



**CHARITY COMMISSION**  
FOR ENGLAND AND WALES

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# **Inquiry Report**

## **Wales Federation of Young Farmers Clubs**

Registered Charity Number 1145230

# A statement of the results of the class inquiry into double defaulter charities in particular Wales Federation of Young Farmers Clubs (registered charity number 1145230) ('the charity').

Published on 1 December 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. Charities that have been identified for inclusion in the class inquiry have a last known annual income of at least £150,000.

## The charity

The charity was registered on 23 December 2011. It is a charitable company governed by memorandum and articles of association incorporated 7 September 2011.

The charity's objects are:

- a) To advance the education and personal development of young members of the public at large in agriculture, rural life and affairs, international understanding, home crafts, the environment and related subjects.
- b) In the interests of the social welfare of such members, to provide and promote the provision of facilities for recreation and other leisure time occupations, being facilities which will improve their spiritual and mental capacities, health and wellbeing, raise awareness, self-reliance and individual responsibility so that they may develop as individuals into full citizens.
- c) To promote its activities through the mediums of Welsh and English and to ensure those activities enhance the members' understanding and knowledge of Welsh rural life, Welsh culture and the Welsh language, along with providing an understanding of other cultures.

In practice the charity furthers its objects by providing a variety of educational and training programmes to meet the needs of rural young people aged between 10 and 26 years.

More details about the charity are available on the **register of charities** ('the register').

## Issues under investigation

The charity had failed to submit its annual returns to the commission for the financial years ending 31 March 2014 and 2015 within the statutory deadlines. 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, an attempt was made to contact the charity by telephone on 13 May 2016, and a final warning letter was issued on the same date requesting that the missing documents be provided by 20 May 2016, and warning the charity that if it remained in default it would become part of the inquiry. As the charity had failed to submit the outstanding annual returns by the deadline it became part of the inquiry on 23 May 2016.

The inquiry was 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 remaining outstanding annual returns for the financial years ending 31 March 2014 and 2015 were submitted in August 2016.

A charity representative informed the commission that the reason for not complying with their statutory accounting requirements was due to the charity losing key government funding which resulted in the trustees having to carry out a number of staff changes which included redundancies. This does not excuse the failure of the trustees to fulfil their statutory obligations.

## Conclusions

The charity's trustees were in default of their legal obligations to file their annual returns with the commission. This was mismanagement and misconduct in the administration of the charity and a breach of their legal duties.

The charity ceased to be part of the inquiry on 31 August 2016 when it was no longer in default of its filing obligations.

## Regulatory action taken

The commission provided regulatory advice and guidance about the trustees' duty to file the charity's annual accounting information.

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<sup>1</sup> The terms misconduct and mismanagement are taken from section 76 of the act. 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.

## 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.

The commission will not hesitate to exercise its statutory powers to ensure that a charity's annual reports, annual accounts and annual returns are submitted to the commission within the statutory deadlines where trustees persistently fail to comply with their legal duties.