

"The brave new world of the 21st century, with its increasing dependence on new technology, will pose a major nightmare for auditors. Patrick Dixon, author of Futurewise - Six Faces of Global Change, says that smart cards using high-level encryption, inserted into PCs and mobile phones, all networked together, will make tracking money flows extremely difficult.

'Audit trails,' he says, 'will become impossible to follow with confidence when companies routinely switch large amounts around the world in thousands of small transactions, each of which is separately encrypted and difficult to interpret.' As a result, auditing firms will need to issue a disclaimer in company accounts 'to the effect that there may be other encrypted transactions that have not been open to scrutiny'.

But it's not just auditors that will be affected. The Inland Revenue will face similar problems. 'In future,' Dr Dixon predicts, 'the only ones paying taxes in the usual way could be the poor, the destitute and the honest.' So what's new, then?" - Quote from ACCOUNTANCY November/1998 P29