

Press release: Pizza company director takes away seven year disqualification

Mr Singh was the sole registered director of Charnwood Foods Ltd which traded as Papa John's Pizza in Bromsgrove from March 2014 to March 2015.

An investigation by the Insolvency Service found that Mr Singh unreasonably caused payments of at least £205,000 to the partnership he had a personal interest in.

On 5 July 2017, Balwinder Singh gave a disqualification undertaking to the Secretary of State for Business, Energy and Industrial Strategy (BEIS), which prevents him from managing or controlling a company, until 30 July 2024.

Charnwood Foods Ltd went into liquidation on 26 August 2015, with no assets, owing an estimated £358,816 to creditors of which £308,233 was owed to a bank in respect of bank loans.

The misconduct accepted by Balwinder Singh, was that he:

- breached his fiduciary duties as director of Charnwood Foods Ltd in that he unreasonably caused payments totalling at least £205,000 to be made to a partnership in which he had a personal interest and that these payments, were at the risk of, and to the detriment of, Charnwood Foods Ltd and its creditors
- failed to deliver up adequate accounting records to show that such payments were reasonable.

Aldona O'Hara, Investigation Leader, -Insolvent Investigations Midlands and West at the Insolvency Service, said:

In investigating insolvent companies, the Insolvency Service always looks very closely at individuals who demonstrate a disregard for creditors and appropriate action is taken where wrongdoing is uncovered.

Directors have a duty to ensure that their companies maintain proper accounting records, and, following insolvency, deliver them to the office-holder in the interests of fairness and transparency. Without a full account of transactions it is impossible to determine whether a director has discharged his duties properly, or is using a lack of documentation as a cloak for impropriety.

This disqualification will prevent a repeat occurrence of this and act as a deterrent to any other directors who are thinking of

putting their own interests before that of their company's creditors.

Notes to editors

Charnwood Foods Limited (Company No. 08876092) was incorporated on 4 February 2014. The Company traded as a pizza restaurant franchise from March 2014 to March 2015 from 32 Birmingham Road, Bromsgrove, B61 0DD.

Balwinder Singh (date of birth: 1 June 1959) was the sole appointed director from incorporation on 4 February 2014 to the date of the Creditors' Voluntary Liquidation on 26 August 2015. Balwinder Singh was the sole shareholder of the company.

On 27 March 2014 and 17 July 2014 Charnwood Foods Ltd received bank loans of £169,000 and £164,000 from a bank. The loans were guaranteed by the government under the Enterprise Finance Guarantee, Section 8 of the Industrial Development Act, 1982.

The seven year disqualification undertaking was signed on behalf of the Secretary of State for Business, Energy and Industrial Strategy on 10 July 2017 to be effective from 31 July 2017.

The matters of unfitness, which Balwinder Singh did not dispute in the disqualification undertaking, were that:

- between 26 June 2014 and 27 March 2015, Balwinder Singh breached his fiduciary duties as a director of Charnwood Foods Limited (CFL) in that he unreasonably caused payments totalling at least £205,000 to be made to a partnership in which he had a personal interest and these payments were of at the risk of and to the detriment of CFL and its creditors; and/or Balwinder Singh failed to deliver up adequate accounting records to show that such payments were reasonable
- on 27 March 2014 and 17 July 2014, CFL received Bank Loans of £169,000 and £164,000, respectively. Balwinder Singh signed both loan agreements on behalf of CFL
- on 23 June 2014, Balwinder Singh personally entered into a partnership with a third party. On 18 July 2014, 11 August 2014 and 20 August 2014 three cheque payments totalling £125,000 were made from CFL's bank account to the partnership
- between 26 June 2014 and 27 March 2015, additional payments totalling £80,000 were made from CFL's bank account to the partnership
- inadequate records have been delivered up to show that such payments were in the best interest of CFL or its creditors, or that any benefit was received by CFL in respect of these payments
- on 26 August 2015 Balwinder Singh placed CFL into Creditors Voluntary Liquidation and submitted CFL's Statement of Affairs in the liquidation proceedings showing no assets and liabilities to a trade and expense creditor of £1,200 and to the Bank of £308,233
- Balwinder Singh failed to disclose to the Liquidator's of CFL that he made payments totalling at least £205,000 to the Partnership

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, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), administers the insolvency regime, and aims to deliver and promote a range of investigation and enforcement activities both civil and criminal in nature, to support fair and open markets. We do this by effectively enforcing the statutory company and insolvency regimes, maintaining public confidence in those regimes and reducing the harm caused to victims of fraudulent activity and to the business community, including dealing with the disqualification of directors in corporate failures. Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

BEIS' mission is to build a dynamic and competitive UK economy that works for all, in particular by creating the conditions for business success and promoting an open global economy. The Criminal Investigations and Prosecutions team contributes to this aim by taking action to deter fraud and to regulate the market. They investigate and prosecute a range of offences, primarily relating to personal or company insolvencies. The agency also authorises and regulates the insolvency profession, 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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