



CHARITY COMMISSION
FOR ENGLAND AND WALES

Inquiry Report **The Halo Initiative**

Registered Charity Number 1142541

A statement of the results of the class inquiry into double defaulter charities in particular The Halo Initiative (registered charity number 1142541) (‘the charity’).

Published on 23 September 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 June 2011. It is a charitable company governed by memorandum and articles of association incorporated on 8 June 2011.

The charity’s objects are:

1. ‘The advancement of health and the relief of sickness amongst women by such means as the trustees in their absolute discretion from time to time think fit, including in particular in relation to, cancers and other illnesses, maternal health, mental health, and the effects of domestic violence.
2. The advancement of education in all areas related to women’s health and illnesses affecting women.
3. The furtherance of such other charitable purposes as the trustees in their absolute discretion from time to time think fit’.

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 22 February 2014 and 28 February 2015 and became part of the inquiry on 23 May 2016. The inquiry is confined to dealing with the trustees' mismanagement and misconduct¹ and remedying the noncompliance in connection with the annual accounting documents.

Following notification of the opening of the inquiry the charity's lawyers informed the inquiry that the charity did not receive several reminders sent by the commission regarding the outstanding documents as the correspondent's details for the charity registered with the commission were out of date. It is the charity's trustees' responsibility to ensure that the charity's details on the register are up to date.

The charity's lawyers reported to the inquiry that the charity had made a number of attempts to correct the charity's registered correspondent details and to enable the outstanding accounts and returns to be filed online, on becoming aware that the charity was in default in early January 2016. However, the charity did not achieve this. The commission provided advice to the charity on several occasions how to do this; it required 1 of the trustees to call and pass online security questions, but as the¹ trustee who called failed the security questions because the date of birth details filed were incorrect, that trustee's efforts to amend the charity's contact details could not be processed. The charity's lawyers also informed the inquiry that throughout this period the charity remained unaware of the increasing urgency of the situation. They stated that it was only upon receipt of the commission's letter dated 8 June 2016 by the charity's lawyers, regarding the charity's addition to the class inquiry, that the charity became aware of the regulator's concerns and its previous attempts to contact the charity.

The reasons provided do not excuse the failure of the trustees to fulfil their statutory obligations.

It was confirmed to the inquiry that the trustees *"take very seriously the charity's legal obligations, and will take care to ensure that going forward any annual accounts or reports are filed when they become due. It will continue to comply with all other charity and company law requirements until it has been fully liquidated"*.

All outstanding accounting documents were submitted in June 2016. When the charity's outstanding accounting documents were submitted, the accounts were referred for scrutiny by the commission's accountants. Any issues arising from that scrutiny will be followed up separately.

The inquiry was also notified by the charity's lawyers that the charity ceased to operate in 2014 due to a lack of funding.

The accounts record that its main source of income was from the sales of the Halo range of feminine hygiene ("femcare") products, sold exclusively to a large supermarket store in the United Kingdom. The charity then made grants to charitable causes. One of the 6 trustees was appointed by the supermarket, and the supermarket had also agreed to pay for the administration and marketing costs of the charity so that all the funds raised could be applied for charitable purposes.

The inquiry was informed that as the femcare range is no longer produced or sold in the stores, and the charity's income source had ceased, the trustees decided to close the charity. The trustees are in the process of arranging for it to be put into voluntary liquidation, with a view to removing it from the register of charities.

¹ 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, even if they delegated the task to or relied on the administrators doing it for them.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit its annual accounting information. Two sets of accounts were filed and as a result £119,000 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 June 2016 when the charity filed the last missing documents.

Regulatory action taken

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.