

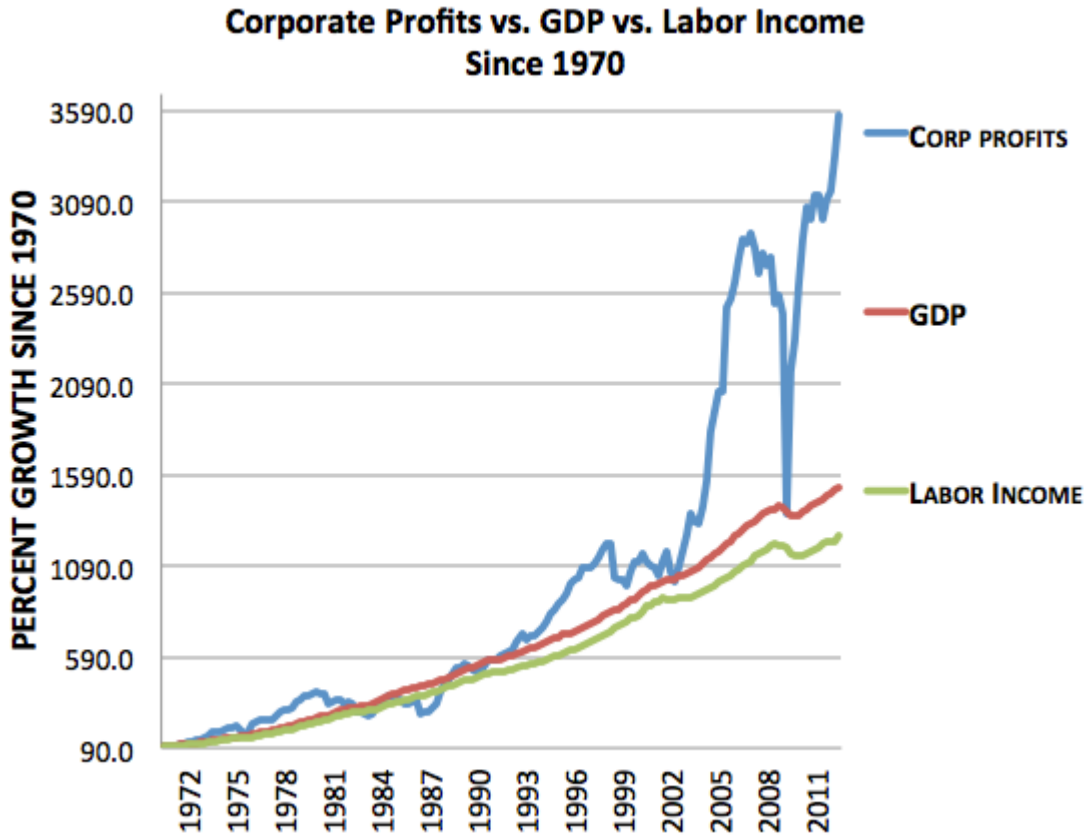
Slide 1 - GOAL

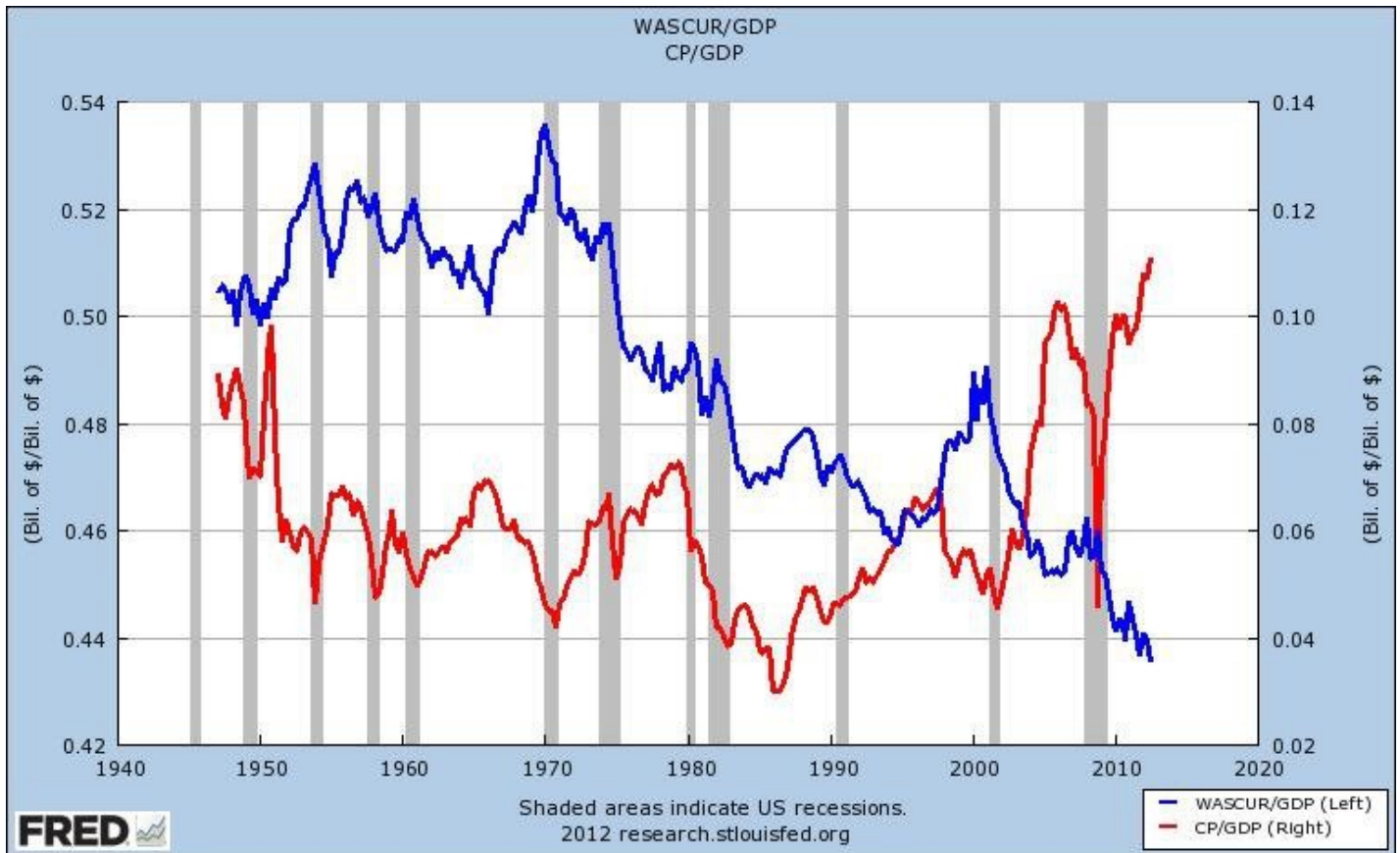
March 2015

My GOAL is to design and deploy an accounting system that accounts for impact on people and planet as rigorously as double entry accounting accounts for money transactions that impact profit

Corporate money profit performance over the past fifty years has been impressive

But labor income over the past fifty years
... not so good







World GDP-PPP per Capita 1820 TO 2010

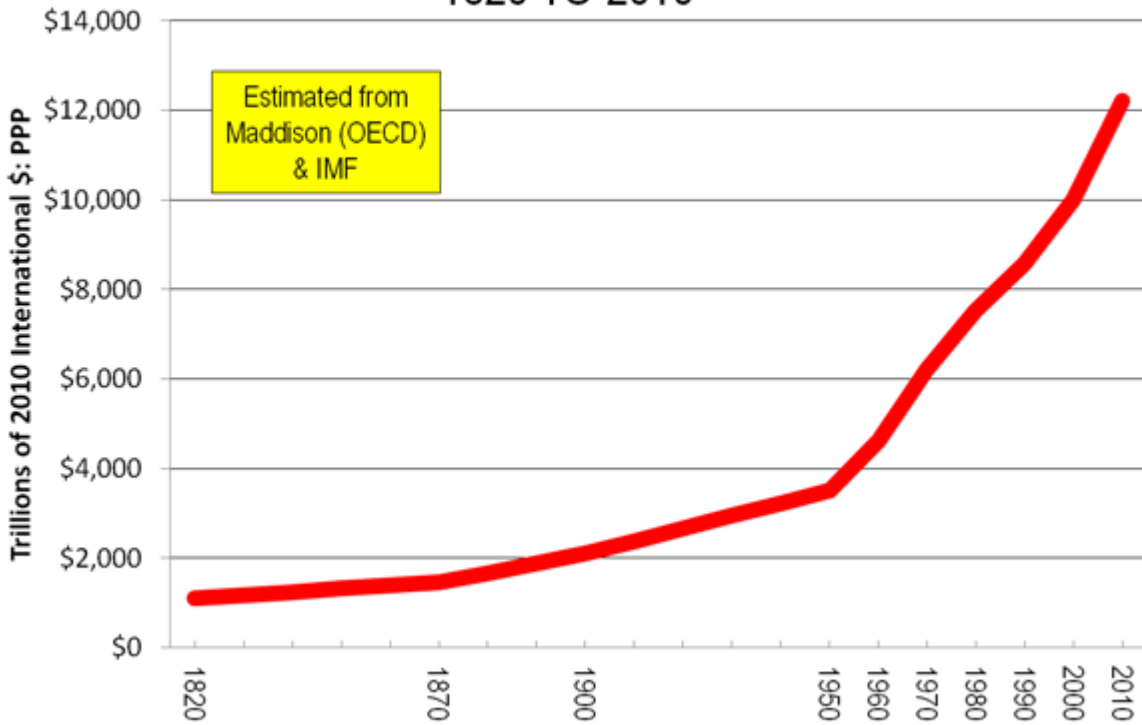
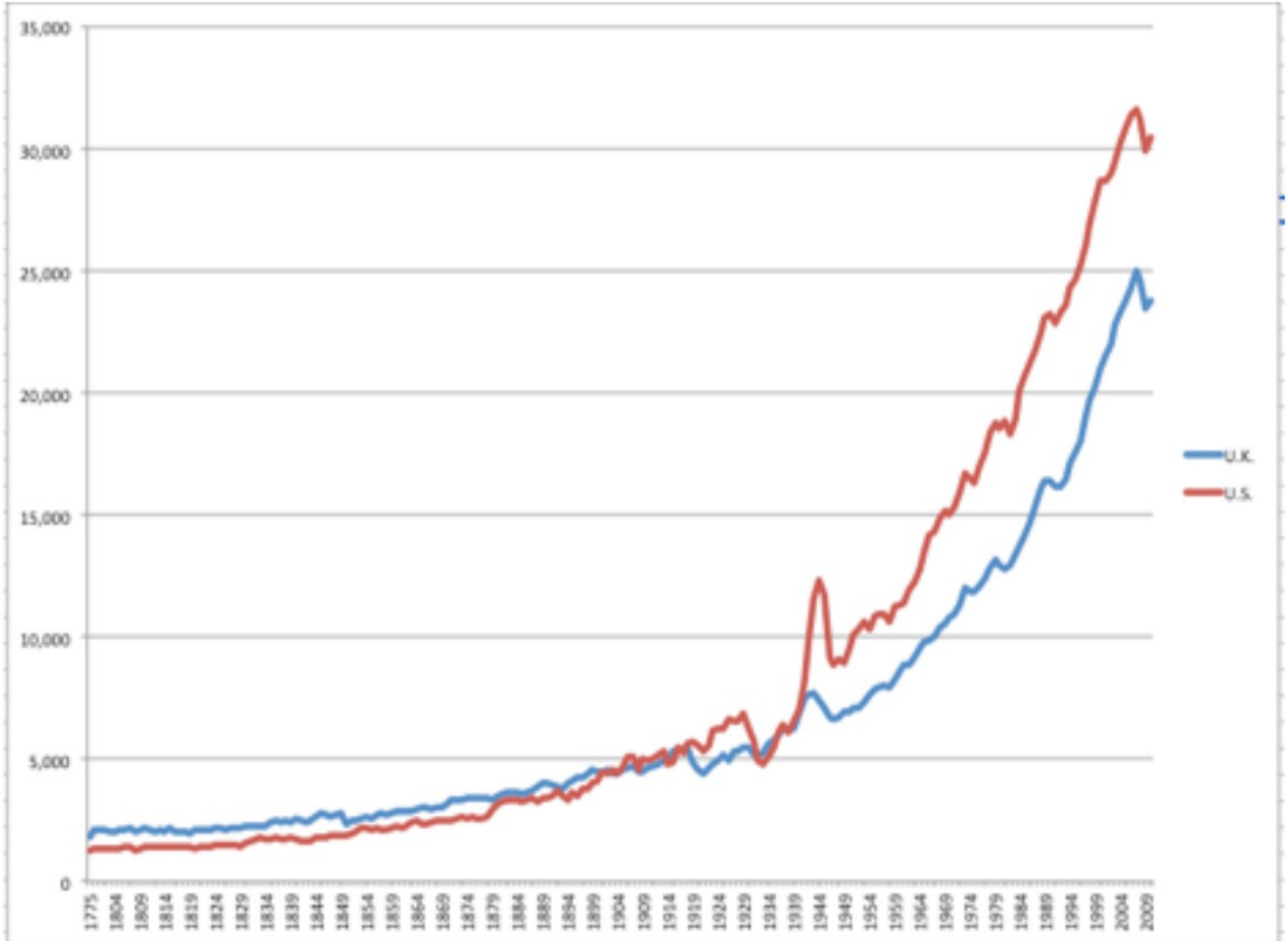
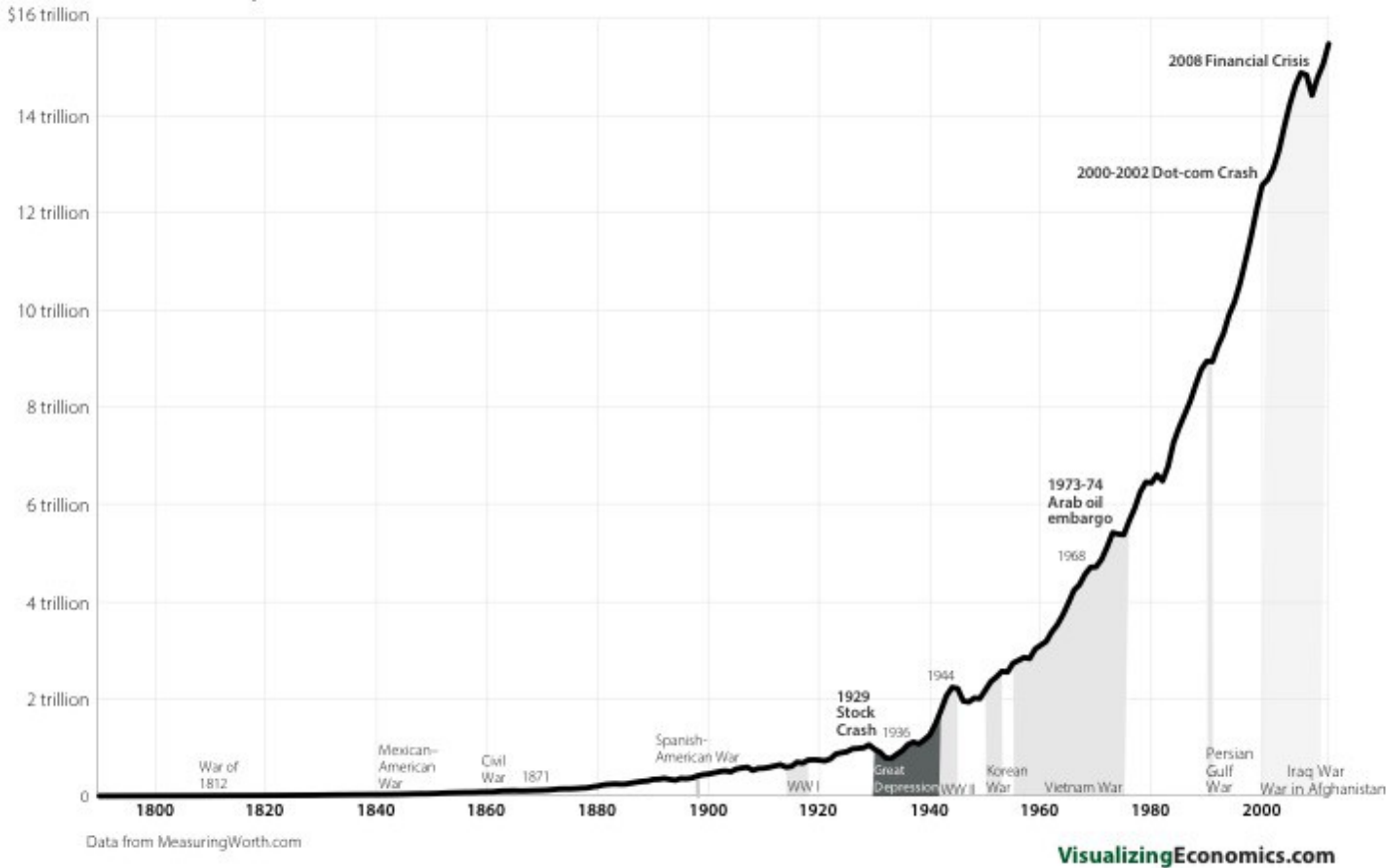


Figure 2



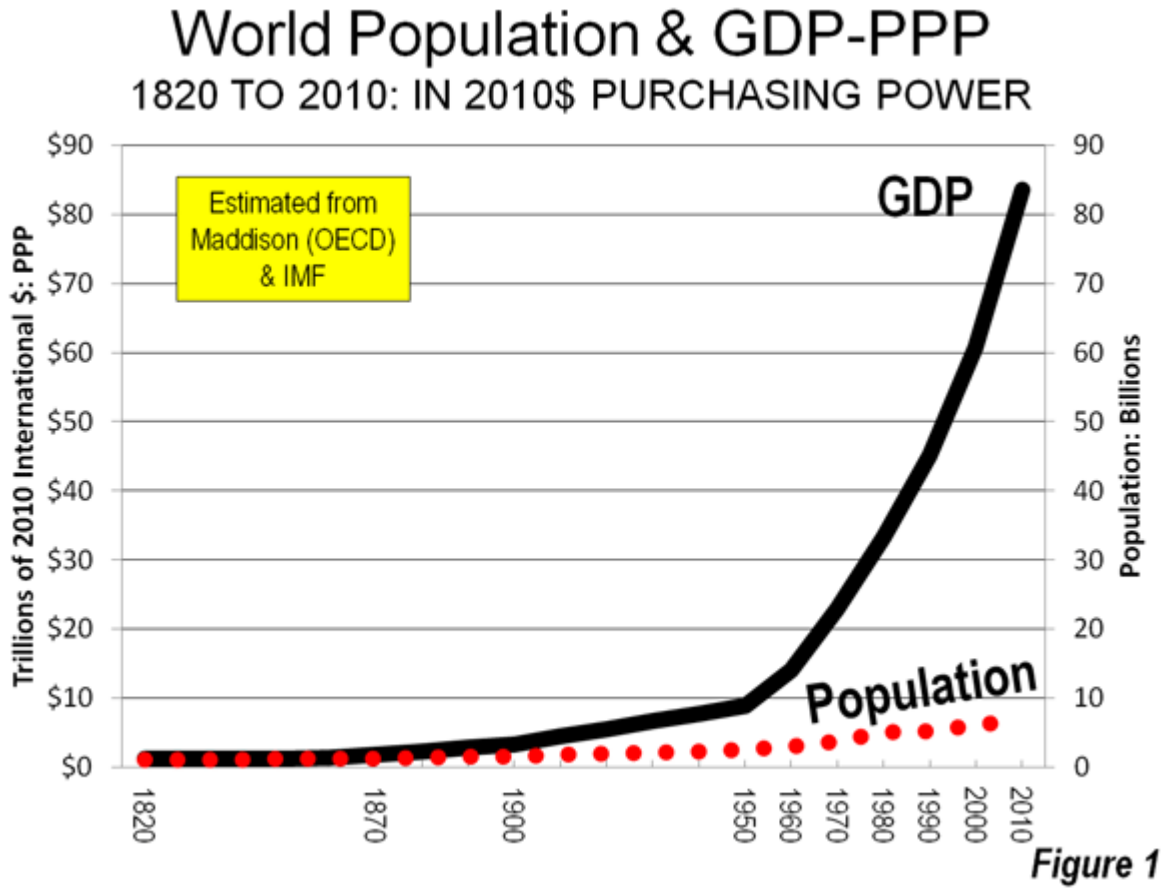
Real US GDP (Linear) 1790–2012

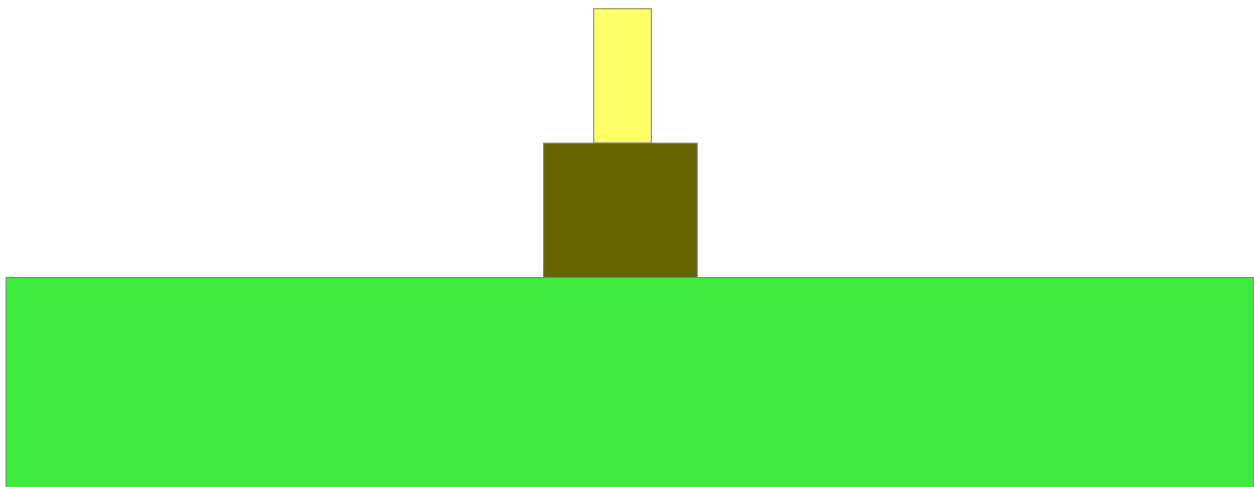
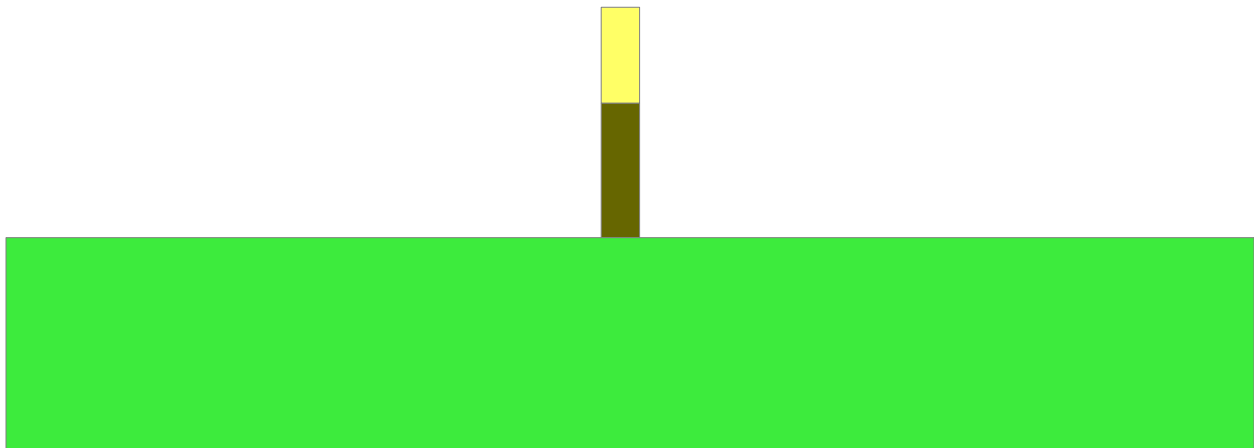
Annual GDP adjusted for inflation (2009 dollars)

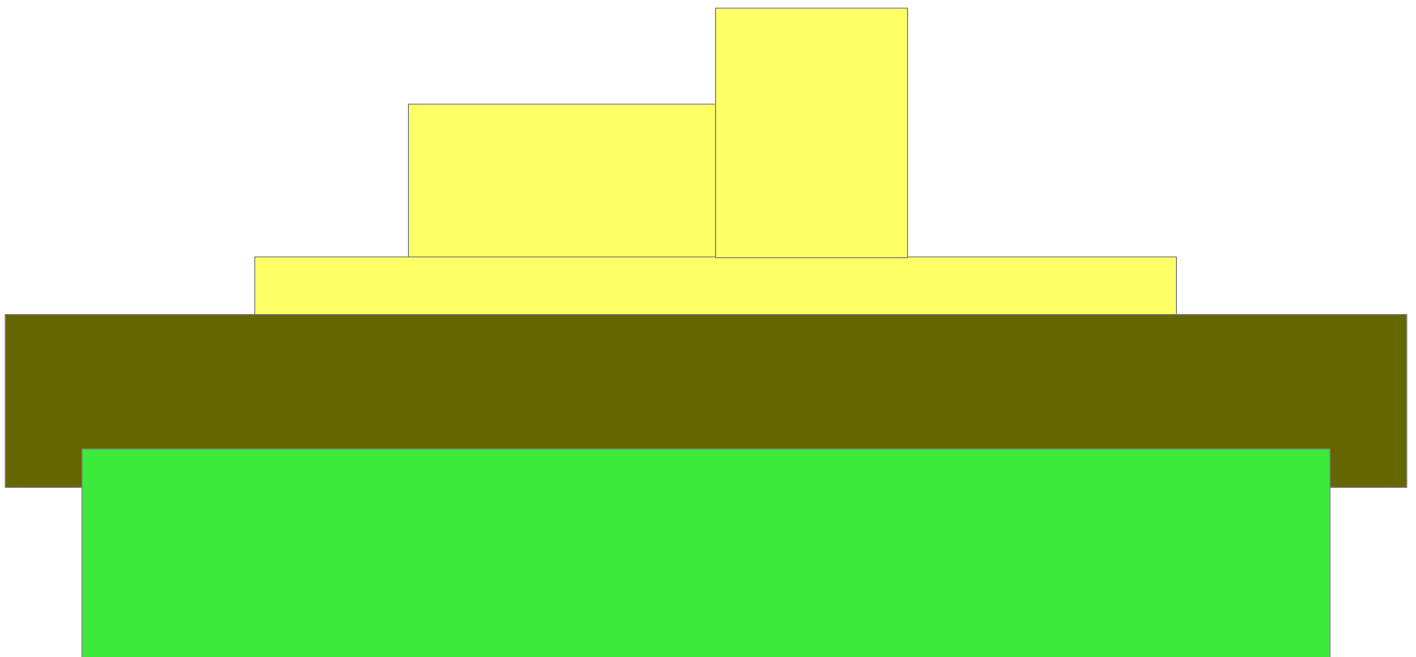
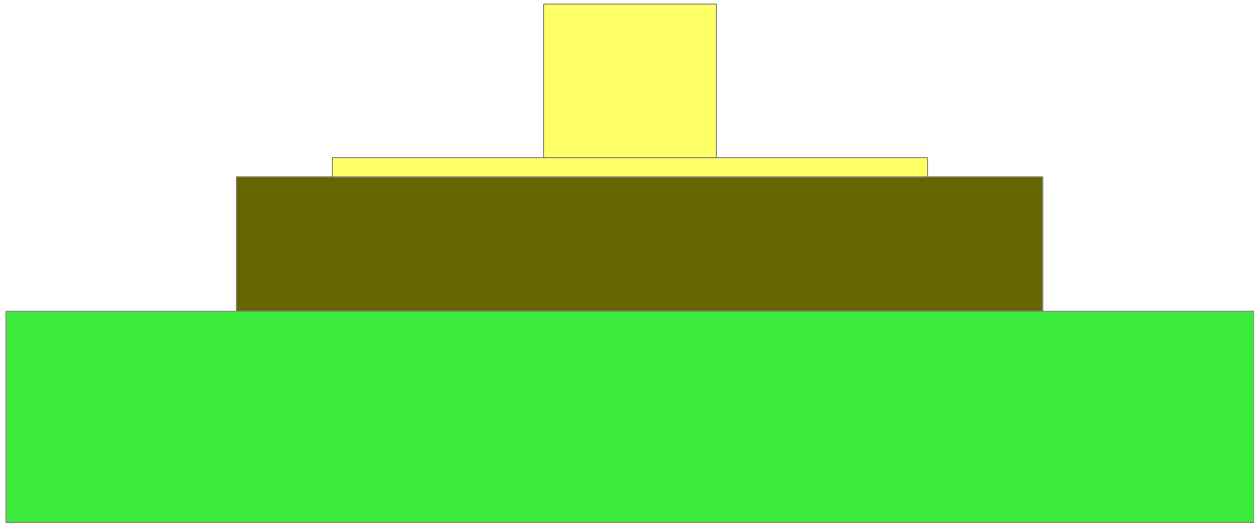


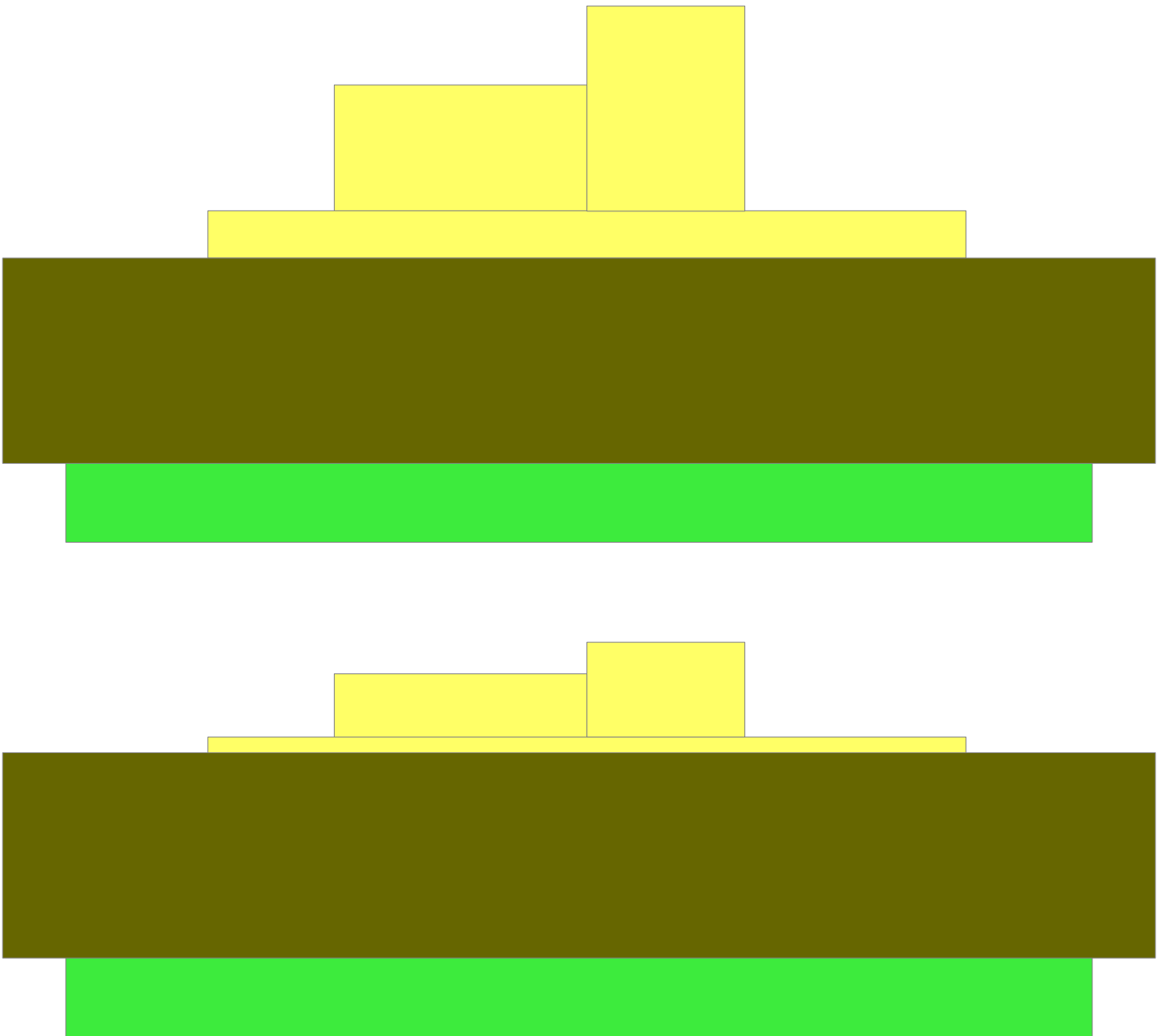


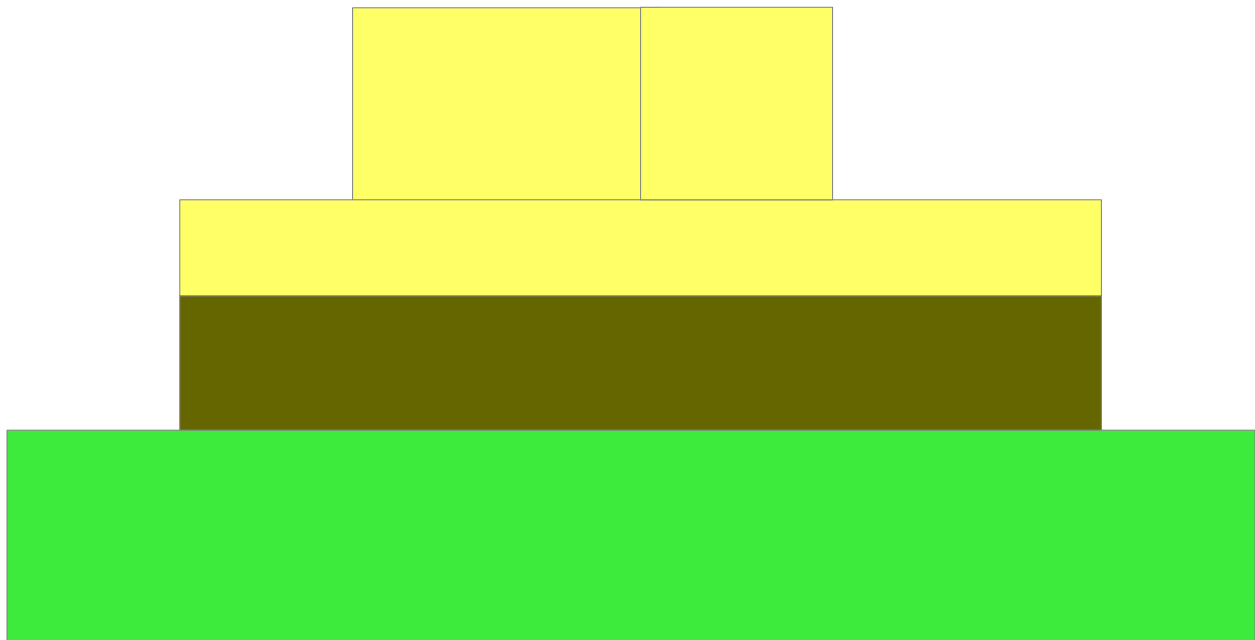










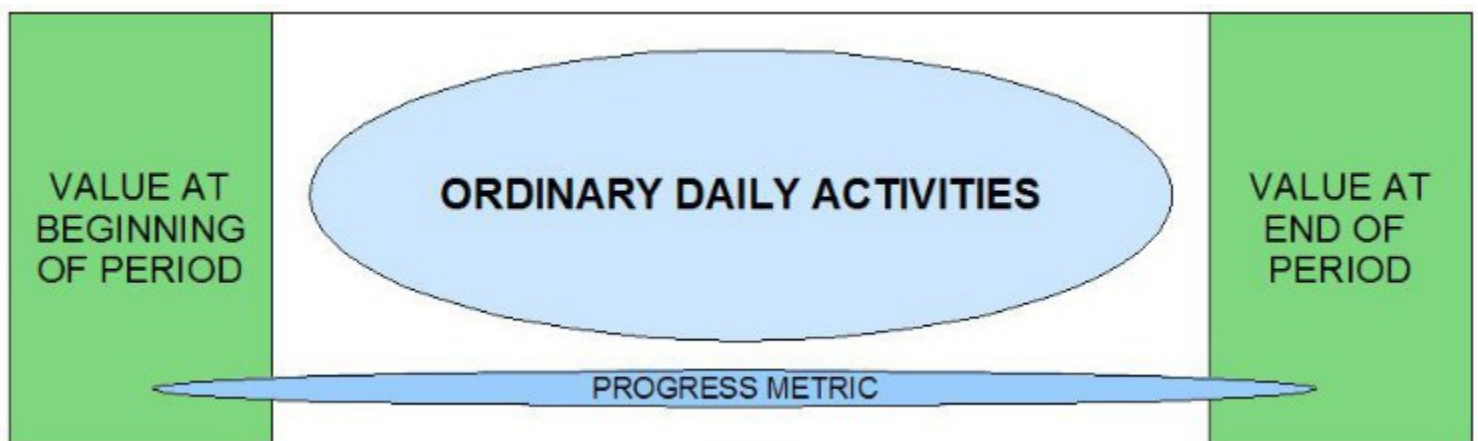


The Idea of State – Flow – State

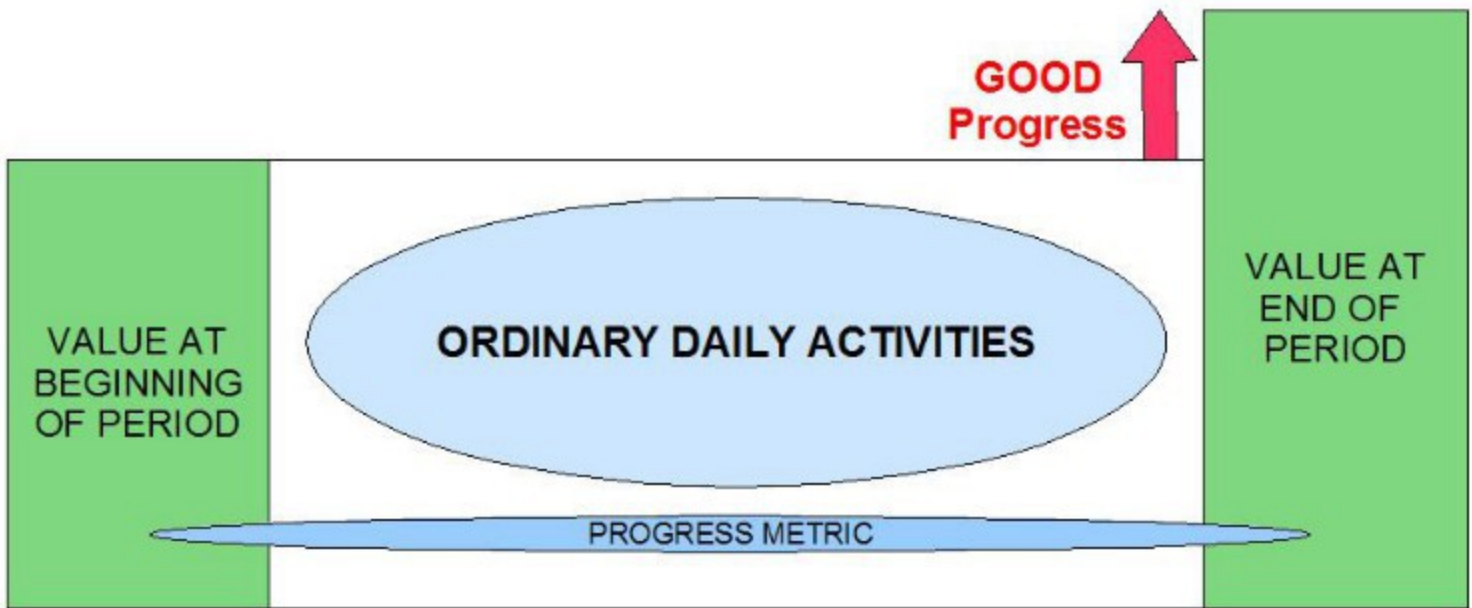
Double entry accounting is very clear about the difference between 'state' and 'flow'. Economics is less clear about the distinction. This is one of the reasons why this initiative has been named Multi-Dimension-Impact-**Accounting**. In conventional accountancy, the balance sheet is about 'state' and the profit and loss accounts are about 'flow'.

Another characteristic of conventional double entry accounting is that the result of 'flow' is a change in 'state'

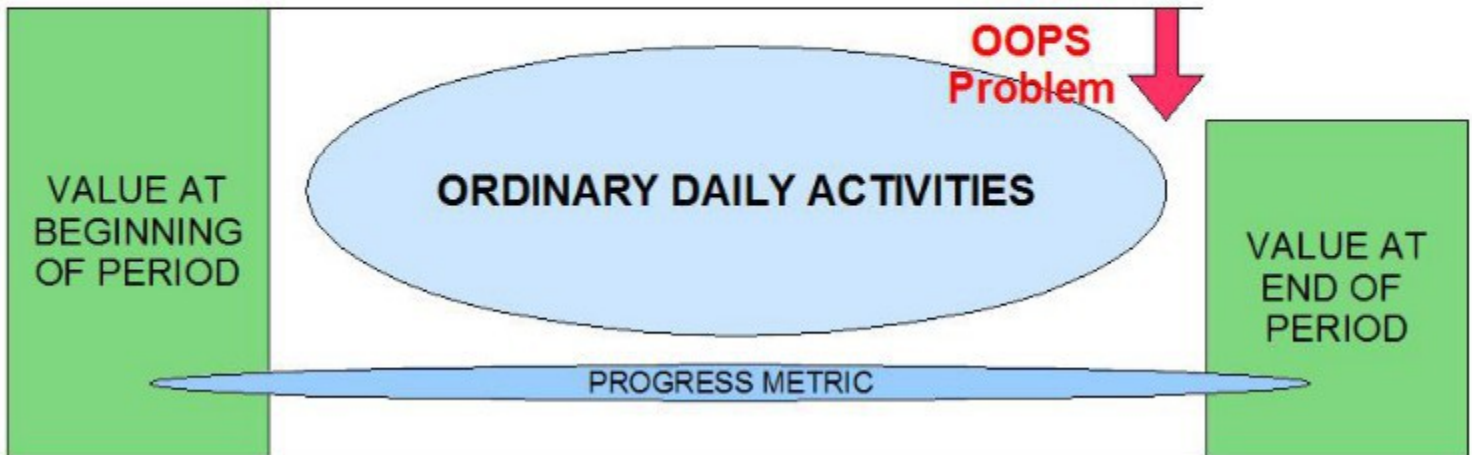
In this graphic the value or 'state' at the beginning of the period is the same as the value or 'state' at the end of the period. This is a steady state situation where the activities of the period merely result in a sustaining of the status quo.



Where 'state' at the end of the period is more than the 'state' at the beginning of the period, there is positive progress.



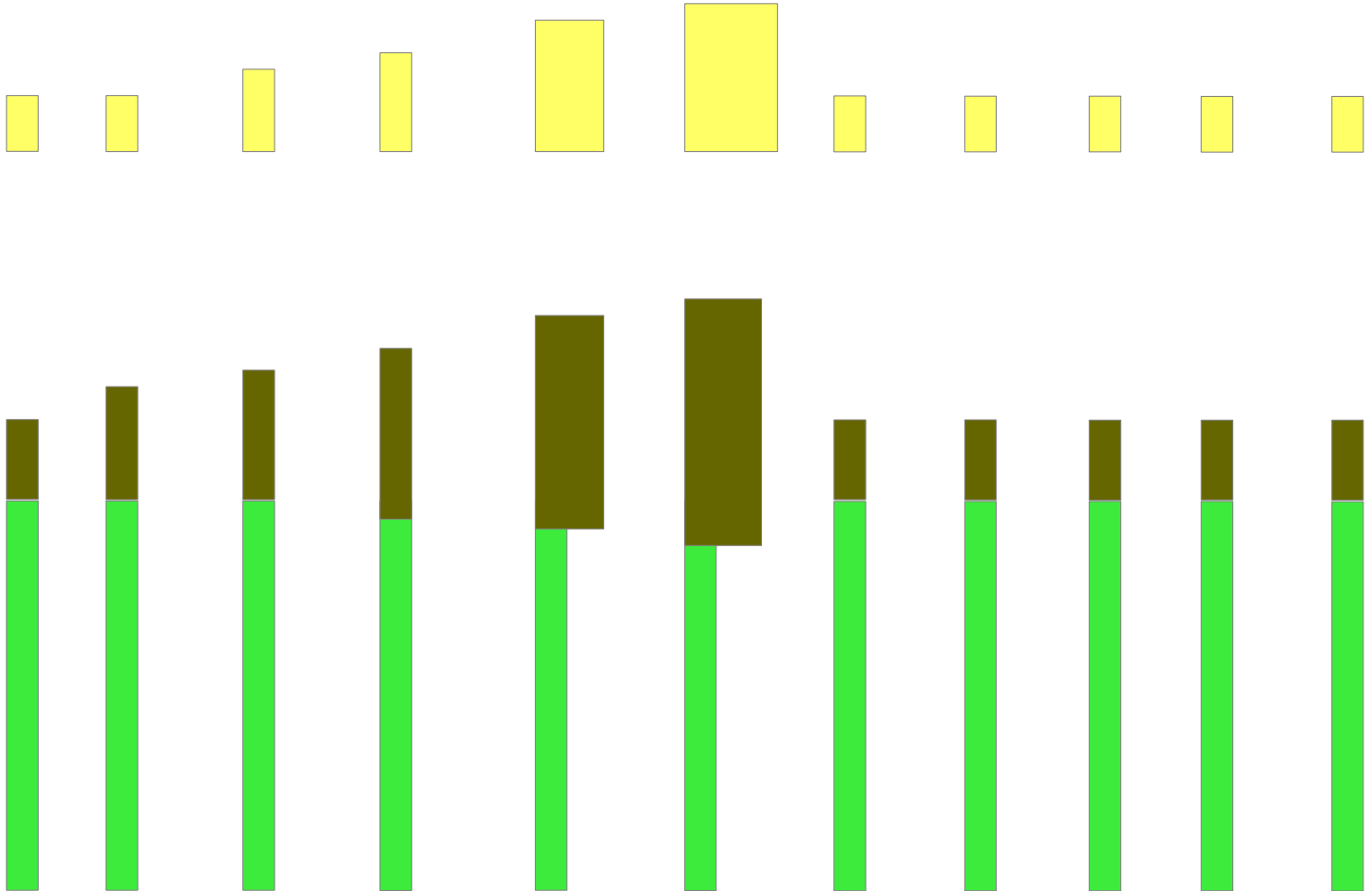
Where the state at the end of the period is less than the state at the beginning of the period, there is a problem.



An important thing to note is that none of the details of the activities are needed in order to determine whether or not there has been progress.

This is an incredibly powerful analytical method, and almost completely ignored in the analysis of progress and performance in the socio-enviro-economic system.

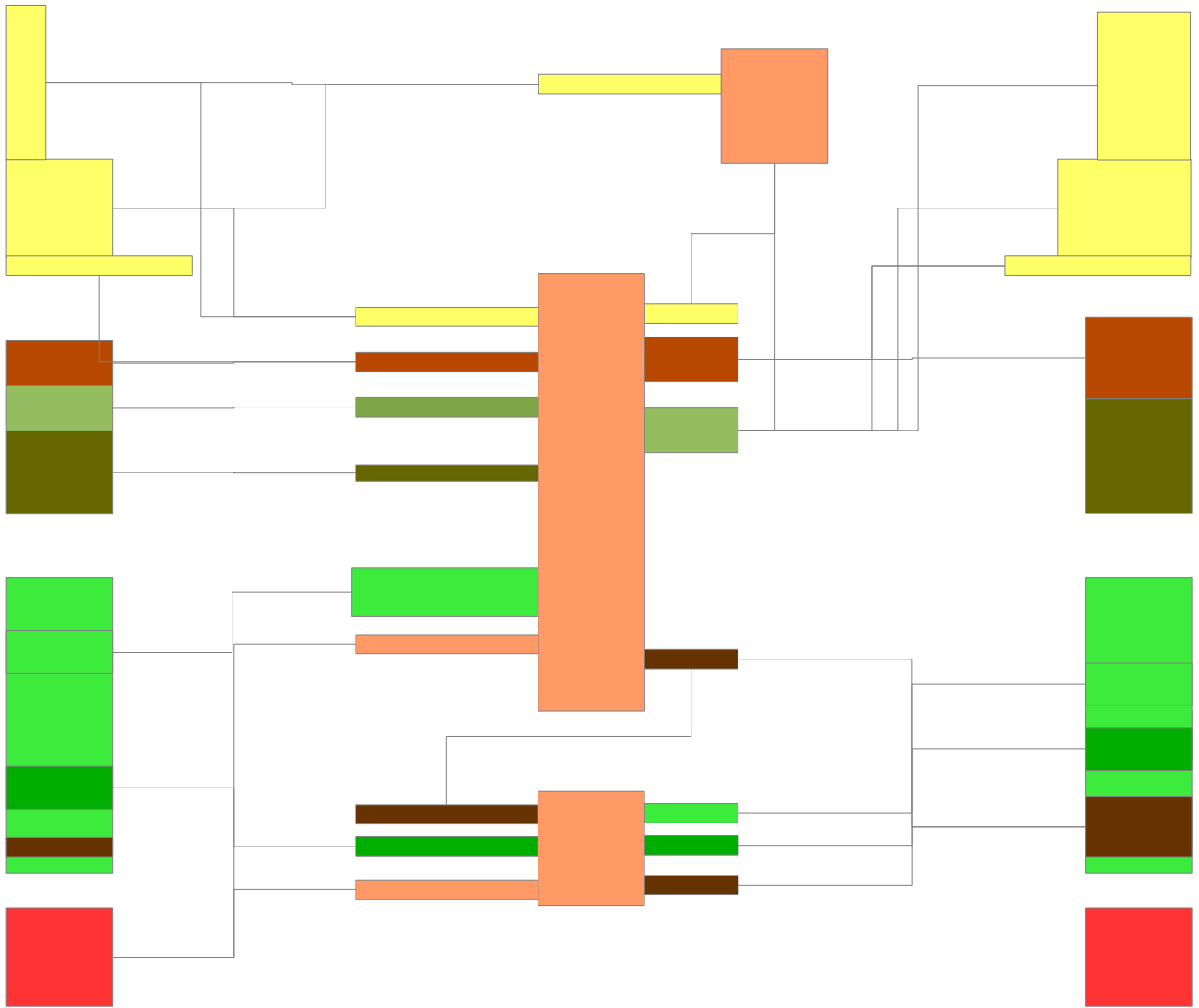
This graphic shows how setting the 'state' side by side over time makes it relatively easy to understand how things are changing. In the following: Yellow is about people, dirty brown is about man built structures and systems, and green is about nature.



As time goes by, people become more, and eventually richer as well.

Man built structures and systems get deployed more and more, and this enables a bigger quality of life.

Nature can easily handle people initially, but eventually MBSS gets very big and the natural systems get overloaded and start to crash.



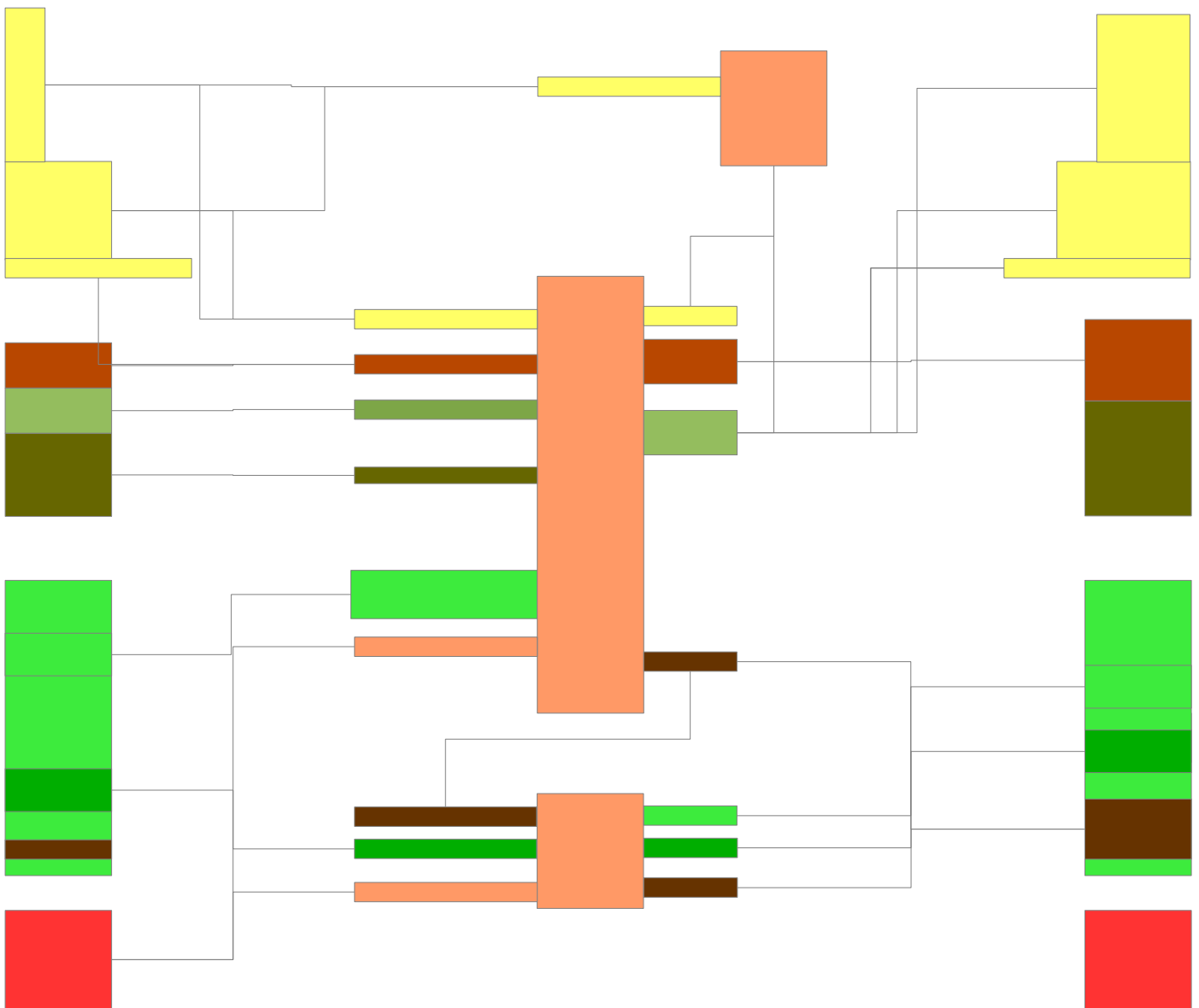
On the left there is the 'state' at the beginning of the period (BOP), on the right there is the state at the end of the period (EOP). In the middle there is the 'flow'

The people section is in yellow

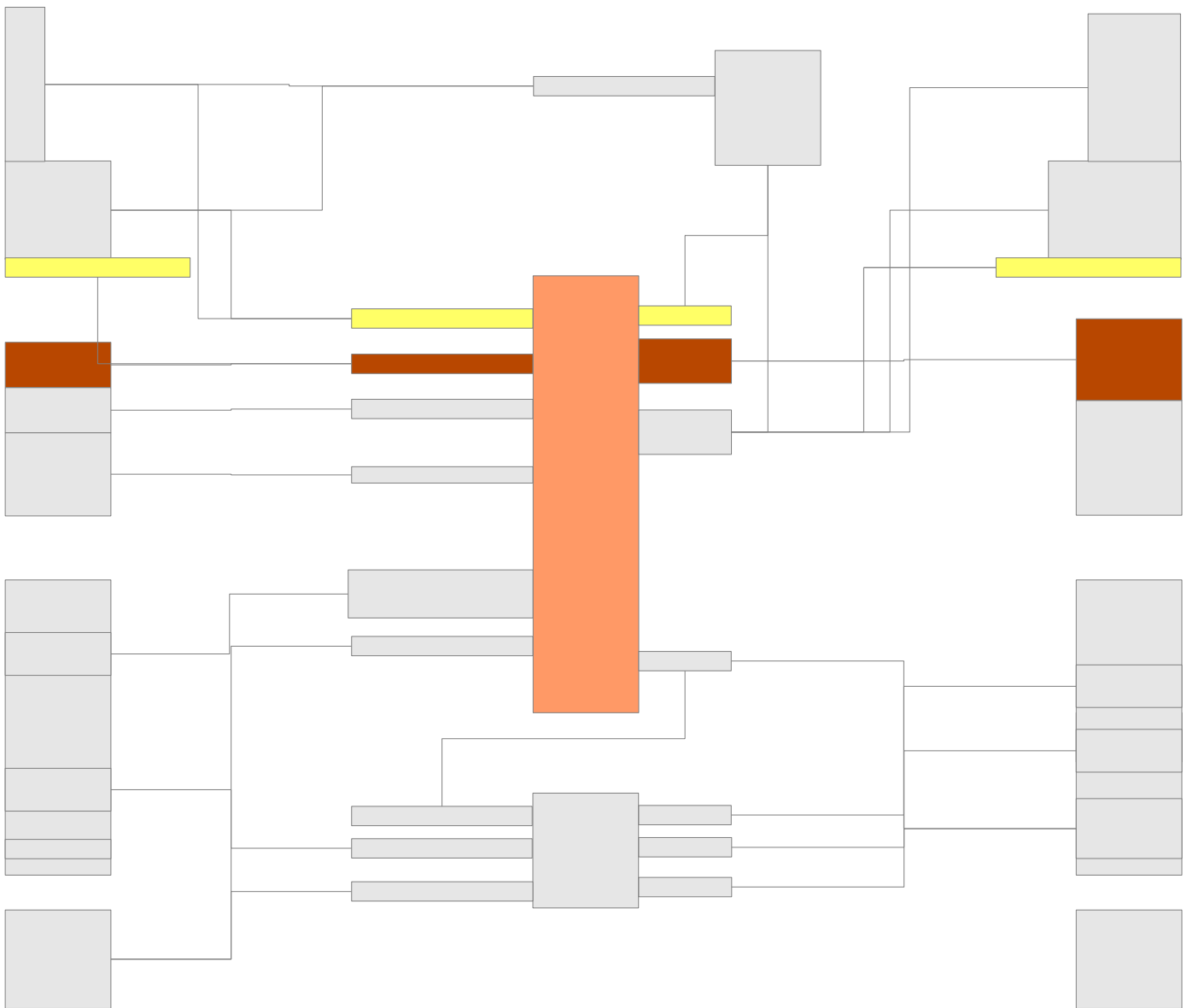
The man built structures and systems (MBSS) is in dirty brown

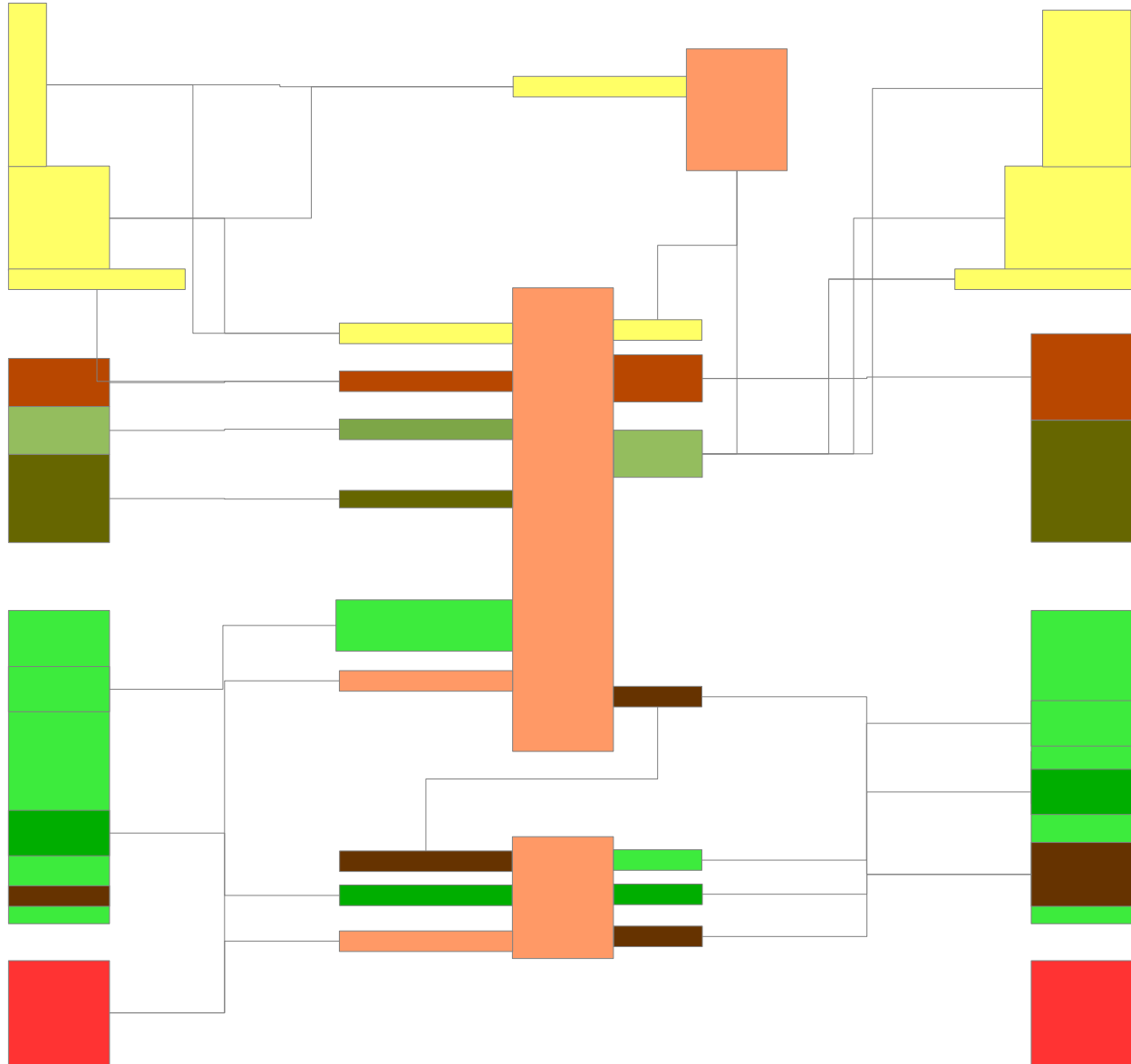
The natural capital is in green

The sun is in red.



The people section is separated into three groups: (1) a large group that has very low quality of life; (2) another group that is large and increasingly with a reasonable quality of life; and (3) a small group that has immense wealth (Financial capital and ownership of assets)





Conventional money profit accounting works for financial performance ... impact on corporate profits and stock value.

Quality of Life should be measured using a Quality of Life Unit (QLU).

Natural Capital should be measured in a Natural Capital Value Unit (NCV).

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