

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

**COMPANY PARTICULARS**

**Directors**

Dr Helen Nugent AO	(Chancellor)
Professor Timothy Brailsford	(Vice Chancellor)
Kenneth MacDonald	(Deputy Chancellor)
David Baxby	
Derek Cronin	
Professor Kwong Lee Dow AO	
Dr Darryl Gregor OAM	
Victor Hoog Antink	
Steven Sargent	
Professor Margaret Seares AO	

**Secretary**

Michael Dean

**Registered Office**

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

**Auditors**

Ernst & Young  
111 Eagle Street  
Brisbane Qld 4000

**Solicitors**

Minter Ellison  
Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000

**Bankers**

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:

Dr Helen Nugent AO  
Professor Timothy Brailsford  
Kenneth MacDonald  
Professor Kwong Lee Dow AO  
Dr Darryl Gregor OAM  
Victor Hoog Antink  
Steven Sargent  
Professor Margaret Seares AO

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**

#### **Dr Helen Nugent AO**

*Chairman – Non-executive director*

##### *Qualifications*

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

##### *Experience*

Independent non-executive director and Chairman of Bond University Limited since 22 May 2009. 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.

#### **Professor Timothy Brailsford**

*Executive director*

##### *Qualifications*

PhD Monash, MEc, FAIM, FCPA, FFin

##### *Experience*

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

##### *Other current directorships*

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

##### *Special responsibilities*

Vice-Chancellor and President.

#### **Kenneth MacDonald**

*Non-executive director*

##### *Qualifications*

BA (Hons), LLB (Hons) Qld

##### *Experience*

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

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

### **Information on Directors (continued)**

#### *Other current directorship*

Chairman, Highlands Pacific Limited.

#### *Special responsibilities*

Deputy Chancellor.

Member of Bond University Ltd.

#### **David Baxby**

*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. Mr. Baxby 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.

#### **Derek Cronin**

*Non-executive director*

#### *Qualifications*

LLB Bond

#### *Experience*

Independent non-executive director of Bond University Limited since 17 April 2015. Mr. Cronin 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.

#### **Professor Kwong Lee Dow AO**

*Non-executive director*

#### *Qualifications*

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

#### *Experience*

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

#### *Other current directorships*

Chairman and Director, 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.

#### **Dr Darryl Gregor OAM**

*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. Dr. Gregor 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.

#### **Victor P Hoog Antink**

*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. Mr. Hoog Antink 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, Mr. Hoog Antink was the CEO of the DEXUS Property Group for more than eight years. Prior to that, he was the Director of Funds Management at Westfield responsible for the Westfield Trust and the Westfield America Trust. Mr. Hoog Antink has also served as the National President of the Property Council of Australia and has extensive experience in managing businesses and investments in Australia and internationally.

#### *Other current directorships*

Director, Sands China Ltd.

Director, Property Industry Foundation.

Chairman, Bond Business School Advisory Board.

#### *Special responsibilities*

Chair of Audit & Risk Management Committee.

Chair of Occupational Health & Safety Committee.

#### **Steven Sargent**

*Non-executive director*

#### *Qualifications*

BBus Charles Sturt

#### *Experience*

Independent non-executive director of Bond University Limited since 1 February 2010. Mr. Sargent 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. Mr. Sargent 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.

**Professor Margaret Seares AO** *Non-executive director*

#### Qualifications

PhD UWA, Hon DLitt UWA

#### Experience

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

#### Other current directorship

Chair, Perth International Arts Festival.

#### Special responsibilities

Member of Nominations Advisory Committee.

### Company Secretary

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

### Meetings of Directors

The numbers of meetings that each Director was eligible to attend and the number they attended for the year ended 31 December 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
H. Nugent	7	7	-	-	1	1	4	4	4	4
T. Brailsford	7	7	-	-	**	**	**	**	**	**
K. MacDonald	7	7	-	-	**	**	**	**	**	**
D. Baxby	4	3	-	-	**	**	**	**	**	**
(elected 17/4/15)										
D. Cronin	4	4	-	-	**	**	**	**	**	**
(elected 17/4/15)					**	**	**	**	**	**
K. Lee Dow	7	6	-	-	**	**	4	3	4	3
P. Fielding	3	3	-	-	**	**	**	**	**	**
(retired 17/4/15)										
D. Gregor	7	6	-	-	**	**	**	**	**	**
V. Hoog Antink	7	7	-	-	**	**	4	4	4	4
T. Ray	3	2	-	-	1	1	**	**	**	**
(retired 17/4/15)										
S. Sargent	7	7	-	-	**	**	4	4	4	4
M. Seares	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.

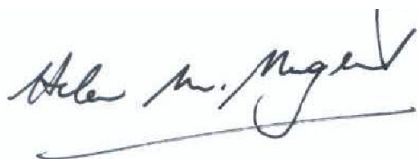
### **Rounding of Amounts**

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.



Dr H M Nugent AO  
Director and Chancellor



Professor Tim Brailsford  
Vice Chancellor and President

Gold Coast  
9 March 2016

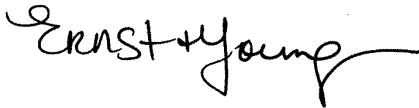


## Auditor's Independence Declaration to the Directors of Bond University Limited

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



Winna Brown  
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>	4	<b>160,159</b>	154,662
Other income	5	<b>16,266</b>	12,585
Salaries and related expenses	6(a)	<b>(105,875)</b>	(98,120)
Facilities management and maintenance		<b>(10,027)</b>	(9,349)
Utilities and outgoings		<b>(4,015)</b>	(4,343)
Marketing and promotional expenses		<b>(10,108)</b>	(9,912)
Food and beverage cost – Conference Centre		<b>(2,941)</b>	(2,622)
Service fee – external programs		<b>(1,509)</b>	(1,557)
Consumables		<b>(1,861)</b>	(1,908)
Minor equipment		<b>(1,409)</b>	(1,319)
Other expenses from ordinary activities	6(d)	<b>(12,848)</b>	(12,261)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>25,832</b>	25,856
Depreciation and amortisation expenses	6(b)	<b>(17,236)</b>	(18,435)
Finance costs	6(c)	<b>(1,985)</b>	(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</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'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
	<b>157,210</b>	<b>151,925</b>
<i>Other Revenue</i>		
Interest	2,666	2,720
Dividends	283	17
	<b>160,159</b>	<b>154,662</b>

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
	<b>16,266</b>	<b>12,585</b>

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	<b>105,875</b>	<b>98,120</b>
(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	<b>15,642</b>	<b>16,598</b>

**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	<u>23,028</u>	<u>36,000</u>
	<u>68,389</u>	<u>62,172</u>

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

	2015 \$'000	2014 \$'000
Cash - Restricted	<u>24,213</u>	<u>21,319</u>

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)	<u>(647)</u>	<u>(628)</u>
	1,767	1,715
Other receivables	2,408	2,491
Less: Provision for impairment of other receivables - refer note 9(b)	<u>(177)</u>	<u>(160)</u>
	2,231	2,331
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:*

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

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

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

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

**Note 10. Current Assets - Inventories**

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

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

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Australian listed equity shares	<b>260</b>	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**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2015 (continued)

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

	2015	2014
	\$'000	\$'000
Australian unlisted equity shares – at cost	11	11

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

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

**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
	<b>1,962</b>	1,243
Computer software - work in progress	707	837
Total Computer software	<b>2,669</b>	2,080
Course Development Cost	528	605
Less: Accumulated amortisation	216	40
	<b>312</b>	565
Total Intangible Assets	<b>2,981</b>	2,645

**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
Total secured current interest-bearing loans and borrowings	<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
	<b>15,681</b>	<b>13,155</b>

**Note 20. Current Liabilities – Other**

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

**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	<b>36,983</b>	<b>37,301</b>

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	<b>37,353</b>	<b>38,533</b>

**(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:

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

**(c) Financing Arrangements**

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

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

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**

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Employee benefits – long service leave	<b>2,261</b>	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**

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
<b>(a) Reserves</b>		
Hedging reserve – cash flow hedges	-	(100)
<i>Movements:</i>		
Balance 1 January	<b>(100)</b>	(33)
Reclassification during the year to profit or loss	<b>245</b>	21
Net loss during the year	<b>(145)</b>	(88)
Net movement in cash flow hedges	<b>100</b>	(67)
Balance 31 December	-	(100)

**(b) Retained earnings**

*Movements in retained earnings were as follows:*

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

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Within one year	<b>4,403</b>	-

**(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:

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

*(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:

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

**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**

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

**(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	2015	2014
			\$	\$	%	%
Campus Operations Pty Ltd	Australia	Ordinary	<b>2</b>	2	<b>100</b>	100
Lashkar Pty Ltd	Australia	Ordinary	<b>1</b>	1	<b>100</b>	100
			<b>3</b>	3		

\* 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:

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

**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**

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Acquisition of plant and equipment by means of finance leases	<b>166</b>	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**

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

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

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

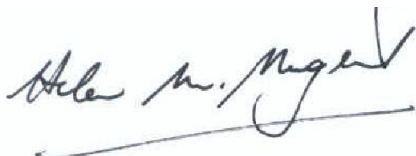
## DIRECTORS' DECLARATION

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



Dr H M Nugent AO  
Director and Chancellor



Professor Tim Brailsford  
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



Winna Brown  
Partner  
Brisbane  
9 March 2016