

Funding the Future

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The collapse of the investigation into BAE last week was a national disaster. I know Blair thinks he's preserved jobs and the UK's ties with a pretty oppressive regime, in the process supplying it with arms for which I can think of no useful purpose. I know he's provided perhaps the final piece in the jigsaw that proves him one of the most disappointing men of my lifetime. But neither are a disaster (yet). The disaster is that a major UK quoted company fed maybe £1 billion through Swiss bank accounts owned by two companies under its control in the British Virgin Islands, and it has refused to be accountable for them.

I'll ignore the politics of the State in this issue - that's for others to worry about. What I'm worried about are the politics of the accountancy profession. And my questions are simple. Why aren't accountants:

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queueing up to say this is unaccountability is unacceptable?

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in the large firms saying to their clients that they should open their books for inspection in such cases?

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saying that no one planned the unaccountability of subsidiaries within groups of companies, and that we need to tackle it?

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saying consolidated accounts have their limits, and that providing cover to unacceptable transactions within groups, is one of them, to prevent which alternative reporting measures must be created?

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saying that the harm done to the business world and its reputation in society at large requires the regulation of offshore and the ending of banking secrecy?

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calling for an [International Financial Reporting Standard](#) that requires all groups to

report every country (without exception) in which they operate and to then disclose the names of their subsidiaries within, and details of their consolidated trading for that territory, disclosing in the process both their intra-group and third party transactions - a simple step which would help expose, and so limit, the sort of abuse perpetrated by BAE (and I think it abuse whether it was legal or not).

I've said it before, and I'm going to say it again: accountancy is a self regulated profession. The right to self regulation was granted because it was assumed that we will act in the interests of society. That obligation means that the decent accountants in the professions are required to bring to book those who break the rules. The abuse of group structures, offshore territories, the principles of accountability itself, and the reputation of business is not something, surely that accountants want to tolerate? So why the silence on this issue from the large professional firms and the professional bodies? Try as I might I can find nothing linking any accountant with a press comment on the case.

I know that I'm not the only accountant to be horrified by the failure of this government to ensure that the rule of law is enforced. It's not our job, singlehandedly to change the government, but we can lead by example if we choose to do so. That means we could, if we're an ethical profession, ensure that business is conducted on a higher moral plain by eliminating abusive practices from the world of commerce, abuse that appears at present to be too often tolerated. We'd all benefit from that: I have not a moment's doubt about it.

It's time decent accountants held the profession to account.