Foundation for a Unified Business Law in Africa

UNIFORM ACT ON THE ORGANIZATION AND HARMONIZATION OF COMPANIES ACCOUNTING

Act adopted on 22 February 2000 and published in the OHADA OJ n°10 of 20 November 2000

Translation subject to further correction (December 2016)

Table of Contents

PART I

UNIFORM ACT ON THE ORGANIZATION AND HARMONIZATION OF COMPANIES ACCOUNTING IN THE STATES PARTIES TO THE TREATY ON THE HARMONIZATION IN AFRICA OF BUSINESS LAW

The council of ministers of the Organization for the Harmonization in Africa of Business Law (OHADA);

Having regard to the Treaty on the harmonization in Africa of business law, notably its articles 2, 5 to 12;

Having regard to the report of the Permanent Secretariat and the comments of the States parties;

Having regard to the opinion dated 22 February 2000 of the Common Court of Justice and Arbitration;

After deliberating, the States parties, voting and present, unanimously adopt the uniform Act worded as follows:

TITLE 1:

COMPANIES' PERSONAL ACCOUNTS

(NATURAL PERSONS AND LEGAL ENTITIES)

CHAPTER I:
GENERAL PROVISIONS

Article 1

Any company within the meaning of article 2 herein must set up an accounting system for both external information and its own use.

To that effect:

- it classifies, captures, records within its accounting system all transactions involving gross revenues which are processed with third parties or recorded or carried out as part of its internal management;

- it provides, after appropriate processing of these transactions, financial reports as required by law or its articles of association as well as material information for the needs of various users.

Article 2

Are bound by keeping an accounting system, known as general accounting, companies governed by the provisions of commercial law, state controlled companies, parastatal enterprises, mixed economy companies, cooperatives, and, more generally, entities producers of tradable or non-tradable goods and services, insofar as they engage, either for profit or not, in principal or ancillary economic activities based on repetitive acts with the exception of those subject to public accounting principles.

Article 3

Accounting must, in compliance with the prudent man rule, meet the obligations of regularity, truthfulness and transparency inherent to the keeping, controlling, presenting and reporting the information that it has processed.

Article 4

To ensure reliability, understanding and comparability of information, the accounting of each company includes:

- adherence to a terminology and guiding principles common to the overall concerned companies in the States parties to the Treaty for the harmonization in Africa of business law;

- the implementation of conventions, policies and procedures, possibly standardized by professional sectors;

- an organization obligated to meeting, at any time, the requirements for collecting, keeping, controlling, presenting and reporting the accounting information relating to companies' operations referred to in the first article.

Article 5

The pursuit of accounting objectives for collecting, auditing, presenting and reporting, by companies, of information set out under the same conditions of reliability, understanding and comparability, shall be ensured by the proper application of an accounting system common to all States parties, referred to as OHADA accounting System and appended to this uniform Act on the organization and harmonization of companies accounting. However, banks, financial institutions and insurance companies shall be subject to specific charts of accounts.

Article 6

The application of the OHADA accounting System signifies that:

- the prudent man rule must be observed at all times from a reasonable appreciation of events and transactions to be recorded in respect of the fiscal year;
- the company complies with rules and procedures in force by applying them in good faith;
- account managers put in place and implement internal audit procedures essential to the knowledge that they must normally have of the reality and importance of events, transactions and situations relating to the company activity;
- information shall be presented and reported clearly without any intent to conceal the reality behind the appearance.

Article 7

Summary financial statements integrate the accounting information at least once per year over a period of twelve months, called fiscal year; they are called annual financial statements.

The fiscal year coincides with the calendar year.

Exceptionally, the duration of the fiscal year shall be less than twelve months, for the first fiscal year commencing during the first half of the calendar year. This period may be longer than twelve months for the first fiscal year that commenced in the second half of the year. In the event of cessation of activity, for any reason whatsoever, the duration of liquidation transactions is counted as a single fiscal year, subject to the establishment of annual provisional positions.

Article 8

Annual financial statements include the Balance Sheet, the Income Statement, and Cash Flows statement, as well as the Notes to the financial statements.

They form an indivisible whole and describe, in a truthful and regular way, events, transactions and fiscal year positions so as to fairly present the assets, the financial position and the income of the company.

They are prepared and presented in accordance with the provisions of articles 25 to 34 hereinafter, so as to enable their comparability over time, fiscal year by fiscal year, and their comparison with financial statements of other companies drawn up in the same conditions of regularity, precision and comparability.

Article 9

The regularity and truthfulness of information reported in the annual financial statements of the company shall be the result of an appropriate, fair, clear, precise and complete description of the events, the transactions and the positions of the fiscal year.

The comparability of annual financial statements for successive fiscal years requires permanence in terminology and in methods used to trace the events, the transactions and the positions presented in these financial statements.

Article 10

Any company that properly applies the OHADA accounting System is deemed to accurately present, in its financial statements, its position and transactions as required pursuant to article 8 above.

When the application of an accounting obligation is insufficient or inadequate to fairly represent the real company position, additional or necessary justifications shall necessarily be provided in the Notes to the financial statements.

Article 11

Annual financial statements are mandatory, in whole or in part, depending on the size of the companies assessed according to criteria relating to the gross revenues of the fiscal year.

Any company shall, with the exception regarding its size, be subject to the "normal System" of presentation of the financial statements and bookkeeping.

However, if the gross revenues do not exceed CFA Francs 100,000,000 (one hundred million), the company may use the "lighter system".

Article 12

In the normal System, it is mandatory to prepare a statement providing additional information, called "additional statistical Statement".

Article 13

Very small companies, whose annual earnings do not exceed the thresholds set in paragraph 2 of this article, shall be subject, except use of one of the two systems provided for in article 11 above, to the "minimum cash System", of a derogatory nature to the general provisions of this uniform Act.

These thresholds are the following:

- F CFA thirty (30) million for trading companies,
- F CFA twenty (20) million for craft and similar companies,
- F CFA ten (10) million for services companies.

CHAPTER II: ACCOUNTING SYSTEM

Article 14

The accounting system set up in the company must meet the requirements of regularity and security to ensure the authenticity of accounting records so that accounting can serve both as an instrument to measure the rights and obligations of the partners of the company, an instrument of evidence and of information of third parties and of management.

Article 15

The accounting system shall ensure:

- a comprehensive recording, day by day and without delay, of basic information;
- timely processing of recorded data;
- that required documents are made available to users within the legal time limits set for their issuance.

Article 16

To maintain continuity over time of access to information, any company shall set up a documentation describing accounting procedures and systems.

Such documentation shall be kept as long as the presentation of successive financial statements to which it relates is required.

Article 17

The accounting system must meet at least the following conditions of regularity and security:

- bookkeeping in the official language and legal currency of the country;

- the use of the double entry bookkeeping, which means a record that affects at least two accounts, one is debited and another one is credited. When a transaction is recorded, the total of the sums standing to the debit of the accounts must equal the total of the sums standing to the credit of the other accounts;

- entries are justified by records that are dated, saved, arranged in an order defined in the document describing the accounting procedures and system that could be used as evidence and bearing the references of their recording in accounting;

- compliance with the chronological entry of transactions.

Movements affecting the assets of the company shall be recorded in accounting, transaction by transaction, in the order of their date of book value. This date is the date on which the company issues the supporting record of the transaction, or of the receipt of external records. Transactions of the same nature carried out in one place and on the same day may be summarized on a unique supporting document.

Movements shall be summarized by previously determined period which may not exceed one month.

A procedure designed to warrant the finality of the entry of these movements should be implemented;

the identification of each of these entries specifying its origin and its imputation, the content of the transaction to which it relates as well as the references of its supporting document; the control by cataloguing the existence of the value of assets, receivables and debts of the company. The cataloguing transaction consists of recording all elements of the company assets by indicating the nature, quantity and value of each one of them on the date of the inventory. The inventory data shall be organized and maintained so as to justify the content of each of the identified elements of the assets;

The use, for the bookkeeping of the company, of a standardized chart of accounts for which the list appears in the OHADA accounting System; Mandatory bookkeeping or other authorized media as well as implementation of approved processing procedures, enabling the determination of annual financial statements referred to in article 8 above.

Article 18

Accounts under the OHADA accounting System shall be grouped into homogeneous categories called classes.

For general accounting, the classes include:

- classes of assets accounts;

- classes of management accounts.

Each class is subdivided into accounts identified by numbers of two digits or more, depending on their degree of dependence towards higher level accounts, as part of a decimal classification.

The chart of accounts of each company must be sufficiently detailed to enable entry of transactions.

When accounts provided for by the OHADA accounting System do not enable the company to distinctly record all of its transactions, it can create any subsections that it needs.

Conversly, if accounts provided for by the OHADA accounting System are too detailed compared to the needs of the company, they can be grouped into a global account of the same level, but more limited, in accordance with the possibilities offered by the OHADA accounting System and provided that the grouping so made may, enable at least the preparation of the annual financial statements under prescribed conditions.

Transactions shall be recorded in accounts whose names match their nature.

Article 19

The book of accounts and other media required to be maintained are:

- the journal, in which are entered transactions recorded during the fiscal year in accounting, under the conditions set out in paragraph 4 of article 17 above;

- the general ledger, made up of all the accounts of the company, where different gross revenues of the fiscal year are recorded or entered simultaneously in the journal, account by account, the various movements of the fiscal year;

- the general balance of accounts, a summary statement that shows, at the close of the fiscal year, for each account, the debit or credit balance, at the beginning of the fiscal year, the cumulative debit gross revenues since the beginning of the fiscal year and the cumulative credit gross revenues, the debit or credit balance on the date considered;

- the inventory ledger, in which are transcribed the Balance Sheet and the income Statement of each fiscal year, as well as the summary of the inventory transaction.

The establishment of the journal and the general ledger may be facilitated by the keeping of auxiliary journals and books, or media in lieu thereof, depending on the significance and the needs of the business. In this case, all these media shall be, periodically and at least once a month, respectively centralized in the journal and the general ledger.

Article 20

Accounting records and other media must be drawn without blanks or alteration of any kind.

Any correction of error shall exclusively be entered as a negative entry of the erroneous items; the exact entry shall then be input.

Article 21

Companies referred to in article 13 above which fall within the minimum cash System shall keep a simple cash accounting under the conditions set forth by the OHADA accounting System. The financial statements of these companies as well as their reporting rules are the subject of a separate edition.

Article 22

When accounting is computerized, it shall use procedures conducive to compliance with prescribed regularity and security requirements in a way that:

1. data relating to any transaction giving rise to an accounting record include, upon their entry into the accounting treatment system, the indication of the origin, content and charge of said transaction and can be recorded on paper or in a directly intelligible form;

2. the irreversibility of carried out treatments prohibits any subsequent deletion, addition or modification of entries; any data entered should be subject to validation in order to ensure the finality of the corresponding accounting record; such validation procedure must be implemented at the end of each period which may not exceed the month;

3. the chronology of transactions eliminates any possibility of interlayer insertion or subsequent addition; to freeze this chronology, the accounting treatment system must provide a periodic procedure (known as "computing fence") at least quarterly and implemented no later than at the end of the quarter following the end of each given reporting period;

4. accounting entries of a closed period are filed chronologically of the date of the book value of the transactions to which they relate; however, when the date of the book value corresponds to a period already closed, the concerned transaction shall be entered on the first day of the not yet closed period; in such case, the book value of the transaction date shall be mentioned separately;

5. the sustainability of the entered data offers safeguarding and warranty conditions compliant with the regulations in force. Will be notably deemed sustained any ineffaceable transcript of data which leads to an irreversible change of the medium.

6. the accounting system guarantees all the possibilities of potential control by allowing the reconstitution or restitution of the review path and by giving the right to access documentation relating to analysis, programming and treatment procedures, in order to, notably, carry out the necessary tests for the performance of such a control;

7. periodic statements provided by the treatment system are numbered and dated. Each entry shall be based on a supporting document produced on paper or on a medium which guarantees reliability, safeguarding and clear restitution of its content during the required time.

Each data, entered in the treatment system by transmission of another treatment system and, must be accompanied by a supporting document of probative value.

Article 23

Annual financial statements shall be adopted no later than within four months following the closing of the fiscal year. The cut-off date should be mentioned in any filing of these financial statements.

Article 24

The books of accounts or documents in lieu, as well as supporting documents, shall be kept for ten years.

CHAPTER III:
ANNUAL FINANCIAL STATEMENTS

Article 25

With the exception of the Notes to the financial statements, the annual financial statements referred to in article 8 above shall be presented in accordance with models whose components are filed in successive items, the latter themselves sectioned into line items.

These models shall be established based on the accounting systems referred to in articles 11 and 13 above and presented in accordance with the tables set forth in the OHADA accounting System.

Article 26

The normal System shall consist of the preparation of the Balance Sheet, the income Statement for the fiscal year, the Table of sources and use of funds for the fiscal year, as well as Notes to the financial statements whose main provisions are set forth in the OHADA accounting System. It shall also include the additional statistical Statement.

Article 27

The lighter System shall consist of the preparation of the Balance Sheet, the income Statement of the fiscal year and the Notes to the financial statements, all simplified pursuant to the conditions defined in the OHADA accounting System.

Article 28

The minimum cash System referred to in article 13 above consists of the drafting of the statement of income and expenses of the fiscal year (net income or net loss), prepared from the cash accounting that companies within the scope of this system must keep in accordance with article 21 above.

The design of the minimum cash System makes it possible to take into account, in calculating income and drawing up the position of assets and liabilities, the following elements, when they are material:

- change in inventory;
- change in commercial receivables and liabilities;
- change in equipment and borrowings;
- change in injected capital.

Article 29

The Balance Sheet describes separately itemized assets and liabilities comprising the company assets. It shows separatly the equity position.

The income statement summarizes the income and expenses which show, by difference, the net profit or the net loss for the fiscal year.

The Table of sources and uses of funds describes the flows of funds and the flows of uses of the fiscal year.

The Notes to the financial statements complete and clarify information provided by the other annual financial statements.

Article 30

The Balance Sheet of the fiscal year shows separatly, in the assets: fixed assets, operating assets attached to ordinary activities, assets outside ordinary business and cash flow assets; in the liabilities: the equity and related resources, financial liabilities, operating liabilities attached to ordinary activities, liability outside ordinary activities and cash flow liabilities.

Article 31

The income Statement for the fiscal year shows the income and expenses, separated depending to whether they relate to operating activities attached to ordinary activities, financial transactions, transactions outside ordinary activities.

The classification of income and expenses enables to draw up the balance sheet under the conditions defined by the OHADA accounting System.

Article 32

The Table of sources and uses of funds for the fiscal year shows, for the fiscal year, the investment and financing flows, other uses, financial resources and change in cash flow.

Article 33

The annual financial statements, previously described, shall be accompanied by Notes which are simplified in case the company falls within the lighter System.

The Notes to the financial statements shall contain all the elements of significance that are not highlighted in the other financial statements and that are likely to influence the judgment of the addressees of the documents may make on the company assets, financial position and result.

This is especially so for the amount of the given and received commitments for which the company must ensure a follow-up as part of its accounting system.

Any change in the presentation of the annual financial statements or in the valuation methods shall be reported in the Notes to the financial statements.

Article 34

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

- the opening balance sheet of a fiscal year must correspond with the closing balance sheet of the previous fiscal year;
- any clearing, not legally founded, between line items of assets and liabilities in the Balance Sheet and between income and expenses line items in the income Statement is prohibited;

- the presentation of the financial statements shall be identical from one fiscal year to another;

- each of the line items in the financial statements shall indicate the figure relating to the corresponding line item of the previous fiscal year.

When one of the quantified line items of a financial statement is not comparable to that of the previous fiscal year, it is the latter that must be adapted. The lack of comparability or the adaptation of figures shall be reported in the Notes to the financial statements.

CHAPTER IV:
PRINCIPLES FOR VALUATION AND DETERMINATION OF INCOME

Article 35

The valuation method of elements entered in accounting shall be based on the historical cost and the implementation of the general prudent man and continuity principles of operations. However, elements may be re-evaluated under the conditions set forth by the competent authorities, and in accordance with the provisions of articles 62 to 65 hereinafter.

Article 36

The historical cost of goods listed in the balance sheet consists of:

- the real cost of acquisition for goods purchased from third parties, the value of contribution for those provided by the State or the members, the current value for goods acquired free of charge or, in case of exchange, the value of one of the two items for which the estimation is the safest;

- The real production cost for goods produced by the company for its own use.

The grant obtained, if any, for the acquisition or production of a good shall have no influence on the calculation of the cost of the acquired or produced goods.

Article 37

The actual cost of acquisition of a good consists of the final purchase price, attachable incidental fees associated directly to the transaction of purchase and installation expenses that are necessary to put the good in working condition.

The actual cost of production of a good consists of the cost of acquisition of materials and supplies used for such production, direct production expenses, as well as indirect production costs to the extent that they can be reasonably associated to the production of the good.

Article 38

When different goods are acquired jointly or produced in an inseparable way for an overall cost of acquisition or production, the cost of entry for each of the good in question shall be determined pursuant to the following conditions:

- if the goods are subsequently individualized, the total initial cost shall be broken down proportionately to the value attributable to each of them, after definition of the method of valuation;

- where all the goods cannot be individually valued, by reference to the market price, or on a flat-rate basis where there is no market price, those goods that could not be directly valued, may be valued by the differential between the overall initial cost and the valuation of one or other goods.

Retained valuation methods shall be stated in the Notes to the financial statements.

Article 39

In application of the principle of continuity of operations, the company shall normally be deemed to be active, meaning that it must be in a position to continue its activities in the reasonably foreseeable future. When it expresses the intent or when it is in the obligation to go into liquidation or to significantly reduce the scope of its activities, its continuity is no longer guaranteed and the valuation of its assets must be reconsidered.

The same shall apply to an autonomous asset - or a set of assets - whose continuity of use is compromised due notably to the irreversible evolution of markets or technology.

Article 40

The consistency of valuations during successive fiscal years shall implies permanence in the application of rules and procedures concerning.

Article 41

Any exception to the permanence referred to in article 40 above must be justified by the search for better information or compelling circumstances.

It is the case:

- in the event of exceptional change that occurred both in the company position and because the legal, economic or financial environment in which it operates evolves;

- as a result of changes or additions made to accounting regulations.

As soon as the exceptions referred to above shall be decided by the competent authorities in charge of accounting standards, their accounting consequences on the company position may be offset, in whole or in part, on the equity of the opening balance sheet of the fiscal year in which they are recorded.

All information necessary to the understanding and appreciation of the changes occured shall be provided in the Notes to the financial statements pursuant to the provisions of article 33 above.

Article 42

At the close of each fiscal year, the company must carry out a survey and valuation of its goods, receivables and debts at their effective value of the moment, called current worth.

The current value is an estimate of the time value that is assessed based on the market and the usefulness of the good to the company.

The usefulness of the good to the company shall be determined in connection with the continuity of operations or usage, as defined in article 39 above, or, where appropriate, in the hypothesis of non-continuity.

Article 43

The book value of the inventory shall be the historical value at the closing date of the fiscal year.

This inventory value shall be compared to the fair market value in the balance sheet. If the inventory value is greater than the input value, the latter shall be maintained in the accounts, except in cases expressly provided for by the legislation. If the inventory value is less than the input value, depreciation is recorded separately as a depreciation or as an allowance depending on whether the depreciation is deemed final or not.

Article 44

At their removal from the store or inventory, interchangeable goods (consumables) are valuated, either by considering that goods first in are goods first out (F.I.F.O. method), or at their weighted average cost of acquisition or production (method W.A.C.).

Article 45

Depreciation is the mandatory accounting recognition of the lessening in value of fixed assets that depreciate in a certain and irreversible manner over time, usage, or due to change in techniques, markets or any other cause.

The company shall predefine a plan to then distribute the cost of the good on its possible useful life.

The cost of the good for the company means the difference between its initial cost and its estimated residual value.

Any significant change in the legal, technical, economic business environment and in the conditions of use of the good is likely to result in the revision of the current amortization.

Article 46

Only probable lessening of the value of an asset resulting from causes whose effects are not considered irreversible is recorded as an allowance made for depreciation: for fixed assets, such reserve is recorded by an allowance and for other elements of the assets, as a provisioned charge.

Article 47

Amortizations and allowances for depreciation shall be recorded distinctly under the asset in lessened gross value of goods and corresponding receivables in order to come up with their net book value.

Article 48

Risks and expenses, for which the purpose is clearly defined, which developing or current events make only probable, shall lead to the constitution, as allowances, of financial provisions for risks and expenses to be included in the financial debts under liabilities. However, when the likely maturity of the risk or expense is short term, provisions are constituted by recognition of expenses provisioned and shall be entered under liabilities.

Article 49

In the fiscal year, all amortizations and provisions shall be carried out to cover depreciation, risks and probable expenses, even in the event of absence or lack of profit.

Risks, expenses incurred and income recorded during the fiscal year or a prior fiscal year shall be taken into account, even though they are known only between the date of the close of the fiscal year and of the date of the cut-off of the accounts.

Article 50

When the value of the assets and liabilities of the company depends on fluctuations in foreign exchange rates, special valuation rules shall apply under conditions defined in articles 51 to 58 hereinafter.

Article 51

Assets acquired in foreign currencies shall be recorded in the legal currency of the country by converting their cost in foreign currency on the basis of the exchange rate on the day of acquisition. This value shall be maintained in the balance sheet until the date of consumption, transfer or disappearance of the assets.

Article 52

Receivables and liabilities denominated in foreign currencies shall be converted in the legal currency of the country, based on the exchange rate on the date of the formalization of the agreement of the parties on the transaction, when it concerns commercial transactions, or on the date of the availability of currencies, when it concerns financial transactions.

Article 53

When the creation and recognition of receivables and payables are assessed within the same fiscal year, the gaps noted compared with the input values, due to the change in exchange rate, shall constitute losses or gains due to exchange to be entered respectively in the financing costs or financial products of the fiscal year.

The same shall apply, irrespective of the maturity of the receivables and payables denominated in foreign currencies, insofar as a hedging transaction has been concluded thereon during the fiscal year and within the limit of the amount of this coverage.

Article 54

When receivables and payables denominated in foreign currencies remain in the balance sheet at the closing date of the fiscal year, their initial entry is corrected on the basis of the last exchange rate on that date.

Differences between values originally entered in accounts ("historical" costs) and those resulting from the conversion to the date of the inventory shall increase or decrease the initial amounts and shall constitute:

- probable losses, in case of increase in debts or decrease in receivables,
- unrealized gains, in case of increase in receivables or decrease in debts.

These differences shall be included directly in the balance sheet in the cumulative translation accounts under assets (probable losses) or under liabilities (unrealized gains).

Unrealized gains shall not be included in the formation of the result. The probable losses lead to the constitution of an allowance for foreign exchange losses.

Article 55

On the date of settlement of receivables and payables, losses and gains due to exchange on that date shall be recorded compared to their historical cost.

Article 56

By derogation and exceptionally, in case of borrowing or when a loan is granted abroad for a period longer than one year, the resulting loss or gain at the close of the fiscal year of the borrowing or of the loan in foreign currency must be spread over the remaining period until the last refund or payment, in proportion to future refunds or payments under the agreement. The total future gain or future loss shall be recalculated at the end of each fiscal year and the potential amount shall be indicated in the Notes to the financial statements.

Article 57

When transactions processed in foreign currencies are such that they contribute to an overall position of change within the company, the amount set as the allocation for losses due to foreign exchange shall be limited to the excess of probable losses on unrealized gains relating to items included in this position.

For the purpose of this provision, the overall position of exchange means the situation, currency by currency, of all transactions contractually carried out by the company, even if they have not yet been recorded in the accounts. In addition, the calculation of the amount of the allocation for foreign exchange losses must be adjusted according to the maturity of elements included in the overall position of exchange.

Article 58

When they remain on the balance sheet, cash in foreign currencies shall be converted into the legal currency of the country based on the last exchange rate recorded in the balance sheet on the closing date of the fiscal year and the gaps noted shall be directly recorded under income and expenses for the fiscal year as foreign exchange gains or losses.

Article 59

The result of each fiscal year shall be independent from the preceding and the following one; in order to determine it, all events and transactions attributable thereto, and those only, shall be linked and charged.

Article 60

Only profits realized on the date of the close of the fiscal year shall be recorded under the net income thereof.

To be deemed realized at this date, the profit arising from a partially executed transaction and accepted by the client, where it is possible to prove with sufficient certainty that the agreement is sufficiently advanced in order for this partial benefit to fit in the overall profit forecast of the operation as a whole.

Article 61

The income and expenses relating to prior fiscal years are recorded according to their nature, such as the income and expenses of the current fiscal year and participate in the formation of the operating result, financial or non-regular activities of this fiscal year. They must be given a specific reference in the Notes to the financial statements.

Article 62

Any revaluation of an asset or a non-monetary item results in the substitution of a value, known as revalued to the previously posted net value.

The difference between revalued and previously recorded net values constitute, for all the revalued elements, the revaluation surplus.

The revaluation surplus shall be entered separately as a liability on the balance sheet under equity.

Article 63

The revalued value of an element cannot, under any circumstances, exceed its fair value at the date taken into account as a starting point of the revaluation, which means its current value, as it is defined in article 42 above.

Article 64

The revalued value of depreciable fixed assets shall serve as a basis for the calculation of depreciation on the remaining operating time since the opening of the fiscal year of revaluation, except revision of the depreciation plan in accordance with the provisions of paragraph 4 of article 45 of this uniform Act.

Article 65

The revaluation surplus cannot be incorporated into the result of the fiscal year of the revaluation. It is not distributable; it may be incorporated in whole or partially in the capital.

CHAPTER V:
EVIDENTIARY VALUE OF DOCUMENTS, CONTROL, COLLECTION AND REPORTING OF ACCOUNTING INFORMATION

Article 66

Thejournal and the inventory ledger shall be paged, initialed and numbered in a continuous manner by the competent authority of each concerned State party.

Article 67

In companies that use computer technology for their accounting, written computer documents may replace the journal and the inventory ledger; in this case, they must be identified, numbered and dated, upon their creation, by lawful means offering every guarantee of compliance with the chronology of transactions, irreversibility and sustainability of accounting records.

Article 68

Regularly kept accounting can be admitted in court as evidence between companies for facts of trade or other.

If it has been irregularly kept, it cannot be invoked by its author to his advantage.

Article 69

The company shall determine, under its responsibility, the procedures necessary for setting up an accounting system enabling both reliable internal control and external audit by auditors, where appropriate, of the reality of transactions and the quality of accounts, while promoting information collection.

Article 70

In companies where auditors are appointed voluntarily or on a mandatory basis, they shall certify, in accordance with the provisions of the uniform Act on commercial companies and the economic interest group on the mandate of auditors, that the financial statements are regular and accurate and present fairly the assets, the financial position and the operating results of the preceding fiscal year.

Article 71

At the close of each fiscal year, the administration or management boards, as the case may be, draw up the inventory and financial statements, in accordance with the provisions of the preceding chapters, and prepare a management report as well as a social audit, where applicable.

The management report shall describe the company position during the past fiscal year, its development prospects or its foreseeable development and, in particular, the prospects for the continuation of its activity, the evolution of its cash position and its financing plan.

Important events occurred between the closing date of the fiscal year and the date on which it is established must also be mentioned.

All of these documents and the list of regulated agreements shall be sent to auditors, forty five days, at least, before the convening date of the general meeting.

Article 72

The annual financial statements and the management report prepared by the administration or management boards, as the case may be, shall be submitted to shareholders or members for approval within the period of six months from the closing date of the fiscal year.

Article 73

Companies shall comply with common measures of reporting information to shareholders or members and the annual financial statements as well as those measures provided for listed companies, at the end of the first half of the year, in accordance with the provisions specific to public limited companies that conduct a public offering as stipulated in the uniform Act on commercial companies and the economic interest group.

TITLE II:

CONSOLIDATED ACCOUNTS AND COMBINED ACCOUNTS

CHAPTER I:
CONSOLIDATED ACCOUNTS

Article 74

Any company, which has its headquarters or its main activity in one of the States parties and which controls exclusively or jointly one or more other businesses, or which exerts a significant influence thereon, shall prepare and publish, every year, consolidated financial statements of the group made up of all these companies as well as a management report of such group.

If it is a public limited company conducting a public offering, the lead company is required to publish a report of activity and results as well as a report of activity for all consolidated companies within four months following the end of the first half of the fiscal year, accompanied by a report of the auditor on the accuracy of the information provided, under the same conditions as those set forth for companies individual accounts. In this case, the lead entity shall be exempt from the obligations of the same nature relating to the application of article 73 above.

Article 75

The preparation and disclosure of the consolidated financial statements shall be the responsibility of the administrative, management or monitoring boards of the lead entity of the consolidated group, called consolidating company.

Article 76

The obligation to consolidate shall remain even if the consolidating company is itself under exclusive or joint control of one or several companies having their headquarters and their main activity outside the economic space formed by the States parties. The identity of this company or these companies shall be stated in the Notes to the individual financial statements of the consolidating company in the economic space formed by States parties as well as in the consolidated Notes to the financial statements.

Article 77

Lead entities in the legal space formed by the States parties which are, themselves, under the control of another company of that space subject to an obligation of consolidation, shall be exempt from preparing and publishing the consolidated financial statements.

However, this exemption cannot be invoked in the following three cases:

- if the two companies have their headquarters in two different regions of the OHADA zone;
- if the company conducts a public offering;
- if the consolidated financial statements are required by a number of shareholders representing at least one-tenth of the capital of the lead entity.

"Regions of the OHADA zone" means institutionalized economic groupings formed by several States parties such as the Central African Economic and Monetary Community, the West African Economic and Monetary Union…

Article 78

The exclusive control by a company results from:

- either direct or indirect holding of the majority of voting rights in another company;
- or the appointment, for two successive fiscal years, of the majority of members of the administration, management and monitoring boards of another company; the consolidating company shall be deemed to have made that appointment when it held, during this period, directly or indirectly, a portion of more than forty percent of the

voting rights and that no other member held, directly or indirectly, a portion higher than that company's;

- or the right to exert a dominant influence over a company pursuant to an agreement or provisions of articles of association, when the applicable law so permits and that the consolidating company is a member of the company under control.

Joint control means the sharing of control over a company, run jointly by a limited number of members, so that decisions are made in agreement.

Significant influence on the management and the financial policy of another company shall be presumed where one company holds, directly or indirectly, a portion of at least equal to one fifth of the voting rights of this other company.

Article 79

Consolidated financial statements include the Balance Sheet, the income Statement, and the Table of sources and uses of funds for the fiscal year as well as the Notes to the financial statements.

They form an indivisible whole and shall be prepared in accordance with the rules and conventions defined in the OHADA accounting System.

They shall be presented in accordance with models established by the OHADA accounting System for company individual accounts, the normal System, with, in addition, specific posts and line items related to the consolidation, including "Acquisition differentials", "Minority interests".

Article 80

Accounts of companies placed under the exclusive control of the consolidating company shall be fully consolidated.

Accounts of companies jointly controlled with other members by the consolidating company shall be consolidated through the proportionate consolidation method.

Accounts of companies over which the consolidating company has major influence shall be consolidated by the equity method.

Article 81

In the global integration, the consolidated balance sheet reproduces elements of the assets of the consolidating company, with the exception of the securities of the consolidated companies in the book value of which various elements of assets and liabilities are replaced, constituting the equity of these companies, set out in accordance with the consolidation rules.

The proportional integration makes it possible to replace, for the book value of securities, the portion representing the interests of the consolidating company - or holding companies - in the different elements under assets and liabilities, constituting the equity of these companies, set out in accordance with the consolidation rules.

The equity method makes it possible to replace, for the book value of the securities held, the portion that they represent in the equity, set in accordance with the consolidation rules of companies concerned.

Article 82

The first consolidation gap is recorded by the difference between the cost of acquisition of the securities of a consolidated company and the portion of equity that represents these securities for the consolidating company, including the results of the fiscal year realized on the date of entry of the company in the scope of consolidation.

The gap from the first consolidation of a company is distributed in priority in appropriate positions of the consolidated balance sheet in the form of a “valuation gap”; the unallocated portion of this gap shall be input in a particular position under assets or liabilities of the consolidated balance sheet noted as “goodwill”.

The unallocated gap is reported in the income statement, in accordance with a plan of amortization or write-off of the reserves.

Article 83

When the first consolidation gap cannot be broken down as a result of the seniority of companies falling for the first time in the scope of consolidation, this gap may be charged directly to the consolidated equity at the beginning of the fiscal year of incorporation of such companies.

Any explanations on the processing of the above mentioned gap shall be stated in the consolidated Notes to the financial statements.

Article 84

The consolidated gross revenues shall be equal to the amount of the sales of products and services related to the regular activities of the group formed by fully consolidated companies. It includes, after removal of internal transactions to the consolidated group:

- the net amount, after contingent restatements, of the gross revenues realized by companies consolidated through global integration;

- the share of the company or holding companies in net amount, after contingent restatements, of the gross revenues achieved by companies consolidated through the proportional integration.

Article 85

The account of the consolidated result shall include:

1. Constituent elements:

a) of the profit and loss of the consolidating compnay,

b) of the profit and loss of companies consolidated through global integration,

c) of the portion of profit and loss of companies consolidated through proportional integration, representative of the interests of the consolidating compnay or of the other holding companies included in the consolidated group;

2. the portion of profit and loss of companies consolidated by equity, representative of either the direct or indirect interests of the consolidating company or the interests of the holding company or companies included in the consolidated group.

Article 86

The consolidation imposes:

a) the classification of the elements of assets and liabilities as well as elements of expenses and income of companies consolidated by integration, according to the ranking plan retained for the consolidation;

b) the elimination of the impact on passed accounts entries for the sole application of tax laws;

c) the elimination of the internal profit and loss to the consolidated group, including dividends;

d) the recording of expenditures when taxation related to some planned distributions between companies consolidated by integration are not retrievable, as well as taking into account tax cuts, when planned distributions created benefits for companies consolidated by integration;

e) the elimination of inter-company accounts of companies consolidated trhough global or proportional integration.

The consolidating company may omit to perform some operations described in this article, when they have a minimal impact on the assets, the financial position and the income statement of the group formed by companies included in the consolidation.

Article 87

The gap recorded from one fiscal year to another and that results from the conversion into legal currency of the country of the foreign companies' accounts shall be, according to the retained method of conversion, registered separately either under the consolidated equity, or under the consolidated income statement.

Article 88

When equity is received pursuant to issue agreements providing for neither reimbursement at the initiative of the lender, nor mandatory payment in the event of absence or insufficient profit, it may be recorded in the consolidated balance sheet under a line item of the equity.

Assets held by entities which are subject to valuation principles set forth by specific laws, shall be maintained in the consolidated accounts at the value resulting from the application of these rules.

Article 89

The consolidated Balance Sheet shall be presented pursuant to models set forth in the OHADA accounting System for individual accounts, the normal System, showing however distinctly:

- the goodwill;
- the equity accounted investments;
- the portion of minority members (minority interests);
- deferred taxes.

Article 90

The consolidated income statement shall be presented according to the model of the normal System, showing distinctly:

- the net income of the group of companies consolidated by integration;
- the portion of the net income of companies consolidated by equity;

- the portion of minority members and the portion of the consolidating company in the net income.

Article 91

The consolidated income statement may be accompanied by a presentation of income and expenses classified according to their destination, upon decision of the consolidating company.

Article 92

Are recorded in the Balance Sheet and the consolidated income Statement, deferred taxes resulting from:

- the temporary gap between the accounting recognition of a revenue or an expense and its inclusion in the taxable income of a subsequent fiscal year;
- shifts, eliminations and restatements provided for in article 86 above;
- carried forward tax deficits of companies included in the consolidation, insofar as their posting on future tax earnings is probable.

Article 93

The consolidated Table of sources and uses of funds shall be established from the overall self-financing capability determined according to conditions set forth by the OHADA accounting System.

Article 94

The consolidated Notes to the financial statements must contain all material information enabling the correct assessment of the scope, assets, financial position and profits and losses of the group made up by companies included in the consolidation.

They shall include notably:

- a statement of changes in consolidated total equity highlighting the origins and the amount of all differences that occurred on the constituent elements of the equity during the fiscal year of the consolidation;
- a statement of changes in the scope of consolidation specifying all changes that have affected that scope due to changes in the percentage of the control of companies already consolidated, and due to acquisitions and transfer of securities.

Article 95

Shall be consolidtated groups of companies, whose gross revenues and average number of workers exceed, for two successive fiscal years, the minimum limits set by the competent authorities .

These limits are established on the basis of the latest financial statements adopted by the companies included in the consolidation.

Article 96

Shall be left out of the scope of the consolidation, companies, for which severe and sustainable restrictions challenge, substantially, either the control or influence exerted over them by the consolidating company, or their potential to transfer funds.

The same may apply to companies whose:

- shares or equity interests are only held for the purpose of subsequent transfer;
- the importance is negligible compared to the consolidated group.

Any exclusion of the consolidation of companies forming part of the categories referred to in this article must be justified in the Notes to the financial statements of the consolidated group.

Article 97

Companies joining the consolidation are required to send to the consolidating company the information necessary for the preparation of consolidated accounts.

If the date of the closing of the fiscal year of a company included in the consolidation is over three months from the closing date of the fiscal year of the consolidation, the consolidated accounts shall be established based on intermediate accounts controlled by an auditor or, absent one, by a professional in charge of auditing the accounts.

Article 98

The lack of information or insufficient information relating to a company within the scope of consolidation shall not affect the obligation for the lead entity to establish and disclose consolidated accounts. In this exceptional case, it is required to report the incomplete nature of the consolidated accounts.

Article 99

A report on the management of the consolidated group describes the position of the group formed by companies included in the consolidation, its foreseeable development, important events that occurred between the closing date of the fiscal year of the consolidation and the date on which the consolidated accounts are drawn up, as well as its research and development activities.

Article 100

When a company prepares consolidated financial statements, auditors shall certify that these statements are regular and accurate and fairly present the assets, the financial position as well as of the operating result of the group formed by companies included in the consolidation. They verify, where appicable, the accuracy and the concordance with the consolidated financial information provided in the management report.

Certification of consolidated financial statements is issued especially after review of the work of the auditors of the companies included in the consolidation or, absent one, professionals in charge of the said companies audit; they shall be exempt from professional privilege with respect to the auditors of the consolidating company.

Article 101

Regularly approved consolidated financial statements, the management report of the consolidated group as well as the report of the auditors shall be subject of publicity carried out by the company that prepared the consolidated accounts, in accordance with article 73 of this uniform Act.

Article 102

The activity and results table provided for in article 74 above shall indicate the net amount of the gross revenues and the result of the ordinary activities before tax of the consolidated group. Each of the items in the table shall include the figure relating to the corresponding item of the previous fiscal year and the first half of that fiscal year.

The semi-annual progress report shall comment on data relating to the gross revenues and the result of the first half. It shall also describe the activity of the consolidated group during this period as well as the foreseeable development of such activity until the end of the fiscal year. Important events that occurred during the last six months shall also be referenced in this report.

CHAPTER II:
COMBINED ACCOUNTS

Article 103

Companies, which form, in a region of the OHADA zone, an economic group subject to the same strategic decision center located outside this region, without their legal relationships being of domination, shall prepare and present financial statements, called “combined financial statements”, as if it were those of a single company.

In order to identify companies likely to join the formation of such a group, any business placed, as a last resort, under exclusive or joint control of a legal entity shall mention it in the Notes to the financial statements as part of its annual individual financial statements.

Each of these companies is required to specify in the notes to the financial statements, the companies of the State party responsible for the preparation of the combined accounts.

These financial statements must necessarily be prepared according to principles and methods specific to combined accounts of this Uniform Act.

In addition, the Council of Ministers of OHADA may have to impose the preparation of combined accounts to groups of entities located within the OHADA zone, whose cohesion is based on some objective elements enabling the justification of the preparation and submission of such accounts.

Article 104

The preparation and presentation of combined financial statements shall comply with rules applicable to consolidated accounts, subject to the provisions of articles 105 to 109 hereinafter.

Article 105

The scope of combination shall cover all companies from the same region of the OHADA zone that meet criteria of uniqueness and cohesion characterizing the economic combination formed, regardless of their activity, their legal form or purpose, either they are for profit or not.

Article 106

Objective elements referred to in the last paragraph of article 103 above consist of criteria of uniqueness and cohesion that can fall under the following cases:

- companies managed by the same legal entity or a group of people sharing common interests;
- companies belonging to cooperative and mutualist sectors and forming a homogeneous ensemble of common strategies and direction;
- companies that are part of the same group, not legally bound to the holding company, but performing the same activity and being placed under the same authority;
- companies, having between them, common structures or contractual relationships significant enough to create a coordinated economic behavior in time;

- companies linked by a results-sharing agreement or any other agreement, sufficiently binding and comprehensive so that the combination of their accounts is more representative of their activities and their operations than the personal accounts of each one of them.

Article 107

Combined equity shall be set out under the following conditions:

- in the absence of equity links between companies included in the scope of combination, the combined equity represents the accumulated restated equity from these companies;

- if there are equity links between companies included in the scope of combination, the amount of equity securities in the assets of the owning company is charged on the combined equity;

- if companies included in the scope of combination are owned by a natural person or a group of natural persons, the share of the other shareholders in the equity and the result of these companies shall be treated as minority interests;

- more generally, when the cohesion of a group of companies is a result of a uniqueness of leadership, the exercise of a common activity within a larger group of companies, the operational integration of different companies or equivalent circumstances, it is necessary to distinguish the partners constituting privies to the combined equity and partners regarded as third parties to this equity. The distinction between these two categories of partners allows the appraisal of minority interests to be retained in the balance sheet and the results stemming from the combination of the accounts of the considered economic group.

Article 108

When the link of equity between two or several companies whose accounts are combined is adequate to justify consolidation between them, it shall be retained in the combined valuation and acquisition gaps recorded in the consolidated accounts.

Article 109

The Notes to the financial statements of the combined accounts shall notably specify:

- the nature of links on the onset of the establishment of the combined accounts;

- the list of companies included in the scope of combination and the procedures for determining this scope;

- the quality of the privies to equity and potential beneficiaries of minority interests;
- tax regimes of results inherent to various legal forms of companies included in the scope of combination.

Article 110

The combined financial statements comprise a report on the management of the combined group, and certification from one or several auditors, following the same principles and rules as those provided for the consolidated financial statements.

TITLE III:

CRIMINAL PROVISIONS

Article 111

Shall incur a criminal sanction, entrepreneurs and company managers who:

- failed, for each fiscsal year, to draw up the inventory and prepare annual financial statements and, where applicable, the management report and the balance sheet;
- knowingly prepared and presented financial statements failing to fairly and accurately describe the assets, the financial situation and result for the fiscal year.

Non-compliance provided for in this Uniform Act shall be punished pursuant to the provisions of the criminal law in force in each State party.

TITLE IV:

FINAL PROVISIONS

Article 112

Are repealed as of the effective date of entry into force of this uniform Act and its Annex all contrary provisions.

Article 113

This uniform Act to which is appended the OHADA accounting System shall be published in the Official Journal of OHADA and the Official Journal of the States parties. It shall enter into force:

- for "companies' personal accounts", on 1 January 2001: operations and accounts opened on this date;

- for "consolidated accounts" and "combined accounts", on 1 January 2002: operations and accounts opened on this date.