

We live in a lawless, fraudulent country managed by a g...

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Data recently [published by the UK wide Companies House](#) shows that more than 800,000 companies were created in the year to 31 March 2021. That is a record, with maybe 150,000 more companies than usual being formed in this period. Most people might not get excited by this statistic. I do, and for good reason, which is that it is exceptionally hard to think of a legitimate reason for this increase. What I do not see it as is any indication of an increase in entrepreneurial activity in the UK.

Think about it: the last year has seen a massive reduction in overall economic activity. The [last time this happened, in 2008](#), there was a significant reduction in the number of new business incorporations. This time there has been no equivalent decline. There has instead been a significant increase in incorporations.

There are three possible explanations. One is that people have given up on employment and have really decided to set up on their own. But, that does not seem to be reflected in employment data, and directors of companies are employees, even when paying themselves minimum wages. It's not clear that there is such a spillover.

Second, it is just possible that all of this is planning for an upturn, and that most of these companies have yet to do anything. But if so, why did this not happen in 2008 onwards? This seems extraordinarily unlikely in that case.

Then there is the third option, and that is that this is related to a massive increase in fraud, of at least two types. One type was incorporation for the sake of fraudulently applying for a government backed loan. There is widespread belief that this has happened.

Then [there are reports](#) of the use of obscure companies being used to make payment to those in outsourcing contracts. These reports mention the use of multiple, and continually changing companies as employers. The reports also mention the use of multiple companies to abuse the so called employment allowance, which provides a national insurance saving for small employers, plus the VAT flat rate scheme.

How likely is it that many of the excess companies created over this period were used for the purposes of multiple forms of tax abuse? No one can of course know for sure. We can't also know which of these companies will ever declare any of the liabilities that they really owe. Nor will HM Revenue & Customs. They have literally no way of knowing for sure which companies operate false PAYE schemes in the UK, nor which should be VAT registered or not, let alone which might have a liability to corporation tax. They do not even know which companies have a bank account as an indication that they might even be trading.

Add to that the fact that Companies House has no remit to enforce company law, and consequently appears to make absolutely no effort to do so. Their standard response to a company whose directors make no effort to comply with regulations is not to investigate and prosecute. It is to strike the company off the register - and so remove the evidence that there has ever been wrong doing. A scheme better designed to facilitate fraud could not be imagined, but we in the UK have it.

So what do I think the growth in company numbers indicates? Fraud, is my answer, in a word. And a great deal of it. And none of it will be investigated, let alone prosecuted, because let's also be honest and admit that that government has also destroyed the capacity of our court system where those charges with an offence can now wait for years for their case to come to trial.

We live in a lawless, fraudulent country managed by a government intent on providing opportunity for corruption. And apparently people do not care. And yet this is the basis for long term economic collapse. But what does that matter to those with short term abuse in mind?