

Inquiry Report

Sri Guru Gobind Singh Ji Sangat Bhatra Educational and Cultural Centre

Registered Charity Number 1104110



A statement of the results of the class inquiry into double defaulter charities in particular Sri Guru Gobind Singh Ji Sangat Bhatra Educational and Cultural Centre (registered charity number 1104110) ('the charity').

Published on 21 December 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 then those with a last known income of between £200,000 and £249,999.

The charity

The charity was registered on 3 June 2004. It is an unincorporated association governed by a constitution dated 23 November 2003 as amended 9 May 2004.

The charity's objects are:

To promote any charitable purpose for the benefit of the inhabitants of Manchester and surrounding boroughs and in particular for the following purposes:

- to relieve poverty and sickness and distress
- to advance education and training
- to preserve and protect good health
- to provide or assist in the provision of facilities for the recreation and other leisure time occupation of the said inhabitants in the interests of social welfare with the object of improving their conditions of life

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, reports and annual returns to the commission required for the financial year 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').

In addition, 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 also warning the charity that if it remained in default on 6 May 2014 it would become part of the inquiry. The charity submitted accounts for the financial year ending 31 March 2012 on 1 May 2014, but failed to submit all other outstanding documents by the deadline. As a result the charity became part of the inquiry on 6 May 2014.

The inquiry is confined to dealing with the trustees' mismanagement and misconduct¹ 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 31 March 2014 became due.

The charity submitted its annual accounts and report for the financial year ending 31 March 2013 on 22 May 2014, these, along with the accounts for financial year ending 31 March 2012 were found to be so inadequate as they did not comply with requirements of the charities Statement of Recommended Practice ('the SORP') in relation to information to be included in a statement of financial activities and the trustees' annual report. In view of the additional issues identified the commission requested the trustees to resubmit the accounts and reports for years ending 31 March 2012 and 2013.

The outstanding annual accounts and reports for the financial years ending 31 March 2012 and 31 March 2013 were re-submitted on 14 July 2015; for the financial year ending 31 March 2014 on 23 September 2015. Annual returns for the financial year ending 31 March 2012 were re-submitted on 2 October 2015; and for the financial years ending 31 March 2013 and 31 March 2014 on 23 September 2015.

On 23 October 2015 the trustees provided the following reasons for not complying with their statutory accounting requirements:

- the trustees were focussed on the completion of a new building development which included the opening of a new Sikh temple and community centre, and an unexpected increase of congregation in the new building; charity financial records were misplaced and not directly available during this period
- the charity's former accountants were not familiar with the requirements of the SORP, and delays were incurred while trustees arranged for the dismissal of the former accountants and the appointment of new accountants with experience in completing charity accounts and reports

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.

¹ 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. Three sets of accounts were filed and as a result £242,597 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 2 October 2015 when the charity filed the last missing documents.

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 9 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 14 January 2015 the inquiry exercised powers under section 47 of the act to direct the trustees to resubmit the accounts for the years ending 31 March 2012 and 2013 to show that they fully comply with the requirements of the SORP and the requirements for information to be included in a statement of financial activities and a trustees' annual report.

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.