

Funding the Future

Article URL

Published: January 12, 2026, 7:24 pm

There has been the most remarkable fightback on [sustainable cost accounting](#) (SCA) on this blog this week. Four things characterise that fight back.

First, almost every single commentator engaged in the activity has never apparently been here before.

Second, despite that almost every one of them seems remarkably familiar with right-wing tropes about me (I don't answer questions, even though I have patiently answered all theirs; I am only doing this to raise some grant funding; I am just a 'tax accountant and know nothing about green issues, broader accounting or anything much else, come to that; and I most certainly had absolutely nothing to do with country-by-country reporting).

Third, it would seem that there is a remarkable agreement that SCA requires that carbon be priced. The precise point is that it does not.

And fourth, to require net carbon neutral without offsetting is impossible because it will require some current economic activities cease. As a result SCA is utterly unrealistic.

I have to admit I do not think this attack happened either by chance or without co-ordination in some way.

In addition, I very much doubt that all the names used to post comment are unrelated: apart from making the obvious point that all are likely to be false I rather suspect there may be multiple identities for a single person involved.

And let me add, if it appears that my reaction is either overly cynical or hostile it is worth noting that I have been running a blog for longer than most people (a claim that will now, no doubt, be rubbished) and in fourteen years of doing so have got very used to this pattern of behaviour. It happened on tax havens, country-by-country reporting, automatic information exchange and more, and the points made, and most especially those about supposed incompetence from those who provide no indication of their own qualification for passing judgement, are a recurring theme. And, I admit, it takes a thick skin to handle such abuse. I suspect most would choose not to do so. I am sure that

awareness of that fact underpins the attacks. If that does, as a result, make me appear intolerant, so be it. Those other concerns I have been abused for have all been proven to be justified. Solutions I helped pioneer or promote have all made substantial progress, abuse notwithstanding. That is what makes this method of working worthwhile. I will continue to pursue it with sustainable cost accounting.

Let me go back to SCA then. It is really incredibly simple. What it requires is that an entity measures its Scope 1, 2 and 3 emissions. It does not create those measurement standards. It recognises they are not perfect. In due course I might suggest improvements to them. But as it stands all I am saying is undertake a widely accepted process. The opposition to doing so is, then, not to SCA. It must be to measuring greenhouse gas emissions. I strongly suspect that implies denial as to their significance.

Then SCA suggests that a business must have a plan for becoming net carbon neutral, including on Scope 3. This is profoundly unpopular and some quite extraordinary claims are being made about this suggestion. The first is that this is not possible. Except, it is possible. I agree it's hard. I also accept that the numbers may not be precise. Judgements may be required. Welcome to accounting. But it is possible to do this.

Then it is claimed this is not necessary. That, I suggest, is absurd: very clearly the claim that an oil company will be carbon neutral whilst producing vast quantities of pollutants is just wrong, and everyone can see that it is. In that case, of course Scope 3 matters.

After then it is claimed that there is double counting by including Scope 3. And yes, there could be if a product does, after sale pass through multiple further business hands before reaching an end consumer. But this entirely misses the point of SCA. That double counting would matter if SCA was a macroeconomic measure. But it is not. It is a microeconomic measure. What it is seeking to appraise is what an entity's contribution to global heating might be. And if it is in a supply chain that delivers global heating it is playing a part in that process. And it has to, in that case, make decisions to make on how to eliminate that impact. That is why Scope 3 measurement is important: it is done to check current positions requiring attention and to appraise progress.

In other words, I stand by the measurement process, in its entirety.

Then it is claimed by critics that SCA prices this carbon that has been measured. Quite specifically sustainable cost accounting does not do that. It prices the cost of eliminating the carbon. That is something fundamentally different and entirely under the control of the company that will be preparing sustainable cost accounts. It does not require the creation of an artificial market in carbon, thankfully. That's not least because that market is not going to exist at any price that might be required at any foreseeable time in the future. So carbon pricing is not an issue in SCA, and of course, in that case, I cannot answer questions that assume it is; they're simply not relevant.

The next objection is to the suggestion that there should be no offset. I made this point

within sustainable cost accounting for good reason. I strongly suspect offsetting will happen in the future. Indeed, it is implicit in the term net carbon neutral. But to claim that every company can offset all its carbon emissions is simply not credible. The opportunities to do so will not exist. There will not be enough space in the world to plant that many trees, for example. For that reason I suggest that carbon offset is not presumed to be available because I very strongly suspect that carbon offset licenses will become a commodity that will have to be either bought from, or be allocated by, a government to permit those activities that are carbon producing that are considered to be the most important in a future economy and which will, therefore, be permitted to continue.

I accept the point that this proposal is, then, anticipating policy and that it could be argued that this is not the role of an accounting standard. But, I disagree: accounting standards are not meant to reflect the priorities of investors and other stakeholders within society, and all of them would, I think, agree that accounting standards must produce results that indicate whether or not an entity is capable of continuing its trade into the foreseeable future. If it is not clear that offsetting opportunities will be available, to presume that they are is a false assumption. In that case the logic that I have built into sustainable cost accounting is realistic: to presume that no offset is available is, at present, the only realistic option that a company should presume exists.

The same concern arises with regard to the other key contentious proposal, which is that it be presumed that a precautionary principle applies within sustainable cost accounting. A precautionary principle suggests that nothing can be considered possible unless it has been proven to be so. In other words, and for example, the claim made by BP that it will be net carbon neutral by 2050 within its own activities is, on this basis, wrong because that claim is based (I am reliably informed) upon the presumption that carbon capture and storage (CCS) technologies that do not exist at present will be available by that time to control the emissions that BP will make. No one, BP included, knows whether that is true, and as such the presumption on which BP is claiming that its business model is sustainable, and so a going concern, is by any known definition, both unproved and unprovable. That would be a challenge to any auditor.

As a consequence I propose that a precautionary principle must apply: only proven technology can be included in a plan to be net carbon neutral. This does not, of course, mean the company cannot state its intent to produce technology like carbon capture and storage. If it thinks that desirable, I strongly suggest that it should pursue that course of action. But in that case it should include the provision up-front in its costs for becoming sustainable, without presuming that the technology will necessarily work: that would be inappropriate. Then, as investment and development takes place it can report progress, and if it can then show that the technology can indeed work and save cost it could release part of its provision for costs to become net carbon neutral precisely because it will have lowered those costs by making the necessary investment.

Crucially, the requirement within sustainable cost accounting that a provision be made

upfront for such costs will achieve the complete goal that I have for this exercise, which is to bring forward the investment in this process of delivering the transition to a net carbon neutral economy. Just as existing accounting has not been neutral with regard to its impact on society, because of its presumption that almost any action can be discounted into the future, nor is sustainable cost accounting, but it so happens that it reverses this logic: it places weight upon action taken sooner, rather than later.

I am well aware that those who do not like sustainable cost accounting will wish to continue to take issue with it, and I'm entirely happy about that: if I did not believe in constructive debate I would not have facilitated comments on this blog for as long as I have. But, those who raise repetitive, and continually inappropriate questions on the subject, not least because they make false claims as to what SCA is about, will simply be referred to this blog post. And those who are here to troll can expect to be banned. I never asked to be liked for what I do, but making false ad hominem claims about me is really not the way to win debate here, and I reserve the right to block it, without hesitation.