

Director of Pembroke restaurant company banned for seven years

Abul Kalam, 48, from Birmingham, has been disqualified as a company director for seven years after being unable to explain over £400,000 of his restaurant's income and expenditure after his business folded, including £35,000 he claimed through the Bounce Back Loan (BBL) scheme during the Covid pandemic.

Abul Kalam was the sole director of Choose Chilli Ltd which ran Mehfil's restaurant in Pembroke's Main Street shopping arcade until 2021.

During the Covid lockdown in 2020, Choose Chilli Ltd applied for and received a £25,000 Bounce Back Loan. These were government-backed loans introduced to support businesses impacted by the pandemic. The company received a further £10,000 top-up BBL in March 2021 but ceased trading and went into voluntary liquidation in July 2021, owing almost £70,000.

Investigators at the Insolvency Service discovered that both the £25,000 BBL payment and the £10,000 top-up loan had been transferred into a bank account in Kalam's name the day after the money had arrived in Choose Chilli's bank account.

Under the rules of the BBL scheme, money borrowed had to be used for the economic benefit of the business but Kalam provided no evidence that any of the £35,000 had been used to support Choose Chilli, and the amount remained outstanding when the restaurant went into liquidation.

On further investigation, the company's bank account showed that more than £178,000 – in addition to the BBL money – was paid into the restaurant and more than £241,000 was separately paid out between December 2019 and July 2021 – a period that included extended Covid lockdowns and restrictions.

Kalam was unable to prove that the transactions were legitimate sales and business expenditure, as he had failed to retain adequate invoices or records to verify the amounts.

The restaurant-owner's inadequate book-keeping meant investigators were also unable to establish how much money was owed to HMRC in tax and national insurance.

The Secretary of State for Business, Energy and Industrial Strategy accepted a disqualification undertaking from Abul Kalam, after he didn't dispute that he had caused Choose Chilli Ltd to obtain a Bounce Bank Loan and a BBL top-up loan totalling £35,000 and failed to ensure the funds were used for the economic benefit of Choose Chilli's business, which was a breach of the terms of the BBL.

He also didn't dispute he had failed to ensure Choose Chilli kept adequate accounting records – a legal duty of company directors.

His disqualification is effective from 30 September 2022 and will last for seven years.

The disqualification undertaking prevents Kalam from directly, or indirectly, becoming involved in the promotion, formation or management of a company, without the permission of the court.

Lawrence Zussman, Deputy Head of Company Investigations at the Insolvency Service, said:

Abul Kalam has justifiably been removed from the business environment for a significant period and his disqualification should serve as a reminder to others that the Insolvency Service will not hesitate in taking appropriate action.

Notes to editors

Abul Kalam's date of birth is July 1974.

Choose Chilli Ltd (Company Reg no. 09903418). The Company traded as Choose Chilli.

A disqualification order has the effect that without specific permission of a court, a person with a disqualification cannot:

- act as a director of a company
- take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership
- be a receiver of a company's property

Disqualification undertakings are the administrative equivalent of a disqualification order but do not involve court proceedings.

Persons subject to a disqualification order are bound by a [range of other restrictions](#).

The Insolvency Service administers the insolvency regime, investigating all compulsory liquidations and individual insolvencies (bankruptcies) through the Official Receiver to establish why they became insolvent. It may also use powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK. In addition, the agency authorises and regulates the insolvency profession, deals with disqualification of directors in corporate failures, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

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