

# Inquiry Report

Muriel Edith Rickman Trust

Former Registered Charity Number 326143



# A statement of the results of the class inquiry into double defaulter charities in particular Muriel Edith Rickman Trust (former registered charity number 326143) ('the charity').

Published on 15 January 2016.

## 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 then those with the last known income of between £200,000 and £249,999.

## The charity

The charity was registered on 29 June 1982. It was an unincorporated association governed by a trust deed dated 15 June 1982 as amended 1 March 2002.

The charity's objects were:

The advancement of education and medical research generally.

The charity was removed from the register of charities ('the register') on 24 November 2015 due to the fact that it had ceased to operate.

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 four financial years ending 5 April 2010 - 5 April 2013<sup>1</sup>. 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').

The commission attempted to contact the charity by telephone on 10 April 2014, which was followed by a letter of the same date with a final warning requesting that the missing documents be provided by 3 May 2014, and warning the charity that if it remained in default on 6 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 6 May 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.

While the charity was part of the inquiry, the accounting information for the financial year ending 5 April 2014 became due.

The responsibility for the operation of the charity's accounts had been left to one trustee, who was the founder and also the main funder of the charity ('the late trustee'), who died in April 2014. The remaining trustees had not acted as trustees for several years and were not fully aware of their legal duties and responsibilities, in particular their duties to submit accounting information, and to notify the commission when the charity ceased operating. They assumed that the late trustee had submitted the outstanding accounting information and arranged the closure of the charity.

Between May 2014 - October 2015, extensive delays were encountered by the trustees in submitting the overdue accounting information. The trustees informed the commission that this was due to the fact that they had difficulty recovering the charity's financial documents from the late trustee's premises, from the charity's former accountants and the charity's bank.

The charity submitted annual returns for financial years ending 5 April 2013 and 5 April 2014 on 27 May 2015, which reflected a nil income and expenditure. The annual accounts, reports, and annual returns for the financial year ending 5 April 2010 and for the financial year ending 29 July 2011, and also annual returns for the year ending 5 April 2012, were all submitted on 16 October 2015.

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1 The charity's financial year end for 2011 was extended by the commission to 29 July 2011.

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.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit their annual accounting information. Two sets of accounts were filed and as a result £1,220 of charitable income was publicly accounted for.

The charity ceased to be part of the inquiry when it was no longer in default of its accounting obligations. This happened on 16 October 2015 when the charity filed the last missing documents.

On 23 November 2015 the charity submitted a dissolution form to the commission and was removed from the register on 24 November 2015.

## Regulatory action taken

The commission used its information gathering powers under section 52 of 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 15 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 20 June 2014 and 8 August 2014 the inquiry exercised powers under section 337(6) of the act to vary the date of the previous section 84 Order dated 15 May 2014, to allow the trustees additional time to submit the missing documentation.

Due to the trustees' non-compliance the commission continued to exercise its powers under sections 47 and 84 of the act between October 2014 and April 2015.

The commission provided regulatory advice and guidance about the trustees' duty to file the charity's annual accounting information during the inquiry, and also regarding the process that the trustees must carry out in order for the charity to be removed from the register when it ceased to operate on 29 July 2011.

## 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.

The trustees of a charity are collectively responsible for its proper management. They should act together, in accordance with the requirements of their governing document and the general law, and they must always bear in mind their over-riding duty to take decisions that are in the best interests of the charity. Where financial duties are delegated, information needs to be provided to the trustees regularly to ensure effective monitoring of the charity's finances. Further guidance about the obligations and responsibilities of trustees can be found in the **The essential trustee: what you need to know, what you need to do (CC3)**.

Before dissolving or winding-up a charity, trustees must ensure that they follow the provisions in the charity's governing document and take steps to ensure that any remaining property belonging to the charity is applied or transferred to another charitable organisation(s) with compatible charitable objects.

Trustees must tell the commission if their registered charity ceases to exist, and the commission must remove it from the register of charities.

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<sup>3</sup> [www.gov.uk/guidance/how-to-close-a-charity](http://www.gov.uk/guidance/how-to-close-a-charity)