

# Inquiry Report

The Rav Chesed Trust

Registered Charity Number 803758



# A statement of the results of the class inquiry into double defaulter charities in particular The Rav Chessed Trust (registered charity number 803758) ('the charity').

Published on 20 May 2015.

## The class inquiry

On 20 September 2013, the Charity Commission ('the commission') opened a statutory class inquiry ('the inquiry') into charities that were in default of their statutory obligations to meet reporting requirements by failing to file their annual documents for two or more years in the last five years and met certain criteria, including that:

- the charities were recently (or in the case of charities that would become part of it in due course, would be) given final warnings to comply by a specified date
- on the day after the specified date they were still in default (partially or otherwise)

At the point a charity met the criteria they would become part of the inquiry. The commission started by looking at and sending final warnings to charities with a last known income over £500,000 and then moved on to those over £250,000 and other high income charities.

## The charity

The charity was registered on 20 July 1990. It is a trust governed by a Trust Deed executed on 28 July 1989.

The charity's objects are:

To pay or apply the whole of the income and the capital of the Trust Fund to or towards or in furtherance or for the benefit of such one or more charities charitable institutions or charitable purposes in any part of the world in such shares and in such manner as the trustees may from time to time determine.

More details about the charity are available on the [register of charities](#) ('the register').

## Issues under investigation

The charity failed to submit its annual accounts and reports and annual returns to the commission required for the financial years ending 31 July 2011 and 31 July 2012. During the whole period of default, the charity was sent various computer generated reminders from the commission regarding the submission of their annual accounting documents. Although reminders were sent the charity remained in default of its obligations under the Charities Act 2011 ('the act').

In addition, the commission attempted to contact the charity by telephone on 10 April 2014. Further to this the commission wrote to the charity with a final warning on 10 April 2014 requesting that the missing documents be provided by 3 May 2014, and warning the charity that if it remained in default on 5 May 2014 it would become part of the inquiry.

The charity failed to submit its outstanding documents by the deadline and became part of the inquiry on 5 May 2014.

While the charity was part of the inquiry its accounts, annual report and annual return for the year ending 31 July 2013 also became due for submission.

The inquiry is confined to dealing with the trustees' mismanagement and misconduct<sup>1</sup> and remedying the non-compliance in connection with the annual accounting documents.

The outstanding annual accounts and report and annual return for the financial year ending 31 July 2011 were submitted on 25 June 2014, the outstanding annual accounts and report and annual return for the financial year ending 31 July 2012 were submitted on 31 October 2014 and the outstanding annual accounts and report and annual return for the financial year ending 31 July 2013 were submitted on 19 February 2015.

The trustees informed the inquiry on 13 May 2014 and 23 July 2014 that the reason for not complying was that the charity's accountants and auditors had been slow to attend to the charity's accounts: this is not a legitimate reason for non-compliance.

When the charity's missing documents were submitted, the accounts were referred for scrutiny by the commission's accountants and if any issues arise from that they will be followed up separately.

## Conclusions

The charity's trustees were in default of their legal obligations to file accounting information with the commission. This was mismanagement and misconduct in the administration of the charity and a breach of their legal duties.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit their annual accounting information. Three sets of accounts were filed and as a result over £1,480,000 of charitable income is now transparently and publicly accounted for on the register.

The charity ceased to be part of the inquiry when it was no longer in default of its accounting obligations. This happened on 19 February 2015 when the charity filed the last missing documents.

## Regulatory action taken

On 9 May 2014 the inquiry exercised powers under section 84 of the act to direct the trustees to prepare and complete the relevant missing annual accounts, reports and returns for the charity and provide copies of these to the commission.

On 10 June 2014 the deadline for submission was extended by an order made under section 337(6) of the act.

The commission provided regulatory advice and guidance about the trustees' duty to file the charity's annual accounting information.

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<sup>1</sup> The terms misconduct and mismanagement are taken from section 76 of the Charities Act 2011. Misconduct includes any act (or failure to act) in the administration of the charity which the person committing it knew (or ought to have known) was criminal, unlawful or improper. Mismanagement includes any act (or failure to act) in the administration of the charity that may result in significant charitable resources being misused or the people who benefit from the charity being put at risk. A charity's reputation may be regarded as property of the charity.

## Issues for the wider sector

Trustees of charities with an income of over £25,000 are under a legal duty as charity trustees to submit annual returns, annual reports and accounting documents to the commission as the regulator of charities. Even if the charity's annual income is not greater than £25,000 trustees are under a legal duty to prepare annual accounts and reports and should be able to provide these on request. All charities with an income over £10,000 must submit an annual return.

Failure to submit accounts and accompanying documents to the commission is a criminal offence. The commission also regards it as mismanagement and misconduct in the administration of the charity.

For those individuals who were not trustees at the initial date of default, when they became a trustee, they became responsible for making good the default.

It is important that the financial activities of charities are properly recorded and their financial governance is transparent. Charities are accountable to their donors, beneficiaries and the public. Donors to charity are entitled to have confidence that their money is going to legitimate causes and reaches the places that it is intended to. This is key to ensuring public trust and confidence in charities.