



**CHARITY COMMISSION**  
FOR ENGLAND AND WALES

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## **Inquiry Report**

### **The Ardleigh House Community Association**

Registered Charity Number 303067

# A statement of the results of the class inquiry into double defaulter charities in particular The Ardleigh House Community Association (registered charity number 303067) ('the charity').

**Published on 23 August 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 2 October 1963. It is an unincorporated association governed by a revised constitution adopted 14 October 1983, as amended 5 December 1997.

The charity's objects are:

'to promote the benefit of the inhabitants of Hornchurch and the neighbourhood without distinction of sex or political religious or other opinions by associating with local authorities voluntary organisations and inhabitants in a common effort to advance education and to provide facilities in the leisure time occupation with the object of improving the conditions of life for the said inhabitants'.

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 for the financial years ending 31 August 2012, 2013 and 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 an attempt was made to contact the charity on 10 December 2015 by telephone and a final warning letter was issued on the same day requesting that the missing documents be provided by 11 February 2016, and warning the charity that if it remained in default it would become part of the inquiry.

The charity failed to fully comply and submit its outstanding documents by the deadline and became part of the inquiry on 12 February 2016. 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, reports and annual returns for the financial years ending 31 August 2012 and 2013, were submitted shortly after the inquiry was opened in February 2016. The annual accounts, report and annual return for the financial year ending 31 August 2014, was submitted on 23 May 2016, together with accounting documents for the financial year ending 31 August 2015, which the charity also submitted on the same day.

On 1 June 2016 a charity representative informed the commission that the reason for not complying with their statutory accounting requirements was due to delays being incurred by the charity's finance manager who was under pressure experiencing extreme workloads at the time. The trustees have since implemented new procedures to ensure that there is sufficient support for the finance manager, and also revised their governance procedures to ensure that the accounting documents are filed on time in the future. This does not excuse the failure of the trustees to fulfil their statutory obligations.

When the charity's outstanding accounting documents were submitted, the accounts were referred for scrutiny by the commission's accountants. No substantive issues were raised from the accounts scrutiny although the commission made recommendations to improve the content of the trustees' annual report, and also to clarify the charity's objects.

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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.

## 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 its annual accounting information. Four sets of accounts were filed and as a result £792,479 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 23 May 2016 when the charity filed the last missing documents.

## 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.