

VANGUARD MILITARY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

School Directory

Ministry Number: 00854

Principal: Rockley Montgomery

School Address: 8 Rothwell Avenue, Rosedale, Auckland 0632

School Postal Address: as above

School Phone: 09 443 2969

School Email: accounts@vanguard.school.nz

Members of the Board of Trustees

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
Wayne Hyde	Parent Rep	Appointed
Katene Eruera	Parent Rep	Appointed

VANGUARD MILITARY SCHOOL

Annual Report - For the year ended 31 December 2019

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VANGUARD MILITARY SCHOOL

Statement of Responsibility

For the year ended 31 December 2019

The Board of Trustees 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 2019 fairly reflects the financial position and operations of the school.

The School's 2019 financial statements are authorised for issue by the Board.

NICHOLAS WAYNE HYDE

Full Name of Board Chairperson

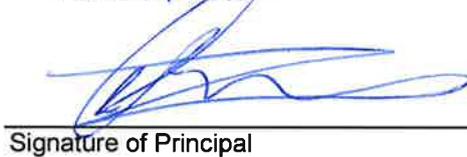

Signature of Board Chairperson

18 JUN 2020

Date:

ROCKLEY GRENW MONTGOMERY

Full Name of Principal


Signature of Principal

18/06/2020

Date:

VANGUARD MILITARY SCHOOL

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue				
Government Grants	1	2 858 205	836 076	850 622
Locally Raised Funds	2	82 948	-	8 771
Interest income		8 796	-	5 258
		<u>2 949 950</u>	<u>836 076</u>	<u>864 652</u>
Expenses				
Locally Raised Funds	2	187 415	277 556	8 790
Learning Resources	3	1 496 585	168 500	254 453
Administration	4	346 386	300 400	27 690
Property	5	662 948	71 500	2 736
Depreciation	6	109 599	-	-
Finance Costs		3 988		
		<u>2 806 922</u>	<u>817 956</u>	<u>293 669</u>
Net Surplus / (Deficit) for the year		143 028	18 120	570 982
Total Comprehensive Revenue and Expense for the Year		<u><u>143 028</u></u>	<u><u>18 120</u></u>	<u><u>570 982</u></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 2019

	Notes	Actual 2019 \$	Budget (Unaudited) 2019 \$	Actual 2018 \$
Balance at 1 January		<u>1 166 391</u>	<u>-</u>	<u>-</u>
Total comprehensive revenue and expense for the year		143 028	18 120	570 982
Capital Contributions from the Ministry of Education Contribution - Furniture and Equipment Grant		-	-	595 409
Equity at 31 December	17	<u>1 309 419</u>	<u>18 120</u>	<u>1 166 391</u>
Retained Earnings		1 309 419	18 120	1 166 391
Equity at 31 December		<u>1 309 419</u>	<u>18 120</u>	<u>1 166 391</u>

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 2019

	Notes	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Current Assets				
Cash and Cash Equivalents	7	955 518	18 120	775 962
Accounts Receivable	8	164 683	-	105 469
Prepayments		-	-	80 000
Inventories	9	34 885	-	45 453
		<u>1 155 087</u>	<u>18 120</u>	<u>1 006 884</u>
Current Liabilities				
GST Payable		(11 077)	-	11 224
Accounts Payable	11	139 018	-	215 448
Finance Lease	12	13 437	-	-
		<u>141 378</u>	<u>-</u>	<u>226 672</u>
Working Capital Surplus/(Deficit)		1 013 709	18 120	780 212
Non-current Assets				
Property, Plant and Equipment	10	314 618	-	386 179
		<u>314 618</u>	<u>-</u>	<u>386 179</u>
Non-Current Liabilities				
Finance Lease	12	18 909	-	-
		<u>18 909</u>	<u>-</u>	<u>-</u>
Net Assets		<u>1 309 419</u>	<u>18 120</u>	<u>1 166 391</u>
Equity	17	<u>1 309 419</u>	<u>18 120</u>	<u>1 166 391</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 2019

		2019	2019	2018
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
		\$	\$	\$
Cash flows from Operating Activities				
Government Grants		829 812	836 076	606 857
Locally Raised Funds		80 145	-	1 751
Goods and Services Tax (net)		(22 302)	-	11 224
Payments to Employees		(163 863)	(216 000)	(6 480)
Payments to Suppliers		(540 032)	(601 956)	(50 052)
Interest Received		5 699	-	3 432
Interest Paid		(3 988)	-	-
Net cash from Operating Activities		185 473	18 120	566 732
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		-	-	(386 179)
Net cash from Investing Activities		-	-	(386 179)
Cash flows from Financing Activities				
Furniture and Equipment Grant		-	-	595 409
Finance lease payments		(5 918)	-	-
Net cash from Financing Activities		(5 918)	-	595 409
Net increase/(decrease) in cash and cash equivalents		179 555	18 120	775 962
Cash and cash equivalents at the beginning of the year	7	775 963	-	-
Cash and cash equivalents at the end of the year	7	955 518	18 120	775 962

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 Cash Flow Statement 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 2019

1. Statement of Accounting Policies

a) Reporting Entity

Vanguard Military School is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (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 2019 to 31 December 2019 and in accordance with the requirements of the Public Finance Act 1989.

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 Act 1989 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".

Standard early adopted

In line with the Financial Statements of the Government, the School has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 20.

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 10.



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 carryforward 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.

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) Use of Land and Buildings Expense

The property from which the School operates is owned by the landlord and leased by the Ministry of Education. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

e) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

f) 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.

g) 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.



h) Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The school applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Prior Year Policy

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) Inventories

Inventories are consumable items held for sale and comprise 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.

j) 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.

Prior Year Policy

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

k) 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.

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

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
Library Resources	12.5% Diminishing value
Establishment assets brought over	Boards approval

l) Intangible Assets

Software costs

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. Its fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

m) 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.

n) 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.

o) Employee Entitlements*Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders 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 to but not yet taken at balance date.

s) Provision for Cyclical Maintenance

The property from which the School operates is leased by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

t) Financial Assets and Liabilities

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 "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" 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.

u) Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Grants determined by the Minister of Education for operational activities includes all items (core components) included in the Operational Funding notice.

Borrowings include but not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

v) 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.

w) Budget Figures

The budget figures are extracted from the School budget that was approved by the Board at the start of the year.

x) 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.

1. Government Grants

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operational Grants	596 575	593 520	-
Teachers' Salaries Grants	1 443 002	-	243 766
Use of Land and Buildings Grants	585 391	-	-
Other MoE Grants	13 013	-	-
Establishment Grant	-	-	606 857
Transport grants	220 223	242 556	-
	2 858 205	836 076	850 622

2. Locally Raised Funds

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

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Revenue			
Donations	275	-	145
Bequests & Grants	6 701	-	8 000
Trading	25 665	-	626
Conveyance Allowance	50 307	-	-
	82 948	-	8 771
Expenses			
Trading	29 347	35 000	8 790
Transport (Local)	149 621	242 556	-
Inventory Write-Off	8 448	-	-
	187 415	277 556	8 790
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	(104 467)	(277 556)	(19)

3. Learning Resources

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Curricular	61 327	72 500	4 683
Information and Communication Technology	16 441	15 000	-
Extra-Curricular Activities	16 867	25 000	-
Employee Benefits - Salaries	1 394 243	48 000	247 152
Staff Development	7 707	8 000	2 617
	1 496 585	168 500	254 453

4. Administration

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Audit Fee	4 000	14 300	-
Board of Trustees Fees	23 500	36 000	7 500
Board of Trustees Expenses	11 728	17 000	1 969
Communication	937	-	5 837
Legal Fees	7 221	-	-
Other	30 934	41 100	9 290
Employee Benefits - Salaries	166 185	168 000	3 093
Service Providers, Contractors and Consultancy	101 880	24 000	-
	346 386	300 400	27 690

5. Property

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Caretaking and Cleaning Consumables	27 502	27 500	1 951
Heat, Light and Water	41 593	38 500	-
Repairs and Maintenance	7 447	3 500	676
Use of Land and Buildings	585 391	-	-
Security	1 015	2 000	109
	662 948	71 500	2 736

6. Depreciation

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Building Improvements - Crown	37 348	-	-
Furniture and Equipment	45 905	-	-
Information and Communication Technology	16 337	-	-
Leased Assets	10 009	-	-
	109 599	-	-

7. Cash and Cash Equivalents

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash on Hand	866	18 120	-
Bank Current Account	956 515	-	775 953
Short-term Bank Deposits	(1 863)	-	9
Cash and cash equivalents for Cash Flow Statement	955 518	18 120	775 962



8. Accounts Receivable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Receivables	9 823	-	7 020
Interest Receivable	4 923	-	1 825
Banking Staffing Underuse	46 257	-	-
Teacher Salaries Grant Receivable	103 681	-	96 623
	<u>164 684</u>	<u>-</u>	<u>105 468</u>
Receivables from Exchange Transactions	14 746	-	1 825
Receivables from Non-Exchange Transactions	149 938	-	103 643
	<u>164 684</u>	<u>-</u>	<u>105 468</u>

9. Inventories

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
School Uniforms	34 885	-	45 453
	<u>34 885</u>	<u>-</u>	<u>45 453</u>

10. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2019						
Building Improvements	220 977	-	-	-	(37 348)	183 629
Furniture and Equipment	133 889	-	-	-	(45 905)	87 984
Information and Communication	31 313	-	-	-	(16 337)	14 976
Leased Assets	-	38 038	-	-	(10 009)	28 030
Balance at 31 December 2019	<u>386 179</u>	<u>38 038</u>	<u>-</u>	<u>-</u>	<u>(109 599)</u>	<u>314 618</u>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2019			
Building Improvements	220 977	(37 348)	183 629
Furniture and Equipment	133 889	(45 905)	87 984
Information and Communication	31 313	(16 337)	14 976
Leased Assets	38 038	(10 009)	28 030
Balance at 31 December 2019	<u>424 217</u>	<u>(109 599)</u>	<u>314 618</u>

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2018						
Building Improvements	-	220 977	-	-	-	220 977
Furniture and Equipment	-	133 889	-	-	-	133 889
Information and Communication Technology	-	31 313	-	-	-	31 313
Balance at 31 December 2018	-	386 179	-	-	-	386 179

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
2018			
Building Improvements	220 977	-	220 977
Furniture and Equipment	133 889	-	133 889
Information and Communication Technology	31 313	-	31 313
Balance at 31 December 2018	386 179	-	386 179

11. Accounts Payable

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Operating Creditors	33 867	-	114 625
Accruals	1 471	-	4 200
Employee Entitlements - Salaries	103 681	-	96 623
	139 018	-	215 448
Payables for Exchange Transactions	139 018	-	215 448
	139 018	-	215 448

12. Finance Lease Liability

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

	2019 Actual \$	2019 (Unaudited) \$	2018 Actual \$
No Later than One Year	13 437	-	-
Later than One Year and no Later than Five Years	18 909	-	-
	32 346	-	-

13. 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.

During the year Tyron Montgomery, son of the Principal, was employed as a teacher, in the role of Deputy Principal, on terms and conditions 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.

14. Remuneration

Key management personnel compensation

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

	2019 Actual \$	2018 Actual \$
<i>Board Members</i>		
Remuneration	23 500	7 500
Full-time equivalent members	5.00	0.46
<i>Leadership Team</i>		
Remuneration	131 660	32 528
Full-time equivalent members	1	0.22
Total key management personnel remuneration	155 160	40 028
Total full-time equivalent personnel	6.00	0.68

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

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

	2019 Actual \$000	2018 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	120-130	30-40
Benefits and Other Emoluments	3-4	0-1
Termination Benefits	-	-

Other Employees

The number of other employees with remuneration greater than \$100,000 was Nil (2018: NIL)

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



15. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2019 (2018:NIL)

Holidays Act Compliance – schools payroll

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

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance. The Ministry has recognised an estimated provision based on the analysis of sample data, which may not be wholly representative of the total dataset for Teacher and Support Staff Entitlements. A more accurate estimate will be possible after further analysis of non-compliance has been completed, and this work is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis has been completed

To the extent that any obligation cannot reasonably be quantified at 31 December 2019, a contingent liability for the school may exist.

16. Commitments

Capital Commitments

As at 31 December 2019 the Board has not entered into any contract agreements for capital works (2018:NIL)

17. Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

18. 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 (2018: Loans and receivables)

	2019 Actual \$	2019 Budget (Unaudited) \$	2018 Actual \$
Cash and Cash Equivalents	955 518	18 120	775 962
Receivables	164 684	-	105 468
Total Financial assets measured at amortised cost	1 120 202	18 120	881 430

Financial liabilities measured at amortised cost

Finance Leases	32 346	-	-
Payables	139 018	-	215 448
Total Financial Liabilities Measured at Amortised Cost	171 364	-	215 448



19. Events After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all schools were closed. Subsequently all schools and kura reopened on the 18th May 2020.

At the date of issuing the financial statements, the school has been able to absorb the majority of the impact from the nationwide lockdown as it was decided to start the annual Easter School holidays early. In the periods the school is open for tuition, the school has switched to alternative methods of delivering the curriculum, so students can learn remotely.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to the school. The school will continue to receive funding from the Ministry of Education, even while closed.

20. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, the school has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 January 2019. Accounting policies have been updated to comply with PBE IFRS 9.

Upon transition to PBE IFRS9 there were no material adjustments to these financial statements

21. Failure to comply with section 87 of the Education Act 1989

The Board of Trustees has failed to comply with Section 87 of the Education Act 1989, as the Board were unable to provide their audited financial statements to the Ministry of Education by 31 May 2020. The disruption caused by the Covid-19 restrictions, including the closure of the school, meant that the audit could not progress as planned. This resulted in the school missing the statutory deadline.



INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF VANGUARD MILITARY SCHOOL'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019, 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 2019; 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 18 June 2020. This is the date at which our opinion is expressed.

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

Emphasis of Matter – COVID-19

Without modifying our opinion, we draw attention to the disclosures in note 19 on page 17 which outline the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

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.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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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 of Trustees for the financial statements

The Board of Trustees 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 of Trustees 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 of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees 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 of Trustees' responsibilities arise from 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 of Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees 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 Novopay 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 of Trustees 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 arises from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information obtained at the date of our report is the Analysis of Variance and the Kiwisport Funding Report, but does not include the financial statements, and our auditor's report thereon.

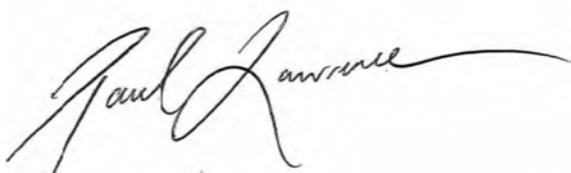
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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.



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



VANGUARD MILITARY SCHOOL

VANGUARD MILITARY SCHOOL

8 Rothwell Avenue, Rosedale 0632

PO Box 302-770, North Harbour 0751

Telephone: 09 443 2969

VANGUARD MILITARY SCHOOL

ANALYSIS OF VARIANCE 2019

1.0 Vanguard Military School 2019 Strategic Aims and Targets

- a) Establish a permanent site for the School for 2020.
- b) Open enrolment for Years 9 and 10 in 2020 and 2021.
- c) Grow the roll to 312 in 2021.
- d) Maintain our history, traditions and ethos as a special character school
- e) NCEA results for all year levels above 90%
- f) The school attendance rate above 95%

2.0 Rationale for 2019 Strategic Aims

Vanguard Military School had to transition from a privately owned charter school in 2018 to a designated special character state school in 2019. The EBOT wholeheartedly endorsed the methodology and values of the previous school. It was aware of the high expectations it placed on its recruits and staff but also of the outstanding results it was capable of achieving with at risk children. Therefore the EBOT maintained the same Strategic Aims that had previously been in place to provide consistency for all staff, recruits, parents, supporters and our community as the school transitioned.

The EBOT had also been led to believe by the Ministry back in 2018 that a permanent move was able to be achieved by Term 3 in 2019 which in turn would allow for the development of Years 9 and 10 to be enrolled and roll growth to be developed for 312 recruits by 2021.

3.0 Actions taken to achieve aims and targets and their effect

The Principal and the EBOT constantly requested information, meetings and confirmation of the Ministries commitment and planning behind the permanent property solution for Vanguard. However even after exhaustive requests to be informed better and for

additional meetings to progress this issue the documented aims under sections **a), b) and c)** have made no progress at all.

With strong leadership from the Principal, Management Team, Staff and EBOT the school has maintained its history, traditions and ethos through the transitional period from 2018 into 2019. Our plan identified several key actions we wished to ensure survived to meet this aim **d)**, which are listed under point **5.0**. The effect was that the leadership of the school was able to focus on what was truly special to the school and remind all staff and recruits of the reasons we do things the Vanguard Military School way.

Vanguard has always used daily monitoring systems such as Sections to provide pastoral care for recruits, 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, recruit pathway plans, the use of academic catch ups, an ability to move recruits between classes and subjects and an overarching ethos that every recruit will pass and every recruit is cared for provides the nucleus of actions taken towards aims **e)** and **f)**.

4.0 Progress and Achievement for the 2019 Aims and Targets

a) No progress made.	Aim and Target	NOT MET
b) No progress made.	Aim and Target	NOT MET
c) No progress made.	Aim and Target	NOT MET
d) Progress completed.	Aim and Target	MET
e) Progress completed.	Aim and Target	MET
f) Progress completed.	Aim and Target	MET

5.0 Baseline Data for Analysis

a), b) and c) all require information from the Ministry which has been withheld. Without any information from them there is no baseline data and therefore no analysis.

d) 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 pastoral care system used	YES
High expectations placed on recruit attitude, effort and behavior	YES
Compulsory physical training	YES
Compulsory School Haka	YES
Compulsory learning of the School Pledge	YES
Compulsory Maths, English, PE and RDC for all recruits	YES
Staff who wish to do it the Vanguard way	YES
Recruits 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

e) Through our own tracking systems the following baseline data was used to estimate the expected NCEA results for the 2019 recruits against our target of **90%** for all year levels.

Level 1	95%	MET
Level 2	92%	MET
Level 3	90%	MET

Note: The Principal and EBOT will check this data again once the official NCEA results for the school are released by NZQA.

f) Use of the KAMAR school administration system we track our attendance rate. The attendance rate target is above 95%.

Attendance Rate was 98.6%	MET
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6.0 Variations identified between aims, targets and actual outcomes.

a), b) and c) have been identified as being in variation of our aims, targets and outcomes.

7.0 Planned action to address any variation.

The EBOT and the Principal have already met to discuss this pressing issue. The planned action is to apply a lot more pressure on the Ministry property team, our Ministry regional team, the centralized Ministry officials, The Minister and various politicians to resolve this issue. We feel that in an election year we will need to push our case and make as much progress as we can.

8.0 Summary of 2020 aims and targets

The EBOT has retained all the aims for the 2020 year. Targets for **a), b) and c)** however have not been set due to the uncertain nature and lack of information from the Ministry. Targets for **d), e) and f)** remain in place as we believe they are critically important to the school and should continue to adhere to us wanted high expectations placed on the staff and recruits of the school.



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Re: Kiwisport 2019 funding

Kiwisport is a Government funding initiative to support students' participation in organized sport. In 2019, the school received total Kiwisport funding of \$4 709-84 (excluding GST). The funding was spent on sporting endeavours.

Rockley Montgomery (Principal)