



# Inquiry Report

Jamiat-Ul-Muslemeen Quwat-Ul-Islam Masjed

Registered Charity Number 284381



# A statement of the results of the class inquiry into double defaulter charities in particular Jamiat-Ul-Muslemeen Quwat-Ul-Islam Masjed (registered charity number 284381).

Published on 25 April 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.

## The Charity

Jamiat-Ul-Muslemeen Quwat-Ul-Islam Masjed (“the Charity”) was registered on 12 May 1979. It is an unincorporated association governed by a constitution dated 28 June 2005.

The Charity’s objects include:

1. *To promote and advance the teaching of the Holy Prophet Mohammed (Peace be upon him) and his companions, according to the Shariah Law laid down in the Holy Quran;*
2. *To promote the religious, spiritual, cultural, educational and economic advancement of fellow Sunni Muslims;*

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, reports and returns required for the financial years ending 30 September 2011 and 30 September 2012, and the annual return for the financial year ending 30 September 2008 was still outstanding. 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 22 October 2013 without success. Further to this the Commission wrote to the Charity with a final warning on 18 October 2013 requesting that the missing documents be provided by 8 November 2013. The Commission warned what would happen if the Charity remained in default on 8 November 2013. 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 11 November 2013.

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.

The Charity filed the missing annual accounts, reports and return for the financial year ending on 30 September 2011 on 8 November 2013. During the Inquiry the Charity filed the missing annuals accounts, reports and return for the financial year ending 30 September 2012 on 13 November 2013, and annual return for the financial year ending 30 September 2008 on 20 March 2014.

The trustees informed the Commission on 7 April 2014 that the *"reason for submitting Accounts, reports and return for year ending 30 September 2011 & 2012 late, was due the change in office of the Charity as it went through major construction phase and files and documents were put in storage which became problematic to retrieve."*

The trustees added that they did not receive the computer generated reminders and did not have sight of the Commission's letter dated 18 October 2013 until 5 November 2013; after which they promptly prepared their outstanding documents. They said they were volunteers and only opened post once a week.

The trustees stated that they did not submit the outstanding annual return for the financial year ending 30 September 2008 as they believed it had been submitted in 2009. After submitting the outstanding documents, the Charity produced a copy of a letter to the Commission dated 31 August 2009 which stated it was filing the 2008 accounts and return, albeit late. The trustees *"felt ....that this is an error on Charity Commission part, therefore did not submit it again"*

When the Charity's missing documents were submitted, the accounts were referred for scrutiny by the Commission's accountants and any issues have been or are being followed up separately.

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2 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.

## 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.

The reasons the Charity gave for non compliance with filing the annual accounts for 2011 and 2012 do not excuse the charity or its trustees from their obligations. It was of concern to the Commission that the trustees would have limited access to the recent and current records of the Charity. Section 130 of the Act requires all charity trustees to ensure that accounting records are kept in respect of their charity which are sufficient to show and explain all the charity's transactions so as to be able to (at any time) disclose with reasonable accuracy the financial position of the charity and show all sums of money received and expended by the charity and the matters in respect of which the receipt and expenditure takes place and they should be able to access them to comply with their legal obligations.

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, as well as the outstanding annual return, and as a result over £239,667 of charitable income is now transparently and publicly accounted for on the Register of Charities. Prior to the Charity entering the Inquiry, the Commission ensured that the 2011 set of accounts was filed resulting in a further £346,538 of charitable income being transparently and publicly accounted.

The Charity ceased to be part of the Inquiry when it was no longer in default of its accounting obligations. This happened on 20 March 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 13 November 2013 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.

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.

