

# **Inquiry Report**

**The Parochial Church Council of the Ecclesiastical Parish of St Peter,  
Notting Hill**

Registered Charity Number 1133807



# A statement of the results of the class inquiry into double defaulter charities in particular The Parochial Church Council of the Ecclesiastical Parish Of St Peter, Notting Hill (registered charity number 1133807).

Published on 24 January 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 £250,000.

## The Charity

The Parochial Church Council of the Ecclesiastical Parish Of St Peter, Notting Hill (“the Charity”) was registered on 27 January 2010. It is a trust governed by The Parochial Church Councils (Powers) Measure (1956) as amended and church representation rules.

The Charity’s objects are:

*Promoting in the ecclesiastical parish the whole mission of the Church*

More details about the Charity are available on the Register of Charities which can be accessed through the Charity Commission’s website<sup>1</sup>.

## Issues under Investigation

The Charity failed to submit to the Commission annual accounts and reports required for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012. The Charity was sent various computer generated reminders from the Commission regarding the submission of their annual accounting documents.

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

In addition, the Charity was contacted by telephone on 18 October 2013 and 22 October 2012 and asked to supply accounts by 8 November 2013. Further to this the Commission wrote to the Charity with a final warning on 18 October 2013 requesting that the missing documents be provided by 8 November 2013. On both occasions, the Commission warned what would happen if the Charity remained in default on that date. The Charity has 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 Charity met the criteria and became part of the Inquiry on 11 November 2013.

The Inquiry is confined to dealing with the trustees' mismanagement and misconduct<sup>2</sup> and remedying the non-compliance in connection with the filing of the annual accounting documents.

The Charity filed the missing annual accounts and reports for the financial year ending 31 December 2010 on 7 November 2013 prior to entering the Inquiry, and filed the missing annual accounts and reports for the financial years ending 31 December 2011 and 31 December 2012 on 14 November 2013.

The trustees informed the Commission on 18 October 2013 that they were unsure of the reasons for the delay in submitting the outstanding accounts and reports as annual returns had been filed with the Commission on time; stating they would chase the accountant and submit their outstanding documents before the 8 November 2013 deadline. The trustees later contacted the Commission and stated that the auditor had needed to obtain additional information from the Charity's bank, and the bank had informed the Charity that this required a 10 day turn around.

On 17 December 2013 the trustees responded further on why the accounts had not been submitted stating that "...the accounts for the years in question were completed within a matter of weeks of the year end. They were presented to the Parochial Church Council in a clear and professional way. Indeed, the PCC were supplied with quarterly management accounts throughout the year. The auditors came to look at the accounts and picked up on a few minor issues. The problems which you have highlighted are related to the involvement of our auditors and our communication with them. I know that the PCC of St Peter's has complete confidence in our Treasurer and Finance Team".

The charity assured the Commission that the trustees have taken steps to ensure that late filing will not happen again.

When the Charity's missing documents were submitted, the accounts were referred for scrutiny by the Commission's accountants and any issues have been or are being followed up separately.

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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. Even if accounts are prepared, late filing in itself is a breach of trustees' legal duties and so mismanagement and misconduct in the administration of the Charity.

As a result of the Inquiry, the Commission ensured the Charity complied with its legal obligations to submit their annual accounting information.

The Charity ceased to be part of the Inquiry when it was no longer in default of its accounting obligations. This happened on 14 November 2013 when the Charity filed the last missing documents.

## 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.

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.

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.



