

New on Forbes: Has the International Financial Reportin...

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I've got a [new blog on Forbes](#) that looks at the proposed reform of the IFRS constitution.

The reform is wholly negative. as I say in the Forbes column about these reforms, which narrow the defined usage of financial statements to speculators in financial markets alone:

The only people who now, apparently, have an interest in the accounts of companies are investors and other market participants who are seeking to make decisions on resource allocation within capital markets. Other users of financial statements have disappeared from view. Unquoted companies are no longer of concern. Anyone seeking information for any purpose other than investment is now ignored. Any concept of stewardship on the part of the directors gone: the only issue of concern now is dealing for investment gain.

And yet this leaves massive question marks at the heart of the whole International Financial Reporting Standard process. In the space available I can raise only a few, but each in itself is enough to suggest this approach is wrong. If, as the IFRS Foundation are now suggesting accounts are only for speculators, where is the long-term investor get the information that they need? And if accounts are only for markets, where do the regulators, tax authorities, creditors, civil society, and others get their information on the activities of a company? And what about companies that will be never traded on financial markets? Are the IFRS foundation now saying that their standards are of no relevance to companies that are not quoted on markets? Or that they have no relevance in countries where financial markets have not reached that stage of development? And Why, very importantly, if IFRS are to be solely about provision of information for speculators should the resulting standards be applied to the accounts of not-for-profit organisations, and even governments themselves (who are now using them)?

What will happen?

I suggest [that here.](#)