

Inquiry Report

The Society of Friends of the Torah

Registered Charity Number 238230



A statement of the results of the class inquiry into double defaulter charities in particular The Society of Friends of the Torah (registered charity number 238230).

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 submit 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.

The Charity

The Society of Friends of the Torah (“the Charity”) was registered on 10 May 1965. It is an unincorporated association governed by a constitution.

The Charity’s objects are:

“to raise funds, accept subscriptions and collect donations and administer charitable trusts and apply the funds and income of the Society for the benefit of legally charitable institutions or legally charitable purposes and particularly for the purposes of the furtherance advancement and support of legally charitable Jewish Religious purposes”

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

Issues under Investigation

The Charity failed to submit to the Commission the annual accounts and reports and annual returns required for the 18 month period ending 31 December 2011. The Charity received various computer generated reminders from the Commission regarding the submission of their accounting documents.

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

In addition, the Charity was contacted by telephone on 4 September 2013 and asked to supply accounts by 20 September 2013. Further to this the Commission wrote to the Charity with a final warning on 10 September 2013 requesting that the missing documents be provided by 20 September 2013. On both occasions, the Commission warned what would happen if the Charity remained in default. 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 23 September 2013.

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

During the Inquiry the Charity filed the missing annual accounts and reports and annual returns on 24 October 2013.

The trustees informed the Commission on 10 September 2013 that the reason for not complying was because the Charity had ceased to be active and the assets of the Charity, as well as its activities, had been transferred to a charity in the form of a limited company called 'Society of Friends of the Torah' (charity registration number 1140838). Previously the trustees had corresponded with the Commission and asked if the Charity could simply be removed from the register without having to have the expense of accountancy fees in respect of the accounts to cessation. The Commission responded to this request on 15 August 2012 saying that accounts must be prepared. The trustees apologised that this did not happen.

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.

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.

The reasons the charity gave for non compliance was not a legitimate excuse. The Commission had previously advised the charity that the outstanding documentation must be provided and that the Commission would not remove the charity from the register until this was received.

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 24 October 2013 when the Charity filed the last missing documents.

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.

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.

Failure to inform the Commission that a charity has dissolved may lead to us making enquiries about what has happened to it and its assets. The Commission may take action against former charity trustees if the assets have been incorrectly applied.

After a charity has been dissolved, the charity trustees must ensure its accounting books and records (including cash books, invoices and receipts) are kept for at least three years after the year they were made for a charitable company, and at least six years after the year they were made for an unincorporated charity/

Even after they have dissolved their charity, the former charity trustees remain responsible for decisions taken while they were in office.

