

# **Inquiry Report**

## **The Bridge (Oxford) Limited**

Registered Charity Number 1012560



# A statement of the results of the class inquiry into double defaulter charities in particular The Bridge (Oxford) Limited (registered charity number 1012560).

Published on 18 November 2013.

## 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 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; 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 Bridge (Oxford) Limited (“the Charity”) was registered on 3 July 1992. It is a charitable company governed by memorandum and articles of association dated 26 March 1992, as amended by a special resolution dated 14 May 1992.

The Charity’s objects are:

*‘To provide temporary emergency accommodation for homeless people between the ages of 16 and 25 who are in need, to provide the best possible material environment, to enable and encourage young people to examine in advance their long-term housing needs, to provide appropriate referrals should a young person require more specialised help, to wherever possible have a commitment to develop a continuity of care provision for young people in need’.*

More details about the Charity are available on the Register of Charities which can be accessed through the Charity Commission’s website<sup>1</sup>.

## Issues under Investigation

The Charity failed to submit to the Commission annual returns required for the financial years ending 31 March 2009, 30 September 2010, and 30 September 2011, and the annual accounts and reports required for the financial years ending 30 September 2011. As no returns had been submitted it was not known what, if any, documents the Charity was required to submit for the financial year ending 30 September 2012. The Charity was sent various computer generated reminders from the Commission regarding the submission of their annual accounting documents.

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

In addition, the Commission unsuccessfully attempted to contact the Charity by phone on 3 September 2009. Further to this the Commission wrote to the Charity with a final warning on 9 September 2013 requesting that the missing documents be provided by 13 September 2013. 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 misconduct<sup>2</sup> and remedying the non-compliance in connection with the annual accounting documents.

During the Inquiry the Charity filed the missing annual returns for the financial years ending 31 March 2009, 30 September 2010, 30 September 2011 and 30 September 2012, and the missing annual accounts and report for the financial year ending 30 September 2011, on 7 October 2013. The trustees' annual return for the financial year ending 30 September 2012 confirms the Charity's income for that year did not meet the £25,000 threshold for the submission of annual accounts and reports to the Commission.

A trustee informed the Inquiry on 26 September 2013 and 1 October 2013 that the trustees and the Charity's former auditor were "surprised" that the outstanding documents had not been registered with the Commission; the Charity had "not received any income since March 2010" and had instead been operating from its reserves, and the Charity's former correspondence address had not been active for two years.

On 29 October 2013 one trustee informed the inquiry that they were completely unaware that the default had arisen and

*"there was never any intention to avoid complying with the Commissions [sic] requirements and it was not in our interests to do so.*

*There were no practical reasons for us not to comply. We genuinely believed we had done so. Our former Auditors were very surprised that you had not received the accounts. To the best of the Auditors knowledge, accounts had been submitted to the Commission at the same time they were submitted to Companies House."*

The trustee also stated that *"the Commission had transcribed part of our new email address incorrectly at some point ... We have not been operational for several years, our email accounts deleted and our correspondence address closed. As a result any communication you have tried to make with us would have failed. We only became aware there was a problem when you wrote to our registered office."*

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.

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<sup>2</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.

Charities which are companies are also under obligations under company law to prepare and file accounts at Companies House, irrespective of their size. From the Commission's enquiries, it was established that the Charity had filed their accounts with Companies House. There was therefore no excuse for it not submitting the Charity's accounts to the Commission.

The reasons the Charity gave for non compliance does not absolve them of responsibility for the defaults; it is the responsibility of the Charity and its trustees to ensure that records and information held by the Commission, and displayed on the register of charities, is accurate; this includes the details of the current trustees, contact details for the Charity, and annual returns, annual reports and accounting documents in line with the statutory requirements. However, charities with an income of less than £25,000 in a particular financial year do not have a legal duty to submit annual reports and accounting documents to the Commission for that financial year.

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 7 October 2013 when the Charity filed the last missing documents and it was established that the Charity did not meet the income threshold to require the submission of annual accounts and reports for the financial year ending 30 September 2012.

## 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.

On 24 September 2013 the Inquiry exercised powers under s84 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.

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. Submitting an annual return to the Commission enables it to determine whether the charity trustees need to submit reports and accounts in any financial year and ensure that they meet their filing requirements.

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.

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