

Why reform of Company law is important for our National Parks

Description

Regular reader will know that in investigating what is going on in our National Parks, contributors often use information published on the Companies House website. Recent examples include my coverage of the Cameron House fire ([see here](#)) and Tim Ambrose's analysis of the level of public subsidy provided by Highlands and Islands Enterprise to Cairngorm Mountain Scotland Ltd ([see here](#)). The provision of company information for free online has been a major step forward in transparency. It was not that long ago that the public or someone doing business with a company had to buy the information, as is still the case if you want to see information about Land Ownership which is held on the Registers of Scotland.

The problem, however, has been that of the c4 million companies registered in the UK, almost 90% are exempt from providing full accounts and only have to publish balance sheets. This makes it almost impossible for anyone to understand what is really going on in most companies. The UK Government in December launched a consultation ([see here](#)) on reforming the law, so that all companies would now have to file full accounts. This would mean all companies would have to publish the trading information contained in their profit and loss accounts as well as their balance sheet. The consultation closes today but if you are interested in promoting greater transparency in the way businesses do please consider submitting a response to transparencyandtrust@beis.gov.uk welcoming the proposals.

For anyone interested in understanding why this is so important I highly recommend viewing the ten video from Richard Murphy ([see here](#)) explaining the background. Meantime here is an example from the Cairngorms of why this reform is needed:

PITMAIN AND GLENBANCHOR LIMITED (FORMERLY PITMAIN ESTATE LIMITED)

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	3		5,284,405		5,146,150
Investments	7		1		1
			<u>5,284,406</u>		<u>5,146,151</u>
Current assets					
Stocks		69,845		75,848	
Debtors	4	99,860		175,336	
Cash at bank and in hand		602,675		239,605	
		<u>772,380</u>		<u>490,789</u>	
Creditors: amounts falling due within one year					
	5	(115,140)		(50,016)	
		<u>(115,140)</u>		<u>(50,016)</u>	
Net current assets			657,240		440,773
			<u>657,240</u>		<u>440,773</u>
Total assets less current liabilities			5,941,646		5,586,924
			<u>5,941,646</u>		<u>5,586,924</u>
Creditors: amounts falling due after more than one year					
	6	(8,412,633)		(7,580,587)	
		<u>(8,412,633)</u>		<u>(7,580,587)</u>	
Net liabilities			(2,470,987)		(1,993,663)
			<u>(2,470,987)</u>		<u>(1,993,663)</u>
Capital and reserves					
Called up share capital	8		1		1
Profit and loss reserves			(2,470,988)		(1,993,664)
			<u>(2,470,987)</u>		<u>(1,993,663)</u>
Total equity			<u>(2,470,987)</u>		<u>(1,993,663)</u>

The Glen Banchor and Pitmain estates, which border the villages of Kingussie and Newtonmore on Speyside, appear to be owned by Majid Jafar, the Chief Executive of Crescent Petroleum. He is a very rich man and has been subject of a number of parkswatch posts ([see here for example](#)).

From the abbreviated accounts it's impossible to tell what role Pitmain and Glenbanchor Ltd plays in the operation of the two estates, although the notes reveal the parent company is based in Lichtenstein, one of the tax havens in the EU. It may therefore be that other trading carried out on the estates goes through other channels (eg there is a Pitmain Hydro Ltd but this is at present a dormant company).

The balance sheet shows the amount owed by the company increased from £7,580,587 to £8,412,633, ie over £800,000 in the last year. This is yet another company where the liabilities appear significantly more than the assets, i.e. it should be on its way to going bust. The public however are denied the right to see whether the Director of the company believes it is a "going concern" and if so why as there is no requirement to state this in abbreviated accounts.

It seems highly unlikely that the company is going to go bust given the wealth of Majid Jafar. He donated £400,000 to the Tory Party up to 2018 ([see here](#)) and was in the news again recently for having donated £4000 ([see here](#)) to the election campaign of the new UK Business Secretary, Kwasi Kwarteng. So just what is going on? The public, who are affected by the activities of this company, should have the right to know.

It should be self-evident that it is not in the public interest that very rich people are able to hide what they are doing with their money in companies that don't have to submit full accounts. Reform of company law also has a key part to play in land reform in Scotland and we should welcome the proposals to require companies to publish full accounts as a first step to wider reform.

Category

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