

VANGUARD MILITARY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

School Directory

Ministry Number:	00854
Principal:	Rockley Montgomery
School Address:	8 Rothwell Avenue Rosedale
School Postal Address:	Auckland 0632
School Phone:	09 443 2969
School Email:	accounts@vanguard.school.nz

Members of the Board

Name	Position	How Position Gained
Nick Hyde	Chair Person	Appointed
Rockley Montgomery	Principal ex Officio	
Kirk Richardson	Parent Rep	Appointed
Jonathan Gale	Parent Rep	Appointed
Alan Curtis	Parent Rep	Co-opted
Katene Eruera	Parent Rep	Appointed

VANGUARD MILITARY SCHOOL

Annual Report - For the year ended 31 December 2021

Index

Page	Statement
	Financial Statements
1	Statement of Responsibility
2	Statement of Comprehensive Revenue and Expense
3	Statement of Changes in Net Assets/Equity
4	Statement of Financial Position
5	Statement of Cash Flows
6 - 15	Notes to the Financial Statements
	Other Information
	Analysis of Variance
	Kiwisport

Vanguard Military School

Statement of Responsibility

For the year ended 31 December 2021

The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Board.

Nick Hyde

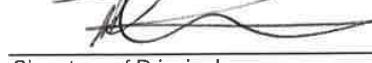
Full Name of Presiding Member


Signature of Presiding Member

27 MAY 2022
Date:

Rockley Montgomery

Full Name of Principal


Signature of Principal

27 May 2022.
Date:

Vanguard Military School

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Revenue				
Government Grants	2	3,671,992	2,433,274	3,158,236
Locally Raised Funds	3	73,264	40,850	60,241
Interest Income		4,745	5,000	7,149
		<u>3,750,001</u>	<u>2,479,124</u>	<u>3,225,626</u>
Expenses				
Locally Raised Funds	3	150,073	184,500	191,337
Learning Resources	4	1,866,755	1,833,853	1,788,797
Administration	5	281,038	367,183	285,062
Finance		2,854	2,200	3,620
Property	6	1,144,485	84,500	779,956
Depreciation	11	105,856	109,429	116,595
		<u>3,551,061</u>	<u>2,581,665</u>	<u>3,165,367</u>
Net Surplus / (Deficit) for the year		198,940	(102,541)	60,259
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>198,940</u>	<u>(102,541)</u>	<u>60,259</u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes which form part of these financial statements.

Vanguard Military School

Statement of Changes in Net Assets/Equity

For the year ended 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Equity at 1 January		1,369,678	1,379,817	1,309,419
Total comprehensive revenue and expense for the year		198,940	(102,541)	60,259
Equity at 31 December		1,568,618	1,277,276	1,369,678
Retained Earnings		1,568,618	1,277,276	1,369,678
Equity at 31 December		1,568,618	1,277,276	1,369,678

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

Vanguard Military School

Statement of Financial Position

As at 31 December 2021

	Notes	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Assets				
Cash and Cash Equivalents	7	380,892	178,909	1,179,518
Accounts Receivable	8	205,594	143,417	141,127
GST Receivable		10,381	10,500	15,558
Inventories	9	37,485	36,950	26,562
Investments	10	1,000,000	1,000,000	-
		<u>1,634,352</u>	<u>1,369,776</u>	<u>1,362,765</u>
Current Liabilities				
GST Payable		-	-	-
Accounts Payable	12	201,063	182,712	180,745
Revenue Received in Advance	13	1,252	-	3,965
Finance Lease Liability	14	8,013	14,906	14,906
		<u>210,328</u>	<u>197,618</u>	<u>199,616</u>
Working Capital Surplus/(Deficit)		1,424,024	1,172,158	1,163,149
Non-current Assets				
Property, Plant and Equipment	11	148,996	109,520	218,948
		<u>148,996</u>	<u>109,520</u>	<u>218,948</u>
Non-current Liabilities				
Finance Lease Liability	14	4,402	4,402	12,419
		<u>4,402</u>	<u>4,402</u>	<u>12,419</u>
Net Assets		<u>1,568,618</u>	<u>1,277,276</u>	<u>1,369,678</u>
Equity		<u>1,568,618</u>	<u>1,277,276</u>	<u>1,369,678</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes which form part of these financial statements.

Vanguard Military School

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Cash flows from Operating Activities				
Government Grants		886,058	2,235,737	869,598
Locally Raised Funds		70,269	40,500	73,984
Goods and Services Tax (net)		5,177	(10,500)	(4,481)
Payments to Employees		(271,455)	(247,391)	(164,658)
Payments to Suppliers		(445,159)	(642,596)	(527,542)
Interest Paid		(2,854)	(2,200)	(3,620)
Interest Received		10,152	5,000	6,664
Net cash from/(to) Operating Activities		252,188	1,378,550	249,945
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(35,905)	(173,370)	(13,384)
Purchase of Investments		(1,000,000)	(1,000,000)	
Net cash from/(to) Investing Activities		(1,035,905)	(1,173,370)	(13,384)
Cash flows from Financing Activities				
Finance Lease Payments		(14,909)	(26,271)	(12,562)
Net cash from/(to) Financing Activities		(14,909)	(26,271)	(12,562)
Net increase/(decrease) in cash and cash equivalents		(798,626)	178,909	223,999
Cash and cash equivalents at the beginning of the year	7	1,179,518	-	955,519
Cash and cash equivalents at the end of the year	7	380,892	178,909	1,179,518

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes which form part of these financial statements.

Vanguard Military School

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Accounting Policies

a) Reporting Entity

Vanguard Military School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

Critical Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives.

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

Other Grants

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations, Gifts and Bequests

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) Finance Lease Payments

Finance 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 basis.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

f) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

g) Inventories

Inventories are consumable items held for sale and comprised of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

h) Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

i) Property, Plant and Equipment

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Depreciation

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements to Crown Owned Assets	6–7 years
Furniture and equipment	3 years
Information and communication technology	2–5 years
Leased assets held under a Finance Lease	Term of Lease

j) Impairment of property, plant, and equipment and intangible assets

The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

k) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Employee Entitlements

Short-term employee entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, by non teaching staff, to but not yet taken at balance date.

m) Revenue Received in Advance

Revenue received in advance relates to fees received from PT Bonds and Uniform contribution where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

n) Financial Instruments

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

o) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

p) Budget Figures

The budget figures are extracted from the School budget that was approved by the Board.

q) Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

2. Government Grants

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Operational Grants	638,869	625,500	666,470
Teachers' Salaries Grants	1,706,468	1,577,354	1,583,159
Use of Land and Buildings Grants	1,079,466	-	705,479
Other MoE Grants	35,322	12,420	13,100
Transport grants	211,867	218,000	190,028
	3,671,992	2,433,274	3,158,236

The school has opted in to the donations scheme for this year. Total amount received was \$20,850

3. Locally Raised Funds

Local funds raised within the School's community are made up of:

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Revenue			
Donations & Bequests	24,800	20,850	7,960
Trading	21,901	18,000	18,179
Conveyance Allowance	24,382	-	32,043
Other Revenue	2,181	2,000	2,059
	73,264	40,850	60,241
Expenses			
Trading	23,225	29,500	38,632
Transport (Local)	126,848	155,000	152,705
	150,073	184,500	191,337
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	(76,809)	(143,650)	(131,096)

4. Learning Resources

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Curricular	58,574	137,200	99,033
Information and Communication Technology	21,989	30,500	18,133
Employee Benefits - Salaries	1,783,685	1,657,353	1,663,723
Staff Development	2,507	8,800	7,908
	1,866,755	1,833,853	1,788,797

5. Administration

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Audit Fee	11,747	7,391	12,545
Board Fees	51,200	50,000	49,850
Board Expenses	16,002	15,500	14,895
Communication	633	850	807
Legal Fees	-	4,000	2,753
Other	33,880	101,442	47,464
Employee Benefits - Salaries	133,080	160,000	130,351
Insurance	2,271	4,000	2,277
Service Providers, Contractors and Consultancy	32,225	24,000	24,120
	<u>281,038</u>	<u>367,183</u>	<u>285,062</u>

6. Property

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Caretaking and Cleaning Consumables	21,950	23,500	25,285
Heat, Light and Water	33,529	38,000	34,112
Repairs and Maintenance	8,940	22,000	14,160
Use of Land and Buildings	1,079,466	-	705,479
Security	600	1,000	920
	<u>1,144,485</u>	<u>84,500</u>	<u>779,956</u>

7. Cash and Cash Equivalents

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Bank Accounts	379,393	177,459	1,180,966
Short-term Bank Deposits	1,241	1,200	(1,497)
Cash on Hand	258	250	49
Cash and cash equivalents for Statement of Cash Flows	<u>380,892</u>	<u>178,909</u>	<u>1,179,518</u>

8. Accounts Receivable

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Receivables	327	350	45
Interest Receivable	-	-	5,407
Banking Staffing Underuse	62,200	-	-
Teacher Salaries Grant Receivable	143,067	143,067	135,675
	<u>205,594</u>	<u>143,417</u>	<u>141,127</u>
Receivables from Exchange Transactions	327	350	5,452
Receivables from Non-Exchange Transactions	205,267	143,067	135,675
	<u>205,594</u>	<u>143,417</u>	<u>141,127</u>

9. Inventories

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
School Uniforms	37,485	36,950	26,562
	<u>37,485</u>	<u>36,950</u>	<u>26,562</u>

10. Investments

The School's investment activities are classified as follows:

	2021 Actual \$	2021 Budget (Unaudited) \$	2020 Actual \$
Current Asset			
Short-term Bank Deposits	1,000,000	1,000,000	-
Total Investments	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>

11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2021						
Building Improvements	146,281	-	-	-	(37,348)	108,933
Furniture and Equipment	42,079	-	-	-	(42,079)	-
Information and Communication Technology	12,105	35,904	-	-	(8,085)	39,924
Leased Assets	18,483	-	-	-	(18,344)	139
Balance at 31 December 2021	218,948	35,904	-	-	(105,856)	148,996

	2021	2021	2021	2020	2020	2020
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	220,978	(112,045)	108,933	220,977	(74,696)	146,281
Furniture and Equipment	137,819	(137,819)	-	137,819	(95,740)	42,079
Information and Communication Technology	80,601	(40,677)	39,924	44,697	(32,592)	12,105
Leased Assets	45,578	(45,439)	139	45,579	(27,096)	18,483
Balance at 31 December	484,976	(335,980)	148,996	449,072	(230,124)	218,948

12. Accounts Payable

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Creditors	44,121	35,000	33,790
Accruals	12,833	12,037	11,280
Employee Entitlements - Leave Accrual	144,109	135,675	135,675
	201,063	182,712	180,745
Payables for Exchange Transactions	201,063	182,712	180,745
	201,063	182,712	180,745

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
Other revenue in Advance	\$ 1,252	\$ -	\$ 3,965
	<u>1,252</u>	<u>-</u>	<u>3,965</u>

14. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
No Later than One Year	\$ 8,013	\$ -	\$ 15,648
Later than One Year and no Later than Five Years	4,402	-	18,981
	<u>12,415</u>	<u>-</u>	<u>34,629</u>
Represented by			
Finance lease liability - Current	8,013	-	15,648
Finance lease liability - Term	4,402	-	18,981
	<u>12,415</u>	<u>-</u>	<u>34,629</u>

15. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

16. Remuneration

Key management personnel compensation

Key management personnel of the School include all Board members, Principal, Deputy Principals and Heads of Departments.

	2021 Actual \$	2020 Actual \$
<i>Board Members</i>		
Remuneration	51,200	49,850
Full-time equivalent members	0.18	0.20
<i>Leadership Team</i>		
Remuneration	451,081	437,078
Full-time equivalent members	4.00	4.00
Total key management personnel remuneration	502,281	486,928
Total full-time equivalent personnel	4.18	4.20

There are (5) members of the Board excluding the Principal. The Board had held (15) full meetings of the Board in the year. The Board also has Finance (5 members) and Property (5 members) that meet monthly and quarterly respectively. As well as these regular meetings, including preparation time, the Chair and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2021 Actual \$000	2020 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130-140	130-140
Benefits and Other Emoluments	3-5	3-5
Termination Benefits	-	-

Other Employees

The number of other employees with remuneration greater than \$100,000 was in the following bands:

Remuneration \$000	2021 FTE Number	2020 FTE Number
100-110	9.00	7.00
	9.00	7.00

The disclosure for 'Other Employees' does not include remuneration of the Principal.

17. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be board members, committee members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2021 Actual	2020 Actual
Total	\$0	\$7,500
Number of People	0	1

18. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at **31 December 2021** (Contingent liabilities and assets at **31 December 2020**: nil).

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of boards, through payroll service provider Education Payroll Limited.

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2021, a contingent liability for the school may exist.

19. Commitments

(a) Capital Commitments

As at 31 December 2021 the Board has not entered into contract agreements for capital works (2020: nil).

20. Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

Financial assets measured at amortised cost

	2021 Actual	2021 Budget (Unaudited)	2020 Actual
	\$	\$	\$
Cash and Cash Equivalents	380,892	178,909	1,179,518
Receivables	205,594	143,417	141,127
Investments - Term Deposits	1,000,000	1,000,000	-
Total Financial assets measured at amortised cost	<u>1,586,486</u>	<u>1,322,326</u>	<u>1,320,645</u>

Financial liabilities measured at amortised cost

Payables	201,063	182,712	180,745
Finance Leases	12,415	19,308	27,325
Total Financial Liabilities Measured at Amortised Cost	<u>213,478</u>	<u>202,020</u>	<u>208,070</u>

21. Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

22. COVID 19 Pandemic on going implications

Impact of Covid-19

During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

Impact on operations

Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

Reduction in locally raised funds

Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF VANGUARD MILITARY SCHOOL'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Vanguard Military School (the School). The Auditor-General has appointed me, Paul Lawrence, using the staff and resources of Crowe New Zealand Audit Partnership, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 17, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2021; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 29 May 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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



Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the school payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the Analysis of Variance and Kiwi Sport Note, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.

A handwritten signature in blue ink, appearing to read "Paul Lawrence".

Paul Lawrence
Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Auckland, New Zealand



VANGUARD MILITARY SCHOOL

VANGUARD MILITARY SCHOOL

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PO Box 302-770, North Harbour 0751

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VANGUARD MILITARY SCHOOL

ANALYSIS OF VARIANCE 2021

1.0 Vanguard Military School 2021 Strategic Aims and Targets

- a) To provide a military school as an educational option for all
- b) Establish a permanent site for the School in 2022.
- c) Open enrolment for Year 9 in 2021 and Year 10 in 2022.
- d) Grow the roll to 312 by 2022.
- e) Maintain the school history, traditions and ethos as a special character school
- f) NCEA results for all year levels above 90%
- g) Maintain the average school attendance rate above 90%

2.0 Rationale for 2021 Strategic Aims

Vanguard Military School offers a very unique education that has a very good track record of high achievement. The school has, despite the disruption of the last two years, succeeded in transitioning the methodology and values of the original school to the new Designated Character School. It remains aware of the high expectations it places on its students and staff, but also of the consistently outstanding results the school has continued to achieve with at risk children. The EBOT has maintained the same Strategic Aims that had previously been in place to provide consistency for staff, students, parents, supporters and the school community.

The EBOT has continued to believe that the Ministry would, in the near future, provide the school with a permanent site in which to allow for the development of Years 9 and 10 and grow the roll to 312 students by 2022. The EBOT has proactively worked with the ministry to find a suitable permanent site that can be used to establish the new school.

3.0 Actions taken to achieve aims and targets and their effect

Vanguard Military School continued to operate as a senior secondary school in 2021, thus fully satisfying section **1.0 a)** of the Vanguard Military School 2021 Strategic Aims and Targets.

The Principal and the EBOT constantly requested information, supplied information and offered solutions, had meetings with the ministry and requested confirmation of the Ministry's commitment to the progress and planning behind the permanent property solution for Vanguard. However, possibly due to the disruption the ministry faced in 2020 and again in 2021, no progress on the documented aims under section **1.0 b), c) and d)** of the Vanguard Military School 2021 Strategic Aims and Targets have yet been made.

With strong leadership from the Principal, Senior Management Team, Staff and the EBOT, the school has achieved its aim of maintaining its history, traditions and ethos as a special designated character school in 2021. The action plan identified several key actions to ensure the achievement of aim **e)**. These key actions are listed under point **5.0**. The effect was that the leadership of the school, regardless of the disruptions in 2021 caused by the national requirements of Covid-19, was able to focus on what was considered essential to measuring achievement of this aim for Vanguard Military School.

Vanguard has always used daily monitoring systems such as Sections to provide pastoral care for students, morning parades to provide immediate data on attendance and a tracking system that involves Deputy Principals, Subject Teachers and Section Leaders to monitor recruit achievement. Add to that rolls taken in every class, student pathway plans, the use of academic catch ups, an ability to move students between classes and subjects and an overarching ethos that every student will pass and every student is cared for, provides the nucleus of actions taken towards aims **e)** and **f)**.

4.0 Progress and Achievement for the 2021 Aims and Targets

a) Achieved.	Aim and Target	MET
b) No progress made.	Aim and Target	NOT MET
c) No progress made.	Aim and Target	NOT MET
d) No Progress made.	Aim and Target	NOT MET
e) Progress completed.	Aim and Target	MET
f) Progress completed.	Aim and Target	MET
g) Progress completed.	Aim and Target	MET
h) Operate at a surplus	Aim	MET

5.0 Baseline Data for Analysis

For aim **a)** the baseline data used was the school's KAMAR system, showing the enrolled students at the school in 2021, and thus the provision of a military style educational system for all who choose it.

Aims **b), c) and d)** all require action from the Ministry, which, for whatever reason, has not been forthcoming. Without this component from the ministry, there is no baseline data and therefore no analysis at this time.

For aim **e)** The baseline data for analysis is listed below as key indicators as to whether the school was maintaining its history, tradition and ethos.

A Military ethos throughout the school	YES
Instructional teaching used	YES
A high-level pastoral care system used	YES
High expectations placed on student attitude, effort and behavior	YES
Compulsory physical training	YES
Compulsory School Haka	YES
Compulsory learning of the School Pledge	YES
Compulsory Mathematics, English, PE and RDC for all students	YES
Staff with buy-in to the school's special character	YES
Students who want to be at Vanguard as a school of choice	YES
Teamwork and Leadership of recruits to be developed	YES
Compulsory community involvement	YES
Pride in the School	YES

ALL MET

For aim **f)**. Through the school's tracking systems, using end of year KAMAR data for all students that remained at the school for the entire year, the following baseline data was used to evaluate the NCEA results for the 2021 students against the set target of **90%** for all year levels.

Level 1	98.2%	MET
Level 2	95.9%	MET
Level 3	100%	MET

Using the official NZQA data as the baseline, for all students enrolled at Vanguard in 2021, including students who dropped out of school due to personal reasons/covid-19, measured against the maintained school target regardless of covid-19 disruption.

Level 1	98.2%	MET
Level 2	94.1%	MET
Level 3	88.1%	NOT MET

Note: It can be seen from the NZQA data that the largest number of students leaving the school in 2021 fell into the Level Three group. For understandable reasons, a number of Level Three's left the school prior to completion of the academic year at Vanguard to mainly seek employment. A greater than usual number of Level Three students deciding to move on to the workforce prior to passing the year level could be attributed to family financial pressure, as a number of these students cited needing to assist the family with their financial burden.

For aim **g)** the KAMAR school administration system was used as the baseline data for tracking the attendance rate for 2021. The target was to maintain the average school attendance at above 90%. This was, in spite of the health regulations imposed as a result of Covid-19, to remain at home if the slightest symptoms of a flu like illness is experienced.

The **overall School Attendance Rate for 2021** (9 February to 3 December 2021) was **93.8%**

MET

Additional data supplied: (As per KAMAR SMS)

Year Level	Justified Absence	Unjustified Absence	Intermittent Absence	Attendance Rate for School
11	5.3%	0.4%	0.2%	93.9%
12	3.9%	0.5%	0.3%	95.2%
13	7.0%	0.6%	0.2%	92.0%
NZ Māori	5.2%	0.6%	0.3%	93.7%
Overall	5.3%	0.5%	0.2%	93.8%

6.0 Variations identified between aims, targets and actual outcomes.

Aims **b), c) and d)** have been identified as being in variation to the aims, targets and outcomes set for 2021.

Aim **f)** has been identified as having some variation to the aims, targets and outcomes set for 2021.

7.0 Planned action to address any variation.

The EBOT and the Principal have on numerous occasions met to discuss this pressing issue. The planned action is to continue applying pressure on the Ministry property team, our Ministry regional team, the centralized Ministry officials, The Minister and various politicians to resolve this issue. As identified at the end of 2020, the Board now at the end of 2021, continues to feel that without continued effort to apply pressure to action

the gazetted establishment of the school on new premises, the school will continue to sit in limbo for an undeterminable amount of time.

The school's section leaders and deputy principal's focused strongly on students leaving school during the year for various reasons. Action was taken to dissuade students from leaving school without passing the year level, if the perceived reason did not outweigh the benefits of remaining.

This strategy worked particularly well with level one and two students, but the level three leavers were found to have very urgent and valid reasons for needing to find a paying job and were in most cases no attempt was made to dissuade them.

8.0 Summary of 2022 aims and targets

The EBOT retained all the aims for the 2022 year. Target times for the achievement of aims **b), c) and d)** however, have not been set due to the uncertain nature and lack of information from the Ministry.

Targets for **e), f) and g)** remain in place, regardless of the uncertainty around mandatory lockdowns during the academic year, as we believe setting high targets are critically important to the school and the students and the school should continue to strive toward these high expectations placed on the staff and students of the school.



VANGUARD MILITARY SCHOOL

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Kiwisport 2021 Funding

Kiwisport is a government funding initiative to support students' participation in organised sport. In 2021, the school received total Kiwisport funding of \$4871.80 (excluding GST).

The funding was spent on sporting endeavors.

Rockley Montgomery (Principal)