

The Public Audit Committee inquiry into the funicular and the latest accounts for Cairngorm Mountain

Description

Last Monday, 17th November, the accounts for Highland and Island Enterprise (HIE)'s subsidiary which operates Cairngorm Mountain were published on Companies House ([see here](#)). The next day the Scottish Parliament's Public Accounts Committee (PAC), which is currently investigating the funicular railway, met local stakeholders at a round table session in Aviemore. Parkswatch campaigners have checked and been told there was no mention of Cairngorm Mountain (Scotland) Ltd (CMSL)'s latest accounts at the meeting. We don't know if MSPs were handed a copy afterwards but have forwarded a copy to the PAC as evidence for them to consider. The annual report and accounts make interesting reading and not just because of what they tell us about the finances at Cairngorm Mountain.

How well used are the new facilities at Cairngorm Mountain?

After starting with some figures about funicular use, which we considered in our submission to the PAC ([see here](#)), the Chair's statement provides some partial figures about the numbers visiting the new tourist attractions at Cairngorm Mountain:

While the main focus was on the funicular, we made great strides in turning the resort into a year round attraction. The new carting downhill ride proved popular attracting over 1,500 customers. For the new season we have improved and extended the track enhancing the journey. Mountain biking had over 3,000 customers and for the new year we have incorporated funicular uplift and continue to improve the experience.

Carting ([see here](#) for what is on offer) was never mentioned in the Cairngorm Mountain masterplan, published in 2021. Nor has the Cart track from the Ptarmigan to the Day Lodge ever had planning permission, which would have required CMSL to produce some information on the visitor numbers it was predicted to attract, and provided an opportunity for the public to comment on whether the proposal made any sense.

The creation of mountain bike tracks, however, did require planning permission and the Committee Report for the Cairngorms National Park Authority (CNPA) included information on predicted use ([see here](#)):

The supporting information projects visitors to use the mountain bike facilities between May to October (inclusive). Annual visitor numbers are projected at 10,408 in year 1, increasing to 11,488 in year 2 and 13,738 in year 3. This is based on a maximum capacity of 90 people, a 10% increase in year 2 and 20% in year 3, driven by increased efficiency in operation and maximisations of potential season use.

By my reckoning that is 8,488 mountain bikers short of what was predicted, a fact which Peter Mearns, the chair of CMSL, fails to mention that in his report. The PAC should ask why?

The PAC could also ask some basic questions to enable them to compare the income raised with the costs of constructing, maintaining and operating the trails (which includes the two magic carpets which are also used in winter). To illustrate the issue, the cost of an uplift pass for the mountain bike trails this year, if bought in advance, was £36 for adults and £21 for U-16s — enough to put most people off. If every child was accompanied by an adult and all chose the uplift pass rather than the cheaper pedal pass, the total income generated would have been £85,500 (3000 x £28.50). One wonders if that even covers the operational costs of managing the facility if, as reported ([see here](#)), each year *the trails get six weeks work with the digger to fix worn out sections and make it all new*—let alone whether they can help turn Cairngorm Mountain into a viable all year round visitor attraction—which is the professed aim behind all the new developments at Cairn Gorm.

While letting mountain bikers onto the funicular to facilitate access to the top part of the trails may increase on numbers slightly, the funicular is a poor means of uplift compared to the chairlifts used on the continent (or at Glencoe Mountain). The more fundamental problem is that trying to create a family friendly mountain biking facility high up on a mountain that has some of the severest weather in Scotland was never a sensible proposition.

Conservation work in the Cairngorm ski area

This year, Cairngorm Mountain has delivered a wide range of environmental initiatives. In partnership with local schools, young people took part in tree planting, contributing to 35,000 native trees—including 30,000 montane willows in Coire na Ciste—supporting habitat restoration and carbon capture. Path restoration has helped protect fragile alpine areas, while the ranger team led environmental education through guided walks, workshops, and CNPA Ranger volunteer training. We continue to support university research on upland watercourses, geothermal activity, and climate impacts on alpine root systems. New signage in the Cas car park also highlights nearby peatland restoration on FLS land.

Peter Mearns appears to have written this part of his Chair's Statement without actually checking what had happened on the ground. The planting in Coire na Ciste started at the end of this summer, i.e. after the period covered by the annual report and accounts which cover the year until 31st March 2025. I visited Coire na Ciste on 13th July and saw no sign of recent planting by school children then. 30,000 trees indeed appear to have been planted in Coire na Ciste after that date but 40% were birch:

Species	Project proposal percentage	Seed Zone	Quantity planted	Percentage planted
<i>Salix lapponum</i>	27	202h	9450	31.5
<i>Betula nana</i>	20	202h	6300	21.0
<i>Betula pubescens</i>	20	201h	6000	20.0
<i>Salix aurita</i>	23	201	2700	9.0
<i>Salix arbuscula</i>	10*	202	1950	6.5
<i>Salix repens</i>		202	1800	6.0
<i>Salix myrsinifolia</i>		202h	1650	5.5
<i>Salix phylicifolia</i>		202	150	0.5

And without

getting into ecological arguments, not all the willows were strictly speaking montane ([see here](#)), with eared willow (*salix aurita*) and creeping willow (*salix repens*) being nationally frequent.

What this demonstrates is that the current CMSL Board has very little interest in what is actually happening on the ground at Cairn Gorm and lacks even the most basic ecological knowledge necessary to ensure the Cairngorm Estate, a very sensitive environment, is managed in a sustainable manner.

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Cairngorm Mountain's finances

The profit and loss statement in the accounts shows that the new visitor attractions, such as carting and mountain biking, are make very little difference to CMSL's overall financial position. Even if £85k had been raised from mountain biking it would still comprise only c5% of total income:

Cairngorm Mountain (Scotland) Limited

**Profit and loss account
For the year ended 31 March 2025**

	Notes	2025 £	2024 £
Turnover		1,699,215	2,704,756
Cost of sales		(2,508,609)	(2,751,553)
Gross loss		(809,394)	(46,797)
Administrative expenses		(2,023,886)	(2,251,471)
Other operating income	3	2,852,371	2,322,357
Operating profit		19,091	24,089
Interest receivable and similar income		5,666	10,888
Interest payable and similar expenses	6	(24,757)	(34,977)
Profit/(loss) before taxation		-	-
Tax on profit		-	-
Profit/(loss) for the financial year		-	-

One suspects that CMSL last week did not want either stakeholders or MSPs to know that turnover (i.e. income generated) at Cairngorm Mountain had dropped by over £1m and the gross loss increased by over £750,000k. Even more important from a financial perspective, however, are the two lines below the operational loss of £809,384, showing over £2m in administrative expenses and "other operating income" of £2,852,371.

Cairngorm Mountain (Scotland) Limited

Notes to the financial statements (continued)
For the year ended 31 March 2025

3 Other operating income

	2025 £	2024 £
Revenue grant	2,547,929	2,060,493
Release of deferred capital grants	304,442	261,864
Total government grants	<u>2,852,371</u>	<u>2,322,357</u>
Other income	-	-
Total other operating income	<u><u>2,852,371</u></u>	<u><u>2,322,357</u></u>

That "other operating income" consists of grants from HIE, some to fund capital projects but most revenue grant. In other words HIE's total subsidy for CMSL last year was £2,852,371, c£530k more than the year before and a very poor result.

The most important point to appreciate, however, is in the statement of going concern in the accounts:

1.2 Going concern

The company was incorporated on 26 November 2018 and commenced trading on 17 December 2018. The company began trading while the funicular railway was out of operation and with significant maintenance, upgrading and reorganisation required. It was therefore expected that financial support would be required from the parent company. The initial support provided by Highlands and Islands Enterprise (HIE) was in the form of share capital, loans and a repayable grant. Subsequent funding received from HIE to support the operating costs of the company was in the form of a revenue grant that is paid monthly based on cash need. With this support, from that point on, the company's management accounts showed a break even trading position and that has continued into the current year.

The company is reliant on continuing financial support from its parent undertaking, HIE, to enable it to continue operating and to meet its financial obligations as they fall due. Revenue funding has been agreed with HIE for the period to 31 March 2026 and will be agreed annually going forward. HIE have confirmed that they intend to support the company for a period of at least 12 months from the date of the approval of the financial statements. Such support is of course subject to conditions relating to approval and satisfactory delivery of the business plan and KPI's and approval by HIE of agreed business cases.

In the last few years HIE has effectively given up on requiring CMSL to act like a normal business and instead has been paying out *revenue grant*...monthly based on cash need...guaranteeing this from one financial year to the next. In other words, HIE pays what it is asked for and this results in perfectly balanced accounts where income equals expenditure.

What could MSPs on the PAC be asking HIE about their management of Cairn Gorm?

HIE's failures to provide a copy of CMSL's accounts to the PAC stakeholder event last week and the content of those accounts should provide further evidence to MSPs as if more was needed that HIE cannot be trusted. HIE needs to be grilled by MSPs about the propaganda they continue to issue about their management of Cairn Gorm.

Sticking to the finances and the public interest, however, among the questions that the PAC could be asking HIE are:

- could the significant sums of public money HIE is handing over to CMSL in capital and revenue grants each year be better spent on the mountain?

and,

- would this public money not be better spent elsewhere in the Highlands, including Strathspey and the other ski centres?

Category

1. Cairngorms

Tags

1. CNPA
2. funicular
3. HIE
4. planning
5. scottish parliament

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