

The 3 Rs of accounting standards

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A week or so ago I suggested it was time that there was [civil society campaigning for reform to both UK and international accounting standards](#). I happened to spend last evening discussing this idea with someone who broadly shares the idea, coming at it from an academic perspective.

I explored a number of ideas. One was that in my opinion accounting standards revolve around just three issues. Each, in my opinion, begins with R.

The first is Recognition. Literally this means that accounting has to recognise that an issue is of importance and therefore requires its attention.

The second is Recording. This means that accounting has to work out how the issue that has been recognised can be reflected in accounting records. This involves issues of measurement as a result. Whilst these measurements will often be financial that is not always the case.

Thirdly, there is Reporting. This relates to how a record is related to a user who wishes to make use of it for the purpose of decision making.

I readily admit that this is an attempt to break the accounting standard process down into its most basic components. I have a simple question to those with some accounting experience here, which is does it work? And, are you aware of alternatives?