

# Inquiry Report

## Ezras Yisroel Trust

Registered Charity Number 1086363



# A statement of the results of the class inquiry into double defaulter charities in particular Ezras Yisroel Trust (registered charity number 1086363) ('the charity').

Published on 17 September 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 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. 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 27 April 2001. It is an unincorporated association governed by a declaration of trust dated 7 February 2001.

The Charity's objects are:

The advancement of orthodox Jewish religious education among Jews from or living in Yemen;

The advancement of the orthodox Jewish religion among Jews from or living in Yemen;

The relief of poverty and illness amongst persons of the Jewish faith and in particular amongst Jews from or living in Yemen; and

To provide help and support for persons of the Jewish faith seeking asylum in the United Kingdom from any part of the world and in particular from Yemen.

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 March 2012 and 31 March 2013. 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').

Further to this the commission wrote to the charity with a final warning on 7 January 2015 requesting that the missing documents be provided by 27 January 2015, and warning the charity that if it remained in default on 28 January 2015 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 28 January 2015.

During the course of the inquiry, the charity's accounting documents for financial year ending 31 March 2014 also became overdue.

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, returns and reports for the financial year ending 31 March 2012 were submitted on 18 June 2015; and the annual accounts and reports annual returns for the financial years ending 31 March 2013 and 31 March 2014 on 19 June 2015.

One of the charity's trustees informed the commission on 15 May 2015 the reason for the charity's non compliance was related to a number of problems experienced with the firm of accountants regularly used by the charity. The time frame for the completion of the accounts suggested by the accountant was unsatisfactory and the charity sought an alternative firm to complete this work.

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.

The reasons the charity gave for non compliance was not a legitimate excuse.

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 £489,976 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 June 2015 when the charity filed the last missing documents.

<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.

## 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 5 February 2015 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 April 2015 a second section 84 Order was served on the charity and following discussions with the trustees a further section 84 Order was issued on 1 June 2015 with a deadline of 29 June 2015.

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 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.