

Inquiry Report

Belgrave Baheno Peepul Centre

Registered Charity Number 1092389



A statement of the results of the class inquiry into double defaulter charities in particular Belgrave Baheno Peepul Centre (registered charity number 1092389).

Published on 4 August 2014.

The Class Inquiry

On 20 September 2013, 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; and
- 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

Belgrave Baheno Peepul Centre (“the Charity”) was registered on 11 June 2002. It is a charitable company governed by memorandum and articles of association incorporated 30 March 2000 as amended by special resolutions dated 9 March 2008 and 27 August 2008.

The Charity’s objects are:

To promote any charitable purpose and in particular, to advance education and vocational training; protect health; relieve poverty, sickness and distress; relieve unemployment, and provide recreation and leisure facilities in the interests of social welfare.

More details about the Charity are available on the Register of Charities which can be accessed through the Charity Commission’s website¹.

¹ <http://www.charitycommission.gov.uk/find-charities/>

Issues under Investigation

According to the Register of Charities, the Charity failed to submit to the Commission annual accounts, reports and annual returns required for the financial years ending 31 March 2012 and 31 March 2013. The Charity was sent various computer generated reminders from the Commission regarding the submission of their annual accounting documents.

In addition, the Commission attempted to contact the charity by telephone on 8 April 2014. The Commission also wrote to the Charity on 8 April 2014 requesting it to supply accounts by 15 April 2014. The Charity was warned what would happen if it remained in default on 16 April 2014. According to the details held on the Register of Charities, the Charity met the criteria and became part of the Inquiry on 16 April 2014.

The Commission understood that the Charity had been in default of its obligations under the Act for a lengthy period of time, in respect of more than one set of documents and in spite of receiving numerous reminders.

The Inquiry is confined to dealing with the trustees' mismanagement and misconduct² and remedying the non-compliance in connection with the annual accounting documents.

The Charity entered the Inquiry as its financial year ends were 31 March 2012 and 31 March 2013 according to the information submitted by the trustees.

A trustee of the Charity informed the Inquiry on 25 April 2014 that the Charity's financial year ends had been changed to bring them into alignment with its parent company; the Charity is a subsidiary of the Ethnic Minority Foundation (Company No. 3758674: Registered Charity No. 1077002). The trustees provided copies of documents filed with Companies' House demonstrating that the Charity's financial year end 31 March 2012 was extended to 30 June 2012, and the financial year ending 30 June 2013 was extended to 31 December 2013. The Charity had not informed the Commission of these changes prior to this date.

Consequently only the annual accounts, reports and annual return for the year ending 30 June 2012 were overdue. The outstanding documents were filed on 24 April 2014.

The trustees did not provide an explanation of why the accounting information for the financial year ending 30 June 2012 was overdue, but stated on 2 July 2014 that they were taking action "to make sure that compliance is right and proper in future". In their correspondence with the Commission, the trustees' view was what had happened was an oversight.

When the Charity's missing documents were submitted on 23 April 2014, the accounts were referred for scrutiny by the Commission's accountants and if any issues arise from that they will be followed up separately

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.

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. There was therefore no excuse for it not submitting the Charity's accounts to the Commission.

The Charity entered the Inquiry because of a failure by the trustees to inform the Commission of changes to the Charity's financial year end and fulfil their obligations to maintain an accurate entry on the Register of Charities³.

As a result of the Inquiry, the Commission ensured the Charity complied with its legal obligations to submit their annual accounting information. One set of accounts were filed and as a result over £2,335,000 of charitable income is now transparently and publicly accounted for on the Register of Charities.

The Charity ceased to be part of the Inquiry when it was no longer in default of its accounting requirements. The Commission was satisfied that this was the case when the Charity provided the relevant documentation to establish that only one set of accounts were overdue. This happened on 8 May 2014.

Regulatory Action Taken

The Commission used its information gathering powers under section 52 of the Charities Act 2011 (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 23 April 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.

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 £25,000 or over 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 under £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.

³ Further guidance on trustees' responsibility to keep a charity's details up-to-date can be found [here](#).

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.

Furthermore, trustees are under a legal obligation to tell the Commission about changes to their charity's contact and other details, including trustee appointments, areas of operation, the charity's activities, bank or building society account details and financial year ends. Keeping a charity's details up to date is essential for public accountability and prevents the Commission taking regulatory action when not necessary.

