

# Inquiry Report

Beis Aharon Trust Limited

Registered Charity Number 1010420



# A statement of the results of the class inquiry into double defaulter charities in particular Beis Aharon Trust Limited (registered charity number 1010420).

Published on 4 August 2014.

## The Class Inquiry

On 20 September 2013, 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; and
- 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

Beis Aharon Trust Limited ("the Charity") was registered on 13 April 1992. It is a charitable company governed by memorandum and articles of association dated 13 January 1988.

The Charity's objects are:

- (1) *the advancement of religion in accordance with the Orthodox Jewish faith.*
- (2) *the relief of poverty.*
- (3) *for such other purposes as are recognised by English law as charitable.*

More details about the Charity are available on the Register of Charities which can be accessed through the Charity Commission's website<sup>1</sup>.

## Issues under Investigation

The Charity failed to submit to the Commission annual accounts and reports and annual returns required for the financial years ending 31 March 2012 and 31 March 2013. The Charity was sent various computer generated reminders from the Commission regarding the submission of their annual accounting documents.

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<sup>1</sup> <http://www.charitycommission.gov.uk/find-charities/>

In addition, the Commission attempted to contact the charity by telephone on 8 April 2014 and asked to supply accounts by 15 April 2014. Further to this the Commission wrote to the Charity with a final warning on 8 April 2014 requesting that the missing documents be provided by 15 April 2014. The Commission warned what would happen if the Charity remained in default on 16 April 2014. The Charity has been in default of its obligations under the Act for a lengthy period of time, in respect of more than one set of documents and in spite of receiving numerous reminders.

The Charity met the criteria and became part of the Inquiry on 16 April 2014.

The Inquiry is confined to dealing with the trustees' mismanagement and misconduct<sup>2</sup> and remedying the non-compliance in connection with the annual accounting documents.

Prior to entering the Inquiry, the Charity filed the missing annual accounts and reports and annual return for the financial year ending 31 March 2012 on 11 April 2014. During the Inquiry the Charity filed the missing annual accounts, reports and annual return for the financial year ending 31 March 2013 on 18 June 2014.

The trustees did not provide a reason for not complying.

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. One set of accounts was filed and as a result over £1,700,000 of charitable income is now transparently and publicly accounted for on the Register of Charities. Prior to entering the Inquiry an additional set of accounts were filed publicly accounting for a further £2,268,000 of charitable income.

The Charity ceased to be part of the Inquiry when it was no longer in default of its accounting obligations. This happened on 18 June 2014 when the Charity filed the last missing documents.

## Regulatory Action Taken

The Commission used its information gathering powers under section 52 of the Charities Act 2011 (the "Act") to order and obtain bank records and financial information of the Charity relating to the missing years accounts. These will be used in connection with the Commission's scrutiny of the accounts.

On 23 April 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.

<sup>2</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.

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

## Issues for the wider sector

Trustees of charities with an income of £25,000 or over 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 under £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.



