

Suspended sentence for director who claimed he was used as 'front' for company

David Smalley, 29, from Wakefield, was director of Kenza Village Limited which was said to trade metals and electrical goods.

In July 2014, Smalley submitted a reclaim for VAT he said he had paid, totalling more than £3.3m. However, the tax authorities found that no such amount had been paid, Leeds Crown Court heard.

The tax authorities subsequently wound up Kenza Village Limited in the High Court in December 2015 and the Official Receiver was appointed liquidator, sparking an investigation by the Insolvency Service.

It was found that Smalley had failed to ensure Kenza had maintained or preserved adequate accounting records during the entirety of his period as director of the company from February 2014 to December 2015.

When questioned, Smalley claimed that his role as director was so others could use him as a 'front' for the business, and that he was paid small amounts by others who were the controlling influence in the company without officially being linked to it. It is not thought Kenza Village Limited ever actually traded.

He was charged and pleaded guilty to one count of failing to keep adequate company records, contrary to Section 387 of the Companies Act 2006.

On 22 June 2021, David Smalley was sentenced to 8 months imprisonment suspended for 12 months, and also made subject of a 3 month curfew. He is also disqualified as a director for a further 4 years meaning he cannot, directly or indirectly, become involved, without the permission of the court, in the promotion, formation or management of a company.

Julie Barnes, chief investigator at the Insolvency Service, said:

David Smalley claimed that he was not the real director of Kenza and was instead being used to hide others who were the real controlling influences.

The responsibility still lies with the company director and we will take action if the legal requirements placed on directors are not adhered to.

David Smalley is of Wakefield and his date of birth is September 1991.

Company Kenza Village Limited (Company Reg no. 08436394)

The sentence result was announced at Leeds Crown Court by Judge Dixon.

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](#).

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