

Hello, I am going to talk to you about a new accounting system Care environmental accounting (accounting adapted to environmental renewal) which will replace the financial standards which are suffocating us.

1. The parable of the car and the rock

You need to change the driver of humanity, otherwise humanity is heading towards catastrophe with financiers looking for short term profit at the expense of planet and people. Some suggest that we replace financiers with environmental economists who want to check the value of the planet before taking action to protect it. Too late. The same scenario as in the previous case, despite the change of driver. We are looking for a solution by putting at the wheel supporters for a global price for carbon, thus enabling polluting countries to buy pollution rights cheaply from non polluting countries and to continue to pollute the planet. The latter are the victims of the former. The only solution is for the driver to be a prudent accountant who systematically takes into account the preservation of the planet and people capital through the Care method, in this case the car will stop before hitting the wall.

2. The Care accounting method

The aim is to finally take the planet and people capital seriously and to put them on an equal footing with financial capital. This leads to seven fundamental proposals, fundamental pillars.

1st proposal, three capitals to systematically retain instead of just one

Today, on the liability side of company accounting there is only one capital, financial capital. With the Care model, in order to resolve the environmental and human crisis, there will now be three capitals under liabilities; planet capital, people capital and financial capital.

2nd proposal: three capitals assessed on their maintenance costs

The new capitals under liabilities in the new balance sheet, people capital and planet capital, will be assessed on the basis of their provisional maintenance costs for a certain period of use. It is a question of the maintenance costs of essential environmental functions and the maintenance costs of people, i.e., salaries which allow a decent standard of living according to the rules of the International Labour Organization. This value in terms of maintenance cost has nothing to do with the economists' idea of putting a price on the planet or on people according to the services they are likely to provide in the future. On the contrary, it is a question of ensuring unconditional maintenance of the essential functions of the planet and a decent life for humans by putting aside the amounts needed for this.

3rd proposal: three capitals to use under assets in the new balance sheet

The estimated costs included under liabilities of the two new capitals will also be included in the assets in order to obtain a basis for the systematic and complete measurement of their deterioration during their use by companies. Which is not the case today. So we will have a double representation of capitals; capitals as liabilities and capitals as assets.

4th proposal: a triple depreciation line and a new concept of profit

As the planet and people are used, depreciation of the planet and people will systematically be expensed to prevent profits from being artificially inflated and distributed without taking their maintenance into consideration. So in the balance sheet we will have a triple line of depreciation instead of just one, as is the case today, with the depreciation of just financial capital, such as for example, machines. So we will be moving away from this scandalous situation in accounting where machines are better protected than people and the planet. We will have a drastic redefinition of the concept of profit which will finally become sustainable profit.

5th proposal: three credit lines dedicated to the maintenance of three capitals

When recording income from sales from products manufactured with the three capitals, we will isolate under assets the three amounts of cashflow corresponding to the three depreciations previously mentioned, and we will allocate them separately, with no compensation possible, to the reconstitution of the three types of capital which will thus, in principle, all be protected

6th proposal: towards a new governance by environmental co-management

Currently, only financial capital, with shareholders as its main representatives, has power in a company. In general, neither people capital nor planet capital are really systematically represented on boards of directors. With the Care model, the representatives of the three capitals share power equally in all company power structures. The company will be co-managed by the spokespeople of these three capitals within the framework of what we might call environmental co-management.

7th proposal: towards a non-alienated life after having limited the enormous financial code of the IFRS

With the Care model, we can finally put the management of companies under the constraints of preserving people and the planet and no longer just financial capital. People will be able to shrug off their alienation by managing their economic activity within the framework of a regulated market economy which preserves the future of the planet. Money can no longer dominate the world as it does today. So, it will be the end to the chrematistics denounced by Aristotle in Athens and freedom from the yoke of the huge financial code of the IFRS which is suffocating the world.