



# **Inquiry Report**

## **Beighton Welfare Recreation Ground**

Registered Charity Number 523834



# A statement of the results of the class inquiry into double defaulter charities in particular Beighton Welfare Recreation Ground (registered charity number 523834).

Published on 19 May 2015.

## 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 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
- 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

Beighton Welfare Recreation Ground ('the charity') was registered on 16 May 1963. It is governed by a commission scheme dated 25 November 2002.

The charity's objects are:

The object of the charity is the provision of a social welfare centre for the benefit of the inhabitants (and in particular, but not exclusively, such of the said inhabitants as are members of the mining community) of the area of benefit without distinction of political, religious or other opinions with the object of improving the conditions of life of 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 and reports to the commission required for the financial years ending 31 March 2009 and 31 March 2010 and annual returns required for the financial years ending 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012. During the whole period of default, the charity was sent various computer generated reminders from the commission requiring them to submit their annual accounting documents. Although, reminders were sent the charity remained in default of its obligations under the Charities Act 2011 ('the act').

The commission attempted to contact the charity by telephone on 4 September 2013, and then wrote to the charity with a final warning on 10 September 2013 requesting that the missing documents be provided by 20 September 2013. The commission warned the charity what would happen if it remained in default on 23 September 2013. The charity subsequently became part of the inquiry on 23 September 2013.

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.

On 1 October 2013, the charity submitted accounts for the years ending 31 March 2009 and 31 March 2010. A commission accountant scrutinised these accounts and concluded that they were inadequate to such an extent that the charity could not be said to have complied with its legal requirements. Because of this, the commission more closely scrutinised the accounts the charity had already submitted, prior to the opening of the inquiry, for the years ending 31 March 2011 and 31 March 2012 and concluded that these were also inadequate, and that the charity had not complied with its legal requirements in respect of these.

On 24 August and 19 September 2014, the charity submitted revised versions of its outstanding accounts and trustees' annual reports, and also accounts and a trustees' annual report for the year ending 31 March 2013: these were also found to be inadequate.

The charity filed fully compliant versions of the missing annual accounts and reports for the years ending 31 March 2009, 31 March 2011, 31 March 2012 and 31 March 2013 on 10 December 2014, and the annual accounts and reports for the year ending 31 March 2010 were filed on 25 September 2014. The annual return for the year ending 31 March 2009 was filed on 17 September 2014. The annual return for the year ending 31 March 2010 was filed on 11 November 2014, and the annual returns for the years ending 31 March 2011, 31 March 2012 and 31 March 2013 were filed on 10 December 2014. These documents were scrutinised by the commission's accountants and deemed sufficient.

The trustees informed the commission on 30 September 2013 the reason for not complying with their legal obligations was that following the entering into receivership of a company (in March 2010) which ran a bar on the charity's premises, the receivers took a lot of the charity accounts and paper work.

Following this, all but two of the charity's trustees resigned, along with the secretary. The remaining trustees lacked understanding of the accounting system. They sought help from the Coal Industry Social Welfare Organisation (CISWO), the charity's umbrella body. However, the trustees claim CISWO refused to help because the charity owed it money, and also claim that CISWO refused assistance even after the debt had been paid. In 2013, the trustees engaged the services of an accountant to assist them in bringing their accounts submissions up-to-date.

---

<sup>1</sup> 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.

The reason the charity gave for non compliance was not a legitimate excuse. All of a charity's trustees are legally responsible for ensuring accounting information is prepared and submitted to the commission as required.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit their annual accounting information. Five sets of accounts were filed and as a result over £281,000 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 10 December 2014 when the charity filed the last missing documents.

## Regulatory action taken

The commission used its information gathering powers under section 52 of the act to order and obtain bank records and financial information of the charity relating to the missing years accounts. These have been used in connection with the commission's scrutiny of the accounts.

On 24 September 2013 and 25 October 2013 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.

On 11 November 2013, the commission made another order extending the deadlines by when the charity was required to submit the outstanding information.

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 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.