

Accounting is at the forefront of the climate change de...

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The Institute of Chartered Accountants has [published an article](#) in its People and Planet series under the headline:

People and Planet in the Accounts: the future is as important as the present

30 November: “We must act today because the cost of doing so tomorrow will be greater than it is now, and the scale of the issue we will face will have increased.” This is the view of Professor Richard Murphy FCA.

The article is free to access, and is based on a recent conversation I had with the ICAEW team on [sustainable cost accounting](#), on which I am still working and on which I hope to be able to announce a new grant soon.

As it notes:

The question for Murphy now is how should accounting report to all those stakeholders [of accounting] about matters that are of interest to them?

“The IFRS itself is, at the moment, asking questions about what data people need on sustainability from accounting. This fuels my concern that accountancy is living in a bubble,” says Murphy. “There is financial reporting in one circle. Sustainability is in another. There is not even a circle around them both. They are not actually relating to each other.”

Whilst profit and climate remain in different bubbles we have no hope of beating the climate crisis, and that is where the International Financial Reporting Standards Foundation wishes them to be.

This is a disaster for climate change. Until business changes its approach to climate change we are headed for Armageddon. It won’t change until it is required to account

for the cost of climate change as part of the only bottom line it has ever recognised - which is in the income statement.

Right now sustainable cost accounting remains the only proposal for climate accounting that forces the issue into the financial reporting of larger companies. All the rest treat it as a peripheral, secondary, issue, to be reported on the sidelines. But that is not what it is. Climate change reporting is now the most important topic in considering whether or not an entity is really a going concern. In the future it is either be net-zero carbon or die as far as business is concerned. And that is what sustainable cost accounting is about reporting.

Accounting is at the forefront of the climate change debate now. The trouble is, it does not seem to know it.