

Is Accountancy Truly Sustainable?

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Abstract

The international concern of the impact of human activities on the environment is understandable. This paper explains the activities, strength, and weaknesses of the accounting profession in establishing regulations and its engagement with sustainability. The development of the accounting profession as a regulator can be traced back to the 18th Century after the South Sea Bubble event in the U.K. The 'Bubble' burst and promises of wealth were unfounded. Not only that, huge fortunes of investors were also lost. This early incident should not be ignored as only an isolated historic failure. Unfortunately, accounting has many weaknesses that have not been resolved. For example, there is a lack of appropriate accounting treatment for inflation, depreciation, and accounting for intangible assets, particularly those intangibles that are internally generated. Given these important issues in accounting which have been unresolved for many years, how confident are we in the accounting profession's ability to record and report sustainability issues? The profession, both nationally and internationally, have commenced issuing sustainability standards with much fervor and urgency. It is certainly a way of expanding their authority, but one questions the ability of the accounting profession to regulate the complex issues of measurement required in sustainability accounting.

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