

Vanguard Military School Ltd
Financial Reports
For the Year Ended 31st December 2016

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Vanguard Military School Ltd

Company Directory

As at 31st December 2016

Issued Capital 100 Ordinary Shares

Registered Office 49 Victoria Rd
Devonport
North Shore City 0624

Directors Wayne Hyde

Auditors Moore Stephens Markhams

Accountants Commercial Business Services Ltd
Devonport
Auckland

Nature of Business Charter School

Shareholders	Wayne HYDE	50	Ordinary Shares
	Frances HYDE	50	Ordinary Shares
		<u>100</u>	

*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 Profit or Loss

For the Year Ended 31st December 2016

	2016 \$	2015 \$
INCOME		
Ministry Operational Fee	2,447,927	2,327,107
Interest Received	6,329	26,492
Establishment Grant Received	197,495	247,155
Student Travel Income (Net)	48,826	101,493
Sundry Income	34,525	16,125
	<u>2,735,102</u>	<u>2,718,372</u>
Total Income	<u>2,735,102</u>	<u>2,718,372</u>
Less Expenses		
Accident Compensation Levy	4,502	5,924
Accountancy Fees	9,360	8,805
Administration Fees	68,870	68,870
Advertising	3,130	933
Advisory Board Fees	32,000	33,000
Audit Fees	6,180	6,223
Bank Charges	362	284
Cleaning & Laundry	27,201	27,246
Computer Expenses	3,565	1,423
Donations	-	250
Establishment Expenses	108,664	145,011
Fees Paid - Moderation	6,749	6,510
Fees Paid - NZQA	8,144	6,455
General Expenses	4,084	4,760
Graduation Expenses	20,145	-
Health & Safety	273	3,548
Insurance	9,210	4,457
Interest - Loans	715	1,447
Legal Expenses	6,914	6,505
Licences & Registrations	900	14
Light Power & Heating	33,881	30,773
Materials - Classroom	5,181	6,891
Motor Vehicle Expenses	15,316	7,107
Office Expenses	35,438	34,894
Postage	724	1,080
Printing, Stamps & Stationery	51,535	46,701
Rents	463,872	410,000
Rent - Opex	86,148	86,148
Rent - Plant & Equipment	12,068	13,362
Repairs & Maintenance	4,416	9,708
Security	1,438	1,296
Staff Expenses	2,856	14,517
Staff Training	2,729	243

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with the attached Audit Report.

MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd
Statement of Profit or Loss
For the Year Ended 31st December 2016

	2016 \$	2015 \$
Student Amenities	6,545	7,487
Student Courses & Camps	27,794	21,793
Subscriptions	2,290	2,471
Telephone, Tolls & Internet	9,153	7,039
Travel - National	285	1,143
Uniforms	8,019	5,154
Website Expenses	660	1,180
Salaries - Management	227,478	222,261
Salaries - Staff	1,305,649	1,260,933
Total Expenses	<u>2,624,443</u>	<u>2,523,846</u>
Net Profit Before Depreciation	<u>110,659</u>	<u>194,526</u>
Less Depreciation Adjustments		
Depreciation as per Schedule	88,831	102,144
NET PROFIT BEFORE TAX	<u>21,828</u>	<u>92,382</u>
Income Tax Expense	(6,112)	(9,052)
NET PROFIT/(LOSS)	<u><u>\$15,716</u></u>	<u><u>\$83,330</u></u>

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MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd
Statement of Changes in Equity
For the Year Ended 31st December 2016

	Note	2016 \$	2015 \$
EQUITY AT START OF YEAR		23,377	(59,953)
PROFIT & REVALUATIONS			
Profit after Tax		15,716	83,330
Total Recognised Incomes & Expenses		<u>15,716</u>	<u>83,330</u>
OTHER MOVEMENTS			
EQUITY AT END OF YEAR		<u><u>\$39,093</u></u>	<u><u>\$23,377</u></u>
 MOVEMENTS IN RETAINED EARNINGS			
Retained Earnings at start of year		23,277	(60,053)
Net Profit		15,716	83,330
Retained Earnings at End of Year		<u>38,993</u>	<u>23,277</u>
 MOVEMENTS IN ISSUED CAPITAL			
Balance at Start of Year		100	100
Balance at End of Year		<u>100</u>	<u>100</u>
		<u><u>\$39,093</u></u>	<u><u>\$23,377</u></u>

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MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd

Balance Sheet

As at 31st December 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Bank - Cheque Account	5	173,936	6,519
Bank - Savings account		925,084	580,980
GST refund due		-	40,199
Taxation	7	65,667	69,928
Accounts Receivable		29,535	447
Sundry Debtors		300	1,306
Payments in Advance		34,783	-
Shareholders' overdrawn current accounts	9	19,017	27,324
Inter-company current accounts		38,380	-
Total Current Assets		<u>1,286,702</u>	<u>726,703</u>
NON-CURRENT ASSETS			
Property, plant & equipment		376,039	441,869
TOTAL ASSETS		<u>1,662,741</u>	<u>1,168,572</u>
CURRENT LIABILITIES			
GST due for payment		61,345	-
Inter-company current accounts		-	37,500
Accounts Payable		27,199	20,549
Accrued Expenses		46,281	50,468
Establishment Grant in advance		830,154	1,027,649
Funding in Advance - MOE		656,283	-
Finance leases - current portion	13	<u>2,386</u>	<u>6,670</u>
Total Current Liabilities		<u>1,623,648</u>	<u>1,142,836</u>
NON-CURRENT LIABILITIES			
Finance leases as per schedule	13	-	2,359
TOTAL LIABILITIES		<u>1,623,648</u>	<u>1,145,195</u>
NET ASSETS		<u>\$39,093</u>	<u>\$23,377</u>
EQUITY			
Share capital		100	100
Retained Earnings		<u>38,993</u>	<u>23,277</u>
TOTAL EQUITY		<u>\$39,093</u>	<u>\$23,377</u>

Represented by:

EQUITY

Share capital	100	100
Retained Earnings	<u>38,993</u>	<u>23,277</u>
TOTAL EQUITY	<u>\$39,093</u>	<u>\$23,377</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

15-MAY-2017

The accompanying notes form part of these financial statements.
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**MOORE STEPHENS
MARKHAMS**

Vanguard Military School Ltd

Depreciation Schedule

For the Year Ended 31st December 2016

Asset	Private Use	Cost Price	Book Value 01/01/2016	Additions Disposals	Gain/Loss on Disposal	Capital Profit	--- Depreciation --- Mth Rate \$	Accum Deprec 31/12/2016	Book Value 31/12/2016
BUILDINGS									
Leasehold Fitout (2013)		26,707	21,452				12 10.0% DV	7,400	19,307
Leasehold Fitout (2014)		86,549	72,701				12 10.0% DV	21,118	65,431
Leasehold Fitout (2015)		23,558	22,576				12 10.0% DV	3,240	20,318
Portacom Shower Unit		127,654	109,794				12 13.5% DV	32,682	94,972
Sub-Total		264,468	226,523				26,495	64,440	200,028
MOTOR VEHICLES									
1991 Scania Coach DGK857		45,000	21,498				12 30.0% DV	29,951	15,049
Capliva 7SX 2.4L		27,425	13,102				12 30.0% DV	18,254	9,171
Isuzu Bus CYB14		17,391	16,927				12 16.0% DV	3,172	14,219
Sub-Total		89,816	51,527				13,088	51,377	38,439
FURNITURE & FITTINGS									
Fridge Freezer - Samsung		782	430				12 25.0% DV	108	322
Benchwork Desk		950	712				12 13.0% DV	93	619
BX Framework Desks		1,820	1,362				12 13.0% DV	177	1,185
Benchwork Meeting Table		3,539	2,650				12 13.0% DV	345	2,305
Chairs - Postura Plus 300x		15,900	11,070				12 16.0% DV	1,771	9,299
Desks - Charcoal		15,040	11,260				12 13.0% DV	1,464	9,796
Sidechairs 10x		1,200	836				12 16.0% DV	134	702
Cubit 2 Drawer Cabinets 10x		2,670	1,709				12 20.0% DV	342	1,367
Eko Desks 10x		1,253	948				12 13.0% DV	123	825
Chairs 12x		2,812	1,984				12 16.0% DV	317	1,667
Tables Office 6x		1,254	985				12 13.0% DV	128	857
Bookcases 7x		2,436	1,657				12 20.0% DV	331	1,326
Lockers (4) 3x		4,605	3,500				12 20.0% DV	700	2,800
2 Drawer Cabinets 4x		1,068	826				12 20.0% DV	165	661
Chairs 8x		1,296	1,059				12 16.0% DV	169	890

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Vanguard Military School Ltd

Depreciation Schedule

For the Year Ended 31st December 2016

Asset	Private Use	Cost Price	Book Value 01/01/2016	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ---- Mth Rate \$	Accum Deprec 31/12/2016	Book Value 31/12/2016
Bookcases 4x		2,259	1,747				12 20.0% DV	861	1,398
Eko Desks 4x		1,002	862				12 13.0% DV	112	750
Bookcases 3x		815	641				12 20.0% DV	302	513
Cabinet (4) 9x		10,701	6,849				12 20.0% DV	5,222	5,479
Cubitt Credenza		586	375				12 20.0% DV	286	300
Desk Dophin		899	680				12 13.0% DV	88	592
Fridge		564	326				12 25.0% DV	82	244
2 Seater Metropol		1,076	795				12 16.0% DV	127	668
Washing Machine		924	592				12 25.0% DV	148	444
Credenza Dophin		995	637				12 20.0% DV	127	510
Carpet		2,338	1,309				12 40.0% DV	524	785
Credenza, Cupboards &		4,441	2,961				12 20.0% DV	592	2,369
Bookcases		1,296	933				12 20.0% DV	187	746
Furniture Various		879	680				12 20.0% DV	136	544
Cupboard		833	655				12 20.0% DV	131	524
Furniture		12,361	10,383				12 16.0% DV	1,661	8,722
Chairs 11 6x Tables 70x		1,469	1,254				12 16.0% DV	201	1,053
Desk & Coffee Tables		2,681	2,288				12 16.0% DV	366	1,922
Chairs 12x Bookcases 4x		525	481				12 10.0% DV	48	433
Signage		1,198	1,054				12 16.0% DV	169	885
Chairs 20x		590	519				12 48.0% DV	249	270
Camera		6,075	5,994				12 16.0% DV	959	5,035
Lockers 3x				2,320			12 16.0% DV	371	1,949
Desks & Chairs				1,388			11 20.0% DV	255	1,133
Bookcase 4x				2,685			11 16.0% DV	394	2,291
Tutor Desks				1,792			2 16.0% DV	48	1,744
Lockers				1,604			2 16.0% DV	43	1,561
Seats, Desks & Cabinets 2x				9,789				15,307	77,485
Sub-Total		111,132	83,003					43,436	

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Vanguard Military School Ltd

Depreciation Schedule

For the Year Ended 31st December 2016

Asset	Private Use	Cost Price	Book Value 01/01/2016	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ---- Mth Rate	\$	Accum Deprec 31/12/2016	Book Value 31/12/2016
COMPUTER EQUIPMENT										
HP Computer		1,500	359				12 50.0% DV	180	1,321	179
HP Computer		1,029	246				12 50.0% DV	123	906	123
Software		5,500	1,489				12 50.0% DV	745	4,756	744
HP Laptops		8,899	2,224				12 50.0% DV	1,112	7,787	1,112
Software Licenses 13x		12,626	3,156				12 50.0% DV	1,578	11,048	1,578
HP Pavilion Mini Tower		511	138				12 50.0% DV	69	442	69
Acer Micro Computers		18,768	8,258				12 50.0% DV	4,129	14,639	4,129
8 Channel DVR		662	234				12 50.0% DV	117	545	117
HP Notebooks 4x		3,632	1,513				12 50.0% DV	757	2,876	756
Micro Computer & Laptop		19,532	10,580				12 50.0% DV	5,290	14,242	5,290
Laptop Charging Cart		2,173	1,358				12 50.0% DV	679	1,494	679
HP Notebook		908	681				12 50.0% DV	341	568	340
Hard Drives				2,436			12 50.0% DV	1,218	1,218	1,218
Computer Camera				2,975			11 50.0% DV	1,364	1,364	1,611
Dome Cameras				569			4 50.0% DV	95	95	474
Sub-Total		75,740	30,236	5,980				17,797	63,301	18,419

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MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd

Depreciation Schedule

For the Year Ended 31st December 2016

Asset	Private Use	Cost Price	Book Value 01/01/2016	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ---- Mth Rate \$	Accum Deprec 31/12/2016	Book Value 31/12/2016
SCHOOL EQUIPMENT									
Whiteboards 11x		6,708	2,415				12 40.0% DV	5,259	1,449
Signage - Rooms		4,725	3,827				12 10.0% DV	1,281	3,444
Gym Equipment		7,425	2,821				12 40.0% DV	5,732	1,693
Lecturn		1,095	715				12 20.0% DV	523	572
Signage		1,070	867				12 10.0% DV	87	780
Gym Equip - Mats		2,710	1,030				12 40.0% DV	412	618
Gym Equip - Bench		5,578	2,120				12 40.0% DV	848	1,272
Gym Equip - Boxhorse		2,070	787				12 40.0% DV	315	472
Gym Equip - Beatboard		1,854	704				12 40.0% DV	282	422
Gym Equip - Mats		5,538	3,692				12 40.0% DV	1,477	2,215
Gym Equip - Post Pads 6x		2,820	2,538				12 40.0% DV	1,015	1,523
Gym Equip - Swedish Bench 4x		3,113	2,179				12 40.0% DV	872	1,307
Lathes 2x, Spotwelder & Drill		9,540	6,732				12 16.0% DV	1,077	5,655
Signage		800	678				12 10.0% DV	68	610
Whiteboard		2,213	1,239				12 40.0% DV	496	743
Digital Pulse Machine		1,450	1,065				12 25.0% DV	266	799
Mig Welding Machine		921	764				12 16.0% DV	122	642
Microscope Monocular 8x		4,799	3,839				12 20.0% DV	768	3,071
Projector - Canon Lumen		1,760	1,393				12 25.0% DV	348	1,045
Projectors & Smartboards		14,900	11,175				12 25.0% DV	2,794	8,381
Projector - Canon Lumen				1,760			12 25.0% DV	440	1,320
Graphics Calculator				552			10 67.0% DV	308	244
PT Hanger Board				1,600			10 40.0% DV	533	1,067
Netball/Basketball Systems				3,320			9 40.0% DV	996	2,324
Sub-Total		81,089	50,580	7,232				16,144	41,668
TOTAL		622,245	441,869	23,001				88,831	376,039

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**MOORE STEPHENS
MARKHAMS**

Vanguard Military School Ltd

Notes to the Financial Statements

For the Year Ended 31st December 2016

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Vanguard Military School Ltd ('the company'). Vanguard Military School Ltd is a company incorporated in New Zealand registered under the Companies Act 1993. Vanguard Military School Ltd is engaged in the business of Charter School.

The Company is exempt for the purposes of the Financial Reporting Act 2013. The Company is a profit-orientated entity.

Measurement Base

The financial statements of Vanguard Military School Ltd have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants.

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

Vanguard Military School Ltd transitioned on 1 January 2015 from preparation of general-purpose financial information in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for FPEs. The transition had minimal impact on the accounting policies of the company.

Comparative Information

The comparative figures are stated for the 12 month period to 31 December 2015.

Specific Accounting Policies

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

a) Property, Plant & 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 accounting 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 lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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**MOORE STEPHENS
MARKHAMS**

Vanguard Military School Ltd

Notes to the Financial Statements

For the Year Ended 31st December 2016

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 Profit and Loss as an expense incurred.

The entity has the following classes of Property, Plant & Equipment;

Buildings	10%	DV
Motor Vehicles	30%	DV
Furniture & Fittings	13-25%	DV
Computer Equipment	50%	DV
School Equipment	10-40%	DV

All property, plant & equipment except for land is stated at cost less depreciation.

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

(b) **Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(c) **Taxation**

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Profit or Loss is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.

(d) **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 & 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.

(e) **Receivables**

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

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MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd

Notes to the Financial Statements

For the Year Ended 31st December 2016

(f) **Going Concern**

These financial statements have been prepared on the basis that the company is a going concern and has the continuing support of its 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.

(g) **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.

(h) **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 Profit and Loss statement 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.

(i) **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.

2. **AUDIT**

These financial statements have been subject to audit, please refer to Auditor's Report.

3. **CONTINGENT LIABILITIES**

At balance date there are no known contingent liabilities (2015:\$0).

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with the attached Audit Report.*

Vanguard Military School Ltd

Notes to the Financial Statements

For the Year Ended 31st December 2016

4. CONTRIBUTED EQUITY

	2016 \$	2015 \$
100 Ordinary Shares (Prior year:100)	100	100

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.

5. CAPITAL COMMITMENTS

At year end, the Company had no capital commitments (2015: \$Nil).

6. 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.

7. TAXATION

	2016 \$	2015 \$
Operating profit before taxation	21,828	92,382
Prima facie income tax thereon at 28%	6,112	9,052
Income Tax Expense on Net Profit	<u>6,112</u>	<u>9,052</u>

The Taxation Charge is Represented by

Current year tax	6,112	9,052
	<u>6,112</u>	<u>9,052</u>

Tax Payable

Less		
RWT credits	1,851	7,187
Outstanding from prior years	69,928	-
Total Tax to be Refunded	<u>(65,667)</u>	<u>1,865</u>

8. IMPUTATION CREDIT ACCOUNT

At balance date imputation credits available to the shareholders were

	2016 \$	2015 \$
Opening Balance	78,980	41,793
Payments to the IRD	-	30,000
RWT credits attached to Interest income received	1,851	7,187
Closing Balance	<u>80,832</u>	<u>78,980</u>

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MOORE STEPHENS
MARKHAMS

Vanguard Military School Ltd

Notes to the Financial Statements

For the Year Ended 31st December 2016

9. SHAREHOLDERS' CURRENT ACCOUNTS

	2016 \$	2015 \$
Balances at year end were:		
Wayne Hyde	(9,508)	(13,662)
Frances Hyde	(9,509)	(13,662)
Total amounts owing to Shareholders	<u>(19,017)</u>	<u>(27,324)</u>

These amounts are repayable on demand with interest payable set at a maximum rate equal to that of the Bank overdraft rate current at balance date.

10. OPERATING LEASE COMMITMENTS

	2016 \$	2015 \$
Amounts were payable under non-cancellable operating leases as follows:		
In less than 1 year	9,416	13,668
Between 1-5 years	16,478	-
After Five years	-	-
Total operating lease commitments	25,894	13,668

11. 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.

*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

Notes to the Financial Statements

For the Year Ended 31st December 2016

12. RELATED PARTIES

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:

	2016 \$	2015 \$
Advance Training Group Ltd		
Administration Costs	68,870	68,870
Salaries Costs	227,478	222,260
Printing Costs	34,435	34,435
Office Supplies	34,435	34,435

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

	2016 \$	2015 \$
Advance Training Group Ltd	38,380	

13. FINANCE LEASES

Finance leases are secured over the assets to which they pertain. Interest rates which are fixed for the term of the agreement are detailed below along with the original term.

	2016 \$	2015 \$
Leases outstanding at balance date:		
Loan - Canon Finance	2,386	9,029
Total	<u>\$2,386</u>	<u>\$9,029</u>
Repayable as follows:		
Less than one year	2,386	6,670
	<u>2,386</u>	<u>6,670</u>
Greater than one year	-	2,359
	<u>-</u>	<u>2,359</u>
Total	<u>\$2,386</u>	<u>\$9,029</u>

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.

MOORE STEPHENS MARKHAMS

AUCKLAND AUDIT

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

Opinion

We have audited the special purpose financial statements of Vanguard Military School Limited (the "company") on pages 2 to 15, which comprises the Statement of financial position as at 31 December 2016, the Statement of profit or loss and Statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the special purpose financial statements on pages 2 to 15 for the year ended 31 December 2016 are prepared in all material respects, in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities issued by Chartered Accountants Australia and New Zealand.

Basis for Opinion

We conducted our audit in accordance with Special Purpose Financial Reporting Framework for use by For-Profit Entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in the Company.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of preparation. The financial statements are prepared in accordance with the requirements of the Special Purpose Financial Reporting framework for use by For-Profit Entities. As a result, the financial statements may not be suitable for another purpose.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of special purpose financial statements in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities 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 special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the trustees are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

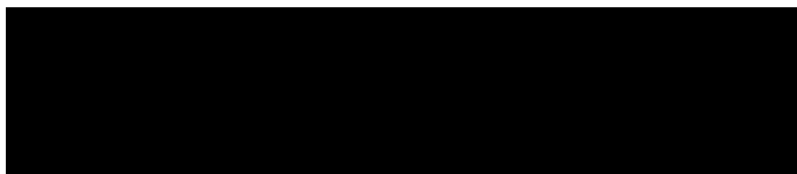
Auditor's Responsibilities

Our responsibility is to express an opinion on these special purpose 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 special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose 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 special purpose 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, concluding on the appropriateness of the use of the going concern basis of accounting by the directors as well as evaluating the presentation of the special purpose financial statements.

This report is made solely to the company's shareholders, in accordance with 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.

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



s 9(2)(a) OIA

Moore Stephens Markhams Auckland Audit
01 May 2017
Chartered Accountants
Auckland, New Zealand