

Why are accounting regulators denying shareholders the ...

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I have [already mentioned the contempt that one elite has for competition and markets this morning](#), so now let me mention another.

It is a claim beloved of the accounting elite that the accounts of large companies are prepared to provide shareholders with the information that they need to make informed investment decisions. Like so many claims made by so many elite regulators, this one is untrue. I can suggest two sources of evidence from this morning's media reports to support my claim.

Both are to be found in the FT where it is, [firstly, noted that](#):

Goldman Sachs, HSBC, BNP Paribas and 24 other global banks are coming under pressure from a coalition of large investors to stop financing carbon-intensive projects and to scale up their green lending.

If, of course, the accounts of the companies whose shares these investors acquire were to really reflect the needs of those shareholders then they would already be including the cost of climate change on their balance sheets. But, they are not doing so. They are not even, in most cases, voluntarily complying with the weak demands of the Task Force on Climate-related Financial Disclosures. Instead, they are, with the backing of the International Financial Reporting Standards Foundation, indicating their indifference to this issue, and are attempting to make it peripheral to the hardcore issue of earning profit, when in fact the ability to earn that profit is now entirely dependant upon the ability of a company to be net-zero carbon compliant.

The second source is this report, [also in the FT](#):

A duty for large companies to publish the pay gap between staff of different ethnicities would be a straightforward step to tackle racial inequality in the workplace, according to UK business groups and economists who accuse the government-commissioned race report of downplaying the extent of problems in the labour market.

Again, an issue on which shareholders want data is being ignored by accounting

regulators, meaning that alternative standards have to be created to meet the needs of those shareholders, when this should be the job of the profession of which I am a part.

So why is it that regulators tasked with meeting investor needs are turning a deliberate blind eye to them? There can only be one explanation and that is that the abuse of the climate and of ethnic minority groups within society is a convenient source of profit, and that this elite know that when something is measured it counts. They know that to forestall measurement of pay gaps and the impact of climate change does, therefore, pay for the elite who they really serve, which are those who manage the companies doing the abuse, and so they are seeking to keep these issues off the mainstream agenda for as long as possible as a consequence.

However, that does not stop me calling them out. The failure of the accounting profession to provide the information that is required by the shareholders and stakeholders of companies blights it, and proves that at present it does not have the ability to regulate itself, precisely because that regulatory process has been captured for the benefit of an elite who wanted deny information to those who need to know it to inform their decision making, including on which companies should be cold-shouldered because of their indifference to these issues.

I have to admit that regulation led by a government like ours may, in principle, be little better than that led by accountants at present. But this does not prevent me pointing out the weaknesses.

Honest regulation in the interests of society is essential to the proper operation of markets. If we are to have a market economy, we must have that regulation. There is no other option. It really is time that our elites were brought to account for the abuse that they perpetuate, which will ultimately destroy the very foundation on which they wish to build their wealth, but in a way that might prove deeply costly to society at large.