

The government's accounts are blatantly wrong and must ...

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The [UK government has for the first time ever](#) issued a set of [consolidated accounts covering its activities today](#). They are, admittedly in draft, but they are also blatantly wrong, and so seriously misstated that any auditor must be duty-bound to qualify them as being a completely unfair view of the state of the government's finances.

The reason for saying this is simple: it is an absolute rule of accounting that revenue must be recognised as it falls due and any sum not collected must be treated as a bad debt. However, the revenue included in these accounts is the net sum of cash collected relating to the year 2010/11. As such the accounts are stated net of losses to tax evasion, which the [Revenue themselves admit might be £35 billion a year](#), and may be as high [as £70 billion a year in my estimate](#), and they are also stated net of tax avoidance. The [Revenue have admitted they have £25 billion](#) worth of tax avoidance subject to dispute at present, and [I believe that this is the sum lost annually for this reason](#).

As a result I contend that the top line of these accounts is understated by at least £95 billion, meaning they are grossly and materially misstated in accounting terms or, in layperson's terms, they are just a straightforward lie about the true financial state of the government.

Unless and until the UK government can accept the fact that it fails to collect a very large part of the tax owing to it then we have no hope of economic competence being restored at heart of government. Basic recognition of this truth is the first step towards achieving that goal, and these accounts suggest that the government remains in denial on this fundamental issue that could transform the well-being of the UK government, help slash the deficit to a point where it would be of no great consequence, restore social justice in this country by giving preference to honest people over cheats, and at the same time uphold the rule of law and the democratic will of Parliament.

Right now, the government chooses to do none of those things. It prefers to leave money in the pockets of cheats instead of using it to pay for pensions, provide education and ensure the health service is secure for the future. Worse still, by stating

its accounts in this way it denies that there is even a problem to address.

The government should be ashamed of these accounts and ashamed of their cowardice with regard to tax collection and I sincerely hope that the auditor of these accounts has the courage to say that they do not represent a true fair view of the government's activities, because that is very obviously true. If they do they will be doing us all a great service: this government may demand greater transparency and accountability but unless it adopts that maxim for itself then there is no hope of it being achieved elsewhere. So far they are a long way from coming up to scratch.