

# Value Our Children

Cholmondeley Annual Report 2011



Cholmondeley  
*Value Our Children*

# President's Report

It is February 22nd 2012 as I sit and write this report.

Aside from the timing of annual accounting and establishing our priorities for the coming year, it seemed an appropriate day to reflect on the year that was 2011, surely one of the most significant and eventful years in the history of our entire community. How many stories can now be told of where we all were at 12.51pm exactly one year ago?

Many of those stories involve loss; of friends and family, of those separated by one or two degrees of separation (which is always the case for Cantabrians), of property, and the loss of so many beautiful buildings in our city. These stories have permeated and even at times, dominated our personal and professional lives throughout the year.

To the members of the Incorporated Society, to the many supporters of Cholmondeley, and to the children and families whom we serve and our wider community please accept my heartfelt condolences for the losses you have also suffered in the past year.

For the Board and Staff of Cholmondeley there were two particular losses that were keenly felt and had an immediate impact on us.

First, CTV have been, and remain, strong and parochial supporters of Cholmondeley and its cause. This support was largely expressed through the connection and work of Donna Manning and Murray Wood, both of whom tragically died along with their colleagues in the CTV building collapse. They and their families continue to be in our thoughts and we are privileged that our relationship with CTV continues after their remarkable recovery to begin broadcasting again.

Second, was the loss of the original Cholmondeley Home, built by Hugh Heber Cholmondeley and opened for its current purpose in 1925. Although the home survived remarkably well in the earthquake on September 4, 2010, the February 2011 quake literally broke its back. After much deliberation by the Board, the difficult decision was made to deconstruct the home and, at the time of writing this process has now been completed, leaving a significant gap (temporarily) in the Governors Bay landscape.

Prior to Christmas, the Board held an Open Day for the Canterbury public to come and farewell the home prior to deconstruction beginning. It was a privilege to have the chance to talk to former matrons, Board members and other staff of the home, along with those who had been children at Cholmondeley and are now adults. It was a poignant reminder of the importance of this remarkable endeavour and, in many ways, provided a natural point for focussing on the rebuilding of Cholmondeley.

Despite the tumultuous year that was 2011, there have also been other stories that we can truly be thankful for. We are thankful that despite the damage and trauma the earthquake caused, the children and staff at the home at the time were not physically injured. We are also thankful for the valiant efforts of all our staff in managing an incredibly difficult situation with such professionalism, care and attention to the needs of the children and their families, despite their own anxieties with regard to their own needs. There are many stories like these and Cholmondeley was no exception.

We are thankful that just prior to the September 4th earthquake in 2010, the Board of Governance resolved to

significantly increase the level of cover for Business Disruption Insurance which resulted in mitigating the financial impact of the February earthquake and enabled Cholmondeley's care services to relocate and begin operating again by mid-March.

While our overall financial result for 2011 indicates a significant financial loss, this reflects the current liability for repairs to our dormitory area and the Lachie Griffen Family Centre which houses our administration. This will be recouped in 2012 once the current insurance claims are settled and the repairs completed as part of the overall rebuild of Cholmondeley. Taking this into account a modest surplus was achieved again this year.

We are thankful that Governors Bay hosts another remarkable organisation in a beautiful location such as Living Springs who have provided us with their Bellbird Heights facility under a long term rental agreement while the home is rebuilt. It will be rebuilt this year, fit for its 21st Century purpose, which will match our philosophy of care and the value we place on our children.

We should remind ourselves here today that it is the building which was destroyed. Cholmondeley the organisation is alright, thanks to the work of my Board colleagues, our fine staff and the support of our members and the wider Canterbury community. Reforms initiated by the Board have placed Cholmondeley in a strong position to continue discharging its great purpose into the future.

Thank you for your commitment, for being part of that great purpose.

*Thank you.*

*Sir Kerry Burke.*

# General Manager's Report

## *Kia ora koutou*

2011 has been one of the most significant years in recent memory for Cholmondeley. For some the loss of the original Cholmondeley home has exemplified the devastation wrought as a result of the earthquakes, and the impact this has also had on our community.

As well as acknowledging and reflecting on the impacts of the earthquakes including the losses we have all experienced, as 2011 closes we can also reflect on the numerous successes we managed to achieve.

Cholmondeley was up and running one month after the February earthquakes. We acknowledge and praise the level of financial support from the community during this time. It was nothing short of tremendous.

After what was effectively a trial run in September 2010, it was immediately clear on February 22nd that the need to relocate and manage a very changed environment was going to be for the medium to long term. This has indeed proven to be the case with the relocation of Cholmondeley's care services to Living Springs expected to last until at least the beginning of 2013. While Sir Kerry has acknowledged the work of the staff on the day of the 22nd, I also want to acknowledge the work that went on for the days afterwards by the senior management and staff to get back up, relocated and operating by mid-March. This included several of our care staff staying overnight with the children in our largely undamaged classrooms whilst other staff worked tirelessly, establishing links with parents and ensuring the children's emotional and physical wellbeing. This was an incredible effort by a much focused team of committed people and they get my sincere thanks. It was a job very well done!!!

The level of disruption throughout the year (including the June aftershock and snowstorms) and the need to rework and adjust our systems and procedures to our new environment over time is reflected in our overall service delivery figures for the year. This is also influenced by the decision to increase the minimum age of admission from 3 to 5 years due to the nature of the physical environment at the Bellbird Heights facility. This will remain in place until the new home is built. The ability to care for the 3-5 year old children has been included in the design brief for the architect. Demand in the post-earthquake period also proved to be very variable

throughout the year. However, a total of slightly fewer than 3000 bed nights and 618 admissions for 200 children remains a substantial amount of work despite the circumstances. Mathematically an expectation of 5000 bed nights would be the norm and this will remain our target for 2012.

While getting close to a business as usual approach despite the loss of the Cholmondeley home may be seen as an achievement in itself, there have been numerous others which are worth highlighting.

In January 2011 the Board of Governance approved a three year strategic plan that had been developed collaboratively between the Board and the executive management team. This plan evolved out of the restructure that occurred in 2010 that was intended to break the cycle of ongoing annual deficits and diminishing reserves, putting the long term viability of the organisation at risk.

To achieve greater financial sustainability into the long term, the plan reflects the need for Cholmondeley to continue to meet the needs of its community, whilst ensuring it evolves with the best interests of children at the centre of our decision making. This process began with a new vision for Cholmondeley that spoke of a broad outcome to be achieved, not only for Cholmondeley but also our wider community. The vision of Value Our Children underpins our work here at Cholmondeley.

In 2011 the Board of Governance approved the adoption of an internally developed and unique Philosophy of Care; principles articulated as a set of beliefs grounded in a child's rights perspective. If the vision articulates the outcome to be achieved, the Philosophy determines the values required to achieve it.

With this in place the next area of development is a clearly articulated model of care; the practical means by which the vision is achieved for each child coming to Cholmondeley. Central to this is the integration of our care and education services providing a more holistic approach to the child's needs and their experience of being at Cholmondeley. The two key vehicles for this integration are the importance of relationship and Adventure Based Learning (ABL).

From the beginning of 2011 the practical elements of this approach began to be implemented. While ABL was planned to be developed further into 2012, the immediacy of the resources available at Living Springs enabled this to be developed far sooner to the point now where it is a central part of a child's experience during their stay at Cholmondeley.

I am delighted to report that feedback from children and their families is overwhelmingly positive since this approach was introduced.

As we move into 2012, as part of our strategic plan and long term sustainability, it is crucial that Cholmondeley identifies and builds on the actual outcomes it achieves for children and their families. Therefore, with the assistance of the Lotteries Community Research Grants Scheme, an evaluation of these outcomes has been commissioned, due to be completed in late 2012.

Uppermost in our minds in 2012 is the design and rebuilding of the Cholmondeley Home to continue the 86 year old legacy begun by Hugh Heber Cholmondeley. The Board's vision for this clearly articulates the approach to be taken which will result in a fit for purpose home that reflects Cholmondeley's vision and the beautiful local environment in which we are situated. I look forward to sharing subsequent developments with you in coming months.

Sincere thanks once again to the many supporters and donors, our Board who give their time and expertise voluntarily and our management and staff who have remained so professional and resilient throughout the year. But, crucially, thank you to the families for giving us the privilege of working with your children and, most of all, thank you to the children themselves. You have provided us with much joy and laughter in difficult times and for much of the time, have proved to be the most resilient of us all.

*Nga mihi nui.*

*Shane Murdoch.*







**Patron** - Marion Judge

**Board of Governance** (blue) left to right.

President - Sir Kerry Burke, Vice President - Kerry Dellaca, John Garside.

**Board of Governance** (green) left to right.

Sarah Adams, Nathan Makere-Wallis, Justine Whitaker, Glenn Jones, Nuk Korako, David Johnstone, Gill Hay.

**Senior Management** (yellow) left to right.

General Manager - Shane Murdoch, Fundraising Manager - Sarah Barrer.

Care Services Manager - Edwina Poynton, Education Services Manager - Anney Collin.



# Philosophy of CARE

## Value our children

In simple terms a philosophy can be described as “a system of principles for guidance in practical affairs”. We all subscribe to two main streams of “philosophy” to help us make decisions on a day to day basis for our own practical affairs. One is the personal philosophy that we have developed throughout our lives, influenced by our upbringing, the environment and people from which we have learned and grown, and the events that have occurred to us throughout our lives. The other is the “social” philosophy; a set of largely unwritten norms that are set by the society in which we live. Cholmondeley’s philosophy of care is a “professional” philosophy to guide the practical affairs of how children experience care within our service.

In 1993 New Zealand became a signatory to the United Nations Convention on the Rights of the Child (UNCROC). This convention is made up of 54 articles that set out a range of human rights standards for the treatment of children and young people. It is this document that has guided Cholmondeley in the development of its Philosophy of Care.

Our philosophy describes a set of beliefs of the rights of children and fits under our vision of Value Our Children. If the vision defines our aspiration for what we want to achieve for children, both in our care and in our community, the philosophy defines the “attitude” our organisation must take in order to achieve this. By defining the rights a child holds we also infer the responsibilities held by adults in our community to provide them with appropriate guidance, protection and boundaries so they in turn may recognise the rights of others into the future.

After receiving the support of Cholmondeley’s Board of Governance, this philosophy now informs many practical affairs at Cholmondeley; for what we are seeking in recruiting new staff, to how we make decisions that affect the children and families whom we serve, and even how we develop our budget.

Into the future our philosophy will remain a living document. Importantly, it can be tested as to whether it influences our organisation in a meaningful way, or is detached from the reality of the child’s experience of care at Cholmondeley. The key informants will be the children and families themselves and so far the feedback is overwhelmingly positive.

# Value Our Children



### At Cholmondeley we believe that...

Children have the right to be unconditionally respected by adults.

Children have the right to feel safe and be free of violence.

Children have the right to have their physical, emotional, social, intellectual, cultural and spiritual needs met.

Children have the right to experience positive and secure attachments.

Children have the right to have fun.

Children have the right to experience opportunities for success.

Children have the right to expect adults to notice their strengths and to support them to further develop these.

Children thrive in relationships where they are valued.

Children thrive in warm, stimulating, nurturing and developmentally appropriate environments, and are capable of making choices and decisions about things that affect them.

The child knows what works for him or her self and has the right to expect the adults to acknowledge and build on this.

Children have the right to make mistakes without fear.

Children have the right to have their voices listened to.

Children have the right to ask for help and for advocacy.

Children have a right to expect their whole community and society to take responsibility for their safety and wellbeing.



# Adventure Based Learning

At Cholmondeley we use Adventure Based Learning (ABL) to enhance resiliency in children. ABL is based on a philosophy which states that individuals are usually more mentally, emotionally and physically capable than they perceive themselves to be, and if given the opportunity to try new things, they can discover their own strengths.

Our aim at Cholmondeley is to build resilience in children. Resilient children have developed the ability to solve problems and make decisions and are more likely to view mistakes, hardships and obstacles as challenges to confront rather than as stressors to avoid.

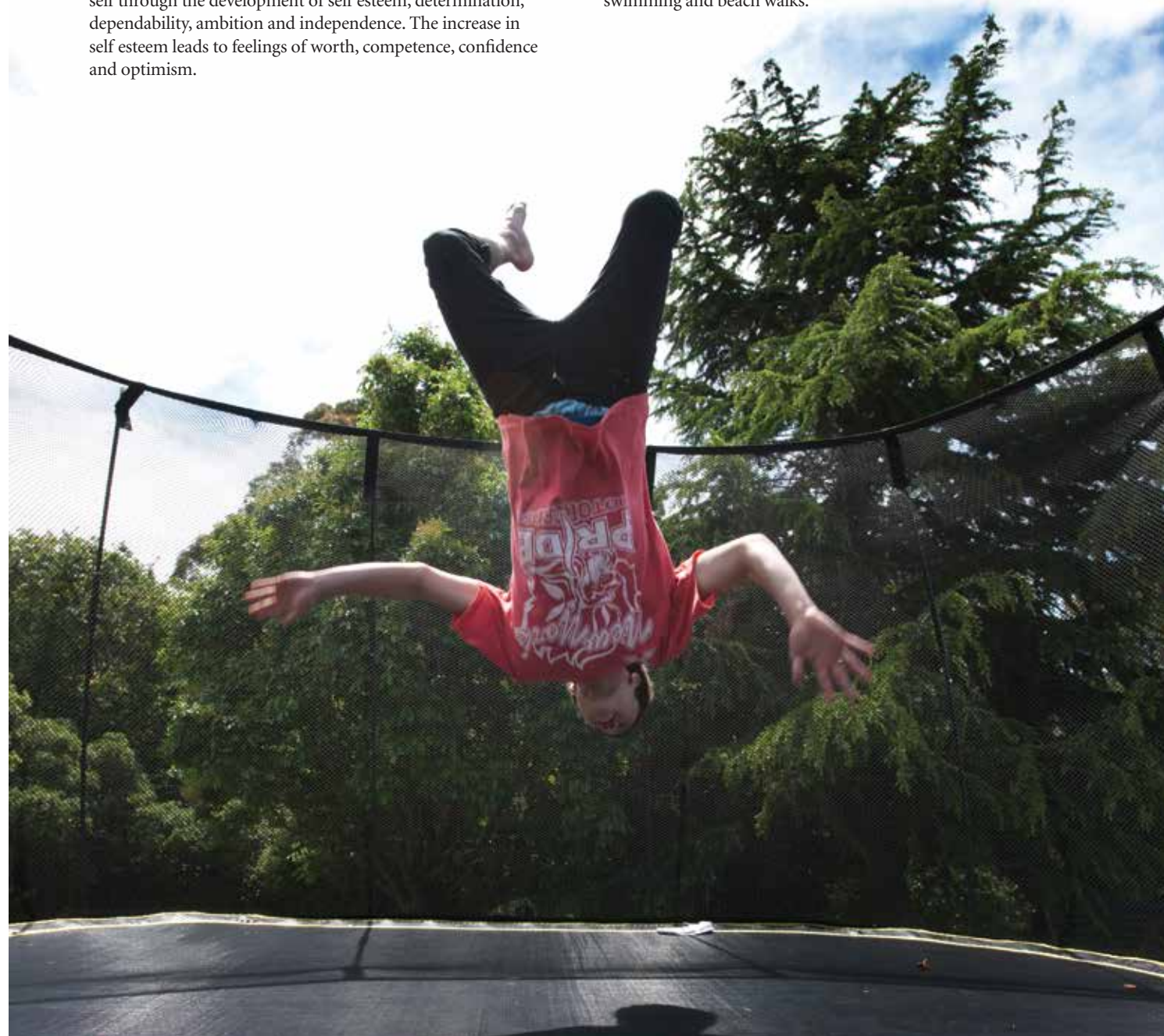
Resilient children are aware of their weaknesses and vulnerabilities but they also recognise their strong points and talents. They focus on the aspects of their lives over which they have control rather than those over which they have little or no influence.

ABL is learning that takes place outside a formal educational setting. The child benefits as they build a positive sense of self through the development of self esteem, determination, dependability, ambition and independence. The increase in self esteem leads to feelings of worth, competence, confidence and optimism.

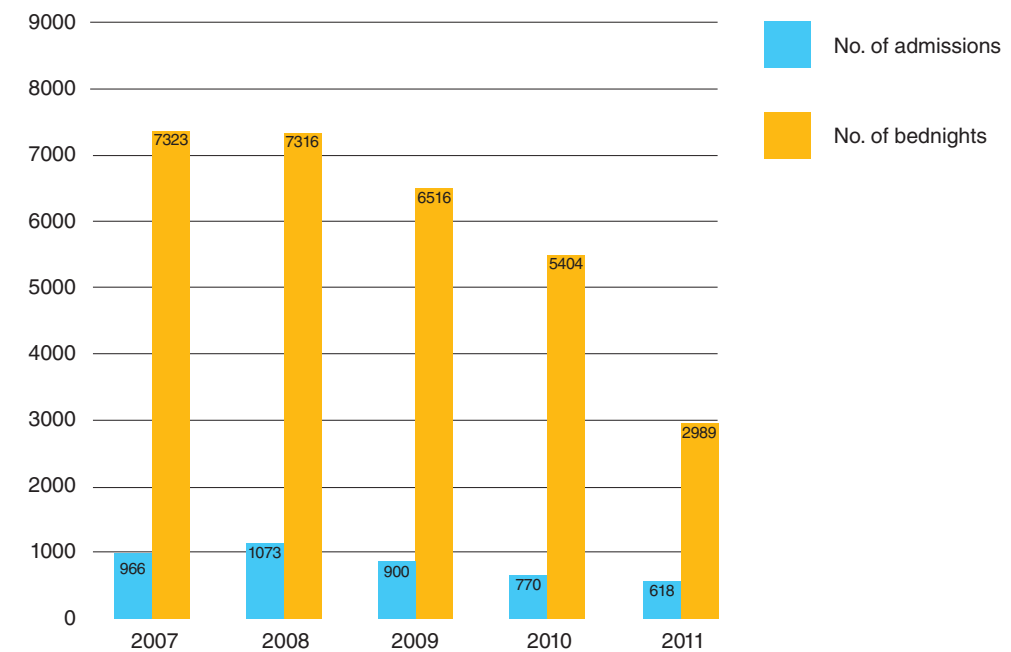
ABL develops the child's social skills as the challenges presented in an adventure setting can facilitate group bonding and co-operation. Working as a team and taking turns during the activities helps the child to develop the skills to resolve disagreements, appreciate differences and develop new friendships, whilst adventure experiences offer opportunities to demonstrate leadership and accept responsibilities unavailable in other settings. The activities presented at Cholmondeley provide opportunities for a sense of belonging.

ABL has particular benefits to a child's physical development as it encourages the development of gross motor skills, spatial awareness, and fine motor skills whilst enhancing a child's self care and personal health.

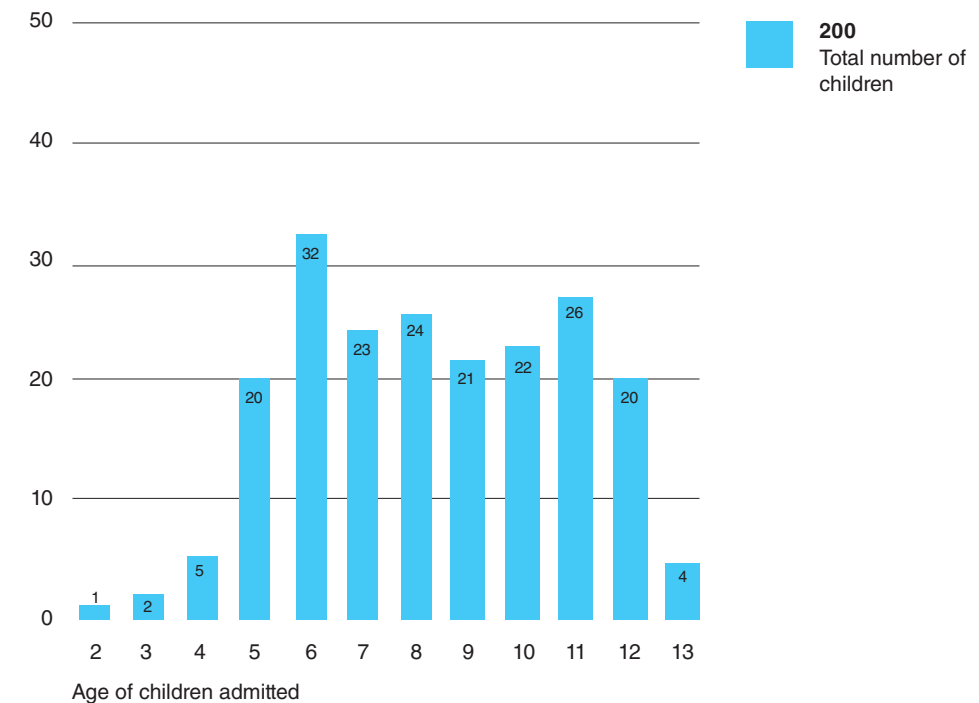
At Cholmondeley the children enjoy a range of Adventure Based Learning including ropes courses, top rope tree climbing, abseiling, kayaking, over night camping, fishing, baking, raft building and rafting, gardening, mountain biking, tramping, coast steering, swimming and beach walks.



Admissions and bednights at Cholmondeley for the last five years



Number of children at Cholmondeley 2011







# Independent Auditor's Report

## Audit

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## To the Trustees of Cholmondeley Children's Home Incorporated

We have audited the summary financial statements of Cholmondeley Children's Home Incorporated for the year ended 31 December 2011.

## Trustees responsibilities

The Trustees are responsible for the preparation of summary financial statements, in accordance with New Zealand law and generally accepted accounting practice.

## Auditors' responsibilities

It is our responsibility to express to you an independent opinion on the summary financial statements.

## Basis of opinion

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed procedures to ensure the summary financial statements are consistent with the full financial statements on which the summary report is based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of FRS-39: Summary Financial Reports.

Other than in our capacity as auditor we have no relationship with or interests in Cholmondeley Children's Home Incorporated.

## Qualified opinion

Control over cash and other donations and collections prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control.

In this respect alone we have not obtained all the information and explanations that we have requested.

In our opinion, the information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statement from which it is derived and upon which we expressed a qualified audit opinion in our report to the trustees dated 29 March 2012.

Our examination of the Summary Financial Statements was completed on 29 March 2012 and our qualified opinion is expressed as at that date.

## Emphasis of matter

In forming our qualified opinion we have considered the adequacy of the disclosures made in the full financial statements concerning the damage to the main home arising from a number of earthquakes, both before and after balance date. The home's operations have been impacted with severe damage to the main home that accommodates the children as a result of the February 2011 earthquake. Full details of the circumstances relating to the various earthquakes are described in note 12 of the full financial statements.

Our opinion is not further qualified in respect of the matter noted above.

Grant Thornton New Zealand Audit Partnership  
Christchurch, New Zealand

Chartered Accountants  
Grant Thornton (Christchurch), an independent member firm of Grant Thornton New Zealand.  
Other independent member firms in Auckland, Wellington and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International.

## Summary financial report

This summary financial report (audited) covers the operations of Cholmondeley Children's Home and the Cholmondeley Home School for the year ended 31 December 2011.

## Statement of financial performance for the year ended 31 December 2011

Operations of the Home		Note	2011	2010
			\$	\$
Revenue		1	418,030	370,165
Home expenses			(1,089,854)	(1,376,877)
Administration expenses			(260,135)	(230,473)
<b>Deficit before investment income and fundraising</b>			<b>(931,958)</b>	<b>(1,237,185)</b>
Investment income		2	79,856	95,078
Grant - Canterbury Community Trust			65,000	45,000
Grant - Cholmondeley Foundation			50,000	0
Fundraising income			1,215,032	1,034,619
Fundraising expenses			(55,256)	(34,703)
Evaluation project			15,000	0
<b>Net investment and fundraising income</b>			<b>1,369,633</b>	<b>1,139,994</b>
<b>Operating surplus/(deficit)</b>			<b>437,675</b>	<b>(97,191)</b>
Legacies			12,500	186,923
Management fee			0	20,000
Interest paid on loan			(12,704)	(13,213)
Revaluation of investments surplus/(deficit)			(40,025)	(5,963)
Earthquake costs			(105,105)	0
Write off of fixed assets			(256,447)	0
Provision for repairs			(432,000)	0
<b>Total surplus/(deficit) for the Home for the period</b>			<b>(396,106)</b>	<b>90,556</b>
Operations of the School			2011	2010
			\$	\$
Ministry of Education operations grant			231,958	271,782
Donations, interest and fundraising			18,379	4,296
Staff salaries			(210,052)	(218,111)
Depreciation			(10,647)	(9,366)
Management fee			0	(20,000)
Other expenses			(22,672)	(35,169)
<b>Total surplus/(deficit) for the School for the period</b>			<b>6,967</b>	<b>(6,568)</b>

## Statement of movements in equity for the year ended 31 December 2011

	2011	2010
	\$	\$
Balance 1 January 2011	2,041,280	1,957,292
Surplus/(deficit) of the Home for the period	(396,106)	90,556
Surplus/(deficit) of the School for the period	6,967	(6,568)
<b>Balance 31 December 2011</b>	<b>1,652,141</b>	<b>2,041,280</b>

## Balance sheet as at 31 December 2011

	2011	2010
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	494,169	226,349
Trade receivables	24,912	4,645
Government receivables	0	55,890
Non-trade receivables	64,974	0
Prepayments	29,779	19,682
<b>Total current assets</b>	<b>613,834</b>	<b>306,566</b>
Property, plant and equipment	1,166,258	1,872,527
Other investments	365,132	406,056
<b>Total non current assets</b>	<b>1,531,390</b>	<b>2,278,583</b>
<b>Total assets</b>	<b>2,145,224</b>	<b>2,585,148</b>
<b>Equity</b>	1,652,141	2,041,280
<b>Liabilities</b>		
Trade and other payables	68,947	216,608
Grants unspent at balance date	87,600	10,600
Provision for holiday pay	68,108	65,625
Income in advance	68,141	49,120
<b>Total current liabilities</b>	<b>292,796</b>	<b>341,953</b>
Interest bearing loans	200,287	201,915
<b>Total liabilities</b>	<b>493,083</b>	<b>543,868</b>
<b>Total equity and liabilities</b>	<b>2,145,224</b>	<b>2,585,148</b>

## Cholmondeley Children's Home Incorporated Summary financial report for the year ended 31 December 2011

## Notes to the financial statements

	2011	2010
	\$	\$
<b>1 Revenue</b>		
Children's board from parents	17,945	11,076
Grant - CYFS	398,779	347,227
Grant - health funding agencies	0	11,862
Miscellaneous income	1,307	0
	<b>418,030</b>	<b>370,165</b>
<b>2 Investment Income</b>		
Dividends on securities - available for sale	8,209	8,318
Interest received on fixed interest securities	11,697	13,583
Twigger Estate	19,950	16,993
Sheelagh Thompson Trust	40,000	56,184
	<b>79,856</b>	<b>95,078</b>

## 3 Contingent Assets

The deed of sub-trust dated 17 November 2003 provided that a donation of \$500,000 by Sheelagh Thompson to the Board of Cholmondeley Children's Home shall be held in trust administered by an independent financial advisor for 79 years during which the income earned on the \$500,000 will be used to carry out the objects of the Home. At the expiration of the 79 years the funds shall vest in the Home absolutely provided the Home is still in existence. Until the vesting of the trust capital the Home has no right or powers to deal with the capital. At 31 December 2011 the fair value of the investment fund was \$461,395 (2010, \$468,723). This amount has been treated as a contingent asset and is not included in the Home's balance sheet at 31 December 2011. The Home received income from the investments of \$40,000 (2010, \$56,184).

## 4 Canterbury earthquake

While the September 2010 earthquake caused damage to the home, this was able to be repaired promptly and normal business continued after a week of disruption. The February 2011 earthquake in Christchurch caused severe damage to the main home that accommodates the children. As a result, Cholmondeley's emergency and respite care service for children aged 3-12 years was relocated to Living Springs in Governors Bay, and has been back to business as usual from that site since mid-March, 2011. Cholmondeley's management and administration continue to operate from the administration block in Cholmondeley Lane while the children have been able to attend school each day as well. All extra business costs associated with the earthquake and relocated care services are until February, 2012 covered under Cholmondeley's business disruption policy apart from a small excess.

As a result of the original home having to be demolished the home buildings including the original home improvements have been written off along with various items of furniture, plant and fittings.

Deconstruction of the original home started in January and was completed by February, 2012. Rebuilding a new purpose built care facility is currently in the design phase with building to commence during 2012.

For the foreseeable future our respite care service will continue to operate out of Living Springs. All Cholmondeley property is insured to its full replacement value, and the Board is committed to returning to operate Cholmondeley from the original Governors Bay site in the near future.

## Relationship to the full financial report

- The summary financial report has been audited and examined by the auditor for consistency with the full financial report.
- This summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance and financial position of the Home.
- **A copy of the full audited financial report may be obtained from Cholmondeley.**



# Trust & Grants 2011

*Blogg Charitable Trust  
Burrows Bros Charitable Trust  
Christian Healing Trust  
Donny Charitable Trust  
E G & D M Kerr Trust  
Farina Thompson Trust  
Hyman Marks Trust  
Jones Foundation  
Lincoln Rotary Trust Earthquake Relief Fund  
Maurice Carter Charitable Trust  
New Zealand Lottery Grants Board  
Pamela Webb Charitable Trust  
Robert & Barbara Stewart Charitable Trust  
Newmans Own Foundation  
Rural Woman NZ Canterbury Charitable Trust  
Sheelagh Thompson Charitable Trust  
The Christchurch Casino Charitable Trust  
The Canterbury Community Trust*

*The Christchurch City Council  
The Christchurch Earthquake Appeal Trust  
The Christchurch Rotary Earthquake Appeal Trust  
The Lion Foundation  
Twigger Trust  
Un Cadeau Charitable Trust*





**Cholmondeley**  
*Value Our Children*

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