

Eurovision Mission to Europe

Registered Charity No. 1013288

Introduction

1. This is a statement of the results of an inquiry under section 8 of the Charities Act 1993.
2. Eurovision Mission to Europe (the charity) is governed by a declaration of trust dated 23 July 1992 as amended by supplemental deeds dated 10 September 1999 and 15 September 2003. The charity is based in Dewsbury and its object is to promote the Christian religion.
3. The income of the charity in the financial year ending 31 December 2004 was £1,469,416.

Issues

4. A previous section 8 inquiry had concluded with a former trustee (Trustee A) agreeing to pay back £66,000 which represented losses incurred to the charity through poor investments.
5. In late 2004 the Commission received information that the charity had been involved in financial dealings with its German counterpart, Eurovision Germany (EVG), which had enabled EVG to loan money to Trustee A to pay back the money owed to the charity.
6. An inquiry was opened to look into the background to the loan and to establish whether or not a payment was made by the charity to EVG to enable Trustee A to pay back the money owed.

Findings

7. On or about 22 April 2003, £41,225 was paid by a representative of the charity into an account of EVG in the United Kingdom (the EVG sterling account). In a meeting with officers of the Commission on 6 April 2005 the trustees explained that this was repayment of a loan made by EVG to Eurovision Aid Limited (EVAL), a trading subsidiary of the charity. In or about 1999 EVG loaned EVAL £53,300. It was intended that the loan was to be repaid by EVAL but if and to the extent that Eval was unable to repay EVG, the charity would cover the outstanding debt.
8. EVAL was not able to generate the revenue it had hoped and ceased trading in 2000 having been unable to repay the money it owed to EVG. The charity made payments towards the outstanding loan in accordance with its 'guarantee' even though there was no formal documentation relating to the loan or the guarantee.

9. The trustees explained that the loan was partially paid back in kind through the charity paying for the German edition of Prophetic Vision magazine which it had printed and sent out on EVGs behalf. This was done on an informal basis and there was no formal documentation authorising this arrangement. By April 2003 there was £41,225 outstanding.

10. The charity's accountant had not been aware that the charity had any amounts owing to EVG and had thought that these debts had been written off in previous years' accounts; but a fax dated the 15 April 2003 from [REDACTED] EVG to Trustee A shows that the sum paid by the charity to EVG on the 22 April was the repayment of the loan made by EVG to EVAL. (A letter dated 3 March 2005, from a member of the board of EVG to the charity's accountants confirms this.)

11. By March 2003, one of the trustees, (Trustee B) felt that, without the money Trustee A owed, the charity had no long term future and he was considering dissolution if the money was not repaid. Trustee B insisted that all outstanding debts be repaid, which included the EVG loan.

12. At this time Trustee A [REDACTED]
[REDACTED] Trustee B still insisted that the money be paid back immediately.

13. Also during this period the charity was committed to carrying out a series of services (crusades) in Berezniki, Russia to be held on the 25-27 April 2003 but Trustee B refused to sanction any expenditure because of the outstanding debt owed by Trustee A. Trustee A therefore obtained a personal bank loan [REDACTED] to cover the costs of the crusades. [REDACTED]
[REDACTED]
[REDACTED]

14. Because of Trustee B's insistence that without repayment of all of Trustee A's debt the charity should be dissolved Trustee A, who was aware of the decision to repay EVG, approached the [REDACTED] EVG for the loan of that money to enable him to clear [REDACTED] debt to the charity. [REDACTED]

The subsequent arrangement was confirmed in the fax referred to in paragraph 10.

15. The charity paid EVG the money it owed into the EVG sterling account which was opened by Trustee A. [REDACTED] was one of the signatories for the account along with two others. The fax referred to in paragraph 10 says that the money was to be used for evangelism in Russia. This was confirmed in a later letter dated 28 September 2004 from EVG to the charity. There is no reference to use of the money by Trustee A to repay the money owed to the charity.

16. On or about the 24 April 2003 Trustee A made a cheque out to [REDACTED] for £41,200 drawn on the EVG sterling account. On the same date [REDACTED] made a cheque out from [REDACTED] own personal account to the charity for £41,500 partially paying the debt [REDACTED] owed to the charity. On the 4 June 2003 [REDACTED] cleared his debt by paying the charity the remaining £24,500 [REDACTED] owed.

17. There is no evidence that the payments were made by the charity in order to enable Trustee A to clear his debt.

18. Trustee A has also repaid the money [REDACTED] owed to EVG.

Outcome of the Inquiry

19. The trustees of the charity have been made aware by the Commission that they must at all times be able to explain their actions especially where there are potential conflicts of interest. The trustees accept that there were potential conflicts of interest in this case, but point out that only one of the current trustees was in place at the time of these events. They state that they are aware of the need to manage possible conflicts of interest when they occur.

20. The trustees also accept that they must ensure that the charity's books and records show any outstanding debts or liabilities and that their accounts accurately reflect this.

Wider Lessons

21. The records of a charity must be able to show clearly the reasons for its financial transactions. If the records are incomplete or deficient then this can lead to assumptions being made or conclusions being drawn based on insufficient information. This can present a false picture of the charity's activities leading to an erosion of the charity's credibility and integrity. Transparent and accurate records and accounts ensure that a charity can always demonstrate the work it has carried out and why.