



CHARITY COMMISSION
FOR ENGLAND AND WALES

Inquiry Report

Nacue

Registered Charity Number 1139550

A statement of the results of the class inquiry into double defaulter charities in particular Nacue (registered charity number 1139550) ('the charity').

Published on 24 November 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 2 or more years in the last 5 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. Charities that have been identified for inclusion in the class inquiry have a last known annual income of at least £150,000.

The charity

The charity was registered on 29 December 2010. It is a charitable company governed by memorandum and articles of association incorporated 8 October 2010.

The charity's objects are:

To advance education and student development through stimulating university enterprise, specifically by supporting, connecting and representing student enterprise societies and student entrepreneurs worldwide.

In practice the charity furthers its objects through the development and support of student enterprise societies in university and college campuses.

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

Issues under investigation

The charity had failed to submit its annual accounts, reports and annual returns to the commission for the financial years ending 31 March 2014 and 2015 within the statutory deadlines. 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, an attempt was made to contact the charity by telephone on 12 May 2016, and a final warning letter was issued on the same date requesting that the missing documents be provided by 2 June 2016, and warning the charity that if it remained in default it would become part of the inquiry. The charity submitted the annual accounts, report and annual return for the financial year ending 31 March 2014 on 2 June 2016.

As the charity failed to submit all of the outstanding accounting documents by the deadline it became part of the inquiry on 3 June 2016.

The inquiry was confined to dealing with the trustees' mismanagement and misconduct¹ and remedying the non-compliance in connection with the annual accounting documents.

The remaining outstanding accounts, report and annual return for the financial year ending 31 March 2015 were submitted in August 2016.

A charity trustee informed the commission that the reason for not complying with their statutory accounting requirements was due to the trustees losing a government contract of a major project in higher and further education which resulted in the trustees having to restructure and downsize the structure of the charity. This does not excuse the failure of the trustees to fulfil their statutory obligations.

When the charity's outstanding documents were submitted, the accounts were referred for scrutiny by the commission's accountants. Any issues arising from that scrutiny 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 commission's intervention and subsequent inquiry, the commission ensured the charity complied with its legal obligations to submit its annual accounting information. Two sets of accounts were filed and as a result £1,372,061 of charitable income has been accounted for with the commission.

The charity ceased to be part of the inquiry on 24 August 2016 when it was no longer in default of its accounting obligations.

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 29 July 2016, the commission 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.

¹ The terms misconduct and mismanagement are taken from section 76 of the act. 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.

The commission will not hesitate to exercise its statutory powers to ensure that a charity's annual reports, annual accounts and annual returns are submitted to the commission within the statutory deadlines where trustees persistently fail to comply with their legal duties.