Could it be that lax company accounting rules suit the ...

Published: January 13, 2026, 6:07 pm

According to the FT:

Accounting and investor groups on Thursday hit out at the government's move to ditch a bill from its next legislative programme that would have implemented long-delayed reform of audit and corporate governance.

A draft bill to underpin the reform, including the creation of a new regulator of audit firms, has been dropped from the Queen's Speech scheduled for May 10, according to government officials.

I share this concern.

In 2018 Carillion collapsed months after KPMG signed off its audit report without providing any indication that there were any causes for concern in its accounts, which astute observers had seen for some time.

Almost immediately the UK audit regulator, the Financial Reporting Council, was declared unfit for purpose, a conclusion with which I agreed.

After three enquires and a massive consultation process that ended early last year we have been waiting for next steps, during which period I was having regular discussions with BEIS, until they petered out early this year.

Now reform looks as though it is going to be dropped. And accounting, which is in a worse state than auditing, is not being reformed either. The Financial Reporting Council limps on. The government is apparently happy about this.

As many blog readers will know I have written extensively on this issue, including in a series of audit briefings on the way in which audit reform should develop. It seems, however, that we are going nowhere. Could it be that lax company accounting rules suit the agenda of this government and its friends just a little too well?