

# Inquiry Report

The East Anglia Transport Museum Society Limited

Registered Charity Number 268204



# A statement of the results of the class inquiry into double defaulter charities in particular The East Anglia Transport Museum Society Limited (registered charity number 268204) ('the charity').

Published on 22 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 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 20 September 1974. It is a charitable company governed by a memorandum and articles of association incorporated 29 May 1974 and a commission scheme dated 6 March 2001.

The charity's objects are:

- 1) To establish and maintain for the benefit of the nation an operating transport museum and for the like purpose to promote the permanent preservation of transport vehicles and equipment and items of general transport interest of actual or potential historic or scientific importance and educative value.
- 2) Without prejudice to the generality of the foregoing, the trustee may carry out the object particularly by the restoration of tramcars (including, Glasgow Tram 1245 and Lowestoft Tramcar No. 14 of 1904), provided that they are on public exhibition or otherwise used for public benefit.

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 to the commission required for the financial years ending 30 September 2013 and 30 September 2014. 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, the charity was contacted by telephone on 4 November 2015 and asked to supply the outstanding accounting information by midnight on 11 November 2015. This was confirmed in a letter issued the same day warning the charity that if it remained in default on 12 November 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 12 November 2015.

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 and reports for the financial years ending 30 September 2013 and 30 September 2014 were submitted on 8 December 2015.

When the charity's missing 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.

Charities which are companies are also under obligations under company law to prepare and file accounts at Companies House, irrespective of their size. From the commission's enquiries, it was established that the charity had filed their accounts with Companies House for the financial years ending 30 September 2013 and 30 September 2014 on 24 July 2014, and 13 July 2015 respectively. There was therefore no excuse for it not submitting accounts to the commission.

The trustees did not provide a satisfactory reason to the commission for being in default of their statutory obligations to meet accounting requirements on time.

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 £451,093 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 8 December 2015 when the charity filed the 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 3 December 2015 the inquiry exercised powers under section 84 of the act to direct the trustees to prepare and complete the relevant missing annual accounts and reports 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 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.