

Vanguard Military School Ltd
Financial Reports
For the Year Ended 31st December 2014

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Vanguard Military School Ltd
Company Directory
As at 31st December 2014

Issued Capital	100 Ordinary Shares		
Registered Office	49 Victoria Rd Devonport North Shore City 0624		
Directors	Wayne Hyde		
Auditors	Moore Stephens Markhams Auckland Audit		
Accountants	Commercial Business Services Ltd Devonport Auckland		
Nature of Business	Charter School		
Shareholders	Wayne Hyde Frances Hyde	50 50 <u>100</u>	Ordinary Shares Ordinary Shares

*The accompanying notes form part of these financial statements.
These financial statements have been subject to audit, and should be read in
conjunction with the attached Audit Report.*

Vanguard Military School Ltd
Directors' Annual Report
For the Year Ended 31st December 2014

The Directors present here their Annual Report including Financial Statements of the Company for the year ended 31st December 2014.

Auditors

A unanimous resolution was passed by the company that an auditor be appointed.

Annual Report Non-Compliance

A unanimous resolution was passed by the company pursuant to subsection 211(3) of the Companies Act, 1993 that the Annual Report need not comply with paragraphs (a) and (e) to (j) of subsection 211(1) of the Act.

For and on behalf of the Board of Directors,

Director  s 9(2)(a) OIA

Dated this 1st day of MAY, 2015

*The accompanying notes form part of these financial statements.
These financial statements have been subject to audit, and should be read in
conjunction with the attached Audit Report.*

Vanguard Military School Ltd
Statement of Financial Performance
For the Year Ended 31st December 2014

	2014 \$	2013 \$
REVENUE		
Ministry Operational Fee	2,107,875	-
Interest Received	42,145	11,292
Establishment Grant Received	277,827	58,903
Sundry Income	13,083	-
Total Income	2,440,930	70,195
Less Expenses		
Accident Compensation Levy	1,413	-
Accountancy Fees	10,905	440
Administration Fees	68,348	13,913
Advertising	1,566	-
Advisory Board Fees	36,000	18,000
Audit Fees	6,000	-
Bank Charges	285	80
Cleaning & Laundry	24,650	-
Computer Expenses	2,555	100
Donations	10	-
Establishment Expenses	202,210	56,288
Fees Paid - Moderation	3,385	-
Fees Paid - NZQA	5,653	-
General Expenses	1,479	182
Health & Safety	2,738	584
Insurance	5,878	-
Legal Expenses	2,939	-
Licences & Registrations	1,427	-
Light Power & Heating	24,044	-
Materials - Classroom	10,024	6,967
Motor Vehicle Expenses	6,728	2,596
Office Expenses	35,090	6,957
Postage	3,583	181
Printing, Stamps & Stationery	42,365	7,007
Rents	349,694	34,173
Rent - Opex	76,671	-
Rent - Plant & Equipment	11,135	-
Repairs & Maintenance	3,061	-
Security	832	-
Staff Expenses	13,818	1,498
Staff Training	5,084	1,046
Student Amenities	9,712	2,963
Student Courses	3,241	-
Subscriptions	1,616	200
Telephone, Tolls & Internet	5,638	-

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conjunction with the attached Audit Report.

**MOORE STEPHENS
MARKHAMS**

Vanguard Military School Ltd
Statement of Financial Performance
For the Year Ended 31st December 2014

	2014	2013
	\$	\$
Travel - National	333	-
Uniforms	68,435	11,936
Website Expenses	1,600	-
Salaries - Management	205,043	41,739
Salaries - Staff	1,000,008	30,900
Total Expenses	2,255,196	237,750
 Net Surplus/(Deficit) Before Depreciation	 185,734	 (167,555)
 Less Depreciation		
Depreciation as per Schedule	75,617	2,615
 OPERATING SURPLUS/(DEFICIT)	 110,117	 (170,170)
 NET SURPLUS/(DEFICIT)	 \$110,117	 (\$170,170)
 EQUITY AT START OF PERIOD	 (170,070)	 100
 EQUITY AT END OF PERIOD	 (59,953)	 (170,070)

**MOORE STEPHENS
MARKHAMS**

*The accompanying notes form part of these financial statements.
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conjunction with the attached Audit Report.*

Vanguard Military School Ltd
Statement of Movements In Equity
For the Year Ended 31st December 2014

	2014	2013
	\$	\$
EQUITY AT START OF PERIOD	(170,070)	-
SURPLUS & REVALUATIONS		
Net Surplus After Tax	110,117	(170,170)
Total Recognised Revenues & Expenses	<u>110,117</u>	<u>(170,170)</u>
OTHER MOVEMENTS		
Share Capital	-	100
EQUITY AT END OF PERIOD	<u>(\$59,953)</u>	<u>(\$170,070)</u>

**MOORE STEPHENS
MARKHAMS**

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conjunction with the attached Audit Report.*

Vanguard Military School Ltd
Statement of Financial Position
As at 31st December 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Bank - Cheque Account		37,663	45,437
Bank - Savings account		903,263	1,803,380
GST refund due		60,038	-
Taxation	2	71,793	3,162
Rent in Advance		-	22,267
Shareholders' overdrawn current accounts		100	100
Total Current Assets		<u>1,072,857</u>	<u>1,874,346</u>
NON-CURRENT ASSETS			
Property, plant & equipment		414,652	138,277
TOTAL ASSETS		<u>1,487,509</u>	<u>2,012,623</u>
CURRENT LIABILITIES			
GST due for payment		-	30,229
Inter-company current accounts	4	37,500	7,500
Accounts Payable		131,775	56,176
Accrued Expenses		53,383	5,206
Fees in advance		-	530,951
Establishment Grant in advance	5	1,274,804	1,552,631
Deferred Rent		50,000	-
Total Current Liabilities		<u>1,547,462</u>	<u>2,182,693</u>
TOTAL LIABILITIES		<u>1,547,462</u>	<u>2,182,693</u>
NET LIABILITIES		<u>(\$59,953)</u>	<u>(\$170,070)</u>
Represented by:			
EQUITY			
Share capital	3	100	100
Retained Earnings		(60,053)	(170,170)
TOTAL EQUITY		<u>(\$59,953)</u>	<u>(\$170,070)</u>

The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.
For and on behalf of the Board;

Director:
Date

[Redacted Signature]

s 9(2)(a) OIA

1/5/2015

**MOORE STEPHENS
MARKHAMS**

The accompanying notes form part of these financial statements.
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Vanguard Military School Ltd
Depreciation Schedule
For the Year ended 31st December 2014

Asset	Private Use	Cost Price	Book Value 01/01/2014	Additions Disposals	Gain/Loss on Disposal	Capital Profit	—Depreciation— Mth Rate \$	Accum Deprec 31/12/2014	Book Value 31/12/2014
BUILDINGS									
Leasehold Fitout (2013)		26,707	26,484				12 10.0% DV	2,648	23,836
Leasehold Fitout (2014)				86,549			8 10.0% DV	5,770	80,779
Portacom Shower Unit				119,684			1 13.5% DV	1,346	118,338
Sub-Total		26,707	26,484	206,233				9,764	222,953
MOTOR VEHICLES									
1991 Scania Coach DGR857		45,000	43,875				12 30.0% DV	13,163	30,712
Capitva 75X 2.4L		27,425	26,739				12 30.0% DV	8,022	18,717
Sub-Total		72,425	70,614					21,185	49,429
FURNITURE & FITTINGS									
Fridge Freezer - Samsung		782	766				12 25.0% DV	192	574
Benchwork Desk		950	940				12 13.0% DV	122	818
BX Framework Desks		1,820	1,800				12 13.0% DV	234	1,566
Benchwork Meeting Table		3,539	3,501				12 13.0% DV	455	3,046
Chairs - Postura Plus 300x		15,900	15,688				12 16.0% DV	2,510	13,178
Desks - Charcoal		15,040	14,877				12 13.0% DV	1,934	12,943
Sidechairs 10x		1,200	1,184				12 16.0% DV	189	995
Cubit 2 Drawer Cabinets 10x			2,670				12 20.0% DV	534	2,136
Eko Desks 10x			1,253				12 13.0% DV	163	1,090
Chairs 12x			2,812				12 16.0% DV	450	2,362
Tables Office 6x			1,254				9 13.0% DV	122	1,132
Bookcases 7x			2,436				9 20.0% DV	365	2,071
Lockers (4) 3x			4,605				3 20.0% DV	230	4,375
2 Drawer Cabinets 4x			1,068				2 20.0% DV	36	1,032
Chairs 8x			1,296				2 16.0% DV	35	1,261
Bookcases 4x			2,259				2 20.0% DV	75	2,184
Eko Desks 4x			1,002				1 13.0% DV	11	991

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Vanguard Military School Ltd
Depreciation Schedule
For the Year ended 31st December 2014

Asset	Private Use	Cost Price	Book Value 01/01/2014	Additions Disposals	Gain/Loss on Disposal	Capital Profit	Mth Rate	— Depreciation — \$	Accum Deprec 31/12/2014	Book Value 31/12/2014
Bookcases 3x				815			1 20.0% DV	14	14	801
Cabinet (4) 9x			10,701				12 20.0% DV	2,140	2,140	8,561
Cubit Credenza			586				12 20.0% DV	117	117	469
Desk Dolphin			899				12 13.0% DV	117	117	782
Fridge			564				11 25.0% DV	129	129	435
2 Seater Metropol			1,076				9 16.0% DV	129	129	947
Washing Machine			924				7 25.0% DV	135	135	789
Credenza Dolphin			995				12 20.0% DV	199	199	796
Carpet			2,338				2 40.0% DV	156	156	2,182
Credenza, Cupboards &			4,441				10 20.0% DV	740	740	3,701
Bookcases										
Furniture Various			1,296				6 20.0% DV	130	130	1,166
Cupboard			879				2 20.0% DV	29	29	850
Furniture			833				1 20.0% DV	14	14	819
Sub-Total		39,231	38,756	47,002				11,706	12,181	74,052
COMPUTER EQUIPMENT										
HP Computer		1,500	1,437				12 50.0% DV	719	782	718
HP Computer		1,029	986				12 50.0% DV	493	536	493
Software				5,500			11 50.0% DV	2,521	2,521	2,979
HP Laptops				8,899			12 50.0% DV	4,450	4,450	4,449
Software Licenses 13x				12,626			12 50.0% DV	6,313	6,313	6,313
HP Pavilion Mini Tower				511			11 50.0% DV	235	235	276
Acer Micro Computers				18,768			8 50.0% DV	5,005	5,005	13,763
8 Channel DVR				662			7 50.0% DV	193	193	469
HP Notebooks 4x				3,632			4 50.0% DV	605	605	3,027
Sub-Total		2,529	2,423	50,598				20,534	20,640	32,487

MOORE STEPHENS
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Vanguard Military School Ltd
Depreciation Schedule
For the Year ended 31st December 2014

Asset	Private Use	Cost Price	Book Value 01/01/2014	Additions Disposals	Gain/Loss on Disposal	Capital Profit	— Depreciation — Mth Rate \$	Accum Deprec 31/12/2014	Book Value 31/12/2014
SCHOOL EQUIPMENT									
Whiteboards 11x			6,708				12 40.0% DV	2,683	4,025
Signage - Rooms			4,725				12 10.0% DV	473	4,252
Gym Equipment			7,425				11 40.0% DV	2,723	4,702
Lecturn			1,095				11 20.0% DV	201	894
Signage			1,070				12 10.0% DV	107	963
Gym Equip - Mats			2,710				11 40.0% DV	994	1,716
Gym Equip - Bench			5,578				11 40.0% DV	2,045	3,533
Gym Equip - Boxhorse			2,070				11 40.0% DV	759	1,311
Gym Equip - Beatboard			1,854				11 40.0% DV	680	1,174
Lathes 2x Spotwelder & Drill			9,540				12 16.0% DV	1,526	8,014
Signage			800				7 10.0% DV	47	753
Whiteboard			2,213				2 40.0% DV	148	2,065
Digital Pulse Machine			1,450				1 25.0% DV	30	1,420
Mig Welding Machine			921				1 16.0% DV	12	909
Sub-Total			48,159					12,428	35,731
TOTAL									
			140,892	138,277	351,992		75,617	78,232	414,652

MOORE STEPHENS
MARKHAMS

The accompanying notes form part of these financial statements.
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Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

1 Statement of accounting policies

Vanguard Military School Limited (the "Company") is a company incorporated under the Companies Act 1993 and domiciled in New Zealand. The Company is a charter school based in Auckland.

The financial statements of the Company are for the year ended 31 December 2014.

Statement of compliance and basis of preparation

The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company is a profit-orientated entity.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), complying with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large as defined by the Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except that the company has not applied exemptions available under the following standards:

- NZ IAS 18
Revenue
An exemption is available that would allow the Company to recognise revenue and expenditure inclusive of GST.
- NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates*
An exemption is available that would allow the Company to translate foreign currency transactions at the settlement rate.

Measurement base

These financial statements are presented in New Zealand Dollars (NZD). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on a consistent basis with those used in the previous year.

Comparative information

The company began operating in the 2014 year. The comparative figures relate to preliminary set-up items, not to trading.

Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

(a) Property, plant and equipment

Owned assets

Except for land and buildings, items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are stated at an amount equal to the lower of the fair value and the present value of the minimum leases payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense incurred.

Depreciation

Depreciation is charged at the same rate as is allowed by the Income Tax Act 2007. Depreciation is charged to the statement of comprehensive income. Land is not depreciated. The following rates are as per the depreciation schedule:

Leasehold improvements	10% DV
Computer & School Equip	10-50% DV
Furniture & fittings	13-25% DV
Motor Vehicles	30% DV

The residual value of property, plant and equipment is reassessed annually.

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

(b) Financial instruments

Financial instruments are recognised in the statement of financial position when the Company becomes party to a financial contract. They include the following individual classes of assets and liabilities:

Loans and receivables

Bank deposits, bank overdrafts, trade and other receivables, and intercompany balances, investments in unlisted debt securities are classified as loans and receivables. All of the above financial instruments are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method. Due allowance is made for impaired receivables (doubtful debts).

Other financial liabilities

These include trade and other payables, bank loans, finance leases and intercompany payables. These are all carried at amortised cost using the effective interest rate method.

(c) Impairment

The carrying amounts of the Company's assets other than investment properties, inventories and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of comprehensive income.

Estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted. The estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the assets.

(d) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest rate basis.

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

(e) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

(f) Revenue

Ministry Operational Fee

Revenue from the Ministry Operational Fee is recognised in the year to which it relates.

Financial income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

(g) Expenditure

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised in the statement of comprehensive income over the term as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest rate basis.

Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method.

(h) Income tax

The income tax expense recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable on prior periods.

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

(i) Goods and services tax

All amounts are shown exclusive of GST except for receivables and payables that are stated inclusive of GST.

2 Tax credit	2014	2013
	\$	\$
Profit (Loss) before tax	110,117	(170,170)
Less Loss Brought forward	(170,170)	-
Loss to Carry forward	(60,053)	(170,170)
Tax Payable	-	-
Less RWT Credits	11,796	3,162
Provisional Tax Paid	59,997	-
Total Tax Credit to be Refunded	71,793	3,162

Imputation credits available to shareholders

Closing balance	41,793	3,162
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3 Contributed equity	2014	2013
	\$	\$
100 Ordinary shares (Prior year: 100)	100	100
Total contributed equity	100	100

Share capital

All shares have equal voting rights and share equally in dividends and surplus on winding up. The shares have no par value. None of the shares are held by the Company.

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

4 Related party transactions

Advance Training Group Ltd is a related party in that it shares the same directors & shareholders.

During the year, the Company entered into the following transactions with related parties:

	2014 \$	2013 \$
Advance Training Group Ltd		
Administration Costs	68,347	13,913
Salaries Costs	205,043	41,739
Printing Costs	34,174	6,956
Office Supplies	34,175	6,956

At balance date, the Company owed the following amounts to related parties:

	2014 \$	2013 \$
Advance Training Group Ltd	37,500	7,500

5 Establishment Grant yet to apportion

The company received an Establishment Payment from the Ministry of Education on 13 September 2013 of \$1,611,534. This payment is Non Taxable under Section CX47 of the Income Tax Act 2007. In accordance with the provisions of Section CX47 all Establishment expenditure will not be deductible for income tax purposes. The unexpired portion of this grant is the balance in the accounts less the net book value of assets purchased.

6 Operating lease commitments

	2014 \$	2013 \$
Amounts were payable under non-cancellable operating leases as follows:		
In less than 1 year	473,668	-
Between 1-5 years	13,668	-
After 5 years	-	-
Total operating lease commitments	487,336	-

Vanguard Military School Limited

Notes to the financial statements

For the year ended 31 December 2014

7 Capital commitments

At year end, the Company had no capital commitments (2013: \$Nil).

8 Contingent liabilities

At balance date there are no other known contingent liabilities (2013: \$nil).

9 Events subsequent to balance date

Since the end of the financial year and to the date of this report, the directors are not aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

10 Going concern

This financial report has been prepared on a going concern basis, the validity of which depends upon the continued support of the shareholders. This support has been confirmed by the shareholders. The financial report does not include any adjustments that would result from cessation of this continued support.

MOORE STEPHENS MARKHAMS

AUCKLAND AUDIT

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VANGUARD MILITARY SCHOOL LIMITED

Report on the Financial Statements

We have audited the financial statements of Vanguard Military School Limited on pages 3 to 16 which comprises the balance sheet as at 31 December 2014, the income statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with Section 207B(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our work, for this report, or for the opinions we have formed.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, Vanguard Military School Limited.

Opinion

In our opinion, the financial statements on pages 3 to 16:

- comply with generally accepted accounting practice in New Zealand;
- comply with New Zealand equivalents to International Financial Reporting Standards; and
- give a true and fair view of the financial position of Vanguard Military School Limited as at 31 December 2014 and its financial performance for the year ended on that date.

Emphasis of Matter

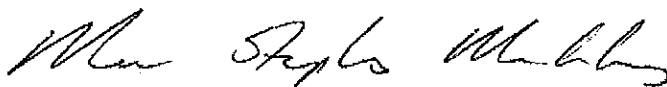
Going Concern

Without qualifying our opinion, we draw attention to Note 10 in the financial statements which indicates that the Company's current liabilities exceeded its total assets by \$59,953. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern should ongoing shareholder support as described in this note cease.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Vanguard Military School Limited as far as appears from an examination of those records.



Moore Stephens Markhams Auckland Audit

1 May 2015

Chartered Accountants

Auckland, New Zealand

