

# Accounting regulation in the UK to be reformed - but no...

Published: January 15, 2026, 10:00 pm

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The [FT has reported](#) that:

*Britain's accounting watchdog will be dismantled and replaced by a new stronger regulator that can issue harsher penalties and directly intervene in how companies present their accounts in a bid by government to restore trust in the embattled audit market.*

*Business secretary Greg Clark said on Monday he would follow the recommendations put forward in a 2018 review of the Financial Reporting Council's competence by setting up a new, more robust accounting watchdog named the Audit, Reporting and Governance Authority.*

As I have previously noted, [the Kingman review did, in my opinion, fail](#). In effect it has shuffled the deckchairs and failed to ask the question as to why auditing is sinking. The answer to that question is only in part because the Big 4 are very bad at audit, and should not be allowed to both audit and provide other services. Instead, it is principally because the data that is being audited is itself not fit for purpose.

Will this new body really work in that case? I fear not. We have a long way to go as yet before we get really effective reform.

That will only happen when we have a government willing to a) take back control of accounting standards in the public interest b) realise that accounts are for all stakeholders and not for shareholders alone and c) require reporting by all companies, without exception and on public record as if this is the case.

The profession will object to such reforms at present. That is why another audit regulator dominated by insiders who have little or no interest in most companies in the UK (i.e. the SME sector) or any user bar shareholders will not deliver what is required. But that is what we will get.

As an exercise in missed opportunity this one takes some beating.