

Accounting as if people mattered

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I had a conversation with a partner in a Big 4 Firm of accountants before Christmas. This is the sort of exciting thing I do to pass my time.

His question to me was “What’s your beef with International Financial Reporting Standards?” I patiently explained that an accounting system designed solely to meet the needs of capital markets did not meet the needs of the vast majority of users of accounts, including the investors in the 99% of companies in the UK who are not involved with the capital markets.

So then he wanted to know whether accounts for other stakeholders would look very different from those produced for the capital markets. It was very apparent that he could not imagine what the differences might be.

So I explained the need for country-by-country reporting and that this would meet the needs of vast numbers of local stakeholders of large companies.

And then I explored the information ends of employees and how better data on pay, gender issues, pensions from an employee perspective and tax paid (to make sure that what is deducted really is paid over, at the very least) all requires wholly different reporting from what we had now.

We then got to the climate.

And for suppliers, I suggested reporting on local average number of days to make payment.

Whilst I suggested that all accounts should be prepared with their inevitable tax use in mind.

By now he seemed to be convinced. Accounts with stakeholders in mind might look very different from IFRS accounts.

However, I was left with two thoughts. The first was that it was staggering that he could

not have worked this out for himself.

The second is that now he knows I suspect that there is very little he will do about it.

I can only change one of these in 2019.