

**ACCOUNTING'S FOUNDATION:  
Should the Philosophical Foundation of  
Accounting Be Postmodernism or Christianity?**

*If the foundations are destroyed, what can the righteous do?—Psalm 11:3, NKJV*

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**ABSTRACT**

The Financial Accounting Standards Board (FASB) regulates financial accounting. FASB issues two kinds of accounting pronouncements. The first kind are Statements of Financial Accounting Concepts (SFACs). They are the theoretical foundation for the regulations which are promulgated in the Statements of Financial Accounting Standards (SFASs). FASB's theoretical statements are based on unstated philosophical assumptions about ethics and human nature. For example, FASB has assumed that investors are rational and are able to understand financial statements.

In a paper I presented previously for the Christian Business Faculty Association, I looked at the contradictions between the currently popular philosophy of postmodernism and FASB's foundational assumptions. The paper provided a useful perspective for accounting educators, particularly those in state institutions who cannot overtly teach from a religious perspective. In this paper, I have extended the discussion—in order to make it even more useful for those teaching in Christian colleges who want to integrate faith and learning—to show points of compatibility between FASB's philosophical assumptions and biblically-based Christian philosophy.

## **Introduction.**

In a paper I presented at the Christian Business Faculty Association's conference in San Antonio in 2004, I looked at the underlying philosophical assumptions made by the Financial Accounting Standards Board (FASB). FASB is the private regulatory body that develops accounting standards—ordinarily referred to as generally accepted accounting principles, or GAAP—for businesses and private sector not-for-profit organizations in the United States. FASB issues two kinds of accounting pronouncements. The better known are the SFASs—*Statements of Financial Accounting Standards*—which are the rules about what to disclose in financial statements and which accounting methods to use. The assumptions underlying GAAP are found in the *Statements of Financial Accounting Concepts* (or SFACs) published by FASB. FASB's SFASs are supposed to be based on its SFACs.

In that paper, I compared FASB's assumptions in its SFACs with those of postmodernism. The differences are profound. FASB assumed that investors are rational and use financial statements to make logical and reasoned investment decisions. Furthermore, FASB took for it granted that a company's management has a moral responsibility to communicate the truth about a company's financial position. These assumptions starkly contrast with postmodernism's assumptions that there is no absolute truth; that there are no universally valid moral values; that logic and reason are unimportant; and that the world is chaotic and unpredictable.

I believe that my discussion in the previous paper would be of interest to accounting faculty in all settings. Unanswered in my previous work was the question of what philosophical foundation would be compatible with that of FASB if postmodernism failed the test. I contend that biblically-based philosophy is compatible with FASB's assumptions and would provide a solid foundation for Generally Accepted Accounting Principles (GAAP). This will, I hope, be of great value for Christian accounting faculty who want to integrate Christian principles into their teaching.

## **FASB'S Conceptual Foundation.**

FASB used its SFACs to state what it considers to be the general objectives, goals, purposes, and characteristics of financial reporting. More particularly, two of FASB's theoretical pronouncements—Concepts Statement No. 1, *Objectives of Financial Reporting by Business Enterprises* (1978) and Concepts Statement No. 2, *Qualitative Characteristics of Accounting Information* (1980)—give the fundamental theoretical and conceptual foundations for accounting practice.

The purpose of the principles FASB gives in these two statements is based on the assumptions given in SFAC No. 1 that investors are rational and have a right to unbiased, relevant information. Based on those assumptions, FASB developed, in SFAC No. 2, a hierarchy of principles that would be the criteria for determining whether financial disclosures would be useful. The principles enumerated in SFAC No. 2 include the following:

### **The assumptions of GAAP.**

- Understandability
- Decision Usefulness
- Relevance—and its components of
  - Predictive Value,
  - Feedback Value, and
  - Timeliness

- Reliability—and its components of
  - Verifiability
  - Neutrality, and
  - Representational Faithfulness)
- Comparability
- Consistency

The principles can be explained as follows, based on FASB's definitions (The definitions can be found at <http://www.fasb.org/pdf/con2.pdf>):

Understandability means that

information provided by financial reporting should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence (SFAC #2 ¶40).

FASB has a strong focus on decision usefulness. Although the term is not itself found in SFAC #2, in its introductory summary FASB said:

All financial reporting is concerned in varying degrees with decision making (though decision makers also use information obtained from other sources). The need for information on which to base investment, credit, and similar decisions underlies the objectives of financial reporting. The usefulness of information must be evaluated in relation to the purposes to be served, and the objectives of financial reporting are focused on the use of accounting information in decision making. The central role assigned to decision making leads straight to the overriding criterion by which all accounting choices must be judged. The better choice is the one that ... is most useful for decision making. Even objectives that are oriented more towards stewardship are concerned with decisions. Stewardship deals with the efficiency, effectiveness, and integrity of the steward. To say that stewardship reporting is an aspect of accounting's decision making role is simply to say that its purpose is to guide actions that may need to be taken in relation to the steward or in relation to the activity that is being monitored. (SFAC #2, page 3).

Relevance is defined by FASB as:

information's capacity to "make a difference" that identifies it as relevant to a decision. To be relevant to investors, creditors, and others for investment, credit, and similar decisions, accounting information must be capable of making a difference in a decision by helping users to form predictions about the outcomes of past, present, and future events or to confirm or correct expectations. (SFAC #2, ¶46-7).

Relevance thus has three components, which are predictive value, feedback value, and timeliness. Predictive value and feedback value are intimately linked: "Information can make a difference to decisions by improving decision makers' capacities to predict or by confirming or correcting their earlier expectations" (SFAC #2, ¶51). So predictive value means that the information is useful to make predictions about a company's future, and feedback value means that the prior predictions can later be assessed or corrected, allowing the investor to improve his forecasting model. This cannot be done unless the data is provided on a timely basis:

Timeliness is an ancillary aspect of relevance. If information is not available when it is needed or becomes available only so long after the reported events that it has no value for future action, it lacks relevance and is of little or no use. Timeliness in the present context means having information available to decision makers before it loses its capacity to influence decisions. (SFAC #2, ¶56).

**Reliability** is seen by FASB as dependability—“Accounting information is reliable to the extent that users can depend on it to represent the economic conditions or events that it purports to represent” (SFAC #2, 62). FASB said that this is not the same as effectiveness. Effective information is relevant, or useful, information. Reliability refers not to how useful the information is, but to its truthfulness. Reliability has three components: verifiability, neutrality, and representational faithfulness.

The root meaning of **verifiability** comes from the Latin words *verus* (“true”) and *ficare* (“to make”) (<http://dictionary.reference.com/search?q=verify>); to those roots the English suffix “ability” is added. Thus the word means “to be able to make or prove something is true.” FASB’s definition is:

The ability through consensus among measurers to ensure that information represents what it purports to represent or that the chosen method of measurement has been used without error or bias. (SFAC #2, page 10).

Verifiability is an important concept in accounting. The information presented in the financial statements is supposed to be supported by documents—supposedly carefully sampled by the firm’s auditors—that provide proof (such as invoices, sales slips, cancelled checks, receipts, etc.) that the financial statements are not management’s fantasies or wishful thinking.

**Neutrality** means that the financial statements should not be biased either for or against the company. GAAP is not always neutral, though—the principle of conservatism is often used in developing accounting procedures. There is a moral dilemma here:

If management is kept from making the company look good, investors might lose out on a good opportunity. If management is allowed to make the company look good, there is a risk that investors could be duped into making poor investments and losing money. There is an unspoken assumption in accounting that the greater of these two evils would be to allow investors to be induced into making bad investments rather than missing out on an opportunity—especially since normally the temptation for management is to make the company look good; sometimes better than it really is. Thus GAAP sometimes requires the use of methods that downplay revenues and assets but not expenses or liabilities.

**Representational faithfulness** means that management’s representation, or testimony, about the company’s financial information must correspond to actual reality. In a nutshell, it means that management must tell the truth—the whole truth and nothing but the truth—about the company in the financial statements.

These assumptions about reliability are a direct contradiction to postmodernism. How can the truth about a company be proven if there is no truth? How can the financial statements be neutrality if everyone is biased? How can management faithfully represent the reality about a company’s financial position if all documents are works of biased spin?

**Comparability** means, basically, that investors should be able to compare similar companies with each other. They therefore should use similar accounting methods, particularly if they are in the same industry. A concession is made that companies in different industries may need to use different methods of disclosure. For example, a car manufacturing firm might be expected to disclose information about the cost of manufacturing its goods that would be completely irrelevant for a company providing financial services such as insurance policies.

**Consistency** refers to accounting methods within one company over time. It is assumed that it is desirable for a company to apply accounting methods consistently from one year to the next. There would be two undesirable results if this were not required. The first that a company

could select each year from a cafeteria of accounting options whichever method would make it look the best. The second would be that it would be difficult for investors to forecast a company's future if the methods used to disclose the data were continually changing, and this would completely invalidate the desirable quality of feedback value.

These principles are based on a worldview based on several salient assumptions. The first assumption is that investors (and potential investors) are rational and capable of making intelligent, informed, and correct investment decisions. A second assumption is that the preparers of financial statements—who are the management of a company and not its auditors—have moral and ethical obligations to communicate objective and unbiased information to investors. A third assumption is that management is capable of preparing the financial statements as documents that communicate objective, unbiased, and verifiable truth to investors.

#### **Western civilization's cultural and philosophical shifts.**

**Premodern.** Western European culture was formed when elements of the Roman Empire (notably, its legal code, military tradition, and engineering achievements) Christian spirituality and ethics, Greek art and literature, and the customs of the European barbarian tribes that overran the Roman Empire fused during the dark age that followed the collapse of the Roman Empire. The resulting medieval civilization, which might be called the Age of Faith or the Premodern Era, lasted for a millennium. This civilization is referred to by Wynn Kenyon, a philosophy professor at Belhaven College, as “The House that God Built.”

**Modernism.** The Premodern period gradually ended with the advent of the Reformation and the Enlightenment. In the 1500s, the Reformation ended the monopoly of the Roman Catholic Church on religion in many Western nations. Later, especially in the 1700s and the 1800s, the Enlightenment challenged the authority not merely of the Roman Church, but of Christianity. The Enlightenment exalted human reason and learning. The culture shifted from theocentrism to humanism—Man became the measure of all things instead of God. The culture lost confidence that the Bible was the infallible, inspired Word of God and that the Church was the authoritative guardian of tradition. Theology was no longer the queen of sciences; religion was dismissed as superstition, with the scientific method in its place. In order to find a substitute for the Biblical creation myth, Darwin created a new theory of origins—evolution through the survival of the fittest.

By 1900, Modernism was the predominant worldview of academia. Modernism's rejection of religion meant that Western culture was left without a moral foundation—Christianity had been the foundation for morals and ethics in the West. In the twentieth century, Europe repeatedly descended into barbarism with two world wars and the destructive, oppressive humanistic philosophies of Communism and Nazism. Modern civilization is referred to by Wynn Kenyon as “The House that Man Built.”

Western culture, without a moral foundation, moved in the twentieth century from the moral absolutes of Christianity to moral relativism and finally to a denial of the existence of any absolute moral values or even absolute truth.

**Postmodernism.** The assumptions of the postmodern worldview are primarily referenced from two sources. The first is Gene Edward Veith's book *Postmodern Times: A Christian Guide to Contemporary Thought and Culture* (Turning Point Christian Worldview) published by Crossway in 1994. The second is *A Primer on Postmodernism* by Stanley J. Grenz (Eerdmans, 1996). I have not used literature from postmodern philosophers (such as Foucault) themselves because my interest is not in their philosophical system itself but in postmodernism's influences in popular American culture. The postmodern assumptions on which I focus on in my

teaching are those that seem to be popularly held—not those of the scholars and philosophers who promulgate postmodernism—because my interest is in the impact that the worldview of popular culture has on the accounting profession in the United States.

Some of the widespread assumptions of the postmodern worldview, mostly derived from the writings of Veith and Grenz, are listed below. After listing them, I will briefly discuss them.

1. It is absolutely true that there is no such thing as absolute truth.
2. Ethics and morals are subjective opinions that are true for one individual or one culture but not for another. There are no real virtues.
3. Tolerance is a virtue.
4. Intolerance means saying that one has “the” truth.
5. It is oppressive to impose any viewpoint or morality on another person. One must believe this—or else.
6. There is no metanarrative that can be used to interpret reality.
7. Documents do not communicate objective truth. A written text “has as many meanings as it has readers” (Grenz, p. 6).
8. Language and words have no meaning themselves.
9. The world is chaotic and unpredictable and meaningless.
10. Reason and logic are not important.
11. History is told by the winners and is biased.
12. People interpret reality using artificial constructs that may be useful but which cannot be true.

1. *It is absolutely true that there is no such thing as absolute truth.* While I deliberately stated this in a humorous form, I think it accurately captures the truth. Many Americans today—probably unknowingly—echo Pontius Pilate’s words to Christ, “What is truth?” The assumption is that everything is opinion, with any one opinion as good as any other. This may account for the blank incomprehension that some liberals have for—even fear of—committed believers of any religion. (See David Limbaugh’s book *Persecution* for a good discussion of this issue).

2. *Ethics and morals are subjective opinions that are true for one individual or one culture but not for another. There are no real virtues.* A commonly stated postmodern view is that ethics and morals are determined by one’s culture or society. Since cultures and societies change over time, the morals they promulgate have no objective basis or eternal significance.

3. *Tolerance is a virtue.* The postmodern meaning of the word tolerance is quite different from what it used to mean. Tolerance used to mean being polite to (or at least nonviolent towards) those with whom one disagreed. To the postmodern, tolerance means refusing to say that another’s view is wrong. There is, however, a strange disconnect between this view and the politically correct speech codes that some postmoderns impose on those with whom they disagree.

4. *Intolerance means saying that one has “the” truth.* If there is no objective truth, then someone who insists that his view his correct is being at best narrow-minded, and at worst, oppressively and dangerously intolerant. Christians who proclaim that the Gospel is true and that Jesus is the only way for salvation are seen as dangerous bigots and are frequently falsely accused of wanting to make American into a theocracy.

5. *It is oppressive to impose any viewpoint or morality on another person. One must believe this—or else.* This thought follows naturally from the first four principles. It has been taken to an extreme, however. Hate speech, which postmoderns are trying to abolish, is really

statements that might offend someone (other than Christians). It's a common axiom to say, "You can't legislate morality." True, no law will redeem a sinner or make him repent. But all laws are based on assumptions that something is right or wrong—for example, that is wrong to murder or steal.

6. *There is no metanarrative that can be used to interpret reality.* A metanarrative is a theory or view that explains history. One example would be the Marxist concept of history as a class struggle. A second example is St. Augustine's interpretation of history as the struggle between the City of God and the City of Man. A third would be the Darwinist theory that life evolves purposelessly from random mutations. The postmodern does not believe that history has any direction or meaning; everything is the result of random accidents.

7. *Documents do not communicate objective truth. A written text "has as many meanings as it has readers"* (Grenz, p. 6). The postmodern believes that it is impossible to know the intent of the writer of a document. So each document creates only a subjective impression on its readers, each of whom interprets it in accordance with his own prejudices and experiences. In fact, since one's experiences continually cause one's views to change, a text may be interpreted differently each time a single individual reads it.

8. *Language and words have no meaning themselves.* Language is the result of meaningless cultural accidents. The word *sin* in English means a act of wrongdoing, but in Spanish it means "without." Postmoderns see language as a kind of linguistic game with rules that continually change. Words themselves have no fixed meaning, but only a temporary meaning agreed to by those playing the game. A postmodern tends to make a word mean what he wants it to mean, regardless of how it has been understood in the past. This can be illustrated by the verbal word games played by our first postmodern president, Bill Clinton, epitomized by his comment, "It depends on what the meaning of the word 'is' is."

9. *The world is chaotic and unpredictable and meaningless.* If one accepts the premise that humans are the result of chance accidents of evolution, then there does not seem to be any purposeful meaning or significance to our lives. Carried to its logical extreme, many postmoderns believe that humans are just another animal species. No less—and no more—than others. Furthermore, since chance accidents are our reason for existence, there is no reason to expect anything in the future other than more chance accidents. The chaos theory promoted in the novel and movie *Jurassic Park* is an example of this.

10. *Reason and logic are not important.* There are several examples to illustrate this view. One is a frequent refrain to trust one's heart, not one's mind. For example, in the *Star Wars* trilogy, Yoda (apparently some kind of shaman priest) urged Luke Skywalker to trust his heart. The desire to trust one's own heart is also seen in Christians who claim that they did something contrary to Biblical standards because they had peace about it. There also seems to be an element of reaction against Western European philosophy, art, history and culture as the fruit of dead white men who were analytical and cold.

11. *History is told by the winners and is biased.* I mentioned already the assumption that no one can really understand a document's original intent. I also mentioned the assumption that history—in fact our very existence as a species—is the result of random, meaningless accidents. There is also a kind of Darwinist assumption made by postmoderns that only the winners in a struggle survive to tell their side of the story. Thus, history is one-sided. Add to this the assumption that there is no objective truth, and the result is revisionist movies like those of Oliver Stone that concoct fictions purporting to be history, as well as propaganda movies like those of Michael Moore that deliberately distort the facts to conform to the producer's agenda.

12. *People interpret reality using artificial constructs that may be useful but which cannot be true.* A popular example of a construct is found in the postmodern movie *The Matrix*, in which people lived in a world that was consistent and seemed real but was actually just a dream. Their imaginary worlds were called constructs. In postmodernism, each person is assumed to have a construct which is his personal perspective or take on life. How I see the world, and attempt to explain, understand, and interpret it based on my genetics, experiences, and prejudices, would be my construct. One's construct is assumed to be a subjective interpretation which cannot be understood by another person and has no more external validity than one person's dreams would have for someone else. It's much like the verse from the old song, "*Row, row, row your boat; life is but a dream.*"

These assumptions are rather contradictory, but that is not an issue for many postmoderns because of the belief that the world is chaotic and unpredictable and that reason and logic are not important. I heard a guest on a Christian radio talk show describing a conversation he'd had with a postmodern whom he described as having views that were passionately held—and which made no sense.

Because of postmodernism's assumption that we are a mere accident of evolution, Wynn Kenyon refers to postmodern civilization as "The House that Was Built by Accident."

#### **Comparing Postmodern Assumptions with those of GAAP and the Bible**

When GAAP's principles are compared with the underlying assumptions of postmodernism, a profound conflict becomes evident. GAAP assumes that the management of a corporation will tell a true, unbiased story disclosing the real truth about the corporation to investors who will use reason and logic to make investment decisions and predictions. Financial statements are assumed to be understood and used in the same way by all users, and are also assumed to be consistent and reliable.

I contend that Christian ethical principles are a much more viable alternative to support accounting ethics than those offered by postmodernism. Christianity offers a worldview that assumes the world is understandable and rational along with objective morals and ethics derived from the nature of God and revealed in Holy Scripture.

A table comparing the assumptions of FASB with those of postmodernism and biblical principles illustrates the conflict and begins on the next page. The table shows that in every case, postmodernism is out of touch with FASB's principles, but Christianity is compatible.

What are the reasons why Christianity is the most viable alternative worldview? They are (1) God's nature as the source of reason, logic, and wisdom; (2) the revealed Word of God as an authoritative source for truth and objective ethics; and (3) a high view of the dignity and capabilities of humans that is simultaneously realistic about our depravity. These are discussed further below.

1. God has revealed Himself in Scripture. The Bible contains propositional statements about God's nature. Although the infinite God is not wholly comprehensible by the finite human mind, these propositions can be understood. God is a God of reason (Is. 1:18) and wisdom (Jer. 10:12).

This is compatible with GAAP's assumptions that documents can contain objective, verifiable truths that can be communicated to investors in consistent and reliable form, and which can investors can understand.

**Table 1. A comparison of the assumptions of accounting, postmodernism, and biblical principles.**

<b><u>FASB'S PRINCIPLES &amp; ASSUMPTIONS</u></b>	<b><u>POSTMODERN ASSUMPTIONS</u></b>	<b><u>BIBLICAL PRINCIPLES</u></b>
Financial statements are based on verifiable information about which management can and must tell the truth.	There is no absolute truth.	Truth is grounded in the very nature of God. The Bible is the authoritative and true word of God and Jesus Christ is the incarnate Word—truth in the flesh.
It is absolutely virtuous to provide useful information to investors.	Ethics and morals are subjective, with no absolute virtues.	Ethics and morals are based on the unchanging nature of God; His commandments and laws are revealed in the Bible.
Companies should be required to tell the truth about their financial position, and deviant, misleading accounting methods are not to be tolerated.	Tolerance is an absolute virtue; intolerance is insisting that one is correct or has “the” truth. It is oppressive to impose any morality on another person.	God is merciful, but His holy nature will not permit Him to allow sinners in His presence. Government is needed to restrain evil and promote the good.
Investors use financial statements in their personal financial or economic models to predict a company’s future. The forecasts based on these models can be accurate, and their accuracy can be later verified.	The world is chaotic, unpredictable, and meaningless. There is no metanarrative that can be used to interpret reality.	St. Augustine’s “The City of God” provided a Christian metanarrative to interpret history— man’s struggle between good and evil and Christ’s ultimate victory.
Investors make intelligent, rational, informed investment decisions.	Logic and reason are not important; decisions should be based on the desires of one’s heart.	“Come let us reason together,” said the Lord to Isaiah.
Investors are responsible for preparing their own individual forecasts which are based on objective information provided by a company’s management.	Documents do not communicate objective truth. People interpret reality using artificial constructs that may be useful but which cannot be true.	Although our perceptions are warped by sin, we nevertheless are capable of both communicating the truth about a company and perceiving that truth.
Financial statements can—and should be—understandable and objective. Their words communicate objective truth.	Language and words have no meaning in themselves.	God communicates propositional truth in the Bible; Jesus Christ is the Word of God in the flesh. Man’s first task was to name the animals, and names in the Bible are pregnant with meaning.
An annual report is a company’s financial history, and it must and can be objective and neutral.	History is told by the winners and is inevitably biased.	Numerous proverbs tell us of God’s disdain for bribes and for unjust and deceptive business practices, and of His approval of fair weights and measures.

2. God has also revealed in Scripture the way of truth and His laws for human living. Jesus claimed to be “the way and the truth and the life” (John 14:6). His word is eternal (Ps. 119:89), never changing. His law is perfect and trustworthy (Ps. 19:7) and his commandments are a blessing (Ps. 112:1). The Bible is filled with wisdom pertinent to business ethics, many of which are found in the Mosaic law and in Proverbs.

This is quite compatible with FASB’s assumption—discussed above—that there are moral rights and wrongs relevant to the preparation and dissemination of financial statements.

3. A fundamental Christian doctrine is that of the *imago dei*. We are created in the image of God, with dignity, reason, emotions, will, and intellect. God cherishes us, giving us great value. Nevertheless, depravity is another fundamental Christian doctrine. We are all heirs to the rebellion of Adam and Eve—depraved sinners who are incapable of wholeheartedly following God’s law. We are, however, extremely capable of—and experienced in—breaking his commandments in creative ways. A worldview that recognizes this is necessary in the accounting profession because the preparation of financial statements requires moral integrity—or at least an audit.

Again, this is compatible with FASB’s philosophy. FASB has assumed that people have reason and intellect which are used to make investment decisions. FASB also has—although tacitly—assumed that human nature is such that it cannot be assumed that corporate managers will always provide consistent, reliable, unbiased and objective information about the company on their own. In my mind, that assumption is compatible with the biblical description of man’s sinful nature, although perhaps FASB’s regulators did not go that far. Certainly, whatever its diagnosis of human nature may be, FASB has assumed that regulation of financial disclosure is necessary to prevent deceptive and misleading accounting practices.

4. The Christian concept of stewardship is also relevant. There are numerous examples in Scripture of stewards, both good and bad, who manage property belonging to another party. Joseph, for example, was a steward first for Potiphar and then for Pharaoh. His hard work brought blessing to them both. In the corporation, the company’s management are the stewards and the shareholders are the owners of the business. The company management prepares the financial statements to report back to the shareholders about their accomplishment in managing their property.

An illustration that I frequently give in class is to compare a company’s financial disclosure to a child’s report card. Both are progress reports, but the significant difference is the preparer. The report card is filled out by the teacher or the school. The annual report is filled out by the management. It’s as though little Johnny were allowed write his own report card to report his achievements to his parents. There is an obvious credibility issue here. Although many modernists and postmoderns seem to say that human nature is basically good, most would join me in suspecting that Johnny’s self-reporting lacked complete credibility.

Applying this analogy to financial statements, we see the importance of having them audited by an independent third party. The audit function makes a lot of sense when it’s presented from a biblical perspective and is quite compatible with assumptions made by FASB. FASB has assumed that it is morally right to tell the truth about the company to investors. FASB has also assumed that it has the right—or obligation—to tell companies how to do this reporting by issuing accounting standards. The existence of required accounting standards which must be complied with is suggestive of the possibilities that not everyone would comply voluntarily. Compliance has to be determined by the outside auditors, and enforced by social and legal constraints.

**Conclusion.** I am still working my way through the process of thinking about the compatibility of FASB's philosophical assumptions with biblical principles. This paper is only a tentative step in that direction. But I think that a restoration of Christian virtues holds great promise for providing a solid ethical foundation for the accounting profession in a culture that is sinking into a quicksand of relativism, meaninglessness, and irrationality. I also am hopeful that this paper could stimulate other Christian accounting instructors with useful ideas for integrating Christian principles into their curricula.

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