

**UNIFORM ACT ORGANIZING AND
HARMONIZING UNDERTAKINGS' ACCOUNTING SYSTEMS
IN THE SIGNATORY STATES TO THE
TREATY ON THE HARMONIZATION OF BUSINESS LAW IN AFRICA**
(OHADA Official Journal No. 10 – 4th Year)

The Council of Ministers of the Organization for the Harmonization of Business Law in Africa (OHADA);
Having regard to the Treaty on the Harmonization of Business Law in Africa, and articles 2 and 5 to 12 thereof in particular;
Having regard to the report from the Permanent Secretary and the observations of the Signatory States;
Having regard to the opinion of the Common Court of Justice and Arbitration dated 22 February 2000;
After deliberating thereon, hereby adopts the Uniform Act, as set out below, on a unanimous vote of the Signatory States here represented:

**PART I:
PERSONAL ACCOUNTING OF UNDERTAKINGS
(NATURAL PERSONS AND LEGAL ENTITIES)**

**CHAPTER I:
GENERAL PROVISIONS**

Article 1

Any undertaking within the meaning of article 2 below shall establish an accounting system to provide information for both internal and external use.

To which end:

- it shall collect, classify, and record in its accounts all transactions that entail value movements which are carried out with third parties or are recognised or executed as part of its internal administration;
- it shall, after suitable processing of such transactions, prepare and file the financial statements which it is required to draw up by law or pursuant to its articles of association, along with other information that meets the requirements of various users.

Article 2

The following entities are required to establish a general accounting system: undertakings governed by the provisions of commercial law; state-owned corporations, parastatal organizations, semi-public undertakings; cooperatives; and, more generally, entities that produce marketable or non-marketable goods and services if they are habitually engaged in a principal or ancillary economic activity irrespective of whether or not financial gain is derived from that activity. Entities that are subject to public sector accounting rules are excluded from this list.

Article 3

Accounting information should be prepared in conformity with the prudence convention, and must display regularity (i.e. be in accordance with accounting regulations) and sincerity (i.e. be in accordance with the spirit of accounting rules which have been enshrined into law), and the requisite standards of internal control, transparency in presentation, and disclosure.

Article 4

To ensure reliability, understandability, and comparability of information, all accounting entities shall:

- comply with the common terminology and guidelines for undertakings in the treaty states of the Organization for the Harmonization of Business Law in Africa;
- implement accounting conventions, methods and standards, with sector-specific adaptation as necessary;
- establish an accounting system that meets the requirements relating to collection, recording, verification, presentation and information disclosure referred to in article 1.

Article 5

The proper application of a common accounting system for treaty states known as the OHADA accounting system, details of which are appended to this Uniform Act on the harmonization of company accounting, will ensure that financial statements portray the key qualitative characteristics (i.e. reliability, understandability, and comparability) which they should possess if they are to fulfil the purpose of accounting, defined in terms of the collection, recording, auditing, presentation and disclosure of information.

Banks, financial institutions and insurance companies are nevertheless governed by sector-specific accounting plans.

Article 6

Application of the OHADA Accounting System entails:

- general application of the prudence convention on the basis of a reasonable assessment of the events and transactions to be entered in the books for the accounting period;
- an undertaking to comply with the mandatory rules and procedures and to apply them in good faith;
- establishment of an internal control system which can be used by management in assuring the integrity of accounting information and in overseeing the operations of the company.
- clear presentation and faithful reporting of information with no attempt made to conceal the actual position.

Article 7

Financial statements must be prepared at least once each year, for a period of twelve months, known as the accounting period; they are called annual financial statements.

The accounting period coincides with the calendar year.

By way of exception, an initial accounting period commencing during the first half of the calendar year is shorter than twelve months, and an initial accounting period commencing during the second half of the calendar year is longer than twelve months. If an undertaking ceases trading, regardless of the reason therefor, the duration of the liquidation proceedings is counted as a single accounting period, subject to provisional annual statements being drawn up.

Article 8

The annual financial statements consist of the balance sheet, the profit and loss account, the statement of source and application of funds, and notes to the accounts. They form an indivisible whole and faithfully and

sincerely represent the events, transactions and state of affairs throughout the accounting period and thus give a true and fair view of the undertaking's assets, financial position and results.

They are drawn up and presented pursuant to the provisions of articles 25 to 34 below, in order to enable comparisons to be made over time, accounting period by accounting period, as well as comparisons with the annual financial statements of other undertakings drawn up in accordance with the same degree of representational faithfulness and comparability.

Article 9

The correctness and accuracy of the information set out in the undertaking's annual financial statements arise from an adequate, fair, clear, precise and complete description of the events, transactions and state of affairs during the accounting period.

Comparability of the annual financial statements between successive accounting periods calls for consistency in the terminology and methods used to account for the events and transactions represented in the said statements.

Article 10

Any undertaking which correctly applies the OHADA Accounting System is deemed to provide, through its financial statements, a true and fair view of its position and its transactions, as required under article 8 above.

If the application of a prescribed accounting method proves to be insufficient or unsuitable for presenting such a view, the necessary additional information or substantiation must be provided in notes to the financial statement .

Article 11

Companies are required to prepare full or abridged mandatory financial statements depending on their size. In this context, a company's size is assessed by reference to its turnover for the accounting period.

All companies, except those exempted because of their size, are required to adopt the "Normal System" for bookkeeping and presentation of financial statements.

A company whose turnover does not exceed 100,000,000 (one hundred million) CFA francs may use the "Simplified System".

Article 12

All undertakings that adopt the Normal System must provide additional disclosures , in a statement known as a "Supplementary Statistical Statement",.

Article 13

Very small undertakings that do not use any of the two systems referred to in article 11 above, and whose annual revenue does not exceed the thresholds set out in paragraph 2 of this article, should adopt the "Minimal Cash-Basis System" which represents a substantial abridgement of the general provisions of this Uniform Act.

The said thresholds are as follows:

- thirty (30) million CFA francs for trading undertakings,
- twenty (20) million CFA francs for handicraft and similar undertakings,

- ten (10) million CFA francs for service undertakings.

CHAPTER II: THE ORGANIZATION OF ACCOUNTING RECORDS

Article 14

The undertaking's accounting system must meet the reliability and security requirements that are necessary for assuring the integrity of data and records with a view to safeguarding the interest and obligations of stakeholders; to provide documentary evidence which have probative value; and to provide information for third parties and management.

Article 15

The accounting system must ensure:

- timely and complete recording of basic information on a day-to-day basis;
- processing of the recorded data at the appropriate time;
- delivery of mandatory reports to users within specified legal time limits .

Article 16

In order to maintain continuity of access to information over time, all undertakings shall prepare an internal accounting manual which describes their accounting system and procedures.

The said manual shall be held throughout the period during which the undertaking may be required to provide the successive financial statements to which they relate.

Article 17

The accounting system shall comply with the following reliability and security requirements, at very least:

1. the accounts shall be kept in the country's official language and currency unit;
2. the double-entry bookkeeping method shall be used, which means that entries shall be posted in at least two accounts, one being debited and the other credited. When a transaction is recorded, the total of the sums entered on the debit side must be equal to the total of the sums entered on the credit side;
3. the entries shall be supported by dated receipts which are classified and filed in an order stipulated in the entity's internal accounting manual which spells out routine bookkeeping procedures. Such account entries, which bear references to corresponding supporting documents, are deemed to have probative value. The transactions shall be recorded chronologically.

Movements that affect the undertaking's assets are recorded in the accounts, transaction by transaction, in the chronological order of their book value date. The said date is that on which the undertaking issues the transaction's supporting document, or that on which the externally issued documents are received. Transactions of the same type carried out at the same place on the same day may be summarized in a single supporting document.

Transactions are summarized over a predetermined period which shall not exceed one month.

A procedure which assures the integrity of book entries shall be established;

5. identification of each such entry with an indication of its origin , the nature of the transaction to which it relates, and references in respect of the supporting document which substantiates it;
6. inventory control to ascertain the existence and value of the undertaking's assets, receivables and debts. The inventory procedure consists of listing all the undertaking's assets items and indicating the nature, quantity and value of each of them as of the date of the inventory.

The inventory data is organized and kept in a manner which attests to the content of each assets item listed;

7. the use of a uniform accounting plan based on the OHADA Accounting System for the undertaking's bookkeeping ;
8. the compulsory use of books of account or other authorized media, and implementation of approved processing procedures, to facilitate preparation of the annual financial statements indicated in article 8 above.

Article 18

The OHADA Accounting System's accounts are grouped into uniform categories known as classes.

For general accounting, the classes comprise:

- financial account classes;
- management account classes.

Each class is subdivided into accounts identified by numbers composed of two or more digits , depending on the nature of their relationship with higher-level accounts within a decimal coding system.

Each undertaking's accounting plan must be sufficiently detailed to allow all its transactions to be recorded.

If the main accounts in the OHADA Accounting System do not allow an undertaking to distinctly record all of its transactions, it may open any necessary subdivisions.

Conversely, if some accounts of the OHADA Accounting System are too detailed for the undertaking's requirements, it may combine them in a broader but more specific account code at the same level pursuant to the possibilities offered by the OHADA Accounting System and provided that the regrouping thus made at least enables annual financial statements to be drawn up as stipulated.

The transactions are recorded in accounts whose headings correspond to their type.

Article 19

The books of account and supporting documents that are compulsory are:

- books of prime entry (e.g. day books, cash books and journals) in which transactions are recorded throughout the accounting period in the manner indicated in paragraph 4 of article 17 above;
- the ledger, made up of all the undertaking's accounts, in which the different transactions are entered or posted from journals in batches throughout the accounting period ;
- the general trial balance, at the end of the accounting period shows all debit and credit balances. the annual accounts book, in which the balance sheet, profit and loss account and summary of closing inventories for each accounting period are transcribed.

Preparation of the books of prime entry and the general ledger may be facilitated by the keeping of subsidiary journals and books, or other similar records, having regard to the undertaking's size and requirements. In which case, the totals shown in those documents are periodically, and at least once each month, consolidated in the daybook and the ledger.

Article 20

Books of account and supporting records must be kept without blank spaces or alterations of any kind.

Any error correction shall be effected solely through a negative entry for the erroneous items followed by the correct entry.

Article 21

The undertakings referred to in article 13 above which come under the Minimal Cash-Basis System are required to adopt the simple cash basis accounting model set out in the OHADA Accounting System. Those undertakings' financial statements, and the rules applicable to their preparation, are the subject of a separate text.

Article 22

Entities that adopt computerised accounting systems must implement appropriate policies and procedures that are designed to protect the integrity and security of data, that is to say:

1. when it is entered into the system, the data relating to any accounting transaction shall comprise the origin, content, and amount posted in respect of the said transaction, and must be either printable or reproducible in some other directly intelligible form;
2. the irreversible nature of the entry process prohibits any deletion, addition or subsequent alteration; all data entered must be validated to ensure the definitive nature of the corresponding accounting entry; the said validation procedure shall be applied at regular intervals of not more than one month;
3. the chronology of the transactions excludes the making of any insertions or subsequent additions; in order to maintain the chronology, the accounts-processing system shall make provision for a periodic procedure (known as "computer close-off") to take place, quarterly at least, and not later than the end of the quarter which follows the end of each such period;
4. the accounting entries for a closed-off period shall be classified in the chronological order of the date of the transactions to which they relate; however, when a date corresponds to a period which is already closed off, the transaction concerned is recorded on the first day of the next period that is not yet closed ; in which case, its book-value date is indicated separately;
5. the processing system shall retain the recorded data as stipulated by the regulations in force. Any permanent data entry which results in an irrevocable change in the records shall be deemed to be perpetual;
6. the accounting system shall be designed in such a way that it facilitates internal control, reconstruction or recovery of an audit trail, and access to relevant documentation on programming and processing procedures, thereby enabling the tests required for an audit to be carried out;
7. the periodic statements provided by the processing system shall be numbered and dated. Each entry shall be supported by a document which is printed or stored on a reliable medium which can ensure secure storage and clear restitution of its content throughout the periods stipulated.

Each data item entered in the processing system via transmission from another processing system shall be substantiated by valid supporting documentation.

Article 23

The annual financial statements shall be drawn up within four months of the close of the accounting period, at the latest. The date of closure must be indicated in published financial statements.

Article 24

Books of account along with relevant supporting documents shall be kept for ten years.

CHAPTER III: ANNUAL FINANCIAL STATEMENTS

Article 25

With the exception of notes to the accounts, the annual financial statements referred to in article 8 above shall be presented in conformity with prescribed formats, the constituent elements of which are classified under a series of headings that are themselves divided into subheadings.

The said formats shall be drawn up consistent with the accounting systems referred to in articles 11 and 13 above and shall be presented in accordance with guidelines set out in the OHADA Accounting System.

Article 26

The Normal System comprises the balance sheet, profit and loss account and statement of source and application of funds for the accounting period, as well as notes to the financial statements whose main provisions are determined in the OHADA Accounting System. It likewise comprises preparation of a Supplementary Statistical Statement.

Article 27

The Simplified System comprises the balance sheet, the profit and loss account for the accounting period and notes to the financial statements, simplified as indicated in the OHADA Accounting System.

Article 28

The Minimal Cash-Basis System referred to in article 13 above is based on the preparation of a statement of income and expenditure showing the results for the accounting period (net revenue or net loss), prepared on a cash basis of accounting which undertakings subject to that system must apply pursuant to article 21 above.

The design of the Minimal Cash- Basis System enables the following factors to be taken into account for calculation of the profit/loss and ascertainment of the net asset position, when they are significant:

- stock variations;
- changes in receivables and accounts payable ;
- changes in equipment and borrowings;
- changes in contributed capital.

Article 29

The balance sheet describes the assets and liabilities that make up the undertaking's net worth. It shows shareholders' equity separately.

The profit and loss account summarizes the revenue and expenses which determine the net profit or loss for the accounting period.

The table of source and application of funds present the financial flows and application flows throughout the accounting period.

Notes to the accounts supplement and clarify the information given in the annual financial statements.

Article 30

The balance sheet for the accounting period distinctly indicates, on the assets side: the fixed assets, the operating assets relating to ordinary activities, the assets unrelated to ordinary activities, and the cash assets; on the liabilities side: the shareholders' equity and similar resources, the financial debts, the operational liabilities relating to ordinary activities, the liabilities unrelated to ordinary activities, and the cash liabilities.

Article 31

The profit and loss account for the accounting period shows the revenue and expenses broken down into operational transactions relating to ordinary activities, financial transactions and transactions unrelated to ordinary activities.

The classification of income and charges enables management balances to be established as stipulated by the OHADA Accounting System.

Article 32

The table of source and application of funds for the accounting period shows the investment flows and financing flows, the other applications, the financial resources and the cash variations.

Article 33

The annual financial statements, described above, are accompanied by notes to the accounts which are simplified for undertakings governed by the Simplified System.

The notes to the accounts contain all significant facts not brought to light in the other financial statements which might influence the opinion that the recipients of the documents might form concerning the undertaking's assets, financial position and results.

This is the case in particular for the total commitments given and received, which the undertaking must monitor within its accounting framework. .

Any changes in the presentation format of annual financial statements, or in the valuation methods used, must be disclosed in the notes to the accounts.

Article 34

The annual financial statements of each undertaking shall comply with the following provisions:

- the opening balance sheet for an accounting period shall correspond to the closing balance sheet for the previous accounting period;
- any legally unfounded offsetting between assets items and liabilities items on the balance sheet and between expense items and income items in the profit and loss account is prohibited;
- the presentation of the financial statements shall be identical from one accounting period to the next;
- each heading in the financial statements shall indicate the corresponding figure for the previous year.

If a financial statement heading is not comparable to that of the previous accounting period, it is the latter which must be adapted. Any lack of comparability or adaptation of the figures must be indicated in the notes to the account .

CHAPTER IV: RULES FOR ASSESSING AND DETERMINING THE PROFIT/LOSS

Article 35

The valuation method applied to items entered in the books is based on the historical cost convention, the general principle of prudence, and the going-concern convention. Elements of financial statements may nevertheless be revalued in circumstances determined by the competent authorities and pursuant to the provisions of articles 62 to 65 below.

Article 36

The historical cost of the items in the assets side of the balance sheet is made up of:

- the actual acquisition cost of those purchased from third parties, the contribution value of those contributed by the State or by the partners, the current value of those acquired at no cost, or, in the event of an exchange, the value of the item having the more certain estimate;
- the actual production cost of those that the undertaking has produced for its own use

The subsidy secured, where appropriate, in respect of the acquisition or production of an item has no effect on the calculation of the cost of the item acquired or produced.

Article 37

The actual acquisition cost of an item is based on the final purchase price, the ancillary costs that relate directly to the purchase, and the installation costs which are necessary to render it operational.

The actual production cost of an item is based on the acquisition cost of the materials and supplies used for that production plus the direct and indirect production costs insofar as they may be reasonably linked to the production of that item.

Article 38

When different items are acquired together or are produced collectively for a joint acquisition cost or production cost, the entry cost for each such item is determined as follows:

- if the items are subsequently customized, the initial joint cost is apportioned to each of them, once the valuation method has been decided;
- if it is not possible to value all the items individually on the basis of a market price, or a standard price if no market price exists, those items which could not be valued by such means shall be valued on the basis of the difference between the initial joint cost and the value of the other item(s).

The notes to financial statements shall make reference to the valuation method used.

Article 39

In keeping with the going concern convention, it is assumed that an undertaking will be able to carry on trading, that is to say remain in business, for the foreseeable future. If it has indicated an intention to put

itself into liquidation or to substantially reduce the scope of its activities, or finds itself compelled to do so, its going concern status will no longer be certain and the valuation of its assets must be reconsidered.

The same shall apply if its operations depend on a major unique asset – or set of assets - the continued use of which is compromised on account of irreversible developments in the market or in technology.

Article 40

Having regard to the need for comparability, entities are required to comply with the consistency principle which states that accounting transactions should be measured and reported in the same manner from one period to the next.

Article 41

Any exception to the consistency referred to in article 40 above must be warranted by the pursuit of more precise information or by compelling circumstances.

Such is the case:

- in the event of an exceptional change taking place either in the undertaking's situation or on account of the legal, economic or financial environment in which it operates;
- where there is a need to comply with any amendment or revision of the mandatory accounting regulations.

As the exceptions indicated above are determined by accounting standard setting authorities, their impact on the undertaking's business may be totally or partly taken care of by adjusting shareholders' equity on the opening balance sheet for the period in which they arise. All information required to understand and assess the changes is provided in notes to the pursuant to the provisions of article 33 above.

Article 42

At the end of each accounting period, the undertaking shall carry out an inventory and valuation of its assets, receivables and debts at their effective value at that time, known as the current value.

The current value is the value estimated at that particular time on the basis of the market value and the item's usefulness to the undertaking.

The item's usefulness to the undertaking shall be determined on either a going-concern or a continued-use basis, within the meaning of article 39 above, or, where applicable, its exit value.

Article 43

The inventory value is the current value at the end of the accounting period.

The said inventory value is compared with the entry value shown on the balance sheet. If the inventory value is greater than the entry value, the latter is maintained in the accounts, unless expressly otherwise provided by law. If the inventory value is lower than the entry value, the diminution is recorded separately in the form of either an amortization or a provision, depending on whether the diminution is considered to be a permanent loss of value.

Article 44

When they leave the warehouse or are inventoried, interchangeable (fungible) goods are valued either by the first in first out (FIFO) method or on the basis of the average acquisition or production cost (ACM method).

Article 45

Depreciation is the compulsory recording in the accounts of the reduction in value of fixed assets which definitively and irreversibly depreciate through the effects of time and use, or in consequence of changing techniques, market developments or any other cause.

The undertaking is required to allocate the item's cost over its probable useful life according to a predetermined plan.

The cost of the item for the undertaking is the difference between its entry cost and its estimated residual value. Any significant change in the undertaking's legal, technical or economic environment and the conditions in which the item is used is likely to result in a revision of the depreciation plan adopted.

Article 46

A probable reduction in the value of an asset arising as a result of causes whose effects are not deemed irreversible is covered by a provision for depreciation; for fixed assets, the said provision is covered by an allocation, and for other assets items, by a provision for loss in value. .

Article 47

The amortizations and provisions for depreciation are recorded separately among the assets through a reduction in the gross value of the corresponding assets and receivables to reflect their net book value.

Article 48

Clearly defined contingencies and liabilities which previous or current events merely render probable, shall give rise to the creation, through allocations, of financial provisions for contingencies and liabilities which shall appear on the liabilities side of the balance sheet under "Financial debts". However, when the probable occurrence of the contingency or liability is likely to be in the short term, the provisions are recognised in the liabilities side of the balance sheet.

Article 49

During the accounting period, all depreciation and provisions that are necessary to cover probable loss of value, contingencies and liabilities shall be recognized, even in the event of a loss or of insufficient profit

Contingencies, liabilities and income relating to the accounting period or a previous accounting period, including any which remain unknown until the period between the end of the accounting period and the closing off of the accounts, shall be taken into account.

Article 50

If the value of the undertaking's assets and liabilities is subject to exchange-rate fluctuations, special valuation rules apply as provided for in articles 51 to 58 below.

Article 51

Items acquired in foreign currencies are entered in the books in the currency unit which is legal tender in the country after conversion of their cost in foreign currency at the exchange rate applicable on the day of

acquisition. That value remains on the balance sheet until the items are consumed, assigned or disposed of.

Article 52

Receivables and debts denominated in foreign currencies are converted into the currency unit which is legal tender in the country at the exchange rate applicable on the date on which the agreement between the parties to a commercial transaction is formally concluded, and on the date on which the currency is made available in the case of a financial transaction.

Article 53

When the origination and settlement of receivables or debts take place in the same accounting period, the variances relative to their entry values due to exchange-rate fluctuations constitute foreign-exchange gains or losses and are respectively entered under that period's "financial income" and "interest and other finance charges" headings.

The same applies, regardless of the due date of receivables and debts denominated in foreign currencies, when a hedge is put in place to cover them during the accounting period, up to the amount of that hedge.

Article 54

When receivables and debts denominated in foreign currencies remain on the balance sheet at the end of the accounting period, their initial entry is adjusted in line with the most recent rate known on that date.

The differences between the values initially entered in the accounts ("historical" costs) and those resulting from conversion on the date of the inventory increase or reduce the initial amounts and constitute:

- potential losses, in the event of increased debts or reduced receivables,
- unrealized gains, in the event of increased receivables or reduced debts.

Such differences are entered directly onto the balance sheet in exchange adjustment accounts on the assets side (potential losses) or the liabilities side (unrealized gains).

Unrealized gains are not included in the results. Potential losses give rise to a provision for foreign-exchange losses.

Article 55

The foreign-exchange gains and losses as of the settlement date for receivables and debts are recorded on that date at their historical cost.

Article 56

By way of exception, if a loan is contracted or a credit is granted abroad for a period in excess of one year, the foreign-currency profit or loss resulting from the loan or credit at the end of the accounting period shall be allocated over its remaining term until the final repayment or collection is made, in proportion to the repayments or collections due under the contract. The total future profit or loss is recalculated at the end of each accounting period and the potential amount is indicated in the notes to the accounts.

Article 57

When the foreign-currency transactions processed are such that they constitute part of the total foreign-exchange position within the undertaking, the provision for foreign-exchange losses is limited to the amount by which the potential losses exceed the unrealized gains pertaining to the elements included in that position.

For application of this provision, the total foreign-exchange position is based on the situation, currency by currency, of all the transactions contractually entered into by the undertaking, even if they have not yet

been entered in the accounts. Moreover, the calculation of the provision for foreign-exchange losses shall be adjusted on the basis of the due date of the elements included in the overall foreign-exchange position.

Article 58

When they remain on the balance sheet, the available funds in foreign currencies are converted into the currency unit which is legal tender in the country on the basis of the most recent rate known at the end of the accounting period and the exchange differences recorded are included directly in the income and charges for the accounting period as foreign-exchange gains or losses. .

Article 59

The results for each accounting period are independent of those for the preceding and following periods; their calculation requires that all events and transactions relating thereto, and those alone, be included therein.

Article 60

Only the profits earned by the closing date of an accounting period are included in the results for that accounting period.

The profit deriving from a partially executed operation accepted by the customer may be deemed to have been realized by that date if it is possible to prove, with sufficient certainty, that the contract is advanced enough for that partial profit to be included in the provisional total profit for the operation overall in the normal way.

Article 61

The revenue and expenses relating to earlier financial years are recorded by their nature, like those of the present financial year, and contribute to: the reported operating income, other financial income, or income attributed to extraordinary activities for the current financial year. They shall be the subject of specific comment in the notes to the financial statements.

Article 62

Any revaluation of an asset or non-monetary item shall result in a value, known as the revalued amount , being substituted for the net book value previously recognized. .

The difference between the revalued amount and the net book value previously entered in the books constitutes the revaluation difference for all revalued items.

The revaluation difference is indicated separately under shareholders' equity on the liabilities side of the balance sheet.

Article 63

The revalued amount in respect of an element of financial statement must not under any circumstances exceed its fair value. that is to say its current value as defined in article 42 above.

Article 64

The revalued amount of a depreciable fixed asset is used as the basis for calculating the depreciation over its remaining useful economic life from the date of revaluation, unless the depreciation schedule is revised pursuant to the provisions of paragraph 4 of article 45 of this Uniform Act.

Article 65

The revaluation difference shall not be included in the income for the accounting period in which the revaluation was carried out. It is not distributable; it may be incorporated wholly or partly within capital.

CHAPTER V: PROBATIVE VALUE OF DOCUMENTS, AUDITING, PROCESSING AND DISCLOSURE OF ACCOUNTING INFORMATION

Article 66

The daybook and other books of original entry along with the annual accounts book are marked, initialled and consecutively numbered by the competent authority of each Signatory State involved.

Article 67

In undertakings which make use of information technology to maintain their accounts, written computer documents may take the place of the daybook (or other books of original entry) and the annual accounts book; in which case, they must be identified, numbered and dated, as soon as they are drawn up, by a legal means which offers every assurance in terms of compliance with both the chronology of the transactions and the irreversible and permanent nature of the accounting entries.

Article 68

Correctly kept accounts are admissible as evidence in court in commercial or other proceedings involving undertakings.

If the accounts have been improperly kept, the party responsible cannot invoke them in its favour.

Article 69

Undertakings shall assume responsibility for establishing an accounting system which facilitates both reliable internal control and external auditing, through statutory auditors, where appropriate, who attest to the validity of transactions and the quality of accounting information.

Article 70

In undertakings which appoint auditors, whether voluntarily or compulsorily, those auditors shall, pursuant to the provisions of the Uniform Act on the law applicable to commercial companies and economic interest groups regarding the auditor's role, certify that the financial statements portray regularity (i.e. they are prepared in accordance with accounting regulations) and sincerity (i.e. they are in accordance with the spirit of accounting rules which have been enshrined into law), and thus give a true and fair view of the assets, financial position and results for the accounting period then ended.

Article 71

At the end of each accounting period, the directors shall be responsible for preparing the inventory and financial statements, pursuant to the provisions of the preceding chapters, along with a management report. They shall also prepare, where applicable, a social balance sheet (i.e. a special report on employee and human resource issues).

The management report sets out the undertaking's situation during the accounting period, its expansion prospects or its foreseeable development strategy, and, in particular, the prospects for continuation of the business, the cash-flow trend and the financing plan.

Any important event which has occurred or taken place between the end of the accounting period and the date of the report must also be included.

All the above documents and a list of the regulated agreements are sent to the auditors at least forty-five days before the date of the Annual General Meeting.

Article 72

The annual financial statements and management report prepared by the directors are subject to approval by shareholders or members of the company within six months of the end of the accounting period.

Article 73

The undertakings shall comply with the general regulations relating to the disclosure of information to shareholders or members and publication of the annual financial statements, and those applicable to listed companies after the first half-year, pursuant to the provisions specific to limited companies making public offerings as laid down in the Uniform Act on commercial companies and economic interest groups

PART II: CONSOLIDATED ACCOUNTS AND COMBINED ACCOUNTS CHAPTER I: CONSOLIDATED ACCOUNTS

Article 74

Any undertaking which has its registered office or main business in a Signatory State and which exclusively or jointly controls, or exerts a significant influence over one or more other undertakings, shall each year draw up and publish consolidated financial statements for the group constituted by all those undertakings, as well as a management report for that group.

If the said company is a limited company making public offerings, the dominant company is also required to publish a table of activities and results and an activity report for the consolidated group within four months of the close of the accounting period's first half-year accompanied by an auditor's report on the accuracy of the information given and prepared on the same basis as those relating to the undertaking's own accounts. In such cases, the dominant company is exempted from the obligations of the same kind imposed by article 73 above.

Article 75

The consolidated financial statements of the group shall be prepared and published by the directors of its dominant entity, known as the parent company.

Article 76

The obligation to prepare consolidated accounts applies even if the parent company is itself under the exclusive or joint control of one or more undertakings having their registered office and their main business outside OHADA's area of jurisdiction. The identity of the subsidiary company (or companies) is indicated in the notes to the financial statements of the parent company that is located in the economic area formed by the Signatory States and also in the notes to the consolidated accounts.

Article 77

Parent companies in the OHADA area which are themselves under the control of another company operating in that area, which is subject to a consolidation obligation, are exempted from preparing and publishing consolidated financial statements.

The said exemption can nevertheless not be invoked in the following three cases:

- if the two undertakings have their registered office in two different regions of the OHADA area;
- if the undertaking makes public offerings;
- if a group of shareholders holding at least one tenth of the dominant undertaking's capital demands consolidated financial statements.

The term "regions of the OHADA area" describes the institutionalized economic groupings formed by several Signatory States such as the Economic and Monetary Community of Central Africa, the West African Economic and Monetary Union, etc.

Article 78

Exclusive control by an undertaking results from:

- direct or indirect holding of a majority of the voting rights of another undertaking;
- appointment of the majority of the members of another undertaking's administrative, management or supervisory structures for two successive accounting periods; the consolidating undertaking is deemed to have made such appointments if, during that period, it directly or indirectly held a fraction of the voting rights greater than forty percent and no other member directly or indirectly held a fraction greater than its own;
- the right to exert a dominant influence over a company by virtue of a contract or the articles of association, when the applicable law so permits, and the consolidating undertaking is a member of the dominated undertaking.

Joint control is the shared control of an undertaking run jointly by a limited number of members with the decisions resulting from agreement between them.

Notable influence over the management and the financial policy of another undertaking is presumed when an undertaking directly or indirectly holds a fraction of that other undertaking's voting rights equal to at least one fifth.

Article 79

The consolidated financial statements consist of the balance sheet, the profit and loss account, the table of sources and applications of funds for the accounting period and the notes to the accounts. They form an indivisible whole and are drawn up pursuant to the rules and conventions of the OHADA Accounting System.

They are presented in accordance with the models stipulated by the OHADA Accounting System for the undertakings' own accounts under the Normal System together with the specific headings and items associated with the consolidation, such as "consolidated goodwill", "minority interests".

Article 80

The accounts of undertakings placed under the exclusive control of a parent company are consolidated using the full consolidation method. .

The accounts of undertakings controlled by the parent company jointly with other associates are consolidated using the proportional consolidation method. The accounts of undertakings over which the parent company exerts a significant influence are consolidated through the equity accounting.

Article 81

Under the full consolidation method, the consolidated balance sheet includes all the parent company's assets, with the exception of the subsidiary's securities, whose book value is replaced with the various assets and liabilities items which constitute the shareholders' equity of those undertakings, determined in accordance with the rules of consolidation.

Under proportional consolidation, the book value of the said securities is replaced with the respective proportion of the parent company's - or the shareholding undertakings' - interests in the various assets and liabilities items which constitute the shareholders' equity of those undertakings, determined in accordance with the rules of consolidation.

Under equity accounting, the book value of the securities held is replaced with the portion of the shareholders' equity that they represent, determined in accordance with the rules of consolidation of the undertakings concerned.

Article 82

The initial consolidation difference is the difference arising on first consolidation between the acquisition cost of the securities of a subsidiary company and the proportion of its equity (including retained earnings), as of the date of consolidation, which represents the interest of the parent company.

An undertaking's initial consolidation difference is divided into a revaluation difference, which is allocated to identifiable assets and liabilities, and the goodwill on consolidation.

Any unallocated difference is taken to the profit and loss account pursuant to an amortization or reversal of provisions plan.

Article 83

When the initial consolidation difference cannot be broken down on the basis of the age of the undertakings entering the composition of consolidation for the first time, the said difference may be applied directly to the consolidated shareholders' equity at the beginning of the accounting period during which the undertakings were incorporated.

A full explanation as to how the aforementioned difference was treated shall be given in the notes to the consolidated statement.

Article 84

The consolidated turnover is equal to the value of the sales of goods and services derived from the ordinary activities of the group formed by the undertakings consolidated using the full consolidation method. After elimination of the consolidated group's internal activities, it comprises:

1. the net amount, after any adjustments, of the turnover achieved by the undertakings consolidated through full consolidation ;
2. the proportion of the net turnover achieved by the undertaking (or other shareholding entity), after any adjustments, consolidated through proportional consolidation .

Article 85

The consolidated profit and loss account comprises:

1. the elements that make up:
 - a) the profit/loss of the parent company;
 - b) the profit/loss of the undertakings consolidated using the full consolidation method the fraction of the profit/loss of the undertakings consolidated using the proportional consolidation method that represents the interests of the parent company or other shareholding undertakings included in the consolidated group;
2. the fraction of the profit/loss of the undertakings consolidated through equity accounting that represents either the direct or indirect interests of the parent company or the interests of the investing company (or companies) included in the consolidated group.

Article 86

Consolidation calls for:

- a) classification of the assets and liabilities and expense and income items of subsidiary companies that are consolidated using the full consolidation method consistent with the classification plan adopted for this purpose ;
- b) elimination of any accounting impact of the entries made solely to comply with the tax laws;
- c) elimination of results internal to the consolidated group, including dividends;
- d) the recognition of expenses, when the tax applicable to certain distributions between undertakings that are consolidated using the full consolidation method is not recoverable, and the taking into account of tax reductions if planned distributions result in undertakings consolidated through amalgamation benefiting therefrom;
- e) elimination of the nostro accounts of undertakings consolidated through full or proportional consolidation methods.

The parent company may refrain from executing certain transactions described in this article when they have a negligible effect on the assets, financial position and results of the group made up of the undertakings included in the consolidation.

Article 87

The exchange gain recorded from one accounting period to another as a consequence of foreign undertakings' accounts being converted into the currency unit which is legal tender in the country is, depending on the conversion method used, entered separately either under a consolidated shareholders' equity heading or in the consolidated profit and loss account.

Article 88

When capital is received pursuant to issuance contracts which provide for neither redemption on the lender's initiative nor a compulsory return in the event of a loss or insufficient reported profit, it may be entered under a shareholders' equity heading on the consolidated balance sheet.

Assets held by entities which are subject to valuation rules laid down by specific laws are maintained in the consolidated accounts at the value which results from application of those rules.

Article 89

The consolidated balance sheet is presented in accordance with the models stipulated by the OHADA Accounting System for the undertakings' own accounts under the Normal System, with separate indication of the following:

- consolidated goodwill;
- securities accounted for by the equity method;
- the portion held by minority partners (minority interests);
- deferred taxes.

Article 90

The consolidated profit and loss account is presented in accordance with the Normal System model, with separate indication of the following:

- the net profit/loss of the group of undertakings consolidated through amalgamation;
- the portion of the net profit/loss relating to the undertakings consolidated through equity accounting;
- the share of the net profit/loss of the minority partners and the consolidating undertaking.

Article 91

The consolidated profit and loss account may be accompanied by a presentation of the income and charges classified according to functional cost centre, if so decided by the parent company.

Article 92

The consolidated balance sheet and the consolidated profit and loss account show deferred taxation resulting from the following:

1. the temporary mismatch between the book entry of an income or expenditure item and its inclusion in the pre-tax profits of a subsequent accounting period;
2. the adjustments, eliminations and reprocessing provided for in article 86 above;
3. the carry-forward tax losses of the undertakings included in the consolidation, insofar as their charging to future taxable profits is likely.

Article 93

The consolidated statement of source and application of funds is based on the overall cash flow from operations, determined as stipulated by the OHADA Accounting System.

Article 94

The notes to the consolidated statements shall contain all significant information which facilitates a correct understanding of the composition, assets, financial position and profit/loss of the group comprising the parent company and its subsidiaries. It shall include, inter alia:

- a consolidated statement of changes in shareholders' equity indicating the reasons for and amount of all changes in the constituent elements of the shareholders' equity during the accounting period of consolidation;
- a statement of changes in the composition of consolidation detailing all changes which affected that composition, whether they result from a variation in the control percentage of the undertakings already consolidated or from acquisitions and assignments of securities.

Article 95

Groups of undertakings whose turnover and personnel exceed the minimum limits set by the competent authorities for two successive accounting periods shall be consolidated.

The said limits are established on the basis of the last financial statements drawn up by the undertakings included in the consolidation.

Article 96

Undertakings subject to severe and lasting restrictions which substantially call into question either the control or the influence exerted over them by the parent company, or their capacity to transfer funds, are left outside the scope of the consolidation.

The same may apply to undertakings whose:

- shares or units are held solely as investments with a view to disposal in the future;
- non-materiality – i.e. weight is negligible in relation to the consolidated group.

Any exclusion from consolidation of undertakings in the categories referred to in this article must be explained in the consolidated group's notes to the financial statement. .

Article 97

The undertakings participating in the consolidation are required to provide the consolidating undertaking with the information required to draw up the consolidated accounts.

If the accounting period of an undertaking included in the consolidation ends more than three months before the end of the accounting period of consolidation, the consolidated accounts are drawn up on the basis of intermediate accounts verified by an auditor or, if no auditor is appointed, by another professional responsible for auditing the accounts.

Article 98

A lack of information or insufficient information relating to an undertaking included in the composition of consolidation does not affect the parent company's obligation to draw up and publish consolidated accounts. In this exceptional situation, it is required to indicate the incomplete nature of the consolidated accounts.

Article 99

A report on the management of the consolidated group details the situation of the group made up of the undertakings included in the consolidation, its foreseeable development, any important events occurring between the end of the accounting period of consolidation and the date which the consolidated accounts are made up to, as well as its research and development activities.

Article 100

When an undertaking draws up consolidated financial statements, the auditors certify that the said statements faithfully represent the operations of the company in conformity with the accounting regulations in force and thus give a true and fair view of the assets, financial position and results of the group. Where

appropriate, they should verify the accuracy of the information provided in the management report and its correlation with the consolidated financial statements.

Certification of the consolidated financial statements is issued, *inter alia*, after examination of the work of the auditors of the undertakings included in the consolidation or, if such auditors are not appointed, by the professionals responsible for auditing the said undertakings' accounts; they are released from professional secrecy in regard to the consolidating undertaking's auditors.

Article 101

The duly approved consolidated financial statements, the management report for the consolidated group and the auditor's report shall be published by the undertaking which drew up the consolidated accounts in the manner stipulated in article 73 of this Uniform Act.

Article 102

The table of activities and results referred to in article 74 above indicates the net amount of the consolidated group's turnover and pre-tax profits from ordinary activities. Each table heading indicates the figure relating to the corresponding heading for the previous accounting period and for the first half-year of the accounting period then current.

The half-yearly activity report comments on the data relating to the turnover and results for the first half-year. It also describes the consolidated group's activities during that period, as well as the foreseeable development of those activities until the end of the accounting period. The important events of the half-year are also described in that report.

CHAPTER II: COMBINED ACCOUNTS

Article 103

Undertakings which constitute an economic group, in a region of the OHADA area, which is subject to a single strategic decision-making centre located outside that region without there being any legal links of dominance between them shall draw up and present financial statements, known as "combined financial statements", as if they formed a single undertaking.

For the purpose of identifying undertakings likely to form part of such a group, any undertaking placed under the sole or joint decision-making control of another legal entity must mention this in the notes to its own annual financial statements.

In the notes to the financial statement, each such undertaking is required to indicate the undertaking of the Signatory State which is responsible for drawing up the combined accounts.

The said financial statements must be drawn according to the rules and methods specific to combined accounts under this Uniform Act.

Moreover, the OHADA Council of Ministers may decide to make the drawing up of combined accounts compulsory for groups of entities located within the OHADA area whose uniform activities meet certain objective criteria that warrant the preparation and presentation of such accounts.

Article 104

The drawing up and presentation of combined financial statements shall conform to the rules laid down for consolidated accounts, without prejudice to the provisions of articles 105 to 109 below.

Article 105

The scope of the combination encompasses all the undertakings within a single region of the OHADA area which meet certain criteria regarding group coherence, uniformity, and consistency that apply to the economic group formed, regardless of the nature of their business, their legal form or their corporate purpose, profit-making or otherwise.

Article 106

The objective criteria referred to in the last paragraph of article 103 above consist of group coherence, uniformity and consistency which may apply in the following cases:

- undertakings managed by the same legal entity or the same group of persons having common interests;
- undertakings belonging to the cooperative or mutual sectors which constitute a homogeneous group with common strategy and common management;
- undertakings forming part of the same group which are not legally linked to the holding company but which are in the same trade and are placed under the same authority;
- undertakings having common structures or contractual relationships which are extensive enough to give rise to coordinated economic patterns in the near future;
- undertakings linked to each other by a profit-sharing, or any other, agreement which is restrictive and exhaustive enough to make their combined accounts more representative of their business and their transactions than the individual accounts of each undertaking.

Article 107

The combined shareholders' equity is established as follows:

- if there are no participating-interest and links between the undertakings that fall within the scope of the combination, the combined shareholders' equity represents those undertakings' collective shareholders' equity;
- if participating interests do exist between the undertakings included in the combination perimeter, the amount of the equity shares shown on the assets side of the shareholding undertaking's balance sheet is applied to the combined shareholders' equity;
- if the undertakings included in the scope of the combination belong to one or more natural persons, the other partners' portion of the undertakings' shareholders' equity and results shall be treated as minority interests;
- more generally, when the degree of integration, coherence, uniformity and consistency of a group of undertakings can be attributed to a common strategic management centre, it might be necessary to distinguish between the partners who are rightful owners of the combined shareholders' equity and those who are deemed to be third parties in relation to that equity. By distinguishing between these two categories of stakeholders, one could readily identify the minority interests to be shown on the balance sheet and profit and loss account derived from the combined accounts of the economic group concerned.

Article 108

When the levels of participating interest between two or more undertakings whose accounts are combined are sufficient to justify consolidation between them, the fair value increment and the goodwill entered in the consolidated accounts are maintained on the combined balance sheet.

Article 109

The notes to the combined accounts indicate, inter alia:

- the nature of the links giving rise to the establishment of combined accounts;
- a list of the undertakings included in the scope of the combination and the criteria for inclusion;
- the status of the rightful owners of the shareholders' equity and any beneficiaries of minority interests;
- the tax schemes applicable to the profits given the various legal forms of the undertakings included in the combination

Article 110

The combined financial statements are the subject of a management report on the combined group, and certification from the auditor(s), pursuant to the principles and conditions stipulated for the consolidated financial statements.

PART III: CRIMINAL PROVISIONS

Article 111

Private contractors and company executives who commit the following offences shall incur a penalty:

failure to compile the inventory and draw up the annual financial statements and, where applicable, the management report and the social balance sheet (i.e. a special report on employee and human resource matters).

- for each accounting period;
- knowingly drawing up and circulating financial statements which do not give a true and fair view of the assets, financial status and results for the accounting period.

The offences specified in this Uniform Act shall be punished pursuant to the provisions of the Criminal Law applicable in each Signatory State.

PART IV: FINAL PROVISIONS

Article 112

Any contrary provision shall be cancelled with effect from the date of entry into force of this Uniform Act and its Appendix.

Article 113

This Uniform Act and the appended OHADA Accounting System shall be published in the Official Journal of the OHADA and of the Signatory States. It shall enter into force:

- for "undertakings' own accounts ", on 1 January 2001: transactions and accounts of the accounting period then current;

- for "consolidated accounts" and "combined accounts", on 1 January 2002: transactions and accounts of the accounting period then current.