Accounting: getting the framework right

Published: January 13, 2026, 8:13 am

A question asked at the Corporate Accountability Network launch last week was how can an organisation such as this - as yet virtually unfunded and directed by four people with academic and campaigning backgrounds, but clearly working outside the mainstream of accounting, hope to effect change in that profession?

My answer to that question, which my co-directors appeared to agree with, is that in terms of what might be called 'hard power' the accounting establishment has everything going for it. But the process of change is not all about hard power. If anything can be learnt from the tax justice movement this is it: the dramatic process of change there has been about the soft power of reformers winning the debate despite having very limited resources available to them.

This clearly suggests the direction of travel for what the CAN is going to do. What is readily apparent is that for all its hard power the accountancy profession - and the standards it uses - are in deep trouble. As Jonathan Ford said in the Financial Times last week:

Rubbish auditors may not be the only problem. The FRC should worry about rubbish accounting standards too.

I think this is true. In other words, the profession starts any debate on this issue on the back foot. What they are doing right now is not working. It is, then, very hard indeed for them to argue that no change is required. Any informed lay observer will see that change is clearly necessary.

The question in that case is how radical that change now needs to be. And the answer is 'very'. The flaws in accounting as it now is existed in 2008 and contributed significantly to the financial crisis of that year. Very recent changes to rules on provisioning that have arrived years too late do nothing to indicate any real change of significance since then. And conceptually, as Prof Adam Leaver noted on Friday, accounting standards do reflect the now deeply discredited model of shareholder value economics that we know simply does not represent the world as it really works, even within a great many large companies. This, then, is accounting theory that does not work because because the rules are in detail wrong but where those rules do not in any case reflect economic reality.

In addition, as Meesha Nehru, Lara Blecher and John Christensen pointed out, this is also accountancy that is seemingly happy to leave most stakeholders with unanswered questions and, in far too many cases, no data at all. Accountancy is simply failing to address the issues that society thinks important in that case.

My colleagues and I in CAN will highlight this fact in any way we can. Doing so, we recognise that change comes from partnerships. It was not by chance that we held our meeting at the Institute of Chartered Accountants yesterday. Nor was it chance that led to the Big 4 being invited and KPMG attending. We want to build relationships for change.

But we also want to build the ideas that create change. Ideas are what soft power is built on. And what is pleasing is the offers of interest to help in this process already coming in.

I have suggested four Corporate Accounting Standards for now. These would be in tax , the change to a zero-carbon economy, employee data and accounting for the local economy. But one feedback received was that they are all related and what links them is a common concept. Actually, I would call that a consistent conceptual framework. What I already realise is that the core ideas are something I need to work on writing about if CAN is really to deliver. Some might get trialled here on the way through that process. Comments will be welcome.