47 years accounting

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Today marks the 87th anniversary of World War II's outbreak. Personally, I remember 3 September for a different reason, since I was not around, unlike many in this country - most of whom support either Reform or Restore - who seem to think they were, in 1939.

I began my post-university career as a professional accountant on 3 September 1979, and accounting has underpinned my work ever since, and still does.

I know many accountants see that profession as just a way to make an acceptable living. They do not get very excited about the conceptual frameworks that underpin accounting theory, and how they create a particular view of the world.

I have never shared that approach. For me, accounting is a language, and one that can be shaped to present whatever view we wish to adopt regarding economic transactions, just as any other language can be adapted to present different viewpoints on an issue.

I have, as a result, never accepted that the structure of accounting, which conventionally demands that profit must be calculated, cash flow recorded and a particular approach to the valuation of assets on a balance sheet must be adopted, is necessarily the right one. There are always alternatives available.

As a result of this approach, I think I can safely say that I am probably the only person alive on this planet at present who has created a distinct, new accounting system that is now required by law to be used by multinational corporations for the presentation of their taxation data to tax authorities in more than 70 countries around the world. This is, of course, country-by-country reporting.

That, however, is not my only alternative accounting framework, because I have also created sustainable cost accounting, which has not had as much impact, not least because it would demonstrate that a great many of our supposedly successful companies are anything but that, because their profitability is dependent entirely upon their exploitation of people and, most especially, our planet in ways that are unsustainable.

Accounting has a reputation for being boring. That, to me, is a shame. That is because it means too many of our economists fail to recognise that every transaction within an economy has a counterparty, whereas accounting recognises this inevitability.

As a consequence, we end up with such false measures of supposed well-being as GDP, which is not prepared on the basis of double-entry accounting.

The government is also, as a consequence, all too willing to ignore the externalities of economic action, which is precisely why we have a climate crisis.

What is more, if we understood that double-entry accounting underpins what is called government debt, we would realise it is just a place of deposit for private wealth, because the two cannot exist without each other.

Without understanding accounting in this way, I would not be able to see the world, the economy and its underpinnings in the way that I do, and it is a source of perpetual regret that accountants are so focused on their own profit-making that too many fail to realise the potential of this discipline to create social change for the better.

Maybe, just maybe, I might still persuade others to see this subject in the way that I do before my time is up. I would be very pleased if I did.