications relating to general meetings which a member is entitled to receive;
- (c) speak at any general meeting which the auditor attends on any part of the business of the meeting which concerns the auditor in that capacity,

but does not have the right to vote at general meetings.

### **10.2 Accounts**

The University Council shall cause proper accounting and other records to be kept and shall distribute copies of every profit and loss account and balance sheet (including every document required by law to be attached thereto) accompanied by a copy of the auditors report as required by the Corporations Act. The University Council shall cause to be made out and laid before each annual general meeting a balance sheet and profit and loss account made up to a date not more than five months before the date of the meeting.

### **10.3 Inspection of Company Records**

- (a) Subject to the Corporations Act, the Councillors shall determine whether and to what extent and at what times and places and under what conditions the accounting records and other documents of the Company or any of them will be open to inspection by the members and other persons.
- (b) A member or other person (not being a Councillor):
  - (i) has no right to inspect any documents of the Company, except as conferred by the Corporations Act or any other statute, or except as authorised by the Councillors; and
  - (ii) is not entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of or used by the Company.

## **11 NOTICES**

### **11.1 Mode of Service**

- (a) The Company may give a certificate, cheque, warrant, notice or other document to any member by:
  - (i) serving it on the member personally;
  - (ii) sending it by post, courier or airmail to the member at the address recorded in the register or the address supplied by the member to the Company for the giving of notices to the member; or



- (iii) where applicable, sending it to the member:
  - (A) by facsimile transmission to the facsimile number supplied by the member to the Company for the giving of notices to the member;
  - (B) by electronic mail to the electronic address supplied by the member to the Company for the giving of notices to the member.
- (b) A notice may be given by the Company to joint holders of a share by giving the notice to the joint holder first named in the register in respect of the share.

### 11.2 Deemed Receipt of Notice

- (a) A document sent by way of ordinary post, courier or air mail is deemed to have been received or served on the business day next following that on which it was posted or dispatched. In proving delivery or service it is sufficient to prove that the envelope or wrapper containing the document was properly addressed and stamped (if posted) and was posted or dispatched.
- (b) A document sent by way of facsimile transmission is deemed to be received on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient if produced before 4 pm (local time) on a day, otherwise on the next business day.
- (c) A document sent by way of electronic mail is deemed to be received on the day and at the time specified in a delivery report indicating the document has been delivered or, if no delivery report is received, on the next business day (but is not deemed to have been received if a delivery report indicates a delivery failure).

### 11.3 Proof of Service

A certificate in writing signed by a Councillor, secretary or other officer of the Company that:

- (a) a document or its envelope or wrapper was addressed and stamped and was posted or dispatched;
- (b) a document was sent by facsimile transmission and that a transmission report was produced by the machine from which it was sent which indicated that the facsimile was sent in its entirety;
- (c) a document was sent by electronic mail, and that a delivery report was received indicating the document was delivered, or that no delivery report was received indicating a delivery failure,

is conclusive evidence of those facts.

### 11.4 Notice of General Meeting of the Company

- (a) Subject to **clause 11.4(c)**, the following persons are entitled to receive notice of every general meeting:

- (i) every member;
  - (ii) every Councillor; and
  - (iii) the auditor for the time being of the Company.
- (b) No other person is entitled to receive notices of general meetings.
- (c) A member who has no registered address in Australia or who has not supplied to the Company any address or facsimile number within Australia for the giving of notices to the member is not entitled to receive notices from the Company.

### 11.5 Previous Notice

A person who by operation of law or other means becomes entitled to be registered as a member, is bound by every notice previously given in respect of that membership.

## 12 WINDING UP

### 12.1 Distribution of assets

If on the winding up or dissolution of the Company, there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed amongst members, of the Company, but shall be given or transferred to some other institution or institutions in Queensland having objects similar to the objects of the Company or in part similar to the objects of the Company, and which shall prohibit the distribution of its or their income among its or their members to any extent at least as great as is imposed on the Company by **clause 3.3** of Part A of this Constitution. The institution or institutions are to be determined by the members of the Company at or before the time of dissolution and in default thereof by a judge of the Supreme Court of Queensland. If and so far as effect cannot be given to this provision, then the property is to be applied to some charitable object.

## 13 INDEMNITY OF OFFICERS

- (a) The Company must indemnify each Officer out of the assets of the Company To The Relevant Extent against any Liability incurred by the Officer in or arising out of the conduct of the business of the Company or a subsidiary of the Company or in or arising out of the discharge of the Duties Of The Officer.
- (b) Subject to the Corporations Act, where the Board considers it appropriate, the Company may execute a documentary indemnity in any form in favour of any Officer.
- (c) Subject to the Corporations Act, where the Board considers it appropriate, the Company may:
  - (i) make payments by way of premium in respect of any contract effecting insurance on behalf or in respect of an Officer against any Liability incurred by the Officer in or arising out of the conduct of the business of the Company or a subsidiary of the Company or in or arising out of the discharge of the Duties Of The Officer; and

- (ii) bind itself and amend any contract or deed with any Officer to make the payments;
- (d) In this clause:
- (i) “Officer” means:
    - (A) a Director or Secretary or a director or secretary of a subsidiary of the Company; or
    - (B) a person:
      - (1) who makes or participates in making decisions that affect the whole, or a substantial part, of the business of the Company or a subsidiary of the Company;
      - (2) who has the capacity to affect significantly the Company’s or a subsidiary of the Company’s financial standing; or
      - (3) in accordance with whose instructions or wishes the Directors or the directors of a subsidiary of the Company are accustomed to act (excluding advice given by the person in the proper performance of functions attached to the person’s professional capacity or their business relationship with the Directors or the directors of a subsidiary of the Company or the Company or a subsidiary of the Company),
- and includes a former officer;
- (ii) “Duties Of The Officer” includes, in any particular case where the Board considers it appropriate, duties arising by reason of the appointment, nomination or secondment in any capacity of an Officer by the Company or, where applicable the subsidiary of the Company, to any other corporation;
  - (iii) “To The Relevant Extent” means:
    - (A) to the extent the Company is not precluded by law from doing so;
    - (B) to the extent and for the amount that the Officer is not otherwise entitled to be indemnified and is not actually indemnified by another person (including, but without limitation, a subsidiary or an insurer under any insurance policy); and
    - (C) where the Liability is incurred in or arising out of the conduct of the business of another corporation or in the discharge of the Duties Of The Officer in relation to another corporation, to the extent and for the amount that the Officer is not entitled to be indemnified and is not actually indemnified out of the assets of that corporation; and

- (iv) "Liability" means all costs, charges, losses, damages, expenses, penalties and liabilities of any kind including, in particular, legal costs incurred in defending an action for a liability incurred as an Officer.

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

**COMPANY PARTICULARS**

**Directors**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

(Chancellor)  
(Vice Chancellor)  
(Deputy Chancellor)

**Secretary**

[REDACTED]

**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  
324 Queen 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 2013.

### Directors

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

[REDACTED]

### Mission Statement

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

### Objectives and Strategies

#### Objectives:

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

#### Strategies:

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

### Principal Activities and Significant Changes in Nature of Activities

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

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

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

## **DIRECTORS' REPORT (continued)**

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

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

### **Key Performance Indicators**

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

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

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

### **Dividends**

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

### **Other Corporate Information**

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

### **Review of Operations**

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

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

### **Significant Changes in the State of Affairs**

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

### **Matters Subsequent to the End of the Financial Year**

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

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

**DIRECTORS' REPORT (continued)**

**Likely Developments and Expected Results of Operations**

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

**Environmental Regulation**

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

**Information on Directors**

██████████ *Chairman – independent non-executive director*

*Qualifications*

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

*Experience*

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

*Other current directorships*

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

*Special responsibilities*

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

██████████ *Executive director*

*Qualifications*

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

*Experience*

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

*Other current directorship*

Chair, Queensland Independent Remuneration Tribunal.

*Special responsibilities*

Vice-Chancellor and President.



Bond University Limited and Controlled Entities

## DIRECTORS' REPORT (continued)

### Information on Directors (continued)

██████████ *Non-executive director*

#### *Qualifications*

BA(Hons), LLB(Hons) Qld

#### *Experience*

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

#### *Other current directorships*

Chairman of Highlands Pacific Limited.

#### *Special responsibilities*

Deputy Chancellor.

Member of Bond University Ltd.

██████████ *Non-executive director*

#### *Qualifications*

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

#### *Experience*

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

#### *Other current directorships*

Deputy Chair of Medicare Local Tasmania Board.

Deputy Chair of Board of Relationships Australia – Tasmania.

Director of Habitat Holdings Pty Ltd.

Chair of Tasmanian Library Advisory Board.

Bond University Limited and Controlled Entities

## DIRECTORS' REPORT (continued)

### Information on Directors (continued)

████████████████████ *Non-executive director*

#### *Qualifications*

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

#### *Experience*

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

#### *Other current directorship*

Director of Australian Multicultural Foundation.

#### *Special responsibilities*

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

████████████████████ *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. ██████████ has experience in designing, implementing and managing boutique businesses both in Australia and overseas.

#### *Other current directorship*

Director of Burleigh Brewing Company Pty Ltd.

#### *Special responsibilities*

Chair of the Alumni Advisory Board.

████████████████████ *Non-executive director*

#### *Qualifications*

BCom (Hons) Qld, FAICD

#### *Experience*

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

#### *Other current directorships*

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

#### *Special responsibilities*

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

Bond University Limited and Controlled Entities

**DIRECTORS' REPORT (continued)**

**Information on Directors (continued)**

██████████ *Non-executive director*

*Qualifications*  
BComn(Bus) Bond

*Experience*

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

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

*Special responsibilities*  
Member of Nominations Advisory Committee.

██████████ *Non-executive director*

*Qualifications*  
BBus Charles Sturt

*Experience*

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

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

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

██████████ *Non-executive director*

*Qualifications*  
PhD UWA, Hon DLitt UWA

*Experience*

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

**DIRECTORS' REPORT (continued)**

**Information on Directors (continued)**

*Other current directorships*

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

*Special responsibilities*

Member of Nominations Advisory Committee.

**Company Secretary**

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

**Meetings of Directors**

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

	MEETINGS OF DIRECTORS				MEETINGS OF COMMITTEES					
	Scheduled Meetings & Attendance		Unscheduled Meetings & Attendance		Nominations Advisory Committee		Audit & Risk Management Committee		Occupational Health & Safety Committee	
	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended	No. of Mtgs Held*	No. of Mtgs Attended
[REDACTED]	7	7	2	2	2	2	4	4	4	4
[REDACTED]	7	7	2	2	**	**	**	**	**	**
[REDACTED]	7	7	2	2	**	**	**	**	**	**
[REDACTED]	7	7	2	1	**	**	**	**	**	**
[REDACTED]	7	7	2	2	**	**	4	4	4	4
[REDACTED]	7	7	2	2	**	**	**	**	**	**
[REDACTED]	7	7	2	1	**	**	4	4	4	4
[REDACTED]	7	6	2	1	2	2	**	**	**	**
[REDACTED]	7	7	2	1	**	**	4	3	4	3
[REDACTED]	7	7	2	2	2	2	**	**	**	**

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

\*\* Not a member of the relevant committee.

**DIRECTORS' REPORT (continued)**

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

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

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

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

**Rounding of Amounts**

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

**Auditor and Auditor's Independence Declaration**

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

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



Director and Chancellor



Vice Chancellor and President

Gold Coast  
6 March 2014



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 2013 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young



Partner  
6 March 2014

Bond University Limited and Controlled Entities

**FINANCIAL REPORT**

**31 DECEMBER 2013**

**CONTENTS**

	Page
Financial statements	
Consolidated income statement	11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16
Directors' declaration	39
Independent auditor's report to the members	40

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.

Bond University Limited and Controlled Entities

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

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.*



Bond University Limited and Controlled Entities

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

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

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

Bond University Limited and Controlled Entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

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

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

Bond University Limited and Controlled Entities

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

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

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

Bond University Limited and Controlled Entities

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

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

*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**

	<b>Page</b>
1 Corporate Information	17
2 Summary of Significant Accounting Policies	17
3 Significant Accounting Judgments, Estimates and Assumptions	25
4 Revenue	26
5 Other Income	26
6 Expenses	26
7 Current Assets – Cash and Cash Equivalents	27
8 Current Assets – Cash - Restricted	27
9 Current Assets – Trade and Other Receivables	27
10 Current Assets – Inventories	28
11 Current Assets – Other Financial Assets at Fair Value Through Profit or Loss	28
12 Non-current Assets – Receivables	28
13 Non-current Assets – Available-for-sale Financial Assets	28
14 Non-current Assets – Property, Plant and Equipment	29
15 Non-current Assets – Intangible Assets	30
16 Current Liabilities – Trade and Other Payables	31
17 Current Liabilities – Borrowings	31
18 Derivative Financial Instruments	31
19 Current Liabilities – Provisions	32
20 Current Liabilities – Other	32
21 Non-current Liabilities – Borrowings	32
22 Non-current Liabilities – Provisions	34
23 Contributed Equity	34
24 Reserves and Retained Earnings	35
25 Contingencies	35
26 Commitments	35
27 Related Party Transactions	36
28 Subsidiaries	37
29 Parent Entity Financial Information	37
30 Non-cash Investing and Financing Activities	38
31 Financial Risk Management	38
32 Events Occurring After the Reporting Period	38

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

### Note 1. Corporate Information

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

### Note 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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

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

#### (b) New accounting standards and interpretations

Changes in accounting policy and disclosures

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

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

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

#### (c) Basis of Consolidation

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**Note 2. Summary of Significant Accounting Policies (continued)**

**(d) Revenue Recognition**

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

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

Revenue is recognised for the major business activities as follows:

Tuition and student food and accommodation revenue is recognised monthly as the services are provided to students. Tuition revenue is net of financial aid provided to students by the University.

Other food and beverage income is recognised upon provision to customers.

Interest revenue is recognised on a time proportion basis using the effective interest method.

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

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

Other income is recognised when the service is provided.

**(e) Income Tax**

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

**(f) Leases**

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**Note 2. Summary of Significant Accounting Policies (continued)**

**(g) Impairment of Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not-for-profit entity, value in use of property, plant and equipment and intangible assets at cost includes depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(h) Cash and Cash Equivalents**

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

**(i) Trade Receivables**

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

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

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

**(j) Inventories**

Food, beverages and general stores stock are stated at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**Note 2. Summary of Significant Accounting Policies (continued)**

**(m) Property, Plant and Equipment**

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

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

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

Land and artworks are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased plant and equipment, the shorter lease term. The assets have been depreciated as follows:

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(g)).

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

**(n) Intangible Assets**

*Computer software*

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

*Research and development costs*

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**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.

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

**Note 2. Summary of Significant Accounting Policies (continued)**

**(v) Government Grants**

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

**(w) Reclassification**

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

**Note 3. Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent 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 2013, the carrying amount of capitalised program development costs was \$95,928 (2012: \$0).

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

**Note 4. Revenue**

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

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

**Note 5. Other Income**

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

**Note 6. Expenses**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**Note 6. Expenses (continued)**

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

**Note 7. Current Assets – Cash and Cash Equivalents**

	2013 \$'000	2012 \$'000
Cash at bank and on hand	13,524	55,264
Term deposits	42,000	9,500
	<u>55,524</u>	<u>64,764</u>

**Note 8. Current Assets – Cash - Restricted**

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

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

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

**Note 9. Current Assets – Trade and Other Receivables**

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

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

**(a) Impaired trade receivables**

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

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

**(b) Other receivables**

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

**Note 10. Current Assets - Inventories**

	2013	2012
	\$'000	\$'000
<b>At cost</b>		
Food	50	46
Beverages	45	45
General stores	26	19
	<u>121</u>	<u>110</u>

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

	2013	2012
	\$'000	\$'000
Australian listed equity securities	<u>299</u>	<u>249</u>

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

**Note 12. Non-Current Assets – Trade Receivables**

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

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

	2013	2012
	\$'000	\$'000
Australian unlisted equity securities (at cost)	<u>11</u>	<u>11</u>

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

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

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

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

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

**(a) Valuation of land and buildings**

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

**(b) Non-current assets pledged as security**

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

**(c) Reconciliations**

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

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

**Note 15. Non-Current Assets – Intangible Assets**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

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

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

**Note 16. Current Liabilities – Trade and Other Payables**

	2013 \$'000	2012 \$'000
Trade payables	11,483	9,899
Other payables	474	7,206
	<b>11,957</b>	<b>17,105</b>

**Other payables**

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

**Note 17. Current Liabilities – Borrowings**

	2013 \$'000	2012 \$'000
<b>Secured</b>		
Bank loan	2,667	-
Lease liabilities	919	1,736
<b>Total secured current borrowings</b>	<b>3,586</b>	<b>1,736</b>

**Note 18. Derivative Financial Instruments**

	2013 \$'000	2012 \$'000
<b>Current liabilities</b>		
Interest rate swap contracts – cash flow hedges	33	99
	<b>33</b>	<b>99</b>

**Instruments used by the Group**

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

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

**Note 18. Derivative Financial Instruments (continued)**

*Interest rate swap contracts – cash flow hedges*

Bank loans of the Group currently bear an average variable interest rate of 2.67% (2012: 3.17%) plus a pricing margin of 2.50% (2012: 2.70%). In order to protect the loans from exposure to increasing interest rates, the Group has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

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

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

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

**Note 19. Current Liabilities – Provisions**

	2013 \$'000	2012 \$'000
Employee benefits – annual leave	6,628	6,979
Employee benefits – long service leave	5,257	5,193
	<u>11,885</u>	<u>12,172</u>

**Note 20. Current Liabilities – Other**

	2013 \$'000	2012 \$'000
Deferred income		
- student fees	10,400	9,635
- fitness centre	40	45
	<u>10,440</u>	<u>9,680</u>

**Note 21. Non-Current Liabilities – Borrowings**

	2013 \$'000	2012 \$'000
<b>Secured</b>		
Bank loan	37,187	39,802
Lease liabilities	379	1,075
Total non-current borrowings	<u>37,566</u>	<u>40,877</u>

**(a) Total Secured Liabilities**

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

Bank loan	39,854	39,802
Lease liabilities	1,298	2,811
Total secured liabilities	<u>41,152</u>	<u>42,613</u>

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

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

**(b) Assets Pledged as Security**

The bank loan is secured by:

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

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

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

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

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

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

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

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

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

**(c) Financing Arrangements**

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

	2013	2012
	\$'000	\$'000
<b>Credit standby arrangements</b>		
Total facilities		
Asset finance facility	25	-
	<u>25</u>	<u>-</u>
Used at balance date		
Asset finance facility	-	-
	<u>-</u>	<u>-</u>
Unused at balance date		
Asset finance facility	25	-
	<u>25</u>	<u>-</u>
	2013	2012
	\$'000	\$'000
<b>Bank loan facilities</b>		
Total facilities	40,000	40,000
Used at balance date	<u>40,000</u>	<u>40,000</u>
Unused at balance date	<u>-</u>	<u>-</u>

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

**Note 22. Non-Current Liabilities – Provisions**

	2013	2012
	\$'000	\$'000
Employee benefits – long service leave	<u>2,214</u>	<u>2,142</u>

**Note 23. Contributed Equity**

Bond University Limited was incorporated as a company limited by guarantee on 12 February 1987. Pursuant to the Constitution of the company, every member has undertaken in the event of a deficiency on winding up to contribute an amount not exceeding \$10. At 31 December 2013, Bond University Limited had 30 (2012: 30) members.

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

**Note 24. Reserves and Retained Earnings**

	2013	2012
	\$'000	\$'000
<b>(a) Reserves</b>		
Hedging reserve – cash flow hedges	<u>(33)</u>	<u>(99)</u>
<i>Movements:</i>		
Balance 1 January	(99)	(2,248)
Reclassification during the year to profit or loss	67	2,686
Net gain/(loss) during the year	<u>(1)</u>	<u>(537)</u>
Net movement in cash flow hedges	<u>66</u>	<u>2,149</u>
Balance 31 December	<u>(33)</u>	<u>(99)</u>
<b>(b) Retained earnings</b>		
	2013	2012
	\$'000	\$'000
<i>Movements in retained earnings were as follows:</i>		
Balance 1 January	144,548	148,477
Net profit/(loss) for the year	<u>1,095</u>	<u>(3,929)</u>
Balance 31 December	<u>145,643</u>	<u>144,548</u>

**(c) Nature and purpose of reserves**

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 2(k). Amounts are reclassified to profit and loss when the associated hedge transaction affects profit and loss.

**Note 25. Contingencies**

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

**Note 26. Commitments**

**(a) Capital Commitments**

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

	2013	2012
	\$'000	\$'000
Within one year	<u>-</u>	<u>9,441</u>

**(b) Lease Commitments**

*(i) Non-cancellable Operating Leases*

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013 (continued)

**Note 26. Commitments (continued)**

**(b) Lease Commitments (continued)**

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

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

*(ii) Finance Leases*

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

Commitments in relation to finance leases are payable as follows:

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

**Note 27. Related Party Transactions**

**(a) Parent entity**

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

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 28.

**(c) Key management personnel compensation**

	2013	2012
	\$'000	\$'000
Key management personnel compensation	<u>3,673</u>	<u>3,501</u>

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

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

**Note 27. Related Party Transactions (continued)**

**(d) Transactions with key management personnel**

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

**Note 28. Subsidiaries**

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

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

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

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

**Note 29. Parent Entity Financial Information**

**(a) Summary financial information**

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

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

**(b) Guarantees entered into by the parent entity**

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

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

**Note 29. Parent Entity Financial Information (continued)**

**(c) Contingent liabilities of the parent entity**

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

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

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

**Note 30. Non-cash Investing and Financing Activities**

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

**Note 31. Financial Risk Management**

**Interest Rate Risk**

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

**Note 32. Events Occurring After the Reporting Period**

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

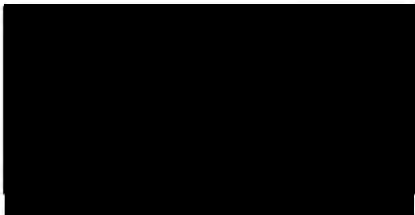
## DIRECTORS' DECLARATION

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

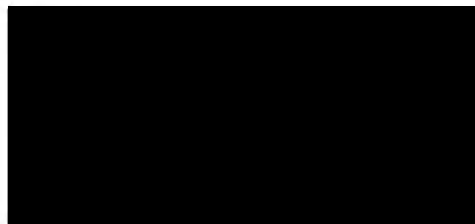
In the opinion of the directors:

- (a) The financial statements and notes of Bond University Limited for the financial year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of its financial position as at 31 December 2013 and performance for the year ended on that date; and
  - (ii) Complying with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
  
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On Behalf of the Board



Director and Chancellor



Vice Chancellor and President

Gold Coast  
6 March 2014



Ernst & Young  
111 Eagle Street  
Brisbane, QLD 4000 Australia  
DPO Box 1878 Brisbane QLD 4001

Tel: +61 7 3211 0000  
Fax: +61 7 3211 1711  
ey.com/au

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

### Report on the financial report

We have audited the accompanying financial report of Bond University Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

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

#### *Independence*

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

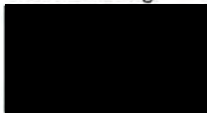


### Opinion

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

- (a) giving a true and fair view of the financial position of the consolidated entity at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young



Partner  
Brisbane  
6 March 2014

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

**COMPANY PARTICULARS**

**Directors**

[REDACTED]

(Chancellor)  
(Vice Chancellor)  
(Deputy Chancellor)

**Secretary**

[REDACTED]

**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:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] PSM was a director from the beginning of the financial year until her retirement on 2 May 2014.

[REDACTED] OAM was elected as director on 2 May 2014 and continues in office at the date of this report.

[REDACTED] was a director from the beginning of the financial year until her retirement on 19 December 2014.

[REDACTED] 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

██████████

*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. ██████████ a member of the Bradley Review into Higher Education. Former Director of Strategy, Westpac Banking Corporation. Former partner of McKinsey & Company. ██████████ 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.

██████████

*Executive director*

#### *Qualifications*

PhD (Monash), MEd, 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.

██████████

*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. ██████████ 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.

████████████████████

*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. ██████████ 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.

████████████████████

*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. ██████████ 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.

████████████████████

*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. ██████████ 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)**

██████████ *Non-executive director*

*Qualifications*

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

*Experience*

Independent non-executive director of Bond University Limited since 26 December 2014. ██████████ 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, ██████████ 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. ██████████ 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.

██████████ *Non-executive director*

*Qualifications*

BComn (Bus) Bond

*Experience*

Independent non-executive director of Bond University Limited since 23 May 2008. ██████████ 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.

██████████ *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. ██████████ 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)**

██████████ *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. ██████████ 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 ██████████ 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
██████████	7	7	1	1	2	2	4	4	4	4
██████████	7	7	1	1	**	**	**	**	**	**
██████████	7	7	1	1	**	**	**	**	**	**
██████████ (retired 2/5/14)	3	3	1	1	**	**	**	**	**	**
██████████	7	6	1	1	**	**	4	4	4	4
██████████	7	7	1	1	**	**	**	**	**	**
██████████ (elected 2/5/14)	4	4	-	-	**	**	**	**	**	**
██████████ (retired 19/12/14)	7	5	1	-	**	**	4	4	4	4
██████████	7	5	1	1	2	2	**	**	**	**
██████████	7	6	1	1	**	**	4	4	4	4
██████████	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.

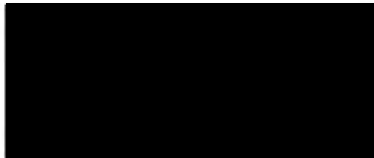
**Rounding of Amounts**

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.



Director and Chancellor



Vice Chancellor and President

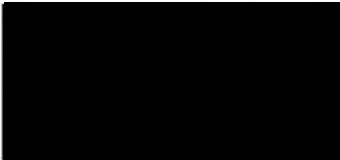
Gold Coast  
10 March 2015

## 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



Partner  
10 March 2015

**FINANCIAL REPORT**  
**31 DECEMBER 2014**

**CONTENTS**

	Page
Financial statements	
Consolidated income statement	10
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
Directors' declaration	37
Independent auditor's report to the members	38

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
<b>Revenue from continuing operations</b>	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)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>25,856</b>	22,598
Depreciation and amortisation expenses	6(b)	(18,435)	(19,074)
Finance costs	6(c)	(2,127)	(2,429)
<b>Profit before income tax</b>		<b>5,294</b>	1,095
Income tax expense	2(e)	-	-
<b>Profit for the year</b>		<b>5,294</b>	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
<b>Profit for the year</b>		<b>5,294</b>	<b>1,095</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net movement on cashflow hedges	24(a)	<u>(67)</u>	<u>66</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>(67)</u>	<u>66</u>
<b>Total comprehensive income for the year, net of tax</b>		<u><b>5,227</b></u>	<u><b>1,161</b></u>

*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
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
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
<b>TOTAL CURRENT ASSETS</b>		<b>90,662</b>	<b>81,540</b>
<b>NON-CURRENT ASSETS</b>			
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
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,984</b>	<b>141,751</b>
<b>TOTAL ASSETS</b>		<b>226,646</b>	<b>223,291</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
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
<b>TOTAL CURRENT LIABILITIES</b>		<b>36,432</b>	<b>37,901</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	37,301	37,566
Provisions	22	2,076	2,214
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>39,377</b>	<b>39,780</b>
<b>TOTAL LIABILITIES</b>		<b>75,809</b>	<b>77,681</b>
<b>NET ASSETS</b>		<b>150,837</b>	<b>145,610</b>
<b>EQUITY</b>			
Contributed equity	23	-	-
Reserves	24(a)	(100)	(33)
Retained earnings	24(b)	150,937	145,643
<b>TOTAL EQUITY</b>		<b>150,837</b>	<b>145,610</b>

*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
<b>Consolidated</b>					
<b>Balance at 1 January 2013</b>		-	(99)	144,548	144,449
Profit for the year		-	-	1,095	1,095
Other comprehensive income for the year		-	66	-	66
<b>Total comprehensive income for the year</b>		-	66	1,095	1,161
<b>Balance at 31 December 2013</b>		-	(33)	145,643	145,610
Profit for the year		-	-	5,294	5,294
Other comprehensive income (loss) for the year		-	(67)	-	(67)
<b>Total comprehensive income (loss) for the year</b>		-	(67)	5,294	5,227
<b>Balance at 31 December 2014</b>	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
<b>Operating Activities</b>			
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)
<b>Net cash flows from operating activities</b>		<u>22,171</u>	<u>8,502</u>
<b>Investing Activities</b>			
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
<b>Net cash flows used in investing activities</b>		<u>(11,664)</u>	<u>(15,955)</u>
<b>Financing Activities</b>			
Repayment of borrowings		(2,667)	-
Repayment of lease liabilities		(1,058)	(1,787)
<b>Net cash flows used in financing activities</b>		<u>(3,725)</u>	<u>(1,787)</u>
Net increase/(decrease) in cash and cash equivalents		6,782	(9,240)
<b>Net foreign exchange difference</b>		(134)	-
Cash and cash equivalents at 1 January		55,524	64,764
<b>Cash and cash equivalents at 31 December</b>	7	<u>62,172</u>	<u>55,524</u>

*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**

	<b>Page</b>
1 Corporate Information	16
2 Summary of Significant Accounting Policies	16
3 Significant Accounting Judgments, Estimates and Assumptions	24
4 Revenue	25
5 Other Income	25
6 Expenses	25
7 Current Assets – Cash and Cash Equivalents	26
8 Current Assets – Cash - Restricted	26
9 Current Assets – Trade and Other Receivables	26
10 Current Assets – Inventories	27
11 Current Assets – Other Financial Assets at Fair Value Through Profit or Loss	27
12 Non-current Assets – Receivables	27
13 Non-current Assets – Available-for-sale Financial Assets	28
14 Non-current Assets – Property, Plant and Equipment	28
15 Non-current Assets – Intangible Assets	29
16 Current Liabilities – Trade and Other Payables	30
17 Current Liabilities – Borrowings	30
18 Derivative Financial Instruments	30
19 Current Liabilities – Provisions	31
20 Current Liabilities – Other	31
21 Non-current Liabilities – Borrowings	31
22 Non-current Liabilities – Provisions	33
23 Contributed Equity	33
24 Reserves and Retained Earnings	33
25 Contingencies	33
26 Commitments	33
27 Related Party Transactions	34
28 Subsidiaries	35
29 Parent Entity Financial Information	35
30 Non-cash Investing and Financing Activities	36
31 Financial Risk Management	36
32 Events Occurring After the Reporting Period	36

## 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014 (continued)

### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2014 (continued)

**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
	\$'000	\$'000
<b>From continuing operations</b>		
<i>Sales Revenue</i>		
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
	<u>151,925</u>	<u>152,807</u>
<i>Other Revenue</i>		
Interest	2,720	2,885
Dividends	17	16
	<u>154,662</u>	<u>155,708</u>

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
	<u>12,585</u>	<u>11,830</u>

**Note 6. Expenses**

	2014	2013
	\$'000	\$'000
<b>Profit before income tax includes the following specific expenses:</b>		
(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	<u>98,120</u>	<u>105,641</u>
(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	<u>16,598</u>	<u>16,296</u>



**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	<u>1,837</u>	<u>2,778</u>
Total depreciation and amortisation	<u>18,435</u>	<u>19,074</u>
(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	<u>12,261</u>	<u>10,999</u>

**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
	<u>62,172</u>	<u>55,524</u>

**Note 8. Current Assets – Cash - Restricted**

	2014 \$'000	2013 \$'000
Cash - Restricted	<u>21,319</u>	<u>19,132</u>

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)	<u>(628)</u>	<u>(695)</u>
	1,715	1,577
Other receivables	2,491	2,158
Less: Provision for impairment of other receivables - refer note 9(b)	<u>(160)</u>	<u>-</u>
	2,331	2,158
Security deposits	14	14
	<u>4,060</u>	<u>3,749</u>

**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	2013
	\$'000	\$'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)
	<u>841</u>	<u>975</u>
Representing provision for impairment of trade receivables:		
Current (Note 9)	628	695
Non-current (Note 12)	213	280
	<u>841</u>	<u>975</u>

**(b) Impaired other receivables***Movements in the provision for impairment of other receivables are as follows:*

	2014	2013
	\$'000	\$'000
At 1 January	-	-
Provision for impairment recognised during the year	160	-
	<u>160</u>	<u>-</u>

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	2013
	\$'000	\$'000
<b>At cost</b>		
Food	60	50
Beverages	64	45
General stores	146	26
	<u>270</u>	<u>121</u>

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

	2014	2013
	\$'000	\$'000
Australian listed equity securities	<u>298</u>	<u>299</u>

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	2013
	\$'000	\$'000
Trade receivables	357	520
Less: Provision for impairment of trade receivables - refer note 9(a)	(213)	(280)
	<u>144</u>	<u>240</u>

**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)	<u>11</u>	<u>11</u>

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

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

**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
<b>Total</b>	<b>140,066</b>	<b>10,839</b>	<b>242</b>	<b>17,479</b>	<b>133,184</b>

**Note 15. Non-Current Assets – Intangible Assets**

	2014 \$'000	2013 \$'000
<b>Intangible Assets</b>		
Computer software - at cost	11,402	10,600
Less: Accumulated amortisation	10,159	9,262
	<b>1,243</b>	1,338
Computer software - work in progress	837	-
<b>Total Computer software</b>	<b>2,080</b>	1,338
Course Development Cost	605	96
Less: Accumulated amortisation	40	-
	<b>565</b>	96
<b>Total Intangible Assets</b>	<b>2,645</b>	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
<b>Total</b>	<b>1,434</b>	<b>2,168</b>	<b>19</b>	<b>938</b>	<b>2,645</b>

**Note 16. Current Liabilities – Trade and Other Payables**

	2014 \$'000	2013 \$'000
Trade payables	10,377	11,483
Other payables	223	474
	<b>10,600</b>	<b>11,957</b>

**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
<b>Secured</b>		
Bank loan	667	2,667
Lease liabilities	565	919
<b>Total secured current borrowings</b>	<b>1,232</b>	<b>3,586</b>

**Note 18. Derivative Financial Instruments**

	2014 \$'000	2013 \$'000
<b>Current liabilities</b>		
Interest rate swap contracts – cash flow hedges	100	33
	<b>100</b>	<b>33</b>

**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
	<u>13,155</u>	<u>11,885</u>

**Note 20. Current Liabilities – Other**

	2014	2013
	\$'000	\$'000
Deferred income		
- student fees	11,306	10,400
- fitness centre	39	40
	<u>11,345</u>	<u>10,440</u>

**Note 21. Non-Current Liabilities – Borrowings**

	2014	2013
	\$'000	\$'000
<b>Secured</b>		
Bank loan	36,571	37,187
Lease liabilities	730	379
Total non-current borrowings	<u>37,301</u>	<u>37,566</u>

**(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	<u>38,533</u>	<u>41,152</u>

**(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
<b>Current</b>		
<i>Floating charge</i>		
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	<u>90,662</u>	<u>81,540</u>
<b>Non-current</b>		
<i>First mortgage</i>		
Freehold land and buildings	110,180	115,102
<i>Finance lease</i>		
Plant and equipment under finance lease	1,187	975
Motor vehicles under finance lease	68	244
	<u>1,255</u>	<u>1,219</u>
<i>Floating charge</i>		
Receivables	144	240
Available-for-sale financial assets	11	11
Plant and equipment	21,749	23,745
Intangible assets	2,645	1,434
	<u>24,549</u>	<u>25,430</u>
Total non-current assets pledged as security	<u>135,984</u>	<u>141,751</u>
Total assets pledged as security	<u>226,646</u>	<u>223,291</u>

**(c) Financing Arrangements**

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

	2014 \$'000	2013 \$'000
<b>Credit standby arrangements</b>		
Total facilities		
Asset finance facility	-	25
	<u>-</u>	<u>25</u>
Used at balance date		
Asset finance facility	-	-
	<u>-</u>	<u>-</u>
Unused at balance date		
Asset finance facility	-	25
	<u>-</u>	<u>25</u>
<b>Bank loan facilities</b>		
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%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2014 (continued)

**Note 22. Non-Current Liabilities – Provisions**

	2014 \$'000	2013 \$'000
Employee benefits – long service leave	<u>2,076</u>	<u>2,214</u>

**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**

	2014 \$'000	2013 \$'000
<b>(a) Reserves</b>		
Hedging reserve – cash flow hedges	<u>(100)</u>	<u>(33)</u>

*Movements:*

Balance 1 January	(33)	(99)
Reclassification during the year to profit or loss	21	67
Net loss during the year	<u>(88)</u>	<u>(1)</u>
Net movement in cash flow hedges	<u>(67)</u>	<u>66</u>
Balance 31 December	<u>(100)</u>	<u>(33)</u>

	2014 \$'000	2013 \$'000
<b>(b) Retained earnings</b>		

*Movements in retained earnings were as follows:*

Balance 1 January	145,643	144,548
Net profit for the year	<u>5,294</u>	<u>1,095</u>
Balance 31 December	<u>150,937</u>	<u>145,643</u>

**(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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2014 (continued)

**Note 26. Commitments (continued)****Lease Commitments (continued)**

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

	2014 \$'000	2013 \$'000
Within one year	358	350
Later than one year but not later than five years	468	340
Later than five years	-	-
	<u>826</u>	<u>690</u>

*(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 financier on expiry of the leases.

Commitments in relation to finance leases are payable as follows:

	2014 \$'000	2013 \$'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	<u>1,452</u>	<u>1,400</u>
Less: Future finance charges	<u>157</u>	<u>101</u>
Total lease liabilities	<u>1,295</u>	<u>1,298</u>
Representing lease liabilities:		
Current (note 17)	565	919
Non-current (note 21)	<u>730</u>	<u>379</u>
Total lease liabilities	<u>1,295</u>	<u>1,298</u>

**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 \$'000	2013 \$'000
Key management personnel compensation	<u>3,315</u>	<u>3,673</u>

**(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		Equity Holding *	
			Entity's Investment		2014	2013
			2014	2013	2014	2013
			\$	\$	%	%
Campus Operations Pty Ltd	Australia	Ordinary	2	2	100	100
Lashkar Pty Ltd	Australia	Ordinary	1	1	100	100
			<u>3</u>	<u>3</u>		

\* 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:

	2014	2013
Information relating to Bond University Ltd.	\$'000	\$'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
<i>Shareholders' equity</i>		
Issued capital	-	-
Reserves – Cash flow hedges	(100)	(33)
Retained earnings	150,631	143,995
Total shareholder's equity	150,531	143,963
<b>Profit for the year</b>	<b>6,635</b>	<b>1,505</b>
<b>Total comprehensive income of the parent entity</b>	<b>6,568</b>	<b>1,571</b>

**(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.

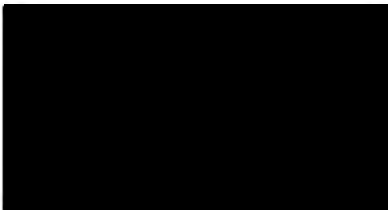
## DIRECTORS' DECLARATION

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

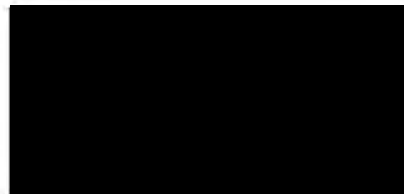
In the opinion of the directors:

- (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



Director and Chancellor



Vice Chancellor and President

Gold Coast  
10 March 2015

## 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

- (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



Partner  
Brisbane  
10 March 2015

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

**COMPANY PARTICULARS**

**Directors**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

(Chancellor)  
(Vice Chancellor)  
(Deputy Chancellor)

**Secretary**

[REDACTED]

**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**

Wespac Banking Corporation  
260 Queen 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 2015.

### 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:



Peta Fielding and Tom Ray were directors from the beginning of the financial year until their retirement on 17 April 2015.

David Baxby and Derek Cronin were elected as directors on 17 April 2015 and continue 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 (2014: 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 2015, the registered membership of the company was 30 and the collective liability of members was \$300 (2014: \$300).

### **Review of Operations**

The University achieved a net profit of \$6.6 million for the year compared with \$5.3 million in the prior year.

The net profit was derived from total operating revenue of \$160.2 million (2014: \$154.7 million) and other income of \$16.3 million (2014: \$12.6 million), less total operating expenditures of \$169.9 million (2014: \$162.0 million).

The University includes in other income 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**

Since balance date, the Group has entered into a contract for the purchase of vacant land to the value of \$13 million, inclusive of fees and charges.

No other matter or circumstance has arisen since 31 December 2015 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

██████████

*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. Strong background in education: President of Cranbrook School; former Professor of Management (AGSM), University of New South Wales; former Member of Council, Monash University; former member of Bradley Review into higher education. Experienced non-executive director, having previously been Chairman of Veda Group, Funds SA and Swiss Re (Australia) and a non-executive director of Macquarie Group. Prior executive roles include having been Director of Strategy at Westpac Banking Corporation and a partner at McKinsey & Company.

#### *Other current or recent directorships*

Chairman, Australian Rail Track Corporation.  
Non-Executive Director, Origin Energy.  
Chairman, National Portrait Gallery of Australia

#### *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.

██████████

*Executive director*

#### *Qualifications*

PhD Monash, MEd, FAIM, FCPA, FFin

#### *Experience*

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

#### *Other current directorships*

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

#### *Special responsibilities*

Vice-Chancellor and President.

██████████

*Non-executive director*

#### *Qualifications*

BA (Hons), LLB (Hons) Qld

#### *Experience*

Independent non-executive director of Bond University Limited since 23 April 2010. Consultant to law firm Allens Arthur Robinson. ██████████ 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, Highlands Pacific Limited.

*Special responsibilities*

Deputy Chancellor.

Member of Bond University Ltd.

██████████

*Non-executive director*

*Qualifications*

BComm LLB (Hons) Bond

*Experience*

Independent non-executive director of Bond University Limited since 17 April 2015. Former CEO and President of Global Blue SA based in Geneva. Prior to that was the Co-CEO of the Virgin Group and a Partner at Goldman Sachs in Australia. ██████████ has significant high level experience / commercial business experience, both in Australia and abroad. He has high level skills and experience in finance, technology and corporate commercial, particularly ecommerce as well as marketing.

*Other current directorships*

Non-executive Director of:

Virgin Australia Holdings Limited.

Skywest Airlines Australia Pty Ltd.

Tiger Airways Australia Pty Ltd.

Annecy Capital Partners Pte Ltd.

*Special responsibilities*

Member of the Alumni Advisory Board.

██████████

*Non-executive director*

*Qualifications*

LLB Bond

*Experience*

Independent non-executive director of Bond University Limited since 17 April 2015. ██████████ is an experienced lawyer with considerable expertise in dispute resolution and commercial litigation. He brings significant skills and experience in the legal, general business, commercial and community sectors, together with a sound understanding of the higher education sector.

*Other current directorships*

Queensland Aids Council.

Gold Coast Project for Homeless Youth.

Forbes Storage Gold Coast Pty Ltd.

Forbes Cronin Investments Pty Ltd.

*Special responsibilities*

Member of the Alumni Advisory Board.

Member of the Law Advisory Board.

████████████████████

*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. ██████████ is a leading educationalist who has significant teaching and research experience and a deep understanding of education administration.

*Other current directorships*

Chairman and Director, Australian Multicultural Foundation.

Council Member, University of Tasmania.

**DIRECTORS' REPORT (continued)**

**Information on Directors (continued)**

*Special responsibilities*

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

██████████

*Non-executive director*

*Qualifications*

MBBS Qld

*Experience*

Independent non-executive director of Bond University Limited since 2 May 2014. Founding partner of the Eye Centre and founding partner of the Laser Vision Centre and was an executive director of Vision Eye Institute from 2008 to 2010. 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 he built Queensland's first ophthalmic day theater. ██████████ is a founding member of the Australian Society of Cataract and Refractive Surgeons and a member of the Australian Institute of Company Directors.

*Other current directorship*

Partner, Vision Eye Institute Ltd.

██████████

*Non-executive director*

*Qualifications*

MBA Harv, BCom Qld, FCA, FAICD, FRICS, FAPI

*Experience*

Independent non-executive director of Bond University Limited since 26 December 2014. ██████████ is the Chairman of the Bond Business School Advisory Board. He is a Director of Sands China Ltd (HKSE 1928) listed in Hong Kong and The Property Industry Foundation, and a former Chairman of South Bank Corporation. Before becoming a Non-Executive Director in 2012 ██████████ 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. ██████████ 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.  
Director, Property Industry Foundation.  
Chairman, Bond Business School Advisory Board.

*Special responsibilities*

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

██████████

*Non-executive director*

*Qualifications*

BBus Charles Sturt

*Experience*

Independent non-executive director of Bond University Limited since 1 February 2010. ██████████ is a non-executive director of Origin Energy Ltd, Chairman of the Origin Foundation, a non-executive director of The Great Barrier Reef Foundation, and formerly a non-executive director of Veda Group Ltd. ██████████ has significant experience in finance and in global business.

*Other current directorships*

Origin Energy Ltd.  
Origin Foundation Ltd.  
The Great Barrier Reef Foundation.

**DIRECTORS' REPORT (continued)**

**Information on Directors (continued)**

*Special responsibilities*

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

████████████████████ Non-executive director

*Qualifications*

PhD UWA, Hon DLitt UWA

*Experience*

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

*Other current directorship*

Chair, Perth International Arts Festival.

*Special responsibilities*

Member of Nominations Advisory Committee.

**Company Secretary**

The Company Secretary is Mr. ██████████, 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 2015 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
██████████	7	7	-	-	1	1	4	4	4	4
██████████	7	7	-	-	**	**	**	**	**	**
██████████	7	7	-	-	**	**	**	**	**	**
██████████ (elected 17/4/15)	4	3	-	-	**	**	**	**	**	**
██████████ (elected 17/4/15)	4	4	-	-	**	**	**	**	**	**
██████████	7	6	-	-	**	**	4	3	4	3
██████████ (retired 17/4/15)	3	3	-	-	**	**	**	**	**	**
██████████	7	6	-	-	**	**	**	**	**	**
██████████	7	7	-	-	**	**	4	4	4	4
██████████ (retired 17/4/15)	3	2	-	-	1	1	**	**	**	**
██████████	7	7	-	-	**	**	4	4	4	4
██████████	7	7	-	-	1	1	**	**	**	**

\* 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.

██████████  
Director and Chancellor

██████████  
Vice Chancellor and President

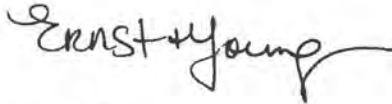
Gold Coast  
9 March 2016

## Auditor's Independence Declaration to the Directors of Bond University Limited

As lead auditor for the audit of Bond University Limited for the financial year ended 31 December 2015, I declare 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 financial year.



Ernst & Young



Partner  
9 March 2016

**FINANCIAL REPORT**

**31 DECEMBER 2015**

**CONTENTS**

	Page
Financial statements	
Consolidated income statement	10
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
Directors' declaration	39
Independent auditor's report to the members	40

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 1 - 2, which does not form part of these financial statements.



**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$'000	2014 \$'000
<b>Revenue from continuing operations</b>	<b>4</b>	<b>160,159</b>	154,662
Other income	5	16,266	12,585
Salaries and related expenses	6(a)	(105,875)	(98,120)
Facilities management and maintenance		(10,027)	(9,349)
Utilities and outgoings		(4,015)	(4,343)
Marketing and promotional expenses		(10,108)	(9,912)
Food and beverage cost – Conference Centre		(2,941)	(2,622)
Service fee – external programs		(1,509)	(1,557)
Consumables		(1,861)	(1,908)
Minor equipment		(1,409)	(1,319)
Other expenses from ordinary activities	6(d)	(12,848)	(12,261)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>25,832</b>	25,856
Depreciation and amortisation expenses	6(b)	(17,236)	(18,435)
Finance costs	6(c)	(1,985)	(2,127)
<b>Profit before income tax</b>		<b>6,611</b>	5,294
Income tax expense	2(e)	-	-
<b>Profit for the year</b>		<b>6,611</b>	5,294

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 2015**

	<b>Notes</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
<b>Profit for the year</b>		<b>6,611</b>	<b>5,294</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net movement on cashflow hedges	24(a)	<u>100</u>	<u>(67)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>100</u>	<u>(67)</u>
<b>Total comprehensive income for the year, net of tax</b>		<u>6,711</u>	<u>5,227</u>

*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 2015**

	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	68,389	62,172
Cash - Restricted	8	24,213	21,319
Trade and other receivables	9	4,011	4,060
Prepayments		4,814	2,543
Inventories	10	295	270
Other financial assets at fair value through profit or loss	11	260	298
<b>TOTAL CURRENT ASSETS</b>		<b>101,982</b>	<b>90,662</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	12	96	144
Other financial assets	13	11	11
Property, plant and equipment	14	132,948	133,184
Intangible assets	15	2,981	2,645
<b>TOTAL NON-CURRENT ASSETS</b>		<b>136,036</b>	<b>135,984</b>
<b>TOTAL ASSETS</b>		<b>238,018</b>	<b>226,646</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	12,745	10,600
Interest-bearing loans and borrowings	17	370	1,232
Derivative financial instruments	18	-	100
Provisions	19	15,681	13,155
Other current liabilities	20	12,430	11,345
<b>TOTAL CURRENT LIABILITIES</b>		<b>41,226</b>	<b>36,432</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	21	36,983	37,301
Provisions	22	2,261	2,076
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>39,244</b>	<b>39,377</b>
<b>TOTAL LIABILITIES</b>		<b>80,470</b>	<b>75,809</b>
<b>NET ASSETS</b>		<b>157,548</b>	<b>150,837</b>
<b>EQUITY</b>			
Contributed equity	23	-	-
Reserves	24(a)	-	(100)
Retained earnings	24(b)	157,548	150,937
<b>TOTAL EQUITY</b>		<b>157,548</b>	<b>150,837</b>

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 2015**

	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Consolidated</b>					
<b>Balance at 1 January 2014</b>		-	(33)	145,643	145,610
Profit for the year		-	-	5,294	5,294
Other comprehensive income (loss) for the year		-	(67)	-	(67)
<b>Total comprehensive income for the year</b>		-	(67)	5,294	5,227
<b>Balance at 31 December 2014</b>		-	(100)	150,937	150,837
Profit for the year		-	-	6,611	6,611
Other comprehensive income (loss) for the year	24	-	100	-	100
<b>Total comprehensive income (loss) for the year</b>		-	100	6,611	6,711
<b>Balance at 31 December 2015</b>	24	-	-	157,548	157,548

*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 2015**

	Notes	2015 \$'000	2014 \$'000
<b>Operating Activities</b>			
Receipts from customers (inclusive of applicable GST)		156,749	149,938
Payments to suppliers and employees (inclusive of GST)		(131,569)	(128,143)
Interest received		1,561	2,517
Interest paid		(1,951)	(2,141)
<b>Net cash flows from operating activities</b>		<b>24,790</b>	<b>22,171</b>
<b>Investing Activities</b>			
Payment for property, plant and equipment		(15,875)	(9,706)
Payment for intangible assets		(1,389)	(2,148)
Dividends received		283	17
Proceeds from sale of property, plant and equipment		59	173
<b>Net cash flows used in investing activities</b>		<b>(16,922)</b>	<b>(11,664)</b>
<b>Financing Activities</b>			
Repayment of borrowings		(37,333)	(2,667)
Proceeds from borrowings		36,667	-
Repayment of lease liabilities		(600)	(1,058)
<b>Net cash flows used in financing activities</b>		<b>(1,266)</b>	<b>(3,725)</b>
Net increase in cash and cash equivalents		6,602	6,782
<b>Net foreign exchange difference</b>		<b>(385)</b>	<b>(134)</b>
Cash and cash equivalents at 1 January		62,172	55,524
<b>Cash and cash equivalents at 31 December</b>	7	<b>68,389</b>	<b>62,172</b>

*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**

	<b>Page</b>
1 Corporate Information	16
2 Summary of Significant Accounting Policies	16
3 Significant Accounting Judgments, Estimates and Assumptions	24
4 Revenue	25
5 Other Income	25
6 Expenses	25
7 Current Assets – Cash and Cash Equivalents	26
8 Current Assets – Cash - Restricted	26
9 Current Assets – Trade and Other Receivables	26
10 Current Assets – Inventories	27
11 Current Assets – Other Financial Assets at Fair Value Through Profit or Loss	27
12 Non-current Assets – Receivables	27
13 Non-current Assets – Other Financial Assets	28
14 Non-current Assets – Property, Plant and Equipment	28
15 Non-current Assets – Intangible Assets	29
16 Current Liabilities – Trade and Other Payables	30
17 Current Liabilities – Interest-bearing Loans and Borrowings	30
18 Derivative Financial Instruments	30
19 Current Liabilities – Provisions	31
20 Current Liabilities – Other	31
21 Non-current Liabilities – Interest-bearing Loans and Borrowings	31
22 Non-current Liabilities – Provisions	33
23 Contributed Equity	33
24 Reserves and Retained Earnings	33
25 Contingencies	33
26 Commitments	34
27 Related Party Transactions	35
28 Subsidiaries	35
29 Parent Entity Financial Information	35
30 Non-cash Investing and Financing Activities	36
31 Events Occurring After the Reporting Period	36
32 Acquittal of Australian Government Financial Assistance	37

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### Note 1. Corporate Information

The consolidated financial statement of Bond University Limited for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 9 March 2016.

### 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 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.

#### Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

#### (b) New and Amended Standards and Interpretations

The Group has adopted the new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2015.

AASB 13 Fair Value Measurement

AASB 116 Property, Plant and Equipment

AASB 138 Intangible Assets

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 2015. 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### 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, research and other 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) Foreign Currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates when the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### (h) 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.

#### (i) 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.

#### (j) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (j) Trade Receivables (continued)

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.

#### (k) Inventories

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

#### (l) Financial Assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, or as available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

Financial assets at fair value through profit or loss

Available-for-sale financial assets

##### *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. 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).

##### *Available-for-sale financial assets*

Available-for-sale financial assets include equity investments as disclosed under Note 13. Equity investments classified as available-for-sale financial assets are those that are neither classified as held for trading nor designated at fair value through profit or loss.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (l) Financial Assets (continued)

##### **Derecognition**

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.

##### **Impairment of financial assets**

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

#### (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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (n) Property, Plant and Equipment

All property, plant and equipment (except donated artworks) are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Donated artworks are capitalised at their fair value at the date of acquisition.

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.

#### (o) 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (o) 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.

#### (p) 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.

#### (q) 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.

#### (r) 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.

#### (s) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 2. Summary of Significant Accounting Policies (continued)**

**(t) 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.

**(u) 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.

**(v) 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.

**(w) 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.

**(x) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

### Note 2. Summary of Significant Accounting Policies (continued)

#### (y) 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 2015, the carrying amount of capitalised program development costs was \$312,412 (2014: \$565,297).

#### Investment in Education Australia Limited

The Group fair values its financial assets in the statement of financial position. The Group however has valued its investment in Education Australia Limited at cost in prior years due to the lack of comprehensive and available data upon which a reliable valuation could be undertaken. Education Australia Limited holds a 50% interest in IDP Education Limited (IDP) and in November 2015, IDP was listed on the Australian Stock Exchange (ASX). The Group has determined that a significant degree of judgment is required to establish the fair value of its investment in Education Australia Limited and that at 31 December 2015, it is not in a position to reliably estimate this fair value. This judgment includes consideration of liquidity risk represented by the restrictions placed on the Group's ability to dispose or transfer its shares in Education Australia Limited and the limited or the lack of transaction history. The Group has determined that the investment will continue to be carried at cost until such time that more information becomes available. Refer to Note 13 for further disclosures.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 4. Revenue**

	2015	2014
	\$'000	\$'000
<b>From continuing operations</b>		
<i>Sales Revenue</i>		
Tuition revenue – University	131,767	127,069
Tuition revenue – External Programs	2,799	2,860
Tuition revenue – Language Centre	2,147	2,262
Tuition revenue – Bond College	2,822	2,385
Sale of goods – food and beverages	7,072	6,104
Student accommodation rent	4,392	4,304
Consulting income	766	1,262
Other student fees and charges	746	792
Fitness centre income	457	473
Student activities fee income	924	871
Sundry income	3,318	3,543
	<u>157,210</u>	<u>151,925</u>
<i>Other Revenue</i>		
Interest	2,666	2,720
Dividends	283	17
	<u>160,159</u>	<u>154,662</u>

Tuition revenue does not include scholarships provided by the University to students which amounted to \$19,228,412 in 2015 and \$19,364,496 in 2014.

**Note 5. Other Income**

	2015	2014
	\$'000	\$'000
Donations	7,063	4,223
Research grants	8,376	7,442
Other grants	827	920
	<u>16,266</u>	<u>12,585</u>

Donations in 2015 include donated artworks which amounted to \$4,336,573.

**Note 6. Expenses**

	2015	2014
	\$'000	\$'000
<b>Profit before income tax includes the following specific expenses:</b>		
(a) Salaries and related expenses		
Operating salaries and related expenses	95,069	88,285
Defined contribution superannuation expense	10,806	9,835
Total Salaries and related expenses	<u>105,875</u>	<u>98,120</u>
(b) Depreciation and Amortisation		
Depreciation		
Buildings	7,183	7,169
Plant and equipment	3,824	3,501
Furniture and fitout	3,754	5,073
Motor vehicles	28	24
Library, books and journals	853	831
Total depreciation	<u>15,642</u>	<u>16,598</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 6. Expenses (continued)**

	2015 \$'000	2014 \$'000
Amortisation		
Plant and equipment under finance leases	530	832
Motor vehicles under finance leases	11	67
Course Development Cost	176	40
Computer software	877	898
Total amortisation	<u>1,594</u>	<u>1,837</u>
Total depreciation and amortisation	<u>17,236</u>	<u>18,435</u>
(c) Finance costs		
Interest and finance charges paid/payable	1,985	2,127
(d) Other expenses from ordinary activities		
Net loss on disposal of property, plant and equipment	33	-
Rental expense relating to operating leases		
Minimum lease payments	457	462
Teaching and other expenses	12,358	11,799
Total other expenses from ordinary activities	<u>12,848</u>	<u>12,261</u>

**Note 7. Current Assets – Cash and Cash Equivalents**

	2015 \$'000	2014 \$'000
Cash at bank and on hand	45,361	26,172
Term deposits	23,028	36,000
	<u>68,389</u>	<u>62,172</u>

**Note 8. Current Assets – Cash - Restricted**

	2015 \$'000	2014 \$'000
Cash - Restricted	24,213	21,319

Of the above balance, a total amount of \$4,025,530 (2014: \$3,950,844) is set aside in the Endowment Fund and a total of \$20,187,191 (2014: \$17,368,493) 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**

	2015 \$'000	2014 \$'000
Trade receivables	2,414	2,343
Less: Provision for impairment of trade receivables - refer note 9(a)	(647)	(628)
	<u>1,767</u>	<u>1,715</u>
Other receivables	2,408	2,491
Less: Provision for impairment of other receivables - refer note 9(b)	(177)	(160)
	<u>2,231</u>	<u>2,331</u>
Security deposits	13	14
	<u>4,011</u>	<u>4,060</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (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:*

	2015 \$'000	2014 \$'000
At 1 January	841	975
Provision for impairment recognised during the year	225	(18)
Receivables written off during the year as uncollectible	(194)	(116)
	<u>872</u>	<u>841</u>
Representing provision for impairment of trade receivables:		
Current (Note 9)	647	628
Non-current (Note 12)	225	213
	<u>872</u>	<u>841</u>

**(b) Impaired other receivables***Movements in the provision for impairment of other receivables are as follows:*

	2015 \$'000	2014 \$'000
At 1 January	160	-
Provision for impairment recognised during the year	17	160
	<u>177</u>	<u>160</u>

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**

	2015 \$'000	2014 \$'000
<b>At cost</b>		
Food	53	60
Beverages	72	64
General stores	170	146
	<u>295</u>	<u>270</u>

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

	2015 \$'000	2014 \$'000
Australian listed equity shares	260	298

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**

	2015 \$'000	2014 \$'000
Trade receivables	321	357
Less: Provision for impairment of trade receivables - refer note 9(a)	(225)	(213)
	<u>96</u>	<u>144</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 13. Non-Current Assets - Other Financial Assets**

	2015 \$'000	2014 \$'000
Australian unlisted equity shares – at cost	<u>11</u>	<u>11</u>

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

	2015 \$'000	2014 \$'000
<b>Land and Buildings</b>		
Freehold land – at cost	<u>12,897</u>	12,897
Buildings – at cost	146,764	146,764
Less: Accumulated depreciation	<u>56,664</u>	49,481
	<u>90,100</u>	<u>97,283</u>
Construction in Progress	<u>3,087</u>	-
Total buildings	<u>93,187</u>	<u>97,283</u>
Total land and buildings	<u>106,084</u>	<u>110,180</u>
<b>Plant and equipment and other assets</b>		
Artworks	<u>4,882</u>	360
Plant and equipment – at cost	32,970	29,050
Less: Accumulated depreciation	<u>22,965</u>	19,681
	<u>10,005</u>	<u>9,369</u>
Plant and equipment under finance lease	1,499	1,898
Less: Accumulated amortisation	<u>676</u>	711
	<u>823</u>	<u>1,187</u>
Furniture, fitout and other assets – at cost	56,388	53,671
Less: Accumulated depreciation	<u>47,515</u>	43,976
	<u>8,873</u>	<u>9,695</u>
Motor vehicles – at cost	141	141
Less: Accumulated depreciation	<u>69</u>	41
	<u>72</u>	<u>100</u>
Motor vehicles under finance lease	-	144
Less: Accumulated amortisation	<u>-</u>	76
	<u>-</u>	<u>68</u>
Library – at cost	21,764	21,371
Less: Accumulated depreciation	<u>19,555</u>	19,146
	<u>2,209</u>	<u>2,225</u>
Total plant and equipment and other assets	<u>26,864</u>	<u>23,004</u>
<b>Total property, plant and equipment</b>	<u>132,948</u>	<u>133,184</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 14. Non-Current Assets – Property, Plant and Equipment (continued)****(a) Non-current assets pledged as security**

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

**(b) 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 2015	Additions	Disposals	Depreciation/ amortisation charge	Closing net book amount at 31 Dec 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	12,897	-	-	-	12,897
Buildings	97,283	-	-	7,183	90,100
Construction in Progress	-	3,087	-	-	3,087
Artworks	360	4,522	-	-	4,882
Plant & Equipment	9,369	4,481	21	3,824	10,005
Leased plant & equipment	1,187	166	-	530	823
Furniture, fitout & other assets	9,695	3,043	111	3,754	8,873
Motor vehicles	100	-	-	28	72
Leased motor vehicles	68	-	57	11	-
Library	2,225	849	12	853	2,209
<b>Total</b>	<b>133,184</b>	<b>16,148</b>	<b>201</b>	<b>16,183</b>	<b>132,948</b>

**Note 15. Non-Current Assets – Intangible Assets**

	2015 \$'000	2014 \$'000
<b>Intangible Assets</b>		
Computer software - at cost	12,809	11,402
Less: Accumulated amortisation	10,847	10,159
	<u>1,962</u>	<u>1,243</u>
Computer software - work in progress	707	837
Total Computer software	<u>2,669</u>	<u>2,080</u>
Course Development Cost	528	605
Less: Accumulated amortisation	216	40
	<u>312</u>	<u>565</u>
Total Intangible Assets	<u>2,981</u>	<u>2,645</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

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

	Opening net book amount at 1 Jan 2015	Additions	Disposals	Transfers	Amortisation charge	Closing net book amount at 31 Dec 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	1,243	1,596	-		877	1,962
Computer software - work in progress	837	707		(837)	-	707
Course Development Cost	565	-	77		176	312
<b>Total</b>	<b>2,645</b>	<b>2,303</b>	<b>77</b>	<b>(837)</b>	<b>1,053</b>	<b>2,981</b>

**Note 16. Current Liabilities – Trade and Other Payables**

	2015 \$'000	2014 \$'000
Trade payables	11,315	10,377
Other payables	1,430	223
	<b>12,745</b>	<b>10,600</b>

**Other payables**

Other payables relate to Fee-Help payable to the Department of Education.

**Note 17. Current Liabilities – Interest-bearing loans and borrowings**

	2015 \$'000	2014 \$'000
<b>Secured</b>		
Bank loan	-	667
Lease liabilities	370	565
<b>Total secured current interest-bearing loans and borrowings</b>	<b>370</b>	<b>1,232</b>

**Note 18. Derivative Financial Instruments**

	2015 \$'000	2014 \$'000
<b>Current liabilities</b>		
Interest rate swap contracts – cash flow hedges	-	100
	<b>-</b>	<b>100</b>

**Instruments used by the Group**

The Group was 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*

The swap which expired on 16 November 2015 covered 75% (2014: 75%) of the loan principal outstanding.

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 2015 a loss of \$145,555 was reclassified into profit and loss (2014: loss of \$21,181) and included in finance cost. There was no hedge ineffectiveness in the current or prior year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 19. Current Liabilities – Provisions**

	2015	2014
	\$'000	\$'000
Employee benefits – annual leave	7,573	6,716
Employee benefits – long service leave	8,108	6,439
	<u>15,681</u>	<u>13,155</u>

**Note 20. Current Liabilities – Other**

	2015	2014
	\$'000	\$'000
Deferred income		
- student fees	12,395	11,306
- fitness centre	35	39
	<u>12,430</u>	<u>11,345</u>

**Note 21. Non-Current Liabilities – Interest-bearing loans and borrowings**

	2015	2014
	\$'000	\$'000
<b>Secured</b>		
Bank loan	36,492	36,571
Lease liabilities	491	730
Total non-current interest-bearing loans and borrowings	<u>36,983</u>	<u>37,301</u>

The amortised balance of the loan establishment fee capitalised as at 31 December 2015 was \$175,000 (2014: \$95,740).

**(a) Total Secured Liabilities**

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

Bank loan	36,492	37,238
Lease liabilities	861	1,295
Total secured liabilities	<u>37,353</u>	<u>38,533</u>

**(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:

- gearing ratio must at all times be less than 3.0 times; and
- interest cover ratio must at all times 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 2015 (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:

	2015 \$'000	2014 \$'000
<b>Current</b>		
<i>Floating charge</i>		
Cash and cash equivalents	68,389	62,172
Cash - Restricted	24,213	21,319
Receivables	4,011	4,060
Prepayments	4,814	2,543
Inventories	295	270
Other financial assets at fair value through profit or loss	260	298
Total current assets pledged as security	<u>101,982</u>	<u>90,662</u>
<b>Non-current</b>		
<i>First mortgage</i>		
Freehold land and buildings	106,084	110,180
<i>Finance lease</i>		
Plant and equipment under finance lease	823	1,187
Motor vehicles under finance lease	-	68
	<u>823</u>	<u>1,255</u>
<i>Floating charge</i>		
Receivables	96	144
Other financial assets	11	11
Plant and equipment	26,041	21,749
Intangible assets	2,981	2,645
	<u>29,129</u>	<u>24,549</u>
Total non-current assets pledged as security	<u>136,036</u>	<u>135,984</u>
Total assets pledged as security	<u>238,018</u>	<u>226,646</u>

**(c) Financing Arrangements**

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

	2015 \$'000	2014 \$'000
<b>Multi-option facilities</b>		
Total facilities	1,300	-
Used at balance date	122	-
Unused at balance date	<u>1,178</u>	<u>-</u>
<b>Bank loan facilities</b>		
Total facilities	45,000	40,000
Used at balance date	36,667	37,333
Unused at balance date	<u>8,333</u>	<u>2,667</u>

The current interest rate on the bank loans drawn is 3.05% (2014: 5.31%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 22. Non-Current Liabilities – Provisions**

	2015	2014
	\$'000	\$'000
Employee benefits – long service leave	2,261	2,076

**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 2015, Bond University Limited had 30 (2014: 30) members.

**Note 24. Reserves and Retained Earnings**

	2015	2014
	\$'000	\$'000
<b>(a) Reserves</b>		
Hedging reserve – cash flow hedges	-	(100)

*Movements:*

Balance 1 January	(100)	(33)
Reclassification during the year to profit or loss	245	21
Net loss during the year	(145)	(88)
Net movement in cash flow hedges	100	(67)
Balance 31 December	-	(100)

**(b) Retained earnings***Movements in retained earnings were as follows:*

Balance 1 January	150,937	145,643
Net profit for the year	6,611	5,294
Balance 31 December	157,548	150,937

**(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(l). 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 2015.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 26. Commitments****(a) Capital Commitments**

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

	2015	2014
	\$'000	\$'000
Within one year	4,403	-

**(b) Lease Commitments***(i) Non-cancellable Operating Leases*

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

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

	2015	2014
	\$'000	\$'000
Within one year	371	358
Later than one year but not later than five years	473	468
Later than five years	-	-
	<u>844</u>	<u>826</u>

*(ii) Finance Leases*

The Group leases various motor vehicles and plant and equipment with a carrying amount of \$0.8 million (2014: \$1.3 million) under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to extend the lease term or return the leased assets to the financier on expiry of the leases.

Commitments in relation to finance leases are payable as follows:

	2015	2014
	\$'000	\$'000
Within one year	421	643
Later than one year but not later than five years	535	809
Later than five years	-	-
Minimum lease payments	<u>956</u>	<u>1,452</u>
Less: Future finance charges	<u>95</u>	<u>157</u>
Total lease liabilities	<u>861</u>	<u>1,295</u>
Representing lease liabilities:		
Current (note 17)	370	565
Non-current (note 21)	<u>491</u>	<u>730</u>
Total lease liabilities	<u>861</u>	<u>1,295</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**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**

	2015	2014
	\$'000	\$'000
Key management personnel compensation	<u>3,425</u>	<u>3,315</u>

**(d) Transactions with key management personnel**

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

**Note 28. Subsidiaries**

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

Name of Entity	Country of Incorporation	Class of shares	Cost of Parent		Equity Holding *	
			Entity's Investment		2015	2014
			2015	2014	%	%
Campus Operations Pty Ltd	Australia	Ordinary	2	2	100	100
Lashkar Pty Ltd	Australia	Ordinary	1	1	100	100
			<u>3</u>	<u>3</u>		

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

**Note 29. Parent Entity Financial Information****(a) Summary financial information**

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

	2015	2014
	\$'000	\$'000
<b>Information relating to Bond University Ltd.</b>		
Current assets	111,293	101,193
Total assets	234,871	224,377
Current liabilities	37,485	34,469
Total liabilities	77,210	73,846
<i>Shareholders' equity</i>		
Issued capital	-	-
Reserves	-	(100)
Retained earnings	157,662	150,631
Total shareholder's equity	<u>157,662</u>	<u>150,531</u>
<b>Profit for the year</b>	<u>7,031</u>	<u>6,635</u>
<b>Total comprehensive income of the parent entity</b>	<u>7,131</u>	<u>6,568</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

**Note 29. Parent Entity Financial Information (continued)**

**(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 2015 or 31 December 2014. For information about guarantees given by the parent entity, please see above.

**Note 30. Non-cash Investing and Financing Activities**

	2015	2014
	\$'000	\$'000
Acquisition of plant and equipment by means of finance leases	166	1,055

**Note 31. Events Occurring After the Reporting Period**

Since balance date, the Group has entered into a contract for the purchase of vacant land to the value of \$13 million, inclusive of fees and charges.

There has not been any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

## Note 32. Acquittal of Australian Government Financial Assistance Parent Entity (University) Only

(a) Higher education loan programmes (excl OS-HELP)	FEE-HELP		SA-HELP		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash Payable/(Receivable) at beginning of year	223	466	11	7	234	473
Cash received during the reporting period	51,183	54,258	31	40	51,214	54,298
Cash available for the period	51,406	54,724	42	47	51,448	54,771
Revenue Earned	49,984	54,501	34	36	50,018	54,537
Cash Payable/(Receivable) at end of year	1,422	223	8	11	1,430	234

(b) Scholarships	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash received during the reporting period	555	486	67	67	622	553
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	555	486	67	67	622	553
Surplus from the previous year Financial Statements	208	167	7	18	215	185
Total revenue including accrued revenue	763	653	74	85	837	738
Expenses including accrued expenses	427	445	70	78	497	523
Surplus for the reporting period	336	208	4	7	340	215

(c) Education Research	Joint Research Engagement Program		JRE Engineering Cadetships		Research Training Scheme		Research Infrastructure Block Grants		Sustainable Research Excellence in Universities		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash received during the reporting period	721	657	19	14	1,165	1,018	259	260	527	472	2,691	2,421
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	721	657	19	14	1,165	1,018	259	260	527	472	2,691	2,421
Surplus from the previous year Financial Statements	-	-	29	15	-	-	-	-	-	-	29	15
Total revenue including accrued revenue	721	657	48	29	1,165	1,018	259	260	527	472	2,720	2,436
Expenses including accrued expenses	721	657	-	-	1,165	1,018	259	260	527	472	2,672	2,407
Surplus for the reporting period	-	-	48	29	-	-	-	-	-	-	48	29

The reported surplus for JRE Engineering Cadetships of \$47,567 for 2015 is expected to be returned to the Department of Education.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015 (continued)

## Note 32. Acquittal of Australian Government Financial Assistance Parent Entity (University) Only (continued)

## (d) Australian Research Council Grants

## (i) Discovery

	Projects		Fellowships		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash received during the reporting period	77	139	187	180	264	319
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	77	139	187	180	264	319
Surplus from the previous year Financial Statements	220	135	83	98	303	233
Total revenue including accrued revenue	297	274	270	278	567	552
Expenses including accrued expenses	67	54	195	195	262	249
Surplus for the reporting period	230	220	75	83	305	303

## (ii) Linkages

	Projects		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash received during the reporting period	-	-	-	-
Net accrual adjustments	-	-	-	-
Revenue for the period	-	-	-	-
Surplus from the previous year Financial Statements	-	53	-	53
Total revenue including accrued revenue	-	53	-	53
Expenses including accrued expenses	-	53	-	53
Surplus for the reporting period	-	-	-	-


## 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 2015 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 2015 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

  
Director and Chancellor

  
Vice Chancellor and President

Gold Coast  
9 March 2016

## 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 2015, 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 registered entity 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 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 registered 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.

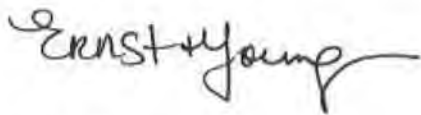
### Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the registered entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

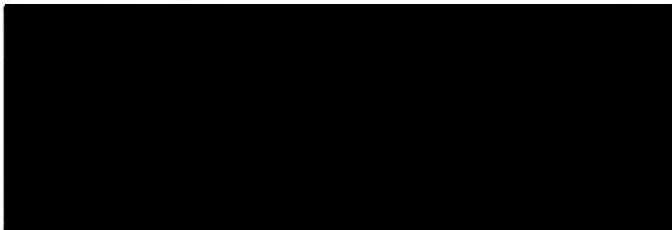
## Opinion

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 at 31 December 2015 and of its performance for the year ended on that date; and
- (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



Partner  
Brisbane  
9 March 2016