INFLUENCES ON THE HARMONISATION OF ACCOUNTING AND DISCLOSURE IN CAMEROON

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To my late father,

Philip Mfontem Elad

ABSTRACT

Pressures for the harmonisation of accounting practice in Cameroon arose out of UDEAC Acts which had already been incorporated into Cameroon law and required all companies in the Anglophone and Francophone provinces of the country to adopt the OCAM Plan, a variant of the continental European uniform accounting systems.

The aim of this study is threefold: (i) to assess whether or not the characteristic features of the OCAM Plan are compatible with indigenous cultural values; (ii) to investigate the implementation problems associated with the OCAM Plan; and (iii) an inquiry into the factors which affect compliance with the Plan's extensive mandatory disclosures by domestic and transnational companies.

The research design involved some degree of triangulation - i.e. both qualitative (case study) and positivist (questionnaire survey) modes of inquiry were used to study the same problem. The findings of the case studies and questionnaire survey indicate a broad dichotomy between the accounting values of the Anglophones on the one hand and those of the Francophones on the other. These results led to the conclusion that, by and large, the advantages or disadvantages of the OCAM Plan are not absolute as suggested in the literature. Rather, the way in which individuals of different backgrounds perceive its pros and cons seems largely dependent on their own accounting sub-culture values.

Overall, the results indicate that the design of the Plan is more positively in tune with the accounting values of the French/Francophone Cameroonian groups than those of their Anglo-American/Anglophone Cameroonian counterparts. Whilst this appears inconsistent with the linkage between accounting and societal values postulated by Gray (1988) and the cultural determinism models enunciated by some scholars (e.g. Perera, 1989; Belkaoui, 1990; Belkaoui and Picur, 1991), the mismatch was explained in terms of some ecological and institutional influences within a cybernetic paradigm.

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ABBREVIATIONS

AAC	African Accounting Council
ABWA	Association of Accountancy Bodies of West Africa
AICPA	American Institute of Certified Public Accountants
ASSC	Accounting Standards Steering Committee
ASCA	Arab Society of Certified Accountants
BTN	Brussels Trade Nomenclature
BTS	Brevet de Technicien Supérieure
CDC	Cameroon Development Corporation
CFA	Communauté Financière Africaine
CIMA	Chartered Institute of Management Accountants
CNU	Cameroon National Union
CPDM	Cameroon People's Democratic Movement
DECS	Diplôme d'Etudes Comptables Supérieures
DES	Diplôme d'Etudes Supérieures
DSF	Déclaration Statistique et Fiscale
EC	European Community
ECOWAS	Economic Community of West African States
ESSEC	Ecole Supérieure des Sciences Economiques et Commerciales
FASB	Financial Accounting Standards Board
FDI	Foreign Direct Investment
FIDEF	Fédération Internationale des Experts Comptables Francophones
FIDES	Fonds d'Investissement pour le Développement Economique et Social des Territoires d'Outre-Mer
GCE	General Certificate of Education
IASC	International Accounting Standards Committee
ICAN	Institute of Chartered Accountants of Nigeria
ICBA	Investigations Committee on Business and Accounting
IFAC	International Federation of Accountants
ILO	International Labour Organisation
INSPEA	Institut de Statistique, de Planification et d'Economie Appliquée
ISIC	International Standard Industrial Classification
JICPA	Japanese Institute of Certified Public Accountants
MBO	Management by Objectives
OAU	Organisation for African Unity
OCAM	Organisation Commune Africaine, Malagache et Mauricienne
OECD	Organisation for Economic Cooperation and Development
ONECCA	Ordre National des Experts Comptables et des Comptables Agréés
SABC	Société Anonyme des Brasseries du Cameroun
SADCC	Southern African Development Conference
SATC	Société d'Application Techniques au Cameroun
SCAR-B	Système Comptable Africain de Référence de Base
SEC	Securities Exchange Commission
SEEC	Service d'Etudes Economiques du Cameroun
SEMC	Société des Eaux Minerales du Cameroun
SIC	Standard Industrial Classification
SOCAVER	Société Camerounaise de Verrerie
UDEAC	Union Douanière et Economique de l'Afrique Centrale
UNCTC	United Nations Centre on Transnational Corporations

PART ONE

INTRODUCTION: HISTORICAL AND SOCIO-ECONOMIC BACKGROUND

CHAPTER ONE

INTRODUCTION

> Cameroon has often been described as Africa in miniature - see the whole of Africa in one triangle ... From an accounting point of view, Cameroon presents three features which make it an important country to know:
> - The implementation of the OCAM Accounting Plan;
> - The existence of a unique linkage between financial statements, the DSF disclosures, and a common regulatory framework with the UDEAC member states;
> - The statutory requirement for compulsory revaluation of fixed assets.
>
> Let us now proceed to a study of some of the unique features of a country which has important historic, cultural and economic links with France.
>
> Delesalle (1987, p.7) *L'Expert Comptable de Demain*, France, June [author's translation].

Cameroon was initially a German colony which subsequently became a League of Nations (later United Nations) mandated territory under British and French trusteeships after the First World War. Britain administered Southern Cameroon as an integrated part of the Nigerian Federation. At the end of the British mandate in 1961, a plebiscite was held and Anglophone Cameroonians voted overwhelmingly against the merger with Nigeria and in favour of reunion with French Cameroon which was already an independent state. Currently, as the only country in Africa which uses both French and English as official languages and with a strong bilingual heritage, modern Cameroon has had to battle with the arduous task of harmonising and integrating the French and British accounting, educational, legal and administrative systems. These institutional structures are also the main influences underwriting the different configurations of accounting systems in Africa.

Accounting harmonisation in Cameroon is a by-product of economic integration within the *Union Douanière et Economique de l'Afrique Centrale*

(UDEAC), and the *Organisation Commune Africaine, Malagache et Mauricienne* (OCAM). Accounting regulation and policy making in the UDEAC states is undertaken on a supranational basis by the UDEAC Management Committee. Pressures for the harmonisation of accounting and disclosure practices in Cameroon arose out of UDEAC Acts which were incorporated into Cameroon law and required all companies to adopt the OCAM Plan, a system of uniform accounting.

1.1 AIMS OF THE STUDY

A comprehensive review of prior studies on uniform accounting systems revealed that most of the works were largely based on either an historical or a descriptive analytical approach. As a result, most of the research outcomes could best be described as either *a priori* theoretical arguments or hypothetical issues which still need further evaluation by empirical research.

Another important deficiency of the literature on accounting uniformity in the case of developing countries is that the bulk of the studies relate mainly to those countries which were influenced by Britain or the USA. However, an overwhelming majority of African countries and several others in the Middle East, Latin America and the West Indies are implementing versions of uniform accounting systems. The existing literature has not done justice to these systems which could have provided "exemplars" of accounting uniformity in developing countries.

Many trends in the development of accounting and financial reporting in Francophone Africa, unlike the former British colonies, do not feature considerably in the works of Anglo-Saxon researchers. Some of the reasons for this relative neglect, lack of interest or lukewarm attitude could be attributed to linguistic problems, sparse data, non-familiarity resulting from difficulty of access to information and the lack of considerable research activity in these countries themselves. Even the inaugural issue of the new specialist journal, *Research in Third World Accounting*, did not venture in this area although it was mentioned in the Foreword by Parker (1990) that the French (uniform accounting) model might be superior to the Anglo-Saxon system as far as developing countries are concerned.

Be that as it may, the principal objective of this project is threefold. Firstly, an attempt is made to assess whether or not the characteristic features of the OCAM Accounting Plan, a variant of the continental European uniform systems, are more compatible with indigenous cultural values than those of the Anglo-Saxon accounting model. This is important because several writers (e.g. Alhashim and Garner, 1973; Perera, 1989; Perera and Mathews, 1990; Belkaoui, 1990) have advanced postulates for localised uniformity in accounting and normative assessments of the circumstances under which it might be desirable for a country to adopt a system of uniform accounting. It is therefore necessary to carry out empirical tests in order to determine whether or not their assertions can be accepted or refuted.

The second objective of the project is an investigation of the implementation problems associated with the OCAM Plan. This is important because several variants of the Plan have emerged in many African countries. As such, it is not only essential to understand the factors which may have inspired the evolution of these variants but also for potential adopters of the OCAM innovation to understand its merits, demerits and implementation bottlenecks. This objective is also significant in that, as economic integration initiatives continue to grow within the UDEAC sub-region, other countries of different socio-economic, political and linguistic backgrounds may have to adopt the OCAM Plan. For instance, Equatorial Guinea, a former Spanish colony has recently gained membership of UDEAC and is *ipso facto* required to adopt the OCAM Plan. Furthermore, the African Accounting Council's *Système Comptable Africaine de Reférence de Base* or SCAR-B harmonisation project is almost entirely based on the OCAM Plan. The Economic Community of West African States (ECOWAS) and the Association of Accountancy bodies of West Africa (ABWA) which are constituted by Francophone and Anglophone countries may also find the study useful in assessing their accounting harmonisation prospects.

Finally, the third objective of the study is an inquiry into the factors which affect compliance with the Plan's extensive disclosure recommendations by domestic and multinational companies. This is important because OCAM disclosure obligations are more extensive than those required by other documents of its kind around the world. They are only comparable in scope to the very extensive United Nations proposals which could not be agreed upon or implemented successfully.

Seven hypotheses concerning the relationships between accounting uniformity, cultural relativism and corporate information disclosure are developed from the aforementioned objectives (see Chapter 7).

1.2 OVERVIEW OF METHODOLOGY AND RESULTS

The research design for this study involves some degree of triangulation - i.e., both naturalistic (case study) and scientific (questionnaire survey) approaches are used to study the same problem. The implementation of the OCAM Plan was studied in two large Cameroonian companies - the Cameroon Development Corporation (CDC) and the Sociètè Anonyme des Brasseries du Cameroun (SABC) located in the anglophone and francophone provinces of the country respectively. The case studies utilised a combination of unobtrusive measures and semi-structured interviews.

It was found that tensions arising from incompatibilities between the design of the OCAM Plan, intraorganisational power structures, and cultural values of the CDC constituted a major impediment to the implementation of the OCAM Plan. There was a general awareness of a clash between conventional accounting principles and economic concepts in the design of the Plan. There was also some dissatisfaction with the Plan's production orientation, notions of value added, revenue recognition and rules for income measurement and asset valuation.

When the opinions of SABC accountants and financial executives were sought on the same issues, it was noted that most of them found it hard to see the alleged flaw in OCAM principles. It subsequently became clear that part of the problem may be attributed to the different conceptual and terminological perspectives inculcated into practitioners whose training was based on two different accounting traditions. The relevant issues at stake here are the conceptual and linguistic ambiguities associated with conventionally accepted accounting terminologies in both the French and the English languages. For instance, accounting terms such as "income" and "revenue" are both often translated into French as "produits". However, it is not common knowledge that these terms are actually based on different concepts of capital maintenance. It was observed that there are several other important accounting terms which do not have precise equivalents in the two languages.

The case studies provided ample evidence suggesting that the CDC displayed higher extents of professionalism and stronger opposition to uniformity than the SABC. The SABC on the other hand exhibited more affinity for conservatism and secrecy than the CDC. These results were explained in terms of some ecological and institutional influences within a cybernetic paradigm.

Another interesting finding of the case studies is the illusion of uniformity detected in the operationalisation of the OCAM Plan in Cameroon. This was seen in terms of the unconstrained flexibility in the design of cost accounting systems, the choice of measurement rules outwith the framework of the OCAM Plan and the two-tier reporting tactics adopted by most companies.

The questionnaire survey results were largely consistent with those of the case studies. There was evidence of a broad dichotomy between the French/Francophone Cameroonian accounting values on the one hand and those of the Anglo-American/Anglophone Cameroonians on the other. Whilst this seems inconsistent with the cultural determinism models which suggest a direct linkage between societal and accounting values, it was argued that the mismatch might be explained by the backdrops of French and British colonialism in terms of the ecological relationships between the accounting environment and the educational, administrative, legal or other institutional structures which were imposed during the colonial era. These aspects of Cameroon's colonial legacy may have played an instrumental role in distorting and swamping the indigenous values of élite Cameroonians who trained under these systems.

11.3 OUTLINE OF THESIS

This thesis is divided into four parts. Part One provides a general introduction to the study. Part Two contains two chapters. The first of these (Chapter 3) examines the evolution of the major accounting models in the industrialised Western nations which were transmitted to developing countries by colonisation, trade or investments. Chapter 4 examines the environmental and institutional influences on the development of accounting in Third World countries and the criteria for evaluating a relevant accounting system to these countries. Part Three contains two chapters on the OCAM Accounting Plan. Chapter 5 describes its structure and main provisions while Chapter 6 provides a holistic appraisal of the Plan and also offers a judgemental classification of accounting systems in Africa.

Part Four contains five chapters. It begins with Chapter 7 which is concerned with the definition of the research problem, objectives and hypotheses of this study.

Chapter 8 deals with the research design, its philosophical justification and limitations. In Chapter 9, the questionnaire design, sampling techniques, results and limitations of the study are explained. Chapter 10 is entirely devoted to the two case studies. Finally, Chapter 11 sums up the project, its implications and conclusions, and offers some suggestions for further research and future revisions of the OCAM Accounting Plan.

The study attempts to contribute to the accounting literature from two perspectives. The first relates to the descriptive aspects which offer a critical review of the development of accounting systems in Africa and accounting regulation and practice in Cameroon with special reference to the OCAM Plan. A strong and urgent call for such studies was made by Briston (1984, p.21) thus:

> There is far too little research into the objectives of national accounting systems and the alternative approaches which might be adopted in attaining those objectives. Although they are often dismissed as merely descriptive, there is much to commend the preparation of case studies showing how broader accounting issues, such as the role of accounting in the control of multinationals, are actually dealt with in various countries. Such research is unglamorous and very time consuming, but it is surely more useful than analysing Price Waterhouse data, especially if it uncovers what actually happens in various parts of the world as opposed to what the local partner of Price Waterhouse claims to happen.

This dissertation also challenges earlier studies by attempting to dispel the rhetoric that all extant reporting systems in developing countries are irrelevant and that governments lack the power to demand the information they need. For instance Briston (1978, p.116) pointed out that, so far, no developing country has been able to construct a system of accounting primarily designed to meet its own information needs. It is demonstrated here that the OCAM Accounting Plan was the first ever attempt by a group of developing countries to construct (albeit with French technical assistance) an accounting system primarily designed to meet its own information needs.

In this regard, the OCAM Accounting Plan has not been accorded the attention it deserves. To date, only passing references to and superficial reviews of the Plan have appeared in the literature. More often than not, it has simply been dismissed as yet another version of the French Plan Comptable imposed without due regard for local environmental needs. This lack of awareness of developments in Francophone Africa has persistently misguided the conclusions of most of the studies in this area. The trend continues unchallenged even in very recent publications. For example, Cooke and Wallace (1990, pp.89-90) advance as a premise for their hypotheses the argument that developed countries are likely to have more mandatory disclosure items than developing countries because the citizens of developing countries would be more concerned with developing their environment than regulating accounting. From the implicit causality of this assertion, it is not readily obvious that nearly half of the countries in Africa were compelled by underdevelopment to commission the OCAM Accounting Plan project whose disclosure provisions are even more extensive than those of regulatory bodies in many developed countries. Furthermore, at the time the OCAM Plan was adopted (1970), the European Community (EC), the Organisation for Economic Cooperation and Development (OECD) , the International Accounting Standards Committee (IASC), the United Nations (UN) and the Accounting Standards Committee (ASC) had not made disclosure recommendations.

Another contribution of this thesis is in terms of the empirical aspects of the study dealing with cultural relativism and accounting uniformity, and the insights gained into potential implementation bottlenecks of the OCAM Plan. These could be useful to potential adopters of the Plan. Most important in this regard is the African Accounting Council's harmonisation programme which is almost entirely based on the OCAM Plan (Kinzonzi, 1984, 1986).

CHAPTER TWO

ECONOMIC AND POLITICAL BACKGROUND

> Cameroon remains a fascinating country. Its history intersects with that of three colonial powers, Germany, France, and Britain, as well as with that of the mandate of the League of Nations and the trusteeship programme of the United Nations. Moreover, research into the pre-political and proto-nationalist movements in the territory is only in its infancy. On the economic side, Cameroon was one of the more highly regarded French territories in Black Africa, especially after 1945. Yet, because it has always been grouped by administrators and scholars - with the less prominent territories of Equatorial Africa, it has not received the attention it deserves especially from economists and economic historians.
>
> R. Joseph (1977, p.3) *Radical Nationalism in Cameroon*, published D.Phil thesis, Oxford University.

This chapter reviews the history of Cameroon, paying particular attention to socio-economic and political issues. It analyses the different administrative policies pursued by the French and British colonial regimes and the problems of harmonisation and national integration which they have created for the post colonial era. Another feature of the chapter is an analysis (at an introductory stage) of how the political ideologies of the ruling party, at the early years of independence, are intertwined with the accounting system adopted. A brief introduction to the institutional influences on accounting harmonisation in Cameroon is also given.

2.1 EARLY HISTORY

In 1472, a group of Portuguese explorers arrived at the West coast of Cameroon. They caught a variety of tropical crayfish at the estuary of River Wouri which they mistook for prawns (known as Camaroes in Portuguese). Accordingly, they named the river Rio dos Camaroes which means "the river of prawns" in Portuguese. The territory subsequently derived its name in various European permutations: e.g. Cameroes

(Spanish), Cameroons (English), Kamerun (German), Cameroun (French). Over the next 300 years, Portuguese, Spanish, English, French, and German traders and slavers are known to have operated along the coast of Cameroon.

Cameroon has a triangular shape, located in the Gulf of Guinea within the 13^0N line of latitude in the north and $8^0$25'E and $16^0$20'E lines of longitude at the base. It has a population of about 12 million inhabitants and a total area of 475 ,442 sq. Kilometres. It is bordered in the north by Chad, west by Nigeria, east by Central African Republic and Congo and south by Gabon and Equatorial Guinea.

It has aptly been described as "Africa in miniature" from several viewpoints. For instance, the diversity in its fauna and flora, colonial history, and ethnic groups mirrors all the major strands across the continent. The indigenous inhabitants of the territory fall into about four major distinct ethnic groups namely the Bantus (e.g. Doualas, Bassas, Bakokos, Fangs, Etons), Semi-Bantus (e.g. the Bamilikés, Bamoun and Tikari tribes), the Kirdis and the Foulbés (which include several moslem groups of Arab origin). Its population consists of three main religious groupings namely animists, catholics, and protestants (predominantly Bantus and Semi-Bantus) and moslems (almost wholly in the north of the country).

Cameroon was colonised by the Germans in 1884. After the 1914-1918 war it became mandated by the League of Nations to the French and British governments. France took the Eastern sector while Britain took the Western part of the country then known as "Cameroon under British administration". Britain administered West Cameroon as an integrated part of the Nigerian Federation. At the end of the British mandate in 1961, a plebiscite on the future of West Cameroon was held under United Nations supervision and Anglophone Cameroonians voted against the merger with Nigeria. This resulted in the reunification of the two sectors of the country. The country then adopted the name "Federal Republic of Cameroon" constituted by the

English speaking state of West Cameroon and the French speaking state of East Cameroon. Following a referendum held in May 1972, the federal system was abolished and Cameroon became a United Republic. The name was subsequently changed to Republic of Cameroon by a Presidential Decree of 1984.

2.2 CAMEROON UNDER BRITISH ADMINISTRATION

Although British colonial administration in Cameroon began in 1916, British firms had long established trade links along the coastal districts of the country. One important evidence of this is the naming of a coastal Cameroonian town "Victoria" in honour of Queen Victoria. Another evidence is the establishment of a British Court of Equity which continued to operate for a while even under German colonial rule before it was finally abolished (Joseph, 1977, p.19). For instance, a chairman of the Court named Samuel Brew is also known to have been an agent of the German firm of Woermann in Cameroon at the time (Ngoh, 1987, p.12). Further evidence of British early commercial and trading activity is the development of Pidgin English which is still widely spoken in the Francophone and Anglophone provinces of Cameroon.

British administration of Cameroon was heavily influenced by the ideals of Lord Frederick Lugard, an experienced colonial administrator who first introduced the idea of Indirect Rule. In 1922, he published a book entitled *The Dual Mandate in British Tropical Africa* which later became the "bible" for British colonial administrators, politicians and civil servants. Lugard argues in this book that the colonial authorities have dual obligations to their subjects. The first was to prepare them morally and materially for self-government while the second was to assure the development of colonial resources for the outside world. According to Lugard, a system of indirect rule was the only means of achieving these goals.

Indirect rule was defined as a system of government where indigenous traditional rulers were allowed to govern their people according to native customs under the supervision of the colonial power (Crowder, 1968, pp.168-169). Local chiefs were allowed to operate native courts and collect taxes. However, the functioning of higher courts and other institutions of the colony were identical to those in Britain. This administrative policy did not enhance the economic development of West Cameroon. Education was largely restricted to the primary level and was intended to provide clerks, interpreters and temporary civil servants. Cameroonians then had to travel to Nigeria or Ghana for further education. There was very little infrastructural development or indigenous entrepreneurial activity. Unlike the case of French Cameroon, there were no railway lines, good roads and communication facilities.

2.3 CAMEROON UNDER FRENCH ADMINISTRATION

Prior to the Second World War, France (like most of its European counterparts) viewed its colonies mainly in terms of exploitable economic advantages. However, following the outbreak of war in 1939 such attitudes began to change. The defeat of France in 1940 led to the emergence of two schools of thought in French politics with regard to its colonies. The Free French Movement led by General Charles de Gaulle held the view that France and her colonies had a common sovereignty, implying that the defeat of France in August 1940 was not total because her colonies had not been defeated. The Vichy government, on the other hand, held the view that the defeat of France implied the defeat of all colonies which were subordinate to Paris. De Gaulle was determined to preserve France's grandeur by working for the overthrow of pro-Vichy regimes in French colonies. On August 5th 1940, he entrusted General Leclerc and Captain Didier de Boislambert with a mission to overthrow the pro-German French government in Cameroon. Between August 26 1940 and August 27 1940, Leclerc attacked and captured administrative buildings in Douala and declared French Cameroon an integral part of the Free French Movement. Joseph (1977, p.45) notes that General de Gaulle subsequently chose Cameroon as the first French soil to receive his footsteps after the defeat of France.

French colonial policy in Cameroon was aimed at the assimilation of Africans into French culture. The converted Black Frenchmen known as *évolués* had the right to benefit from the French legal system whereas the non-assimilated were subject to a separate and harsher legal regime known as the *indigénat*. The latter was intended to distinguish between ordinary subjects who were under the jurisdiction of native laws and customs and the assimilated citizens with full French civil and political rights. The *indigénat* system was characterised by summary punishment and forced labour known as *prestation*.

The economic development of Cameroon was guided by the theory of *la mise en valeur* (i.e. development by exploiting economic resources). In 1946, the French National Assembly established a long-term programme for the development and modernisation of France's overseas territories. This was known as "Fonds d'Investissement pour le Développement des Territoires d'Outre-Mer (FIDES)". Joseph (1977, p.107) observes that Cameroon was highly favoured under this programme in comparison with France's other African territories since it received the greatest share of the funds. Over 75 percent of the funds were used for infrastructural development. Due to the massive inflow of French capital and investments, French Cameroon rapidly became relatively more urbanised and developed than West Cameroon under British mandate. Mbuagbaw et al (1987, p.97) assess the situation thus:

> Compared with British Cameroons, the French territory seemed a paradise of progress to young English-speaking Cameroonians. They saw the building of ports and railways, fine hard-surfaced roads, large European staffed shops, hotels, water supplies and electricity. They saw that French settlers ran plantations and had farms, cooked in restaurants, butchered, and carried on petty trading. Mineral resources were being exploited by French companies. The country became highly urbanised in towns like Edea, Yaoundé, Ebolowa, Dschang, and Foumban.

Mbuagbaw et al (1987, p.98) argue further that while unfavourable comparisons are easily made with the progress achieved in East (Francophone) Cameroon by the French, it should be remembered that this progress in many ways depended on allowing non-Cameroonians to settle, buy land, and exploit the country's resources in their own interests. They also note that in British Cameroons, the Europeans were mainly civil servants, priests, and traders, all of whom were only temporarily resident in the country and did not have long-term personal interests.

However, from the late 1940s, several indigenous intellectuals or êlite Cameroonians produced by the colonial system began to challenge the rule of their colonial masters. The most prominent nationalist party in Cameroon then was the *Union des Populations du Cameroon* (UPC). A published doctoral thesis in political science at Oxford University by Joseph (1987) is entirely devoted to the nationalist struggle and agitation for independence by the UPC. Joseph explains that from the standpoint of the dominant pattern of nationalist politics in French sub-Saharan Africa at the time, the UPC did all the "wrong" things in that:

- It demanded the independence of Cameroun from the one and indivisible Greater France.
- It demanded the reunification of Cameroon with the neighbouring colony of the British Cameroons- i.e with a part of the empire of the chief colonial rivals of the French.
- It continued to view colonialism as based on capitalist exploitation and did not hesitate to say so.
- It had very close links with the French communist party
- Finally, it decided to take up arms in a bloody guerilla war against the colonial power when that power decided, in 1955, to remove it from the political arena.

Richard Joseph attempted in his thesis to find out why such a party arose in Cameroon in 1948 and why it persistently engaged in a radical challenge to French colonial rule despite the intense administrative and military repression to which it was subjected.

In June 1956, the French Government passed the *Loi Cadre* (framework law) which gave greater powers of self government to French overseas territories and subsequently led to presidential elections and the independence of French Cameroon. It is believed that this was in response to British plans to grant independence to Ghana and Nigeria. Although the UPC militants played an instrumental role in speeding up the timetable for independence, they did not succeed in ensuring that the transfer of power would be made into their own hands as the party was banned and prevented from participating in all elections at the time. Some of its leaders went into exile in Egypt, Guinea and Ghana.

2.4 POST INDEPENDENCE ERA

Cameroon's constitution states that it is secular, democratic and adheres to the Universal Declaration of Human Rights and to the United Nations Charter. It also states that the official languages of the nation are French and English. Following reunification of the country, there was an urgent need for harmonising and integrating the colonial French and British legal, educational, administrative and accounting systems. This section will describe some of the attempts made to achieve this goal and the difficulties encountered.

Economy and Politics

Since independence, Cameroon has been ruled by two political parties namely the Cameroon National Union (CNU) under the leadership of President Ahmadou Ahidjo and the Cameroon People's Democratic Movement (CPDM) under the leadership of President Paul Biya. Both parties pursued broadly similar political ideologies based on the doctrine of *libéralisme planifié* or "planned liberalism" which has direct implications for economic development policy. Some commentators and critics have considered this policy as being identical to *dirigisme* (direction from above) which had a dominant influence on French politics during the post-war reconstruction period (Alima, 1977, pp.140-155). Planned liberalism was defined in terms of successive five year development plans covering the entire economy, a generous investment code intended to guarantee an open door policy to private investors from any country except South Africa and constant dialogue between the government and the private sector. It will be seen later here that a remarkable feature of the design of the OCAM Accounting Plan is that it is quite consistent with (or supports) the aforementioned aspects of planned liberalism. For instance, it will be seen in Chapter 6 that there is a direct linkage between the disclosures generated by the OCAM Plan and the package of incentives granted in conformity with the investment code (see Cameroon investment code in Appendix A).

There is some evidence that the Government's policy of planned liberalism was working extremely well especially during the period between 1970 and the early 1980s, although other factors may also have contributed to this. Cameroon was frequently cited as one of Africa's rare economic successes. It maintained one of the highest economic growth rates in sub-saharan Africa (i.e. a steady economic growth rate approaching 8%) despite unfavourable conditions evidenced by widespread stagnation, economic crises and deterioration in living conditions of Black Africa throughout this period (Hubbard, 1991, p.303). Successive national budgets were financed exclusively by national resources. The government authorised increases in wage rates between 8 and 17 per cent. Special emphasis was given to the importance of agriculture even after Cameroon became an oil producing country in the mid 1970s. The country quickly achieved and consolidated its food self-sufficiency to the extent that foodstuffs became one of its main exports to some neighbouring countries. Many multinational companies established subsidiaries in the country and Cameroon's economy became well diversified (by African standards) in the manufacturing, agricultural and service industries as pointed out by Cantwell (1991, p.194) thus:

> ... the more important sectoral characteristics of FDI [Foreign Direct Investment] in Africa can be seen by examining evidence from leading recipient countries ... Resource based manufacturing FDI predominates in Cameroon. Agriculture and food processing accounted for 35.3 per cent of FDI stock (compared to 8.3 per cent in 16 leading non-African LDCs in 1982), wood products were responsible for 14.2 per cent (as opposed to less than 1 per cent in the non-African countries), and building materials for a further 5.2 per cent (UN Economic Commission for Africa, 1981). Foreign involvement is also relatively important in the metals and textiles sectors, and significant in chemicals even though in this instance it is (at 9 per cent) below the Latin American proportion. Within Cameroon itself, foreign firms are responsible for a high proportion of total equity capital in the sectors that have been mentioned. Foreign penetration stands at 81 per cent in food products, 80 per cent in wood products, 48 per cent in building materials, 76 per cent in metals, 73 per cent in textiles and 57 per cent in chemicals.

Some data on annual inward foreign direct investment and the sectoral distribution of foreign direct capital stock in developing countries collected by Dunning and Cantwell (1987) which indicate the relative position of Cameroon are shown in Exhibits 2.1 to 2.3.

Exhibit 2.1

Average annual flow of inward foreign direct investment, 1974–85 (US $m)

	Average 1974–78	Average 1979–83	1984	1985
Developed Areas	15 875.9	31 682.2	39 845.2	33 852.5
Developing Areas	5 043.2	15 816.2	15 500.2	13 322.2
Africa (except S. Africa)	859.8	1 410.1	1 520.1	1 582.9
Asia & Pacific (except Japan)	1 764.5	3 887.2	4 492.6	4 720.3
Latin America & Caribbean	2 733.3	5 738.6	3 476.8	4 055.3
Middle East	–374.5	4 664.8	5 871.3	2 828.7
Australasia	60.1	115.5	139.4	135.0
Botswana	25.9	77.3	62.5	58.9
Burkina Faso	100.9	239.5	N.S.A.	N.S.A.
Cameroon	22.8	129.5	17.4	
Central African Republic	4.8	9.1	5.1	
Congo	30.2	34.0	34.9	Not
Egypt	136.3	807.6	728.8	separately
Gabon	75.4	76.9	8.2	available
Ghana	23.5	2.9	2.1	6.1
Kenya	45.8	69.0	62.5	87.3
Liberia	54.8	42.0	39.0	N.S.A.
Libya	–256.6	–628.0	N.S.A.	N.S.A.
Malawi	13.0	6.9	N.S.A.	N.S.A.
Mauritius	3.3	1.4	5.1	8.1
Morocco	70.8	110.4	47.2	N.S.A.
Nigeria	342.7	180.0	272.7	341.2
Senegal	20.5	3.9	N.S.A.	
Seychelles	5.5	7.6	5.1	Not
Sierra Leone	11.7	2.3	6.2	separately
Tanzania	N.A.	11.5	N.S.A.	
Togo	15.0	34.6	N.S.A.	available
Zaire	83.3	137.3	7.2	
Zambia	25.0	42.1	N.S.A.	
Zimbabwe	5.2	12.3	9.8	

Source: J.H. Dunning and J.A. Cantwell, *The IRM Directory of Statistics of International Investment and Production*, London: Macmillan, and New York: New York University Press, 1987; IMF, *Balance of Payments Statistics Yearbook, 1986*, Volume 37, Part 2.

Cantwell (1991, p.185)

Exhibit 2.2

Sectoral distribution of foreign direct capital stock, 1982 (US $ million)

	Primary	Secondary	Tertiary
Developed Areas	70 165.3	164 374.0	141 127.5
Developing Areas	26 664.9	63 936.7	27 544.5
Africa (except S. Africa)	6 697.0	3 619.7	2 549.2
Botswana*	310.2	12.5	12.5
Burkina Faso	192.6	481.6	349.1
Cameroon	85.4	718.6	1.6
Central African Republic	47.0	56.6	35.2
Congo	70.6	94.8	165.3
Egypt	2 983.9	105.3	355.4
Gabon	736.6	299.2	17.1
Kenya	71.4	252.2	175.8
Liberia	633.5	120.4	120.4
Libya	573.6	17.3	15.1
Malawi	206.0	123.0	46.0
Morocco	80.4	244.7	310.6
Tanzania*	17.9	156.9	41.0
Zambia*	69.4	257.5	165.2
Zimbabwe	618.5	679.1	658.9
Asia and Pacific (except Japan or M. East)	2 889.9	11 751.3	9 230.1
China	29.3	886.8	853.9
Hong Kong	113.9	1 435.3	2 778.6
Indonesia	1 176.0	2 996.7	472.5
S. Korea	13.8	880.3	249.1
Malaysia*	797.5	4 133.3	1 885.3
Pakistan	12.7	334.5	490.6
Philippines	516.6	911.2	506.9
Singapore	neg.	1 083.3	1 132.0
Sri Lanka	3.4	89.8	131.7
Taiwan	neg.	881.4	63.7
Thailand	226.7	440.8	665.8
Latin America and Caribbean	13 950.6	39 106.4	14 697.4
Argentina	1 825.0	3 219.7	1 735.3
Barbados*	39.8	53.3	106.5
Brazil	865.3	18 249.3	2 525.4
Chile	770.1	469.5	623.4
Colombia*	530.3	1 051.0	530.3
Dominican Republic	61.8	355.9	358.0
Ecuador	49.2	410.2	220.2
Jamaica	176.6	236.2	472.5
Mexico	317.8	11 308.9	2 817.2
Panama	1 108.7	506.4	3 798.7
Paraguay	38.1	116.5	105.7
Peru	1 878.1	494.4	323.5
Trinidad and Tobago	3 114.7	184.4	68.9
Venezuela	3 175.1	2 450.7	1 011.8
Middle East	3 115.6	9 392.7	778.9
Saudi Arabia	3 115.6	9 392.7	778.9
Australasia	11.8	66.6	288.9
Fiji	11.8	66.6	288.9
TOTAL	96 830.2	228 310.7	168 672.0

Note: * Represents authors' estimate.
Source: J.H. Dunning and J.A. Cantwell, *The World Directory of International Investment and Production Statistics*, London: Macmillan; and New York: New York University Press, 1987.

Cantwell (1991, pp. 188-189)

Exhibit 2.3

Foreign MNEs and Industrial Development in Africa

Percentage distribution of foreign direct capital stock, 1982.

	Primary	*Secondary*	*Tertiary*
Developed Areas	18.7	43.7	37.6
Developing Areas	22.6	54.1	23.3
Africa (except S. Africa)	52.1	28.1	19.8
Botswana*	92.6	3.7	3.7
Burkina Faso	18.8	47.1	34.1
Cameroon	10.6	89.2	0.2
Central African Republic	33.9	40.7	25.4
Congo	21.3	28.7	50.0
Egypt	86.6	3.1	10.3
Gabon	70.0	28.4	1.6
Kenya	14.3	50.5	35.2
Liberia	72.4	13.8	13.8
Libya	94.6	2.9	2.5
Malawi	54.9	32.8	12.3
Morocco	12.6	38.5	48.9
Tanzania*	8.3	72.7	19.0
Zambia*	14.1	52.3	33.6
Zimbabwe	31.6	34.7	33.7
Asia and Pacific (except Japan or M. East)	12.1	49.2	38.7
China	1.7	50.1	48.2
Hong Kong	2.6	33.2	64.2
Indonesia	25.3	64.5	10.2
S. Korea	1.2	77.0	21.8
Malaysia*	11.7	60.6	27.7
Pakistan	1.5	39.9	58.6
Philippines	26.7	47.1	26.2
Singapore	neg.	48.9	51.1
Sri Lanka	1.5	39.9	58.6
Taiwan	neg.	93.3	6.7
Thailand	17.0	33.1	49.9
Latin America and Caribbean	20.6	57.7	21.7
Argentina	26.9	47.5	25.6
Barbados*	19.9	26.7	53.4
Brazil	4.0	84.3	11.7
Chile	41.3	25.2	33.5
Colombia*	25.1	49.8	25.1
Dominican Republic	8.0	45.9	46.1
Ecuador	7.2	60.4	32.4
Jamaica	19.9	26.7	53.4
Mexico	2.2	78.3	19.5
Panama	20.5	9.4	70.1
Paraguay	14.6	44.8	40.6
Peru	69.7	18.3	12.0
Trinidad and Tobago	92.5	5.5	2.0

Source: Cantwell (1991, p.190)

Exhibit 2.4

Gross National Income Per Capita

SUB-SAHARAN AFRICA	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Benin	320	330	340	340	330	320	340	350	320	320
Botswana	780	940	780	850	860	860	1,030	1,200	..	..
Burkina Faso	180	180	180	200	200	190	200	220	210	220
Burundi	230	220	230	220	230	230	250	250	240	240
Cameroon	710	780	850	880	900	930	1,060	1,020	920	800
Cape Verde	330	350	350	360	..	530	550	560	590	600
Central African Republic	380	350	330	350	310	330	330	340	320	320
Chad	170	160	160	170	170	160	190	180	160	180
Comoros	..	..	..	..	..	..	..	..	..	..
Congo, People's Republic	760	960	1,100	1,610	1,620	1,750	1,630	1,010	..	..
Côte d'Ivoire	1,220	1,200	1,130	1,090	1,030	990	1,010	1,040	930	830
Ethiopia	110	110	110	110	110	100	100	100	..	..
Gabon	..	..	..	..	..	..	..	..	..	..
Gambia, The	420	360	400	410	350	340	320	330	350	360
Ghana	410	410	390	340	320	340	340	340	350	350
Guinea-Bissau	170	130	160	160	160	170	170	160	170	160
Kenya	420	410	400	390	370	370	370	390	380	400
Lesotho	480	480	490	530	520	..	..	..	..	..
Liberia	660	590	540	470	460	450	450	430	..	..
Madagascar	380	370	320	310	300	300	290	280	270	270
Malawi	200	190	180	180	180	180	180	170	170	180
Mali	260	250	250	260	250	250	240	270	270	250
Mauritania	430	430	470	430	440	420	450	470	470	470
Mauritius	1,350	1,160	1,150	1,150	1,180	1,210	1,280	1,510	1,770	1,880
Mozambique	..	200	200	170	150	150	120	120	110	120
Niger	460	450	460	450	450	370	370	390	360	360
Nigeria	1,060	1,170	1,160	1,100	990	890	910	840	790	780
Rwanda	220	230	230	240	240	230	230	240	220	210
Senegal	550	510	490	570	540	510	510	510	530	540
Seychelles	2,260	2,250	2,090	2,100	..	..	..	..	..	..
Sierra Leone	330	330	350	330	320	320	300	260	270	..
Somalia	150	140	150	160	140	130	140	130	140	130
Sudan	370	360	350	390	380	360	310	340	360	330
Swaziland	990	950	1,000	840	660	750	..	..	..	..
Tanzania	290	270	250	250	240	240	230	240	220	230
Togo	410	430	380	360	330	330	320	330	310	310
Uganda	150	140	..	..	..	..	..	..	..	..
Zaire	390	380	370	330	320	300	300	290	290	310
Zambia	680	640	620	510	510	490	500	460	460	550
Zimbabwe	700	750	810	800	780	740	750	690	660	660
MIDDLE EAST AND NORTH AFRICA /a										
Algeria	1,970	2,200	2,340	2,320	2,400	2,410	2,480	2,080	2,040	1,840
Egypt, Arab Republic of	480	520	520	550	570	590	590	570	540	540
Jordan	1,350	1,500	1,490	1,600	1,540	1,580	1,560	1,680	1,580	1,460
Morocco	890	940	870	930	900	910	930	1,020	980	1,060
Oman	4,810	5,420	6,840	6,970	7,410	8,260	8,780	6,710	..	..
Syrian Arab Republic	1,390	1,490	1,610	1,570	1,530	1,440	1,440	1,320	1,160	1,240
Tunisia	1,240	1,330	1,370	1,340	1,370	1,390	1,390	1,270	1,310	1,260
Yemen Arab Republic	500	500	520	560	550	550	560	590	580	570
Yemen, PDR	..	..	..	..	..	..	..	..	..	..

Source: World Bank (1990, pp.5-9)

However, owing to a general sharp decline in the world market prices of Cameroon's exports in the late 1980s, the country began to experience an acute economic crisis. This in turn stimulated agitations for a return to the multiparty politics of the early years of independence. Pro-democracy activists and opposition parties called for the resignation of the president and members of his government. The opposition parties sponsored campaigns of civil disobedience and ghost towns in order to compel the government to hold a national conference which would serve as a forum for debate on the political and economic future of the nation. The ruling CPDM party has finally announced an early general election to be held in October 1992.

Despite the recent decline in Cameroon's economy and its attendant socio-political upheavals, the country still maintains one of the highest per-capita incomes in Black Africa and is still classified by the World Bank as having a "middle income" status amongst the developing nations (see Exhibit 2.4).

Legal Systems and Business Organisation

The legal system in Cameroon has not yet been harmonised. French law is enforced in the francophone provinces whereas English law still has jurisdiction in the anglophone provinces. Agbabiaka (1985, p. 1904) reports that some attempts to harmonise Cameroon law have been fiercely contested by senior anglophone lawyers and magistrates who viewed them as unwelcome constraints to their professional status:

> ... The ill-concealed animosity between legal practitioners of both the English and French legal traditions made headline news last month when the former minister of state in charge of justice, André Ngongang Ouandji, unleashed an unprecedented attack on [Anglophone] magistrates. ... he found the situation "disquieting" and warned that the government could no longer tolerate the situation where some magistrates made it look as if they live "in a closed circle in contempt of the statutes which govern them and the laws of the republic."

Agbabiaka indicated the anglophone magistrates' reaction when he stated further thus (p. 1904):

> ... The virulent attack is seen as the preparatory stage. Worried anglophone legal experts argue that the francophone legal system which the government now wants to impose on a bilingual and bicultural Cameroon , is not only subject to manipulation, but holds the accused guilty until he proves himself innocent. It is in the light of this that the minister's attack should be interpreted.

Companies in the English speaking provinces of the country are still incorporated under Chapter 37 of the laws of the Federation of Nigeria and Lagos, 1958 (actually a re-enacted version of the 1908 British Companies Act.). Business organisation under French law in Cameroon may take several forms based on nineteenth century French commercial law as amended by subsequent Acts of the Management Committee of the Customs and Economic Union of Central Africa (UDEAC). The most common forms are the *Société Anonyme* (public limited company), *Société à Responsabilité Limitée* (SARL), *Etablissements* (sole proprietorships), *Société en commandite par actions* (limited partnerships), *Société en participation* (joint ventures or consortiums), and *Groupement d'intérêt économique* (a pooling of economic interests).

All public companies incorporated under French law must have a minimum of seven shareholders whereas private companies should have a minimum of two and not more than fifty. The minimum number of directors of a *Société Anonyme* is three. However, a French private company can be run by a single manager. The English form of the limited liability company (both public and private) must have a minimum of two directors. It has no minimum capital requirement and there is no obligation for all the shares to be subscribed. French public companies do not also have a minimum capital requirement but there must be at least seven shareholders, each holding a share with a minimum par value of 5000 CFA francs. The minimum capital for a French private company is 250,000 CFA francs. All the shares of a French private company must be fully paid on formation whereas those of a public company must be at least 25 per cent paid up. The remainder should be paid within five years and before any increase in capital.

In the anglophone provinces of Cameroon, a company is deemed established once the Registrar of Companies has received the necessary documents and issued a certificate of incorporation. In French-speaking Cameroon, a company comes into existence when the Commercial Court (*Registre du Commerce*) has issued a certificate to that effect.

There is a requirement for all public companies to be audited irrespective of whether they are incorporated under English or French law. All audit reports make references to Acts of the Management Committee of UDEAC as well as Articles 34 and 40 of the French commercial law of 24 July 1867. These laws require the statutory auditor (*commissaire aux comptes*) to issue two separate audit reports. The first report (or general report) is intended to certify the fairness, regularity and consistency of the financial statements. The second is a special report concerning contracts between the directors and the company. This report is required to indicate whether the contracts were approved in advance by the board of directors and should also point out any significant effects it may have on the company.

Educational Systems

During the colonial era, education in Cameroon was largely developed by christian missionary organisations. By the middle of the nineteenth century, the English Baptists had already established schools in the country (Gwei, 1975). They were followed later by the American presbyterians. When Germany colonised Cameroon, German and Swiss Basel mission and Catholic schools began operating in the country. Following a subsequent change from German to French rule, the German protestant and catholic missions were replaced by their French counterparts. Roman Catholic Jesuit, Mill Hill and Holy Ghost fathers undertook extensive missionary and educational activities in the country. Some statistics provided by Joseph (1977, pp.29-30) indicate that Cameroon became one of the few countries in sub-saharan Africa with a very high level of primary education. In 1959, for instance, it was estimated that over 71 per cent of all children of primary school age attended school.

After gaining independence, this record was consolidated by the government's policy to allocate the largest proportion of successive national budgets to education. Education from primary to university level is free in government institutions, and there are numerous schools, teacher training colleges and university institutions.

The English speaking provinces follow the British system of education at the primary and secondary levels, leading to the University of London/Cameroon GCE examinations and other vocational certificates such as the City and Guilds, Royal Society of Arts, London Chamber of Commerce and so on. The Francophone provinces follow the French system. However, all tertiary institutions are bilingual in that students have the right to write their examinations in either English or French and teachers also have the right to teach in either of the two official languages .

The harmonisation of the school curriculum in Cameroon is generally a politically sensitive issue, often involving the resolution of tensions between the cultural perspectives of Anglophones versus those of the Francophones. This may sometimes have an abrasive impact on public perceptions of national integration. For instance, in 1983, the minister of national education attempted to convert the GCE Advanced Level examination into a group-certificate examination similar to the French baccalauréat whereby only candidates who pass several compulsory subjects would qualify for an award. These projected reforms were vehemently contested in the

English-speaking provinces. Anglophone students at Yaoundé University boycotted classes until the reforms were repealed in a bid to defuse further threats of demonstration. According to Ngoh (1986, p.329) the anglophone students protested for the following reasons:

- The French system of education was left untouched.
- The syllabuses in the science-oriented [tertiary] institutions were French-oriented and not British-oriented which made it difficult, if not impossible , for the anglophone students with the British system of education to succeed in the entrance examinations.
- The minister erred when he implied that the francophones were more bilingual.
- They felt that the reforms were a sinister attempt to eradicate the English culture and assimilate the anglophones.
- They rejected the implication that the minister of national education should be given the powers to decide who should or should not be given an academic certificate..
- They felt that the reforms would lead to corruption and favouritism.

Some of the brightest students in Cameroon (especially the francophones) prefer to pursue further studies at the so called *grandes écoles* or professional /civil service schools rather than at universities. These institutions do not award degrees but confer the right to use some "prestigious" professional designations such as *Ingenieur de genie civil* (civil engineer), *Administrateur Civil* (civil administrator), *Inspecteur des Impôts* (tax inspector), *Professeur de Lycée* (secondary school teacher) and so on. Admission to these schools is based on competitive public examinations known as *concours*. Successful candidates automatically become integrated into the civil service from the date of passing the examinations and thereby acquire the status of *fonctionnaire* which is the most secure employment that one can obtain in the country. The salary scales are high, advancements up the scale are automatic over time, and there are generous fringe benefits and pension schemes. There are many professional/civil service schools in the country which train various grades of magistrates, public sector accountants and auditors, court registrars, school teachers, agronomists, engineers, technicians, office clerks/secretaries, forestry officers, civil and municipal administrators, journalists, youth and sports counsellors and so on.

Universities are the only institutions which award academic degrees. The University of Yaoundé was founded in 1962 by the French government and the Cameroon government later took over full control of the institution. There are other University Centres in Bamenda, Buea, Dschang, Douala and Ngaoundéré , and a Catholic University in Yaoundé.

Recently, some anglophone students and academics have raised complaints that the bilingual nature of tertiary education in the country is very demanding to the English speaking students because it is essentially a continuation of the French secondary school system. This is believed to be the main reason why the minister of education felt the need for the abortive attempt to harmonise the GCE Advanced Level examination syllabuses. In view of these problems, the government has recently announced the creation of two new universities with all the main faculties. One of these would be entirely based on the English system and is intended for students wishing to pursue their studies entirely in English. Similarly, the other would be based solely on the French system. These would be the only non-bilingual tertiary institutions in the country.

Regional Economic Integration and Accounting Harmonisation

Organisation Commune Africaine, Malagache et Mauricienne (OCAM)

In 1965, the newly independent Francophone African states united to form the *Organisation Commune Africaine, Malagache et Mauricienne* (OCAM). The countries involved were Cameroon, Chad, Central African Republic, Congo, Benin, Ivory Coast, Senegal, Togo, Upper Volta (Burkina Faso), Mauritania, Niger, Rwanda, Burundi, Djibouti, Zaire, Dahomey, Mali, Madagascar and Mauritius. The objective of OCAM was to promote economic, social and technical cooperation amongst member states. Its formation was strongly supported by France.

The OCAM states collectively established an airline known as *Air Afrique* and also undertook joint technical projects such as the general accounting plan which is the central issue of this study. In pursuit of a policy of non-alignment (Alima, 1977, pp.168-169; Ngoh, 1987, pp.283-289), Cameroon subsequently withdrew from OCAM, the Franco-African summit and the British Commonwealth (it has recently applied for re-entry into the Commonwealth). Many other countries withdrew from OCAM during the 1970s. However, its greatest legacy is the common accounting plan project which it commissioned in the late 1960s. This will be discussed in detail in Chapters 5 and 6.

Union Douanière et Economique de l'Afrique Centrale (UDEAC)

UDEAC is the Central African Customs and Economic Union. It was initially known as the Union Douanière Equatoriale in 1959 when it was formed (Robson, 1978; UN, 1974). Currently, it is constituted by Cameroon, Gabon, Central African Republic, Chad , Congo and Equatorial Guinea. These countries have a common currency and central bank - the Banque des Etats de l'Afrique Centrale which controls the issuance of currency and regulates the participation of member states in the franc zone. The CFA (Communauté Financière Africaine) franc is the currency used in the franc zone in Africa. This currency is pegged to the French franc and has maintained a fixed exchange rate of 50 CFA francs to 1 French franc since 1948. Recently, there has been some speculation on the fate of the CFA franc especially in the face of monetary reforms within the European Community with initiatives for a common currency and central bank already on the way. Pressure for its devaluation is building up with greater European unity. Some bankers claim that it is overvalued, others argue that it should be pegged to the ECU rather than the French franc. The French government, however, has declared its intention to continue to support the currency (The Economist, 1990, p.86). The countries using the CFA franc enjoy its unlimited and guaranteed convertibility. Unlike many other African states, these countries have also consistently experienced relatively low rates of inflation and some spectacular spurts of growth (Lane, 1990, p.13).

Agbor-Tabi (1984) [cited in De Lancey (1986)] and Boughton (1992, p.36) note that there is very little trade between the UDEAC member states which are mainly producers of raw material for European economies. De Lancey (1986) observes that Cameroon is the dominant power in the Union and that its growing industrial, commercial and banking sectors are becoming the major focus of development for the region. France has largely supported infrastructural development - roads, railways, port facilities etc. which could enhance trade between member states and benefit French investments in the region. It was also noted that some of the big six accounting firms use their main office in Douala, the economic capital of Cameroon, to serve their clients in the entire UDEAC region. This is facilitated by the common accounting system and regulatory framework which prevail in the member states.

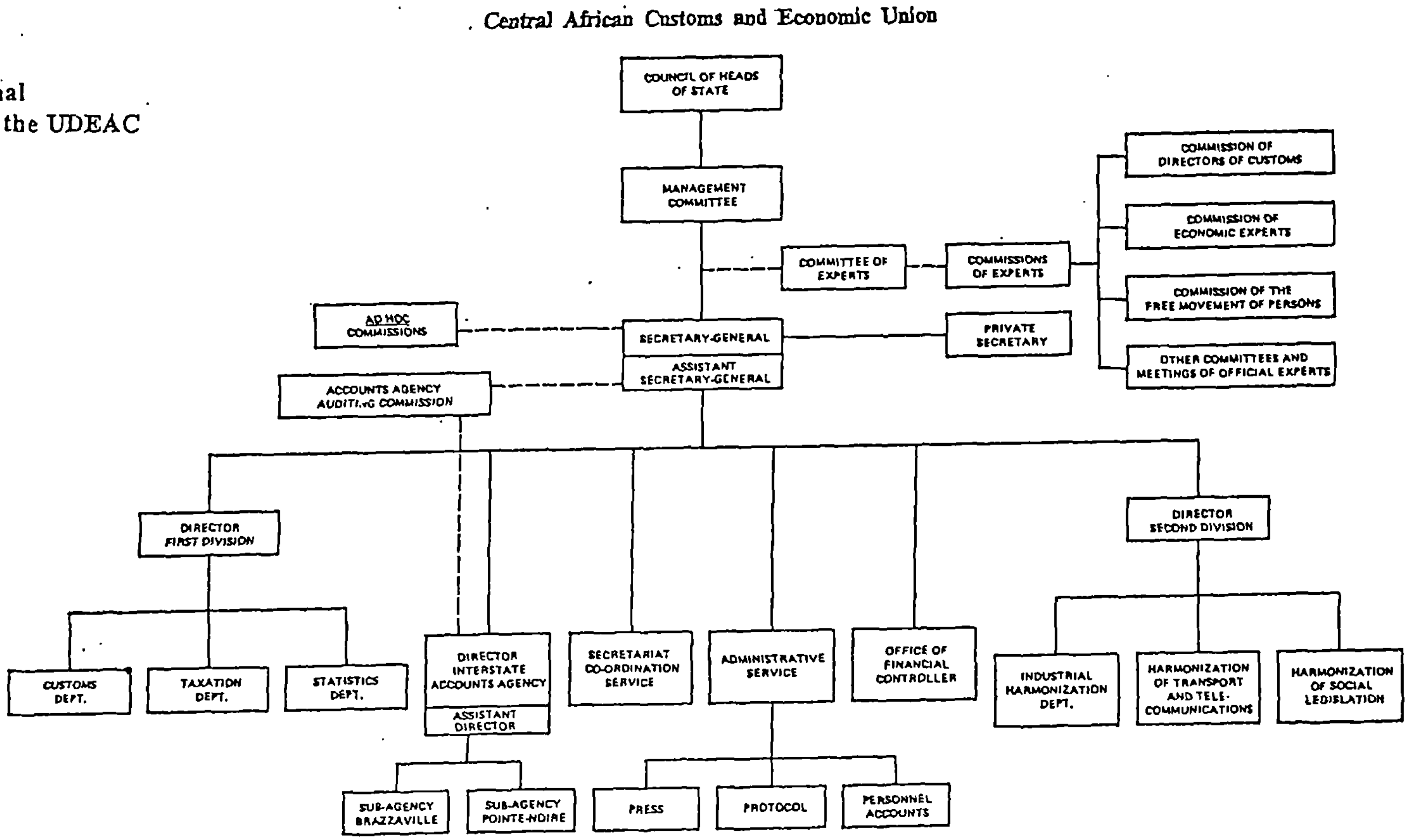
Exhibit 2.1 shows the organisational structure of UDEAC. The Council of Heads of State is the supreme organ. It meets once a year and is presided over in rotation by one of the Heads of State. The ministers and technical experts assist the Heads of State and the Secretary General in the decision making process. The Management Committee comprises the Ministers of Finance or their representatives and is advised by a Committee of Experts. The latter normally meets for 7 to 10 days before the Management Committee to prepare the meeting of the ministers and to propose recommendations for their consideration. The Secretary General of UDEAC is the Secretary of the Council of Heads of State and of the Management Committee.

He is also the chief administrative officer of the Union with powers to appoint and dismiss staff.

The UDEAC Management Committee is responsible for regional accounting harmonisation. For instance, according to Article 2 of Act No. 4/70-UDEAC-133, no person shall bear the title of licensed accountant or exercise such profession without the approval of the UDEAC Management Committee. Another example is Article 22 of Acct No. 4/70-UDEAC-133 of 27 November 1970 which requires the compulsory adoption of the OCAM Accounting Plan by all companies. Other UDEAC Acts stipulate accounting and auditing regulations. In addition, there is a regional code for foreign direct investment by multinational companies coming into the region (UN, 1988, p.343; Letenou, 1988, pp. 28-29).

Exhibit 2.5

Organisational
Structure of the UDEAC



2.5 CONCLUSIONS

This chapter has reviewed the history of Cameroon with special emphasis on socio-economic and political issues. It was shown that the colonial masters created an enlightened or élite class of Cameroonians through education and cultural changes who subsequently challenged their right to rule and began to develop the spirit of nationalism which played an important role in speeding up the timetable for independence.

The intertwining of political ideologies, economic development policies and accounting systems of the post independence era was brought to bear at an introductory stage here. The sensitive nature and political dimensions of harmonisation in the contexts of educational and legal systems were also highlighted. Their implications for the harmonisation of accounting and disclosure practices in Cameroon and related issues arising thereof will be considered in more depth in the subsequent chapters of this thesis.

PART TWO

INFLUENCES ON THE DEVELOPMENT OF ACCOUNTING SYSTEMS IN DEVELOPED AND DEVELOPING COUNTRIES

CHAPTER THREE

CULTURAL INFLUENCE AND THE EVOLUTION OF ACCOUNTING IN THE INDUSTRIALISED WESTERN COUNTRIES

This chapter reviews some important studies of environmental factors which have influenced the development of national accounting systems in the major industrialised Western countries. A theoretical assessment of the extent to which cultural influence is a prime determinant of national accounting systems is also provided. This is of interest to the present study because accounting systems in developing countries are largely replicas or variants of the major Western models. Thus an understanding of the nature of the factors which have shaped the development of accounting in the major industrialised countries may have important implications for accounting harmonisation amongst African countries in general and within Cameroon in particular. In this regard, special attention will be given to the contrasts between the French and British accounting models which are the dominant systems in Africa. This was observed by Forrester (1983a) thus:

> ...large differences in accounting systems may now be found between the French and British systems in Africa as in Europe. The problem of collaboration are faced by an African Accounting Council ... It seeks to bring together accountants and officials from French, English and Arab-speaking countries.

This point was also made explicitly by the Secretary General of the African Accounting Council when he explained that the major strategic problem facing his organisation is the prospect for harmonisation of the French and British accounting systems (Kinzonzi, 1986).

3.1 OPERATIONALISING SOCIETAL AND ACCOUNTING CULTURE CONCEPTS

"Culture" is a very difficult term to define comprehensively. Kroeber and Kluckuhn (1952) advanced over one hundred and sixty four definitions of culture. Neghandhi (1983) concluded after reviewing the recent literature and over thirty six articles submitted for publication in a specially commissioned issue of the Journal of International Business Studies that "culture" defies every conceivable single all purpose definition.

On many occasions, "cross cultural" management researchers tend to attribute unexplained relationships to cultural factors/differences. However, the nature of such cultural factors or differences are hardly specified in precise terms. This means that, in effect, they are considering "culture" as a *residual* variable responsible for unexplained variations rather than as an independent variable.

In view of this problem, Adler (1983) concluded that there is no such thing as *cross cultural study* and that most of the so-called cross cultural studies are at best *cross national* in nature. Adler's argument was that, if we delve exclusively into a detailed study of manifestations of culture, say at the level of an individual (micro-level study), we might miss out some broad and more structured relationships which could be extrapolated at the macro-level. Thus researchers who adopt this extreme position of "culture-uniqueness" may not appropriately describe their work as cross-cultural studies.

On the other hand, researchers who adopt the other extreme position of a macro-level or "culture general" approach are in danger of missing out many important unique aspects of the phenomenon being studied (i.e. at the micro-level - see Exhibit 3.1).

Exhibit 3.1

Differentiating "Unique" and "Universal" Approaches to Research involving Culture

Terms Denoting Cultural Uniqueness	Terms Denoting Universality
Culturally Specific	*Culturally General*
Emic: Sounds which are specific to a particular language	*Etic:* Sounds which are similar in all languages
Particular	*Universal*
Idiographic: Descriptive of the uniqueness an individual	*Nomothetic*: Laws describing of groups of individuals
Polycentric: Cultures must be understood in their own terms	*Geocentric:* Search for universal pancultural laws of human behavior
Within culture: Studies behaviour from within the culture to discover whatever structure it might have Both the antecedents and the consequences of the behavior are found within the culture. observation	*Across cultures:* Emphasizes the .most general description of social phenomena with concepts that are culture free. Structure of is created by the scientists.
Culture contingent: The studied behavior is dependent on the particular culture in which it is embedded.	*Culturally independent:* The studied behavior is not related to or influenced by the particular culture in which it is embedded.
Differences emphasised	*Similarities emphasised*
Universality denied	*Similarity emphasized*
Unique	*Pancultural*

Source: Adler (1983) *A Typology of Management Studies Involving Culture,* Journal of International Business Studies, Fall, p.36.

Given the above dilemma, several studies of cultural values have adopted the macro-level approach. Hofstede's study of manifestations of societal values at national levels is a good example. It appears to possess powerful analytic potentials because it introduces a systematic terminology which can be used to describe some otherwise very abstract and unstructured dimensions of work related values at the national level. Further work by Soeters and Schreuder (1988) and Schreuder (1987) have indicated that the concept of culture can be operationalised using Hofstede's analytical framework in different environmental settings and contexts

Hofstede (1980, p.5) defined culture as the collective programming of the mind which distinguishes the members of one human group from another. It can be considered at several levels e.g. family, clan, occupational, organisational, national and so on. In order to operationalise the concept from a "macro" point of view, some researchers have found it necessary to make a distinction between culture and sub-culture. In this regard, the term culture relates to entire societies or nations whereas sub-culture is reserved for constituent dimensions such as family, profession or organisation. Two specific dimensions namely "societal" and "accounting" sub-culture values will be considered here following Hofstede (1980, 1984) and Gray (1988).

Hofstede studied manifestations of national culture in terms of work related values of employees of a large multinational company. The initial study involved the forty largest subsidiaries of the company while a later study covered over fifty subsidiaries around the world. Hofstede administered a questionnaire which contained fifty two value statements. Factor analysis statistical techniques were subsequently applied to the data, leading to the identification of four main patterns. By drawing on the psychology and sociology literature, he used his theoretical judgement to label these as four value dimensions of national culture namely: power distance, uncertainty avoidance, individualism and masculinity. These were defined as follows by Hofstede (1984):

1. Individualism versus Collectivism

Individualism stands for a preference for a loosely knit social framework in society wherein individuals are supposed to take care of themselves and their immediate families only. Its opposite, Collectivism stands for a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them in exchange for unquestioning loyalty (it will be clear that the word "collectivism is not used to describe a particular political system). The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among individuals. It relates to people's self-concept: "I" or "we".

2. Large versus Small Power Distance

Power Distance is the extent that the members of a society accept that power in institutions and organisations is distributed unequally. This affects the behaviour of the less powerful as well as of the more powerful members of society. People in Large Power Distance societies accept a hierarchical order in which everybody has a place which needs no further justification. People in Small Power Distance societies strive for power equalisation and demand justification for power inequalities. The fundamental issue addressed by this dimension is how a society handles inequalities among people when they occur. This has obvious consequences for the way people build their institutions and organisations.

3. Strong versus Weak Uncertainty Avoidance

Uncertainty Avoidance is the degree to which members of a society feel uncomfortable with uncertainty and ambiguity. This feeling leads them to beliefs promising certainty and to maintaining institutions protecting conformity. Strong Uncertainty Avoidance societies maintain rigid codes of belief and behaviour and are intolerant towards deviant persons and ideas. Weak Uncertainty Avoidance societies maintain a more relaxed atmosphere in which practice counts more than principles and deviance is more easily tolerated. The fundamental issue addressed by this dimension is how a society reacts on the fact that time only runs one way and that the future is unknown: whether it tries to control the future or to let it happen. Like Power Distance, Uncertainty Avoidance has consequences for the way people build their institutions and organisations.

4. Masculinity versus Feminity

Masculinity stands for a preference in society for achievement, heroism, assertiveness, and material success. Its opposite, Feminity, stands for a preference for relationships, modesty, caring for the weak, and the quality of life. The fundamental issue addressed by this dimension is the way in which a society allocates social (as opposed to biological) roles to the sexes.

Hofstede also showed how countries can be grouped into culture areas on the basis of their scores (see Exhibit 3.2) on these societal values using cluster analysis together with other geographical and historical factors. The main culture areas identified are shown in Exhibit 3.3.

Exhibit 3.2

Value of the four indices for fifty countries (with rank numbers) and three regions.

Country	Abbreviation	Individualism Index (IDV)	Individualism Rank	Power distance Index (PDI)	Power distance Rank	Uncertainty avoidance Index (UAI)	Uncertainty avoidance Rank	Masculinity Index (MAS)	Masculinity Rank
Argentina	ARG	46	28–29	49	18–19	86	36–41	56	30–31
Australia	AUL	90	49	36	13	51	17	61	35
Austria	AUT	55	33	11	1	70	26–27	79	49
Belgium	BEL	75	43	65	33	94	45–46	54	29
Brazil	BRA	38	25	69	39	76	29–30	49	25
Canada	CAN	80	46–47	39	15	48	12–13	52	28
Chile	CHL	23	15	63	29–30	86	36–41	28	8
Colombia	COL	13	5	67	36	80	31	64	39–40
Costa Rica	COS	15	8	35	10–12	86	36–41	21	5–6
Denmark	DEN	74	42	18	3	23	3	16	4
Equador	EQA	8	2	78	43–44	67	24	63	37–38
Finland	FIN	63	34	33	8	59	20–21	26	7
France	FRA	71	40–41	68	37–38	86	36–41	43	17–18
Germany (F.R.)	GER	67	36	35	10–12	65	23	66	41–42
Great Britain	GBR	89	48	35	10–12	35	6–7	66	41–42
Greece	GRE	35	22	60	26–27	112	50	57	32–33
Guatemala	GUA	6	1	95	48–49	101	48	37	11
Hong Kong	HOK	25	16	68	37–38	29	4–5	57	32–33
Indonesia	IDO	14	6–7	78	43–44	48	12–13	46	22
India	IND	48	30	77	42	40	9	56	30–31
Iran	IRA	41	27	58	24–25	59	20–21	43	17–18
Ireland	IRE	70	39	28	5	35	6–7	68	43–44
Israel	ISR	54	32	13	2	81	32	47	23
Italy	ITA	76	44	50	20	75	28	70	46–47
Jamaica	JAM	39	26	45	17	13	2	68	43–44
Japan	JPN	46	28–29	54	21	92	44	95	50
Korea (S)	KOR	18	11	60	26–27	85	34–35	39	13
Malaysia	MAL	26	17	104	50	36	8	50	26–27
Mexico	MEX	30	20	81	45–46	82	33	69	45
Netherlands	NET	80	46–47	38	14	53	18	14	3
Norway	NOR	69	38	31	6–7	50	16	8	2
New Zealand	NZL	79	45	22	4	49	14–15	58	34
Pakistan	PAK	14	6–7	55	22	70	26–27	50	26–27
Panama	PAN	11	3	95	48–49	86	36–41	44	19
Peru	PER	16	9	64	31–32	87	42	42	15–16
Philippines	PHI	32	21	94	47	44	10	64	39–40
Portugal	POR	27	18–19	63	29–30	104	49	31	9
South Africa	SAF	65	35	49	18–19	49	14–15	63	37–38
Salvador	SAL	19	12	66	34–35	94	45–46	40	14
Singapore	SIN	20	13–14	74	40	8	1	48	24
Spain	SPA	51	31	57	23	86	36–41	42	15–16
Sweden	SWE	71	40–41	31	6–7	29	4–5	5	1
Switzerland	SWI	68	37	34	9	58	19	70	46–47
Taiwan	TAI	17	10	58	24–25	69	25	45	20–21
Thailand	THA	20	13–14	64	31–32	64	22	34	10
Turkey	TUR	37	24	66	34–35	85	34–35	45	20–21
Uruguay	URU	36	23	61	28	100	47	38	12
U.S.A.	USA	91	50	40	16	46	11	62	36
Venezuala	VEN	12	4	81	45–46	76	29–30	73	48
Yugoslavia	YUG	27	18–19	76	41	88	43	21	5–6
Regions:									
East Africa 1)	EAF	27	(18–19)	64	(31–32)	52	(17–18)	41	(14–15)
West Africa 2)	WAF	20	(13–14)	77	(42)	54	(18–19)	46	(22)
Arab Ctrs. 3)	ARA	38	(25)	80	(44–45)	68	(24–25)	53	(28–29)

1) Ethiopia, Kenya, Tanzania, Zambia
2) Ghana, Nigeria, Sierra Leone
3) Egypt, Iraq, Kuwait, Lebanon, Lybia, Saudi-Arabia, U.A.E.

Source: Hofstede, G (1984), "Cultural Dimensions in Management and Planning", *Asia Pacific Journal of Management*, January

Exhibit 3.3

Hoftede's Culture Areas

More Developed Latin	*Less Developed Latin*	*More Developed Asian*
Belgium	Colombia	Japan
France	Ecuador	
	Mexico	
Argentina	Venezuala	
Brazil		
Spain	Costa Rica	
	Chile	
	Guatemala	
Italy	Panama	*African*
	Peru	East African
	Portugal	West African
	Salvador	
	Uruguay	

Less Developed Asian	*Near Eastern*	*Asia Colonial*
Indonesia	Arab Countries	Hong Kong
Pakistan	Greece	Singapore
Taiwan	Iran	
Thailand	Turkey	
	Yugoslavia	
India		
Malaysia		
Philippines		

Germanic	*Anglo*	*Nordic*
Austria	Australia	Denmark
Isreal	Canada	Finland
	UK	Netherlands
Germany	USA	Norway
Switzerland	South Africa	Sweden

In recent years, several writers have recognised the idea that societal norms and values play a vital role in determining the nature of accounting and financial reporting systems (e.g. Hopwood, 1983; Hofstede, 1987; McComb, 1979; Belkaoui, 1990; Samuels and Oliga, 1982; Harrison and McKinnon, 1986). However, the first ever international classification of accounting systems based on cultural influences was proposed by Gray (1985, 1988). This relied on the argument that if societal values determine the nature of national accounting systems, then one would expect the societal value dimensions identified by Hofstede to have a direct impact on accounting as illustrated in Exhibit 3.4. Gray identified the following accounting values which were considered to determine the nature of national accounting systems:

1. Professionalism versus Statutory Control

A preference for the exercise of individual professional judgement and the maintenance of professional self-regulation as opposed to compliance with prescriptive legal requirements and statutory control.

2. Uniformity versus Flexibility

A preference for the enforcement of uniform accounting practices between companies and for the consistent use of such practices over time as opposed to flexibility in accordance with circumstances of individual companies.

3. Conservatism versus Optimism

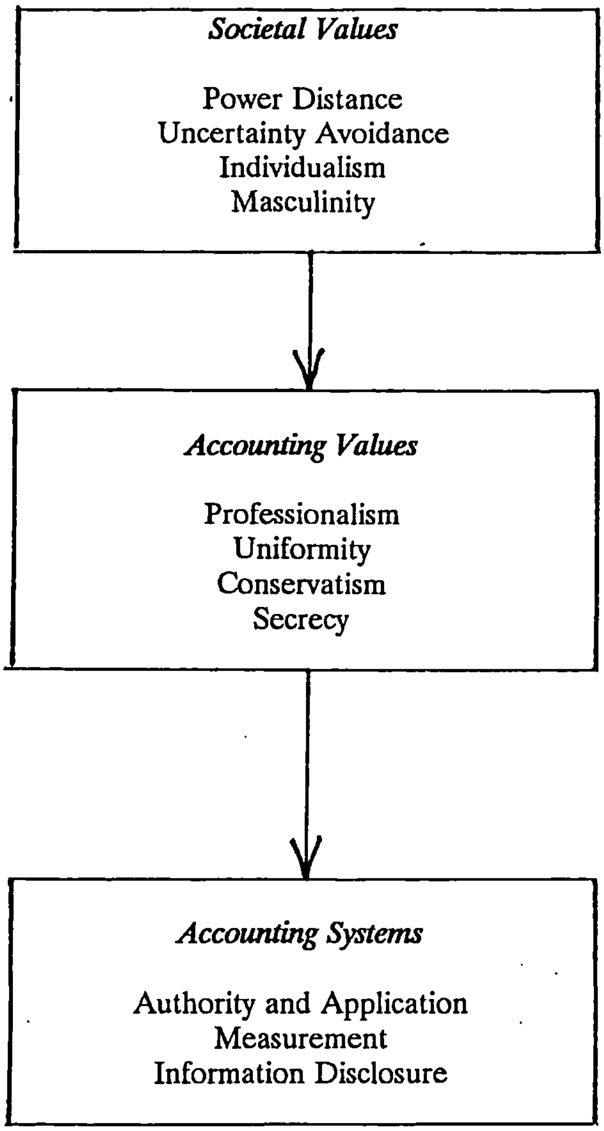
A preference for a cautious approach to measurement so as to cope with the uncertainty of future events as opposed to a more optimistic laissez-faire risk taking approach.

4. Secrecy versus Transparency

A preference for confidentiality and the restriction of disclosure of information about the business to those who are closely involved with its management and financing as opposed to a more transparent, open and publicly accountable approach.

Exhibit 3.4

Societal Values and the Accounting Sub-Culture



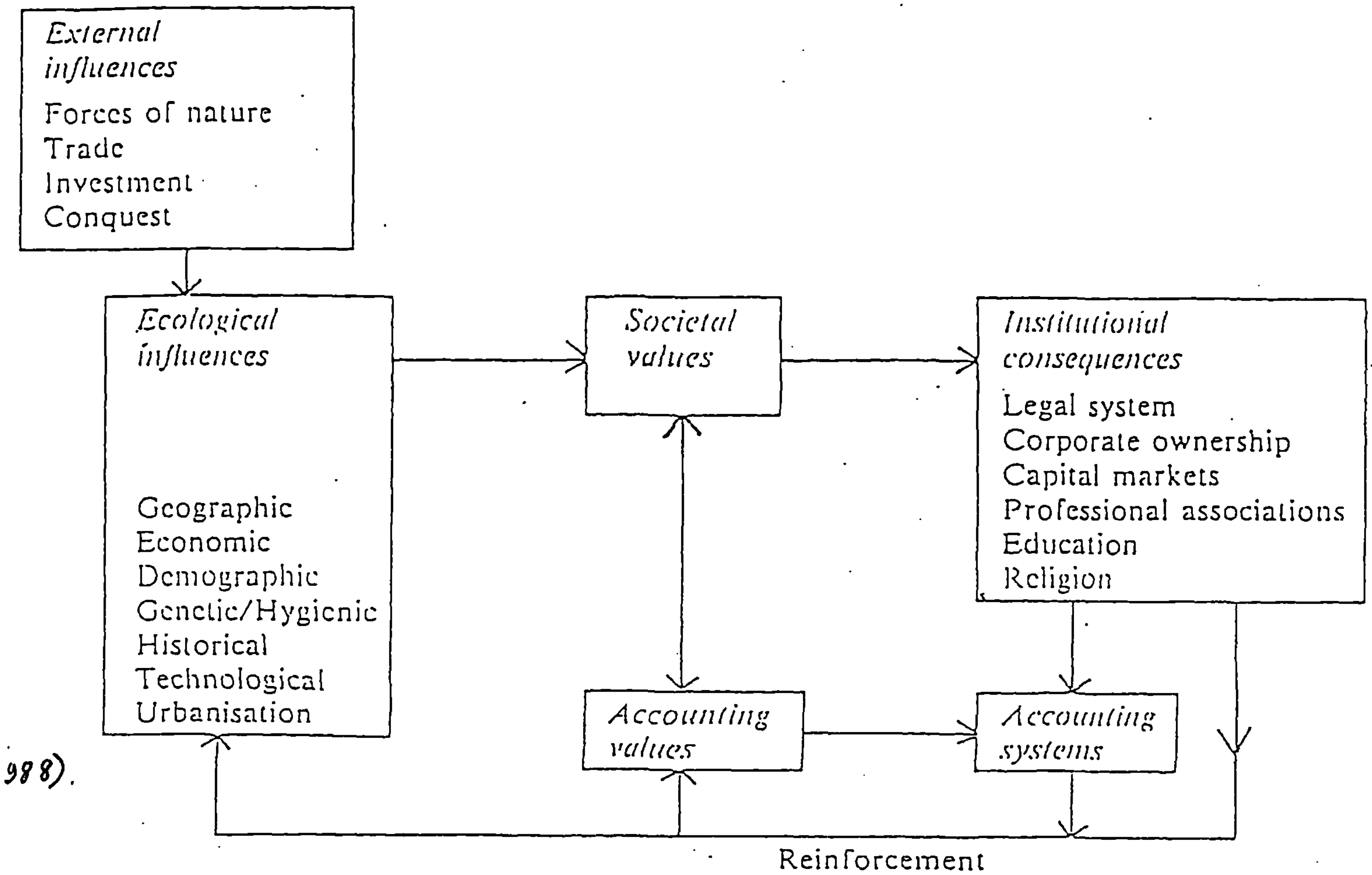
Source: Gray (1885) Cultural Influences and the International Classification of Accounting Systems, Paper presented at EIASM Workshop on Accounting and Culture, Amsterdam, June, p.35.

However, the issue is not as simplistic as the diagram may imply. In reality, a complex interaction between external and ecological factors may also be involved as illustrated in Exhibit 3.5. This diagram was actually adapted from Hofstede (1980) by Gray (1988). It suggests that, *ceteris paribus*, there should be a close match between national accounting systems and the cultural values which shaped their development. Should any cases of mismatch arise, then these might be attributed to external or ecological influences which impact on the accounting values and institutional settings (legal, educational, business, religious etc.). The resultant interplay of these influences determines the nature of national accounting systems.

The external/ecological influences appear to exert pressures geared towards the reinforcement and stabilisation of the system to restore a new dynamic equilibrium position. Thus, in effect, the diagram is suggesting that accounting systems are constantly undergoing changes which are commensurate with corresponding changes in their environments which may be either endogenous or exogenous.

Exhibit 3.5

CULTURE, SOCIETAL VALUES AND THE ACCOUNTING SUB-CULTURE



SOURCE: Gray (1988).

In the case of developing countries, the changes may be rapid given their very fragile social, economic and political environments. The environmental factors influencing accounting in developing countries are more fluid and dynamic than is the case with the major industrialised countries where the environment is generally more stable (Samuels and Oliga, 1982; Samuels and Piper, 1985).

This point is also supported by the study by Gray (1985, 1988) which matched culture areas and accounting clusters and revealed a strong correlation between the Nobes (1983) classification of accounting systems in the major industrialised Western nations and Hofstede's culture areas. However, he did not find a close match between Hofstede's culture areas and the accounting clusters identified by Nair and Frank (1980) which included many developing countries with highly volatile social, economic and political environments.

The external influences described as forces of nature, trade, investment or conquest may take the form of colonisation, neo-colonialism, imperialism, massive inflow of external capital, foreign direct investment and other activities of multinational companies.

The ecological influences described as geographical, economic or historical may take the form of regional quests for economic integration facilitated by geographical proximity. Such ecological pressures appear to have motivated European Community countries to embark on accounting harmonisation programmes. Similar motives have pulled together the member states of OCAM/UDEAC, ECOWAS (ABWA) and the AAC despite their diverse colonial, linguistic, social, economic, political and cultural backgrounds as they all strive towards the ultimate goal of economic integration.

3.2 CULTURE AND ACCOUNTING CLUSTERS

International accounting research efforts can be classified broadly into two major groups depending on the methodologies employed (i.e. the inductive and the deductive approaches). The deductive approach involves identification of relevant environmental factors and the establishment of links between these environmental factors and national accounting systems. Important examples of research studies in this mode are Mueller (1967, 1968) and Nobes (1983, 1984).

In the inductive approach, accounting practices are analysed in order to identify patterns in terms of a variety of economic, political, social and cultural factors. Factor analysis is a popular statistical technique used by researchers working in this mode (e.g. Frank, 1979; Nair and Frank, 1980). The pioneering study in this area is the Mueller (1967) classification. Mueller identified four major patterns which exhibits distinct trends in accounting development in the industrialised Western nations with market oriented economies. These were the macroeconomic pattern, microeconomic pattern, independent discipline and uniform accounting approaches..

Within the macroeconomic framework, it is considered that the major objective of accounting is to facilitate national economic policy decision making and planning. Hence there is a strong emphasis on issues such as value added reporting, tax and social responsibility accounting. Mueller suggests Sweden as a good example in this category.

The microeconomic approach views accounting as a branch of business economics. In this case, microeconomic theories of the firm are considered to have motivated accounting theorists to seek ways of reflecting economic reality in income measurement and asset valuation. Thus, sophisticated developments such as replacement cost accounting are well received under this system. The Netherlands is a suggested example.

The independent discipline approach favours the development of accounting largely in a business context, independent of government interference or economic theories. It fosters the formulation of ad hoc pragmatic solutions to business problems as they emerge in practice. Accounting rules are derived from business practice as new accounting standards are frequently postulated to address new practical problems as they arise. Examples of countries with such systems are Britain and the USA.

Finally, the uniform accounting approach has flourished in countries where accounting is thought of as a scientific administrative device in the sense that it has been used as a tool for national economic planning, fiscal control, performance evaluation and supervision of the activities of enterprises by the state. Such systems prescribe standardised definitions of terminology, measurement and presentation formats. France is suggested as a classic example since it has been operating a uniform chart of accounts for many years.

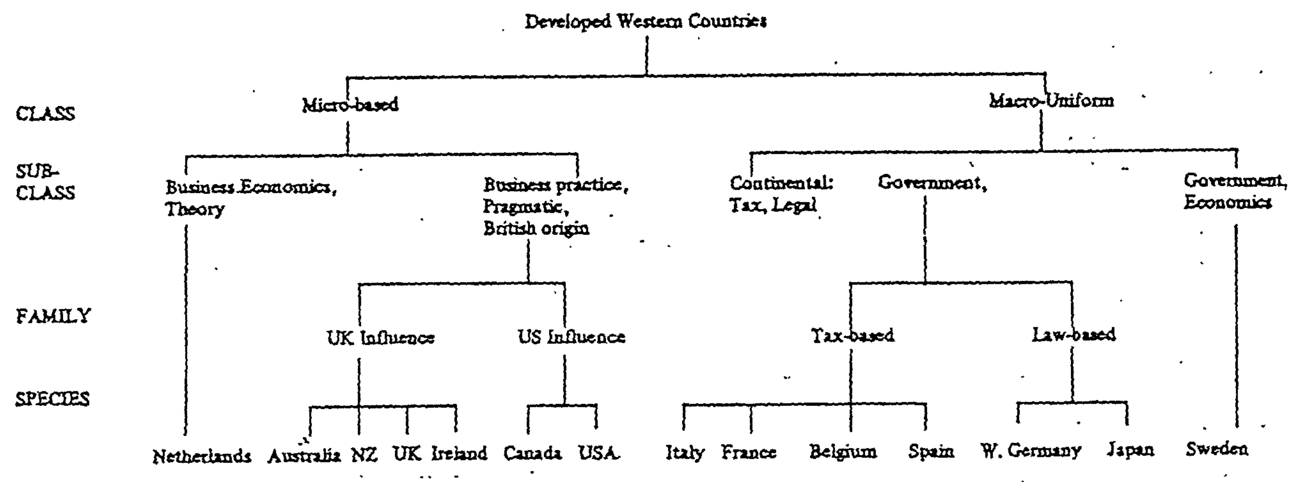
Mueller (1968) proposed yet another classification framework, this time of the business environments which he grouped into: (i) Stages of economic development, (ii) Shades of political persuasion and (iii) Reliance on a particular system of law. Both Mueller classifications did not make explicit reference to cultural factors although it is recognised that these may well have been subsumed in the broad range of environmental factors identified.

Nobes (1983) adapted and developed Mueller's pioneering classification. His prime objective was to build on the existing classification research studies by attempting to remedy some of their shortcomings. Nobes proposes a classification framework which introduces hierarchical integrity, thereby allowing more pronounced discrimination and subtlety amongst the accounting systems and countries as shown in Exhibit 3.6.

Exhibit 3.6

A Judgemental International Classification

A HYPOTHETICAL CLASSIFICATION OF FINANCIAL REPORTING MEASUREMENT PRACTICES IN DEVELOPED WESTERN COUNTRIES IN 1980



SoOrce: C.W, Nobes (1983) *Journal of Business Finance and Accounting*, Spring

A fundamental distinction between microeconomic and macroeconomic systems is imposed in a typical biological fashion at the *class* level. Further distinctions are identified at the *sub-class, family* and *species* levels. As a further development, statistical tests of this classification framework was carried out using the Price Waterhouse survey data by Nobes and Matatko (1980). The results provided support for two broad groupings (i.e. "micro" and "macro" based systems). It was also observed that some countries (e.g. France and Germany) could reasonably be classified under both "tax" and "law" based systems which as a result, impairs its discriminatory power at the *species* level.

The study by Nair and Frank (1980) is one of the most important works which utilises the inductive approach. Nair and Frank applied factor analysis techniques to the Price Waterhouse survey data and identified five major country groupings (see Exhibit 3.7) when only measurement practices were considered. Following the Seidler (1967) subjective classification where some *spheres of influence* were identified, they named the five groupings as British Commonwealth, Latin American, Northern and Central European, United States and Chile (a group with only one country) models. The country groupings subsequently increased to seven as shown in Exhibit 3.8 when disclosure practices were considered.

Accordingly, there was no evidence in the Nair and Frank study in support of the assertion that cultural and economic variables might be more closely associated with disclosure practices and trading variables more closely associated with measurement practices. However, it could be that, by assuming that official languages are proxies for culture, Nair and Frank were taking a very crude or simplistic operational definition of the concept. As Gray (1988, p.4) observes, the use of language as a proxy for culture is in itself questionable and no justification for this was given.

Exhibit 3.7

The Nair and Frank Country Groupings based on Measurement Practices

I	*II*	*III*	*IV*	*V*
British Commonwealth	***Latin American/ South European***	***Northern and Central European***	***USA***	
Australia	Argentina	Belgium	Bermuda	Chile
Bahamas	Bolivia	Denmark	Canada	
Fiji	Brazil	France	Japan	
Iran	Colombia	Germany	Mexico	
Ireland	Ethiopia	Norway	Philippines	
Jamaica	Greece	Sweden	USA	
Mlaysia	India	Switzerland	Venezuela	
Netherlands	Italy	Zaire		
New Zealand	Pakistan			
Nigeria	Panama			
Sigapore	Paraguay			
South Africa	Peru			
Trinidad & Tobago	Spain			
UK	Uruguay			
Zimbabwe				

Exhibit 3.8

The Nair and Frank Country Groupings based on Disclosure

I	*II*	*III*	*IV*	*V*	*VI*	*VII*
Belgium	Australia	Bahamas	Bermuda	Argentina	Denmark	Italy
Bolivia	Ethiopia	Germany	Canada	India	Norway	Switzerland
Brazil	Fiji	Japan	Ireland	Iran	Sweden	
Chile	Kenya	Mesico	Netherlands	Pakistan		
Colombia	Malaysia	Panama	UK	Peru		
France	N. Z.land	Philippines	Zimbabwe			
Greece	Nigeria	USA				
Paraguay	Singapore	Venezuela				
Spain	South Africa					
Uruguay	Trinidad &					
Zaire	Tobago					

Gray (1985) demonstrated that the Nobes classification displays a broadly consistent match with Hofstede's culture areas. The grouping of Germany and Japan, and the separation of the Netherlands from Sweden were the few inconsistent cases detected.

In the case of the Nair and Frank classification, the test for correlation with culture areas yielded mixed results (see Gray, 1985, pp.29-32). It was found that the Nair and Frank measurement based classification shows some consistency with Hofstede's culture clusters for the British Commonwealth and USA models. However, conspicuous cases of mismatch will obviously include the classification of Malaysia and Singapore (UK model) as well as the Philippines and Mexico (US model). Certainly, Malaysian cultural values are widely at variance with those of the UK. This mismatch might best be explained by colonial or other external influences (e.g. trade, and foreign direct investments). It reflects the highly dynamic and relatively fluid state of the business environment in developing countries as opposed to the more stable environments of the major industrialised countries. Similar arguments may explain the mismatch in the classification of Singapore in the UK model and the Philippines in the US model.

The diversity in the Nair and Frank disclosure based classification renders it inconsistent with Hofstede's culture clusters as no meaningful correlations or patterns are identifiable. Gray (1985, p.10) notes that these results may serve to reinforce doubts about the reliability of both the data and methods of empirical analysis employed by Nair and Frank (1980). Some of these shortcomings were explained by Nobes (1985) and include poor questionnaire design and survey techniques used in the Price Waterhouse study.

Summing up, one may note that , of the two research modes employed in international accounting classification research, the deductive category purports to establish relatively more stable relationships. After all, most of the studies (e.g. Nobes, 1983; Mueller, 1967) are actually classifications of accounting environments (or factors which influence their development) in the industrialised Western countries. In contrast, studies based on the inductive category are largely concerned with classifications of *actual* accounting systems in both developed and developing countries. Developing countries are by definition striving for the improvement of their socio-political and economic status. Hence their accounting environments are relatively more transitional and fluid as they are susceptible to dramatic changes dictated by (or in response to) political, social or other environmental changes (Samuels and Oliga, 1982, p.84). Most developing countries do not have indigenous accounting systems. Whatever accounting systems that may prevail in these countries were imposed during the colonial era. Multinational companies have in many cases exported both alien accountants and accounting systems to these countries. Foreign capital markets and investors have insisted on compliance with their own domestic accounting regulatory (including disclosure) standards. While these factors affect both developed and developing countries alike, the changes in the latter countries are more rapid than in the developed Western world.

It is important to assess the relationship between accounting and culture before proceeding to evaluate its implications. Beginning with professionalism, one may note that, according to the cultural determinism models, this accounting value dimension varies from country to country as the societal values determine. This point can be illustrated by considering the case of Britain/USA on the one hand and France or more generally, continental Europe on the other.

Accountants in Britain and the USA have a long history of professional self-regulation and have traditionally enjoyed a much wider scope for exercising their own independent professional judgements than their counterparts in continental Europe. As explained earlier, accounting has taken an independent discipline approach in Britain and the USA. Accounting standards are issued on an ad hoc basis by the profession in response to new problems that arise in practice. This is in contrast to the macroeconomic and uniform accounting approaches in continental Europe. In France, for example, the detail of the commercial law and the strong grip of the Plan Comptable clearly spell out "what should" or "what shouldn't" be done (Kerviller and Standish, 1988). Such rigid prescriptions tend to reduce uncertainty and ambiguity in asset valuation and income measurement procedures.

Unlike Britain and the USA, French accounting thought appears consistent with a fervent desire for uncertainty avoidance. In contrast, the British "true and fair view" doctrine is a reflection of high professionalism and weak uncertainty avoidance since it grants considerable leeway for exercising independent professional judgement. In some circumstances, it may even require the accountant to defy the law or violate accounting standards. The famous Woolworth "Split Depreciation" and the "Argyll Foods" case are examples of manifestations of quests for strong individualism and masculinity, weak uncertainty avoidance and high professionalism. These observations are in accordance with Hofstede's societal value scores. Such theoretical analyses led Gray (1988) to arrive at the hypothesis that:

> The higher a country ranks in terms of individualism and the lower it ranks in terms of uncertainty avoidance and power distance then the more likely it is to rank highly in terms of professionalism.

Cultural values may help to explain the ambiguity associated with the British true and fair view concept in France, for instance, where it became mandatory by virtue of the EC Fourth Directive on company law harmonisation. This concept evolved in an environment where there is a relatively loose company law supporting an emphasis of substance over form and accounting systems which are more pragmatic, ad hoc and folkloristic (Hofstede, 1987, p.8). However, in a country which has a strong legalistic and fiscal approach to accounting enshrined in the *code de commerce*, where "form" prevails over "substance", and where there is an affinity for uncertainty avoidance, it is not surprising that the alien true and fair view concept has caused considerable confusion and ambiguity (Gray and Coenenberg, 1984; Pham, 1984; Nobes and Parker, 1983).

Conservatism (sometimes also referred to as prudence) is an ancient principle in accounting. It is an accounting sub-culture value which varies from country to country. Empirical research by Gray (1980) has provided evidence indicating a relatively stronger extent of conservatism in France and Germany than in the UK and USA. The generous provisions for contingencies and the existence of secret reserves in French accounting has also been observed by other writers (e.g. Beeny, 1976; Arpan and Radebaugh, 1985; Most, 1984). This tends to support a strong positive relationship between conservatism and uncertainty avoidance since the latter favours a cautious approach to income measurement in order to cope with the uncertainties of future events and at the same time diminish stress and ambiguity. Gray (1988) analysed the relationships between accounting values and Hofstede's societal values and advanced arguments leading to three more hypotheses:

- The higher a country ranks in terms of uncertainty avoidance and the lower it ranks in terms of individualism and masculinity then the more likely it is to rank highly in terms of conservatism

- The higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism then the more likely it is to rank highly in terms of uniformity.

- The higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism and masculinity then the more likely it is to rank highly in terms of secrecy.

The contrasts between French accounting in particular or continental European accounting in general and the Anglo-Saxon systems tend to support these hypotheses. The origins of the French legalistic and fiscal approach to accounting can be traced to the *code de commerce* of 1807. This is one of the five codes collectively known as the *Code Napoleon* or Napoleonic Code. It deals with the preparation of accounts and largely forms the foundations of French commercial law as it is today. Currently, audit reports in Cameroon and some other former French overseas territories still make reference to compliance with the laws of 1807. Unlike in Britain and the USA where the laws are relatively less prescriptive on accounting matters, a separately defined accounting law or *loi comptable* exists in France (Kerviler ans Standish, 1988). This is consistent with a desire for uncertainty avoidance as the laws provide detailed rules to cover many accounting and business issues. This point was made by Kerviler and Standish (1988, pp. 2-3) thus:

> ...its [the loi comptable] reach is considerable and certainly wider for example than sections of the UK Companies Act. In addition there is a statutory authority, the Conseil National de la Comptabilité (CNC) (National Accounting Council) which has the mission of extending the principal features of the accounting law to the French business sector and the state other than central ministerial departments. The essential role of the CNC is to develop the detailed rules of application of the accounting law to all sectors of the economy, public or private are expected to bring matters to it for determination concerning specifics of discharge of duty of accountability. Thus there is a much greater extent of uniformity in the rules of accountability in France and these are applied across a broader range of activity than is the case in Britain.

It has been observed that the government interference on accounting matters evidenced by the imposition of accounting laws and Plans Comptables was intended to facilitate macroeconomic planning by the state. It has also been observed that these developments occurred at a time when it was generally believed in France that *dirigisme* (a policy of state direction and control in economic and social matters) was an acceptable philosophy to adopt as a means to equitably achieve economic, social, and political objectives. For instance, Most (1984) observes that *dirigisme* was of dominant influence in French politics at the time the first (1947) Plan Comptable was published and that its authors had envisaged the eventual compulsory adoption of the Plan by all public and private enterprises.

Several writers have also observed the relatively higher levels of collectivism and secrecy in French/continental European accounting when compared to those of the UK and USA. For instance, Kerviler and Standish (1988, p.5) point out that France is also noted for the importance of family bonding in its social structure and for a preference on the part of its *petit bourgeois* business class for close family holdings of wealth. This is consistent with the existence of a clan culture and a more particularistic societal value orientation. These values are also prominent in developing countries as explained by Jaggi (1975) and Singhvi (1968). Similar observations of the existence of small élite classes and family groupings who dominate and control national economies in developing countries have been expressed by Quereshi (1974), Perera (1985) and Radebaugh (1975).

The absence of active and well developed capital markets in developing countries and associated pressures for more individual shareholder oriented accounting disclosures also apply to France in some respects. By UK or US standards, the *Paris Bourse* is a relatively less active institution. Debt capital seems to be more important than equity capital. The state and several banks have substantial corporate investments (Gray, 1980, Most, 1984). This implies that the government or public sector is a very important user of corporate information. Most (1984, p.307) provides evidence on the affinities for secrecy and conservatism in French accounting by pointing out thus:

> ... it is important to note that the French legal system places many restrictions on a business and its officers that renders officers personally responsible to a great extent, for the consequences of business bankruptcy. This has influenced the directors of companies to create secret reserves - by overestimating depreciation, by establishing reserves for contingencies such as future losses and by undervaluing assets generally. As to the dominance of form over substance, this results partly from the detailed and complex commercial and company laws and partly from the tax laws.

Exhibit 3.9

Some Contrasts between the French and the Anglo-Saxon Accounting values

Anglo-Saxon System	French System
Professionalism	***Statutory Control***
Private self regulation	Public sector regulation
True and fair view	"Prudence", "Regularité" , "Sincerité"
Substance over form	Form over substance
Loose unwritten common law	Rigid , very prescriptive Napoleonic Codes Existence of an accounting law
Flexibility	***Uniformity***
Accounting standards set on an ad hoc basis	Rigid "straitjacket" Plans Comptables
Laissez faire	"Dirigisme"
Optimism	***Conservatism***
Risk taking and adventurous income measurement approach	Cautious approach to income measurement Existence of secret reserves Generous provisions for contingencies
Transparency	***Secrecy***
More public accountability and disclosure	High confidentiality

3.3 CONCLUSIONS

Environmental influences on the development of accounting systems in the major industrialised Western countries were reviewed in this chapter. Versions of these main accounting models were transferred to developing countries during the colonial era or through trade and foreign investment.

If accounting systems actually evolved in the industrialised Western nations in response to environmental and institutional influences which are determined by cultural factors, then there is a *prima facie* presumption that developing countries could benefit from adopting a system which evolved in a country whose environmental settings are closer to or more compatible with theirs. This argument does not suggest that it is possible to identify an industrialised country with similar values or accounting environment to those of a given developing country. Compatibility is considered here only as a matter of degree, implying that it may be easier to adopt and adapt the accounting system of a country whose accounting environment and values are much closer, unlike one whose cultural values are highly at variance.

Thus, from a theoretical point of view, there are plausible arguments to support the view that the French cultural and business environments are much closer to those of developing countries than is the case with those of Britain and the USA, at least on the basis of the research results of Hofstede (1980) and the differences identified in Exhibit 3.9. In conformity with the cultural determinism models (see for instance, Belkaoui, 1990), this argument suggests that French accounting is likely to be more relevant to developing countries than the British or US systems. But this assertion and the Nobes (1988, pp. 55-56.) argument that: "In many dveloping countries, particularly those influenced by France ... It may well be that in the absence of large and listed companies, of many private shareholders and of a stromg profession, the use of an accounting plan is more suitable than Anglo-saxon judgemental accounting principles" warrant further study and assessment.

CHAPTER FOUR

ACCOUNTING IN DEVELOPING COUNTRIES

The main environmental and institutional influences on the development of accounting systems in developing countries in general and Africa in particular are considered in this chapter. This is intended as a prelude to the next two chapters where it is demonstrated that the scope and nature of the existing literature are highly Anglo-centric and largely ignore important developments in Francophone Africa. The major criticisms raised by scholars of Third World accounting together with strategic recommendations for improvement are reviewed.

4.1 ACCOUNTING AND ECONOMIC DEVELOPMENT

Relevance of Accounting Systems in Developing Countries

It is still a matter of some controversy as to how accounting impacts on economic development (Mirghani, 1979; Winjum, 1971; Wallace, 1990). However, as Mirghani (1982) argues, accounting data provides a basis for economic decision making and should be seen at least as part of the infrastructure necessary for achieving economic development. Several writers have argued that developing countries should not emulate the Western accounting models which are biased toward external reporting and which largely de-emphasise the internal and socio-economic dimensions (Scott,1968; Samuels, 1990: Briston, 1984). In this regard, Samuels and Oliga (1982) write thus:

> Accounting information is not politically neutral and there is a danger that in encouraging developing countries to adopt international standards which are ideal for a set of social, religious, political and economic circumstances different from their own, we may be doing more harm than good. We may be destroying within the country the very economic system we are attempting to encourage. As accountants, we should be more interested in designing accounting systems that best suit the needs of a country than in designing systems to suit world trade. We should not let the tail wag the dog.

A similar point was made by Briston (1984, p.13) thus:

> ... there are strong grounds for arguing not only that international reporting standards are unhelpful in the control of multinational companies but even that they are positively harmful. They are unhelpful in that they relate predominantly to a financial reporting system which evolved during the late nineteenth century to meet the supposed needs of shareholders and creditors. Although lip service was paid in recent years to the needs of other users such as government, employees and society, such additional information as has been made available has usually been disclosed through the traditional medium of published accounting reports.

Scott (1970) advocates a "fresh start" or zero base approach although it has been recognised that this option might not be feasible as it can also retard progress and development. Enthoven (1973, 1975) recommends a system which integrates private enterprise accounting (financial accounting, management accounting and auditing), governmental accounting (including financial recording, budgeting and taxation) and social accounting (including national income accounting, flow of funds statements, balance of payments etc.), and expresses a preference for uniform accounting models.

Enthoven (1973) recognises capital formation as an important issue in economic development. Capital formation becomes evident whenever savings are channelled into productive enterprises. However, due to the high marginal propensity to consume in developing countries (induced by low income levels), savings are bound to be low implying a low potential for capital formation in the absence of foreign investments (Quereshi, 1974). Quereshi explained the low capital formation in Pakistan in terms of cultural factors. He argues that savings are usually being expended on religious practices and social customs, hoarded in the form of gold and jewelry, conspicuously spent on building palatial mansions or even exported to financial centres of Europe and the United States. Given the generally low potential for capital formation and insufficient foreign exchange reserves in developing countries, there is a tendency to depend heavily on the inflow of foreign capital to fuel domestic industrial development. External funds may be channelled into the economy by way of borrowings through inter-governmental agreements, World Bank agencies or foreign direct investment. Whatever the nature of capital inflow, good accounting and disclosure /reporting practices are essential in supporting these transactions, and ultimately the process of capital formation.

The very important role of foreign direct investment in this context implies a need for governments to establish appropriate regulatory frameworks. In many developing countries with few public or listed companies, few creditors and private investors or less developed and relatively inactive capital markets, the government is arguably the most important user of corporate information. Under such circumstances, it becomes necessary for governments to make many economic and welfare decisions on behalf of society. It follows therefore that the information necessary for determining balance of payments status, allocation of physical and financial resources, training of local personnel, value added and so on will become crucial reporting issues. A comprehensive list of essential information needs of governments in developing countries adapted from Hood and Young (1979) by Briston (1984) is set out below:

1. Purchase of inputs locally.
2. Export of final products and export market controls.
3. Transfer pricing policies.
4. Profit and capital repatriation.
5. Basis of calculating royalty payments, management fees etc.
4. Form in which parent company finance is to be made available.
7. Access to local capital market.
8. Extent of local equity participation now or in the future.
9. Local participation in top management.
10. Level of employment provided.
11. Obligation to train local personnel.
12. Taxation concession.
13. Subsidised interest rates, energy costs, transport costs etc.
14. Extent and nature of competition.
15. Nature of technology transferred and provision for maintenance.
14. Environmental protection.
17. Construction of social overheads such as roads and housing.
18. Use of locally owned transportation.

Clearly, conventional financial statements do not meet most of the above requirements. They are often geared toward the requirements of investors, creditors and shareholders in the private sector. Hence the argument that this system of external financial reporting which evolved mainly in the UK and USA may be irrelevant to the needs of developing countries.

International Accounting Harmonisation and the Needs of Developing Countries

The word "harmonisation" has often been used in contexts which tend to imply that it is synonymous to "standardisation". It is thus sometimes practically difficult to draw the line where standardisation ends and harmonisation begins. Nobes (1985) recognises the ambiguity and confusion associated with the definitions of these terms which have now acquired technical connotations in accounting to the extent that one can no longer rely on the normal differences in their meanings. In an attempt to distinguish between the two terms, Nobes (1985) points out that harmonisation is the process of increasing the compatibility of accounting practices by setting bounds to their degree of variation while standardisation implies the imposition of a more rigid and narrow set of rules.

Several attempts have been made to harmonise accounting standards and disclosure practices at both the regional (e.g. the Organisation for Economic Cooperation and Development - OECD, Union Douanière et Economique de l'Afrique Centrale - UDEAC) and global levels (e.g. the United Nations or the International Accounting Standards Committee - IASC).

The United Nations is of particular interest to developing countries because it caters for their welfare in the face of potential threats of domination and exploitation by giant multinational companies originating mainly from the industrialised Western countries. The UN has a central focus on both financial and non-financial disclosures as well as the conduct of multinationals in third world countries with weak bargaining powers.

The OECD is sometimes at odds with the UN in this regard as it tends to favour the needs of the industrialised countries which are home bases for most transnational companies. It has issued several guidelines intended to establish a good code of conduct for multinationals. These guidelines deal with issues such as group accounts and general disclosure recommendations. This is in contrast to the UN which emphasises more detailed financial and qualitative disclosures covering both individual subsidiary and group accounts (Gray, Shaw and McSweeny, 1984).

The International Accounting Standards Committee was formed in 1973 with the major objective to "formulate and publish in the public interest accounting standards to be observed in the presentation of financial statements and to promote their world wide acceptance and observance ..." Developing countries have often been cited as one of the most important beneficiaries of IASC standards (Mason, 1978). But such assertions have been challenged in recent years (Samuels and Oliga, 1982; Amenkhienan, 1986; Ani, 1990; Briston, 1978; Perera, 1985; Hove, 1990). For instance, it has been argued that the IASC standard setting process is not very different from most domestic standard setting activities whereby agreements are negotiated on a consensual basis. It is thus a political and social process (Solomons, 1978; Horngren, 1985; Zeff, 1985).

Further, there are seventeen board members of the IASC of which only three are from developing countries. It has been observed by Mason (1978) that there are six "vital countries" who can collectively determine the standards which could be issued. These vital countries are UK, US, The Netherlands, France, Germany and Japan. Another problem is that there is a strong Anglo-American influence on IASC standards and in most cases, the standardisation process simply accommodates the range of prevailing acceptable practices in the UK and the USA. Hence, it is technically possible to completely ignore the views of developing countries in the standard setting process as IASC standards are issued on the basis of approval by three quarters of the board members.

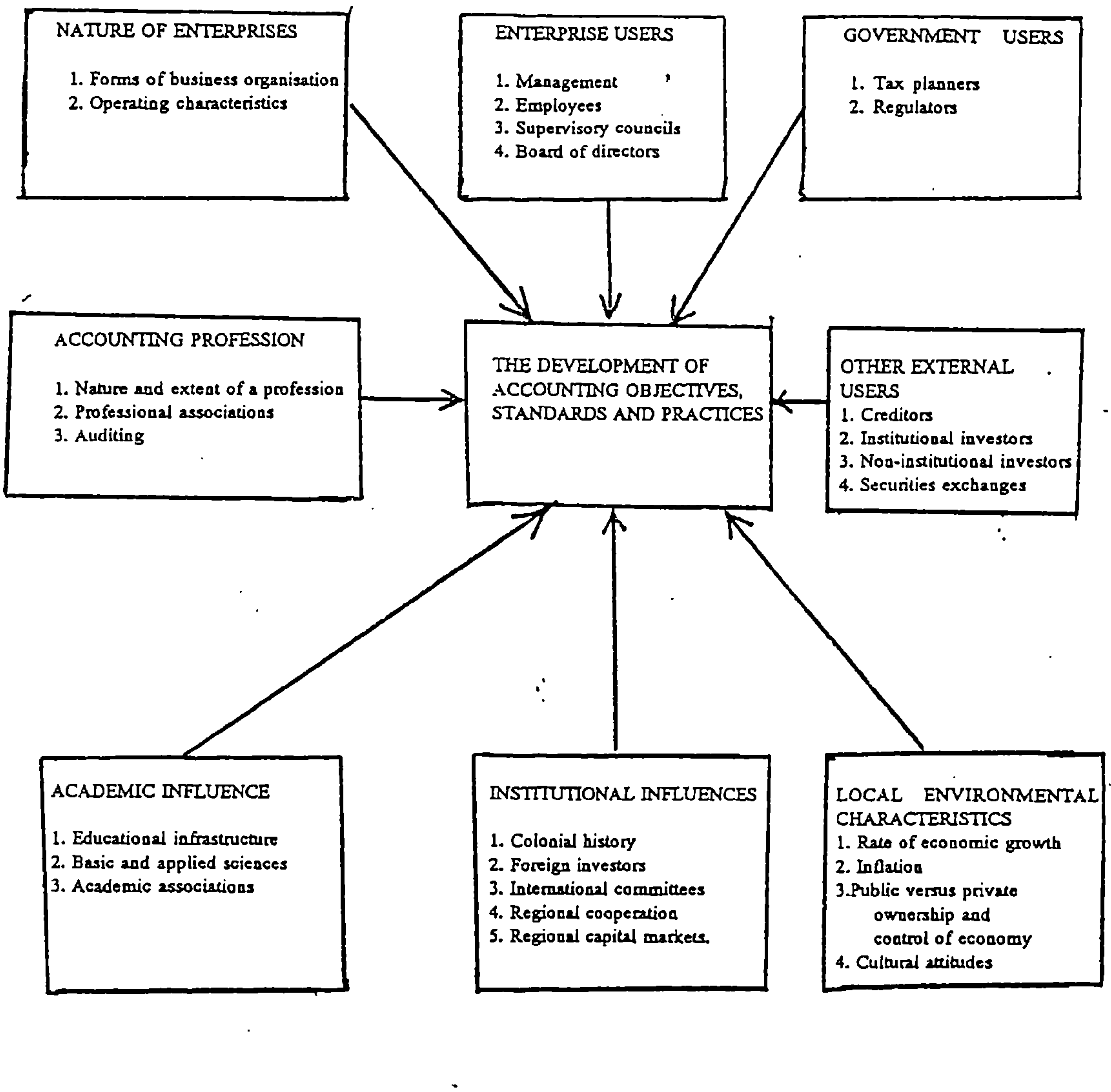
Authority for enforcement is also a major setback. Even if the six vital countries agree in principle, standardisation may still not be achieved in practice because the IASC has no authority of its own to enforce standards. Unlike the EC Directives which are re-enacted and incorporated into domestic law in member states, the IASC relies mainly on the goodwill and cooperation of accountancy bodies of member states, some of which possess more authority to compel its members to apply agreed standards than others. For example, professional bodies in France and Germany have very little enforcement authority compared to the company law and accounting plan provisions. Therefore, it would be difficult for companies in these countries to enforce IASC standards in the absence of statutory requirements in this regard or external regulatory pressures from international financial markets.

4.2 ENVIRONMENTAL INFLUENCES ON THE DEVELOPMENT OF ACCOUNTING IN AFRICA

The development of accounting systems in Africa appears to have been influenced by a variety of economic, cultural, social and institutional factors such as those illustrated in Exhibit 4.1. The economic and institutional factors are evidenced by a proliferation of regional organisations which have incorporated accounting harmonisation projects into their long-term strategies for economic and/or political integration. These include the African Accounting Council (AAC) which is now a specialised organ of the Organisation for African Unity (OAU), Organisation Commune Africaine, Malagache et Mauricienne (OCAM), Union Douanère et Economique de l'Afrique Centrale (UDEAC), and the Association of Accountancy Bodies of West Africa (ABWA) which operates within the Economic Community of West African States (ECOWAS). Although references have been made to these bodies in many accounting journals and textbooks, very little has been written on the environmental (mainly socio-economic and political) factors which led to their establishment. This section will attempt an up-to-date review of the related literature.

Exhibit 4.1

ENVIRONMENTAL INFLUENCES ON ACCOUNTING AND REPORTING



SOURCE: Lee, H. Radebaugh (1975), Environmental factors influencing the development of accounting objectives, standards and practices in Peru, *International Journal of Accounting Education and Research*, Fall.

Institutional Influences

The African Accounting Council

The idea of forming a continental accounting organisation in Africa arose at a meeting of the International Federation of Accountants (IFAC) held in Munich from 7th to 14th October 1977. The formation of the African Accounting Council was spearheaded by two African delegates at this conference, Chief Ani (Nigeria) and Professor Kinzonzi (Zaire). The circumstances which motivated them to recognise the need for a continental accounting organisation is perhaps best revealed in the following citation from the reminiscences of Chief Ani, the Nigerian delegate, who at the time was also President of the Institute of Chartered Accountants of Nigeria:

> ... I found Professor Kinzonzi very intelligent, aggressive and full of initiative. After discussions lasting about two hours, it was obvious to us that while our membership of IFAC was desirable, our salvation lay in forming an accounting organisation that would take into consideration the environment and culture of the people. We had analysed the events of the past week and it appeared to us that the formation of IFAC and IASC was geared to protect the investments of developed countries. What the African continent needed was an accountancy organisation that would aid the development of the economy and the prosperity of the continent. We agreed that we must borrow knowledge from IFAC but the knowledge must be used for development and not protection of investments. We agreed that we must strive very hard to form a continental accounting organisation ...
>
> (Ani, 1990, p.37).

In order to highlight some political dimensions of the issue, Ani (1990, p.36) writes thus:

> I was aware that Professor Kinzonzi had the ears of General Mobutu of Zaire and since the formation of the envisaged continental body would require the assistance of such a strong Head of State, I conceded to Kinzonzi the task of forming this body with his country as the base but with Nigeria's strong support. I am happy that the professor has worked very hard and we now have in existence the African Accounting Council with headquarters in Zaire and with Kinzonzi as Secretary-General. Whatever this council may be today, its seed was sown in Munich on the 10th October 1977.

The AAC was formally established in 1979 to promote close cooperation amongst member bodies responsible for accounting standardisation in Africa. Its objectives are to:

a) Assist in the establishment of bodies responsible for accounting standardisation in African countries

b) Promote and carry out studies in the field of accounting standardisation

c) Encourage education and further training in the field of accountancy

d) Undertake research in accounting matters and associated disciplines

e) Promote the development of the teaching of accountancy and related disciplines

f) Provide for the publication, translation and circulation of works on accountancy matters by African authors

g) Facilitate regular contacts between members

h) Stimulate relationships and exchanges between African specialists and experts

i) Establish communication links with international organisations and with professional associations of other countries whose works and activities are similar to those of the Council

j) Promote the use of similar accounting methods in order to facilitate the flow of management information between African countries.

Since its formation, the African Accounting Council has held a few international meetings. In December 1988, it co-hosted a conference on accounting education and training with the African Development Bank. However, the major project which it has so far undertaken is the design of the SCAR-B (Système Comptable Africain de Référence de Base) which it now recommends to other African states as a means to achieve continental accounting harmonisation.

It may be too early to make a thorough assessment of the success of the AAC in attaining the above stated aims. However, it can be argued that one of the major setbacks of this organisation is that cooperation amongst member states is largely at the governmental level rather than at the level of national professional bodies. This weakens its influence on national accounting practices especially in the Commonwealth African states which have relatively more powerful private sector professional bodies.

The Association of Accountancy Bodies of West Africa

The idea of forming the Association of Accountancy Bodies of West Africa was also conceived at the IFAC conference in Munich. This was reported by Ani (1990, p.35) as follows:

> ... Having been elected to the Council [of IFAC], I thought there was the need for the West African bodies present at Munich to meet and discuss matters of common interest. After due consultations with Chief Owoseni, I approached Mr Dadson of the Ghanaian Institute of Chartered Accountants and a meeting was fixed for 14th October at 10 a.m. Present at the meeting were Chief A.A. Ani (Nigeria), Chief J.A. Owoseni (Nigeria), Mr. Dadson and Mr. J.K Forson (Ghana). I chaired the meeting while Mr Forson was the protem secretary. ABWA was established on that day contrary to what some people have been saying.

ABWA was formally established in 1982 by the Nigerian and Ghanaian Institutes of Chartered Accountants. The membership has now increased to six, following the entrance of the national accounting bodies of The Gambia, Liberia, Senegal and Sierra Leone. The objectives of ABWA are to:

a) Develop and enhance the accountancy profession in West Africa

b) Promote the development of professional ethics and standards in member bodies

c) Act as a centre for the dissemination of information concerning accountancy standards and development of accountancy thoughts and practice in West Africa

d) Provide a forum for the professional development of accountants through seminars, symposia, conferences and interchange of ideas and experiences

e) Provide advice on and participate in the programme of work of IFAC and to adopt as appropriate and publish for its members guidelines, statements and studies of IFAC

ABWA appears to have considerable scope and potential to influence accounting practice within the Economic Community of West African States. However the greatest obstacle which it may encounter in achieving its stated objectives is the prospect for reconciling some significant cultural and conceptual differences between the French and the Anglo-Saxon accounting traditions of its constituent member states. The Francophone African states are also represented in an international accounting organisation known as the Fedération Internationale des Experts-Comptables Francophone (FIDEF).

Fédération Internationale des Experts-Comptables Francophones

The Fédération Internationale des Experts-Comptables Francophones (FIDEF) was created during a 1981 Congress of the French Ordre des Experts-Comptables et des Comptables Agrées. The membership of FIDEF includes some countries in Europe, the Middle East and the West Indies as well as thirteen African states. FIDEF was formed to promote the following objectives:

a) Cooperation amongst the francophone experts-comptables in their various fields.
b) Comparison and harmonization of teaching methods and qualifications.
c) Exchange of information concerning the regulations and practices in their respective countries.

FIDEF looks after the interests of Expert-Comptables outside France. It supports the accounting profession in Francophone Africa by organising international seminars on accounting matters and encouraging the formation of local accounting bodies in member states.

The SADCC (Southern African Development Coordination Conference) Federation of Accountants

The SADCC federation of accountants was founded in 1985 by seven anglophone countries of the Southern African region: Botswana, Lesotho, Malawi, Swaziland, Tanzania, Zambia and Zimbabwe. This has recently increased to ten following the admission of lusophone countries - Angola, Mozambique and Namibia. Its aims are:

a) Encouragement of new and existing bodies

b) Harmonisation of professional training, experience and codes of conduct

c) Development of uniform accounting and auditing standards and guidelines

d) Development of a common examination structure

e) Liaison with international accountancy bodies

f) The holding of conferences and seminars

The Chartered Association of Certified Accountants (ACCA) is currently managing an accountancy training project to support the SADCC plan for a common regional professional examination scheme to be implemented in all the countries involved (Reed, 1992, p.13).

The Arab Society of Accountants (ASCA)

ASCA was established in 1983 to develop and organize the accounting profession in the Arab world. Membership includes African states such as Algeria, Egypt, Libya, Morocco and Tunisia. ASCA represents Arab accountants in international forums, provides a translation service for important documents, and organises training seminars.

A recent United Nations report on the development of accounting in Africa (United Nations, 1990, p.18) concluded that the activities of the aforementioned regional bodies are not as effective as in those of the European Community because national accounting bodies are not well established in Africa. On the positive side, the report noted that the potential for African regional accounting organisations to act as clearing houses for information, promote the professional development of their members and offer regional certifying examinations should not be overlooked.

It is argued here that the OCAM/UDEAC initiative is the most effective example of regional accounting cooperation in Africa since it satisfies recognised criteria for assessing new accounting projects in developing countries better than those of any other organisation on the continent. These recognised criteria were issued by the United Nations Commission on Transnational Companies' group of experts on international standards of accounting and reporting following its 10th working session. It identified a list of environmental forces acting for or against the development of accounting in Africa. This was based on an earlier study by the International Labour Office (ILO, 1987) which identified some forces impelling (or impeding) accounting development in the Third World (see Exhibits 4.2 and 4.3). The environmental forces were ranked on a ten point scale reflecting their relative strengths: i.e. a range from -5 (most impeding) to +5 (most impelling) thus:

Exhibit 4.2

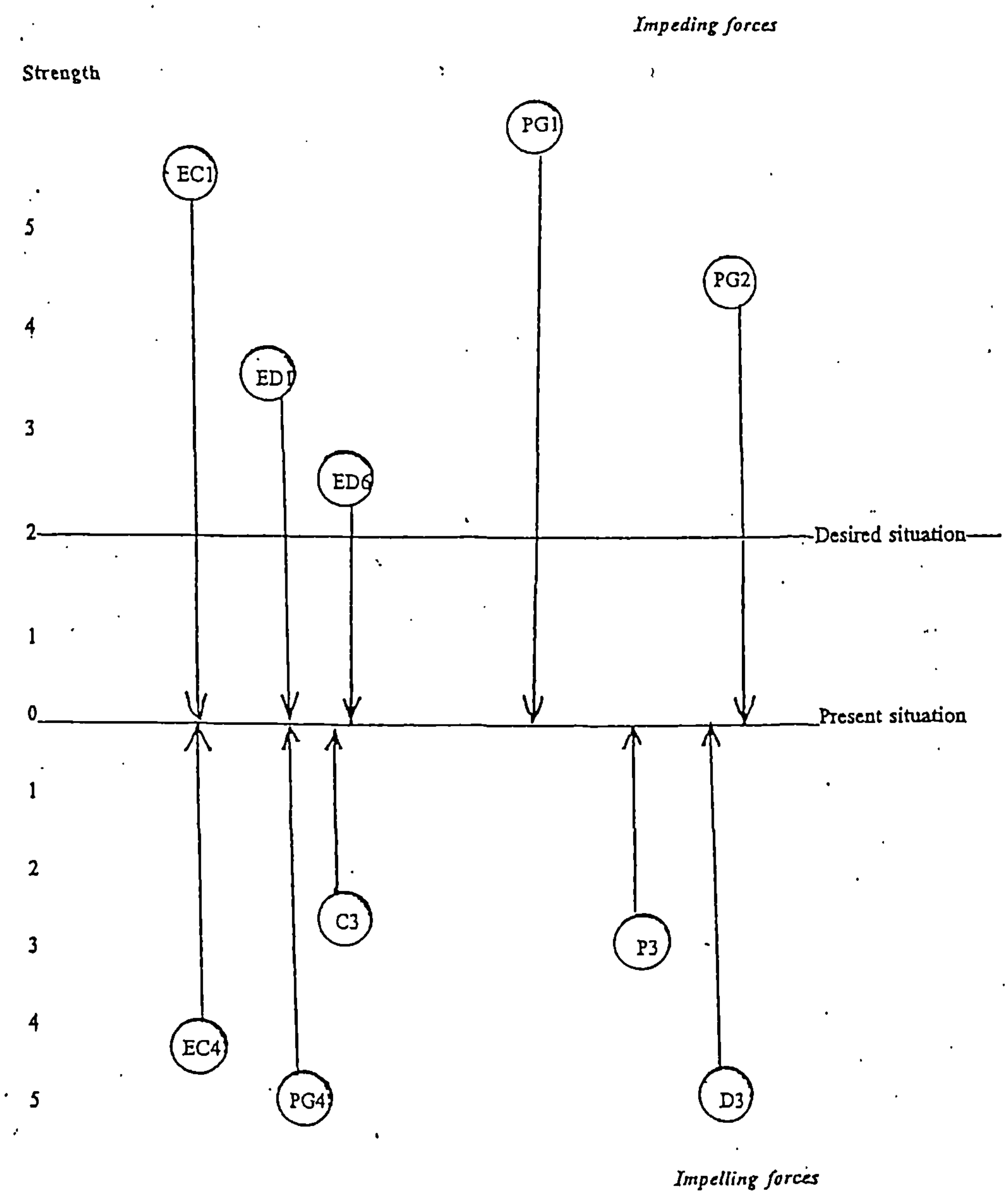
Environmental Forces For Or Against the Development of Accounting in Africa

	Force	Strength
Economic		
EC1	Dependence on markets for commodities and raw materials	-5
EC2	Dependence on donors for "bailing out" balance of payments deficit	-5
EC3	Desire for economic progress	+5
EC4	Desire of country to mobilise and direct investment capital	+5
Educational		
ED1	High entrance requirements	-4
ED2	Long time to complete basic educational qualifications-	-3
ED3	Accounting curricula copy those of donor countries	-3
ED4	Conservative educational establishment	-3
ED5	Strained educational budgets	-3
ED6	Lack of low-cost relevant accounting textbooks	-4
ED7	Lack of local research	-3
Political/Governmental		
PG1	Post-independence government fragility	-5
PG2	Fragility increases need for confidentiality in government finance	-4
PG3	Poorly paid government accountants lack status-	-3
PG4	Desire for political stability	-5
PG5	Desire for efficient public service	+5
Cultural		
C1	Group feeling more important than professional independence	-2
C2	Unfamiliarity with complex commercial arrangements	-2
C3	Desire for prosperity	+4
C4	Respect for authority	+4
C5	Security of employment versus effective service	-2
Professional		
P1	Local professional traditions not yet well developed	-1
P2	Expatriates wish to remain in privileged positions	-3
P3	Desire for professional status and employment	+4
Donor-agency system		
D1	Bilateral donors prefer to set up their own systems with their own nationals as experts	-3
D2	International agencies have done too little research on local accounting needs	-1
D3	Desire and mandate to "do good"	+5

Source: International Labour Office (1987), Entrepreneurship and Management Development Branch, *Dynan of accounting development in Africa*, Working paper, 26 May.

Exhibit 4.3

Examples of Impeding and Impelling Forces in Accounting Development in Africa



Source: United Nations Economic and Social Council (1992, p.23,). Report of the 10th Session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, New York, 5-13 March.

The following criteria derived from the above list was used by the United Nations Centre on Transnational Companies (United Nations, 1992, p.24) to evaluate the design of new accounting development projects in Africa:

Political and government support: Political and government stability; support of a powerful political leader willing to "own the project"; real priority for the project; demonstrated willingness to commit local resources for the full government contribution; absence of "political fictions" in the project; document history of other successful project; real plans for continuity after the project horizon.

Critical key purpose: Clearly defined; limited; realistic; achievable in the project horizon; related to factors of accounting demand, supply, quality and environment; related to resources now and later; technical rather than political; well recognised in the country as necessary.

Viable target population: Available; qualified; stable; motivated; enduring interest; sufficient numbers;
opportunities for women; educational background adequate; opportunities for improvement related to the limited home environments.

Valid assumptions in a supportive environment: Realistic in relation to the environmental forces; political , economic. social, cultural, organisational, etc.; properly researched; without political fictions; enduring; conservative and not overly optimistic.

Plans for supervision and flexible adaptation: Regular monthly and quarterly supervision provided for in the project document and realistic in relation to the available communication systems; planned flexibility to adapt for changes in the project resources, environment and assumptions.

4.3 CONCLUSIONS

This chapter has reviewed the main environmental and institutional aspects of accounting development in Africa. This was intended as a background against which Chapters 5 and 6 will evaluate the OCAM/UDEAC Accounting Plan project and the extent to which it meets strategic recommendations in the literature.

When considered against this background, it will be made evident that the bulk of the literature on accounting in developing countries was not well informed on developments in Francophone Africa. This point is best illustrated by a paper in the inaugural issue of *Research in Third World Accounting* (Samuels,1990) which was described by the managing editor as: "an innovative and perspectival paper which suggests alternative approaches to the solution of corporate reporting problems in the Third World".

The main concern of Samuels' paper was to create a system of accounting that will be of greater use to developing countries than the present conventional accounting model. He then argues in favour of non-conventional socio-economic accounting approaches which emphasise matters such as value added and segmental reports covering the distribution of income and wealth. He also highlights the importance of the wider role of accounting as an interpreter and articulator of social value by drawing on the works of radical theorists. In particular, Tinker's argument that all forms of social accounting (or social constituency accounting) are an improvement to conventional accounting. According to Tinker, if a social accounting system can be developed and implemented, it would help to reduce alienation which may occur in the following domains:

i) Wealth misspecification alienation

ii) Intra-class expropriations and appropriation by externalisation which includes the following:

- Expropriation of capital providers' wealth
- Expropriation of local community wealth
- Expropriation of employee wealth
- Expropriation of wealth from nation states

Samuels argues that Tinker's discussion of emancipatory accounting is at a theoretical level as he only occasionally provides hints of practical steps that can be taken to cover some of the expropriation problems. Accordingly, Samuels made recommendations for new financial reports and statements covering employment, economic growth, transfer of technology, balance of payments income/wealth distribution and so on. In the next two chapters, the extent to which the OCAM Accounting Plan, as adopted by the UDEAC countries, meets Samuel's recommendations will be evaluated.

PART THREE

THE OCAM ACCOUNTING PLAN

CHAPTER FIVE

EVOLUTIONARY HISTORY AND CONCEPTUAL FRAMEWORK OF THE OCAM ACCOUNTING PLAN

The OCAM Accounting Plan was developed from the foundations laid by the French Plans Comptables of 1947 and 1957. The emergence of the "Plan Comptable" tradition in France itself owes much to the Germans who imposed their uniform charts of accounts throughout occupied Europe after the Second World war (Most, 1957; Forrester, 1977).

The modern German charts of accounts were derived from the pioneering work of the late Eugen Schmalenbach who was a professor of Business Economics at Cologne. Schmalenbach had considerable experience as a practising accountant before taking up an academic career. He was motivated to draw up a chart of accounts as a result of confusion and frustration continually experienced by his students in the analysis of financial statements. These arose mainly from differences in accounting terminology and practices employed in the accounts of mining companies which they were asked to analyse (Most, 1957). In 1927, Schmalenbach published "Der Kontranmen" which subsequently gave rise to a proliferation of accounting charts for different industries.

The pressing need for post-war reconstruction of the devastated French economy motivated the government to undertake national economic planning on a centralised basis. This need coupled with the adoption of a policy of "dirigisme" facilitated the imposition and implementation of accounting plans or charts in France (Most, 1971, 1984; Nobes, 1988). The French imposed their accounting charts in all their overseas territories and colonies, most of which still retain variants of this system even after gaining independence. The OCAM Accounting Plan, for instance, is a derivative of the French system.

5.2 HISTORICAL DEVELOPMENT OF THE OCAM ACCOUNTING PLAN

The initiative for developing the OCAM Plan was spearheaded by the member states of the Customs and Economic Union of Central Africa (UDEAC). In December 1967, the UDEAC states made a request for the development of a new accounting system which would be common to all member states. This request was prompted by their awareness that the French Plans Comptables which they inherited from colonial rule were not optimally geared to satisfy their own environmental needs (see foreword to the Plan in Exhibit 5.1).

In response to this laudable initiative, a conference of OCAM Heads of State was convened in Niamey in January 1968 where the idea of a general accounting plan for all member states was discussed and approved. The Secretary General of OCAM was immediately entrusted with the task of formulating a strategy and schedule for preliminary studies necessary for the development of the new accounting system. It was expected that the latter would be tailored to befit the local environmental needs of member states and commensurate with their economic development policy requirements.

This was a very ambitious project at a time when even the major industrialised Western nations had not yet commissioned their own authoritative studies on the purposes or objectives of accounting and financial reporting. However, the OCAM efforts were relatively modest in terms of academic rigour and the financial and human resources committed to the project.

In January 1969, a resolution was passed at a planning conference held in Kinshasa which stressed the need to get the project off the ground with the minimum possible delay. In this respect, planning workshops were held in Cameroon (Yaoundé).

Exhibit 5.1

Foreword to the OCAM Plan

ORGANISATION COMMUNE AFRICAINE
MALGACHE ET MAURICIENNE
O. C. A. M.

SECRETARIAT GENERAL

Le Secrétaire Général

It is with the greatest pleasure that I present to-day an instrument at the service of the development of our States : the O.C.A.M. General Accounting Plan.

The need for information in economic planning has led the O.C.A.M. Heads of State and Government to decide that a study should be made on standardisation of accounting methods applicable to agricultural, industrial and commercial businesses. Beyond its purely legal role, accounting in a modern economy is also a tool for economic analysis, and an instrument of synthesis to present the results proceeding from the application of new data processing techniques.

In this respect, the General Accounting Plan, common to the O.C.A.M. member States, constitutes an element in management essential for the study of "the dynamics of a business". Thus it has been designed to provide the greatest benefit to all users : the States, the individual business and the third parties.

May I be permitted to thank sincerely all those who have participated in this useful work : officials of economic and financial administrations, representatives of the private sector, regional organisations, etc... and particularly the experts of the Secretary of State on Foreign Affairs of the French Republic, who have shown themselves worthy of the assignment entrusted to them.

A task has been accomplished ; another remains to be pursued, that of implementing this plan. This action should be supported by the constant will for improvement of management methods in administration, commerce and industry.

May this work contribute to strengthen still more the co-operation between our States ! Then our goal will be attained.

Falilou KANE
General Secretary of O.C.A.M.

Deliberations arising from workshops involving economic planners and statisticians drawn from all member states were taken into account in the design process. These related to the purposes and objectives of accounting in their national environmental contexts. Further workshops and conferences were held between 1969 and 1970 within the member states which were coordinated by OCAM and some French consultants. At this stage, draft outlines of the OCAM Accounting Plan had already been produced. These drafts were submitted to government departments and officials responsible for accounting regulation and policy making in each country as well as private sector representatives encompassing industralists, investors and businessmen. Both public and private sector accounting experts and representatives of member states examined thoroughly the blueprint of the OCAM Plan. They expressed satisfaction with the design in the hope that it would easily be adopted and adapted to the specific requirements of each OCAM country.

Finally, all the OCAM Heads of State were invited to a summit meeting in Yaoundé from 28th to 30th January 1970 where the OCAM Accounting Plan was officially adopted. A resolution was passed to this effect which drew the attention of each member state to the necessity for making the required arrangements for implementing the provisions of the Plan within the shortest possible time. (See attached copy of this resolution in Appendix B).

This international interaction between technocrats and political heavyweights culminated into the OCAM Accounting Plan. It is a good example of how a marriage of authority and expertise could help to elevate the standard of accounting in developing countries by attempting to make it more relevant to its environment.

The above account of the series of events which led to the birth of the OCAM Accounting Plan are summarised in Exhibit 5.2.

Exhibit 5.2

Schedule for the OCAM Accounting Plan Project

December 1967	UDEAC member states asked that a General Accounting Plan adapted to their environmental needs for business management and national economic planning be drawn up.
January 1968	Heads of OCAM states meet in Niamey and approved idea of an accounting plan which would be common to all member states. OCAM Secretary General entrusted with the task of preparing timetable and coordinating preliminary studies necessary for the formulation and adoption of the General Accounting Plan.
January 1969	Resolution passed at a planning meeting in Kinshasa stressing the need to execute the project without delay.
October 1969	Workshop for OCAM statisticians and economic planners held in Yaoundé to analyse the objectives and design of the Plan.
1969 to 1970	Fiscal and statistical experts drawn from the OCAM countries meet at Lomé to discuss and appraise the blueprint of the OCAM Accounting Plan. Blueprint of the OCAM Accounting Plan circulated among government officials and private sector representatives of member states for discussion and comment.
January 1970	OCAM Accounting Plan officially adopted by Heads of State at summit meeting in Yaoundé where resolution was passed for immediate implementation of the provisions of the Plan.

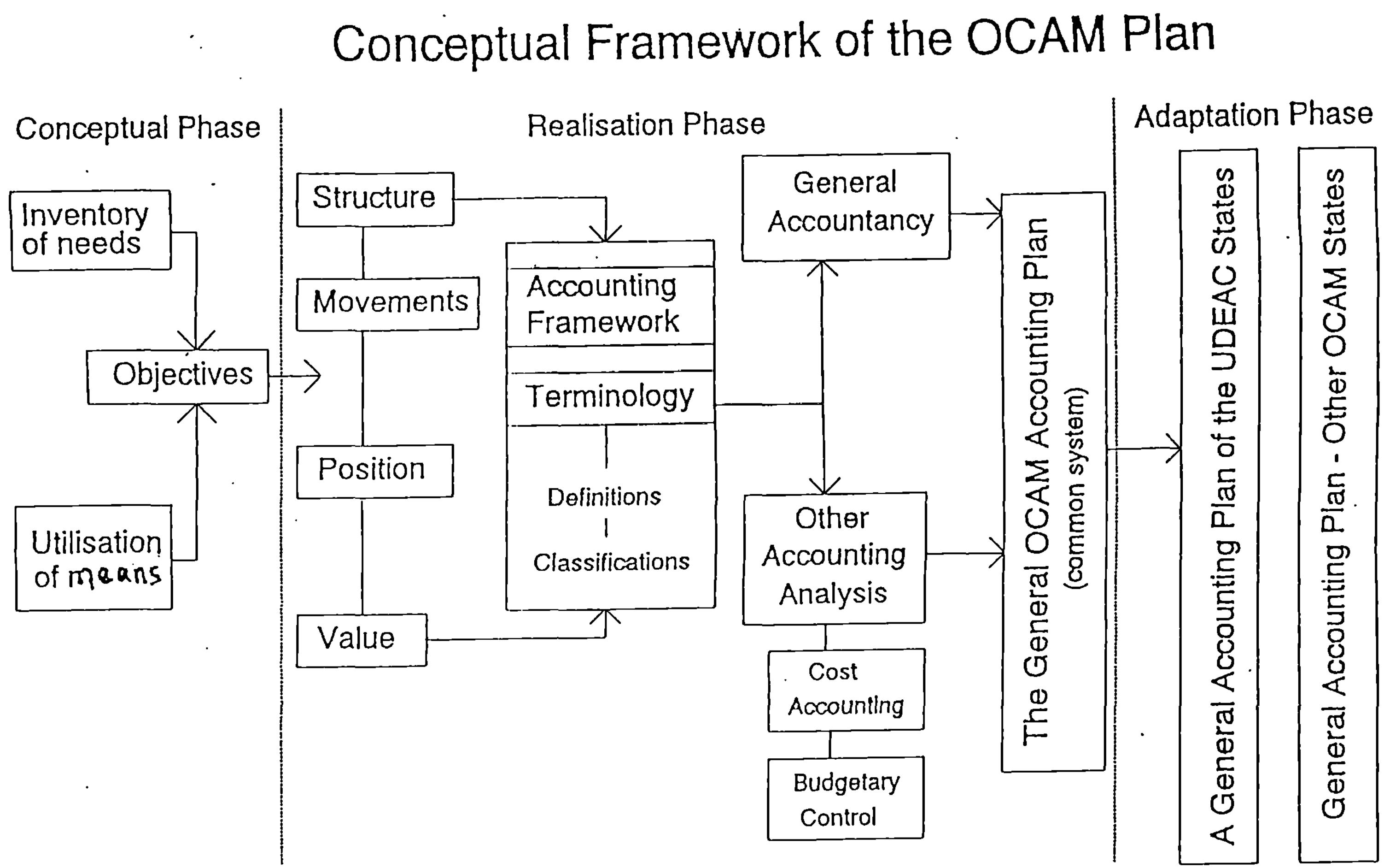
5.3 CONCEPTUAL FRAMEWORK OF THE OCAM PLAN

There is a general tendency to visualise the idea of a conceptual framework for accounting only in terms of documents originating from the Anglo-Saxon world which were formally constituted as such. It can be argued, however, that the OCAM project. was an attempt to develop a conceptual framework for accounting in developing nations. The OCAM Plan is generally recognised as one of the most important achievements of French/Francophone accounting. A published doctoral thesis by Kinzonzi (1984) is largely devoted to the Plan. Its foreword was written by the then President of the French Conseil National de la Comptabilité - Pierre Lauzel, a leading exponent of Plans Comptables (see for instance, Parker, 1971). Lauzel described Kinzonzi's work as a high quality contribution to knowledge - i.e. "... *une contribution de haute qualité".* In this book, Kinzonzi (1984, p.271) quotes Giscard d'Estaing, a former French President who, at the time , was Minister of Finance as saying that the OCAM Plan is one of the most successful documents of its kind and that it has influenced accounting practice in several countries around the world thus: *"Dans son genre, devait-il souligner, il [le Plan OCAM] est un success d'édition ... il est partout imité, copié et traduit dans bien des langues"* .

Versions of the OCAM Plan now exist in several languages including English, Spanish and Japanese. Kinzonzi (1984, p.271) also reports that the OCAM Plan has been taught in at least two Japanese Universities (Osaka and Tokyo).

An outline of the conceptual framework which constituted the terms of reference guiding those responsible for the formulation and implementation of the OCAM Plan is set out in Exhibit 5.3. It indicates that, in several respects, the OCAM project was very much in tune with the spirit of the British *Corporate Report* (ASC, 1975), the Canadian *Stamp Report* (CICA, 1980) and the *Trueblood Report* (AICPA, 1973).

Exhibit 5.3



Source: OCAM (1973) pp. XXIV-XXV

One important feature which these documents have in common is that, by and large, they all address the objectives of accounting and financial reporting in their respective countries.

For example, the aims of the *Trueblood Report* (AICPA, 1973) were to determine:

1. Who needs financial statements?
2. What information do they need?
3. How much of the needed information can be provided through accounting?
4. What framework is required to provide the needed information?

The three phases in the OCAM project shown in Exhibit 5.3 (i.e. Conceptual Phase, Realisation Phase and Adoption Phase) are clearly in line with the Trueblood aims listed above.

For example, objectives (1) and (2) in the Trueblood list above correspond to the OCAM "Inventory of Needs". Similarly, "Utilisation of Means" in OCAM corresponds to objective (3) in Trueblood. Finally, objective (4) in Trueblood may correspond to the entire OCAM "Realisation Phase".

As such, there are reasonable grounds for the argument that the OCAM project was the first ever attempt to develop a conceptual framework for accounting in developing countries. The search for a conceptual framework for accounting normally involves a sequential process. It begins with the definition of the objectives of accounting and ends with the derivation of a "constitution" or the conceptual framework proper which could be used to develop accounting standards and guide practice (FASB, 1976, Macve, 1981, Belkaoui, 1986). To date, no generally accepted conceptual framework has been produced. Documents such as *The Trueblood Report,* *The Corporate Report* and *The Stamp Report* only constitute a first step towards the attainment of this goal - since they are largely concerned with the objectives of accounting.

The introductory pages of the OCAM Plan provide a description of the three major phases in Exhibit 5.3. As is the case with the Corporate Report, a wide range of users and their information needs are identified here. These include businessmen, investors, economic planners, Inland Revenue authorities, management, ministries of education (for teaching and professional training) and other third parties including stock exchanges, bankers, creditors, financial analysts and so on.

The Plan acknowledges that user needs may not be homogeneous across user groups. It also acknowledges that it would be difficult to satisfy adequately the information needs of all the groups alike. In view of this problem, the approach taken by the Plan was to prescribe very detailed disclosures for general purpose corporate reports. The aim was to meet the conceivable needs of all the major user groups. This was specifically expressed in OCAM (1973, p XV):

> If a list of all the needs of these different users were compiled, it will have to be admitted that each party has a scale of preference for the economic information desired, but nonetheless, all information of this kind comes from a common stock ... a collection of elementary facts which, if extracted with accuracy, precision and consistency will with appropriate treatment give satisfaction to all users ...

Several empirical studies on user needs or the importance of disclosures which were conducted long after the OCAM Plan was designed have also reached the conclusion that various user groups have different scales of preferences for accounting information (Baker and Haslem, 1973; Buzby, 1974; Firth, 1978; Belkaoui and Kahl, 1978; Wallace, 1988). The conceptual phase outlined in Exhibit 5.3 ends with a formal statement of the objectives to be pursued by the OCAM Plan. These were stated as follows in OCAM (1973, p XVI):

(1) The quest for an accounting system that will find acceptance by and be suitable for all users.

(2) The standardisation of accounting systems at the level of the most general analysis.

(3) The adaptation of accounting methods to modern means of data processing

(4) Proper teaching and training of accountants.

One may note here that objective (1) above could be very difficult to achieve. The experiences of the industrialised Western countries have shown that it is virtually impossible to develop an accounting system that would be acceptable to all user groups for several reasons. For example, the economic consequences of accounting standardisation may cause user groups to perceive the usefulness of accounting principles from different perspectives. This may hinder the prospects for unanimous acceptance (Zeff and Keller, 1985; Rappaport, 1985). Hence accounting policy making is essentially a political and social process with some bargaining amongst competing interest groups (Solomons, 1978; ; Peasnell. 1982, Horngren, 1985).

Objective (4) is vital for successful accounting harmonisation since it will facilitate the adoption and implementation of the Plan. The introduction of courses on the OCAM Plan at secondary school and university level as well as vocational and other professional programmes will produce the necessary personnel who would foster its adoption and implementation. In Cameroon, this has prompted the authorities to undertake radical educational reforms by introducing OCAM based courses at all levels (secondary/vocational and tertiary).

In the Realisation phase, the basic accounting concepts and conventions to be adopted for the attainment of the Plan's objectives are identified. It is pointed out in this part of the document that these conventions include well-established and generally accepted fundamental accounting concepts such as Prudence, Consistency, Accruals and so on. It is also stated that some features of the French Plans Comptables of 1947 and 1957 were used in the establishment of a uniform terminology and precise definition/classification of account codes. The authors of the Plan stated that these features were incorporated into its design to the extent that they combine simplicity and logic with flexibility and also leave room for further development. For instance, it was indicated that cost accounting and budgetary control which have not yet been dealt with comprehensively are potential areas for further development.

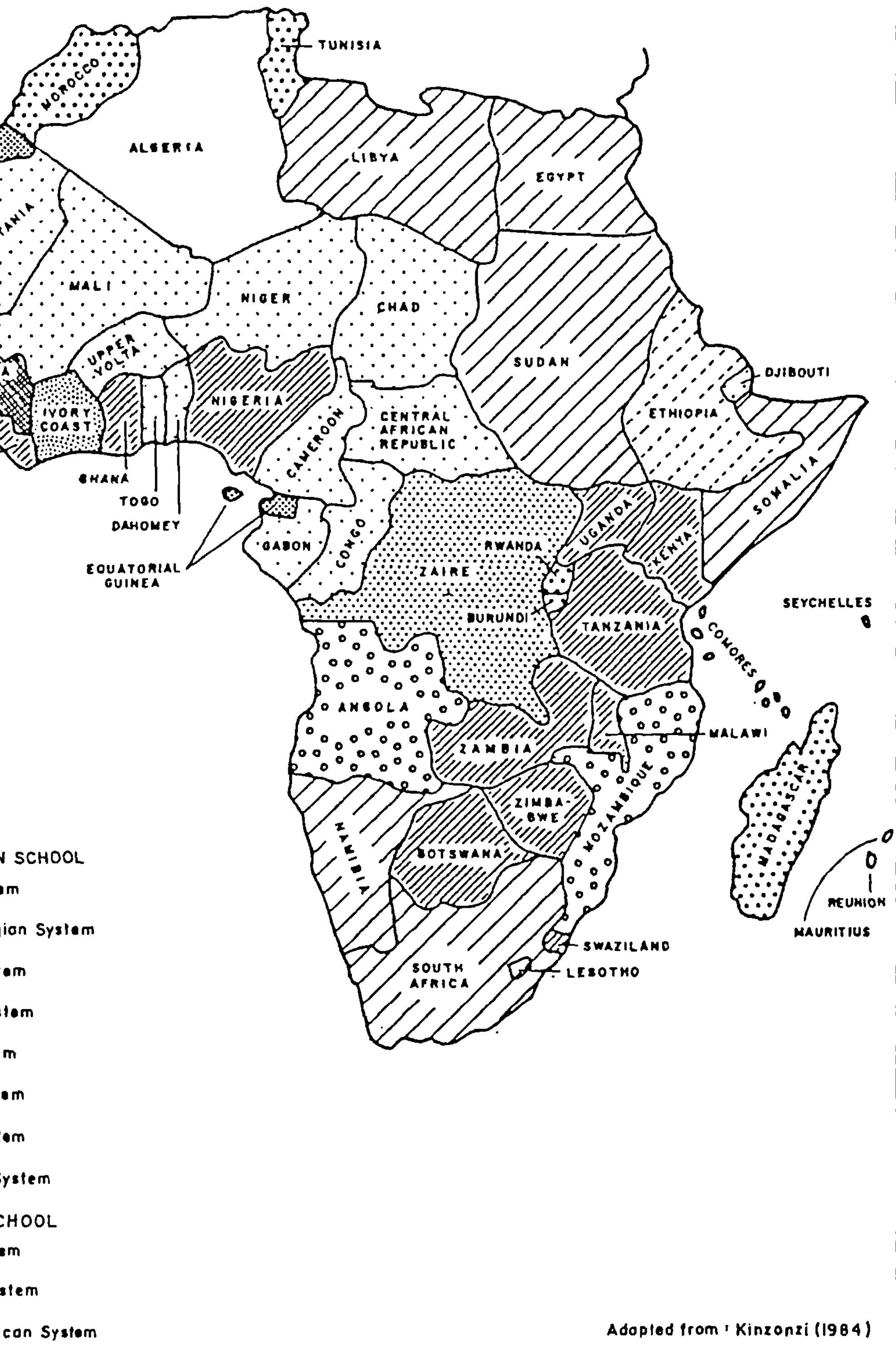
Finally, the Adaptation phase allows minor amendments to the main provisions of the Plan. These may relate to unavoidable variations in regional or national laws, taxation or accounting policy matters such as the requirement for compulsory revaluation of fixed assets. Recommended practices in respect of such matters might vary amongst the OCAM and UDEAC countries.

5.4 THE OCAM PLAN AND THE EVOLUTION OF ACCOUNTING SYSTEMS IN AFRICA

Several impediments to the implementation of the OCAM Plan have been encountered in practice. These include variations in the resources and institutional settings of the countries concerned such as the availability of qualified accountants, number and size distribution of companies, shareholders, educational resources and effective regulatory mechanisms. These impediments appear to have triggered the evolution of several variants of the OCAM Plan across the continent as shown in Exhibit 5.4. For instance, in the Ivory Coast (an OCAM country with a stock exchange) a much simpler version of the Plan with fewer disclosures which de-emphasises its macroeconomic bias has evolved. Enthoven (1977, p 209) reports that the Ivorian variant is less statistical and more financially orientated than the original version.

Exhibit 5.4

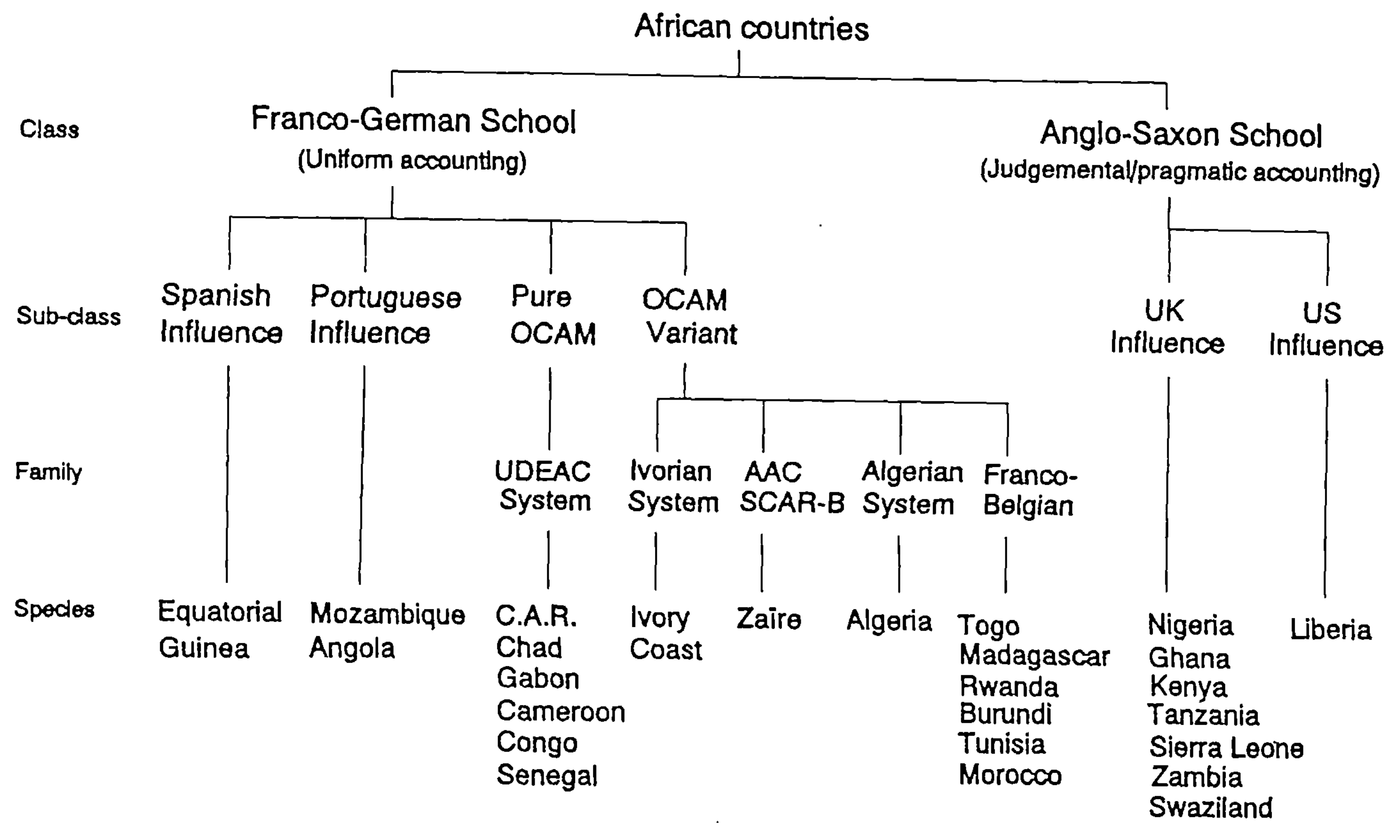
Accounting Systems in Africa



The latest variant is the "Système Comptable Africaine de Reférence de Base" or SCAR-B which was developed by the African Accounting Council (Kinzonzi, 1984, 1986). Others are indicated in the judgmental classification of accounting patterns in Africa given in Exhibit 5.5 which has been developed by the author based on the analyses of Nobes (1983) and Kinzonzi (1984). The main concern here relates to the disclosure requirements and measurement rules of the pure version of the OCAM Plan as adopted by the member states of UDEAC.

Exhibit 5.5

A Judgemental Classification of Accounting Systems in Africa



5.5 STRUCTURE AND MAIN PROVISIONS OF THE OCAM ACCOUNTING PLAN

The OCAM Plan retains some of the ideas in French Plans Comptables of 1947 and 1957 from which it was developed - e.g. the comprehensive decimal codification of principal accounts. However, its major innovations include the introduction of new financial statements such as the funds statement, a modular income statement incorporating separate sections for gross profit and value added, requirements for consolidation, the compulsory inclusion of notes to the accounts and the disclosure of accounting policies. The aforementioned items had never featured in any of the French Plans Comptables up to the time the OCAM Plan was formulated. Some authors, (e.g. Beeny, 1976, p 45; Forrester, 1983; Capelle, 1986; Kinzonzi, 1984) have suggested that the French have had to catch up with some of the innovations in the OCAM Plan when they adopted the EC Fourth Directive in their revised 1982 Plan Comptable.

Besides its data codification and classification framework, the OCAM Plan also prescribes general principles for asset valuation and income measurement which are based on some economic and legal concepts derived from the French national accounting system. It incorporates very elaborate instructions as to which account codes should be debited or credited in respect of a given transaction. Over 60 percent of the contents of the Plan (about 200 pages) deal with such issues. The presentation in this section of the document is in the form of index cards. Each card relates to a principal account and describes its code, the types of "debits" and "credits", and what "should" or "shouldn't" be shown under it. It also specifies relevant accounting principles and appropriate terminology (see Exhibit 5.6 for a model of such an index card). Some index cards emphasise detailed disclosure recommendations (see Exhibit 5.7) while others may focus mainly on measurement issues (e.g. Exhibit 5.8).

Exhibit 5.6: OCAM Model Index Card

The plan of accounts is drawn up in the form of a card index.
Each card corresponds to an account shown in the form given below.
The four frames in turn contain the following details.

.../...	IDENTIFICATION OF THE ACCOUNT (Name and Number)

debits	credits
Entries in the Account (: MOVEMENT) The corresponding accounts to be debited or credited are detailed	

classification: contents of the account	do not show in this account
Type of transactions to be shown in the account	with a mention of the entries that should not be made where there is a risk of error or confusion.

comments
Explanatory terminology, method of operation and principles of valuation.

Exhibit 5.7: An OCAM Index Card which emphasises Disclosure

41/041	CUSTOMERS

debits	credits
the amount of sales invoices, by the credit of relevant revenue accounts of class 7	– settlements received, by the debit of financial accounts. – rebates, discounts and refunds granted, other than on invoices, by the debit of account 70 « Sales of goods (merchandise) » or account 71 « Output sold ».

classification: contents of the account	do not show in this account
– Ordinary customers. – Customers – State or public bodies – Customers – group companies – Customers – guarantee retentions – Customers – advances and payments on account received on orders in process – Customers – awaiting invoicing – Customers – doubtful – Customers – packaging and packing materials on consignment	Customers who, by agreement, need make settlement only after one year, are shown in account 25 « Loans and other long term receivables ».

comments

Customers are third parties to whom the business sells goods or services which are the object of its activity.

If a third party has, in addition, other relations with the business (that of supplier or employee, for example) only those operations which relate to sales (invoices, credit notes, payments, rebates, discounts, tec.) should be shown in the « Customer » account, the other operations being shown in the particular accounts that they concern (suppliers, personnel, etc.).

Customers accounts are identified by different criteria the order of priority of which is determined by the degree of utility they present for the interested parties and in function of the resources of the business.

1 – **geographical distribution of the customers :** in the State or abroad.

2 – **nature of the customer :** business unit, private individual, State : public body, financial institution, in accordance with the economic classification of agents proposed in the Plan.

3 – **Relations between the customer and the business :** customer, member of a group (associated companies) and other clients.

4 – **Nature of the debt :** They should be shown in separate accounts :
– amounts retained by customers on their settlements,
– advances and payments on account received on orders in process,

Exhibit 5.8: An OCAM Index Card which emphasises Measurement

20/020	INTANGIBLE ASSETS AND DEFERRED CHARGES INTANGIBLE ASSETS

debits	credits
The value of intangible assets brought into the business, or acquired or produced by it, by the credit of account 10 « Capital », account 44 « Shareholders » third party and financial accounts, account 72/073 « Fixed asset formation for own account » expenses for capitalisation or transfer.	In case of disposal, disappearance or destruction giving rise to compensation, by the debit of account 84 « Determination of profit or loss on disposal of fixed assets ».

classification: contents of the account	do not show in this account
– Goodwill – Leasehold rights – Patents, licences, trade marks, processes, models, designs, concessions, etc. – Capital research and development – Intangible assets in process	Basic and general research and development expenses chargeable to class 6 or that may eventually be transferred to account 20 as deferred charges.

comments

Intangible assets are those which are acquired or produced by the business not to be resold or transformed, but to be utilised in a more or less permanent manner, directly or indirectly, in business or other operations.

Goodwill is made up of by the value of the clientele, the tenancy rights attached to the business premises and the commercial value of the business name. The value of the clientele represents profit-making potential arising from a given set of customers or from the location of the business.

Leasehold rights are represented by the amount paid or due to the previous lessee in consideration for the transfer of tenancy rights under contracts or by usage or legislation.

Patents, licences, trade marks, processes, models, designs, concessions, etc. correspond to payments made to obtain the advantages of protection given under certain conditions to an inventor, an author, or a holder of the right to use a patent mark, model, design, literary or artistic work, or to operate a concession.

Capital Research and development. Only expenditure on research that has a direct bearing on manufacture should be capitalised. Other basic and general research expenditure should be charged to the normal accounts of the period in which it is incurred and later capitalised if necessary.

5.6 SEGMENTAL REPORTING AND THE OCAM PLAN

The framework of the OCAM Plan comprises ten principal account codes as follows;

Balance Sheet accounts (Five classes)

CLASS ONE	Capital and long term liabilities.
CLASS TWO	Fixed and Long term Assets
CLASS THREE	Stock
CLASS FOUR	Third party and adjustment accounts
CLASS FIVE	Financial accounts
Income Statement	**(Three classes)**
CLASS SIX	Expenses
CLASS SEVEN	Revenue
CLASS EIGHT	Results of main operations
Cost Accounts	**(One class)**
CLASS NINE	
Static Accounts	**(One class)**
CLASS ZERO	
	Extraordinary items Non-operating items All balance sheet account items

As in most Plans Comptables, each of the principal codes listed above are broken down into further sub-codes within each class, sometimes running up to ten digits. A preceding zero in any code means that the account in question has class zero properties in addition to those attributed to its other digits. The plan defines the criteria for assigning further digits, say to differentiate between domestic and foreign sales or a wide range of other segmental data by line of business and geographical area.

One of the major problems encountered by legislators and accounting standard setting bodies dealing with segmental disclosures relates to the definition of what constitutes a reportable segment. This point was raised by Emmanuel and Gray (1978) who pointed out that neither the British Companies Acts, the EC nor OECD segmental reporting pronouncements actually define a segment. They proposed that the Standard Industrial Classification (SIC) be considered as an important basis for segment identification. It is interesting to note that this approach had already been prescribed by the OCAM Accounting Plan. In Cameroon, the authorities have operationalised this provision of the OCAM Plan by instituting a compulsory uniform format for all company annual reports which have to be submitted to the Inland Revenue and the Department of Statistics. This is embodied in a document known as the "Déclaration Statistique et Fiscale" or DSF.

The systematic classification of goods and services is well established in industrial economics where it is intended to facilitate research, census of production and the analysis of market structure. By linking root codes in the main accounting framework with the SIC, wide ranging disaggregated information on the operations of large diversified companies and conglomerates would be generated. For each item, the first two/three digits (root codes) are those specified in the main accounting framework of the Plan listed earlier here. The other digits include those specified in the SIC which are applicable to the item in question. The first British Standard Industrial Classification was introduced in 1948 (Devine et al, 1979). Since then, it has undergone several revisions. For instance, the 1980 version groups industrial activities into orders comprising Minimum List Headings. The Minimum List Headings indicate the degree of disagreggation within the orders in terms of classification digits.

The Standard Industrial Classification adopted by OCAM is based on the Brussels Trade Nomenclature (BTN) for goods and the International Standard Industrial Classification in respect of services. This yields sixty five groupings as shown in Exhibit 5.9. The SIC digits are combined with those of the main accounting framework in order to specify a given item of segmental information. For example, a brewing company may use the classification code 7111248 for line of business and geographical sales of one of its products as shown in Exhibit 5.10.

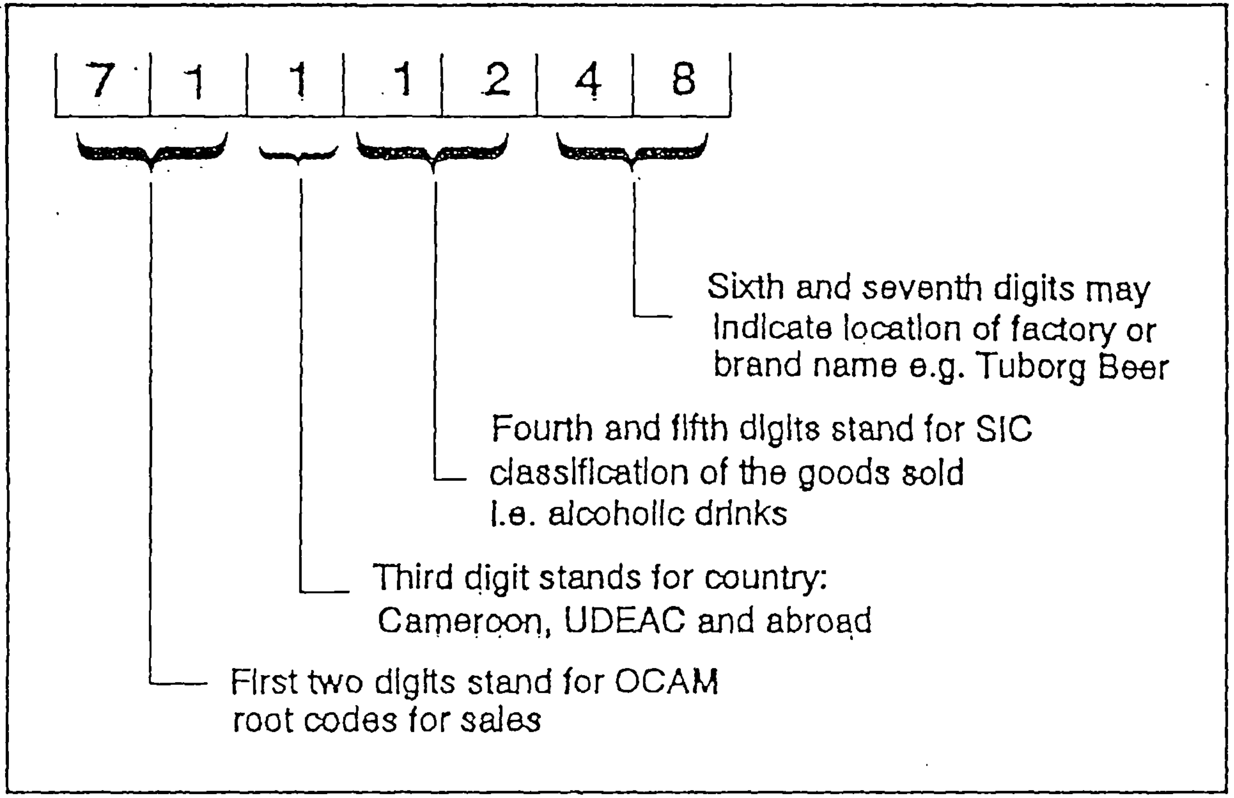
Exhibit 5.9

The OCAM Industrial Classification for Goods and Services

01 Agricultural, stock breeding and hunting products
02 Sylvicultural and forestry products
03 Fishing products
04 Meat and preserved meat
05 Milk products
06 Preserved fruits, vegetables and fish
07 Fats
08 Products of the grain industry
09 Sugar
10 Bakery and pastry products
11 Other food products and prepared animal foods
12 Alcoholic drinks
13 Soft drinks
14 Manufactured tobacco
15 Solid mineral fuels
16 Crude petroleum products and natural gas
17 Refined petroleum products
18 Cooking products
19 Electricity
20 Gas, steam
21 Water
22 Iron ore
23 Non-ferrous ores
24 Iron metallurgy products and steel basic industries
25 Non-ferrous metals and the first workings of non-ferrous metals
26 Fabricated metal products, except machinery and equipment
27 Machinery except electrical
28 Electrical machinery and appliances
29 Motor vehicles and cycles
30 Railway equipment
31 Aircraft
32 Ships
33 Professional and scientific equipment not elsewhere classified
34 Other products of mining not elsewhere classified
35 Constructional and ceramic materials
36 Glass and glass products
37 Basic chemical products
38 Other chemical products
39 Rubber products and articles
40 Plastic products and articles
41 Textiles
42 Wearing apparel
43 Leather and products of leather
44 Wood and worked wood (except furniture)
45 Furniture
46 Pulp, paper and processed paper
47 Printing, newspapers and publishing industries products
48 Other manufacturing industries products
49 Constructions
50 Land transport services
51 Water transport services
52 Air transport services
53 Ancillary transport services
54 Telecommunications services
(55 - 56) ....
57 Ancillary agricultural services
58 Restaurants and cafés and other eating and drinking places
59 Hotels and other lodging places
60 Real and landed estate services
61 Business services
62 Repair services not elsewhere classified
63 Laundry cleaning and dyeing services
64 Domestic services
65 Personal services not elsewhere classified

Exhibit 5.10

OCAM Segmental Disclosures



The nomenclature system and rules for data classification are contained in the DSF framework. For example, Exhibit 5.11 shows a flow chart for the classification of concrete iron and explains the linkage between OCAM Plan classifications and entries in the DSF format. Model DSF tables are shown in Appendix C.

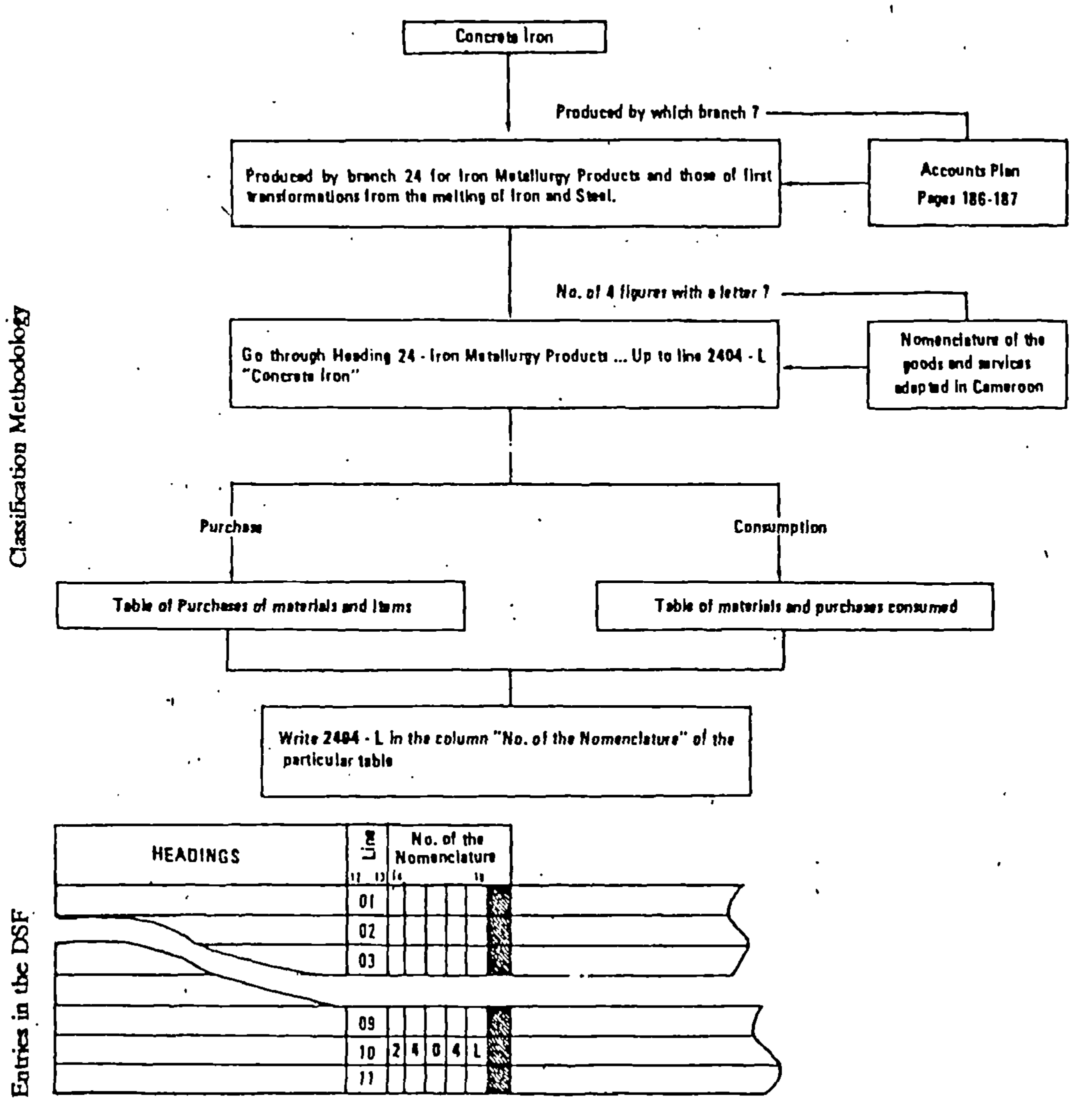
Small companies are exempted from submitting the DSF report. Medium-sized companies are required to submit an abridged or simplified version with fewer disclosures. However, all large companies are required to submit the normal DSF report. For this purpose, the definition of a small company includes those with turnover below 20 million CFA francs (about £40,000) whereas companies with turnover above 200 million CFA francs (about £400,000) are generally deemed to be large.

The DSF report is generally divided into five sections. The tables are ingeniously structured in a manner which leads to the extrapolation of wide ranging segmental information by line of business and geographical area in conformity with the International Standard Industrial Classification (ISIC) and the Brussels Trade Nomenclature - BTN (see model DSF tables in Appendix C). The tables in the first section deal with general information about the nature and structure of the company such as its main activities, distribution of share ownership, main business segments and their geographical locations, turnover, investments, number of employees etc. The second section is concerned with the main financial statements namely a modular income statement incorporating separate sections for gross profit and value added, a source and application of funds statement and the balance sheet. The other three sections contain further disaggregated information related to the main financial statements.

Exhibit 5.11

Flowchart of the OCAM Classification System

In order to find out the nomenclature number of goods and services do as in the following example : A company buys and uses concrete iron:



If an industrial enterprise PRODUCES Concrete Iron it will use the same nomenclature number in the production analysis table.

The headings of the general nomenclature of goods and services have been classed in a way so as to establish professional nomenclatures which correspond to every sector of activity. Every sectorial nomenclature groups the most commonly used goods of the sector.

The main OCAM classifications of goods and services, personnel expenses, fixed assets and capital investments, rates and taxes, economic sectors and financial operations are described thus:

Classification of Goods and Services

The Plan requires companies to provide segmental information in accordance with the Standard Industrial Classification in respect of the following items:

- Sales
- Production
- Stock
- Fixed assets

The nomenclature system and classification scheme for goods and services are based on the sixty five groupings shown in Exhibit 5.5.

Classification of personnel expences

Employee expenses are required to be classified such that the following distinctions are made and disclosed:

(i) - Direct payments
- Social contributions
- Social charges

(ii) - Personnel expenses in the state categorised as in (i) above.
- Personnel expenses in foreign countries categorised as in (i) above.

Classification of fixed assets and capital investments

The main OCAM categories for the classification of fixed assets and capital investments are shown in Exhibit 5.12. However, the Plan also allows each member state to make more specific regulations for the analysis of capital investment by nature. In Cameroon, the DSF report format defines the basis for such disclosures covering both the geographical location and lines of business of corporate investments.

Rates and taxes

There is a requirement for the classification at national level to show the following disaggregation:

(i) - Direct rates and taxes
- Indirect rates and taxes
- Customs duties

(ii) - National rates and taxes
- Rates and taxes collected by international organisations
- Rates and taxes collected by foreign governments

Classification of economic sectors

According to the Plan, the classification of economic sectors will help to provide a rational basis for the identification of principal corporate customers, suppliers, lenders, and borrowers. The segmentation of these items was deemed necessary because it may, for example, help the national economic planners to evaluate the locally produced raw materials consumed by any company in a given sector. It may also indicate the levels of imports, exports, foreign and domestic borrowings on both corporate and sectoral or industrial dimensions. Hence the economic policy makers would be able to ask "what if" questions regarding economic planning and policy matters.

Exhibit 5.12

classification of fixed assets and capital investments

The detailed presentation of fixed assets and capital investments will be defined by category of undertaking in each State or group of States according to the nature and importance of the investments and regulations in force.

The list of capital goods given in the appendix to the O.C.A.M. classification is, therefore, indicative only. It cannot embrace everything considered as investment material in all countries, but, inversely, it can include things which are not considered as capital goods by agreements taking into account particular operating conditions.

With these limitations in mind, the classification decided upon at the individual business level will correspond to a grouping or an analysis of the list given below. The only seven rule to be followed is to respect the distinctions drawn between the main categories as defined in the comments to account 22:

1 Non-residential buildings

2 Residential buildings

3 Other constructions (except land improvement)

4 Land improvement and plantation development

- 41 Land improvement
- 42 Plantation development

5 Transport equipment

- 51 Road equipment
  - 511 Vehicles and spares
  - 512 Other equipment
- 52 Railway rolling stock
- 53 Nautical and river equipment
- 54 Aeronautic equipment

6 Machinery and equipment

- 61 Agricultural machinery and equipment
- 62 Other capital goods
  - 621 Office equipment
  - 622 Returnable packaging
  - 623 Other machines and appliances (the classification should allow separation of equipment relation to the main activities of the business, e.g. textile equipment, public works equipment, etc.).

7 Breeding stock, draught animals, dairy cattle and the like

The disclosure of information concerning customers, suppliers, lenders, and borrowers in accordance with the following eight groupings:

i) Public non-financial enterprises
ii) Private non-financial enterprises
iii) Households
iv) General - government
v) Private non-profit body
vi) Banks
vii) Insurance companies
viii) Rest of the world

Financial operations

Financial operations are classified into seven classes thus (see details in Exhibit 5.13):

i) Currency and transferable deposits
ii) Other deposits in national and foreign currencies
iii) Bills and bonds: short-term
iv) Bills and bonds: long-term
v) Corporate equities, including capital participations
vi) Short-term loans or debts
vii) Long-term loans and credits

Taken overall, the extent of disclosure required by the OCAM Plan considerably exceeds that of the British Companies Acts, EC directives or the OECD guidelines and closely matches the more extensive United Nations proposals.

Exhibit 5.13

TABLE OF CONCORDANCE – PRINCIPAL O.C.A.M. ACCOUNTS – CLASSIFICATIONS OF FINANCIAL OPERATIONS BY NATURE

	Financial operations classified by nature / Names of accounts	1 Currency and transferable deposits	2 Other deposits	3 Bills and bonds, short term	4 Bonds long term	5 Corporate equities, including capital participations	6 Short term loans or debts	7 Long term loans and credits
	ASSETS							
24	Advances and payments on account for fixed assets on order						x	x
25	Loans and other long term receivables		x					x
26	Investments (other than at short term)				x	x		
40	Suppliers						x	
41	Customers						x	
42	Personnel						x	
43	The State and African or International organisations						x	
44	Shareholders (partners)						x	
45	Group companies						x	
46	Sundry debtors and creditors						x	
51	Loans granted for less than one year						x	
52	Short term securities			x	x	x		
54	Bills of exchange and trust receipts receivable						x	
55	Cheques, dividend warrants and coupons awaiting collection						x	
56	Bank and postal cheque accounts	x	x					
57	Cash in hand	x						
	LIABILITIES							
10	Capital					x		
16	Bonds, debentures (including redemption premiums)				x			
17	Other long term borrowings and liabilities							x
40	Suppliers						x	
41	Customers						x	
42	Personnel						x	
43	The State and African or International organisations						x	
44	Shareholders (partners)						x	
45	Group companies						x	
46	Sundry debtors and creditors						x	
50	Borrowings reparable within one year						x	
53	Bills of exchange and trust receipts payable						x	
56	Bank and postal cheque accounts						x	

5.7 THE MAIN OCAM FINANCIAL STATEMENTS

The accounting framework of the Plan culminates into the following major financial statements which are mandatory:

(1) The Results of Main Operations

(2) The Evolution of Balance Sheet Accounts

(3) The Balance Sheet

(4) Consolidated Accounts (where applicable)

Statements (1) and (2) above entitled "Results of Main Operations" and "Evolution of Balance Sheet Accounts" may sound awkward and unfamiliar to most Anglo-Saxon users of financial statements who are only conversant with the traditional profit and loss account, balance sheet and funds statements. These financial statements are purely an OCAM innovation. The distinction between each of these OCAM statements and conventional accounting statements will be examined under separate headings:

The Results of Main Operations

The Results of Main Operations (or income statement) has a modular structure which allows the following components to be measured and disclosed in separate modules:

(1) Gross Profit.

(2) Value Added.

(3) Operating and Non-Operating Profit and Loss.

(4) Profit or Loss on the disposal of fixed assets.

(5) Net Profit or Loss before income tax.

(6) Income Tax.

(7) Net Profit or Loss before Appropriation.

Exhibit 5.14

Modular Income Statement

Account N°		DEBITS Operating	DEBITS Non-operating	DEBITS TOTAL
60/060	80 — DETERMINATION OF GROSS PROFIT Cost of goods sold BALANCE : GROSS PROFIT			
	TOTAL			
61/061 62/062 63/063	81 — DETERMINATION OF VALUE ADDED — INTERMEDIATE CONSUMPTION Raw materials and stores consumed Transport Other services BALANCE : VALUE ADDED			
	TOTAL			
64/064 65/065 66/066 67/067 68/068	DETERMINATION OF OPERATING (82) AND NON-OPERATING (082) PROFIT OR LOSS Miscellaneous expenses and losses Personnel expenses Rates and taxes Interest expenses Depreciation and provisions CREDIT BALANCE : OPERATING PROFIT CREDIT BALANCE : NON-OPERATING PROFIT			
	TOTAL			
	84 — DETERMINATION OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS Original value of assets sold Expenses in connection with the sale CREDIT BALANCES : GAINS ON DISPOSALS			
	TOTAL			
	85 — DETERMINATION OF NET PROFIT OR LOSS BEFORE TAXATION Operating profit or loss (transfer of debit balance from account 82) Non-operating profit or loss (transfer of debit balance from account 082) Loss on disposal of fixed assets (transfer of debit balance from account 84) CREDIT BALANCE : NET PROFIT BEFORE TAXATION			
	TOTAL			
	86 — DETERMINATION OF INCOME TAX PAYABLE Provisional (or legal minimum) payments on accounts of income tax Balance due			
	TOTAL			
	870 — DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION Net profit or loss before taxation (transfer of debit balance from account 85) Income tax payable (transfer of debit balance from account 86) CREDIT BALANCE — NET PROFIT FOR APPROPRIATION			
	TOTAL			

Account N°		CREDITS Operating	CREDITS Non-operating	CREDITS TOTAL
70/070	80 — DETERMINATION OF GROSS PROFIT Sales of goods (merchandise)			
	TOTAL			
71/071 72/072 73 073	81 — DETERMINATION OF VALUE ADDED — PRODUCTION — GROSS PROFIT (transfer of preceding balance) Output sold Output stocked Fixed asset formation for own account Expenses for capitalisation or transfer			
	TOTAL			
74/074 76/076 77/077 78/078	DETERMINATION OF OPERATING (82) AND NON-OPERATING (082) PROFIT OR LOSS VALUE ADDED (transfer of preceding balance) Sundry revenue and profits Operating and non-operating subsidies and grants Interest and dividend earned Depreciation and provisions written back DEBIT BALANCE : OPERATING LOSS DEBIT BALANCE : NON-OPERATING LOSS			
	TOTAL			
	84 — DETERMINATION OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS Price realised on disposal (or compensation received) Accumulated depreciation on disposal DEBIT BALANCE : LOSSES ON DISPOSALS			
	TOTAL			
	85 — DETERMINATION OF NET PROFIT OR LOSS BEFORE TAXATION Operating profit or loss (transfer of credit balance from account 82) Non-operating profit or loss (transfer of credit balance from account 082) Gains on disposal (transfer of credit balance from account 84) DEBIT BALANCE : NET LOSS BEFORE TAXATION			
	TOTAL			
	86 — DETERMINATION OF INCOME TAX PAYABLE Income tax overpaid DEBIT BALANCE : INCOME TAX PAYABLE			
	TOTAL			
	871 — DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION Net profit or loss before taxation (transfer of credit balance from account 85) DEBIT BALANCE : NET LOSS FOR APPROPRIATION			
	TOTAL			

The presentation of these items in the statement takes a horizontal format (i.e., no netting off of debits and credits). This is considered as old fashioned in some Anglo-Saxon countries although it may have obvious pedagogical advantages. It allows the results to be measured in an articulated manner with the balance of one module carried down to the next in the series as shown in Exhibit 5.14.

The Evolution of Balance Sheet Account

This financial statement is yet another innovation introduced by the OCAM Accounting Plan. It was intended to serve similar purposes to the British source and application of funds statements which were made popular in the late 1970s following the publication of SSAP 10. The OCAM source and application of funds statement (see Tables 2A and 2B in Appendix C) became a mandatory requirement in Cameroon at a time when the 1908 British companies Act adopted in the English speaking provinces of the country did not have a parallel provision. Moreover, there is still no legal obligation to disclose this statement even in the UK itself.

The OCAM funds statement shows opening balances, fund flows (balance sheet movements) during the period and closing balances at the end of the period. It is divided into "debit" and "credit" sides corresponding to "applications" and "sources" of funds respectively. External movements (increases or decreases) are separated from internal movements of funds which in principle should add up to zero.

The Balance Sheet

The final balances extracted from the last columns in the debit and credit sides of the evolution of balance sheet accounts are used to draw up the balance sheet (see Tables 3A and 3B in Appendix C) for a model balance sheet). In conformity with the codification principles mentioned ealier, all the balance sheet account codes (unlike the evolution of balance sheet codes) have preceding zeros which indicate that they are "static" or final balances at the end of the accounting period.

The balance sheet items are arranged in ascending order of liquidity for assets and increasing order of exigency for liabilities. Unlike all the French Plans Comptables published before the 1982 revised version, the OCAM Plan requires that all balance sheets be compulsorily accompanied by qualitative notes. The objective of these notes is to supply additional information necessary for proper interpretation and comprehension of the financial position of the business. This innovation is in line with long-established Anglo-Saxon tradition. The Plan specifically states that the notes should cover the following issues at least (see Exhibit 5.15 for details):

(1) A list of commitments given or received by the company.

(2) A list of reciprocal commitments.

(3) Indication of loans and debts which are secured.

(4) Qualitative information necessary for proper comprehension of the statement including notes on measurement principles adopted.

Exhibit 5.15

notes to the balance sheet (example)

Commitments involving guarantees

- commitments given:
  - bills of exchange negotiated or endorsed in advance of maturity
  - other guarantee commitments given

- commitments received:
  - bills of exchange accepted by third parties and re-endorsed by the business in advance of maturity
  - other guarantee commitments received
  - shares deposited by directors as a judiciary guarantee

Reciprocal commitments

- fixed term contracts (balance receivable)
- fixed term contracts (balance payable)
- borrowings negotiated but not yet received
- loans negotiated but not yet paid
- sums outstanding on fixed asset on order or on work in progress
- hire purchase
  - amounts payable after 1 year
  - amounts payable within 1 year
- goods received on deposit or on consignment
- other reciprocal commitments

Loans and debts shown in the balance sheet

- secured loans or credits granted
- secured loans or debts paid
- uncalled capital

Other balance sheet information

- information necessary for an appreciation of the amount or the composition of the assets (e.g. variations that may have arisen in the methods of valuation of asset or liability accounts)
- proposals for the appropriation of the net profit or loss of the period
- details of major maintenance or repairs charged to account 20 as exceptional expenditure to be spread over several financial years
- provisions for contingencies where recourse is expected within the coming year

Statistical information

- in quantitative terms
- in terms of hours worked

5.9 THE OCAM INCOME MEASUREMENT AND ASSET VALUATION PRINCIPLES

Besides its data classification, codification and presentation framework, the OCAM Plan also contains special accounting measurement/valuation principles (or standards) covering the following activities:

(1) Accounting for agricultural operations,

(2) Accounting for joint ventures.

(3) Consolidation, mergers and acquisitions.

(4) Foreign currency translation.

(5) Inflation accounting (revaluation of fixed assets).

(6) Stock valuation.

(7) Accounting for packaging.

(8) Transfer pricing.

Several of these are non-conventional in that the major Anglo-Saxon and international accounting standard bodies have never issued standards on matters such as agricultural operations, packaging or joint ventures. Moreover, the UK Accounting Standards Committee and the IASC were non-existent in the late 1960s when the OCAM Plan was designed. Some of the accounting principles relating to these matters are reproduced in the Appendix D.

5.10 THE REGULATORY FRAMEWORK

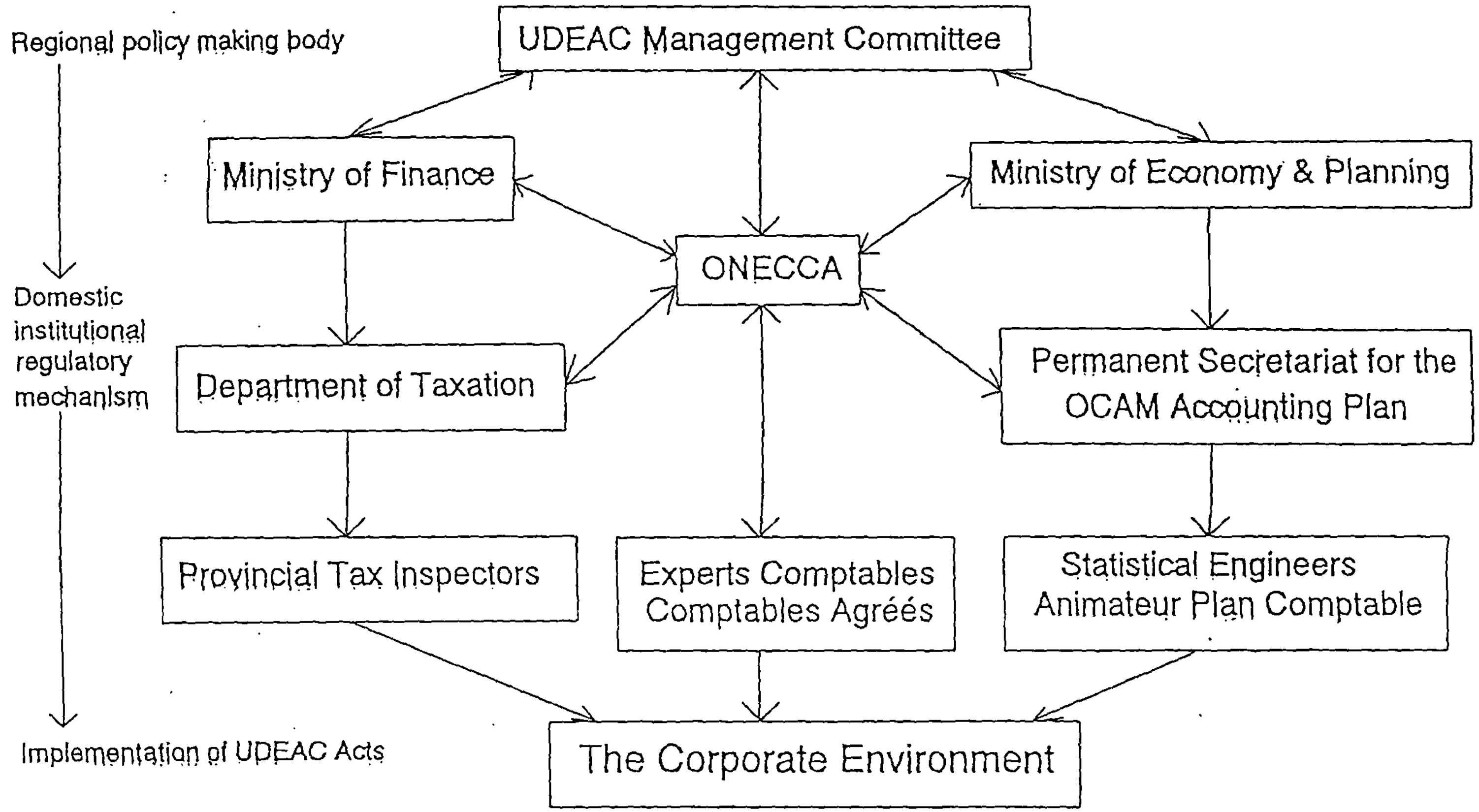
The management committee of UDEAC is responsible for accounting regulation in the entire sub-region. For example, Act No. 4-70-UDEAC-133 of 1970 states that no person shall bear the title of licensed accountant or exercise such profession unless he/she has been authorised by an Act of the Management Committee of UDEAC. Further, Act No. 5-82-UDEAC-324 of 1982 defines the rights and duties of auditors. All company audit reports make reference to these Acts in addition to the French commercial law of 1806 which is still enforced. Another example of regional regulation is Act No.7-82-UDEAC-362 of 1982 which harmonises financial reporting by banks and financial institutions in member states.

Each member state has its own domestic mechanism for enforcement of UDEAC pronouncements. In Cameroon, the Permanent Secretariat for the OCAM/UDEAC Accounting Plan in the Ministry of Economy and Planning and the Department of Taxation (Ministry of Finance) are responsible for the implementation of UDEAC accounting regulations. They effectively act as a liaison between the national environment and the UDEAC Management Committee.

A private sector professional body, the Ordre Nationale des Experts Comptables et des Comptables Agrées du Cameroun (ONECCA) was formed in 1985. However, the preamble to its constitution clearly states that it shall be governed by all previous and subsequent UDEAC Acts. This means that it has no authority to license potential entrants to the profession or influence accounting practice directly without liaising with the UDEAC Management Committee. The relationship between domestic and regional accounting regulatory mechanisms in Central Africa is illustrated in Exhibit 5.16. Although the emphasis is on Cameroon, other UDEAC countries have similar domestic institutional mechanisms.

Exhibit 5.16

Relationships between Cameroonian (Domestic) and Regional (UDEAC) Accounting Regulatory Institutions



The Department of Statistics has groups of statistical engineers and technicians at each provincial capital who meticulously check all annual reports submitted for onward transmission to its head office in Yaoundé. This means that reports which do not comply with UDEAC pronouncements will be rejected automatically at the provincial level. The Department of Statistics also plays an advisory role on accounting matters by organising training courses for practitioners or else dispatching staff to companies (in cases of non-compliance) to explain appropriate OCAM accounting principles. Delesalle (1987), a French consultant who spent several years working in Cameroon as an adviser on the accounting plan (Animateur Plan Comptable) at the Department of Statistics in Douala, made the following observation in a major French accounting journal (p 11);

> In Cameroon, after thirteen years of implementation, one might note that this reform has been well received and that the adoption of the OCAM plan is widespread [author's translation].

5.10 CONCLUSIONS

The historical development of the OCAM Accounting Plan, its structure, main provisions and conceptual framework were analysed in this chapter. Many of these characteristic features of the Plan have not yet been considered in the "recognised" literature on accounting in developing countries. Furthermore, no detailed appraisals of the Plan have previously been undertaken. The pioneering works of Enthoven continue to serve as the main authoritative source on these issues despite the fact that dramatic changes have occured over time. The lack of further studies in this area appears to yield a very incomplete picture of Third World accounting since significant developments continue to remain unexplored. Chapter 6 which follows is an attempt to remedy this situation. It will complement the material in this chapter and the key issues raised in Chapter 4 by providing a holistic appraisal of the OCAM Accounting Plan.

CHAPTER SIX

A THEORETICAL APPRAISAL OF THE OCAM ACCOUNTING PLAN

Chapter 5 was mainly concerned with a description of the OCAM Plan. This Chapter will complement it by providing an overall appraisal of the Plan's accounting measurement and disclosure principles and their relevance to the accounting environment of the countries implementing them. Particular attention is devoted to the OCAM value added principles because they incorporate many of the unique and novel measurement rules introduced by the Plan. The relevance of the Plan to the OCAM countries is assessed in terms of its role in providing the necessary information for control of the activities of transnational companies, economic policy decision making, social welfare and the extent to which it meets recognised criteria for evaluating the design of new Third World accounting technologies.

6.1 THE OCAM VALUE ADDED ACCOUNTING PRINCIPLES: A THEORETICAL APPRAISAL

An assessment of OCAM value added accounting principles, how they differ from British practice and recommendations, and a concise exposé of their own new conceptual problems will be considered here.

Opinions vary as to whether or not a standardised approach to value added accounting is desirable. For instance, Morley (1979) advances the argument that one of the greatest objections to the value added statement in the UK is that the statements are flagrantly non-standardised and an unscrupulous accountant could manipulate the choice of calculation method to produce almost any figure desired. Gray and Maunders (1980) argue that at the innovatory stage of its development, it may be necessary to allow a period of creativity by placing it outside the restrictions established by convention. The *Corporate Report* (ASSC,

1975) made it clear that the presentation of value added statements involves overcoming many of the problems which are also associated with profit and loss accounts, for example the treatment of extraordinary profits and losses.

Although very little is known about it in the Anglo-Saxon world, the OCAM Plan dealt with all these problems, but under a different accounting philosophy based on production and wealth which is much nearer to orthodox economic concepts than the British approach. Without attempting to enumerate all the problems identified by prior research in this area and how the OCAM Plan dealt with them, some of the tentative conclusions and recommendations in the report by Gray and Maunders (1980, p.37) listed below are considered:

1. The measurement of value added on a production rather than a sales basis appears desirable and worthy of experiment.

2. Value added should be measured and disclosed on both a gross and net basis if it is to serve a wide range of uses. Depreciation should not be treated as a distribution of value added.

3. Inflation adjustments are necessary if net value added is to be meaningful.

4. Non-operating items should be disclosed separately below the calculation of value added. They should not be excluded from the value added statement. There is a pressing need fora more comprehensive and systematic approach to disclosure and presentation.

5. The segmentation of the value added statement is desirable and at the least should involve a geographical segmentation between the UK and overseas activities of the firm.

6. The disclosure of relative shares in the distribution of value added should be made on a more systematic basis. The share of employees and government should be disclosed on the basis of amounts actually payable. In the case of shareholders the amount of profit attributable, as well as payable in the form of dividend should be disclosed as their share.

It is interesting to note that at least four of the above recommendations are actually satisfied by the OCAM Plan (see Exhibit 5.14). These are items 1, 3, 4 and 5 whereby value added is measured on a production basis, non-operating items are disclosed in a separate column from operating items and the former excluded from value added computations; and inflation adjustments are made in respect of fixed assets in conformity with statutory rates (Touche Ross, 1987, p.13; Delesalle, 1987, p.12). Further recommendations are made for the segmentation of value added by line of business (OCAM, 1973, p.239).

The OCAM Value Added Statement: Some Problems

Mcleay (1983, 1988) observes that some continental European countries e.g. Germany, derive profit from output in their legally prescribed income statements whereas the practice in the UK has generally been for companies to report the derivation of profit from sales. OCAM seems to have opted for the German production oriented approach. The integration of the notion of value added within a production oriented modular income statement (see Exhibit 5.14.) is a novel idea introduced by the Plan. The reason why OCAM adopted a production rather than sales value added orientation was given as follows (OCAM, 1973, p.XV111):

> Value added is a relatively new idea in business. It is a production indicator related to a given period. It shows better than turnover figures which are more dependent on cash resources, its importance in , and its productive contribution to the country's economy.

It is important to note the articulated format of the income statement in Exhibit 5.14 where the balance of one module is carried down to the next in the series, with a segregation of operating from non-operating items. The underlying logic in the design could easily be appreciated if we ignore the distinction between operating and non-operating items and recast the statement in a vertical format as in Exhibit 6.1.

It is also improtant to note that the term "gross profit" has a somewhat different meaning in OCAM accounting in that it does not relate to the production or wealth created internally by a company. According to the Plan, gross profit should only be calculated and disclosed in respect of goods purchased from external sources for resale at a margin. This does not include a company's own internal production which are reported directly as output sold and output stocked. Hence, companies with exclusively manufacturing activities are not required to calculate or disclose a gross profit. As such, the inclusion of gross profit, output sold and output stocked in Exhibits 5.14 and 6.1 does not result in double counting.

Exhibit 6.1

Determination of Value Added

Production	
Gross Profit	X
Output sold	X
Output stocked	X
Fixed asset formation for own account	X
Expenses for capitalisation or transfer	X
Total production for period	XX
Intermediate consumption	
Raw materials and stores consumed	(X)
Transport	(X)
Other services	(X)
Total intermediate consumption	(XX)
Value added = Production - Intermediate consumption	XX

Following the conventional economic definition of the concept, Value Added is defined by the OCAM Plan in terms of wealth creation as the difference between production for the period (production sold, stocked, or used by the business itself) and the intermediate consumption incurred to effect that level of production (raw materials, stores and services consumed). There are several problems associated with this design.

The principle of Conservatism, as will be explained later, is arguably the greatest source of the theoretical problems of the OCAM value added approach. It is stated on page XVI of the conceptual framework of the Plan that:

> The principles adopted for realisation of the Plan ... do not differ from those which are generally accepted and on which accounting truth and regularity rest. More particularly should be mentioned ... the principle of Prudence in the conduct of a business so that, at the end of a given period, fictitious profits that could be distributed are not shown. This principle calls for the immediate taking up of all foreseeable contingencies and likely losses, while at the same time, excluding from the results of the period all profits that have not been effectively earned.

On page 147 of the same document, it is also stated that:

> Revenues arise from the sale of goods or services, from production of goods or services not yet sold or transferred for use in the business itself ...

Clearly, the above two citations from the Plan are contradictory. Revenues arising from the production of goods or services not yet sold or transferred for use in the business do not prevent the disclosure or distribution of fictitious profits as stated in the first citation. The Plan requires that all production for the year be taken into account irrespective of whether it has been sold. This practice is not consistent with the prudence concept enunciated in the first citation because unrealised profits will be effectively recognised by including unsold production for the period.

The Plan further stipulates that account 72, output stocked (see Exhibit 5.14.) is valued at production cost while output sold (account 71) is valued at selling price. If the unsold production of a preceding financial year is included in this year's sales, then, it would have to be deducted to preserve the matching principle. In times of high inflation or a slump in the economy, the gap between production cost and market value tends to widen and thereby imposes serious distortions on the measurement and meaning of value added.

It has been suggested by Corre et al (1971), an authoritative text on the philosophy behind the OCAM Accounting Plan, that the concept of materiality is the essential issue. This book was written by leading members of the French "Conseil National de la Comptabilité" which provided technical advice on the design of the Plan. They acknowledged the problem by pointing out (p.37) as follows;

> It should be noted that there is an inevitable lack of accounting rigour concerning the treatment of "Production stocked" because it is based on macroeconomic and national accounting definitions: Value added is constituted by sales of products (Production sold) valued at selling price and manufactured goods in stock or for consumption by the company itself (Production stocked) valued at production cost. This heterogeneity in valuation must be taken into account when analysing financial statements and ratios, especially in cases where stock is relatively more important when compared to sales [author's translation].

In practice, however, it is virtually impossible for users to adjust financial statements or ratios given that selling prices and production costs are not normally disclosed in corporate reports. Also, the contention that the impact of heterogeneity in valuation could not be material is considered here as a matter which could only be assessed by statistical tests on data collected from a large number of companies.

Another controversial area is Fixed Asset Formation For Own Account (account 73 in Exhibit 5.14.). This account deals with capital formation and the wealth created by the firm for its own use (see Table 14 in Appendix C for a list of items included under the account code). The problem here is that expenditures such as research and development, capital work done by an agricultural company for plantation maintenance or any of those listed in Table 14 in Appendix C are not treated as expenses to be charged against profit. Rather, they are considered as production which increases wealth or value added and ultimately profit, given the relationship between the modules in Exhibit 5.14.

A major objection to this approach relates to the question as to how the production or wealth created should be valued. For instance, it takes six years to grow a rubber plantation from nursery to maturity. Once mature the trees are expected to produce latex for twenty four years. According to the OCAM Plan, the expenditures incurred in raising the trees to maturity are thought of as production or wealth created for the years in which they were incurred. It would clearly seem irrational to claim that the production or wealth occasioned by the establishment of a rubber plantation is equal to the amount spent on the project.

In the Anglo-Saxon system, such capital expenditures are usually deferred and amortised by matching them with the future revenues that they are expected to generate. Perhaps a better and more plausible ex-ante valuation of such wealth under the OCAM approach could have been the discounted present value of all future net revenues that the plantation would be expected to generate over the twenty four years. But this too is subject to many uncertainties such as the discount rate and prediction of future cash flows given that the prices of agricultural commodities may fluctuate dramatically in the world market.

A second unusual feature of the Plan is the treatment of Research and Development (R & D) expenditure in account 73. The Plan considers R and D expenditure as production which increases wealth, value added and profit directly. Consequently, it is not charged against profit as an expense. However, in the balance sheet, it is treated as an intangible asset and a provision is made for any anticipated losses in value of this asset in each financial year. This means that the expenditure can only be written off as a provision for loss in account 68/068 in the model income statement in Exhibit 5.14.

Generally speaking, the Plan reflects a cautious approach to measurement and valuation under the high uncertainty conditions associated with R and D outcomes. It requires frequent "write-offs" and "write-backs" between accounts 073 (non-operating) and 73 (operating) or other related accounts depending on how the company revises its perceptions of the inherent risks and viability of R & D projects.

The criteria governing the writing off or writing back processes between these accounts are undefined and accounting decisions are likely to be highly subjective. The required policies are formally stated in the OCAM Plan (OCAM, 1973, pp.55-56) as follows:

Capital Research and Development. Only expenditure on research which has a direct bearing on manufacture should be capitalised. Other basic and general research expenditure should be charged to the normal accounts of the period in which it is incurred and later capitalised if necessary.

Intangible assets in process include research expenditure of which the outcome, success or failure is not yet known. This expenditure is initially charged to operating expense accounts of the financial year in which it is incurred and transferred to intangible assets in process by crediting account 073. In case of failure, the research expenditure is transferred to deferred charges and amortised on a basis considered appropriate by the business; if successful, it is transferred to capital research and development

Asymmetry in the Composition and Allocation of Value Added to Stakeholders

Some of the problems of OCAM value added accounting are examined here under four major headings. The conclusion emerging from this is that, from a theoretical point of view, there is an asymmetry in the composition and allocation of the OCAM value added to factors of production. Some evidence in support of this hypothesis has been provided by a recent empirical study (Elad & Gray, 1991). This study was based on data extracted from the annual reports of fifty six Cameroonian companies which were implementing the OCAM Plan.

Structural Problems

These problems arise from the design of the statement in Exhibit 5.14. Since non-operating and extraordinary items are disclosed in a separate column, they do not have any effect on value added but they actually have a direct impact on net profit. This could impair the relationship between net profit and value added. Similarly, modules 84, 85 and 86 of Exhibit

5.14 dealing with income tax and profit on disposal of fixed assets do not affect value added measurement although they have a direct impact on net profit for appropriation. If profit is an allocation of value added, then this arrangement might jeopardize the meaning of the concept.

Taxation

Rates and Taxes (account 66/066) shown in Exhibit 5.14 as a distribution of value added do not include income or corporation tax. A full list of twenty different categories of rates and taxes included under this code is presented in Table 20 of Appendix C. It deals with council tax, custom duties and taxes related to a wide range of issues such as forestry, cattle, turnover and so on. If income or corporation tax is excluded, there could be a severe imbalance in value added allocation under the standardised format imposed by the Plan because the tax has a direct effect on profit.

The appropriate treatment of taxation has equally been recognised as a controversial issue in the British approach (Gray and Maunders 1980; Morley, 1978; Meek and Gray, 1988; Rutherford, 1980) and it has been argued that all taxation which arises from a company's own operations should be included in the application of value added to the State. Morley (1978, p.79) reports that;

> In practice, most British companies only show corporation tax ... often describing it as "payable to Government as tax on profits". But a fair minority of companies do include other taxes. Esso, for example, include excise duties, VAT, rates, royalties and "other taxes".

Unlike the rigid OCAM model, this diversity in British practice does not impose any asymmetry in value added composition and distribution. It is mainly a classification problem and since there is much scope for flexibility in the British system, some otherwise "balancing or residual items" are actually aggregated to other components of the statement in order to preserve the balance which should exist by definition of the concept. This point is well illustrated by Morley (1979) where he presents two interesting cases. The first is Esso Petroleum Ltd where the Government share of value added was reported as 74% in 1976 and 23% in 1977. The drastic change was attributed to a change in accounting policy on the classification of excise duty and value added tax. Similarly, in the second case, Allied Breweries reported the Government share of value added as 50% in 1975 and 13% in 1976. This was due to the fact that the company had simply decided to reclassify the special excise tax on alcohol as a bought in cost rather than an allocation to the Government.

Extraneous Items

These are items which are considered as questionable in the determination of value added because they do not arise from the company's main operations. They are not derived from the efforts of company employees or constitute part of the wealth created by them. Items in this category include government grants, subsidies, dividends and interests received, discounts, insurance compensations, donations received, rebates and so on. They are represented by accounts 74/074, 76/076, and 77/077 in Exhibit 5.14. (see Table 21 in Appendix C for a full list of items in these accounts). In addition to these items, income or corporation tax and profit on disposal of fixed assets which are determined in separate modules of the statement are also excluded from value added computations even though they have a direct impact on net profit for allocation. These facts might cause a destabilisation of the relationship between the creation and the allocation of value added.

In the British system, sources of revenue which do not arise out of a company's own manufacturing and trading activities have similarly been recognised as one of the more complex areas of value added accounting (Morley, 1978; Rutherford, 1980; Meek & Gray, 1980). Again, unlike in the OCAM model, this does not lead to asymmetry due to the freedom for companies to adopt whatever classification and presentation format they consider appropriate.

Conservatism

We noted earlier the cautious approach to income measurement under uncertainty conditions whereby transactions are frequently required to be written to or from account 073 depending on corporate perceptions of some contingencies. Similarly, large amounts are also frequently required to be written from account 68/068 to account 78/078 (or conversely) as depreciation and provision for contingencies. The Plan requires all provisions for contingencies to be disclosed in the format prescribed in Table 6 of Appendix C. The repercussions resulting from these frequent "write-offs" and "write-backs" involving operating and non-operating accounts, in accordance with the manner in which the company revises its perception of contingencies, may help to refine the income statement over time. However, since items which are written back (from a preceding accounting period) are normally treated as non-operating, they are consequently disclosed in a separate column and do not have any effect on value added measurement although they have a direct impact on other parts of the income statement as shown in Exhibit 5.14. This differential impact of items which are written back and treated as non-operating could bring into existence a gap between the reported value added and the total allocations to stakeholders.

The Asymmetry Hypothesis

From a theoretical point of view, it is argued here that these four factors seem to undermine the credibility of the OCAM approach to value added accounting. They might serve to impair the symmetry which, by definition, should exist between the composition and distribution of value added. The gravity of the problem will be expected to depend on whether or not the impact of these factors is material.

The empirical study by Elad & Gray (1991) detected the existence of a material difference between the value added created and the total wealth allocated to factors of production under OCAM Accounting principles. Accordingly, it was noted that the stakeholders appeared to be reaping where they did not sow in cases where their rewards exceeded the entire wealth or value added created. This awkward relationship between value added and its allocation to stakeholders might jeopardise the meaning of the concept to both the managerial accountant and the financial analyst. It was concluded that, overall, the philosophy behind the OCAM Plan appears more heavily tilted toward economic concepts than accounting principles. This findimg makes it necessary to consider the relevance here of the conclusion of Gray & Maunders (1980, p.37) that:

> Value added is perhaps best reported as a single supplementary financial statement. This need not necessarily be consistent with conventional accounting principles or articulate directly with conventional profit and loss account.

Overall Assessment of OCAM Measurement Principles

Generally speaking, the OCAM measurement provisions do not seem to be on a par with its grand design and theoretical framework. This is because, somewhat weak explanations (if any) are suggested as the rationale behind the recommended principles. In most cases, the accounting principles are simply just authoritatively imposed without any theoretical justification. For example, in the case of consolidation accounting, the Plan recommends both the "equity" and the "proportional" methods and explains the necessary procedures for producing the consolidated statement. However, it shows total disregard for the rationale behind these principles. This point applies also to most of the other recommended measurement and valuation rules of the Plan.

This may be considered as a significant weakness especially in the face of the widespread controversy surrounding accounting theory and standardisation around the world. However, the novel attempts by the Plan to standardise unconventional issues (at the time it was designed) such as value added reporting, source and applications of funds, accounting for agricultural operations, packaging and joint ventures amongst others need to be applauded.

Furthermore, the critical analysis of OCAM value added accounting principles presented here revealed other measurement and valuation problems which may have contributed to the asymetry in value added measurement and allocation. These were mainly attributed to the treatment of extraneous items, taxation, structural defects and strong conservatism in asset valuation and income measurement. An inherent clash between orthodox economic concepts and conventional accounting principles in the design of the Plan was also noted. These factors appear to pose significant threats to the usefulness of the OCAM value added statement. Accordingly, one may conclude that the most important merits of the OCAM value added approach might at least be visualised in terms of the wide-ranging disclosures which it has orchestrated.

6.2 THE RELEVANCE OF THE OCAM PLAN TO THE ACCOUNTING ENVIRONMENT OF THE COUNTRIES IMPLEMENTING IT.

It was argued in Chapter 5 that the bulk of the existing literature on accounting in developing countries portrays one dominant theme namely the claim that the prevalent Western models in these countries are irrelevant. It will be demonstrated in this section that this alleged crisis of relevance may not be applicable to the OCAM Plan (as implemented in Cameroon), at least with regards to disclosure and the control of multinationals, economic policy decision making, social accounting, and the design of accounting technologies (or ways of performing accounting work) in developing countries.

Relevance in terms of Disclosures and the Control of Multinationals

From its structure and main provisions described in Chapter 7, it would appear that the OCAM Plan has a strong statistical orientation. It was designed to satisfy the needs of private sector users and at the same time furnish information for macroeconomic planning and policy making by the state. Its extensive disclosure obligations can be viewed as an important step towards the establishment of appropriate regulatory measures for both multinational and domestic firms alike. This point was made by Forrester (1983a, p.32) when he stated thus:

> The specific problem of multinationals is not faced [by the OCAM Plan] although many of the disclosure proposals made for them by international organisations are required of all firms by the Plan.

It follows from the description of the Plan given in Chapter 5 that this assertion is somewhat inaccurate and should not be construed as a weakness. Accounting standardisation and disclosure are the most important and controversial accounting regulatory issues facing multinationals in the international scene in this "age of regulation". As for the former, there were no formal accounting standards at the time the OCAM Plan was developed. The Accounting Standards Committee in the UK was non-existent then. Regarding disclosure, neither the United Nations nor the OECD had issued any disclosure guidelines or recommendations at the time the OCAM Accounting Plan was conceived. Yet, OCAM seems to have instituted more extensive disclosure obligations than those of the UN and OECD which it also predates.

Further, almost all the disclosure issues raised by Briston (1984) enumerated in Chapter 4 are covered by the Plan. The OCAM initiative is a very challenging development especially when viewed in the context of the arguments of Roberts and Gray (1988, p.104) that;

> Segmentally disaggreated information will go a long way towards meeting information needs. This is especially important for those groups such as employees and developing country host governments who often lack the power to demand specific information that is of relevance to themselves in particular.

Forrester (1983a, p.32) describes the OCAM disclosure and classifications framework as follows:

> The distribution of "wealh" created by firms is shown while a sectoral analysis of goods and services received and produced is described using standard classifications. Such a segmentation should inform inputs and outputs of each sector - agrculture, industries commerce etc.

The above is a very comprehensive answer to the following qualities advanced by that Briston (1984) and summarised by Wallace (1988) as typical requirements to be met by a relevant accounting system for a developing country thus:

- The desire to conserve and/or generate foreign exchange reserves.
- The need to increase the local content of industrial production by using local raw materials and increasing employment and training of local people to take over jobs previously undertaken by foreign nationals.
- The urgent desire for economic independence resulting in increasing demand from transnational enterprises operating in these countries to provide information on technology received from parent companies and the extent of local participation in their equities.

The full set of disclosures recommended by Briston (1984) is outlined in Chapter 5. Briston (1984) did not, however, match the OCAM disclosure requirements against these yardsticks although he argued in favour of the OCAM Plan.

Relevance in terms of Economic Policy Decision Making

The linkage between the Cameroon investment code and ecoconomic policy decision making is a good example of the usage of accounting as a tool for promoting economic development. However, the question as to whether or not the OCAM Plan has actually stimulated economic development in Cameroon is debatable and warrants further study and documentation. The main argument here is that the implementation of the OCAM Plan in Cameroon portrays all the hallmarks of an accounting system designed to promote economic development.

Some of the key criteria for granting incentives to companies stipulated by the Cameroon investment code (SEEC, 1988; Touche Ross, 1987) given in Appendix are summarised thus:

- High value added generated by the economic operations of company.
- Location of operations in border regions or in areas with inadequate infrastructure where access and supply conditions are particularly difficult.
- Level of adapted techologies.
- Use of large numbers of skilled local manpower.
- In- service vocational training schemes for employees.
- Contribution to balance of payments.
- High level of investment.
- Job creation programmes or potentials.

The range of incentives granted on the basis of the aforementioned criteria include exemptions from import duties and taxes, taxes levied on local purchases in respect of certain equipment, share capital tax, and so on. A detailed description of the entire package of incentives and the criteria for obtaining them are given in Appendix A. In order to claim these incentives, companies need to include an annual report audited by a UDEAC registered accountant in their application to the Ministry of Finance. The disclosures in this report are used to determined whether or not a company qualifies for the incentives sought. This close linksge between a company's contribution to national economic and social welfare on the one hand and the incentives granted by the Government on the other clearly implies that the OCAM Plan was designed to promote economic development and satisfies recommendations in the literature in this regard..

Relevance in terms of Social Accounting

Social accounting in this context may relate to four areas identified by Samuels (1990) following an earlier work by Mathews (1984) namely:

- Social responsibility accounting
- Total impact accounting
- Socio-economic accounting
- Social indicators accounting

Social accounting is defined in terms of the potential conflicts that may arise between companies and their stakeholders or various interest groups in society. Samuels explains that these can include the negative effect of business activity on local communities and the environment; and that to assess the total impact on the local community, the positive effects also have to be considered, e.g. job creation. He states further that total impact accounting refers to attempts to measure in monetary terms the total cost (both private and public) of running an enterprise. He points out that this version of social accounting is not well developed due to measurement difficulties.

Socio-economic accounting is defined to include project appraisal involving cost-benefit analysis and shadow prices whereas social indicators accounting refers to the techniques used mainly in the public sector to estimate the effectiveness of expenditure.

As was noted in Chapter 4, the main objective of the paper by Samuels (1990), was to create a system of accounting that would be of greater use to developing countries than the conventional accounting models. He drew on Tinker's argument that all forms of social (or social constituency) accounting are an improvement to conventional accounting and that if such systems can be developed and implemented, they will help to reduce alienation in the domains of wealth misspecification and the expropriation of local community wealth, customer wealth, employee wealth and the wealth of nation states. He explains that Tinker's discussion of emancipatory accounting is at a theoretical level as he only occassionally provides hints of practical steps that could be taken to cover some of the expropriation problems. Accordingly, Samuels recommends new financial reports covering employment, balance of payments, income/wealth distribution and so on.

Given the characteristic features of the OCAM Plan presented in Chapter 7, it is evident that its design effectively takes care of nearly all the disclosures recommended by Samuels. It is also evident that the thrust of the Tinker (1985) critique in his case study of expropriation by a multinational company in Africa (Sierra Leone Development Corporation) would have been considerably mitigated, had this company utilised the OCAM Plan. This is mainly because the OCAM Plan would have shown allocations to various stakeholders including the company's contribution to the country's balance of payments, value added, capital formation, remuneration and training of local employees amongst a wide range of other disaggregated information by line of business and geographical area. This information would also have been provided in both quantitative and monetary terms in conformity with the format of the model DSF tables shown in Appendix C. As a result, the Government and other stakeholders would have had some relevant information for assessing the impact of the multinational company. In this case, it may not have been fair to attribute most of the societal perils enumerated by Tinker to accounting.

Relevance in terms of the Design of New Third World Accounting Technologies

Accounting technology in this context refers to the ways of performing accounting work in the Third World. Hove (1986) explains how colonialism has left the developing countries in Africa with a legacy of inappropriate technologies. It was also noted in Chapters 3 and 4 here that the effects of culture may be so pervasive as to render Western accounting technologies problematic (if not dysfunctional) in a developing country context.

Conscious of this point, the United Nations intergovernmental working group of experts on international standards of accounting and reporting identified some criteria which can be used to design new accounting systems in Africa. Their approach appears avowedly pragmatic. They seem to have deliberately laid emphasis on what is workable in practice rather than on normative considerations. To this end, a number of criteria were recognised for purposes of evaluating the design of new accounting systems in Afruca (see Chapter 4 for details).

The first criterion is political and governmental support. It states that a new accounting system/innovation is likely to be successful where there is a powerful political leader willing to "own the project" and where there is a demonstrated willingness to prioritise and commit local resources to it. The high level intergovernmental cooperation and the political climate under which the OCAM /UDEAC system was designed clearly indicate that it has fulfilled this criterion. The other criteria enumerated in Chapter 6 include the existence of a clearly defined objective, viable target population, valid assumptions in a supportive environment and plans for supervision and flexible adaptation. It can clearly be seen from the three distinct phases in the conceptual framework of the OCAM Plan explained in Chapter 5 that, to a considerable extent, its design conforms to these criteria.

6.3 THE MERITS AND DEMERITS OF THE OCAM PLAN

So far, it has been made evident here that the OCAM Accounting Plan was developed to meet the needs of developing countries as perceived by the experts who designed it. It was also shown that the Plan comprehensively satisfies most of the corporate information needs of developing countries recommended in the literature.

Despite its grand design, not all the OCAM countries have actually implemented it. However, Cameroon was the first country to implement the OCAM Plan, although it was also amongst the first countries to withdraw from the OCAM organisation. The Ivory Coast which remained an OCAM member state for a much longer period preferred to designed its own Plan Comptable which has fewer disclosure obligations than the pure version of the OCAM Plan (Kinzonzi, 1984). Hence it may be necessary to reconsider the argument raised by Enthoven(1977) thus:

> The OCAM Accounting Plan is following the French "plan comptable" model, being highly statistically oriented. It is nicely laid out but none of the countries in West Africa have as yet implemented the Plan. Part of the reason may well be that the plan is too much of a statistical design, is theoretical and originates from France without enough local content. It may not be optimally geared towards the economic and financial prerequisites of the particular countries in Afiica.

Enthoven did not explain what he meant by economic and financial prerequisites of these countries. Assuming that these prerequisites are those implied in his two texts (i.e. Enthoven, 1973, 1977), then it would be hard to accept Enthoven's assertion in the light his earlier arguments.

For example, it was observed that the highly statistical orientation of the Plan improves its disclosure provisions. Many of these disclosures have been recommended to developing countries by Enthoven himself and several other writers. As such, the implication here is that the Plan's statistical design is its strength rather than weakness.

The implementation problem might be attributed to a wide range of factors. For example, it might be that the companies are reluctant to comply with extensive disclosure obligations. It might also be that the personnel necessary to implement the Plan are few or not properly trained. Moreover, people may have different attitudes to change especially when it involves the conversion to an accounting system which introduces novel, radical and unconventional ideas. Some of the OCAM innovations were either not familiar in the late 1960s or had hitherto not been experimented with in any part of the world.

There is also a possibility of problems of information overload and competitive disadvantage to arise from OCAM disclosures which may constitute an obstacle to implementation. But this and other alleged merits or demerits of the Plan are in some respects debatable or controversial and warrant further investigation and assessment by empirical research. Some of these merits/demerits were raised initially by Mueller (1967) and later Scott (1970) as well as Enthoven (1973) within the broad context of Uniform accounting.

Advantages and Disadvantages identified by Enthoven

Better comparability

Better comparability between financial statements, both at the enterprise and at the more aggregate level, facilitating (a) structural analyses of enterprises; (b) efficiency measurements and evaluation of activities; (c) ex-ante and ex-post investment appraisals and related economic decisions. Also the expanding internationalisation of economic activities and business (multinational corporations) demands uniform and consistent standards.

Consolidation and integration

Consolidation and integration of data at the corporate, sectoral, national and even international level would be facilitated since uniformity involves a common classsification, valuation, and measurement basis.

The design of development policies and plans

The design of developing policies, plans and related information projections at the macro, sectoral and project levels would be facilitated.

Other economic policies

Other economic policies involving : price and cost regulations, subsidies, export credits, duties and other levies, labour contracts, international negotiations etc. would benefit from greater uniformity in accounting. A more standardised cost system for example also has its advantages for pricing and efficiency evaluations and input-output analyses.

Fiscal policy (including budgeting) and administration

Fiscal policy, budgeting and administration could be more effective and efficient if information were better standardised.

The evolution of an overall accounting theory

The evolution of an overall accounting theory would be enhanced by more unified concepts and measurement guidelines.

Benefits to small organisations

Social organisations could also benefit from an effective administrative system in which terminology, rules and charts were simple and clear and easy to adhere to. A good elementary system could forestall numerous small-scale business problems while facilitating outside advice.

Internal and external control and auditing

Internal control and auditing of accounts by private accountants and governmental agencies would be facilitated. Concealment would become harder. Furthermore, credit and financing institutions for example would find it easier to assess financial information.

Education and training of personnel

Education and training of personnel to administer information systems in public and private sectors could be more specifically orientated as lower grade personnel need be only familiarised with certain codified collection and processing aspects. This could also ease the transfer of personnel to other companies. In developing countries in particular, the lack of good accounting personnel poses a serious problem and uniform procedures would enhance the training process and transfer of knowhow and skills. However, the design and evaluation requires highly qualified personnel.

It is argued here that some of the above mentioned advantages of uniform accounting appear quite plausible and might be applicable to the OCAM Accounting Plan. However, several of the following points voiced against uniform accounting are considered to have doubtful validity in some respects. In both cases, further investigation is necessary in order to assess their validity.

Enthoven identifies the following disadvantages:

Straightjacket

It becomes a straightjacket for accounting information for the accountant, and such a system could be rather dictatorial. A rigidity in measurement rules and other procedures may impede the required flexibility.

Classification scheme too unrealistic and theoretical

The concept of aggregating separate industries into one scheme is unrealistic and too theoretical . Meaningful disclosures may be hampered.

Unwieldy, static, unimaginative and obsolete

The system may become unwieldy, static, unimaginative and even obsolete; necessary changes may take a long time to be incorporated. An over-refinement of aggregate information may be requested which serves no adequate purpose.

Company or industry requirements and ideas may be stifled

Individual company or industry requirements and ideas may be stifled. Each company may want to produce its own financial statement in a form considered most suitable for the industry, while costing procedures may show its individual production pattern and circumstances. Comparison and analysis of data may become useless if proper individual separation by industry is not made. Lack of comparability may result if the same rigid accounting treament is applied to different facts and circumstances.

Heavy expense

Heavy expense may be incurred in adhering to the system especially by small and medium enterprises. Government control over the system may also represent a high cost item, while needing much valuable personnel time.

Government supervision

The system may induce close supervision and meddling in the affairs of private enterprises, thus becoming an efficient instrument for government control of the private sector.

Hamper theory development

It will hamper the development of a dynamic accounting theory and an evaluation of accounting standards and principles based on changing economic circumstances. The uniform system may be too mechanistic and prevent the stimulation of new ideas. Professional qualifications may also suffer neglect as the greatest need will be for technicians.

As described in the previous chapter, the OCAM Accounting Plan is a highly prescriptive document which specifies both measurement and valuation principles in considerable detail. Such a system might be unquestioningly well received in a society whose cultural environment is characterised by high uncertainty avoidance. In such a society, Anglo-Saxon judgemental accounting principles might be resented in preference for a system which reduces uncertainty, stress and ambiguity by providing detailed rules and procedures to be followed in respect of any given transaction.

The mechanistic, rigid, unwieldy, static, unimaginative and even obsolete characteristics associated with the OCAM plan in the Enthoven's list mentioned earlier are considered here as being somewhat overestimated. The French Plan Comptable has undergone several revisions in 1957 and 1982. The OCAM Accounting Plan was imaginative in the sense that it entailed several innovations and extensive disclosure provisions which later compared well with other documents of its kind around the world. OCAM is in no way an obsolete document. It was made evident earlier in this chapter that the OCAM provisions for value added reporting were ahead of the UK standardisation agenda. For instance, although value added reporting was recommended in *The future of Company Reports* (1977) and *The Corporate Report* (1975), the matter has not yet been definitively addressed by an accounting standard.

It is of course acknowledged here that, like all uniform accounting systems, the design of the OCAM Plan is relatively inflexible and more rigid than Anglo-Saxon systems. But it is somehow unrealistic for opponents to exaggerate this point by considering it as a major weakness. Accounting is an artifact. It is constructed and nurtured by society (Hopwood, 1983; Burchell et al, 1980). It may well be that such a relatively rigid system responds more positively to the needs of a "High Power Distance" society than the Anglo-Saxon judgemental systems (Gray, 1988). But this too is an issue for further inquiry.

It would be recalled here that, like most management techniques, good accounting principles and practices are culture specific. For example Hofstede (1984) observes that Management By Objectives (MBO) could not be successfully implemented in France. He argues that, consistent with their high Power Distance value orientation, most French managers are reluctant to consider the objectives of their surbordinates. It would certainly be foolhardy to conclude that this is in itself a management blunder. Just like good accounting, good management principles should be designed to suit the environment and culture of the countries where they are to be implemented.

The second point in Enthoven's list of disadvantages of uniform accounting systems states that the concept of aggregating separate industries into one scheme is unrealistic and too theoretical and that meaningful disclosures may be hampered. This point might be challenged in the light of the OCAM provisions examined here. It was noted that the framework of the Plan generates a good range of information which are considered as essential for macroeconomic planning and the supervision of multinational enterprises. By aggregating separate industries in accordance with the standard industrial classification, the Plan provides a logical and reasonable basis for extrapolating essential segmental disclosures. Further intensification of industrial disaggregation as favoured in Enthoven's argument cited above could result in information overload or may not be feasible and systematic.

The fifth point raised by Enthoven that the implementation of such a system may be expensive is also considered here as unfounded. On the contrary, it can be argued that it is worth the effort and investment given the vital role that accounting is assumed or considered to play in the economic development process.

Developing countries need to be encouraged to maintain relevant accounting systems. Otherwise, they may fall prey to multinational exploitation or prone to meaningless, inadequate, unreliable and hazardous macroeconomic data. It would appear unreasonable to encourage them to ignore accounting matters in the guise of avoiding the cost of implementing a good accounting system.

In the case of Cameroon, the burden was shared collectively by the OCAM states. Some initial costs were incurred by way of educating the necessary personnel, writing manuals and offering free training courses to practitioners. It was expected that this initial investment will pay off in the long-run as more teachers would be able to impart the OCAM innovation to other potential practitioners.

It has been suggested that it would require less effort and resources to train an accountant to implement the highly prescriptive OCAM system than the judgemental

Anglo-Saxon system. Furhermore, some writers have claimed that even engineers, statisticians, non-accountants and technicians could easily become conversant with the Plan after a short training period.

If these claims are valid, then ideally such a system would require few highly trained accountants equipped with good academic backgrounds necessary to induce and monitor changes over time. They would be expected to undertake periodic revisions of the system, and possibly write relevant textbooks and training manuals.

Overall, Enthoven's assessment of the merits and demerits of accounting uniformity is considered here as research questions or hypotheses in search of empirical validation.

6.4 CONCLUSIONS

Whilst accounting uniformity continues to pose challenges to researchers, developments in Francophone Africa appear largely unexplored. For instance Perera (1989 p.142) argues thus:

> ...all the factors that have been responsible for disseminating a Western-style accounting to developing countries share one common feature, and that is the absence of any serious consideration for the needs of recipient countries.

Contrary to this argument, it has been demonstrated here that the OCAM and UDEAC countries have actually developed (albeit with French technical assistance) an accounting system primarily designed to meet their own environmental needs. These facts were conspicuously missing from Perera's paper which instead emphasised some relatively less appropriate examples of accounting uniformity in developing countries. Perera's case for localised uniformity would have been considerbly improved, had the experiences of the OCAM and UDEAC countries been used to develop or illustrate the arguments.

A critical review of the relevance of the design of the OCAM Plan, its accounting principles, disclosure recommendations as well as many of its merits and demerits which may foster or hamper implementation were considered here. The main conclusion arising thereof is that many of the alleged strengths and weaknesses of the Plan are fraught with the potential impact of some cultural values. Their overall impact may only be ascertained more effectively by empirical research. This sets the background for the empirical aspects of this thesis.

PART FOUR

HYPOTHESES, RESEARCH DESIGN, METHODOLOGY, LIMITATIONS, RESULTS, AND CONCLUSIONS

CHAPTER SEVEN

HYPOTHESES ON CULTURAL RELATIVISM AND ACCOUNTING UNIFORMITY

Since accounting harmonisation in Cameroon is prompted by the statutory requirement for all companies to adopt the uniform OCAM Plan, it is essential for this chapter to commence with a consideration of the meaning of uniformity in accounting. A review of some significant prior research studies on uniform accounting is undertaken as a basis for setting the main research questions for the current study in perspective. This leads to several hypotheses presented in separate sections dealing with cultural relativism and accounting uniformity as well as corporate information disclosure.

7.1 WHAT IS UNIFORMITY IN ACCOUNTING ?

The concept of accounting uniformity has been presented by some authors in different contexts which also imply correspondingly different connotations. On several occasions, it has been used synonymously or interchangeably with the term "standardisation". It is therefore necessary to consider the proper meaning of the concept.

Mueller (1965, p.852) defines uniform accounting as follows;

> ... Uniform accounting means the uniform treatment of all accounting methods, procedures and concepts. It includes standardisation of valuation applicable to accounting and the specified treatment of accountable events ...

As an accounting sub-culture value, it has been defined as a preference for the enforcement of uniform accounting practices between companies and for the consistent use of such practices over time as opposed to flexibility in accordance with the perceived circumstances of individual companies (Gray, 1988).

Tay and Parker (1990) point out that accounting uniformity is a state which can only be achieved by the processes of standardization and harmonization. Nobes (1988) emphasises that uniformity can exist in three areas namely; the format of financial statements, accounting principles, and disclosure requirements. As such, it is clear that all accounting systems around the world exhibit some degree of uniformity although this is more pronounced in continental Europe and some developing countries which have been influenced by the Franco-German system.

Since accounting standards may deal with each of the aforementioned dimensions of uniformity identified by Nobes, it would appear that the difference between accounting uniformity and standardisation is only a matter of degree. Baxter (1981) for instance considers the uniformity of layout and presentation as a classification category for accounting standards which he called "type two standards". Generally speaking, the degree of uniformity achieved by standardisation depends on both the efficacy of the legislation (or authority to enforce the standards) and the latitude or option of choices tolerated by the standards.

A similar point was made by Mason (1978) when he classified accounting standards into four categories according to their decreasing order of flexibility (or increasing order of rigidity). In a recent study, Rueschhoff (1987) investigated the degree of uniformity (or intrinsic uniformity) achieved by the International Accounting Standards Committee in terms of a four way classification model which is also enunciated by Alhashim (1973) as presented in Exhibit 7.1 .

Exhibit 7.1

Type of Uniformity	Form of Uniformity
Absolute Uniformity	Strong Form - no variance in practice allowed.
Circumstantial Uniformity	Moderate-Strong form. General uniformity in the application of accounting principles with specific rules of implementation.
Purposive Uniformity	Moderate-Weak form - general uniformity in the application of accounting principles with a choice of principles resting on the particular industrial and firm economic and technological conditions.
Flexibility	Weak-Form general uniformity to be achieved by limiting the number of choices available, but the choice of a particular principle is left to management.

Source: Rueschhoff (1987).

Enthoven (1973) provides a more precise and explicit categorisation of accounting uniformity which encompasses all those already considered here. He identifies three major categories. Firstly, there is the uniformity of application of accounting standards, practices and conventions which involves the acceptance of accounting and auditing concepts, principles, rules, reporting procedures and even company law . Examples of this type include the standards and regulations dealing with income measurement and asset valuation.

Secondly, there is also the uniformity of presentation by way of uniform charts of accounts. Such charts generally have a micro orientation and may deal with specific industries such as airlines, railways or public utilities. The M-Chart of the Swedish metal works industry is a good example in this category.

Finally, the third category which is the most comprehensive is the uniform accounting Plan. This is the category which will be explored here. It is the most exhaustive dimension of accounting uniformity because it includes not only the classification chart mentioned earlier in the second category but also the qualitative and quantitative aspects regarding the identification, collection, measurement, valuation, processing and reporting of data. Such a system may also impose official definitions of accounting terminology and normally has statutory backing in the countries where it is implemented since deviant practices are not tolerated by the law. This is the type of accounting uniformity which prevails in France and her overseas territories. The OCAM Accounting Plan falls within this category.

One important conclusion which could be drawn from this brief review of the accounting uniformity concept is that uniformity is not a clear-cut issue. It could be thought of as a spectrum which entails various degrees of the concept. Hence the idea of localised uniformity in accounting should not simply be restricted to the fact that locations (or environmental factors) vary and a uniform accounting system tends to meet their requirements as argued by Perera (1989). It should also be borne in mind that there are several uniform accounting systems. The judgmental classification of accounting systems in Africa proposed in Chapter 5 and the map in Exhibit 5.4 reveal that there are at least eight different uniform accounting systems in Africa. Most of these are offsprings of the French, German, Belgian, Spanish and Portuguese systems which were imposed during the colonial era. They are broadly classified as the Franco-German school. The classification of accounting systems by Nobes (1983), and Mueller (1967, 1968) also confirm the existence of different uniform accounting systems in the industrialised Western countries.

So far, the OCAM Accounting Plan is the only uniform accounting system which was specifically developed to suit the local environmental needs of developing countries. Consequently, the idea of localised uniformity in accounting needs to be considered from a double edged perspective since there are variations in both the uniform accounting systems and the localities. Uniformity per se does not necessarily imply relevance. For a uniform accounting system to be relevant to the environmental needs of these countries, it must also be tailored to meet their macro and micro economic planning requirements. This is what the OCAM Accounting Plan was designed to attain. The OCAM countries recognised the need for their own uniform accounting system because they realised that the French and Belgian uniform systems which they inherited from colonial rule were not specifically designed to satisfy their environmental needs.

However, it should also be noted that the variations in environmental factors across countries (both industrialised and developing) are more dispersed than variations in uniform accounting systems which all share many common characteristic traits.

7.2 THE STATUS OF UNIFORM ACCOUNTING RESEARCH

Studies of the uniform accounting systems in continental Europe began to appear in Anglo-American accounting journals after the Second World War. In particular, the major trends in the evolution of accounting in Germany and France were monitored by a series of articles which appeared in "Accountancy" and "The Accountant's Magazine" by authors such as Berry (1949), Most (1957a, 1957b, 1964, 1971, 1984), Barbier (1972), and Stamp (1972). Another series of articles which dealt with the problems of uniform accounting systems also appeared in a special 1965 issue of "Law and Contemporary Problems" e.g Powell (1965), Keller (1965), Flynn (1965), and Mueller (1965). Recently, Kerviler and Standish (1988) examined the evolution of the French uniform accounting law. Also, Standish (1990) investigated the origins of the French Plan Comptable. Forrester (1982) and Stevelinck (1984) provide a comprehensive history of Plans Comptables from 1896 to modern times. Forrester (1983b) examined the links between the Plan Comptable and the inter-firm comparison services of the "Centrales de Bilans" of French banks and similar institutions in the OCAM countries. Forrester (1983a) provides an interesting survey of uniform accounting developments in the French African states together with a very concise assessment of the harmonisation prospects of the African Accounting Council.

By the turn of the 1970s, several doctoral theses had been completed which dealt with some aspects of the continental European uniform accounting systems e.g. Mueller (1967), Scott (1970), and Most (some results published in Most, 1971). More recent additions include Forrester (1977), Kinzonzi (1984) and Fortin (1986). In addition, several textbooks (e.g. Enthoven, 1973a, 1977; Most, 1964; Mueller, 1967; Scott, 1970; Beeny, 1975, 1976; Scheid and Walton, 1992) have explored the issue in considerable detail.

It could be inferred from one of the most extensive published reviews of International Accounting academic research in the United Kingdom by Gray (1982) and a cursory review of the recenr literature that further research in this area seems to be declining. Moreover, one common characteristic of all the aforementioned uniform accounting studies is that they have all taken either an historical or a descriptive analytical approach. As a result, most of the research outcomes could best be described as either a priori theoretical arguments or hypothetical issues which still need further evaluation by empirical research. Powell (1965 p.872) made a similar observation when he pointed out that;

> The several arguments for and against accounting uniformity are not convincing for either case. Important constraints would seem to arise for each individual national accounting environment. There is much scope for additional study in this general area.

The fact that the above observation which was made in 1965 is still valid in 1992 is a reflection of the slow progress made by researchers on the issue. It is time for researchers of uniform accounting systems in both developed and developing countries to start going into the field. In the case of the developing countries, there seems to be much scope and potential for such studies in Francophone Africa, Latin America and the Middle East. Although the current study is targeted at Cameroon, it is expected that most of the findings will also be relevant to many other developing countries, especially those in Africa.

7.3 AIMS OF THE CURRENT STUDY

The principal objective of this research project is threefold. Firstly, an attempt is made to assess whether or not the drive towards the OCAM Accounting Plan, a variant of the continental European uniform accounting systems, is more in harmony with indigenous values than the Anglo-Saxon judgmental accounting model. This is important because, some writers e.g. Alhashim and Garner (1971), Perera (1989), Perera and Mathews (1990) have advanced postulates for localised uniformity in accounting and normative analyses of the circumstances under which it may be desirable for a country to adopt a uniform accounting system. The idea of cultural influence is the main conceptual factor supporting these postulates and recommendations which were arrived at from purely theoretical viewpoints. It is therefore a major objective of the present study to investigate the impact of cultural attitudes on perceptions of the pros and the cons of the OCAM Accounting Plan by managers and accountants of different backgrounds who are implementing it in practice.

The second objective of this study is to investigate the implementation problems associated with the Plan. This is important because, as was made evident in Chapter Five, several variants of the Plan have emerged in many African countries. It is therefore not only essential to understand the factors which have inspired the evolution of these variants but also for potential adopters of this innovation to be mindful of its merits, demerits, and implementation problems. Also, as regional economic integration initiatives tend to grow within the UDEAC sub-region, other countries of different socio-political, colonial and linguistic backgrounds will have to adopt the OCAM Plan. For example, Equatorial Guinea, a former Spanish colony has just gained membership of UDEAC and is ipso facto required to adopt the Plan.

Moreover, both the African Accounting Council and the United Nations have recommended the OCAM model for other African countries.

It was argued in the last two chapters that many theoretical speculations, opinions and even unfounded assertions concerning the OCAM Plan have emerged in the literature. Empirical field research is now needed in order to accept or refute the assertions.

Finally, the third objective of the study is an inquiry into the factors which affect compliance with the disclosure recommendations of the OCAM Plan by both domestic and multinational companies. This is important because the OCAM disclosure provisions are more extensive than those of other documents of its kind around the world and closely match the very elaborate United Nations proposals which could not be agreed upon or implemented successfully.

7.4 THE CASE FOR UNIFORM ACCOUNTING

The OCAM Accounting Plan has not yet been accorded the attention it deserves despite the fact that an overwhelming majority of African countries (and several other developing countries in the Middle East and Latin America) are utilising this kind of model. Even the inaugural issue of the new specialist journal on Third World Accounting (*Research in Third World Accounting*) failed to venture in this area although it was expressed in the foreward by Parker (1990) that the uniform accounting model might be superior to the Anglo-Saxon system as far as developing countries are concerned. While the literature on accounting systems in developing countries remains highly vocal on the irrelevance of the prevalent accounting systems in these countries, there is very little awareness that OCAM meets most of the recommendations of the critics.

It is proposed here that there are two types of arguments in favour of the case for developing countries to adopt a uniform accounting system such as the OCAM Plan. The first type is based on the role of accounting in economic development while the second is based on cultural values. Of course, there are inter-relationships between these classes and the distinction is made here only to facilitate the discussion. Later in this chapter, two sets of hypotheses will be developed which deal with the problems associated with these two types of arguments, i.e, the problems associated with the disclosure of information required to inform the economic development process and the impact of cultural relativism respectively.

The economic development arguments were presented in the preceding chapters. Enthoven (in a letter to Mason - see Mason, 1978, p.99) provides a good summary of the issues by arguing that western accounting systems and IASC pronouncements are related solely to certain financial reporting aspects which are of value only to developed countries and do not take into account the financial and cost requirements of third world economies and the large entities operating there. Hence, he emphasises that a far broader and profounder measurement and reporting system is required, incorporating such features as value added measurements.

Mason (1978) was not convinced that Western accounting systems were all that irrelevant to the needs of developing countries and wrote a letter to Enthoven, specifically asking;

(a) What topics he would consider to be of value to Third World countries, and of assistance to users of financial statements in those countries.

(b) Why he would consider projects on such matters as disclosure of accounting policies, valuation and presentation of inventories, and source and application of funds to be more useful only to developed countries.

Mason (1978, p.99) reproduces Enthoven's reply as follows;

> I believe that we all agree that the IASC pronouncements have been designed for and set by developed countries which have as its primary purpose the area of financial reporting. They have not taken into account the needs of accounting in the areas of managerial and micro accounting nor of accounting for economic planning. Accordingly, I do feel that the pronouncements which are essentially dealing with financial reporting are not covering adequately the area of financial measurement and the presentation of relevant information for various micro and macro economic purposes. This has been the purpose of the IASC to enhance financial reporting and make it more consistent, but I greatly feel that the needs of accounting, particularly in the economic development process are beyond the area of reporting practices. In this context, for example, the whole reflection of Value Added statements is of extreme significance and the whole area of economic analysis and policy planning. To quite an extensive degree, I have commented upon these in two books I have written and I am enclosing a folder. You may want to find more details in this material. I do hope you will find this of some assistance.

The two texts are Enthoven (1973a, 1977) which were reviewed in the earlier chapters here. Mason , however, somehow adamantly upheld his original position whilst recognising that the standards Enthoven was advocating were beyond the objectives of the IASC. He argues further that;

> Professor Enthoven did not respond to question (b) - why he would consider the projects to be valuable only to developed countries ... it is difficult to see why observance of IAS 1: Disclosure of Accounting Policies would not improve any financial statements prepared for any one in any country who might not be familiar with the accounting policies adopted in their presentation.

It seems clear that Mason misinterpreted Enthoven. In support of Enthoven, it is argued here that the issue is a matter of the overall relative emphasis on private sector investor oriented external financial reporting requirements at the expense of the social and macro economic planning objectives of accounting; rather than the relevance of each individual IASC pronouncement. Hence, it is the overall spirit and philosophy underlying IASC standards which is questionable in this respect.

In chapters seven and eight, it was observed that the OCAM Accounting Plan seeks to integrate both the micro and the macro economic aspects. It recommends wide ranging disclosures which are essential for private sector investors, macroeconomic planning , fiscal policy , monitoring the activities of transnational companies, and cover most of the issues raised by scholars of accounting in developing countries. It also makes the preparation and disclosure of a value added statement obligatory, thereby satisfying Enthoven's criteria. The main problem which warrants further investigation here is the corporate response to the Plan's unique measurement rules and extensive disclosure obligations.

It was also noted in the previous chapters that many theoretical arguments in favour of the uniform accounting approach for developing countries have been proposed by Scott (1970), Enthoven (1973a, 1973b, 1977), Alhashim and Garner (1973), and Briston (1978). More recently, Perera (1989) presented a case for localised accounting uniformity in developing countries which is useful to the extent that it may help to stimulate further reflections and fresh thinking on the pertinent issues. However, it was noted in Chapter Six that Perera's paper exhibits several deficiencies. For example, by failing to consider real life situations or prominent examples of developing countries which are already implementing such systems and the problems they are experiencing, Perera did not tackle the schism between theoretical reasoning and the realities of everyday practice. The best examples of uniform accounting in developing countries cannot be found in those which were influenced by Britain or the USA. It was shown in Chapter Seven that an overwhelming majority of African countries are implementing different versions of uniform accounting systems which could have served as "exemplars" in illustrating the case for uniformity.

Furthermore, Perera (1979, p.150) argues that;

> No serious attempt has been made to develop a case demonstrating that given the circumstances prevailing in developing countries, a system of uniform accounting may be the *only* viable alternative available to them.

The above claim seems to underscore the works of many other scholars who had also arrived at a similar conclusion which were not even cited in his paper which, in the opinion of this writer does not fairly reflect current thinking on the issue. Stronger cases in favour of the argument that accounting uniformity may be the only viable alternative available to developing countries had already been made. The conceptual framework of the OCAM Accounting Plan and the thesis of Kinzonzi (1984) are entirely devoted to this theme; and the African Accounting Council has already embarked on a harmonisation programme which is based on a uniform accounting approach. Also, Enthoven (1973b) advances the following argument after analysing all the Western accounting systems with the objective of evaluating their relevance to developing countries in mind;

> ...Although each of the above models for accounting standardisation contains elements worthy of consideration in developing economies, we feel that a more comprehensive uniform plan along the lines of the French system is most relevant and useful for them.

Nobes (1988, pp.55-56) also observes that;

> In many developing countries, particularly those influenced by France, Accounting Plans have also been introduced. It may well be that in the absence of many large and listed companies, of many private shareholders and of a strong profession, the use of an accounting plan is more suitable than Anglo-Saxon judgmental accounting principles.

Since the comprehensive appraisals of accounting systems in developing countries by Enthoven (1973a, 1977), Scott (1968, 1970), Samuels and Oliga (1982), Briston (1978, 1984), Amenkhienan (1985), Hove (1984), Perera (1985) and a number of other articles which have appeared in the *International Journal of Accounting* (University of Illinois at Urbana Champaign), some observers have had the impression that the debate on the irrelevance of Western accounting systems would probably disappear from the scene.

By adopting a cultural relativism approach which is in line with recent writings on the issue e.g. (Belkaoui, 1990; Alhashim and Garner 1973; Perera, 1989; Perera and Mathews, 1990; Arpan and Radebaugh, 1984; Mueller, Gernon and Meek, 1977; McComb, 1980; Jaggi, 1983 and Chevalier, 1975, 1977) , several hypotheses related to accounting values and the OCAM Plan will be proposed here. The theoretical framework established by the cross cultural analysis of Gray (1985, 1988) and Hofstede (1980) will be utilised to postulate and operationalise the hypotheses.

7.5 CULTURAL RELATIVISM AND ACCOUNTING UNIFORMITY - SOME HYPOTHESES

Alhashim and Garner (1973) attempted a comprehensive assessment of the circumstances under which a system of uniform accounting would be desirable for developing countries in terms of twelve postulates. Many of these could also be explained in terms of the cross-cultural analysis of societal and accounting sub-culture values by Hofstede (1980) and Gray (1988). The postulates for localised uniformity in accounting identified by Alhashim and Garner (1973) are summarised in Exhibit 7.2 .

Exhibit 7.2

Postulates for Localised Uniformity in Accounting

Postulate (1): The more centralised the economy, the greater likelihood of uniformity.

Postulate (2): The lower the level of accounting education in a society in comparison with a developed nation, the greater the need for uniformity.

Postulate (3): The more urgent the felt need for economic development by a central government, the greater the desirability of uniformity.

Postulate (4): The less the availability of trained management, the greater the need for uniformity.

Postulate (5): The more the members of a society identify their own interests with the interests of the society, the greater the acceptability of uniformity.

Postulate (6): The greater the scope for using electronic data processing systems, the greater the need for uniformity.

Postulate (7): The less the professional status of accountants, the more the reason for uniformity to protect the general society.

Postulate (8): The greater the rewards for misrepresentation of accounting results, the greater the resistance to uniformity.

Postulate (9): The more clearly identifiable the common goals and interests served by financialstatements, the more desirable the uniformity.

Postulate (10):The greater the variety of purposes served by accounting information, the greater the number of uniform accounting processes.

Postulate (11): The less the degree of accountants' sophistication the less the resistance to uniformity.

Postulate (12): The closer the information needs of the operational managers to those of the controlling party, the less resistance to uniformity.

Postulates 1, 5 and 9 listed above are quite consistent with the notion of collectivism as defined by Hofstede (1980). Collectivism (as opposed to Individualism) stands for a preference for a tightly knit social framework in which individuals tend to have a strong desire for in-group solidarity. Hofstede explains that the fundamental issue addressed by this dimension is the degree of interdependence a society maintains among individuals and relates to people's self concept; i.e, the "I" or "we" orientations.

Hofstede found a statistical correlation between this value dimension and a country's wealth which indicated that the rich industrialised countries are likely to be more individualistic than the poor developing countries which tend to be more collectivistic. Hofstede also provided some evidence suggesting a close relationship between power distance and collectivism whereby, collectivist countries (unlike individualistic countries) tend to show large power distances.

When applied to an accounting context, it could be argued that the imposition of a socialist oriented uniform accounting system might be much easier in a country which has an authoritative central government charged with the centralized planning of the entire economy. It is likely to thrive in a society where there is unquestioning respect for hierarchy and power as everyone has a place which needs no further justification. Gray (1988) observes that the high respect for authority and group norms in collectivistic societies may favour the concern for explicit laws, rigid codes of behaviour and the need for written rules and regulations, thereby displaying some consistency with the quest for uncertainty avoidance. Accordingly, he advanced the hypothesis that: "the higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism then the more likely it is to rank highly in terms of uniformity".

On the basis of the results obtained by Hofstede concerning these societal value dimensions for France, Britain, USA and West Africa (Cameroon), one may argue that a uniform accounting system such as the OCAM Accounting Plan is likely to be more acceptable to accountants and managers from large power distance and high uncertainty avoidance countries such as France and Cameroon unlike Britain and the USA which are relatively more individualistic. Hence it could be hypothesised thus;

H1: The cultural attitudes of Cameroonian and French accountants / financial managers are more positively in tune with the characteristic features of a uniform accounting system such as the OCAM Accounting Plan,thereby influencing them to perceive its pros and cons differently from their Anglo-American counterparts.

The fact that there were major ideological differences in the colonial policies pursued by France and Britain in the Cameroon (see chapter two) may also have had a considerable impact. Some studies in History, Politics and Comparative Education have indicated that the French policy of assimilation was based on the elimination of parochial (or indigenous African) cultures and the creation of a class of Black Frenchmen who are culturally undifferentiated from their metropolitan French counterparts and possess identical values, aspirations and cognitive styles. By contrast, the British policy of "Indirect Rule" was formulated to leave indigenous values, customs and way of life largely unadulterated. Even after independence, the legacy of these divergent colonial policies have continued to exert a profound influence especially on educational systems and the élite Cameroonians who received formal education within these systems. However, some educationists argue that it is a matter of some controversy as to whether or not these divergent colonial policies had significantly different or essentially similar long term practical effects (Clignet, 1968, 1970; Fonlon, 1978; Clignet and Foster, 1964; Crowder, 1968, 1978; Asiwaju, 1975).

Managers and Accountants in Cameroon generally belong to an élite class and are more likely to have received formal education within the French or British systems. Consequently, their own indigenous values are vulnerable to distortions resulting from the exposure to foreign influences. Therefore, consistent with the adaptation of Hofstede's analysis by Gray (1985, 1988) in pointing out that external influences such as forces of nature, trade, investment and conquest could impose a stabilising exogenous influence on the ecological relationships which tend to reinforce the close match between societal and accounting values, hypothesis H1 could be restated as follows;

H2: The cultural attitudes of the Francophone Cameroonian accountants / financial managers are more positively in tune with the characteristic features of a uniform accounting system such as the OCAM Accounting Plan, thereby influencing them to perceive its pros and cons differently from their Anglophone counterparts.

Postulates 2, 7, and 9 proposed by Alhashim and Garner listed in exhibit 7.2 clearly relate to Professionalism. Gray (1988) argues that Professionalism is likely to be high in small power distance societies where there is more concern for equal rights and people at various power levels feel less threatened, more prepared to trust other people and demand justification for the imposition of laws and codes. High levels of Professionalism also appear to be consistent with low Uncertainty Avoidance and weak Uniformity because the desire to exercise independent judgment could only be fulfilled in a society where there is little statutory interference on professional matters. It is likely to thrive in a society which has some resentment of comprehensive, rigid and prescriptive uniform codes which constrain the scope for judgement. Therefore, it may be hypothesised that;

H3: A high degree of Professionalism is associated with a strong opposition to Uniformity.

It can also be argued that conservatism bears a close relationship with uncertainty avoidance because it denotes a cautious approach to income measurement and asset valuation in order to cope with the risks and uncertainties associated with future events . By contrast, high professionalism favours a more adventurous, laissez faire or risk taking approach to measurement and valuation whereby the accountant is not hindered by rigid codes or laws from exercising his own independent judgment. Hence, high professionalism appears closely related with high levels of individualism and masculinity on the one hand and weak uncertainty avoidance or conservatism on the other.

Accordingly, it may be hypothesised that ;

H4: A low degree of Professionalism is associated with a strong desire for Conservatism.

7.6 CULTURAL RELATIVISM AND CORPORATE INFORMATION DISCLOSURE

In this section, a number of hypotheses regarding the relationships between cultural values and corporate information disclosure attitudes are proposed. The arguments leading to these hypotheses are consistent with those of a doctoral thesis at the University of Illinois at Urbana Champaign by Chevalier (1975) that culture influences perception and hence people will tend to perceive things or objects according to their needs and values. Chevalier (1977 p.48) emphasises that this may have important implications for accounting as follows:

> Perhaps different accounting users perceive the same accounting information differently because they have different needs and values ... tudies on culture and perception show that culture definitely affects an individual's needs. Many authors on the subject of perception insist that culture is also a prime determinant of personality

Drawing on the psychology literature, Chevalier arrived at the conclusion that culture is a prime determinant of human needs and that if we agree that as humans, we perceive things according to our needs then obviously, persons of different cultural backgrounds may perceive the same thing differently. Chevalier transformed this trend of thought into an accounting context by suggesting that the same accounting information may be perceived differently by different cultural groups. By assuming that Anglophone and Francophone Canadians are two distinct cultural groups, he advanced the following major hypothesis which he further categorised into two sub-hypotheses - by distinguishing between the perceptions of published and unpublished information, before proceeding to operationalise them by a questionnaire survey.

Hypothesis:

> There is no difference between the way one cultural group, Anglophone Canadians and another cultural group, Francophone Canadians perceive the same accounting information.

He administered the questionnaire to graduate English and French Canadian students at two Anglophone and two Francophone Canadian Universities and used a simple t-test to assess the differences between the two cultural groups for each item.

Contrary to his expectations there was some support for the first hypothesis related to published information. In explaining the results, he argued that the strong presence of French Canadians as a cultural group in an English business environment may have influenced their perceptions of published financial information. He also points out that the fact that American business textbooks were used in French Canadian universities may have had an impact given that he used business students as surrogates for managers. As suggestions for further research, Chevalier proposed a replication of his study which will also include French subjects from France and English subjects from England.

Since Cameroon and Canada are the two countries in the world which have adopted both French and English as the only official languages and also have large Anglophone and Francophone regions, there is considerable potential for the replication of Chevalier's work in a Cameroonian context.

From the reviews of Singhvi (1967), Jaggi (1968) and Perera (1989) presented earlier here, it was suggested that the particularistic value orientation of managers in developing countries may have prompted them not to disclose information unless they are compelled to do so by law. On the other hand, it was also stated hypothetically that the universalistic value orientation of the Western managers has endowed them with an impersonal approach to information disclosure as they tend to recognise and take their obligations for greater social accountability more seriously.

The results of Hofstede (1980) indicate that most developing countries tend to exhibit a large power distance, high uncertainty avoidance, low individualism and masculinity. Similarly, Gray (1988) arrived at the hypothesis that: the higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism and masculinity then the more likely it is to rank highly in terms of secrecy.

Although the Hofstede (1980) survey did not include any of the former French African states, Hofstede nevertheless made a broad distinction between West and East African values. While such a categorisation may be too broad and unrealistic (given their diverse socio-political and colonial influences), it is possible to attempt a test of the above hypothesis by utilising Hofstede's scores for West Africa (Cameroon), France, UK and USA together with a questionnaire survey to assess their accounting values.

If societal values actually have an impact on attitudes toward corporate information disclosure as analysed here, then one would expect the Western managers to show a more favourable attitude to disclosure than their Cameroonian counterparts. Accordingly, the following hypothesis is proposed.

> H5: Cameroonian accountants/managers have a much stronger affinity for secrecy than their expatriate (French or Anglo-American) counterparts.

By relaxing the assumption that Cameroonian values are homogeneous for both the anglophone and the francophone culture groups and recognising that the divergent colonial policies pursued by the French and the British colonial regimes in the country probably had a strong impact on the indigenous values of the élite Cameroonians (e.g, managers and accountants), then it could be hypothesised thus;

> H6: Francophone Cameroonian accountants/managers have a much stronger affinity for secrecy than their Anglophone counterparts.

Furthermore, it is also interesting to examine the impact of cultural differences between the French and the British managers/accountants on their perceptions concerning corporate information disclosure.. One may note from Hofstede's results that the French have a much higher level of power distance and uncertainty avoidance than the British or Americans who also have relatively higher levels of individualism and masculinity. It follows therefore that, one might expect the French to have a much stronger affinity for secrecy. If these societal values actually have a direct impact. As such, it is worthwhile to examine the following hypothesis;

> H7: French managers/accountants in Cameroon have a much stronger affinity for secrecy than their Anglo-American counterparts.

7.7 SUMMARY AND CONCLUSIONS

Summing up the discussion of cultural relativism and corporate information disclosure, it is important to stress that the deliberate emphasis on "secrecy" here was deemed logical and plausible given that it bears a close relationship with many other dimensions of both the accounting and societal sub-culture. Hence, its measurement might reasonably capture the multifarious manifestations of their characteristic featuress.

It was shown here that most prior studies dealing with the relationships between cultural relativism and accounting uniformity are mainly historical analyses, descriptive studies, or analytical *a priori* arguments. As such, the research outcomes could best be described as either theoretical speculations, recommendations or postulates. These postulates constituted the theoretical foundations for the seven hypotheses advanced in this chapter.

CHAPTER EIGHT

RESEARCH DESIGN

This chapter reviews the major paradigms in accounting research. Particular emphasis is devoted to the contrasts between the naturalistic and the scientific modes of inquiry. The key strengths and weaknesses of both methods are examined. This leads to some justification for incorporating triangulation in the research design for the present study.

8.1 RESEARCH PARADIGMS

Burrell and Morgan (1979) advanced a very useful framework for classifying various research paradigms in the social sciences. This is based on two sets of philosophical assumptions concerning the nature of social science and the nature of society. The social science assumptions are interrelated and deal with epistemology, ontology, human nature and methodology. The societal assumptions make a distinction between a society which strives toward social order on the one hand and another which strives toward social change on the other.

Epistemology refers to the nature of knowledge - i.e, the forms it takes and how it can be obtained or transmitted. There are two extreme views on the nature of knowledge. The first one is the form of knowledge which is based on observable phenomena (positivism). This is also referred to as scientific knowledge. The second view of knowledge emphasises a subjective personal nature (anti-positivism).

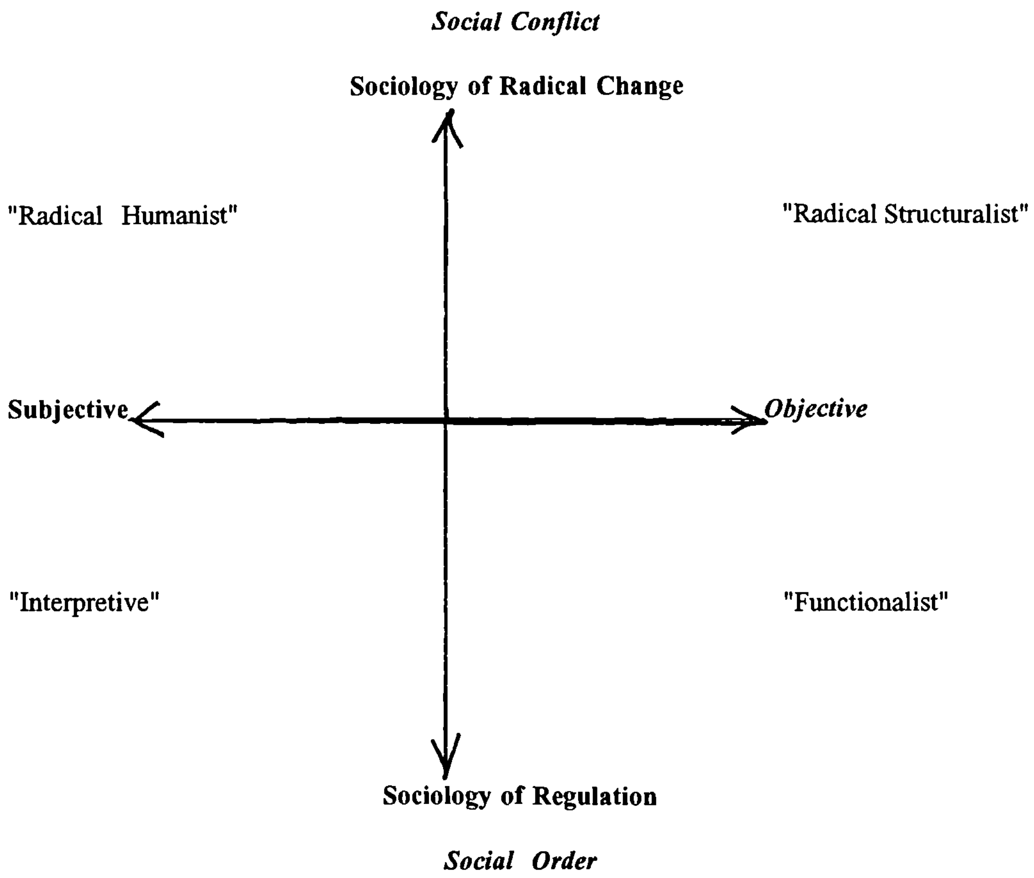
Ontology concerns the nature of reality. This may actually be considered as a continuum wherein, at one extreme, the social world is viewed as having an empirical concrete existence which is independent of, external or prior to human cognition. At the other extreme, reality is considered as a product of human consciousness. The external world is thought to consist of concepts and labels created by humans as a means to understand reality. Morgan and Smircich (1980) developed a six-way classification encompassing the objective and subjective extremes of the reality continuum which will be considered later here.

The assumptions about human nature mainly concern the relationship between human beings and their environment. At one extreme, human behaviour is considered as being determined by environmental (including managerial) manipulations. This view is known as determinism. At the other extreme, human behaviour is considered to be determined and constrained by free will (voluntarism).

The three sets of assumptions concerning epistemology, ontology and human nature have important methodological implications. For instance, if the social world is considered to be similar to the natural world, then the positivist or scientific research methods may be employed in the investigation of social problems. Alternatively, if the social world is viewed as having a subjective nature, then the so-called "soft" qualitative or case study / clinical research methods may be more appropriate.

The assumptions about society emphasise a dichotomy between a society which strives towards social order or regulation (i.e, cohesion and stability) and a society which questions status quo, division of interests and power distribution thereby providing a rationale for radical change. According to Burrell and Morgan (1979), these two dimensions of society and social science create four paradigms as illustrated in Exhibit 8.1.

Exhibit 8.1



Subjectivist Approach to social science		**Objectivist Approach to social science**
NOMINALISM ←	ONTOLOGY	→ REALISM
ANTI-POSITIVISM ←	EPISTEMOLOGY	→ POSITIVISM
VOLUNTARISM ←	HUMAN NATURE	→ DETERMINISM
IDIOGRAPHIC ←	METHODOLOGY	→ NOMOTHETIC

Adapted from Burrell, G. and G. Morgan (1979)

However, It should be borne in mind that the Burrell and Morgan framework only represents a convenient means of classifying and appreciating various approaches to social research. The most common criticism of this model relates to the strict dichotomies between the "objective" and "subjective" categories. These extreme and mutually exclusive categories have been considered unrealistic from a practical point of view (Chua, 1986; Morgan & Smircich, 1980; Hopper & Powell, 1985).

8.2 SCIENTIFIC VERSUS NATURALISTIC APPROACHES

The distinction between scientific and naturalistic approaches to the development of accounting theory is well explained by Abdel-Khalik and Ajinkya (1979). They point out that the naturalistic paradigm generates "class A" theory which is inductive, descriptive and seeks to present reality as it is, derived from factual observation. In contrast, the scientific paradigm (class B theory) is deductive, normative, and anticipates what the world should be like. It is logically derived from assumptions or elementary propositions which are external to the phenomena under investigation.

Morgan and Smircich (1980) developed a six-way classification of ontological assumptions concerning the nature of the social world. This classification was used by Tomkins and Groves (1983) and Willmott (1983) to explain the linkage between each ontological category and its associated research style or methodology as illustrated in Exhibit 8.2.

Exhibit 8.2

Six basic Ontological Assumptions and their related Research Styles

Ontological Assumption Sets	**Research Styles**
Reality as a concrete structure	Scientific method
Reality as a concrete process	Open systems theory
Reality as a contextual field of information	Cybernetics
Reality as a symbolic discourse	Symbolic Interactionism
Reality as social construction	Existential Phenomenology Ethnomethodology
Reality as projection of human imagination	Existentialism Transcendental Phenomenology

Source: Willmot (1983, p.393)

Exhibit 8.2 could be thought of as a continuum ranging from the strict objectivist view of the first category to the strict subjectivist view of the last category. The first three categories represent scientific paradigms while the last three constitute naturalistic research paradigms.

The scientific approaches are the dominant modes of inquiry adopted by accounting researchers. Tomkins and Groves (1983, p.362) explained that this usually begins with the identification of a research problem from a review of the existing literature. The research problem is then transformed into hypotheses with a specification of independent and dependent variables representing the categories involved. Subsequently, a highly structured or pre-determined protocol for data collection and mathematical/statistical analyses follows, leading to an almost exclusively quantitative validation of the hypotheses under investigation. Tomkins and Groves (1983) argue that this hypothetico-deductive orthodoxy has constrained the range of issues explored by accounting researchers and that it has left academic accounting literature adrift from the realities of everyday practice. Hence they advocate a shift in paradigm to redress the balance.

In the philosophy of science literature, the orthodox hypothetico-deductive mode of scientific inquiry has also been critically assessed by Karl Popper who introduced the concept of falsificationism as the method of science (Popper, 1957). Popper advances the argument was that falsifiability is the main criterion for according scientific status to a theory - i.e, scientific theories are those that are open to falsification. He argues that empirical tests do not conclusively validate any given theory. Rather, they are seen as attempts to weed out false theories thereby ensuring that only the fittest theories survive.

Popper's concept of falsificationism implies that science progresses through a process of trial and error by way of an evolutionary epistemology. These ideas were challenged by Kuhn (1970) who argues that the history of science does not provide evidence in support of a rational or progressive trend whereby only false theories are weeded out over time. Instead, Kuhn argues that scientists of any given period tend to have attachments to a prevailing dominant paradigm which determines which theories are generally accepted.

Over time, researchers may recognise the need for a shift in paradigm (scientific revolutions). Adherence to a particular theory may be influenced by values and beliefs associated with the dominant paradigm which is generally shared by members of the scientific community. Since it is this dominant paradigm which determines the theories which are held or discarded, it follows that scientific knowledge depends on or is influenced by socio-political factors rather than a progressive development towards the truth.

Another important critique of Popper and the hypothetico-deductive method was advanced by Blumer when he argued that all hypotheses are based on or derived from premises and theoretical assumptions which may themselves be false (Hammersley, 1989, pp. 185-187). This means that scientific researchers may be testing hypotheses which were derived from invalid foundations or assumptions. As such, the reliability of the evolutionary process whereby only false theories are weeded out is questionable. The likelihood for leakages of false theories into the domain of scientific knowledge is the essence of Blumer's critique (Hammersley, 1989, Hughes, 1990, pp.70-73).

Some writers have advocated the view that naturalistic modes of inquiry might in certain cases be used to delineate, refine or clarify a research problem. This is often intended to facilitate the development of hypotheses such that they lend themselves more effectively to the scientific methods of empirical validation. Abdel-Khalik and Ajinkya (1979) for instance state that the naturalistic approach might be used to balance a research design by triangulating it with the scientific method. Their subsequent arguments imply that the naturalistic approach has no independent role in theory development, a view considered unacceptable by Tomkins & Groves (1983) and Willmott (1983, p.391). In its defence, the latter authors point out that naturalistic approaches should be seen as self-contained methods in their own rights and not merely used as adjuncts to the scientific method.

When considered independently, both research approaches have important merits and demerits in terms of their internal and external validities. Abdel-Khalik and Ajinkya (1979, p.33) state that internal validity relates to the extent to which variations in the dependent variable can really be attributed to (or said to be caused by) variations in the independent variables included in the study; i.e, how valid is the inference that causality exists.

External validity on the other hand arises when the research results can be generalised to other populations or situations outwith the confines of study. An ideal research design should be strong on both internal and external dimensions. Generally, most research designs purport to resolve a tradeoff between internal and external validity threats. Bruns and Kaplan (1987, p.3) argue that analytic, experimental, and empirical research methods score highly on internal validity whereas case/clinical studies tend to be high on external validity and low on internal validity.

8.3 RESEARCH DESIGN

The research design for the present study involves some degree of triangulation - i.e, both naturalistic and scientific approaches are adopted to study the same problem. Both methods were considered on a complementary basis with a view to improving the internal and external validities of the study.

The term triangulation has been defined by Denzin as "the combination of methodologies in the study of the same phenomenon" (Jick 1979, p.602). Jick explains that the use of this term in research methods is metaphorical and was derived from navigation and military strategy where multiple points were used to locate a target's position.

There are two types of triangulation namely "within method" and "between method" approaches. An example of "within method" triangulation is the case where two or more naturalistic methods are employed in the same study. "Between methods" triangulation arises in the case where both naturalistic and scientific methods are used to investigate the same problem.

In the present study, the research design involves a questionnaire survey and two case studies. Unlike questionnaire surveys and other positivist approaches, qualitative methods are not the dominant modes of inquiry commonly adopted in accounting research. For this reason, the remainder of this chapter will dwell mainly on some key methodological issues associated with the case study method.

The Case Study Approach

In recent years, there have been several calls for accounting research studies based on the case study / clinical methods (e.g. Kaplan, 1983; Chua, 1986; Tomkins and Groves, 1983). In this regard, the Harvard Business School sponsored a colloquium on field research studies in management accounting in 1986. The papers presented at this colloquium have now been published in an edited volume by Bruns and Kaplan (1987). Some of the key features of qualitative research design based on the methodological guidance given by Bruns and Kaplan (1987) are now considered.

It has been observed that rigorous accounting research of the hypothetico-deductive and model building varieties have proved very effective in areas where the issues at stake were well documented and generally accepted. However, Bruns & Kaplan (1987, p.4) note that:

> In cases where the phenomena are poorly documented, or where recent changes in the environment make even well-documented conventional wisdom suspect, it becomes important to opt for research methods that fully capture the relevant phenomena... One should not expect researchers to be able to use rigorous research methods when studying, describing, and classifying poorly understood phenomena.

These recommendations are pertinent to the present study because academic literature on the implementation of the OCAM Plan is nearly non-existent. Furthermore, the topic is very poorly understood or documented.

Four important criteria for evaluating good case study/clinical research which have been developed and agreed upon by the Harvard Business School (HBS) faculty are taken into account in designing the current study (Bruns & Kaplan, 1987, pp.1-14). These relate to the choice of subject matter, research design, data interpretation and practical implications of results.

Choice of Subject Matter

The HBS faculty recommend that case study researchers choose a significant topic, ask good questions and explore original themes. A good topic was recognised in terms of its importance to practitioners and/or its potential for making advances in the conceptual development of the area investigated. It was agreed that originality occurred when the phenomenon was previously undescribed or unexplained. The topic of the current study presents considerable potential in this respect since few prior studies have been conducted on the implementation of the OCAM Plan and much of its associated phenomena were previously undescribed or explained in the literature.

Research Design

The second recommendation concerns the research design. It covers the choice of sites for the study and research strategies. Emphasis was laid on the need for rich and evocative data describing organisational phenomena and their environmental contexts, possibly using anecdotes to enhance communication.

Triangulation is considered to be very instrumental here. The present study utilises both within (case study) and between method (case study & questionnaire survey) types of triangulation. Besides semi-structured interviews, the case studies also incorporate the use of unobtrusive measures.

Unobtrusive measures are techniques for measuring or observing behaviour which, at the same time, eliminate reactivity problems. Reactivity refers to the behaviour of an individual who is aware of being observed. Archival records are unobtrusive measures because they may reflect certain attitudes of the record keepers which may be of interest to a researcher (Cozby, 1977, pp.128-129; Webb et al, 1966).

The book by Webb et al (1966) is entirely devoted to unobtrusive techniques and includes several humorous examples. For instance, the case where Chinese jade dealers used the pupil dilation of their customers as a measure of a client's interest in particular stones whereas Darwin, in 1872, noted the same variable as an index of fear. Another example is the case where the erosion of tiles around exhibits in a museum, indexed by their replacement rates, was used as a measure of the relative popularity of the exhibits.

Accounting attitudes or values such as the extents of Conservatism, Secrecy, Uniformity and Professionalism can be evaluated effectively using unobtrusive measures - particularly attitudes and practices manifested in archival records (e.g. financial statements and company reports). Unobtrusive measures of income measurement, asset valuation or information disclosure attitudes derived from an analysis of practices adopted in archival records such as corporate reports might yield unique and more reliable results than those generated by other modes of inquiry.

Data Organisation and Interpretation

The third issue recognised by the HBS faculty is the organisation and interpretation of case study data. It was recommended that if individuals at the research site are quoted, then it should be in their own terms rather than in edited academic jargon. The use of previously existing concepts and metaphors was considered essential in organising the data with a view to making them accessible and understandable to readers. The research findings could then be contrasted with existing theories and concepts. Bruns & Kaplan (1987, p.7) state that this might even disprove hypotheses by pointing out that:

> Clinical research was most powerful when it showed that conventional models and wisdom did not apply in actual situations; used in this mode, clinical evidence could disprove hypotheses. Greater skill was required to use clinical evidence to establish new propositions and theories.

Implications For Practice

The final criterion for evaluating case study research concerns its implications for practice. This becomes evident when the findings ring true to an informed reader, and appropriate limitations of the study are taken into account.

8.4 CONCLUSIONS

This chapter has considered some important features of naturalistic and scientific research approaches. The discussion provided some justification for the research design of the present study to include both questionnaire survey and case study components. The case study approach adopted here might be broadly classified within the last three categories (subjective portion) of the ontological spectrum in Exhibit 8.2. It equally falls broadly within Abdel-Khalik and Ajinkya's "class B" or naturalistic paradigm.

Further details on the research design and limitations of the study are given in Chapters Nine and Ten which follow. These chapters deal with the questionnaire design and case studies respectively.

CHAPTER NINE

QUESTIONNAIRE SURVEY AND DATA ANALYSIS

This chapter deals with empirical tests of the seven hypotheses in chapter nine by way of a questionnaire survey. It covers questionnaire design, sampling, data analysis, implications and limitations of the findings.

9.1 THE RESEARCH INSTRUMENT

The assessment of each of the four value dimensions of accounting culture is essentially a problem of attitude measurement. Henerson et al (1987) point out that, in order to measure attitudes by questionnaire involving attitude rating scales, the constructs (or manifestations of the attitude) need to be clearly defined. A list of distinctive features of the four accounting values (professionalism, uniformity, conservatism and secrecy) were derived from their definitions as postulated by Gray (1988). Subsequently, following a methodological recommendation of Henerson et al (1987), the comments of some "judges" - i.e. members of staff and fellow research students in the Department of Accounting and Finance were taken into account in order to refine the instrument and improve its construct validity. The term construct validity refers to the extent to which a research instrument measures the attitudes it purports to represent. Several questions were included in an inventory of items denoting each of the four accounting values.

Oppenheim (1966, p.95) explains that;

> In the better types of inventory, in particular those that can be properly described as personality tests ... the grouping into areas is done on a statistical basis by means of correlations, so that those items that are scored together really belong together. However, since there are always problems for which no inventory has been devised, many people construct inventories and group items together largely on an *a priori* basis. In this way, they can obtain a quick, relatively crude but useful set of measures, with reasonable reliability because of the use of area scores rather than single questions.

Both the inventory formulation and grouping of items in this study are largely on an *a priori* basis. The questions in sections 1 and 5 of the questionnaire in Appendix E are constructs of accounting values. In section 1, questions a, b, d, f and g relate to professionalism. similarly, questions c, e, h, i and j, k, l, m, n were intended to measure uniformity and conservatism respectively. The questions in Section 5 relate to secrecy which is defined in terms of attitudes toward corporate information disclosure.

The disclosure requirements of the OCAM Plan were used as yardsticks for assessing secrecy. Since this entails hundreds of mandatory items, it was deemed logical to reclassify them broadly into a short list of thirty principal items. This was essential because of the need to keep the questionnaire within manageable bounds. For example, the item: "sectoral classification of suppliers with a distinction between the information related to domestic and foreign categories" actually refers to a wide range of items dealing with suppliers which are defined in the DSF tables. The questions in section 2 are based on the pros and the cons of the Plan suggested in the literature. A few of the questions are open-ended in order to enable respondents to express any views which were not included in the closed questions.

Sections 3 and 4 include questions which solicit opinions concerning the major influences on and motivations for corporate information disclosure. Finally, the remaining questions in the questionnaire deal with educational backgrounds and nationality of respondents.

In order to ensure "equivalence" in meaning and interpretation of the questions by respondents of both anglophone and francophone backgrounds, the research instrument was translated professionally into French by a London based firm of bilingual translators. It was subsequently back-translated into English and reviewed by some bilingual accountants in Cameroon before the final version was produced.

The questionnaires were addressed to corporate financial directors/managers, chief financial officers or senior accountants of large companies who are implementing the OCAM Plan. Again, one might roughly assume "equivalence" in social status since there is a general sociological presumption that this category of respondents belong to the middle/managerial social class. This equivalence in status of respondents, language and company size is in line with one of the methodological recommendations of Adler (1983); implying that variations in national cultures and accounting values of respondents may be the major factors affecting perceptions.

9.2 SAMPLE

Two main criteria were used in selecting the sample of potential respondents. Firstly, their company must have consistently implemented the OCAM Plan over the past two years. Secondly, only companies which have a statutory obligation to submit the normal DSF report were selected. Small companies which prepare the concessionary abridged DSF with fewer disclosures were not considered. It was initially planned to include the 40 largest Anglophone Cameroonian, Francophone Cameroonian, French and British companies. However, due to insufficient number of companies of British and American origins, the latter groups were combined and denoted "Anglo-American" (i.e 14 British and 26 American).

Detailed lists of British and American companies and investments in Cameroon were obtained from the offices of commercial attachés at their respective embassies. In addition, the identification of potential respondents was greatly facilitated by an industrial directory compiled and published by "Service d'Etudes Economiques du Cameroun" (SEEC, 1988). This directory contains company addresses, names, nationalities, and telephone numbers of senior managers as well as corporate annual report extracts such as number of employees by nationality, distribution of share capital, forecast of capital expenditure, turnover by four geographical segments, description of principal activities, raw materials used, projects in progress and qualitative assessment of corporate performance. The directory contains these information items for hundreds of large domestic and transnational companies in Cameroon presented in thirty classes using a two digit industrial classification. The list of companies from which potential respondents were selected is presented in Appendix F.

9.3 QUESTIONNAIRE ADMINISTRATION

Personal visits were made to company head offices, most of which are clustered around the commercial and industrial zones of Douala (Cameroon's cosmopolitan economic capital city), in order to administer the questionnaires. During each visit, questionnaires were delivered to respondents and collection dates were agreed at the respondents' convenience. Progress with completing the questionnaires was monitored by periodic telephone calls before a final collection visit was made. On several occasions, interviews were also granted. This approach was considered appropriate in preference to the mail questionnaire owing to the slow postal system and the perceived negative attitude of local respondents to mail surveys.

Some Anglo-American companies did not have financial executives of British or American nationalities who could answer the questionnaire. Also, there were eight cases where expatriate accountants/financial executives who could respond to the questionnaire were found in companies whose origins were different from their nationalities. Such respondents were considered legitimate for the study because the questionnaire was designed to solicit individual rather than corporate opinions. A final total of 81 completed questionnaires were obtained (18 French, 21 Anglo-American, 23 Francophone Cameroonian and 19 Anglophone Cameroonian). The respondents in Francophone and French companies described their status as Directeur Financier, Directeur Administratif et Financier, Chef Comptable, Chef de Service Gestion/Finance, Contrôleur de Gestion/Finance, Secretaire de Gestion - or deputies to the aforementioned grades (Adjoints) - i.e. Adjoint au Chef de Service Financier, Directeur Comptable/Financier Adjoint, Contrôleur Financier Adjoint and so on. The Anglo-American/Anglophone Cameroonian respondents were mainly Head Office

Accountants, Group Accountants, Management Accountants, Chief Financial Officers, Financial Directors/Managers, or their deputies.

9.4 DATA ANALYSIS AND RESULTS

Professionalism, Conservatism and Uniformity

The mean score for each group of respondents was computed for all the questions in Section 1 of the questionnaire. The chi-square test for homogeneity was used to assess differences across all four groups. This test is based on the frequency of respondents for each group selecting each of the five categories on the Likert scale. Due to the small sample size here, the five point scale was converted to a three point scale by combining the extreme categories - i.e one & two recoded as 1, three recoded as 2, and four and five recoded as 3. This was necessary because, for the test to be meaningful, the expected frequencies in the contingency tables need to be large enough as pointed out by Siegel (1956). The results for the items denoting the constructs of professionalism are presented in Exhibit 9.1.

Exhibit 9.1

PROFESSIONALISM

	MEANS					Chi-square significance
	OVERALL	F	A	C_A	C_F	
1. State Regulation of the Accounting Profession.	3.09	3.39	2.86	3.14	3.04	0.87
2. Private sector accounting body should not be allowed to set standards.	2.26	2.83	1.71	1.22	3.25	0.00
3. OCAM rules should be violated if the accountant has sound theoretical grounds.	3.27	2.50	3.81	4.05	2.67	0.01
4. Accountants should be given more scope for exercising their own independent professional judgment.	3.76	3.89	3.52	4.09	3.58	0.09
5. A good accounting system should contain rules addressing every conceivable practical problem.	3.86	3.78	3.87	3.91	3.88	0.91

F = French

A = Anglo-American

C_A = Anglophone Cameroonian

C_F = Francophone Cameroonian

The table in Exhibit 9.1 indicates statistical evidence of broad similarity in opinions concerning three of the five constructs of professionalism - i.e, questions 1, 4 and 5 with no significant differences at the 5 % level. However, there were significant differences for questions 2 and 3 (i.e $p<0.05$) concerning private sector standard setting and violation of OCAM rules respectively. These two questions seem to reveal the most prominent differences amongst the four groups.

The Likert scale here ranges from 1 (strongly disagree) to 5 (strongly agree). A professionalism index was derived by aggregating the mean scores for questions which purport to denote the attitude in a positive sense (i.e. questions 3 and 4) and those in a negative sense (i.e. questions 1, 2 and 5). However, in order to avoid negative values, it was considered necessary to impose an arbitrary weight, say two, on items 3 and 4. Hence professionalism might be represented by the formula:

$$2 \quad \times \quad \left(\begin{array}{c}\text{sum of mean scores for}\\ \text{questions 3 \& 4}\end{array}\right) - \left(\begin{array}{c}\text{sum of mean scores for}\\ \text{questions 1, 2 and 5}\end{array}\right)$$

When this formula is applied to the mean scores in Exhibit 9.1, we obtain the following professionalism values:

French	2.78
Anglo-American	6.22
Anglophone Cameroonian	8.01
Francophone Cameroonian	2.33

Hence, it may be concluded that, overall, the Anglophone Cameroonian and Anglo-American groups have shown relatively higher levels of professionalism than their French and Francophone counterparts. Also, the Anglophone Cameroonian group had the highest professionalism score. A similar approach was adopted to analyse the questions relating to Conservatism and Uniformity. The results are shown in Exhibits 9.2 and 9.3 respectively.

In Exhibit 9.2, all the five questions denoting the constructs of Conservatism seek to represent the attitude in a positive sense. Hence the sum of the mean scores for all five questions was considered as the conservatism index for each group of respondents as follows:

French	18.61
Anglo-American	15.00
Anglophone Cameroonian	17.68
Francophone Cameroonian	17.34

These scores reveal that only small differences, (i.e, a range from 15 to 18) were evident with the French and Anglophone Cameroonian groups displaying slightly higher levels of Conservatism than the Anglo-American and Francophone Cameroonian groups. Moreover, the chi-square values indicate broad similarities for three out of the five items.

CONSERVATISM

Exhibit 9.2

	MEANS					Chi-square significance
	OVERALL	F	A	C_A	C_F	
1. Better to acknowledge loss than profit by overstating provisions for bad debt.	3.01	3.28	2.71	3.14	2.96	0.67
2. Write off goodwill against reserves immediately rather than amortise or match with future revenues.	3.44	3.83	2.90	3.86	3.21	0.00
3. Important to make provisions for contingencies & future risks.	4.00	4.11	3.80	3.91	4.17	0.68
4. No inflation accounting models.	2.69	3.50	1.86	2.59	2.92	0.02
5. Strict Historic cost.	3.98	3.89	3.71	4.18	4.08	0.22

F = French

A = Anglo-American

C_A = Anglophone Cameroonian

C_F = Francophone Cameroonian

Exhibit 9.3. UNIFORMITY

	MEANS					Chi-square significance
	OVERALL	F	A	C_A	C_F	
1. There should be a drastic reduction in accounting rules imposed by legislators.	3.39	3.21	3.48	3.32	3.61	0.55
2. OCAM rules should not be violated under any circumstances whatsoever.	3.01	3.79	2.14	2.55	3.56	0.00
3. Accountants should not be given scope to exercise their own judgment.	1.42	1.33	1.62	1.27	1.46	0.83
4. Accounting rules and standards should be enacted into laws so that deviant practices will not be tolerated.	2.42	2.77	1.76	2.23	2.92	0.01

As regards the Uniformity dimension, Exhibit 9.3 shows statistically significant differences amongst all four groups for two out of the four attitude questions representing this value. The most prominent differences were in questions two and four intended to assess the respondents' extent of agreement concerning the non-violation of OCAM rules and the enactment of laws encompassing all accounting standards and rules. The Anglo-American and Anglophone Cameroonian respondents showed relatively stronger extents of disagreement in both questions than the other groups.

Question 1 is the only construct of Uniformity in Exhibit 9.3 which represents the attitude in a negative sense. Hence, a uniformity index might be obtained by subtracting the mean score on this question from the sum of the scores on the other three Uniformity constructs as follows:

French	4.68
Anglo-American	2.04
Anglophone Cameroonian	2.73
Francophone Cameroonian	4.33

The above scores indicate similarly high uniformity attitudes for the Francophone and French respondents unlike their Anglophone and Anglo-American counterparts who displayed relatively stronger opposition to Uniformity.

Based on this analysis, one might conclude that there is no evidence here of a direct linkage between accounting and societal values as argued in Chapter 9. Rather, there appears to be a broad dichotomy between the attitudes of the French and Francophone Cameroonian groups on the one hand and the Anglo-American and

Anglophone Cameroonian groups on the other concerning the professionalism and Uniformity dimensions. However, this feature does not apply to the Conservatism dimension where only relatively slight differences were evident.

Consequently, hypothesis H3 which states that a high degree of professionalism is associated with a strong opposition to Uniformity might only be accepted when we take cognizance of the contrasts between the scores of the Anglophone Cameroonian/ Anglo-American groups and those of their Francophone/French counterparts. However, such relationships (involving a lack of significant differences between the values of citizens of both industrialised and developing countries) are not as would have been expected on the basis of the Gray (1988) analysis of the linkage between accounting values and Hofstede's societal values.

Also, there is insufficient evidence here in support of hypothesis H4 which states that a low degree of professionalism is associated with a strong desire for Conservatism. For instance the Anglophone Cameroonian group which had the highest professionalism score also had the second highest Conservatism score although overall, there were only slight variations or small differences in the range of the Conservatism scores.

Secrecy

Hypotheses H5, H6 and H7 dealing with the relative affinities for Secrecy possessed by each of the four culture groups were assessed in terms of their attitudes toward the extensive OCAM disclosures.

The overall extent of agreement (for all four groups) in perception of the net costs or benefits associated with each of the thirty OCAM information items was assessed using the chi-square test for homogeneity. As was the case in the earlier data analysis here, the seven point Likert scale was converted to a three point scale (due to the small sample size) by combining the extreme categories - i.e 1 & 2 recoded as 1, 6 & 7 as 3 and all others as 2. A second level test for differences in all possible group pairs or dyads was undertaken using the t-test. All the test results are presented in Exhibit 9.4.

Exhibit 9.5 is a summary of the results in Exhibit 9.4. It shows the number of items without significant differences at the 5% level. The extent of agreement was measured in each case by expressing the number of items with no statistically significant differences ($p>0.05$) as a percentage of the total number of items.

The most conspicuous pattern displayed by Exhibit 9.5 is that the highest extents of agreement related to the French/Francophone Cameroonian and the Anglo-American/Anglophone Cameroonian pairs (80% and 87% respectively). The other groups had above average scores. This provides grounds for rejecting hypothesis H5 which states that Cameroonian accountants/managers have a much stronger affinity for secrecy than their expatriate counterparts.

Exhibit 9.4

Test Results

Question	Chi-square	Two tailed t-test probaility for group pair differences					
	Overall	FA	FC_A	FC_F	AC_A	AC_F	C_AC_F
1.	0.00	0.00	0.00	0.02	0.51	0.00	0.00
2.	0.01	0.14	0.01	0.20	0.36	0.00	0.00
3.	0.00	0.00	0.00	0.29	0.15	0.00	0.01
4.	0.00	0.00	0.16	0.11	0.11	0.00	0.00
5.	0.35	0.42	0.01	0.48	0.08	0.95	0.07
6.	0.00	0.00	0.13	0.16	0.00	0.00	0.99
7.	0.78	0.53	0.86	0.41	0.40	0.18	0.46
8.	0.00	0.59	0.37	0.04	0.11	0.10	0.00
9.	0.00	0.05	0.00	0.03	0.02	0.00	0.00
10.	0.44	0.50	0.18	0.71	0.39	0.80	0.31
11.	0.38	0.77	0.68	0.11	0.87	0.14	0.22
12.	0.53	0.23	0.47	0.66	0.83	0.43	0.70
13.	0.06	0.02	0.71	0.59	0.00	0.00	0.82
14.	0.01	0.00	0.04	0.08	0.06	0.07	0.94
15.	0.38	0.61	0.12	0.65	0.30	0.94	0.26
16.	0.24	0.28	0.96	0.88	0.21	0.19	0.82
17.	0.11	0.30	0.11	0.02	0.34	0.06	0.40
18.	0.33	0.13	0.73	0.76	0.09	0.11	0.98
19.	0.38	0.10	0.00	0.02	0.08	0.28	0.53
20.	0.02	0.88	0.89	0.08	0.74	0.09	0.02
21.	0.26	0.06	0.08	0.48	0.80	0.25	0.35
22.	0.95	0.28	0.07	0.30	0.33	0.99	0.35
23.	0.20	0.12	0.02	0.97	0.19	0.10	0.01
24.	0.02	0.00	0.28	0.80	0.02	0.00	0.39
25.	0.45	0.52	0.84	0.46	0.44	0.17	0.62
26.	0.67	0.97	0.31	0.10	0.26	0.07	0.52
27.	0.51	0.57	0.47	0.73	0.77	0.79	0.61
28.	0.23	0.85	0.62	0.04	0.68	0.02	0.06
29.	0.03	0.01	0.02	0.61	0.85	0.04	0.06
30.	0.00	0.06	0.00	0.21	0.20	0.57	0.08

F = French; A = Anglo-American; C_A = Anglophone Cameroonian; C_F = Francophone Cameroonian.

Exhibit 9.5

Extent of Agreement* Concerning Perceived Net Costs or Benefits Associated with 30 OCAM Disclosure Items

Group Pairs			Number of Items with $p>0.05$	Percentage
French	v	Anglo-American	21	70 %
French	v	Anglophone Cameroonian	20	67 %
French	v	Francophone Cameroonian	24	80 %
Anglo-American	v	Anglophone Cameroonian	26	87 %
Anglo-American	v	Francophone Cameroonian	20	67 %
Anglophone Cameroonian	v	Francophone Cameroonian	22	73 %
All groups			18	60 %

* (absence of significant differences)

On basis of the empirical study by Hofstede (1980) which provides evidence of relatively higher uncertainty avoidance for African countries than for Western countries; and the analysis by Gray (1988) which postulates a linkage between high uncertainty avoidance and strong affinity for secrecy, the extent of the differences between the FC_F and AC_A pairs is not as expected. This seems to suggest that other factors such as the impact of colonisation, historical background, and education may be vital here. This point will be elaborated laterin this chapter.

Further analysis of the patterns in the results is essential in order to understand these differences. Accordingly, the items without significant differences were separated from those with significant differences as presented in Exhibits 9.6 and 9.7. It should be noted from Exhibit 9.6 that a number of items with high extents of agreement relate to the more sensitive disaggregated or segmental disclosures.

Exhibit 9.6

Items without Significant Differences in Perceived Net Costs or Benefits

	Means					Chi-Square	
	Overall	F	A	C_A	C_F	χ^2	Probability
1. Segmental information on customers	2.12	2.06	1.81	2.16	2.43	5.8	0.45
2. Segmental information on suppliers	2.12	1.78	1.76	2.26	2.61	4.1	0.67
3. Value added by line of business	2.37	1.87	1.87	2.05	2.53	10.3	0.11
4. Raw materials acquired from domestic, inter-company and foreign sources	2.43	2.56	2.00	2.53	2.65	8.0	0.24
5. Information on lenders and borrowers with a distinction between domestic and foreign categories	2.56	2.83	2.48	2.32	2.61	5.2	0.51
6. Borrowings negotiated but not yet received or loans negotiated but not yet paid	2.56	2.00	2.43	3.42	2.39	6.7	0.35
7. Geographical distribution of employees	2.93	2.39	3.33	3.21	2.74	7.7	0.26
8. Bills of exchange negotiated in advance of maturity or other guarantee commitments	3.17	2.83	3.43	3.32	3.09	5.1	0.53
9. Balance receivable or payable on fixed term contracts	3.30	3.73	3.52	3.42	2.65	6.4	0.38
10. Fixed assets and capital investments by line of business	3.42	2.89	3.67	4.32	2.87	8.6	0.20
11. Fixed assets and capital investments by geographical area	3.47	2.89	3.48	4.00	3.48	1.7	0.95
12. Production output of goods and services by line of business	3.58	3.17	3.52	4.16	3.48	6.4	0.38
13. Indication of loans and debts which are secured	3.65	3.28	3.67	4.16	3.52	5.8	0.44
14. Separate disclosure of personnel expenses in the State and abroad	3.69	2.61	3.48	4.47	4.09	6.4	0.38
15. Employee expenses such as direct payments and social contributions	4.91	4.83	5.52	4.63	4.65	6.9	0.33
16. Proposal for appropriation of net profit	5.28	5.33	5.67	5.26	4.91	3.2	0.78
17. Both operating and non-operating profit or loss	5.42	5.28	6.29	5.11	5.00	12.1	0.06
18. Chairman's/Directors' report	5.88	6.22	6.14	6.00	5.26	8.2	0.23

F = French; A = Anglo-American; C_A = Anglophone Cameroonian; C_F = Francophone Cameroonian.

Exhibit 9.7

Items with Significant Differences in Perceived Net Costs or Benefits

	Means					Chi-Square	
	Overall	F	A	C_A	C_F	X^2	Probability
1. Description of hire purchase agreements with emphasis on the amount payable within and after one year	2.84	1.83	4.33	2.53	2.52	22.3	0.00
2. Sales by line of business	3.56	2.39	4.67	3.53	3.48	18.4	0.01
3. Qualitative information in respect of major repairs or maintenance charged to account 20 as exceptional expenditure to be spread over several financial years	3.88	4.22	3.86	4.78	2.91	19.2	0.01
4. Description of principal activity in each major geographical area	4.06	3.39	5.29	4.00	3.52	15.3	0.01
5. Number of employees at year end	4.08	4.39	4.29	4.47	3.30	14.5	0.02
6. Value added statement	4.21	4.67	3.62	3.00	5.39	16.8	0.02
7. Provision for contingent losses or gains where recourse is expected within the coming year	4.75	4.44	5.48	6.33	3.09	27.5	0.01
8. Gross profit	4.75	3.33	6.14	5.53	3.96	17.4	0.00
9. Accounting policies adopted by the company	4.85	4.33	6.48	6.21	2.65	35.5	0.00
10. Names and designations of directors	5.11	4.33	5.76	5.68	4.65	14.1	0.00
11. Statement of source and application of funds	5.23	5.00	6.29	5.68	4.09	13.6	0.00
12. Principal shareholders and distribution of share ownership	5.54	4.78	5.71	6.21	5.43	13.6	0.00

F = French; A = Anglo-American; C_A = Anglophone Cameroonian; C_F = Francophone Cameroonian.

Only four of these items had overall average ratings (on a 7 point scale) exceeding 4. However, Exhibit 9.7 shows significant differences between the groups with the Anglophone Cameroonian and Anglo-American respondents exhibiting higher mean scores for most items than their Francophone and French counterparts. This implies some support for hypothesis H6 which states that the Francophone Cameroonian group has more affinity for secrecy than the Anglophone Cameroonian group. It may also provide some support for hypothesis H7 which states that the French group has a much stronger affinity for secrecy than the Anglo-American group.

The general lack of statistically significant differences in the perceived net costs associated with many of the more sensitive OCAM segmental disclosures seems to suggest that companies may not disclose them in the absence of government regulations. Jaggi (1975) argues that the collectivistic orientation of managers in developing countries may impede their concern for greater social accountability whereas the Western universalistic managerial value orientation favours a more transparent reporting attitude. The results of this study do not comprehensively lend support to Jaggi's argument because both Western and Cameroonian managers alike did not differ significantly in their perception of the net costs associated with a number of OCAM segmental disclosures. They may not have disclosed these items in their corporate reports, had they not been compelled to do so by the government regulatory agencies.

An assessment of the most important perceived influences on corporate information disclosure by all four groups of respondents (see Exhibit 9.8) reveal that OCAM/UDEAC regulations as well as international (American, British and French) accounting principles feature amongst the top ten major factors. The mean scores (all groups combined) relate to sections 3 and 4 of the questionnaire which have Likert scales ranging from 1 (very little influence) to 5 (very strong influence).

Exhibit 9.8

Ten major Influences on Corporate Information Disclosure in Cameroon

		MEANS				
		F	A	CA	CF	Overall
1.	OCAM/UDEAC regulations	4.71	3.05	3.40	4.65	3.95
2.	Desire for social accountability	2.02	3.88	2.04	2.61	2.64
3.	Auditors' proposals	2.06	3.05	2.80	2.57	2.63
4.	Competitive disadvantage	2.22	2.86	2.70	2.61	2.61
5.	American accounting standards	1.98	3.20	2.41	2.30	2.47
6.	Data processing costs	2.56	2.26	2.50	2.17	2.36
7.	British accounting standards	1.27	2.98	3.56	1.65	2.35
8.	French accounting standards.	3.72	1.28	2.24	2.83	2.30
9.	Possibility of government intervention	2.94	1.65	1.90	2.30	2.19
10.	Public relations considerations	1.89	2.20	2.15	2.04	2.07

Exhibit 9.9

Five Most Influential User Groups

		MEANS				
		F	A	CA	CF	Overall
1.	Inland Revenue	4.61	4.71	4.32	4.35	4.49
2.	Department of Statistics	4.39	4.19	4.64	4.42	4.41
3.	Shareholders	3.78	3.81	3.89	3.09	3.64
4.	Cameroonian bankers	2.72	2.62	2.68	3.43	2.89
5.	Employees	2.06	3.43	2.89	2.78	2.81

Also, Exhibit 9.9 shows that the Government (Inland Revenue and Department of Statistics) was considered as the user group which exerts the greatest pressure for corporate information disclosure. Other influential user groups which followed closely were shareholders, bankers and employees.

The International Accounting Standards Committee did not feature amongst the top ten major influences, and Cameroon is not even a member of this organisation. The African Accounting Council of which Cameroon is a member was seen as having a negligible impact. Several respondents indicated on the questionnaire that they have never heard of this organisation. Similarly, the United Nations, the Organisation for Economic Cooperation and Development (OECD) and the European Community did not also feature amongst the ten major influences on disclosure. It should, however, be noted that the individual backgrounds of respondents and the nature of the companies from which they were drawn (i.e. whether they are domestic or transnational and the nature of the industries in which they operate) may have had an impact on the results.

9.5 THE PROS AND THE CONS OF THE OCAM PLAN

Section 2 of the questionnaire contains 25 questions derived from suggested merits and demerits of the OCAM Plan which have emerged in the literature. The objective was to survey the opinions of people who are implementing the Plan in practice concerning its strengths and weaknesses.

The data analysis is similar to that of the disclosure items in the preceding section here - i.e. conversion of the seven point Likert scale to a three point scale in order to apply the chi-square test for homogeneity across all four groups. Similarly, differences in all possible dyads were assessed using the t-test.

Results concerning the extent of agreement are presented in Exhibit 9.10. They indicate that the highest extents of agreement related to the French/Francophone Cameroonian and the Anglo-American/Anglophone Cameroonian dyads (92% and 76% respectively). In addition, Exhibit 9.11 shows that the Francophone Cameroonian and French respondents displayed a more positive attitude to the Plan by having higher scores for most items (implying these items are viewed as merits rather than demerits) than their Anglophone and Anglo-American counterparts. The high extent of agreement between the Anglo-American and Anglophone Cameroonian pairs provides some ground for rejection of hypothesis H1 which states that the Anglo-American accountants/managers perceive the OCAM pros and cons differently from their Cameroonian counterparts.

Exhibit 9.10

Extent of Agreement concerning the Pros and the Cons of the OCAM Accounting Plan

Group pairs			Number of items p>0.05 (Agreement)	Percentage
French	vs	Anglo-American	9	36 %
French	vs	Anglophone Cameroonian	11	44 %
French	vs	Francophone Cameroonian	23	92 %
Anglo-American	vs	Anglophone Cameroonian	19	76 %
Anglo-American	vs	Francophone Cameroonian	11	44 %
Anglophone Cameroonian	vs	Francophone Cameroonian	14	56%
All groups			8	32 %

The results ,however, also provide some support for hypothesis H2 which states that: Francophone Cameroonian attitudes are more positively in tune with the characteristic features of the OCAM Plan than those of their Anglophone Cameroonian counterparts; thereby influencing them to perceive its pros and cons differently.

It can be noted from Exhibit 9.11 that the Francophone Cameroonian and French respondents had relatively higher mean scores (implying significant perceived advantages) for most of the items. This appears to support the view that the attitudes of the Francophone respondents are more positively in tune with the characteristic features of the OCAM Plan than those of the Anglophones.

The five most important merits and demerits of the OCAM Plan derived in terms of the overall mean across all four groups for each item are presented in Exhibits 9.12 and 9.13. The perceptions of other advantages and disadvantages are listed in Exhibit 9.11

The chi-square statistics indicate significant differences in perception of the Plan's five most important merits amongst the four groups of respondents (Exhibit 9.12). By contrast, there were no statistically significant differences for three out of the five most important demerits of the Plan shown in Exhibit 9.13. In particular, the Anglo-American and Anglophone Cameroonian groups considered the lack of satisfactory accounting standards in the OCAM Plan as a much stronger disadvantage than the French and Francophones. The latter groups considered the assertion that the Plan is dictatorial and kills initiative as a relatively less important weakness. All four groups of respondents did not show statistically significant differences in their perception of the other three demerits of the Plan: i.e, its statistical design, tendency to cause information overload and high operational costs.

Exhibit 9.11

PERCEPTIONS OF THE PROS AND CONS OF THE OCAM PLAN

	MEANS					
	Overall	F	A	C_A	C_F	Chi-square significance
1. Too prescriptive.	3.86	4.94	2.29	2.95	5.29	0.00
2. Facilitates training of accountants.	4.62	5.33	3.52	3.95	5.67	0.00
3. Difficult to adapt to our company.	3.38	3.89	2.90	3.18	3.58	0.04
4. Easy for non-accountants to become conversant with.	4.65	4.94	3.86	4.82	4.96	0.13
5. Dictatorial & kills initiative.	3.12	4.28	2.19	2.41	3.71	0.00
6. Simplifies comprehension of financial statements.	4.71	5.44	3.71	4.36	5.33	0.00
7. Reduces accounting to purely mechanical book-keeping exercise.	3.22	4.44	2.23	2.86	3.50	0.00
8. Unsatisfactory measurement rules or accounting standards.	2.66	3.39	1.67	2.23	3.38	0.00
9. Compels us to disclose more information.	3.35	3.33	3.71	2.95	3.38	0.49
10 Facilitates transferability of accounting personnel.	5.22	5.89	4.48	4.86	5.71	0.01
11. Statistical design.	2.82	2.56	3.10	2.73	2.88	0.81
12. Could lead to information overload for most users.	2.85	2.83	2.71	2.72	3.08	0.75
13. Constrains accounting within a rigid straightjacket.	2.99	4.11	2.25	2.18	3.50	0.00
14. Introduces many unconventional concepts.	3.59	3.67	3.57	3.32	3.79	0.57
15. Allows little leeway for me to apply my professional expertise.	3.33	3.72	2.76	3.18	3.67	0.01
16. Expensive to operate.	3.06	3.06	3.14	2.95	3.08	0.94
17. Close government supervision.	3.21	2.89	3.29	3.18	3.42	0.81
18. Threat to professional status.	3.68	4.39	3.76	2.91	3.79	0.00
19. Discourages application of management accounting techniques.	3.68	4.00	3.71	3.45	3.63	0.51
20. Standardised terminology/rules.	4.01	4.72	3.00	3.50	4.83	0.00
21. Enhance social accountability.	4.72	4.28	5.33	5.09	4.17	0.01
22. Better comparability.	5.44	6.00	4.86	5.75	5.23	0.01
23. Interfirm comparison enhanced.	5.55	5.94	5.48	4.91	5.92	0.00
24. More equitable basis for taxation.	5.52	6.00	5.90	5.00	5.29	0.00
25. Fosters National Economic planning.	5.72	6.17	6.19	5.09	5.54	0.00

F = French

A = Anglo-American

C_A = Anglophone Cameroonian

C_F = Francophone Cameroonian

Exhibit 9,12

FIVE MOST IMPORTANT MERITS OF THE OCAM PLAN

		MEANS					
		Overall	F	A	C_A	C_F	Chi-square significance
1.	Fosters National Economic Planning.	5.72	6.17	6.19	5.09	5.54	0.00
2.	More equitable basis for taxation.	5.52	6.00	5.90	5.00	5.29	0.00
3.	Interfirm comparison enhanced.	5.55	5.94	5.48	4.91	5.92	0.00
4.	Better comparability of accounting information.	5.44	6.00	4.86	5.75	5.23	0.01
5.	Facilitates transferability of accounting personnel.	5.22	5.89	4.48	4.86	5.71	0.01

F = French

A = Anglo-American

C_A = Anglophone Cameroonian

C_F = Francophone Cameroonian

Exhibit 9,13

FIVE MOST IMPORTANT DEMERITS OF THE OCAM PLAN

		MEANS					
		Overall	F	A	C_A	C_F	Chi-square significance
1.	Does not provide satisfactory measurement rules / standards.	2.66	3.39	1.67	2.23	3.30	0.00
2.	Statistical design.	2.82	2.56	3.10	2.73	2.88	0.81
3.	Could lead to information overload for most users.	2.85	2.83	2.71	2.72	3.08	0.75
4.	Expensive to operate.	3.06	3.06	3.14	2.95	3.08	0.94
5.	Dictatorial and kills initiative	3.12	4.28	2.19	2.41	3.71	0.00

9.5 DISCUSSION OF RESULTS

The findings of this study tend to support a broad dichotomy between the cultural values of the French/Francophone group on the one hand and the Anglo-American /Anglophone Cameroonian group on the other. A good degree of conformity with the cultural determinism models is only evident when the Anglophone/Anglo-American and Francophone/French dyads are viewed as two distinct culture groups. The weak linkage between societal and accounting values can be explained in terms of the backdrops of British and French colonial influences which may have profoundly distorted or overridden indigenous Cameroonian cultural values.

Their impact on the indigenous accounting sub-culture values may have been reinforced or consolidated particularly by the colonial educational, administrative, legal systems or institutional structures which still prevail in Cameroon. The overall effect on the results of this study might be explained in terms of four main factors.

Firstly, unlike the French /Francophone group, the philosophy behind many features of the OCAM Plan may sound rather awkward or unfamiliar to the Anglophone Cameroonian/Anglo-American respondents. For instance, most of the micro or private investor oriented disclosures are historically alien to French accounting. Many of these were first introduced as mandatory items in the OCAM Plan and are still not mandatory in France; although the 1982 revision of the French Plan Comptable which complies with EC Fourth Directive incorporated many of the Anglo-Saxon features of the OCAM Plan. As Barrett (1976) observes, there is a general presumption in France concerning familiarity with the prescriptions and accounting principles dictated by the Plan. Hence, it may be considered unnecessary or wasteful and expensive to reproduce them in detail as accounting policies or qualitative notes.

The second factor is conceptual. It arises from differences in meaning assigned to some concepts under different accounting traditions. For instance, the term "gross profit" (translated as "marge brute") was not included in the French Plans Comptables prior to 1982 (Corre et al 1971; Most, 1971; Beeny, 1976; Capelle, 1984; Kinzonzi, 1986)

As Most (1971, pp.20-21) points out;

> Many accounting practitioners will doubtless regret that the account does not reveal a gross profit. This point has been the subject of great argument. It has appeared that opinions differ seriously concerning the meaning of this expression, and that it would not be possible to use the gross profit as a basis for calculating 'break-even' points unless all so-called variable expenses were deducted ...

Corre et al (1971, p.28) observe that the concept of "gross profit" has been introduced in the OCAM Plan as a major innovation and had hitherto only been recognised in French managerial accounting.

Even then, the meaning of the term is different in OCAM Accounting in that it only relates to the margin on goods purchased from external sources for resale. The production orientation of the OCAM Plan does not require companies with exclusive manufacturing activities to disclose a gross profit.

Of course, gross profit is not the only item which has different connotations under different accounting traditions. It has been made evident that major conceptual differences also exist in notions of extraordinary and exceptional items, revenue recognition, income and value added (Elad and Gray, 1991). These conceptual differences may in turn give rise to different perceptions by respondents of French or Anglo-Saxon backgrounds thereby influencing them to consider the importance of the information items differently.

A third important factor is education. A doctoral thesis in the psychology of education by Elad (1983) provides evidence supporting the view that indigenous Cameroonian cultural values and attitudes toward national integration are affected by an individual's level of education.

Most Anglophone Cameroonian respondents were educated in British, American, Nigerian or Ghanaian institutions with a substantial number being either holders of accounting/business degrees or part qualified/full members of professional bodies in these countries. As argued by Briston (1978), the Anglo-Saxon educational and legal systems emphasise an external reporting model designed to protect private shareholders and investors. Those who trained in this system are likely to favour such reporting values. Most francophone Cameroonian respondents on the other hand, trained either at the French influenced "Ecole Supérieure des Sciences Economiques et Commerciales de Douala" (ESSEC) or similar institutions in France. Like their French counterparts, they were mainly holders of either the "Brevet de Technicien Supérieure" (BTS), "Diplome d'Etudes Supérieure de Commerces" (DES), "Diplome d'Etudes Comptables Supérieures" (DECS) or the "Diploma d'Expert Comptable". As such, the French legalistic and macroeconomic accounting orientation acquired from their educational experiences may have influenced the francophone Cameroonian respondents to rate the information items differently.

The fourth factor relates to an important controversy encountered by scholars of Comparative Education. This debate concerns the impact of formal educational systems nurtured by the divergent colonial policies pursued by France and Britain in Africa on indigenous values (Asiwaju, 1975; Clignet, 1968, 1970; Clignet and Foster, 1964; Fonlon, 1979). The British policy of indirect rule did not interfere with existing indigenous power structures, local customs authorities of local chiefs and so on which were instead used to facilitate colonial administration. By contrast, the French pursued an assimilationist policy based on their ambition to create a class of "Black Frenchmen" with values, aspirations and cognitive styles analogous to those of their metropolitan French counterparts. As Clignet (1964, p.191) points out; "the aim of assimilation is the elimination of parochial cultures and the creation of men who are peers and culturally undifferentiated."

The major debate tackled by studies on this issue is whether or not the contrasts in the two colonial policies are only evident at the ideological level and that their long term practical effects are essentially similar. While the views of scholars vary on this matter, Fonlon (1979, p.6) argues as follows in his study of Cameroon's experience;

> They [the British] were not ardent exporters of the British way of life....we were educated for work and not for leisure. ...The utilitarian strain in the colonial system of British education has had some salutary results notwithstanding. Just as the East (francophone Cameroon) can boast of the best writers, any unbiased observer will admit that the most competent technologists in this country - surgeons, physicians, chartered accountants... are English trained.

Fonlon points out further (p.6) that;

> The French on the contrary were, and still are, ardent crusaders of their Culture, their language and the literature, determined on the formation of an African élite assimilated into their system and converted to and bent, even blindly, on the defence of things French.

The results of the present study indicating fewer significant differences for the Francophone Cameroonian/French and Anglophone Cameroonian/Anglo-American dyads than for the Francophone/Anglophone Cameroonian dyads support the view that these ideological differences may have had similar long-term effects.

9.6 IMPLICATIONS OF RESULTS ON INFORMATION DISCLOSURE PRACTICE

It has been observed that most companies in Cameroon adopted a variety of reporting tactics in the face of the very extensive mandatory disclosure requirements and the tight regulatory framework. The companies operate a two-tier reporting policy whereby separate reports are prepared for the Government, Cameroonian and foreign shareholders with different extents of disclosure.

In addition to the DSF, the Francophone Cameroonian and French companies prepare another annual report for domestic shareholders comprising the main financial statements in summary form (usually a few DSF tables condensed without qualitative notes or extensive segmental disclosures). The availability of this report to shareholders is often advertised in the financial pages (Anonces Legales) of *Cameroon Tribune*, a widely read daily newspaper. The French companies prepare a third report which complies with the French Plan Comptable for their French shareholders.

However, since Cameroon company law has not yet been harmonised, companies in the English speaking provinces of the country are still incorporated under Chapter 37 of the Laws of the Federation of Nigeria and Lagos, 1958 (actually a re-enacted version of the 1908 British Companies Act which still has jurisdiction in the Anglophone provinces of Cameroon). Hence, companies registered in Cameroon under English law have a statutory obligation to comply with the disclosure provisions of the 1908 Companies Act (in addition to OCAM/UDEAC pronouncements) in their reports to shareholders which must be filed with the Registrar of Companies.

The two-tier reporting phenomena whereby reports to the government (Inland Revenue and Department of Statistics) comply with all the DSF mandatory disclosures and the reports to shareholders comply at least with the less extensive 1947

Companies Act requirements are consistent with the results of this study. It tends to explain the high level of agreement on perceived net costs associated with the more sensitive OCAM segmental disclosures.

This means that, unless the government regulatory agencies also become interested in supervising financial reporting to shareholders, it is unlikely that the two-tier reporting practices will disappear. It was observed that some institutional investors (e.g. the Société Nationale d'Investissement) and banks insist that companies submit the complete DSF report. Companies are also compelled to submit the complete DSF to the Ministry of Finance when they apply for incentives listed in the investment code such as tax concessions and exemptions from import and export duties over a specified period. As can be seen in Appendix A, the investment code stipulates that the factors which are considered for granting these incentives include the level of value added generated, number of local employees, vocational training of local employees, usage of local raw materials, contribution to balance of payments, capital formation, location of operations in an area with inadequate infrastructure and so on. These information items should appear in a corporate report audited by a UDEAC registered accountant and form the basis for a decision on the type of incentive to be granted.

9.7 CONCLUSIONS AND LIMITATIONS

A major conclusion arising from this chapter is that many of the suggested merits and demerits of the OCAM Plan which have emerged in the literature from purely theoretical or speculative standpoints are, in reality, actually viewed differently by individuals of different cultural backgrounds.

Further, as regards the hypotheses dealing with cultural relativism and accounting uniformity, there were several instances where no statistically significant differences between the perceptions of polar (or markedly different) culture groups such as the French/Francophone Cameroonian and Anglo-American/Anglophone Cameroonian dyads were evident. Whilst this appears inconsistent with the linkage between accounting and societal values postulated by Gray (1988), the mismatch could be explained in terms of exogenous influences such as forces of nature, colonisation, foreign investment and education.

An important limitation of the study which was considered earlier concerns the different connotations associated with some concepts or technical terms such as "gross profit", "value added", "income or revenue recognition" under the French and the Anglo-Saxon accounting systems.

The different environmental, socio-economic, administrative, political and legal contexts in which accounting has evolved or is embedded seem to have yielded different configurations of accounting systems and traditions. This may have influenced the perceptions of accountants who trained or work within these systems.

Another limitation of the study relates to the Whorfian hypothesis explained by Adler (1983) and Belkaoui (1990) that: different cultural and linguistic backgrounds lead to different ways of perceiving the world. This is seen here as a limitation because it makes it difficult and ambiguous to determine whether or not the issues under investigation mean the same thing to all respondents, irrespective of their linguistic background. This may have inevitably hindered or impaired the linguistic "equivalence" portrayed by the French and English versions of the research instrument used in the study - thereby possibly accounting for some differences in the opinions of the Francophone and Anglophone groups.

A further limitation of the study is based on the assumption that the items used as constructs of the four value dimensions of accounting culture actually measure what they purport to represent - i.e, the construct validity of the instrument. Although this was assessed and refined by taking the opinions of some "judges" into account in conformity with the methodological advice of Henerson et al (1987), the problem can hardly be entirely ruled out.

A final major limitation of the study, the impact of which was not assessed here, relates to the reliability of the instrument. This is based on the assumption that different administrations of the instrument will yield the same results.

CHAPTER TEN

IMPLEMENTING THE OCAM PLAN: SOME CASE STUDIES

The case studies reported in this chapter are intended to complement the questionnaire survey in Chapter 9. The objective of this approach is to introduce some degree of triangulation in the research design which might help to improve the validity of the findings.

The implementation of the OCAM Plan was studied in two large Cameroonian companies located in the Anglophone and Francophone provinces of the country. The study at the anglophone company (Cameroon Development Corporation) was relatively more elaborate than that undertaken at the francophone company (Société Anonyme de Brasseries du Cameroun). This is mainly due to the fact that the former's accounting system was in a transitional state at the time the study was being conducted - since conversion from the Anglo-Saxon system to the OCAM model was still in progress.

The aim of the case studies is to evaluate, on a comparative basis, the accounting practices and information disclosure behaviour provoked by the adoption of the OCAM Plan in the two companies as a means to understand accounting harmonisation problems in Cameroon.

10.1 SITE SELECTION

Two large Cameroonian companies - the Cameroon Development Corporation (CDC) and the Société Anonyme des Brasseries du Cameroun (SABC) were selected for the study. The choice of the CDC was rather opportunistic because the company had just converted its accounting system from the Anglo-Saxon to the OCAM model. The SABC on the other hand had been using the 1957 French Plan Comptable prior to 1973 when it adopted the OCAM Plan.

The CDC has played a significant role in the economic development of West Cameroon (see, for example, Epale, 1969). Its history is very much a reflection of Cameroon history in several respects. The company originated from German plantation estates which were confiscated following the defeat of the Germany in the First World War. These plantation businesses, then known as Enemy Property, fell under British custody since Britain ruled Southern Cameroons (jointly with Nigeria) under a League of Nations mandate. The group of plantations was later incorporated under a 1947 Nigerian Ordinance as the Cameroons Development Corporation.

Currently, the CDC is one of the largest agro-manufacturing companies in Africa, with a workforce of about twenty thousand employees and a share capital of about fourteen billion CFA francs. Its main lines of business comprise acres of banana, oil palm, tea, and rubber plantation estates and a central engineering unit which supports the company's oil mills, rubber and tea factories where raw materials are processed into finished or semi-finished goods. The CDC has agricultural research laboratories, schools, hospitals, recreational clubs, golf courses and residential areas for employees. It employs many British trained accountants, managers and agronomists and is a recipient of loans from many international banks and financial institutions in the industrialised Western world.

The SABC is also one of the largest companies in Cameroon. Founded in 1948, it is presently the largest brewing company in Africa. This fact is supported by a study by Cantwell (1991, p.208) which provides evidence suggesting that the SABC was the only brewery which featured amongst the twenty largest companies in Africa. The company has a workforce of 5000 employees with 40 out of its 198 senior management staff being of French nationality. It has three major subsidiaries namely: Société Camerounaise de Verrerie (SOCAVER) which manufactures glass and bottles; Société d'Applications Techniques au Cameroun (SATC) which manufactures packaging material and the Société des Eaux Minerales du Cameroun (SEMC) which produces mineral water. The SABC produces about six million hectolitres of beer and soft drinks annually.

An intensive two months research placement was undertaken at the CDC Head Office which involved semi-structured interviews with all categories of staff and informal discussions at the management staff club, social events, parties etc. More unobtrusive measures were used to study accounting measurement and disclosure behaviour occasioned by the introduction of the Plan. This involved examining the following archival records;

* Company Annual Reports.

* Report on the proceedings of the OCAM Accounting Steering Committee instituted within the company.

* Company accounting manuals, memos and OCAM seminar papers.

* Report on a study of the CDC accounting system undertaken by SOFINCO-France, a French firm of management consultants.

* Report of IOCS-Informatics, a local computer consultancy firm which is developing a Corporate Financial Decision Support System for the CDC

* Report by a World Bank Expert on the implementation of the OCAM Accounting Plan in the CDC

* Sundry articles on the company in the local press

A similar approach was adopted for the SABC case study. But this involved mainly interviews with the head office staff and examination of company accounting manuals. Some restrictions imposed by management did not allow extensive access to internal memos, accounting reports and documents. However, since the researcher maintained frequent contacts with the company over a two months period, familiarity with the staff resulted in the establishment of less formal and more friendly relationships which facilitated the research process and access to information.

10.2 HOW THE OCAM PLAN WAS ADOPTED BY THE CDC

For over forty years prior to 1983, the CDC had been operating her long-established Anglo-Saxon accounting system. The decision to adopt the OCAM Plan arose out of pressures from government regulatory agencies (Department of Statistics and Inland Revenue) and the need to comply with UDEAC Acts which were already incorporated into Cameroon law. In 1983, SOFINCO-France, a French firm of management consultants was invited to study the company's accounting system and make recommendations to the board of directors. SOFINCO recommended a reorganisation of CDC management structure as a means to facilitate the adoption of the OCAM Plan. This involved the appointment of group managers and estate accountants for each line of business (Banana, Tea, Rubber, Palm, Engineering services etc.) who will submit routine reports to a group accountant based at the head office. The latter is charged with collating data from various units in order to produce periodic trial balances, interim and final accounts of the company.

Three years later (1986), a consultant was appointed on a two year contract to undertake the conversion of the company's accounting system to the OCAM model. The appointee, a British trained chartered accountant of Asian origin, was a World Bank expert who gained some experience of implementing the OCAM Plan while working in Cameroon as the financial director of an agricultural bank. By the end of his two year mission in 1988, it became common knowledge to CDC accounting personnel that the conversion to OCAM was unsuccessful.

A perusal of company accounting documents led to a sharper diagnosis of the problem. This was outlined as follows in an accounting manual;

* From various accounting units of the corporation, it is said that the current OCAM chart of account does not provide room for efficient management information, especially on costing.

* The present OCAM code does not enable direct line by line entry from the books of accounts to the DSF without a tremendous use of off-the-record memorandum registers.

* The design of the code does not follow any logic in the sense that it comprises no comprehensive control sub-code.

Following interviews and informal discussions with head office accountants, it became clear that one important factor which contributed to this failure is the methodology adopted for the change by the consultant. His approach was to spend the first two months on a study of the existing accounting system in order to develop a conversion strategy. Subsequently, handouts, manuals and training material based on his proposed adaptation of the OCAM Plan to the CDC were produced. Training seminars for head office and various plantation estate accountants were also held. Thereafter, the estate accountants were asked to produce their routine reports to the group accountant at the head office in accordance with OCAM principles. The consultant was quoted as frequently pointing out very authoritatively that anyone who did not cooperate or meet the deadline would be reported to the General Manager for disciplinary action. But the accounting personnel did not acquire sufficient exposure to the OCAM system and the rationale behind its unique accounting methods. The training seminars were too brief and inadequate given the entirely new orientation and unconventional or radical concepts introduced by the Plan. This point coupled with some behavioural problems constituted a major obstacle to the change.

The behavioural issues related mainly to the appointment of the consultant, his work relationship with the financial director and other senior accountants as well as the conversion method adopted. There was a general feeling amongst senior corporate accountants that the consultant was hired by the General Manager and imposed on them without any regard for their views on the matter. Also, the status quo in respect of his relationship with the financial director and other head office accountants was not clearly defined as the consultant always gave the impression that he was only responsible to the General Manager. This arrangement resulted in a stormy work relationship with the financial director. The latter insisted that the old CDC accounting system be maintained concurrently with the OCAM model. He also emphasised that in cases of conflict or inconsistency between the results generated by the OCAM model and the existing system, the onus would be on the consultant to explain and reconcile the discrepancy.

Many head office accountants did not see why it was necessary to hire an expatriate on a very high salary to do a job which they felt they could have done better in the first place. They explained that unlike the consultant, several of them were UDEAC registered accountants - in addition to their membership of UK professional bodies. They also complained that the consultant was arrogant and usually imposed tight deadlines with disciplinary threats. Hence several of them were reluctant to give him all the cooperation necessary for a proper understanding of the CDC accounting system which is an essential prerequisite for a successful conversion to the OCAM model.

These observations could also be explained in terms of the Markus and Pfeffer (1983) analysis of the linkage between power and the design and implementation of accounting systems. Markus and Pfeffer advance three hypotheses, the following two of which are of relevance here:

Accounting and control systems would be implemented easily without resistance and system difficulty to the extent that they are;

(1) consistent with other sources of power in their implication for power distribution.

(2) consistent with the dominant organisational culture and paradigm in their implications for values and beliefs.

Issues related to the consistency with intraorganisational power distribution here concern the disruption of the status quo resulting from the consultant seen as being directly responsible to the General Manager and the ensuing ambiguity in his work relationship with the financial director and senior head office accountants. It has been observed that accounting information plays an instrumental role in the reinforcement of organisational views on the legitimacy and rationality of management decisions. For instance, it might form the basis for resource allocation, performance evaluation or reward policies which may affect both managerial and employee welfare directly. Hence, it follows that those who have access and ability to control or manipulate this information also have power (Pfeffer, 1981; Markus and Pfeffer, 1983, p.206; ; Lucas, 1986). In the case of the CDC, the disturbance in the status quo or power structure impeded the degree of cooperation accorded to the consultant. Also, it will be seen later here that some of the élite CDC accountants questioned the legitimacy and rationality of accounting results generated by OCAM principles. This may be considered as a manifestation of an accounting sub-culture value (professionalism). This observation is consistent with the Markus and Pfeffer hypotheses that any accounting system whose design is incompatible with the prevailing cultural values and beliefs as well as intraorganisational power structures is doomed to failure.

Although the first attempt to convert CDC accounting system to the OCAM model was unsuccessful, the company learnt some useful lessons from the experience. In particular, there was a large upsurge in the volume of clerical work arising from the elaborate OCAM codification system. This meant that the cost of operating the system manually might outweigh the benefit. As a result, the company signed a five year contract for the development of a corporate financial decision support system with IOCS-Informatics, a local computer consultancy firm which has a reputation for successful design and installation of automated OCAM systems.

An OCAM Accounting Steering Committee was instituted within the company under the leadership of the financial director. The committee comprised senior head office accountants as well as IOCS information systems experts. The idea was to enhance collaboration between the computer systems experts and the users (CDC accounting personnel). The users defined the objectives of the automated system while the computer experts provided technical expertise on the system design. This user oriented approach made the users feel in charge of the system design process. Their morale was boosted and they were pleased to work harmoniously as a team with the experts to develop an exhaustive financial decision support system which covered all CDC operations. They also organised or supervised training courses for all categories of staff and issued OCAM based accounting manuals, seminar papers and other training material. It was decided that all training documents arising from the previous conversion attempt by the World Bank expert be discarded. It was also stressed that only documents produced or approved by the OCAM Accounting Steering Committee were valid. All such documents carried inscriptions to this effect on the cover page, and the seal of approval of the financial director (chairman of the committee) as shown in the example in Exhibit 10.1.

Exhibit 10.1

Inscriptions on an Approved OCAM Document

CAMEROON DEVELOPMENT CORPORATION

FINANCIAL DEPARTMENT

CHART OF ACCOUNTS

OCAM - User Manual

APPROVED BY THE STEERING COMMITTEE

1st JULY 1989

CDC - Decision Support System
Computer Services Department

THE CHAIRMAN

The design process itself involved all the main stages in computer systems development - i.e, feasibility studies, systems analysis, systems design, hardware/software specification, pilot testing and implementation. The old CDC system was run in parallel with the new automated OCAM model until all major differences in the results based on both systems were satisfactorily reconciled.

The final transition phase was completed at the time the present study was being conducted; albeit with reservations and misgivings of some accountants who were not satisfied with the theoretical foundations of several unconventional concepts and accounting principles introduced by the OCAM Plan.

10.3 IMPLEMENTING THE OCAM PLAN IN THE CDC AND THE SABC.

In this section, the accounting measurement and information disclosure practices of both the CDC and the SABC resulting from their adoption of the OCAM Plan are examined on a comparative basis. The phenomena which were observed - i.e, accounting practices followed and attitudes to the Plan manifested in both companies appear consistent with the four value dimensions of accounting culture identified by Gray (1988) as professionalism, Conservatism, Secrecy, and Uniformity. As such, they are analysed and explained in this context.

Professionalism

Professionalism has been defined in terms of a preference for the exercise of individual professional judgement and the maintenance of professional self-regulation as opposed to compliance with prescriptive legal requirements and statutory control.

There are several reasons why the CDC could be considered as having displayed a higher degree of professionalism than the SABC. Although by

Cameroonian standards, both companies are well managed and employ large numbers of qualified Cameroonian and expatriate management and supervisory staff, the CDC accountants were of relatively higher calibre. About 5% of all qualified UDEAC approved accountants in Cameroon having the status of "chartered/certified accountant" work for the CDC. By contrast, there were no fully qualified accountants of similar status at the SABC. The latter's élite accountants were holders of the "Diplome d'Etudes Comptables Supérieures" or graduates of the "Ecoles Supérieures de Commerces". This feature is peculiar to most Francophone companies since the Experts-Comptables are generally engaged as independent public practitioners.

The SABC case study was conducted about a decade after it had adopted the OCAM Plan. Interviews with long serving personnel indicated that the transition was achieved with little difficulty. It was explained that the conversion process was without any significant resistance for several reasons. For instance, OCAM was developed from the 1957 French Plan which the company was already using. Hence, there was some familiarity with both the accounting terminology and the idea of uniform codes. Secondly, some well-written texts on how to change French based corporate accounting systems to the OCAM model had already been published. A further reason is that some computer software packages on automated OCAM systems had also been developed and were at the company's disposal. A final reason concerns the early educational reforms in Francophone Cameroon during the 1970s which gave OCAM an entrenched grip on all accounting courses at secondary schools, technical and teacher training colleges, professional schools and universities. The SABC almost exclusively recruits graduates of these institutions to occupy various grades of accounting positions from book-keepers and technicians to chief accountants. Such personnel may naturally be inclined to see OCAM rules as the only authentic accounting principles which confer legitimacy, credibility and rationality to organisational decisions based on them.

By contrast, following the adoption of the Plan at the CDC, many accountants began to nurse suspicions and distrust for the rationales behind key OCAM concepts. In particular, there was some dissatisfaction with the OCAM notions of value added, revenue recognition as well as rules for income measurement and asset valuation. There was also a general awareness of the clash between economic concepts and accounting principles which was discussed in Chapter Seven. For instance, the recognition of unsold production (output stocked) and capital expenditures in respect of plantation development or fixed asset formation for internal use as constituents of revenue, wealth created or value added were considered unusual and controversial from an Anglo-Saxon perspective.

This issue is of major concern to the company because it carries out extensive capital work for plantation maintenance such as clearance of land, irrigation work, erection of flood barriers, dykes and so on which are not required to be charged against profit directly. Rather, they are treated on the revenue side of the income statement as production which increases wealth or value added and profit ultimately. The same treatment applies to capital expenditures incurred in raising a plantation from nursery to maturity. Such expenditures are dealt with as constituents of income for the years in which they were incurred. Many CDC accountants expressed the view that the inclusion of all production for an accounting period as revenue, irrespective of whether or not it has been sold is irrational because this would incorporate elements of unrealised revenue.

Also, for the first time since independence, Cameroon was experiencing an acute economic crisis. This exacerbated the distrust of OCAM principles. For example, the OCAM requirement that output stocked be valued at production cost whereas output sold is valued at selling price was seen to impose serious distortions on the measurement and meaning of value added and the profit derived from it. The CDC was operating under very adverse environmental conditions during the late 1980s - i.e. an economic crisis characterised by sharp drops (exceeding 50% in some cases) in the prices of agricultural and primary products or raw materials on the world market. The CDC board of directors took some austerity measures intended to drive down production costs after explaining the situation to various plantation workers' unions. The directors proposed two options to the workers' union - i.e either a massive lay off of staff or a drastic reduction in fringe benefits and salaries. The workers accepted the latter option in preference to staff redundancy. Despite these measures, the gap between production costs and market values still seemed wider than ever previously experienced. Consequently, the company considered it unfair and unrealistic to value stocks of unsold output (a constituent of revenue) at production cost at a time when production cost was over twice as high as selling price since this would have artificially overstated the reported profit. As a result, the company violated the Plan by opting for valuation at the lower of cost and net realisable value.

From a mainly dialectical stance, the opinions of SABC accountants and financial executives were sought on the same issue. Most of them found it hard to see the alleged flaw in OCAM measurement principles. Also, it subsequently became clear that part of the problem may be attributed to the different conceptual and terminological perspectives inculcated into practitioners whose training was based on two different accounting traditions. The relevant issues at stake here are the conceptual and linguistic ambiguities associated with conventionally accepted equivalent terminologies in respect of accounting terms such as "income" and "revenue" in both the English and the French languages. Both terms are often translated in authoritative English versions of the OCAM Plan and the French Plan Comptable as "produits" which could equally mean production or output produced. Unlike the British sales oriented approach, income is derived from production under the OCAM model. This may have hindered the SABC accountants from recognising or appreciating some of the conceptual flaws raised by their CDC counterparts - a situation which could particularly have been exacerbated by the non-existence of precise or equivalent terminologies.

Another important shortcoming of the OCAM Plan which was raised by the CDC accountants relates to accounting standards. Apart from the rules dealing with data classification and presentation formats, the OCAM Plan was considered as either silent or inadequate on many issues which are so effectively dealt with in considerable detail by Anglo-Saxon accounting standards - e.g. accounting for research and development, goodwill, hire purchase, extraordinary and exceptional items and so on. This was not a commonly held view amongst the élite SABC accountants who felt that OCAM principles were adequate for their operations.

Exhibit 10.2 highlights some of the distinctive features of professionalism which have so far been considered on a comparative basis. In summary, it was noted that the CDC accountants showed some resistance to the adoption of the Plan which resulted in the failure of the first conversion attempt. They demanded clarifications on the rationales behind key OCAM concepts. They also recognised the clash between economic concepts and accounting principles and in some cases even violated OCAM rules on grounds of the need to show a true and fair view. These observations support the conclusion arrived at here that they displayed a much higher degree of professionalism than their SABC counterparts.

Exhibit 10.2.

Contrasts in traits of professionalism manifested in the CDC and the SABC

CDC	SABC
* More professionally qualified accountants	Mainly part qualified accountants and business school graduates
* Awareness of a clash between economic concepts and accounting principles	No significant conceptual flaw in OCAM rules
* Questioned the rationales for OCAM rules	OCAM rules seen as authentic accounting principles
* Distrust of many OCAM rules	OCAM principles confer legitimacy and rationality to accounting information based on them
* Violation of some OCAM rules on of a true and fair view	Strict adherence to OCAM principles

Conservatism

Conservatism relates to the preference for a cautious approach to measurement so as to cope with the uncertainty of future events as opposed to a more optimistic laissez-faire or risk taking approach. There were significant contrasts in the attitudes of the two companies toward the conservative design of the OCAM Plan. Ample evidence of this including relevant references to practices in corporate reports are considered in this discussion.

One major aspect of conservatism here concerns accelerated depreciation practices. In Cameroon, Ordinance No. 85-1 of 29 June 1985 requires the compulsory revaluation of fixed assets of all undertakings with a turnover exceeding 200 million CFA francs. This Ordinance also allows accelerated depreciation of the revalued fixed asset (Touche Ross, 1987, p.4). As pointed out by Nobes (1988, p.47) the use of accelerated depreciation in financial accounts is an example of overprovision implying heavy depreciation charges to the profit and loss account. This practice is a clear evidence of strong conservatism in income measurement. The SABC consistently implemented the provisions of Ordinance No. 85-1 since it was enacted.

However, it is interesting to note that the CDC always violated this ordinance and did not apply any of its provisions. Touche Ross, the CDC auditors, tacitly concurred with this violation by declining to issue an appropriately qualified report. But the issue was fiercely contested by tax inspectors and statistical engineers. When it was becoming clear that the CDC would be a prime target for legal action by these regulatory agents, the auditors finally qualified the accounts in the 1988 financial year. They indicated in their report that the company was liable to a fine of 2% of its annual turnover together with special revaluation taxes retrospectively from the date the law came into force and until the revaluation was undertaken. The auditors also stated in their report that no provisions were charged to the accounts in respect of these contingencies.

It is not clear whether a tax dispute in this regard is likely to be successful. All the same, the company has filed an application for a waiver. It was disclosed in the notes to the accounts under contingent liabilities (CDC, 1987, p.41) that the company's liability in the event of a waiver being refused is estimated at 81 million CFA francs. Again, no provision was made for this in the accounts since it was only disclosed as notes.

Similarly, several other contingencies, some of which in the opinion of Management were likely to materialise, were only disclosed as notes rather than actually charged to the accounts. This includes pending law suits concerning land disputes and various claims involving former members of staff all estimated at 1.5 milliard CFA francs. It was disclosed in the notes to the accounts that, in the opinion of Management, any losses that might arise cannot exceed 15% of these claims and no provisions were made in respect of these items. This practice is contrary to the conservative design of the OCAM Plan. The Plan requires these provisions to be made and disclosed because secret reserves are not allowed (Touche Ross, 1987, p.10).

In order to appreciate the extent of CDC opposition to conservatism, it is essential to note the range of provisions required to be charged against profit and disclosed under OCAM principles as shown in Exhibit 10.3. It is also important to note that, since both the CDC and the SABC are in different industries and facing different types of risks and operational hazards, the relative extents of conservatism manifested by the two companies could only be appreciated when assessed in terms of the range of provisions actually charged to the accounts rather than those merely disclosed as notes.

Exhibit 10.3

Provision for Risks and Contingencies Required by the OCAM Plan

STANDARD MODEL

Period ____________________ TABLE 6

Business Name ____________________

ADM. ONLY | 1 | 1 | 0 | 0

TABLE OF PROVISIONS

No GAP	HEADINGS	Line	Opening balances of provisions accounts 1	Provisions made during the period (or other increases) Deductible 2	Non deduct. 3	Provisions written back (or other decreases) Deductible 4	Non deduct. 5	Closing balances of provisions a/c 6
013	Regulated provisions :	01						
013	Gains on dispos. to be reinvest	02						
019	P. for long term liab. & contin.	03						
029	P. for loss in val. of fixed and long term assets	04						
039	P. for loss in val. of stocks	05						
049	P. for losses in respect of third party accounts	06						
059	P. for losses in respect of financial accounts	07						
	TOTAL : lines 1 to 7	08						

PARTICULARS OF DEDUCTIBLE PROVISIONS

NATURE	REASONS	AMOUNTS

Based on this yardstick, the *prima facie* conclusion is that the SABC displayed a stronger affinity for conservatism than the CDC.

Their financial statements incorporated built-in "shock absorbers" in the form of various provisions for risks and contingencies. Unlike the CDC, the SABC charged all the provisions required by the Plan in conformity with the format in Exhibit 10.3. This was analysed in detail both qualitatively and quantitatively on pp.22-30 of their 1988 annual report, some extracts of which are shown untranslated in Exhibit 10.4. As a summary, they cover the following issues;

* Pending law suits by employees, clients and third parties.

* Industrial risks.

* Accidents and production losses.

* Changes in environmental (economic/operational) conditions.

* Fluctuations in the price of malt.

* Possible losses in value of various assets including stocks of raw materials and stores.

Exhibit 10.4

Provisions for Risks and Contingencies in the accounts of the Société Anonyme des Brasseries du Cameroun

— les dotations aux provisions pour dépréciation de l'Actif circulant portant sur :

• le stock de matières premières et consommables	21 033 602	
• le stock de pièces de rechange	943 278 819	
• le stock d'emballages	1 077 396 109	
• les fournisseurs débiteurs	9 224 740	
• les comptes clients	205 102 150	
• les débiteurs divers et le personnel .	98 454 928	
• les prêts aux clients et fournisseurs.	3 320 076	
		– 2 357 810 424

Report F. CFA		13 545 452 59(

La dotation pour dépréciation du stock d'emballages couvre exclusivement la différence entre le prix d'achat et le prix de consignation pour les achats d'emballages de l'exercice.

— les dotations aux provisions pour dépréciation de l'Actif immobilisé		– 10 784 82
— les dotations aux provisions figurent au Passif du Bilan concernant :		
• le litiges	69 098 814	
• les risques industriels	270 000 000	
• l'évolution des conditions d'exploitation	3 312 600 000	
• les fluctations du prix du malt..........	823 140 000	
• les indemnités de départ à la retraite	134 953 532	
• l'épuration en cours du stock d'emballages	416 755 230	
		– 5 026 547 5'

Exhibit 10.4 (continued)

Provisions for Risks and Contingencies in the accounts of the Société Anonyme des Brasseries du Cameroun

		Variations	Sous-Totaux	Valeurs Nettes au 30 juin 1988
Report F. CFA				54 611 715 918
Ce chapitre s'analyse comme suit :				
— au titre des risques divers			2 203 524 971	
en diminution par reprise de ...... pour ajustement aux risques couverts.	−	756 475 029		
— au tire des litiges			339 680 048	
• en augmentation de .... par dotations de l'exercice en raison de litiges en cours avec des clients, des tiers ou du personnel.	+	69 098 814		
• en diminution de .... par reprise de provision constituée sur d'anciens litiges avec la clientèle tranchés en faveur de SABC.	−	75 000 000		
— au titre des risques industriels			2 450 000 000	
• en augmentation de .... par dotation de l'exercice.	+	270 000 000		
— au titre des risques accidentels de perte de production			1 112 400 000	
• en augmentation de .... par dotation de l'exercice.	+	12 400 000		
— au titre de l'évolution des conditions d'exploitation			3 312 600 000	
• en augmentation de .... par dotation de l'exercice.	+	3 312 600 000		
• en diminution de .... après reprise de la provision constituée lors de l'exercice précédent et enregistrement dans les charges réelles des risques antérieurement provisionnés.	−	1 938 000 000		
au titre des fluctuations du prix du malt			2 628 140 000	
• en augmentation de	+	823 140 000		
A reporter F. CFA				54 611 715 918

Also, it was noted that, one very important reason for the strong conservatism in the design of the OCAM Plan itself is the treatment of unrealised wealth, fixed asset formation for own account or stocks of unsold production as constituents of revenue. This makes it imperative to recognise the contingencies associated with such items at the same time (e.g. effects of inflation, obsolescence, price fluctuations or fall/loss in value of stocks and assets already recognised as production and revenue). This point may also explain the frequent write-offs and write-backs of large amounts between relevant accounts in accordance with the outcomes of the contingencies. The dilemma arising from the need to strike an equitable balance between the recognition of both unrealised revenues and their associated contingencies seems to be the price that the OCAM Plan has to pay for attempting to measure production or wealth in an economic sense without simultaneously impairing fundamental accounting concepts of fairness and prudence.

Secrecy

Secrecy refers to a preference for confidentiality and the restriction of disclosure of information about the business to those who are closely involved with its management and financing as opposed to a more transparent, open and publicly accountable approach.

In Chapter 5, it was seen that the OCAM Plan imposes very extensive mandatory disclosures, some of which could be viewed as sensitive or a potential cause of competitive disadvantage. It was also noted that the Department of Statistics and its provincial teams of statistical engineers and technicians vigorously monitor compliance by all companies within its jurisdiction. In cases where the mandatory items are not disclosed, the reports are rejected and fines may be imposed.

This tight regulatory framework seems to have caused both the CDC and the SABC to adopt two or three-tier reporting policies whereby different reports are prepared for shareholders and the Government with double standards in extent of disclosure and choice of measurement rules. In addition to the DSF, the SABC prepares a second annual report for Cameroonian shareholders which includes only the main financial statements in summary form. Essentially, this comprises a few DSF tables which are condensed and devoid of extensive qualitative notes, segmental information or accounting policies. A third report which complies with the French Plan Comptable is prepared for its French shareholders.

The CDC annual report intended for shareholders contained more extensive disclosures with qualitative notes to accounts, accounting policies, statements of future prospects and management strategy, line of business review of operations, line of business production in volume and monetary terms, graphical illustration of production trends for the past ten years, information on welfare services, strikes and industrial relations matters etc. amongst other issues. While this report did not cover all OCAM mandatory items, the extent of disclosure was relatively very high. On this basis, it is concluded that CDC reporting is more transparent than that of the SABC.

Uniformity

Uniformity has been defined in terms of a preference for the enforcement of uniform accounting practices between companies and for the consistent use of such practices over time as opposed to flexibility in accordance with the circumstances of individual companies.

The initial resistance to the introduction of the OCAM Plan at the CDC which was noted earlier is consistent with opposition to uniformity. It was observed that many CDC accountants expressed serious concern for and demanded clarification on the theoretical foundations of key OCAM principles. The company even went as far as violating some of the Plan's provisions. Unlike their counterparts who were interviewed at the SABC, some CDC accountants aggressively pointed out the demerits of the system. One irate accountant expressed the following opinion;

> ... I think that we are the guinea pigs of a French accounting experiment ... we hear that they have now revised their own Plan Comptable by including some OCAM concepts...

However, at the SABC, the accountants did not express any significant reservations or question the authenticity of OCAM principles. As the "chef comptable" or chief accountant puts it;

> Nous n'avons aucune objection concernant les principes du Plan OCAM ... leurs implications ont été prises en considération par les savants qui ont établi le Plan ...

i.e,

> We have no objection to accounting rules in the OCAM Plan ... we feel that their implications had been taken care of by the knowledgeable experts who drew up the Plan ...

These observations tend to support the view that the CDC advanced a much stronger opposition to uniformity than the SABC. But further investigations revealed that the whole idea of uniformity in OCAM accounting is more apparent than real, at least within the CDC and nearly all the multinational enterprises whose chief financial officers were interviewed on the issue. For instance, there appears to be considerable freedom in the design of cost accounting systems and in the choice of income measurement and asset valuation rules. The CDC did not change its long-established cost accounting system. Periodically, control accounts were used to reconcile the cost accounts with the results generated by the OCAM based financial accounting system.

The OCAM Plan emphasises the classification of expenses by nature rather than cost centres. This means that further data analysis by cost centre will be necessary in order to provide information for overhead apportionment, pricing policies, production analysis and resource planning or other management accounting decisions. Such information could only be obtained by further analysis outwith the framework of the OCAM Plan.

A similar observation was noted at the SABC where the management accountant made the following remark;

> ... L'utilisation du Plan OCAM ne nous empêche pas de tenir aussi une comptabilité analytique de gestion

i.e.

> ... The use of the OCAM Plan does not hinder us from maintaining also an elaborate cost accounting system.

Both companies ignore OCAM cost accounting rules on the grounds that they are inexhaustive or inappropriate for their operations. The Plan itself acknowledges this deficiency and gives companies the freedom to design whatever management accounting system they consider appropriate. As a result, the arguments by Mueller (1965) and Scott (1970) that the conceptual bases of uniform accounting and managerial accounting seem incompatible because the rigidities of the former tend to limit the flexibility so essential to the latter do not prove applicable to the OCAM Plan.

Most financial directors and accountants in Anglophone companies explained that OCAM had very little impact on their work. This is because they continue to maintain their Anglo-Saxon accounting systems and only submit their books to a UDEAC Approved Accountant, at the end of the financial year, to reorganise the data such that they dovetail into the DSF format. The data reorganisation is undertaken by sorting out the items according to the OCAM codes while at the same time ensuring consistency with the OCAM nomenclature system and industrial classification. Also, several practising accountants and three lecturers at the University of Yaoundé who were interviewed expressed the view that OCAM is merely a classification and presentation tool intended to facilitate the extraction of relevant data for national statisticians and economic planners. The following comment was made by one of them;

> ... I see OCAM as a classification device. I cannot understand all this fuss about a simple issue. All I have to do is reorganise my clients' records to fit the OCAM codes in the DSF ....

The accountants disclosed that they charge between 100, 000 Frs. CFA and 500,000 Frs. CFA for this service, depending on the size of the company. However, it was noticed that it is extremely difficult if not impossible to prepare a DSF report with the required precision in data classification in a large company if the initial entries in the books were not made in accordance with OCAM principles.

The above views taken by accountants and academics tend to suggest that companies may use any measurement standard which they consider appropriate. This problem is compounded further by the fact that the statistical engineers who are responsible for enforcing compliance are only interested in the arithmetical accuracy of the data and consistency with the Standard Industrial Classification. The accounting standards used to generate the data are immaterial to them due to their lack of expertise in this area. The engineers are trained at the "Institut de Statistique, de Planification et d'Economie Appliquée de Yaoundé" (INSPEA). The accounting component of their training is based on the OCAM Plan. Hence their ability to understand, let alone assess Anglo-Saxon accounting standards which are not even required to be disclosed in the DSF report is questionable.

The same problem is applicable to auditors to some extent. There are approximately 350 UDEAC Approved Accountants in Cameroon at the moment. Only 15% of these have the status of "chartered/certified accountant" or "expert-comptable". The remainder are designated as "Comptables Agréés" or Accounting Technicians. Both categories of accountants are empowered to practise as statutory auditors or "Commissaires Aux Comptes". It is very doubtful as to whether or not a Comptable Agréé is capable of expressing a professional true and fair view opinion on financial statements by virtue of his training.

In summary, the foregoing discussion supports the view that the CDC accountants showed a much stronger opposition to uniformity than their SABC counterparts. Another important finding here is that the type of accounting uniformity advocated by the OCAM Accounting Plan and propagated in the works of some writers is more apparent than real. There is an unconstrained flexibility in the design of cost accounting systems and the choice of measurement rules. Uniformity and rigidity are only restricted to the format of the DSF report required by the government. There is also considerable flexibility in the choice of accounting policies in the reports intended for shareholders. Companies which voluntarily opt for Anglo-Saxon type audits in addition to the compulsory statutory audit may be motivated to comply with

Anglo-Saxon standards in order to avoid a qualified report. These facts seem to conjure up an illusion of uniformity in OCAM Accounting from a practical point of view.

10.4 CULTURAL RELATIVISM AND ACCOUNTING UNIFORMITY: A CYBERNETIC PARADIGM

The findings of the case studies reported in this chapter tend to support a much higher extent of professionalism and stronger opposition to uniformity in the CDC than in the SABC. There was also some evidence of stronger conservatism and secrecy in the SABC than in the CDC. Given that the latter companies are mainly managed by Francophone Cameroonians and Anglophone Cameroonians respectively, these results do not consistently follow the cultural determinism models which postulate a direct linkage between societal culture and accounting values. Hofstede's original survey results included separate but broadly similar scores for East African and West African values which, according to the cultural determinism models, also imply broad similarity in accounting values. It is proposed here that the mismatch evidenced by the dichotomistic accounting values of the Anglophone and Francophone Cameroonians could be explained in terms of exogenous influences within the framework of a cybernetic model.

The term cybernetics was first introduced by Norman Weiner as a metaphorical application of the Greek word "kubernetes" which means "steersmanship". It was often associated with regulatory balances in the navigation and control of boats whereby regulatory feedbacks (say manipulating a rudder) might bring an off-course boat into balance. The functioning of a thermostat in maintaining a self regulatory balance in room temperature and numerous other engineering and physiological examples (say homeostasis or osmo-regulation) are well-known cybernetic phenomena.

In the present context, the idea of a cybernetic paradigm is visualised from a purely metaphorical perspective in conformity with Morgan (1986). It is seen in terms of the balance which should exist between the nature of an accounting system and the environmental settings in which it is embedded, which shape or influence it. The model is completely specified in Exhibit 3.5 which was developed by Gray (1988) based on the work of Hofstede (1980). It suggests that, should any disturbance or exogenous influence be imposed on an accounting environment or system, then appropriate stabilising or corrective feedbacks such as the ensuing ecological and institutional influences will come into play in order to restore and reinforce the balance between the accounting system and the environment in which it operates. In this case, the exogenous influences are French and British colonial conquests, trade and foreign direct investment.

The backdrops of French and British colonialism in terms of the educational, administrative, legal or other institutional structures appear to have profoundly distorted and overridden the indigenous values of élite Cameroonians who trained under these systems. Hence this model not only provides a plausible explanation for the resistance to change at the CDC but also the contrasting accounting values of the CDC and the SABC.

10.5 CONCLUSION

The findings of the case studies reported in this chapter may serve as corroborative evidence in support of some of the questionnaire survey results in Chapter 9. This relates particularly to Professionalism, Secrecy, and Uniformity. Both modes of inquiry revealed significant contrasts concerning these values for both Anglophones and Francophones.

The only significant inconsistency between the findings of the case studies and those of the questionnaire survey was in the case of Conservatism. The questionnaire survey results indicated that the Anglophone Cameroonian group had a slightly higher Conservatism score than the Francophone Cameroonian group whereas the case studies revealed some unobtrusive and other qualitative evidence indicating a much stronger extent of Conservatism at the SABC (a Francophone company) than the CDC (an Anglophone company)..

This implies that, by and large, there are no absolute advantages or disadvantages of the OCAM Plan as suggested in the literature (e.g. Enthoven, 1973). Rather, the way individuals perceive most of the Plan's pros and cons are largely contingent on their own accounting sub-culture values.

In the case of the CDC, all four accounting values served as impediments to the implementation of the Plan. The high professionalism, weak conservatism and strong opposition to uniformity are consistent with the initial resistance to the introduction of the Plan and the subsequent violation of some of its rules. Although the CDC corporate reporting was more transparent than that of the SABC, secrecy as an accounting value nevertheless also proved an impediment to the implementation of the Plan in both companies as evidenced by their two or three-tier reporting tactics.

Further, unlike the attitudes of the CDC accountants and financial executives, three of the four accounting values of the SABC (weak professionalism and strong affinity for uniformity and conservatism) appear to be more positively in tune with the characteristic features of the OCAM Plan and may have fostered its implementation without resistance.

In summary, the contrasts in the values of the Anglophones and Francophones noted in both the questionnaire survey and the case studies tend to suggest that the French and British accounting sub-culture values may have overridden those of the Cameroonian financial executives and accountants. Another important lesson arising from this study is that, the OCAM Plan can best be implemented in a large company by following all the main stages of computer information systems analysis and design. Given the volume of clerical work generated by the elaborate OCAM classification and codification systems, the costs of operating a manual system in a large company would certainly outweigh the benefits. Allied to the adoption or development of an automated OCAM system are also the wide range of behavioural and technical problems generally associated with systems analysis and design. For instance, the CDC case study revealed some effects of intraorganisational power structures and culture on the system design process.

A final interesting finding of the case studies noted earlier is that, in many respects, the type of accounting uniformity advocated by the OCAM Plan is illusory. The implications of this point in terms of corporate reporting, accounting standardisation, company auditing, prospects for harmonisation, the role of professional bodies and new challenges for institutional regulatory mechanisms and education amongst other issues warrant further analysis and discussion. These are considered in the next chapter.

CHAPTER ELEVEN

CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This chapter sums up the entire dissertation by restating the key objectives of the project and explaining how the stated objectives were attained. A summary of the methodology, main findings, implications and limitations of the study and some suggestions for further research and future revisions of the OCAM Plan are provided.

11.1 BACKGROUND TO THE PROJECT AND MAIN OBJECTIVES

Modern Cameroon is unique in Africa in that it arose from a merger of two separate territories namely East Cameroon and West Cameroon which were respectively under French and British colonial rule. Following the independence and subsequent re-unification of the two territories, harmonisation of the colonial French and British legal, educational, administrative and accounting systems became a major cause for concern. Cameroon later became a member of the Central African Customs and Economic Union (UDEAC) which adopted the OCAM Accounting Plan, a system of uniform accounting. Pressures for the harmonisation of the French and British accounting systems in Cameroon arose mainly from UDEAC Acts which were incorporated into Cameroon law and required all companies to implement the OCAM Plan.

In Chapter 1, it was stated that the aim of this project is threefold. The first objective was to investigate whether or not the characteristic features of the OCAM Plan are compatible with indigenous cultural values. The importance of this objective was viewed mainly in the context of the works of writers such as Alhashim and

Garner (1973), Perera (1989), Perera and Mathews (1990) and Belkaoui (1990, 1991) who had advanced postulates for localised uniformity in accounting and normative assessments of circumstances under which it might be desirable for a country to adopt a system of uniform accounting. It therefore became necessary to carry out further empirical studies in order to determine whether or not their assertions can be accepted or refuted.

The second objective was to investigate the implementation problems associated with the OCAM Plan. This was considered important because several variants of the Plan have emerged in many African countries. As such, it was felt necessary not only to understand the factors which may have inspired the evolution of these variants but also for potential adopters of the Plan to be mindful of its merits, demerits and implementation bottlenecks. The significance of this objective can also be viewed in a wider context in that the African Accounting Council's harmonisation project is almost entirely based on the OCAM Plan and the United Nations Industrial Development Organisation has recommended the Plan for other developing countries.

The third objective of the project was an inquiry into the factors which affect compliance with the disclosure recommendations of the OCAM Plan by both domestic and transnational companies. This was considered to be important because OCAM disclosure provisions are more extensive than those of other documents of its kind around the world and only comparable in scope to the very extensive United Nations proposals which could not be agreed upon or implemented successfully.

Seven hypotheses concerning relationships between cultural relativism, accounting uniformity and corporate information disclosure were derived from the aforementioned objectives in Chapter 7.

11.2 METHODOLOGY AND LIMITATIONS

The research design involved some degree of triangulation - i.e., both naturalistic (case study) and scientific (questionnaire survey) approaches were used to study the same problem. Case studies of the implementation of the OCAM Plan were undertaken in two large Cameroonian companies (Cameroon Development Corporation - CDC and Société Anonyme des Brasseries du Cameroun - SABC) which are located in the Anglophone and Francophone provinces of the country respectively. The case studies employed a combination of unobtrusive measures and semi-structured interviews (i.e. within method triangulation). The unobtrusive measures related mainly to attitudes manifested in archival records such as company reports, accounting manuals and internal memos. These are unobtrusive because they portray some attitudes which are characteristic of the record keepers and, at the same time, eliminate reactivity problems (ie, problems arising from the behaviour of an individual who is aware of being observed).

Between method triangulation was achieved by combining the case study approach with a positivist (questionnaire survey) mode of inquiry. The assessment of each of the four value dimensions of accounting culture identified by Gray (1988) - i.e professionalism, secrecy, conservatism and uniformity is essentially a problem of attitude measurement. A questionnaire was designed to include attitude statements denoting the constructs or manifestations of each of these accounting values.

Following a methodological recommendation of Henerson et al (1987), the comments of some "judges" - i.e. members of staff and fellow research students were taken into account in order to refine the instrument and improve its construct validity (i.e, the extent to which it measures the attitudes it purports to represent). Both the case study and questionnaire survey approaches adopted here have some important limitations which will now be reviewed. A summary of the main findings of the study is presented in the next section.

A major limitation of the research methods utilised in this study relates to validity problems. Case study modes of inquiry generally have high external validity, low internal validity, and are often confined to small sample sizes (in this case only two companies). Another problem with the case study approach is that they are very time-consuming and researchers usually rely on their own subjective judgement in interpreting or making sense out of field data.

Although Kaplan (1983, p.703) advocated such naturalistic or interpretive methodologies as a means of resuscitating management accounting from its alleged crisis of relevance, he also acknowledged three major problems associated with this approach: (i) it is not the dominant mode of inquiry in accounting research; (ii) longer time frames are required for recognisable results and (iii) the academic respectability of non-scientific research and the criteria for evaluating its quality.

Questionnaire surveys on the other hand relate to large sample sizes. Hence they are generally characterised by relatively high internal validity and low external validity. In the present study, both internal and external validity threats were largely reduced by "between" and "within" method triangulation. A major limitation of the questionnaire survey component of this study concerns the construct validity of the research instrument - i.e. the extent to which it measures the attitudes it purports to represent. Although this problem was alleviated by taking the opinions of some "judges" into account in conformity with the methodological advice of Henerson et al (1987), its overall impact on the results cannot be ruled out entirely.

One important source of construct validity problems is the different connotations associated with some concepts or technical terms such as "income", "value added", or "gross profit" under the French and Anglo-Saxon systems. This problem is compounded further by the Whorfian hypothesis that different cultural and linguistic backgrounds lead to different ways of perceiving the world (Belkaoui, 1990, Belkaoui and Picur, 1991). This is an important limitation because it makes it difficult and ambiguous to determine whether or not the issues under investigation mean the same thing to all respondents, irrespective of their linguistic backgrounds. The overall impact of these conceptual and linguistic problems were alleviated by having the research instrument translated professionally into French and subsequently back-translated into English and reviewed by some bilingual accountants in Cameroon before the final version was produced. However, it is impossible for the impact of these problems of linguistic "equivalence" to be ruled out completely and it is likely that they may have inevitably accounted for some of the differences in the opinions of the Anglophone and Francophone respondents.

Another important limitation of this study is its reliance on the works of Hofstede (1980) and Gray (1985, 1988) in operationalising the concept of culture. The societal values identified by Hofstede and the accounting values identified by Gray are probably not the only plausible ways of considering the notions of societal and accounting culture. These researchers operationalised the concept from a "macro" or national point of view [or what Adler (1983) calls the "culture general" approach]. The main limitation of this approach is that, by emphasising only broad and structured relationships which can be extrapolated at the national or macro-level, the studies are in danger of missing out important unique manifestations of culture at the micro-level.

A further limitation relates to the assumption that inferences on values, attitudes and behaviour can be derived from responses to a questionnaire. This point was also raised in a critique of the works of Hofstede (1980, 1987) and Schreuder (1987) by Montagna (1987). Hofstede and Schreuder (1987, p.20) acknowledged it in a joint reply to Montagna's critique thus:

> ... Such an assumption, we believe, is a positivistic fallacy. People do not always mark on a questionnaire what they really think (they often do not even know what they really think) and they do not always do what say or write or even think they will do. However, our research focus, like that of most others, has been on differences between scores which in some way indicate differences in values and differences in behaviour. The feasibility of such inferences should be shown by proven relationships between differences in questionnaire scores - aggregated at the proper level, in our case mostly national - and differences in measures of collective behaviour at the same level. This is what represents true validation of a questionnaire about values and ideas.

A final major limitation of the questionnaire survey, the impact of which was not assessed here, is the reliability of the research instrument. Reliability in this context refers to the assumption that different administrations of the instrument will yield the same result. In general, a reliable measure is not necessarily valid although validity is a precondition for reliability.

11.3 SUMMARY OF RESULTS

The first objective of this study was to assess whether or not the characteristic features of the OCAM Plan were compatible with indigenous cultural values. The findings of the case studies and the questionnaire survey indicate a broad dichotomy between the accounting values of the French/Francophone Cameroonians on the one hand and those of the Anglo-American/Anglophone Cameroonians on the other. The only significant inconsistency between the results of the case study and those of the questionnaire survey was in the case of Conservatism. The questionnaire survey results indicated that the Anglophone Cameroonian group had a slightly higher score than the Francophone Cameroonian group whereas the case studies revealed some unobtrusive and other qualitative evidence indicating a much stronger extent of Conservatism at the SABC (Francophone company) than at the CDC (Anglophone company). These results led to the conclusion that, by and large, there are no absolute advantages or disadvantages of the OCAM Plan as suggested in the literature. Rather, the way in which individuals perceive its pros and cons appears to be largely contingent on their own accounting sub-culture values.

Overall, the results indicate that the design of the OCAM Plan is more positively in tune with the values of the French/Francophone Cameroonian groups than those of their Anglo-American/Anglophone counterparts. Whilst this appears inconsistent with the linkage between accounting and societal values postulated by Gray (1988), it was argued that the mismatch could be explained by the backdrops of French and British colonialism in terms of the educational, administrative, legal or other institutional structures which may have distorted and swamped the indigenous values of élite Cameroonians who trained under these systems.

The second objective of the study was to investigate the implementation problems associated with the OCAM Plan. The results indicate that all four accounting values served as impediments to the implementation of the Plan in the CDC. In this regard, the case studies showed some support for the Markus and Pfeffer (1983) hypotheses that an accounting and control system will be implemented without resistance and system failure to the extent that its design is (a) consistent with other sources of power in its implications for the distribution of power; and (b) consistent with the dominant organisational culture and paradigm in its implications for values and beliefs. In the CDC case study, it was found that tensions arising from incompatibilities between the design of the OCAM Plan and the existing intraorganisational power structures as well as cultural values constituted a major impediment to the change.

The third objective of the study was to investigate the factors affecting compliance with the OCAM disclosure provisions. The questionnaire survey results reveal that all the groups of respondents had broadly similar perceptions of significant net costs associated with some of the more sensitive OCAM mandatory disclosures. This means that all the groups showed some evidence of secrecy although, overall, this was slightly stronger in the case of the Francophone and French groups. This point was also confirmed by the two-tier reporting tactics adopted by most companies whereby separate reports are prepared for the government, domestic and foreign shareholders with different extents of disclosure.

The relatively high degree of professionalism and strong opposition to uniformity and conservatism manifested in the CDC were major obstacles to the implementation of the OCAM Plan. The CDC accountants showed a general awareness of a clash between conventional accounting principles and economic concepts in the design of the Plan. They also expressed some dissatisfaction with the Plan's production orientation, notions of value added, revenue recognition, capital maintenance and rules for income measurement and asset valuation. When the views of the SABC accountants were sought on the same issues it was noted that most of them found it hard to see the alleged flaws in OCAM principles. It subsequently became clear that part of the problem may be attributed to different conceptual and terminological perspectives inculcated into practitioners whose training was based on two different accounting traditions. These and other obstacles to accounting harmonisation identified in this study will be considered in the next section.

11.4 IMPEDIMENTS TO THE HARMONISATION OF ACCOUNTING PRACTICE IN CAMEROON

Linguistic Ambiguity

Linguistic problems appear to pose a major obstacle to the implementation of the OCAM Plan in companies and educational institutions in the anglophone provinces of Cameroon. The syllabuses and examination questions for all OCAM based courses are originally composed in French and translated into English for the anglophone candidates. The quality of these translations are neither consistently high nor satisfactory - and often results in meaningless examination questions for the English speaking candidates. It is not uncommon to find some "difficult words" and accounting terms which are left untranslated in English versions of examination papers. University students and teachers have coined the term "Cam Fran-Glais" to denote this ambiguous mixture of French and English. For instance, Ngoh (1986), a lecturer at the University of Yaoundé makes the following observation on the plight of anglophone accounting students:

> For the most part the CAP ["Certificat d'Aptitude Professionnel" or "Trade Certificate"] is strange to most of the candidates as the syllabus is more or less a photocopy of the francophone system with the only difference being that it has been translated into the English language. The candidates do not only have to think mentally like a francophone but they also have to deal with a syllabus of which most of the standard available textbooks are in French. ... It is no secret that officials who are responsible for translating questions from French into English often produce questions which are meaningless ... Anglophone teachers have no input as far as setting the syllabus and the questions are concerned.

It can be argued that even if the translations were of good quality, it would still be difficult to ensure an equitable uniformity or equivalence in the standard of the examination to both anglophones and francophones owing to two main reasons. The first problem relates to the Whorfian hypothesis that different cultural and linguistic backgrounds lead to different ways of perceiving the world (Adler, 1983; Belkaoui, 1990). A recent empirical study by Belkaoui and Picur (1991) provides some evidence in support of the assertion that individuals of different cultural backgrounds perceive the same accounting concepts differently. The second reason therefore concerns the different connotations associated with the same accounting concepts within the Anglo-Saxon and the French/OCAM models which may result in conceptual ambiguity. This point is considered more elaborately in the next section.

Conceptual Ambiguity

Conceptual ambiguity arises in cases where the translations appear to be of conventionally acceptable quality but the accounting terms have wider and different connotations within the French and the Anglo-Saxon accounting traditions. For instance, a conventionally accepted translation of the term "income" into French is "produits" which could also mean "revenue". Conceptual ambiguity arises here because, although these translations may be acceptable to professional translators, they are nevertheless actually based on two different concepts of income and capital maintenance.

One fundamental difference between the French (or OCAM) and the Anglo-saxon accounting principles relates to the concepts of income and revenue recognition. The French concept of income has a production orientation. This means that all production for an accounting period is treated as contributing to revenue irrespective of whether or not it has been sold (production sold, production stocked and fixed asset formation for own account). In contrast, the Anglo-saxon approach only recognises production which has actually been sold. A direct consequence of this difference can, for instance, be seen in the notions of gross profit under the two systems. The Anglo-Saxon approach requires that gross profit be calculated on the entire operations of a company. However, the OCAM (or French) concept of gross profit (marge brute) only relates to goods purchased from external sources for resale. It does not relate to a company's own internal production and hence companies with exclusively manufacturing activities are not required to calculate or disclose a gross profit in their financial reports for shareholders.

It is important to note here that the concept of gross profit has an Anglo-Saxon origin. It has never featured in any of the French Plans Comptables prior to the 1982 version which complies with the EC Fourth Directive (Capelle,1986; Kinzonzi, 1984; Beeny,1976, P.45). Most (1971) observes that opinions differ seriously concerning the meaning of the term in French accounting. Core et al (1971, p.28) point out that the concept of gross profit had been introduced in the OCAM Plan as a major innovation and that it had hitherto only been recognised in French managerial accounting.

A major difficulty with the OCAM/French approach is that production stocked is valued at production cost whereas production sold is valued at selling price (Core et al, 1971, p.37). This heterogeneity in valuation might distort financial results seriously in times of rising prices or in cases where the volume of production stocked is relatively more important when compared to sales.

There are of course several other technical terms which do not have precise equivalents in the English language. These relate to revenue, value added, extraordinary and exceptional items. For instance, the term "production déstockée" is used in OCAM/French accounting to denote the unsold production of a preceding accounting period which were included in the sales of the current accounting period. "Déstockage" is the popular term used by OCAM/French practitioners to describe this phenomenon. The equivalent terminology adopted in English versions of the Plan and official documents is "production issued" or "variation in stock". Such simplistic translations do not usually represent the same constructs and are bound to be ambiguous because they may reflect different contextual and conceptual meanings under the French/OCAM and the Anglo-Saxon accounting traditions. Unlike the French/OCAM model, the Anglo-Saxon model does not recognise unsold production as a constituent of revenue. However, since the French system recognises stocks of unsold production as contributing to revenue, it therefore becomes imperative to make provisions for the perceived risks and contingencies associated with them at the same time. This point was also observed by Scheid and Walton (1992, p.190) thus:

> At the year-end there will normally be situations where revenue or expense (and debtor and creditor) are not recognised although the circumstances make it probable that a revenue or expense will materialize. The prudence principle leads to an incorporation of the probable expenses in the accounts and French companies make a fairly extensive use of this, which is accepted by the tax authorities on the same basis.

Given such major differences, the anglophone accounting students and practitioners would be expected to surmount significant problems of adjustment to different cognitive and linguistic perspectives inherent in the OCAM Plan whose conceptual foundations are rooted in a French accounting culture.

The Illusion of Uniformity

It was made evident by the case studies in Chapter 10 that the type of accounting uniformity advocated by the OCAM Plan and propagated in the works of some writers is more apparent than real. There was evidence of an unconstrained flexibility in the design of cost accounting systems and the choice of measurement rules outwith the framework of the Plan. Uniformity and rigidity appeared to be restricted to the format of the DSF report required by the government. There was also evidence of considerable flexibility in the choice of accounting policies in the reports intended for shareholders.

Furthermore, a fundamental difference between the statutory audit which is normally undertaken by a *commissaire aux comptes* and the Anglo-Saxon true and fair view type audits which are undertaken by *experts comptables* or chartered accountants was noted. The latter is not mandatory and is usually required by subsidiaries of multinational companies. Companies requesting this type of audit may be compelled to comply with Anglo-Saxon standards in order to avoid qualified reports. This seems to be the main reason why most companies (especially those of Anglo-Saxon origins) consider the OCAM Plan as a mere data classification and presentation device intended to facilitate the work of national statisticians and economic planners. This illusion of uniformity in OCAM accounting implies an urgent need for further standardisation of accounting practice. Otherwise, companies will continue to have the option to choose from a diversity of accounting standards/practices and there will be little prospect of harmonisation, let alone uniformity.

11.5 THE DIFFUSION OF INNOVATION MODEL AND THE CYBERNETIC PARADIGM

It is argued in this section that the theory of diffusion of innovation falls within the cybernetic paradigm considered in Chapter 10 and may help to explain the role of cultural influences in assessing the relevance of Western accounting systems to developing countries.

Essentially, the cybernetic paradigm considers accounting systems as products of the environments in which they operate since they are expected to reflect the socio-economic, political or institutional settings of that environment. The model assumes that accounting systems are expected to adjust automatically to exogenous influences thereby restoring a balance with their environmental settings.

If the major Western accounting systems are thought of as innovations, then the theory of diffusion of innovation postulated by Rogers and Shoemaker (1971) may prove useful in explaining the ecological relationships between accounting systems and the environmental context in which they operate in conformity with the cybernetic model.

In this model, a clear distinction is made between the inventors (developed countries and the adopters (developing countries) of the new ideas or innovations. The process by which the innovation is communicated to , or flows from the inventors to adopters is known as diffusion of the innovation. This approach has previously been used in accounting research studies (e.g. Copeland and Shank, 1971; Comiskey and Groves, 1972). However, Harrison and McKinnon (1986) argue that most accounting researchers adopted a narrow and shortsighted mode of operationalising the model by ignoring the significance of culture and history in analysing accounting change processes. By incorporating both culture and history into the model, they provide an interesting case study demonstrating Japanese reactions to an accounting innovation which was conceived in a country whose cultural values are alien, incompatible or not in tune with those of the Japanese. They showed how allied forces (mainly US) who occupied Japan between 1946 and 1952 facilitated the diffusion of US accounting innovations such as the establishment of a self-regulatory Japanese Institute of Certified Public Accountants (JICPA), Securities Exchange Commission (SEC) and the Investigations Committee on Business and Accounting (ICBA).

These autonomous institutions with functional modalities parallel to similar institutions in the USA were incompatible with Japanese cultural values. For instance, Hofstede (1980) provides empirical evidence indicating significant cultural differences between Japan and the USA. One characteristic feature of Japanese culture is the general belief in the moral basis of the strong central government (consistent with high power distance). Other notable ones are high uncertainty avoidance, group solidarity, and team spirit or *esprit de corps* . These have proved more important in Japan than quests for individualism and masculinity which are peculiar to the USA and the UK.

Accordingly, it is not surprising that the Japanese experienced a culturally driven reaction phase to the diffusion of the alien innovation whereby the government subsequently seized control of accounting regulatory mechanisms , transforming the SEC and ICBAS into organs of the Ministry of Finance. The accounting profession was deprived of its self-regulatory powers as CPA exams were conducted by the state. The Ministry of Finance reserved the right to suspend or revoke CPA certificates. These and other reactions described by Harrison and McKinnon were unchallenged because they were in harmony with Japanese culture.

In an African context, the diffusion of innovation model can also be used to analyse the accounting developments in Egypt described by Samuel and Oliga (1982). Under British colonial rule, the company law, accounting and financial reporting practices in Egypt were designed to support investment operations of the large private sector and stock market. Stock exchanges were established in Alexandria and Cairo as early as 1883 and 1890. respectively. However, following the invasion of the Suez in 1956 and the pro-Russian trail of political and economic changes, a powerful central government suddenly gained control of the economy. Central planning by the resultant large public sector became an issue of prime importance. By 1966, a uniform accounting system closer to those in East European countries was already operational. However, with the emergence of a pro-western regime in the 1970s under the leadership of Anwar Sadat, Egypt experienced increased foreign capital inflows and investments. The private sector grew rapidly again and by 1980, official recommendations had already been made for Egypt to adopt IASC standards.

Unfortunately, President Sadat was assassinated in 1981, resulting in a reversal of the pro-Western system. Egypt finally drifted toward Islamic religious and cultural ideas regarding money and banking.

These case studies support the diffusion of innovation and cybernetic models and suggest that accounting systems respond to exogenous disturbances to their cultural environments. It is also consistent with the results of the questionnaire survey and case studies reported in Chapters 9 and 10 where it was observed that the Francophone (SABC) accountants showed a more favourable attitude to the OCAM Plan than their Anglophone (CDC) counterparts.

11.6 SUGGESTIONS FOR FUTURE REVISIONS OF THE OCAM PLAN

In Chapters 5 and 6, it was shown that the OCAM Plan contains many features which are ahead of recommendations in the literature. For instance, some writers (e.g. Zubaidur, 1990) continue to make recommendations for value added statements in developing countries whereas OCAM had instituted it since 1970.

Furthermore, Wallace (1990, pp.43-44) outlines the research agenda for Third World accounting under the heading "Unresolved Issues", the highlights of which are presented thus:

> ... Should a developing country allow its accounting to evolve in the way those of other developed nations have ?
>
> .... No comparative analysis of the accounting systems of African countries have been conducted. No study has also been undertaken to compare a typical British colony with a former French colony so as to reveal which of the two imperial countries left a "better" accounting legacy. "Better" connotes the system which is more relevant to the country's needs and ability to maintain and administer after their originators have left. Africa provides examples of countries with undiluted colonial experience ...

> ... There is an urgent need for a deeper understanding of accounting systems in developing countries. This need can be fulfilled by intensive research of those issues peculiar to developing countries. There is a need for accounting historians to undertake more research...
>
> ... more descriptive studies are needed on various developing countries not reported in the literature.
>
> ... There is no study which discusses issues such as conceptual framework, and theory of financial reporting within the context of developing countries.
>
> ... Little has been written on the state of management and social accounting and on the sociology of accountants in these [developing] countries.

Other examples include the calls for extensive social disclosures in developing countries (e.g. Briston, 1984, Samuel, 1990) and several claims in the literature that governments in developing countries lack the power to demand the corporate information they need. The present study has covered all the aforementioned issues to some extent..

Overall, the OCAM Plan has proved solid on disclosure issues. But the Plan's measurement principles appear to be its achilles heel. The Plan is silent or highly deficient on many important income measurement and asset valuation issues. Its design also presents a major clash between orthodox economic concepts and conventional accounting principles. Accordingly, there is a need to resolve the tension between the perspectives of national statisticians and economic planners on the one hand and private enterprise accounting on the other as a precondition for developing coherent and consistent accounting principles.

There is also a need to commission another more rigorous conceptual framework study for accounting in the developing countries concerned as a means to achieve more relevant and satisfactory accounting principles and standards. It may also be desirable to establish a timetable for periodic revision of the Plan , taking into account new issues that arise in practice and the problems encountered in implementing the provisions of the Plan.

11.7 SUGGESTIONS FOR FURTHER RESEARCH

In Chapters 5 and 6, it was demonstrated that the OCAM Plan was designed to promote economic development. It was also observed that many characteristic features of the Plan were intertwined with the political ideologies of the ruling party in post independence Cameroon - namely *le libéralisme planifié* or planned liberalism. This was seen in terms of the usage of accounting as a tool to support macroeconomic planning and policy making, the unique linkage between disclosures generated by the OCAM Plan such as value added, use of local raw materials, employment and training of Cameroonians, corporate contribution to balance of payments and so on and the package of incentives granted in conformity with the investment code. However, it is not clear how this actually works in practice. Therefore, as a suggestion for further research, there is a need to investigate the extent to which the OCAM Plan has stimulated or supported economic development.

Some of the concepts and principles of the OCAM Plan are similar to those of the French Plan Comptable - e.g. notions of revenue recognition, extraordinary/exceptional items, income and value added. As such there is an urgent need to investigate further the conceptual and linguistic differences uncovered in this study in a European context. It would be particularly interesting to assess their implications for European accounting harmonisation. It would also be interesting to document and quantify the impact of the conceptual differences, particularly as these affect international financial analysis.

One recent development which occurred at the time this chapter was being completed is the recommendation by a UK Chartered Institute of Management Accountants (CIMA) research group comprising senior management accountants that UK companies adopt the French Comptable for internal data codification and classification. In this regard, Andrew Likierman, the CIMA president, reports thus (Likierman ,1992, p.27):

The group recommends:

> * Consideration of a uniform chart of accounts based on the French Plan Comptable Genéral (PCG). This is a broadly based coding system for information collection and external reporting, though it proposes harmonisation of internal information codes.
>
> * Financial benefits to those using the chart would result from overcoming some of the difficulties of tailor-made systems, lower development and training costs and "instant" software compatibility are the most obvious.... There are also wider social and economic benefits of a uniform chart approach. Statistics are easier to collect and interpret on a comparable basis. Tax calculations would be simpler...

Likierman states further that high quality work can be done by technicians implying a need for fewer qualified personnel and that the Plan would facilitate auditing and external reporting . On the negative side, he anticipates problems of changeover and the information systems design and the likelihood of instituting a uniform and rigid straitjacket which may not allow sufficient flexibility. The feasibility of the CIMA recommendations clearly deserve further investigation

Another important suggestion for further research arising here is the need to undertake further studies which will remedy some of the limitations of this study. For example, one major limitation of the present study is that it relies on the works of Hofstede and Gray in operationalising the concepts of societal and accounting culture. These works have their own limitations and are certainly not the only plausible or acceptable ways of considering the concept. It would therefore be desirable for further studies to investigate other ways of operationalising the notions of accounting sub-culture and societal sub-culture.

There is also a need for further research on the idea of cultural determinism (see for instance Belkaoui, 1990) which would remedy some of the limitations of this thesis. In this regard, further studies which address the linkage between accounting and societal values involving more countries and larger sample sizes and which also explore new ways of deriving the constructs of culture would be desirable. However, such research might require substantial financial resources, and an international network of researchers or international research teams in order to provide some sensitivity to national cultures, speed up the data collection process, and ultimately improve the validity and reliability of the research results. Researchers taking up this challenge are likely to encounter some complex methodological dilemmas concerning tradeoffs between the analysis of manifestations of culture at the "micro" level on the one hand and at the "macro" level on the other as explained by Adler (1983, p.36) and Montagna (1987).

11.8 CONCLUDING REMARKS

The findings of this thesis have important implications for the literature on accounting in developing countries. Firstly, there is evidence that the bulk of the literature was not well informed on developments in Francophone Africa. The Zeff (1989) admonishment that the lack of consideration of historical issues in accounting may cause many important facts to remain unexplained is vividly manifested here.

Secondly, there is a strong basis for the argument that IASC standards are not necessarily appropriate for developing countries. Unlike IASC pronouncements or other western accounting systems inherited by developing countries, the OCAM Plan was designed to promote economic development and was based on a conceptual framework addressing the role of accounting in developing countries.

Finally, the empirical aspects of this study are likely to be of interest to potential adopters of the OCAM innovation. As regional economic integration initiatives continue to grow in Central Africa, other countries of different socio-economic and linguistic backgrounds may have to adopt the Plan. For example, Equatorial Guinea, a former Spanish colony, has recently gained membership of UDEAC and is *ipso facto* required to adopt the Plan. It is important for such countries to be mindful of the implementation bottlenecks.

Currently, if there is any organisation on the African continent which has made an active contribution to regional accounting harmonisation, then it is OCAM or UDEAC rather than the African Accounting Council, Association of Accountancy Bodies of West Africa (ABWA) or the Economic Community of West African States (ECOWAS). It is rather unfortunate that so much attention has been paid to the latter organisations in accounting journals and textbooks even though they have been relatively less effective when compared with the OCAM/UDEAC initiative. It is also not surprising that the African Accounting Council's SCAR-B harmonisation project has drawn extensively on the OCAM initiative. As Forrester (1983a, p. 37) observes:

> The French accounting systems, which have been so widely introduced in the 1970s, prescribe very full disclosure and the use of business accounts for national statistics and planning. British-style accounts , since the Cohen commission of 1945, have not had such aims; and thus Nigerians and Ghanaians have been taught to think differently. Now they seek to understand their neighbours.

It is interesting to note here the vision of Kinzonzi, one of the OCAM Plan's leading exponents, when he suggested that other African countries with different colonial and linguistic backgrounds such as Nigeria may soon join the OCAM bandwagon (Kinzonzi, 1984, p.272). While this is possible, it is likely, given the cultural and other environmental differences involved, that the prospects for achieving this goal can only be assessed on a very long-term basis.

APPENDIX A

CAMEROON INVESTMENT CODE

Guarantees

The state guarantees the protection of local industries in accordance with the laws and regulations in force. Any enterprise, irrespective of its form in law, in accordance with the laws and regulations in force, will acquire rights of all kinds in respect of property ownership; concessions and administrative authorisations.
Any persons or corporate bodies investing in Cameroon have right to the transfer of capital and income under the laws and regulations in force, and the right to freely transfer to their countries of residence and in the currency in which the investment is constituted, the dividends and proceeds of all kinds realised from the investment capital, the winding up of their properties or the selling out of the assets.
Persons and undertakings of foreign nationality exercising in Cameroon are not subject to tax provisions or employer obligations different from those governing persons and undertakings of Cameroonian nationality.

Schedules

Irrespective of the schedule, undertakings whose products are intended for export may be exempted from export duties. However, duties may be imposed on the given product on the recommendation of the government services concerned. There are four different schedules:
- Schedule A: Special undertakings
- Schedule B: Priority undertakings
- Schedule C: Small and medium-size undertakings
- Schedule D: Undertakings governed by conventions.

Approval to benefit from any of the schedules shall depend on the recommendation of the National Investment commission or one of its subsidiary bodies. Approved persons or bodies are placed under the provisions of the Inland Tax on production, those of the single tax or any other similar tax. All those approved are subject to control by the Ministry in charge of industry.

Schedule A

This covers undertakings whose total investments during the term of the schedule amount to not less than five hundred million CFA Francs (500,000,000) at the time the law was being enacted.

The following conditions must be fulfilled:
- undertakings located in border regions or in areas where access and supply conditons are particularly difficult;
- undertakings whose economic activities yield a high added value;
- undertakings which give priority to adapted technologies and which use large numbers of skilled local manpower, while guaranteeing its continuing vocational training.

Undertakings under schedule A are granted a reduced rate of 5% for import duties and taxes for a period of not more than ten years and exemption from duties and taxes levied on local purchases in respect of:
- equipment, materials, machines and tools directly necessary for manufacturing and processing;
- parts or spare parts belonging to equipment;
- raw materials or products used to make the finished product;
- disposable raw materials or products intended for packaging the finished products.

Schedule B

This covers undertakings which help develop priority sectors. Here investments are not more than two thousand five hundred million (2,500,000,000) CFA francs for the duration of the schedule. One of the conditions below must be fulfilled:
- Undertakings located in non-port border areas.
- Those that contribute in a considerable and long lasting way to an improvement in the balance of payments in their sector of activity.
- Undertakings with a high value added and that encourage sub-contracting with other companies.

Those that give preference to technologies using large numbers of skilled local manpower and guaranteeing continuing vocational training.
Such approved undertakings benefit for five years from exemption from conveyance taxes on the acquisition of buildings necessary for implementation of their investment programme and for tax purpose, carrying over to the following years of depreciation normally taken into account during the first three years, on the authorisation of the ministry in charge of taxation.

Schedule C: small and medium-size undertakings

These undertakings fulfil all of the following conditions:
- at least 65% of share capital held by Cameroonians;
- job-creating expenses are relatively low;
- guaranteed continuing vocational training;
- total investments are less than five hundred million (500,000,000) CFA F.

They shall, for a term of ten years, enjoy similar benefits as those under schedule A above. For the duration of this schedule, they shall, for eight years, benefit from the following:
- exemption from taxes on share capital;
- exemption from tax on credit distribution;
- exemption from registration fees;
- exemption from company tax;
- exemption from the tax on industrial and commercial profits, starting with the first year first sale is effected.

Small and medium-size undertakings schedule which establish outside areas with high industrial concentration for 15 years enjoy similar benefits as under schedule A.

Schedule D

Such undertakings which operate in strategic economic areas of the government's economic, social and cultural plan may be requested to sign a convention with the state for a term of not more than fifteen years. The amount of investment during te first five years stands at not less than five thousand million (5,000,000,000) CFA Francs.
They shall enjoy similar benefits as those under schedule B above and may also benefit from a "long-term stable tax scheme" for a period of not more than 15 years.
Any undertakings enjoying one of the above schedules is bound to enter into certain commitments and obligations vis-à-vis the state, non-compliance with any of which is considered an offence and therefore liable to penalties. The penalties may range from a fine to the complete withdrawal of approval.

Companies wishing to establish in Cameroon and to benefit from one of the above schedules are advised to contact the Ministry of Trade and Industry.

APPENDIX B

RESOLUTIONS OF THE OCAM HEADS OF STATE

resolution relating to the general accounting plan common to the States of the Joint African and Malagasy Organisation

The Conference of the Heads of State and of Governments of O.C.A.M. meeting at Yaounde from 28 to 30 January 1970,

RECALLING the terms of resolution n° 35/AEFT/Niamey adopted in January 1968 on the subject of statistical problems;

CONSIDERING resolution n° 36/AEFT/Kinshasa of January 1969 on the subject of the Accounting Plan;

IN VIEW OF the contribution of the Plan to economic information;

IN VIEW OF the opportunities thus given for rational treatment of data;

CONSIDERING that the draft Accounting Plan submitted constitutes a general framework capable of being developed to take account of the particular fiscal, juridical and economic circumstances of each State;

CONSIDERING that the draft Plan meets in principle the requirements of the taxation authorities in regard both to bases and control of tax assessments;

DEEMING, nevertheless, that the transition from accounting profit or loss to fiscal profit or loss calls for an adaptation, the terms of which will be fixed by national legislations;

ACCOUNT HAVING BEEN TAKEN of the need to diffuse and progressively implement the O.C.A.M. Accounting Plan;

IN VIEW OF the importance of the problems of training accountants;

ANXIOUS to obtain the financial resources accorded to implement the Plan;

AFTER HAVING TAKEN cognizance of the work of the "ad hoc" committee for the Accounting Plan at Lome from 1 to 6 December 1969;

ON THE PROPOSITION OF THE COUNCIL OF MINISTERS

ADOPTS the General Accounting Plan common to the O.C.A.M. States;

CHARGES the Secretary General of O.C.A.M. to take all necessary steps for the completion of the project and its appendices;

DESIRES that everything be done on a regional basis to study the specific problems raised by the application of the Accounting Plan;

RECOMMENDS the following modifications:

- Addition of explanatory matter concerning the fiscal treatment of tax-free gains on disposal of fixed assets;
- The inclusion of instructions for the accounting benefits in kind in the expense accounts concerned;
- The drawing up of a detailed classification of supplementary purchasing expenses.

DECIDES on the compulsory presentation of tables 1, 2 and 3 of the Accounting Plan, to be accompanied by fiscal and statistical notes in a form to be defined by national legislations, notably in respect of fixed assets, depreciation and provisions, and the transition from the accounting profit or loss to the fiscal profit or loss;

RECOMMENDS the compilation in each State of a business identification index;

DESIRES that a study be made of the standardisation of public accounts in the different States with a view to computerisation;

RECOMMENDS that informatory and study meetings on the Accounting Plan be organised in each State with the participation of the public, quasi-public and private sectors.

DESIRES the elaboration of a practical guide for the transition from the 1957 Accounting Plan to the O.C.A.M. Accounting Plan;

RECOMMENDS the organisation of refresher training courses for accountants, teachers, fiscal agents, statisticians, etc.

REQUESTS the study, as soon as possible, of the adaptation problems of the new teaching programmes called for by the adoption of the Accounting Plan;

DRAWS the attention of Member States to the necessity and urgency of the training of data processing technicians;

INVITES the Secretary-General of O.C.A.M. to organise a round-table conference to examine all aspects of the problem;

RECOMMENDS a rational use of qualified data processing personnel and the installation of an adequate infrastructure;

RECOMMENDS the setting up of a coordinating organisation in each of the Member States in order to deal with the practical problems raised by the implementation of the Accounting Plan;

APPRECIATES the substantial assistance given by the Aid and Cooperation Fund (FAC) and

HOPES FOR continuance of this assistance until the Accounting Plan is in force;

DRAWS the attention of Member States to the necessity of making the necessary arrangements for the implementation of the Accounting Plan within as short a time as possible.

APPENDIX C

MODEL DSF TABLES

STANDARD

MODEL

STATISTICS AND TAX RETURN

Period from ____________ to ____________

Firm's or proprietor's name ____________

____

Initial letters, abbreviated name or mark ____________

P.O. Box ____________ Town ____________

Phone ____________

SCIFE registration number	

LEGAL AND FISCAL STATUS (see headings over leaf)

Legal status ____________

Nature of the firm ____________

Fiscal status ____________

Approvals obtained ____________

Individual Business only

Nature of profits ____________

Nationality of firm's manag. ____________

FIRM'S ACTIVITIES

		Percentage of overall turnover
Main Activity at the beginning and closing of the period	____________	
	____________	------%
Other Activities at the beginning and closing of the period	____________	------%
	____________	------%
	____________	------%
	____________	------%
New activities engaged in during the period	____________	------%
	____________	------%
Activities given up during the period	____________	------%
If the firm has ceased operations, state why	____________	------%

Statistics and tax return drawn up by ____________

STANDARD MODEL

Period ____________ TABLE 1A

Business Name ____________

ADM. ONLY 0 1 1 ... 0 0

No GAP	HEADINGS	line	OPERATING 1	NON-OPERATING 2	TOTAL 3 = 1+2
	RESULTS OF MAIN OPERATIONS (DEBITS)				
	A/C 80 : DETERMIN. OF GROSS PROFIT				
60	Cost of goods sold	01			
	Cr. Bal. of a/c 80 GROSS PROFIT	02			
	Column 1 : TOTAL lines 1 and 2	03			
	A/C 81 : DETERMIN. OF VALUE ADDED				
	Gross profit (trans. debt bal. a/c 80 : Tab. 1 B)	04			
61	Raw materials & stores consumed	05			
62	Transport	06			
63	Other services	07			
	Cr. Bal. of a/c 81 : VALUE ADDED	08			
	Column 1 : TOTAL lines 4 to 8	09			
	A/C 82. DETERM. OF OPERAT. P. OR LOSS				
	Value added (transfer debit balance a/c 81 Tab. 1 B)	10			
64	Sundry expenses	11			
65	Personnel expenses	12			
66	Rates and taxes	13			
67	Interest espenses	14			
68	Depreciation and provisions	15			
	Cr. Bal: of a/c 82 : OPERAT. PROFIT	16			
	Column 1 . TOTAL lines 10 to 16	17			
	Cr. bal of a/c 082 : NON-OPERAT. PROFIT	18			
	Column 2 : TOTAL lines 1 to 18	19			
	Column 3 : EXPENSES AND LOSSES : TOTAL lines 1 to 15	20			
	ACCOUNT 84 : DETERM. OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS				
	Origin. value of assets sold (exclud. equip. scrap. or destroyed without compensation)	21			
	Expenses in connection with the sale	22			
	Credit balances of a/c 84 : PROFITS ON DISPOSAL	23			
	Column 3 : TOTAL lines 21 to 23	24			
	ACCOUNT 85 : DETERMINATION OF NET PROFIT OR LOSS BEFORE TAXATION				
	Operat. loss (trans. of debt bal. a/c 82 : Tab. 1B, column 1 line 16)	25			
	Non-operating loss (transfer of debt balances a/c 082 : Table 1B. column 2 line 18)	26			
	Loss on disposal of fixed assets (transfer of debit balances a/c 84 : Table 1B. col. 3 line 23)	27			
	Engagement of reinvestment of gains on disposal of fixed assets	28			
	Credit bal. of a/c 85 : NET PROFIT BEFORE TAXATION	29			
	Column 3 : TOTAL lines 25 to 29	30			
	ACCOUNT 86 : DETERMIN. OF INCOME TAX PAYABLE — Income tax of the period (as from Tab. 8A or 8B)	31			
	Tax demands on prior years	32			
	Column 3 : TOTAL lines 31 and 32	33			
	ACCOUNT 870 DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION — Net loss before tax. (trans. of debit balance a/c 85 : Table 1B)	34			
	Income tax payable (transfer of debit balance a/c 86 : Table 1B)	35			
	Credit balance of a/c 870 : NET PROFIT FOR APPROPRIATION	36			
	Column 3 : TOTAL lines 34 to 36	37			

STANDARD MODEL

Period ______________ Table 1B

Business Name ______________

ADM. ONLY 012 010

RESULTS OF MAIN OPERATIONS (CREDITS)

Nº GAP	HEADINGS	Line	OPERATING 1	NON-OPERATING 2	TOTAL 3 = 1 + 2
	A/C 80 : DETERMIN. GROSS PROFIT				
70	Sales of goods (merchandise)	01			
	Debit bal. of a/c 80 : GR. PROFIT	02			
	Column 1 : TOTAL lines 1 & 2	03			
	A/C 81 : DETERM. OF VALUE ADDED				
	Gross P. (trs. Cr. bal. a/c 80 T. 1A	04			
71	Output sold	05			
72	Output stocked (or issued)	06			
73	Fixed assets form. for own a/c	07			
073	Exp. for capital or transfer	08			
	Debit bal. of a/c 81 : VALUE ADD	09			
	Column 1 : TOTAL lines 4 to 9	10			
	A/C 82 : DETERM. OPERAT. P. OR LOSS				
	Val. add. (trs. Cr. bal. a/c 81 T. 1A	11			
74	Sundry revenue and profits	12			
76	Subsidies and grants	13			
77	Interest & dividends earned	14			
78	Depre. & provision written back	15			
	Debit bal. a/c 82 : OPERAT. LOSS	16			
	Column 1 : TOTAL lines 11 to 16	17			
	Debit bal. a/c 082 : OPERA. LOSS	18			
	Column 2 : TOTAL lines 1 – 18	19			
	Column 3 : REVENUE AND PROFITS : TOTAL lines 1 to 15	20			
	A/C 84 : DETERM. OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS				
	Accumulated depreciation on disposal	21			
	Price realised on disposal (or compensation received)	22			
	Debit balances of account 84 : LOSSES ON DISPOSAL	23			
	Column 3 : TOTAL lines 21 to 23	24			
	A/C 85 : DETERM. OF NET PROFIT OR LOSS BEFORE TAXATION				
	Operating profit (trans. of credit bal. from a/c 82 Table 1A Col. 1 line 16)	25			
	Non-operating profit (transfer of credit balance from a/c 082 Table 1A Col. 2. line 18)	26			
	Gains on disposal (transfer of credit balance from a/c 84 Table 1A Col. 3 line 23)	27			
	Reintegration of re-invested gains on disposal	28			
	Debit balance of account 85 : NET LOSS BEFORE TAXATION	29			
	Column 3 : TOTAL LINES 25 to 29	30			
	ACCOUNT 86 : DETERMINATION OF INCOME TAX PAYABLE — Tax reduction on prior years	31			
	Debit bal. of a/c 86 : INCOME TAX PAYABLE	32			
	Column 3 : TOTAL lines 31 to 32	33			
	ACCOUNT 870 : DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION — Net profit before taxation (transfer of credit balance a/c 85 : Table 1A)	34			
	Debit balance of account 870 : NET LOSS FOR APPROPRIATION	35			
	Column 3 : TOTAL 34 and 35	36			

STANDARD MODEL

Period ______________ TABLE 2A

Business Name ______________

ADM. ONLY	0	3
	0	0

EVOLUTION OF THE BALANCE SHEET ACCOUNTS (APPLICATIONS)

	Nos GAP	ACCOUNTS	Lines	Debit balance at beginning of period 1	Balance sheet movements during the period: External movements: Increases 2	Balance sheet movements during the period: External movements: Decreases 3	Balance sheet movements during the period: Internal movements: Transfer between accounts 4	Mergers partial disposal of assets Revaluation 5	Debit balance at end of period 6
PHYSICAL FLOWS	20	Deferred charges	01						
	20	Intangible assets	02						
	21	Fixed assets (land)	03						
	22	Fixed assets (other than land)	04						
	23	Fixed assets in progress	05						
	30	Goods for resale (Merchandise)	06						
	31/32	Raw mat. & consumable stores	07						
	33	Packing materials	08						
	34	Partly finish. goods & products	09						
	35	Finished goods and products	10						
	36/37	Products & work in progress	11						
	38	Stock in transit awaiting reception or on con	12						
FINANCIAL FLOWS	24	Adv & pay on a/c for fixed assets on order	13						
	25	Loans & other long term receive	14						
	26	Invest. (other than at short term)	15						
	40	Suppliers Adv. & pay. on a/c	16						
	41	Customers	17						
	43	State & African & intern. organis.	18						
	44	Shareholders (partners)	19						
	45	Group companies	20						
	42/46	Other debtors (person'l & sund.)	21						
	51	Loans for less than 1 year	22						
	52	Short term securities	23						
	54	Bills of exch. & trusts recd.	24						
	55	Cheqs & div. war. await collec.	25						
	56	Bank and postal cheque a/c	26						
	57	Cash in hand	27						
	58	Account adv. & document. credits	28						
	48	Adjust. a/c Prepaid expenses	29						
	48	Adjust. a/c Revenue receivable	30						
		Columns 1 to 6 : TOTALS lines 1-30	31						

Please put signs + or – in the left columns

STANDARD MODEL

Period ______________ TABLE 2B

Business Name ______________

ADM. ONLY 0 4 / 0 0

EVOLUTION OF THE BALANCE SHEET ACCOUNTS (SOURCES)

	Nos. GAP	ACCOUNTS	Lines	Credit balance at beginning of period 1	Balance sheet movements during the period: External movements: Decreases 2	Increases 3	Internal movements: Transfer between accounts 4	Mergers Partial dispose of assets 5 Revaluation	Credit balances at end of period period 6
OPERAT. SOURCES	870	Net Profit or loss of period for appro.	01						
	875	Appro. of P. or loss of preced. period	02						
	88	Amortis. of intang. ass. & deferred charges	03						
	88	Depreciation of fixed assets	04						
	88	Provi. for L. term liab. & contingencies	05						
	88	Provi. for loss in classes 2-5 a/c	06						
	88	Regulated provisions	07						
	88	Gains on disposal to be reinvested	08						
LONG TERM SOURCES	10	Share capital issued (or personal cap.)	09						
	10	Share issue premiums	10						
	11	Statutory reserves	11						
	11	Other reserves	12						
	12	Profit & loss a/c bal. brought forward	13						
	13	Gains adjustments of revaluation	14						
	14	Investment grants and subsidies	15						
	16	Bonds - debentures	16						
	17	Other long term borrowings & liabilities	17						
	17	Blocked a/c of group covs or shareholders	18						
SHORT TERM SOURCES	40	Suppliers	19						
	41	Customers:adv. & payment on a/c recd.	20						
	43	The state & intern. or african organ.	21						
	44	Shareholders (or partners)	22						
	45	Group companies	23						
	42 46	Other credit. (personnel & sundry)	24				Please put signs + or – in the left column		
	50	Loans repayable within one year	25						
	53	Bills of Exch. & trust receipts payable	26						
	56	Bank advan. repayable within 1 year	27						
	47	Adjustment a/c: revenue in advance	28						
	47	Adjustment a/c: accrued expenses	29						
		Column 1 to 6 : TOTALS lines 1 to 29	30						

STANDARD MODEL

Period ____________ TABLE 3A

Business Name ____________

ADM. ONLY | 0 | 5 | ... | 0 | 0 | ...

No. GAP	ACCOUNTS	Line	Gross Value 1	Depreciation or provision 2	Net Amount 3 = 1-2
	BALANCE SHEET (ASSETS)				
020	Deferred charges	01			
020	Intangible assets	02			
020	DEFERRED CHARAGES & INTANGIBLE ASSETS : TOTAL 1 and 2	03			
021	Land	04			
022	Fixed assets (other than land)	05			
023	Fixed assets in progress	06			
	FIXED ASSETS : TOTAL lines 4 to 6	07			
024	Advances & payments on a/c for fixed assets on order	08			
025	Loans & other long term receivables	09			
	of which rece. in 1 Yr. 1 1 1 0				
026	Investments (other than at short term)	11			
	OTHER L. TERM ASSETS : TOTAL lines 8, 9, 11	12			
	FIX. & L. TERM ASSETS : TOTAL lines 3,7, 12	13			
030	Goods for resale (merchandise)	14			
031/032	Raw materials & consumable goods	15			
033	Packing materials	16			
034	Partly finished goods and products	17			
035	Finished goods and products	18			
036/037	Products and work in progress	19			
038	Stocks in transit, awaiting reception or on consign.	20			
	STOCK (INVENTORIES) : TOTALS lines 14-20	21			
040	Suppliers : advances & payments on a/c	22			
041	Customers	23			
043	The State & African & intern. organs.	24			
044	Shareholders (partners)	25			
045	Group companies	26			
042/046	Other debtors (personnel & sundry)	27			
048	Adjustment account - Prepaid expenses	28			
048	Adjustment account - Revenue receiv.	29			
051	Loans less than one year	30			
052	Short term securities	31			
054	Bills of exchange and trust receipts receivable	32			
055	Cheques and dividend warrants awaiting collection	33			
056	Bank and postal cheque accounts	34			
057	Cash in hand	35			
058	Accountable adv. & documentary credit	36			
	OTHER CURRENT ASSETS : TOTALS L. 22-36	37			
	TOTAL ASSETS : lines 13, 21 & 37	38			

Note : Commitments received	39		

STANDARD MODEL

Period ____________ TABLE 3B

Business Name ____________

ADM. ONLY | 0 | 6 | ... (1 2 4 8 9 11) | 0 | 0 | ... (12 13 14)

BALANCE SHEET (LIABILITIES)

		Nos GAP	AMOUNTS	Line (12 13)	ACCOUNTS 1 (14 24)
CAPITAL AND LONG TERM LIABILITIES	NET EQUITY	010	Share capital issued (or personal capital)	01	
		010	Share issue premiums	02	
		011	Statutory reserves	03	
		011	Other reserves	04	
		012	Profit and loss account balance brought forward	05	
		013	Gains adjustment of revaluation	06	
		0875	Non appropriated profit or loss from preceding periods	07	
			NET EQUITY (before profit or loss for period) TOTAL lines 01-07	08	
		013	Regulated provisions	09	
		013	Gains on disposal to be reinvested	10	
		014	Investments grants and subsidies	11	
	LONG TERM BORROW & LIABILITIES	016	Bonds Debentures — Gross amount (a) — Redemption Premium to be deducted (b) — Net amount (a) (b)	12	
		017	Other long term borrowings and contigencies of which	13	
			repayable within one year ▶ 1 4		
		017	Block accounts of group companies or share holders	15	
		019	Provisions for long term liabilities and contingencies	16	
			OTHER LONG TERM LIABILITIES : TOTAL lines 9-13, 15 & 16	17	
THIRD PARTY ACCOUNTS	CURRENT LIABILITIES	040	Suppliers .	18	
			of which suppliers of equipment ▶ 1 9		
		041	Customers Advances and payments on account rece.	20	
		043	The State & international or African Organ.	21	
		044	Shareholders (partners)	22	
		045	Group Companies	23	
		042/046	Other creditors (personnel and Sundry Cr.)	24	
		047	Adjustment account - Revenue in advance	25	
		047	Adjustment account - Accrued expenses	26	
FINANCIAL ACCOUNTS		050	Borrowings repayable within one year	27	
		053	Bills of exchange and trust receipts payable	28	
		056	Banks advances repayable within one year	29	
			CURRENT LIABILITIES : TOTAL lines 18 & 20 to 29	30	
PROFIT OR LOSS		0875	NET PROFIT FOR PERIOD FOR APPROPRIATION +	31	
			NET LOSS FOR PERIOD FOR APPROPRIATION −	32	
			TOTAL LIABILITIES line 8, 17, 30 line 31 line 32	33	

Notes: Commitments given	Bills of exchange discounted in advance of maturity	34	
	Other guarantee commitments given	35	

STANDARD MODEL

Period ____________ TABLE 4A

Business Name ____________

ADM. ONLY | 0 | 7 | (1, 2, 4, 8, 9, 11) |
0 | 0 | (12, 13, 14)

CLASSIFICATION NUMBER		Line (2 13)	Opening balances of fixed assets a/c (at cost) 1 (14–24)	Assets brought in during the period: New 2 (25–35)	Assets brought in during the period: Secondhand 3 (36–46)	Transfers between a/c Mergers and revaluation 4 (47–57)	Fixed assets written off 5 (58–68)	Closing balances of fixed assets a/c (at cost) 6 (69–79)
Land	2110-R	01						
	2120-C	02						
	2130-N	03						
a/c 21	Totals	04						
NON-RESIDI. BUILDINGS	2211-B	05						
	2212-C	06						
	2213-D	07						
	2214-E	08						
RESIDI. BUILDINGS	2221-M	09						
	2222-N	10						
	2223-P	11						
	2224-Q	12						
OTHER CON	2231-X	13						
	2232-Y	14						
TRANS. EQUIP / PLAN. TATIONS	2241-J	15						
	2242-K	16						
	2251-U	17						
	2252-V	18						
	2253-W	19						
EQUIPMENT	2261-F	20						
	2262-G	21						
	2263-H	22						
	2264-J	23						
	2265-K	24						
	2266-L	25						
	2267-M	26						
	2268-N	27						
	2269-P	28						
	2271-R	29						
	2272-S	30						
SUNDRY	2281-C	31						
	2282-D	32						
	2290-M	33						
a/c 22	Totals	34						
FIXED ASSETS IN PROGRESS	2310-J	35						
	2320-U	36						
	2330-F	37						
	2340-R	38						
	2350-C	39						
	2360-N	40						
	Totals	41						
	[illegible]	42						

STANDARD MODEL

Period ______________ TABLE 4B

Business Name ______________

ADM. ONLY

0	8										
1 2	3 4				8		9		11		
0	0										
12 13	14										

DEPR. RATE USED	Line	Opening balances of depreciation a/c (cumulative) 7	Depreciation charge for the period 8	Exceptional charge on re-imploy. of gains on dispos. 9	Depreciation referred to fixed assets written off 10	Closing balances of depre. accounts (cumulative) 11	Net book value 12 = 6 + 11
	12 13	14 24	25 35	36 46	47 57	58 68	69 79
	01						
	02						
	03						
Totals	04						
	05						
	06						
	07						
	08						
	09						
	10						
	11						
	12						
	13						
	14						
	15						
	16						
	17						
	18						
	19						
	20						
	21						
	22						
	23						
	24						
	25						
	26						
	27						
	28						
	29						
	30						
	31						
	32						
	33						
Totals	34						
	35	TOTAL OF FIXED ASSETS IN PROGRESS B/FWD (Table 4A, line 41, column 6) →					
Totals	36						

TOTALS of line 36 equal TOTALS of line 4 and 34 (for column 12, sum of TOTALS of lines 4, 34 and 35)

DEFERRED DEPRECIATION		IN A CASE OF A LOSS	
Previously deferred depreciation +	Deferred depreciation for the period	Previously def. – depreciation allocated on the period	= Deferred depreciation at end of period

	Line						
	37						

STANDARD MODEL

Period ______________________ Table 5A

Business Name ______________________

ADM. ONLY: 0 9 (positions 1, 2, 4, 9, 11) / 0 0 (positions 12, 13, 14)

TABLE OF ASSETS WRITTEN OFF (DISPOSALS, DESTRUCTIONS OR EQUIPMENT SCRAPPED) PART 1

HEADINGS	Line	Classification No.	Date in 2			Original Value (at cost)	Accumulated Depreciation	Net Book Value	Date out 6	
	12 13	14 1 18	Mon. 19	Yr. 21		25 3 35	36 4 46	47 5 = 3 − 4 57	Mon. 58	Yr. 60
	01									
	02									
	03									
	04									
	05									
	06									
	07									
	08									
	09									
	10									
	11									
	12									
	13									
	14									
	15									
	16									
	17									
	18									
	19									
	20									
	21									
	22									
	23									
	24									
	25									
	26									
	27									
	28									
	29									
	30									
	31									
	32									
	33									
	34									
	35									
	36									
	37									
	38									
	39									
TOTALS lines 1 to 39	40									

STANDARD MODEL

Period.................. TABLE 5B

Business Name..................

ADM. ONLY 1 0 ... 0 0

Line. 12 13	Expenses in connection with the sale 14 24	Total cost of disposal 8 = 5 + 7 25 35	Price realised on disposal 9 36 46	Profits or Losses on disposal: Profits: to be re-invested 10 47 57	Taxable 11 58 68	Losses 12 = 8 - 9 69 79
01						
02						
03						
04						
05						
06						
07						
08						
09						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

TABLE OF ASSETS WRITTEN OFF (DISPOSALS, DESTRUCTIONS OF EQUIPMENT SCRAPPED) PART 2

STANDARD MODEL

Period ____________________ TABLE 6

Business Name ____________________

ADM. ONLY [1 1 / 0 0]

TABLE OF PROVISIONS

No GAP	HEADINGS	Line	Opening balances of provisions accounts 1	Provisions made during the period (or other increases)		Provisions written back (or other decreases)		Closing balances of provisions a/c 6
				Deductible 2	Non deduct. 3	Deductible 4	Non deduct. 5	
013	Regulated provisions	01						
013	Gains on dispos. to be reinvest	02						
019	P. for long term liab. & contin.	03						
029	P. for loss in val. of fixed and long term assets	04						
039	P. for loss in val. of stocks	05						
049	P. for losses in respect of third party accounts	06						
059	P. for losses in respect of financial accounts	07						
	TOTAL : lines 1 to 7	08						

PARTICULARS OF DEDUCTIBLE PROVISIONS

NATURE	REASONS	AMOUNTS

STANDARD MODEL

Period ______________________ TABLE 7

Business Name ______________________

ADM. ONLY | 1 | 2 | … | 0 | 0 |

AVAILABLE PROFIT OR LOSS APPROPRIATED DURING THE PERIOD			
Ordinary General Meeting of		(date)	
AVAILABLE PROFIT OR LOSS	Line	DEBIT 1	CREDIT 2
Net profit or loss of the preceding period	01		
Unappropriated profit or loss from past periods	02		
Profit and loss account balance brought forward	03		
Deductions from reserves	04		
TOTALS lines 1 to 4	05		
NET AVAILABLE AMOUNT (difference between totals of line 05)	06		

	APPROPRIATIONS	Line	the debit 1 — of the following accounts	to the credit 2
INTERNAL MOVEMENTS	Capital	07		
	Statutory reserves	08		
	Other reserves	09		
	P & L account bal. brought f/d	10		
	TOTALS lines 7 to 10	11		
EXTERNAL MOVEMENTS	Dividends	12		
	Directors' share of profits	13		
	Debit current a/c of partners	14		
	Credit current account of partners	15		
	Members of cooperatives	16		
	Other appropriations	17		
	TOTALS lines 12 to 17	18		
	TOTALS lines 11 and 18	19		
	NET APPROPRIATED AMOUNT (difference between totals of line 19)	20		

PROFIT OR LOSS OF THE PRECEDING PERIOD OR OF PREVIOUS PERIODS STILL UNAPPROPRIATED AT END OF THIS CURRENT PERIOD	21		

STANDARD MODEL

Period ________________ TABLE 8

Business Names ________________

ADM. ONLY | 1 | 3 | ... | 0 | 0 | ...

DETERMINATION OF FISCAL PROFIT OR LOSS		Line	AMOUNTS
BALANCE OF ACCOUNT 85	Credit balance of a/c 85 : NET PROFIT BEFORE TAX.	01	
	Debit balance of a/c 85 : NET LOSS BEFORE TAX.	02	
EXPENSES OR LOSSES PARTLY OR NOT DEDUCTIBLE TO BE ADDED BACK FOR COMPUTATION OF THE FISCAL PROFIT OR LOSS	Depreciation charges not deductible	03	
	Depreciation charges recorded but deferred because of loss	04	
	Provisions not deductible	05	
	Earnings of prop. & of partners of association of pers.	06	
	Earnings of shareholders	07	
	Interest on shareholders current a/c not deductible	08	
	Head office charges	09	
	Taxes not deductible (other than income tax)	10	
	Fines and penalties not deductible	11	
	Gratuities and donations not deductible	12	
	Taxation at source of income from securities	13	
	Sundry I ________________	14	
	Sundry 2 ________________	15	
	AMOUNTS ADDED BACK : TOTAL lines 3 to 15	16	
	Intermediate POSITIVE TOTAL : line 16+line 1 or line 16–line 2	17	
	Intermediate NEGATIVE TOTAL : line 2–line 16	18	
EXPENSES OR LOSSES, REVENUE OR PROFITS FISCALLY DEDUCTIBLE	Depreciation formerly defer. & allocat. for the period	19	
	Previous. taxed or definitive. exonerated provi. reintegra.	20	
	Untaxable part of gains on disposal of fixed assets	21	
	Subsidiaries net income (after deduct. of expenses & loss.	22	
	Other income from securities deductible	23	
	Deduct. earning of prop. or of partners of association of pers.	24	
	Deductible earnings of companies	25	
	Head Office charges deductible	26	
	Sundry 1 ________________	27	
	Sundry 2 ________________	28	
	AMOUNTS DEDUCTED : TOTAL lines 19 - 28	29	
FISCAL PROFIT OR LOSS	FISCAL PROFIT FOR THE PERIOD : line 17–line 29	30	
	FISCAL LOSS FOR THE PERIOD : line 29–line 27 or line 18+line 29	31	

	HEADINGS			Line	Bases of assessment	Rate	Tax Principal
Position of the firm towards fixed minimum tax.	Fixed mini. tax.	Notion. mini. (400.000 or 200.000		32	//////////	//////	
		Mini. proport to turnover		33		1 or 0,5%	
	Tax based on fiscal P. for the period line 30)	Company tax		34		35 %	
		Indust. business income tax Proportional tax	ICP & PE	35			
				36		22 %	
				37			
			P. from agric 1st portion	38		11 %	
			P. from agric	39			
			Proportional tax : TOTAL lines 35 - 39	40		15 %	
				41	//////////	//////	

STANDARD MODEL

Period ____________ TABLE 9A

Business Name ____________

AMD. ONLY

AMD.	1 1 4	
ONLY	0 0	

DETERMINATION OF INCOME TAX

Determination of profit after tax

HEADINGS	line	Amounts
Transfer of fiscal profit of the period (Table 7 line 30)	01	

Deductions on a/c of reinvestments made during past 3 periods

HEADINGS		n - 3	n - 2	n - 1
Allowed reinvest. b/f	02			
Deductible reinvest. = 50% x line 2	03			
Reinvestment actually deducted	04			
Reinvest. to be carried f/d = 2 x (line 3 - line 4)	05			

total line 4

Deductions from reinvestments of the period

Reinvestments of the period allowed	06	
Reinvestments deduct. = 50 % x line 6	07	
Reinvst. deducted (not exceed. 1/2 of fiscal profit of the period)	08	
Reinvest. to be carried f/d = 2 x (line 7 - line 8)	09	

Allocation of losses brought forward

HEADINGS		n - 3	n - 2	n - 1
Losses brought f/d	10			
Losses allocated for the period	11			
Losses to be c/f	12			

total line 11

DEFINITIVE FISCAL PROFIT	13	

Computation of tax based on DEFINITIVE fiscal profit

Company tax	14		35%	
ICP & PE* - 1st portion	15			
ICP & PE* - 2nd portion	16		22%	
P. from handicrafts	17			
Profits from Agric. - 1st portion	18		11%	
Profits from agric. - 2nd portion	19			
Proportional tax	20		15%	
TOTAL lines 15-19-20	21			
Proportional tax on income from securities not taxed at source	22		15 %	+
Graduated surtax due by Co. & other corp. bodies on undisclos. return	23		60 %	+

Deductions			
	Proportional tax on income from securities	−	24
	Other	−	25

NET TAX DUE	26	
Additional council taxes	27	
TOTAL of tax = lines 25 + 26	28	

PAYMENT OF TAX

Date of payment	Principal	Additional tax.	Total
July 31			
1st instalment : before October 31			
2nd instalment : before January 31			
3rd instalment : before April 30			

* ICP = Industrial and Commercial profits. PE = Professional earnings.

STANDARD MODEL

Period ____ TABLE 9B

Business Name ____

ADM. ONLY 1 3 4 | 0 1 0 1

DETERMINATION OF INCOME TAX

HEADINGS	Line	Amounts
Transfer of fixed minimum tax	01	

R. Tax reduction from reinvestments made during the past three periods

Headings	line	Allowed reinvestments brought b/f 1	Basis of Tax reduct. = 50 % x column 1 (2)	Actual basis of tax reduction 3	Reinvestment to be b/f 2 x (col. 2 - col 3) 4
n-3	02				
n-2	03				
n-1	04				
TOTALS	05				

x ____ % (tax) rate | 06 |

Tax reduction from reinvest. of presen. period		
Reinvestments of the period allow.	07	
Basis of tax reduct. = 50% x line 7	08	
Actual basis of the tax reduction	09	
Reinvestment. to be c/f = 2 x (1.8 - 1.9)	10	

x ____ %

Proportional tax on income from securities not taxed at source	11		15%	+
Graduated surtax due by companies or other corporate bodies for undisclosed remuneration paid	12		60%	+

Deductions		
Proportional tax on income from securities	13	
Others ____	14	

NET TAX DUE	15	
Additional council taxes	16	
TOTAL OF TAX = line 15 + 16	17	

TAX PAYMENT

Date of payment	Principal	Additional Tax.	Total
July 31			
1st instalment : before October 31			
2nd instalment : before January 31			
3rd instalment : before April 30			

STATEMENT OF LOSSES BROUGHT FORWARD FOR FIRMS NOT ASSESSED ACCORDING TO ACTUAL PROFIT

Transfer of fiscal profit of the period (table 8, line 30)	18	
Transfer of fiscal loss of the period (table 8, line 31)	19	

ALLOCATION OF LOSSES BROUGHT FORWARD

HEADINGS	line	n-3	n-2	n-1
Losses brought f/d	20			
Losses allocated	21			
Losses to be car f/d	22			

Definitive fiscal profit	23	
Definitive fiscal loss	24	

STANDARD MODEL

Period ______________________ TABLE 10A

Business Name ______________________

ADM. ONLY | 1 5 | 0 0 |

COST ANALYSIS OF THE GOODS PURCHASED IN CAMEROON									
HEADINGS	Line	Classification number 1	Net Price 2	Transport expenses 3	Insurance on transport exp. 4	Commissions on purchases 5	Sundry 6	TOTAL 7
	01							
	02							
	03							
	04							
	05							
	06							
	07							
	08							
	09							
	10							
	11							
	12							
	13							
	14							
	15							
	16							
	17							
	18							
	19							
	20							
	21							
	22							
	23							
	24							
	25							
	26							
Unclassified Sundry Goods	27	9 6 0 0 H						
TOTALS lines 1 to 27	28	9 7 0 0 R						

STANDARD Period ______ TABLE 10B

ADM. ONLY 1 6 0 0

MODEL Business Name ______

HEADINGS COST ANALYSIS OF THE GOODS PURCHASED ABROAD

HEADINGS	Line	Classification number 1	CIF Value 2	Customs duties 3	Transit expenses 4	Transport expenses 5	Commission on purch. 6	Sundry 7	TOTAL 8
	01								
	02								
	03								
	04								
	05								
	06								
	07								
	08								
	09								
	10								
	11								
	12								
	13								
	14								
	15								
	16								
	17								
	18								
	19								
Unclassified sundry goods	20	9 6 0 0 H							
TOTALS lines 1 to 20	21	9 7 0 0 R							
of which purchases UDEAC	22	9 8 0 0 A							

COST OF GOODS SOLD (CROSS – CHECK)

Opening stocks (A/C 30 33-38 : T. column 1,6,8 & 12)	+	
Purchase in Cameroon (Table 10A line 28 column 7)		
Purchases abroad (Table 10B line 21 column 8)	+	
Closing stocks (A/C 30-33-38 : T. 2A column 6 1,6,8 & 12)	=	
Cost of goods sold	—	

STANDARD MODEL

Period ______________ TABLE 11A

Business Name ______________

ADM ONLY 1 7 | 0 0

SALES OF GOODS (ACCOUNTS 70-070) – COST OF GOODS SOLD (ACCOUNTS 60/060) 1st PART					
			ACCOUNTS 70/070		
			SALES WITHIN CAMEROON		
HEADINGS	Line	Classification Number 1	to govt. departments 2	Others 3	TOTAL 4 = 2+3
	01				
	02				
	03				
	04				
	05				
	06				
	07				
	08				
	09				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
UNCLASSI SUNDRY GOODS	23	9600H			
TOTALS lines 1 to 23	24	9700R			

TABLE OF SALES IN QUANTITY - 1st PART					
HEADINGS	Line	Classification	Unit		QUANTITIES
	26				
	27				
	28				
	29				
	30				
	31				
	32				
	33				
	34				
	35				
	36				
	37				
	38				
	39				

STANDARD MODEL

Period ______________ TABLE 11B

Business Name ______________

ADM. ONLY | 1 8 | 0 0 |

Line	SALES OF GOODS (ACCOUNTS 70/070 – COST OF GOODS SOLD (ACCOUNTS 60/060) – 2nd PART	ACCOUNT 70/070 Exports sales UDEAC States 5	ACCOUNT 70/070 Exports sales Other destinations 6	ACCOUNT 70/070 Exports sales TOTAL 7 = 5 + 6	ACCOUNT 70/070 TOTAL SALES 8 = 4 + 7	A/C 60/060 COST OF GOODS SOLD 9
01						
02						
03	Show nature					
04	of goods sold in table 11A					
05	column 1					
06						
07						
08						
09	Ensure that					
10	lines of table 11A agree					
11	with those of table 11B					
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23	Unclassified					
24	TOTALS					
25	Export customs duties deducted from total of export sales					

TABLE OF SALES IN QUANTITY – 2nd PART

Line		20–27	28–35	36–43	44–51
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					

STANDARD MODEL

Period ______________ TABLE 12

Business Name ______________

ADM. ONLY | 1 | 9 | ... | 0 | 0 |

TABLE OF PURCHASES OF RAW MATERIALS AND STORES

HEADINGS	Line (12 13)	Classification Number 1 (14 18)	Made in Cameroon (net price) 2 (20 27)	Made directly abroad (CIF): UDEAC 3 (28 35)	Made directly abroad (CIF): other countries 4 (36 43)	TOTAL 5 (44 51)
	01					
	02					
	03					
	04					
	05					
	06					
	07					
	08					
	09					
	10					
	11					
	12					
	13					
	14					
	15					
	16					
	17					
	18					
	19					
	20					
	21					
	22					
	23					
	24					
	25					
Sundry Unclassification	26	9 4 0 0 Q				
Sundry Unclassified	27	9 6 0 0 H				
TOTALS lines 1-27 7	28	9 7 0 0 R				

TABLE OF EXPENSES RELATING TO THE PURCHASES

	Line (12 13)		(20 27)	(28 35)	(36 43)	(44 51)
Customs duties	29					
Transit expenses	30					
Transp. expenses	31					
Trans. Insur. premium	32					
Commissions on purchases	33					
Other expenses	34					
TOTALS lines 29-34	35					

Total purchases c/d (line 28 col. 5)		
Total expenses c/d (line 35 col. 5)		
PURCHASE COST TOTAL		
Raw mat. & stores opening stock		
Packing mat. opening stock		
Opening stock in transit		
OPENING STOCK TOTAL	+	
Raw mat. & stores closing stock		
Packing mat. closing stock		
Closing stock in transit		
CLOSING STOCK TOTAL	−	
RAW MATERIALS AND STORES CONSUMED	=	

STANDARD MODEL

Period ______________ TABLE 13A

Business Name ______________

ADM. ONLY 1 2 0 ... 0 0

TABLE OF OUTPUT OF GOODS OR SERVICES IN VALUE – 1st PART

HEADINGS	Line (12 13)	Classification Number 1 (14 18)	OUTPUT SOLD (ACCOUNTS 71/071): OUTPUT SOLD TOTAL 2 = 3 + 4 + 7 (20 27)	ABROAD: UDEAC 3 (36)	ABROAD: OTHER COUNTRIES 4 (36 43)
	01				
	02				
	03				
	04				
	05				
	06				
	07				
	08				
	09				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
Sundry unclassified	19	9 6 0 0 H			
TOTALS lines 1 to 19	20	9 7 0 0 R			

TABLE OF OUTPUT OF GOODS IN QUANTITY

HEADINGS	Line (12 13)	Classification Number (14 18)	TOTAL SOLD (20 27)	UDEAC (28 35)	OTHER COUNTRIES (36 43)
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				

STANDARD MODEL

Period ______________ TABLE 13B

Business Name ______________

ADM. ONLY 2 1 / 0 0

TABLE OF OUTPUT OF GOODS OR SERVICES IN VALUE – 2nd PART						
Line		OUTPUT SOLD IN CAMEROON			OUTPUT STOCK (OR ISSUED) A/C 72/072	TOTAL OUTPUT FOR THE PERIOD
12 13		GOVERNMENT DEPARTMENTS 20 5 27	OTHER 28 6 35	TOTAL CAMEROON 36 7 = 5 + 6 43	44 8 51	52 9 = 2 + 8 59
01						
02						
03	Please show in table 13A, column 1 the nature of goods or services sold					
04						
05						
06						
07						
08						
09						
10	Ensure that L. of Table 13A agree with those of T. 13B					
11						
12						
13						
14						
15						
16						
17						
18						
19	Unclassified					
20	TOTALS					

TABLE OF OUTPUT OF GOODS IN QUANTITY						
Line 12 13	UNIT 14 15	ADMINISTRATIONS 20 27	OTHERS 28 35	TOTAL CAMEROON 36 43	STOCKING OR ISSUING 44 51	TOTAL 52 59
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						

STANDARD MODEL

Period ____________ TABLE 14

Business Name ____________

ADM. ONLY 2 2 ... 0 0

TABLE OF FIXED ASSET FORMATION FOR OWN ACCOUNT (ACCOUNT 73)			
HEADINGS	Line (12 13)		TOTAL 1 (20 27)
RESEARCH STUDIES	01		
Non-residential buildings	02		
Residential buildings	03		
Other constructions	04		
Land and plantation development work	05		
Equipment	06		
FIXED ASSET FORMATION : TOTAL lines 2 to 7	07		
Self-consumption by agricultural undertakings	08		
Self-production of raw materials and stores	09		
Transport for own account	10		
Self-production of other services	11		
FIRM'S SELF-PRODUCTIONS : TOTAL lines 8 to 11	12		
TOTAL lines 1, 7 and 12	13		

TABLE OF EXPENSES FOR CAPITALISATION OR TRANSFER (ACCOUNT 073)			
HEADINGS	Line. (12 13)		TOTAL 1 (20 27)
Expenses relating to the memorandum and articles of association	14		
Expenses relating to acquisition of fixed assets	15		
Original establishment expenses	16		
Exceptional expenses to be spread over several periods	17		
EXPENSES FOR CAPITALISATION : TOTAL lines 14 to 17	18		
Expenses chargeable to third parties	19		
Expenses for transfer	20		
Fringe benefits in kind	21		
TOTAL lines 18 to 21	22		

STANDARD MODEL

Period ______________________ TABLE 15

Business Name ______________________

ADM. ONLY 2 3 … 0 0

TABLE OF BAW MATERIALS AND STORES CONSUMED (ACCOUNTS 61/061)

HEADINGS		Line	Classification Number 1	VALUES 2	QUANTITIES 3	UNIT	SUBCONTRACT if subcont. put «S» in last colum
UNCLASSIFIED MAT. & STORES	Advertising items	01	9301H				
	Entertainment	02	9302J				
	Stationery	03	9303K				
	General documentation	04	9304L				
	Cleaning products	05	9305M				
	Loose tools	06	9306N				
	Unclass. TOTAL line 1-6	07	9400Q				
Gaseous hydrocarbons, bottle gas		08	1802P				
Fuel & lubricating oils		09	1701W				
Electricity		10	1901P				
Water		11	2101G				
		12					
		13					
		14					
		15					
		16					
		17					
		18					
		19					
		20					
		21					
		22					
		23					
		24					
		25					
		26					
		27					
		28					
		29					
		30					
		31					
		32					
		33					
		34					
		35					
		36					
		37					
		38					
		39					
		40					
		41					
		42					
Unclassi. raw materials & stores		43	9800H		Value of unclassified raw materials and stores must be less than 10% of TOTAL of line 44		
TOTAL lines 7 to 43		44	9700R				

STANDARD MODEL

Period ________________ TABLE 16

Business Name ________________

ADM. ONLY | 1 | 2 | 4 | 8 | 9 | 11 | 12 | 13 | 14 — 2 4 — 0 0

TRANSPORT COSTS (ACCOUNTS 62/062)

	TRANSPORT PURPOSE	Line	TRANSPORT COSTS INCURRED IN CAMEROON: Land transports: road 1	railway 2	by water 3	by air 4	Ancilary transport services 5	Transport costs incurred abroad 6	TOTAL 7
		12 13	20 27	28 35	36 43	44 51	52 59	60 67	68 75
TRANS. INVOICED BY 3 RD PARTIES	Freight trans. on sales	01							
	Internal freight trans:	02							
	Other transport	03							
	Business transport inside Cameroon	04							
	Business transport outside Cameroon	05							
	Local travelling expenses	06							
	Leave transport expenses	07							
	Other personnel transport	08							
for OWN a/c	Freight transport on sales	09							
	Internal freight transport	10							
	Personnel transport	11							
	TOTAL lines 1 to 11	12							

	Line (12 13)	20 27
National travelling compensation	13	
Proportional reimbursement of expenses	14	
Column 7 : TOTAL lines 12 to 14	15	

STANDARD MODEL

Period ______________________ TABLE 17

Business Name ______________________

ADM. ONLY 1 2 5 ... 0 0 ... 1

COSTS OF OTHER SERVICES (ACCOUNTS 63/063)					
HEADINGS	Line		in Cameroon 1	abroad 2	TOTAL 3
Telecommunication services	01				
Commissions & brokerages on sales	02				
Ancillary agric. services	03				
Restaurant & drinking places	04				
Hotels & other lodg. places	05				
Rent & magmnt. of non-resid. buildings	06				
Rent & arrange of resid. buildings	07				
Lands arrange. & allotments	08				
Brokers & estate agents. remuna.	09				
Legal fees	10				
Audit & accountancy fees	11				
Medical fees	12				
Services of account. machines	13				
Engineers, arch. tech. sces. remu.	14				
Advertising services	15				
Rent of equipments	16				
Bank commissions	17				
Other sces. from finan. estab.	18				
Other sces. from Co. not ment. above	19				
Vehicle repairs & maintenance	20				
Other equipment repairs & maint.	21				
Building repairs & maintenance	22				
Deeds & claims expenditure	23				
Boards & meetings expendi.	24				
Head office charges abroad	25				
Unclassified sundry services	26				
TOTALS lines 1 to 26	27				

SUNDRY SERVICES SHOWN ON LINE 26 SHOULD BE LESS THAN 10% OF GRAND TOTAL

BENEFICIARIES OF RENTS PAID (RENTS SHOWN ON LINE 6 AND 7)

NAME AND ADDRESS OF BENEFICIARIES	LEASES & ADDITIONAL CLAUSES				PERIOD		AMOUNT
	Reg. date	Vol.	Folio	Div.	FROM	TO	

STANDARD MODEL

Period ____________________ TABLE 18

Business Name ____________________

ADM. ONLY | 2 | 8 | ... | 0 | 0 | ...

SUNDRY EXPENSES AND LOSSES (ACCOUNTS 64/064)					
HEADINGS	Line (12 13)		Incurred in Cameroon (20) 1 (27)	Incurred abroad (28) 2 (35)	TOTAL (36) 3 = 1 + 2 (43)
Insurance premiums «Fire & Sundry risks»	01				
Gifts and donations	02				
Court fines	03				
Bad debts	04				
Non-salaried administrators allowance	05				
Subsidies granted in virtue of apprenticeship tax	06				
Others subsidies & trade ascn. contribution	07				
Differences on exchange	08				
Stock shortages	09				
Cash shortages	10				
Life insurance premiums	11				
Royalties on patents & licences	12				
Losses on returned containers	13				
Sundry 1 ________	14				
Sundry 2 ________	15				
Sundry 3 ________	16				
TOTALS lines 1 to 16	17				

PARTICULARS OF NON-SALARIED ADMINISTRATORS ALLOWANCES			
NAME	NATIONALITY	AMOUNT OF CAPITAL OWNED	ALLOWANCE
TOTAL OF ALLOWANCES			

STANDARD MODEL

Period ______________________ TABLE 19

Business Name ______________________

ADM. ONLY 2 7 ... 0 0

TABLE OF PERSONNEL EXPENSES (ACCOUNTS 65/065)								
HEADINGS		Line	INCURRED IN CAMEROON				INCURRED ABROAD	TOTAL
			Cameroonians 1	Other Africans 2	Others 3	TOTAL 4 = 1 + 2 + 3	5	6 = 4 + 5
Permanent Staff	Manual labour	01						
	Clerks & sales agents	02						
	Executive, supervisors & foremen	03						
TEMPORARY Staff		04						
TOTALS lines 1 to 4		05						

		Line			
Transport and lodging allowances		06			
Other social allowances		07			
WAGES & SOCIAL ALLOWANCES : TOTALS line 5 - 7		08			
CNPS Contributions		09			
Other social contributions		10			
FRINGE BENEFITS IN KIND	Food	11			
	Water, gas, electricity	12			
	Uniforms, medicines	13			
	Leave transports	14			
	Lodging	15			
	Medical and sundry services	16			
	Other benefits	17			
	TOTALS lines 11 to 17	18			
TOTALS lines 8, 9, 10 & 18		19			

SUM RECEIVED BY STAFF (recorded in various accounts)	Line			
TOTALS lines 8 carried down	20			
Notional or proportional business travelling allowance	21			
National entertainment allowances	22			
Other sums received shown elsewhere in the return	23			
SUMS RECEIVED BY STAFF : TOTALS lines 20 - 23	24			

STANDARD MODEL

Period ________ TABLE 20

Business Name ________

ADM. ONLY 2 8 0 0

RATES AND TAXES (ACCOUNTS 66/066)						
HEADINGS	Line		Payable in the State 1	Payable to intern. organ. 2	Payable abroad 3	TOTAL 4
Business licences	01					
Apprenticeship tax	02					
Council tax	03					
Cattle tax	04					
Internal turnover tax	05					
Registration taxes	06					
Fiscal stamps	07					
Stamp duty	08					
Forest tax	09					
Tax on firm's capital	10					
Vehicle licence owner. cert.	11					
Tax on insurance contract	12					
Single tax	13					
National manufactur. tax	14					
Stabilisation funds withdraw.	15					
Exp. customs duties (goods)	16					
Exp. customs duties (sces)	17					
Deductible fiscal penalties and fines	18					
Non-deductible fiscal penalties and fines	19					
Unclassified sundry rates and taxes	20					
TOTALS lines 1 to 20	21					

FIRMS RECORDING TURNOVER. TAX EXCLUDED			
Amount of internal turnover tax not included in a/c 66/066	22		

INTEREST PAID (ACCOUNT 67/067)					
HEADINGS	Line		to organs. Cameroon 1	to organs. abroad 2	TOTAL 3
Bond and debenture interest	23				
Redemption premiums	24				
Interest on other borrowings repayable after more than 1 yr.	25				
Interest on borrowings repayable within one year	26				
Interest on partners current a/c	27				
Bank interest	28				
Discounts granted	29				
Sundry	30				
TOTALS lines 23 to 30	31				

STANDARD MODEL

Period ______________ TABLE 21

Business Name ______________

ADM. ONLY | 2 | 9 | 0 | 0 |

SUNDRY REVENUE AND PROFITS (ACCOUNTS 74/074)					
NATURE / ORIGIN	Line		Earned in Cameroon 1	Earned abroad 2	TOTAL 3
Rebates, refunds & dis. obtained	01				
Allowances obtained from customer	02				
Sales premiums & forfeited deposit	03				
Royalties on patents & licences	04				
Subscriptions & donations received	05				
Apportion of invest. grant & subsidies	06				
Recoveries in resp. of debts previously written off	07				
Exchange defferences	08				
Fire & sundry risks insur. compens.	09				
Life insurance compensations	10				
Profits on return of consigned packaging	11				
Sundry 1 ______	12				
Sundry 2 ______	13				
Sundry 3 ______	14				
TOTALS lines 1 to 14	15				

OPERATING, BALANCING AND INVESTMENT SUBSIDIES & GRANTS RECEIVED (A/C 76/076 & 014)					
ORIGIN / NATURE	Line		Investment subsidies 1	Operating and balancing subsidies 2	Payments from stabilisation fund 3
The State	16				
Local bodies	17				
National public organisation	18				
National private firm or organ.	19				
Foreign private firm or organ.	20				
International organisation	21				
Other ______	22				
TOTALS lines 16 to 22	23				

INTEREST AND DIVIDENDS EARNED (ACCOUNTS 77/077)					
NATURE / ORIGIN	Line		Earned in Cameroon 1	Earned abroad 2	TOTAL 3
Revenue from bonds	24				
Dividends	25				
Interest on loans granted for more than 1 year	26				
Interest on loans granted for less than 1 year	27				
Interest on current accounts	28				
Discount obtained	29				
Directors' fees earned by the firm	30				
Shares of profit earned by the firm	31				
Other interest	32				
TOTALS 24 to 32	33				

STANDARD MODEL

Period ____________ TABLE 22

Business Name ____________

ADM. ONLY

ADM.		3	0										
	1	2		4				8		9		11	
ONLY	0	0											
	12	13	14										

	LONG TERM BORROWINGS AND LIABILITIES	Line		Repayment borrowings and debts incurred		New borrowings and debts incurred	
		12 13		In Cameroon 20 1 27	abroad 28 2 35	In Cameroon 36 3 43	abroad 44 4 51
	Loans - debentures	01					
OTHER L.T. BORROW. & LIABILI. IN RESPECT OF	The State	02					
	Bank	03					
	Group Companies	04					
	Partners	05					
	Other firms	06					
	Private persons	07					
	Others ____	08					
	TOTALS lines 2 to 8	09					
	TOTALS lines 1 to 9	10					

No GAP	OTHER LONG TERM ASSETS	Line		increases (debits)	decreases (credits)
		12 13		20 1 27	28 2 35
LOANS & OTHER L.T. RECEIVABLES (Account 25)	The State (L.T. state cust. a. c. received	11			
	Banks	12			
	Group companies	13			
	Partners	14			
	Other firms	15			
	Private persons	16			
	Others ____	17			
	Guarantee deposits	18			
	TOTALS lines 11 to 18	19			
INVEST. OTHER THAN AT S.T. (A/C 26)	Shares (in joint-stock Co.)	20			
	Bonds	21			
	Shares (in other firms or organ)	22			
	Other shares	23			
	TOTALS lines 20 to 23	24			

ANALYSIS OF MOVEMENTS OF SHORT TERM FINANCIAL ACCOUNTS OF TABLE 2

No GAP	NATURE OF ACCOUNT	BANKS INITIAL LETTERS	Line		EARNINGS	EXPENDITURE
			12 13	14 16	20 1 27	28 2 35
CASH IN BANK (ACCOUNT 56)	Central bank account		25	ADM. ONLY		
	Cheques or current		26			
	accounts in banks		27			
	working in		28			
	Cameroon		29			
			30			
	Banks accounts abroad		31			
	Postal cheque accounts		32			
	Treasury account		33			
57	Cash in hand		34			
	TOTALS lines 25 to 34		35			

STANDARD MODEL

Period __________ TABLE 23

Business Name __________

ADM. ONLY | 3 | 1 | 0 | 0 |

APPRENTICESHIP TAX				
BASIS OF ASSESSMENT	Line	AMOUNTS 1		TAX DUE 2
	01			
	02			
	03			
	04			
	05			
	06			
	07			
	08			
	09			
	10			
	11			
	12			
	13			
TOTAL lines 1 to 13	14		× ——%= (rate in force)	
DEDUCTIONS ALLOWED	Line	AMOUNTS		
	15			
	16			
	17			
	18			
	19			
	20			
	21			
	22			
	23			
	24			
TOTAL of deduct. to be c/d to column 2	25			
NET TAX DUE	26	Line 24 - Line 25		

STANDARD MODEL

Period ____________ TABLE 24

Business Name ____________

ADM. ONLY	3 2
	0 0

INTERNAL TURNOVER TAX - YEARLY RETURN					
Tax basis of assessment	Line	General rate 1	Reduced rate 2	1st specific rate 3	2nd specific rate 4
	01				
	02				
	03				
	04				
	05				
	06				
	07				
	08				
	09				
	10				
	11				
	12				
	13				
	14				
Turn. tax exclud. in above basis	15				
TOTAL	16				
Rates applicable	17	——— %	——— %	——— %	——— %
Tax amount	18				
Additional taxes	19				
Turnover tax payable	20				
	21	TOTAL of line 20 column 1-4		——→	

	Line			Amounts
	22	Tax Cr. of prece. period		
PAYMENTS MADE DURING THE PERIOD				
Period under reference	Line	Date of pay	Receipt No.	
July	23			
August	24			
Septembre (or 1st term)	25			
October	26			
November	27			
December (or 2nd term)	28			
January	29			
February	30			
March (or 3rd term)	31			
April	32			
May	33			
June (or 4th term)	34			
	35	TOTAL line 22 - 34 to carry opposite		

NET TAX PAYABLE	36	Line 21 – Line 35	
TAX CREDIT	37	Line 35 – Line 21	

STANDARD MODEL

Period: ____________________ TABLE 25

Business Name ____________________

ADM. ONLY | 3 | 3 | 0 | 0 |

FIRM'S STRUCTURE : Breakdown per establishment

	HEADINGS	Line	Establishment No........	Establishment No........	Establishment No........	Establishment No........	Establishment No........	Establishment No............
	Name of establishment	01						
		02						
	Town	03						
	P.O. Box	04						
	SCIFE Number	05						
	Creation date of establishment	06						
	Main activity	07						
		08						
No of PERMENENT STAFF	CAMEROONIAN STAFF							
	Manual labour	09						
	Clerks	10						
	Executives & foremen	11						
	TOTALS lines 9 to 11	12						
	OTHER STAFF							
	Manuel labour	13						
	Clerks	14						
	Executives and foremen	15						
	TOTALS lines 13 to 15	16						
	CASUAL staff: No. days worked	17						
	Investments made per establishment	18						
	Turn over	19						
Industrial firms only	Main product manufactured	20						
		21						
	Quantities manufactured	22						

APPENDIX D

OCAM INCOME MEASUREMENT AND ASSET VALUATION PRINCIPLES

VII

special provisions

VII

GENERAL PRINCIPLES

The object of consolidation is to supply group shareholders and third parties with correct or at least significant information relative to the group as a unit. The economic or financial significance of the information — which determines the choice of the method of consolidation — depends on the nature of the relationship between the parent and the subsidiary companies.

The consolidation consists in substituting for the value of the shareholding appearing in the balance sheet of the parent company the value of this holding in terms of the balance sheets of the subsidiary companies. This substitution is accompanied by a consolidation of the profits and losses of the group.

The diversity of individual circumstances is incompatible with absolute rigidity and a certain amount of latitude must necessarily be allowed in consolidation practice.

THE COMPOSITION OF THE GROUP UNIT

The balance sheets of companies situated within the State or in foreign countries may be consolidated in the following cases:

1 — When the parent company, by virtue of its holding
- exercice a legal control: subsidiaries, sub-subsidiaries or multiple shareholdings (1).
- exercises an effective control in practice because of its financial or economic preponderance (holdings in companies in which the group holds more than a third of the voting power).
- possesses in the case of closed companies (2) an effective holding, viz. not less than 10 %.

2 — When they exercise the principal activity or activities of the group or related ancillary activities in the case of groups of a commercial or industrial nature.

3 — When, by their importance, they have a significant influence at group level.

METHOD OF CONSOLIDATION

The method of substitution involved in the consolidation depends on the way in which the parent and its affiliates are connected; one of the following methods is used:

1 — When the parent company exercises a legal control, consolidation is carried out by complete integration involving the individual integration into the balance sheet of the consolidating company of the total amount of each of the individual items making up the assets and liabilities of the company being consolidated; the net equity of the outside (minority) shareholders is deducted from the total equity thus integrated and shown separately in the consolidated balance sheet.

(1) When a parent company, its subsidiaries or sub-subsidiaries hold, in a company, shares which give the group a controlling voice in the affairs of that company, this is named "multiple shareholding".

(2) A company whose capital belongs to several groups and the running of which tends to involve distribution of the operations and results pro rata to the shareholding of each of the groups.

2 — When the parent company has simply effective control in practice, it is sufficient to substitute for the shares held, the underlying value corresponding to the shares in the net financial position of the issuing company. This is the "equity method".

3 — In the case of "closed companies" consolidation is carried out by proportional integration into the balance sheet of the consolidating company of a proportion, calculated pro-rata on the basis of the participation of the group, of the value of each of the individual assets and liabilities of the consolidated company. The proportion of the net equity so integrated by difference corresponds to the interest of the group in the consolidated company.

PREPARATORY

— Considerations of the form

The aim in rendering uniform the accounting elements to be consolidated is to obtain documentary information that is as relevant as possible taking into account the difficulties that arise in regard to subsidiary companies situated in foreign countries.

— Considerations as to the basis

Monetary conversions are made at the rate of exchange ruling on the date to which the group accounts are made up. Groups are given the option to integrate fixed assets in their accounts at fixed rates of exchange, when the subsidiary companies concerned are situated in countries with unstable currencies, by calculating a value for the asset on the basis of the rate of exchange at the date of acquisition.

The revaluation of assets in the consolidated accounts can only be recommended to the extent that this is stipulated or authorised officially.

Latent excess values may be brought into the group accounts if their importance justifies this action and subject to their having previously received either official agreement or the recognition arising from disposal within the group.

In those cases where the information made available calls for a revision of valuations, depreciation or provisions brought into the accounts in accordance with fiscal regulations, this revision is made at the level of the group accounts.

ELIMINATION OF TRANSACTIONS AND BALANCES WITHIN THE GROUP

Operations between companies of the group are eliminated in consolidation with the exception of balances relating to companies consolidated by the "equity method". Minority interests in the net assets of a consolidated company cannot be affected and consequently the elimination is wholly operative in relation to the group net assets.

When consolidation is fully integrated, changes in net financial position are recorded as "differences on consolidation" or as "profit or loss of the financial year" depending on whether they concern previous financial years or the financial year in respect of which the accounts are being consolidated.

In the particular case of fixed asset disposals between group companies, the internal gain or loss is not eliminated but the share of the group in that gain or loss is transferred to the difference on consolidation.

In the case of reciprocal shareholdings, the group proportion of the shares of the consolidating company held by the other is eliminated from the consolidated assets and deducted from "difference on consolidation".

The commitments to be noted in the notes to the consolidated balance sheet are those received from, or given to, third parties outside the group.

DEFINITION OF CONSOLIDATED SALES TURNOVER

The consolidated sales turnover is the total of the sales made by fully consolidated companies of the group, less any eliminations that may be necessary so that this figure should represent the turnover with regard to parties outside the group. In groups of a commercial or industrial nature, only those sales are consolidated which refer to the products, materials, merchandise and services representing the principal activity or activities of the group or related ancillary activities.

DIFFERENCE ON CONSOLIDATION

The substitutions necessary for in the consolidation result in a difference called "difference on consolidation" which should be clearly shown part of the net equity of the group.

In calculating this difference, no account is taken of any short fall between the market value of the shares and their purchase price when the purchase has taken place during the financial year and to the extent that the fall in value is apparent rather than real. In such a case, the purchase price is considered to incluse hidden excess values, shown in the group assets as "Goodwill (on consolidation)".

CONSOLIDATED RESULTS

The consolidated results include only the results of companies totally or proportionally integrated.

They are shown in the statement of consolidated results and may deviate from the results appearing in the consolidated balance sheet because of time lags, sometimes inevitable, in the appropriation of the profits of individual companies.

THE DRAWING UP AND PRESENTATION OF GROUP ACCOUNTS

The group accounts are usually drawn up for a calendar year. When the accounting dates of group companies cannot be made uniform, the consolidation is carried out on the basis of provisional accounts for those companies whose financial years do not end on 31st December.

The group accounts show:

- the consolidated financial position drawn up, according to the circumstances, either before or after the annual general meeting
- the statement of consolidated results.

They are presented each year in the same form and on the same bases of valuation, any changes being the object of an explanation.

The details that are necessary for a proper reading and interpretation of the group accounts must be given in notes, covering particularly:

- a summary of the consolidation principles adopted
- a list of the main companies whose accounts have been consolidated and of those group companies whose accounts could have been consolidated but have not been
- information as to the more important variations in the difference on consolidation and on the origin of the "goodwill"
- other explanatory comments as necessary.

THE ACCOUNTS OF THE O.C.A.M. ACCOUNTING PLAN ENABLING CONSOLIDATION

Class	Number		Observations
1	17	Other long term borrowings and liabilities (advances received by group companies)	
2	25	Loans and other long term receivables (advances made by group companies)	
02	029	Accumulated provisions for loss in value of fixed and long term assets (loans and other long term receivables)	
3		An opportunity is given here for showing in separate accounts inventories derived from internal transfers between group companies	To be opened as needed
4	40	Suppliers – (group companies)	
	41	Customers – (group companies)	
	45	Group companies	
		Current accounts of group companies	
		Current account of the parent company	
	49	Group companies	Suspense and adjustment account
04	049	Accumulated provisions for loss in respect of third party accounts (group companies)	
5	50	Borrowings repayable within one year (advances received from group companies)	
	51	Loans granted for less than one year (advances to group companies)	
6		An opportunity is given here for the systematic segregation of purchases from group companies	To be opened as needed
7		An opportunity is given here for the systematic segregation of the internal revenue of the group; sales, miscellaneous revenue and financial revenue	
	73	Work done by the business for its own account "Fixed asset formation for own account".	

The accounting plan uses account 60 for the recording of the cost of goods sold, account 70 for sales of goods (merchandise) and account 80 for the determination of gross profit on commercial transactions.

In the case of mixed activity (manufacture — commerce), subject to the provisions for small and medium-sized businesses, the accounting must in principle be designed to show separately the commercial and manufacturing activities.

In this event, as in that of manufacturing only, businesses may if they so wish determine the gross profit on the commercial part of their activities as a whole.

A — VALUATION OF GOODS SOLD (AND OF MATERIALS AND STORES CONSUMED)

The following provisions apply both to sales of stocks of merchandise and to materials and stores consumed.

The valuation is made at the point of the entry into stock (or purchases) and not on the issue from stock (goods sold, materials and stores consumed). It must follow consistent valuation criteria. When the basis of valuation is changed, a note must be made to this effect in the notes to the balance sheet.

The items to be included in the value of stock and the general principles for their valuation have been listed in the comments on class 3 accounts, to which are added the following details and supplementary information:

- entries into stock are recorded at the cost of goods when delivered into store. This cost includes the purchase price (c.i.f. value and internal duties) and supplementary charges such as:

  transport costs
  customs duties and transit expenses
  insurance during transport
  purchasing commissions

- the supplementary purchasing charges are analysed in the manner indicated below, on the basis of sub-accounts linked to the stock accounting entries (or those for purchases):

ANALYSIS OF SUPPLEMENTARY PURCHASING CHARGES

	Transport costs	Customs duties	Insurance during transport	Purchasing commissions	Transit expenses	TOTAL

Where there is periodical stock taking account 39 "Purchases (Including related expenses)" should be used and the balance transferred to account 60 at the end of the period. The supplementary charges should be entered separately in sub-accounts opened for that purpose.

Where there is a perpetual inventory, entries into stock may be debited:

- directly to account 30 if their cost is known
- to a suspense account 39 ("Stock awaiting valuation") where the various cost elements (purchase price and supplementary charges) are grouped pending transfer to account 30 when their cost is known
- directly to account 30 at a standard value when the total cost is usually known only after issue from stock. In this case, the difference between standard and actual cost is shown in account 60.

When the business itself incurs expenditure that has the character of supplementary purchasing expenses (transport for its own account, slight conditioning):

- these expenses are first brought into the accounts according to their nature
- the valuation of the stocks is obtained by crediting account 72 "Output stocked" either by the debit of account 39 "Valuation of stocks" (or "Purchases") or by the debit of the relevant stock account when that is possible.

When the business has several stores, an account is opened for each store. Transfers between stores may be passed through account 72 "Output stocked" at their cost at the point of entry increased by the warehousing expenses. It is also possible to show the transfers from one store to another at the initial cost of the goods, warehousing charges remaining as operating costs. If this procedure is adopted, the fact must be indicated in the notes to the balance sheet.

Losses and shortages arising in transit before entry into stock are debited to account 064 by the credit of account 30 (or account 39). Insurance compensation received in respect thereof are credited to account 074.

Losses and shortages arising after entry into stock are shown as stock differences. Account 30 is then credited by account 064.

B – BOOK KEEPING ENTRIES IN RESPECT OF SALES OF GOODS (MERCHANDISE)

Sales of goods (merchandise) are, in principle, recorded from invoices inclusive of taxes. When these taxes are for the account of the purchaser and are paid over to the State, they are debited to account 70 "Sales" and credited to account 43 "State".

Transport costs invoiced to customers at a flat rate are credited to account 71 "Output sold". If they are recovered on an actual cost basis (transport by third parties) they are shown in the non-operating expense account 062 "Transport" for the expenses incurred on behalf of the customer, and in account 71 for the recovery of these expenses.

C – GROSS PROFIT FOR BUSINESSES WITH BOTH COMMERCIAL AND MANUFACTURING OPERATIONS

Businesses with mixed activities should, in principle, distinguish between the two aspects of their activities and account separately for the purely commercial transactions from which they derive a gross profit, and for manufacturing operations.

However, when the distinction between merchandise and finished goods is difficult to make (merchandise and products of the same nature, for example), an overall gross profit may be arrived at, account 35 "Finished goods and products" being credited by the debit of account 60 "Cost of goods sold" (merchandise and finished goods) instead of utilising account 72 (which then shows the cost of production for the period). Account 70 "Sales of merchandise and finished goods" is correspondingly credited by the debit of a third party account or the relevant financial account. Account 71 "Output sold" is not used.

Value added is made up of two elements: gross profit and added costs (the latter is the difference between the total value of the production of the period, calculated at cost, and the cost of the intermediate consumption.)

D – GROSS PROFIT FOR MANUFACTURING CONCERNS

Businesses engaged exclusively in manufacturing have the possibility of arriving at a gross profit on sales by crediting to account 71 the cost of output sold and by debiting this amount to account 60 "Cost of goods sold", sales of products being credited to account 70.

If the above procedure is followed, value added for the business for the period concerned is made up of a profit on cost of production and an added cost (cost of output sold, of production stocked, of goods manufactured by the business for its own account, from which is deducted the cost of intermediate consumption.

Specific agricultural operations should be accounted for according to the following general principles:

ANIMALS

Animals classified as fixed assets include breeding or stud animals, draught animals and dairy animals as well as those raised for wool production. They are valued either at purchase price or at selling price ex-farm on stock-taking at the end of the period.

Animal production made up of animals raised for sale (cattle, pigs, poultry, etc.) is included in "Products in process" (account 36) and valued conservatively in accordance with general practice on the basis of a selling price ex-farm.

The transfer of an animal from one category to another should be recorded in the appropriate accounts.

If animals may be considered both as a means of production and as the object of the production itself, the separation of livestock between fixed assets and stock presents something of a problem. Agricultural concerns may, in this case, show the whole of the herd or flock as stock in trade.

FIXED ASSET FORMATION FOR OWN ACCOUNT BY AGRICULTURAL ENTERPRISES

Capital works done by the business for its own account must be treated as fixed assets. These include:

– land development work such as clearing, improvement, irrigation and flood protection works, re-afforestation, etc.
– plantation which require more than one year to come into production.

These works are valued at direct cost which includes, as far as plantations are concerned, all expenses incurred up to the first normal crop.

PERMANENT PLANTATIONS

The cost of long life plantations is debited to account 23 "Fixed asset in progress" until the period in which the first normal harvest occurs. It is then transferred to account 22 "Fixed assets other than land". Replantation in successive stages is treated in the same manner as the original planting.

Plantations during their normal period of production are subject to depreciation.

CROPS

Stocks of agricultural products harvested from plantations are conservatively valued on the basis of selling price ex-plantation, taking account of fluctuations in market prices.

PRODUCTION DISPOSED OF IN KIND

Production disposed of in kind is credited to account 73, the title of which is modified, in consequence, and becomes "73 – Works for own account and for own consumption" by the debit:

– of account 10 "Personal capital" for products taken by the farmer for his own needs or those of his family

– of account 65 "Personnel expense" for benefits in kind to personnel (1)

– of the relevant third party account for payments to third parties in kind

– of account 23 "Fixed assets in progress" when the products serve for the creation of other fixed assets (permanent plantations, for example).

JOINT VENTURES

When work is done jointly, notably within the framework of mutual agricultural assistance, only the balance is brought into account on settlement of the accounts concerned when their constituents cannot be separated according to their nature:

– if the result is a sum receivable, it is credited to account 74 "Sundry revenue and profits" by the debit of account 46 "Sundry debtors and creditors" (current accounts of the joint ventures)

– if an amount is payable by the farmer, it is shown in account 64 "Miscellaneous charges and losses" by the credit of account 46.

(1) Even if, in principle, benefits in kind granted to personnel are not brought into account in this way in other economic activities (commerce industry or services), their importance in the agricultural sector justifies special accounting treatment.

All the transactions in respect of a joint venture should be accounted for according to the following rules:

- anonymity with regard to third parties and the absence of an individual corporate status for the joint venture
- keeping of accounts between participants in the joint venture
- the observation of any special fiscal regime to which joint ventures are subject
- truth and fairness in the accounts and consistency in the systems of accounts used by the participants.

Accounting for joint ventures should cover:

- the means used to attain its objectives
- the operations carried out within its framework.

The means used to attain the objectives of the venture

The assets contributed to the venture by each participant should figure in his own balance sheet, even if they are used only for the realisation of the objectives of the venture.

Funds contributed by participants are shown in account 44 "Current accounts for joint venture operations".

The assets produced or acquired within the framework of a joint venture operation should appear in the balance sheet of the participant who is the apparent owner (as a general rule, the venture manager). The share of the other participants is shown as a credit to a sub-account of account 17 "Other long term borrowings and liabilities" (contributions received for joint venture) by the debit of account 44 (current account for joint venture operations).

Each of the other participants records his share in the net assets of the venture in a sub-account of account 25 "Loans and other long term receivables" (Investments in joint venture operations) which is debited by the credit of account 44.

Depreciation of assets is recorded in sub-accounts 17 and 25 by a reduction of a similar amount in the respective obligations and rights of the participants.

Accounting for transactions within the framework of a joint venture

Transactions with third parties by participants in their own names are entered in each participant's accounts in the normal way, as are transactions between participants when they are made in their own name.

Transactions between participants are shown at the cost of the goods disposed of or of the service supplied:

– **by the seller**, to the credit of the relative expense account. However, if it is only possible *to identify such charges in the cost accounts or if it is a case of grouping together by kind* several types of expense which devolve inevitably on the business (personnel expenses, for example) a sub-account of 073 (expenses chargeable to third parties) is used.

– **by the purchaser**, to the debit of accounts of class 6 according to the way the charges are treated in his own books (e.g. debit of account 63 "Other services" for personnel charges incurred by the seller for the account of the joint venture and shown by the latter in in account 65 "Personnel – wages, salaries, etc.").

Analysis of the transactions carried out within the framework of a joint venture

A) **In the operating account** (including, in certain instances, some non-operating transactions) when the venture contract does not provide for a venture manager.

Each participant shows in his accounts his own transactions with third parties and, subject to adjustments that may be necessary subsequently, the profit or loss on joint venture operations is shown as the difference between revenue and expenses in account 82 "Determination of operating profit or loss".

B) **In the profit and loss account**, when the contract provides for one or more managers.

All venture charges and revenue are recorded in the manager's books since legally he alone is recognised by third parties. He divides the profit or loss between the participants and enters their shares to the debit of a sub-account of 82 "Profit or loss on joint venture operations" (where there is a profit) or to the credit (where there is a loss) by the credit or debit of the current accounts of the participants (44).

Inversely, participants enter in their own books, their share of the venture result in a sub-account of 82, either to the debit (where there is a loss) or to the credit (where there is a profit) by the credit or debit of the account of the venture managers (44).

4 — accounting for transactions relating to packaging

A distinction is made between three kinds of packaging:

1 — packaging regarded as a fixed asset, easily identifiable and intended to be used in the business as a permanent instrument of work

2 — recoverable packaging with a life of usually less than one year, intended to be lent or consigned to customers and treated as stock in trade

3 — non-recoverable packaging generally known as non-returnable, which is intended for sale to customers and whose value is included in the price of the contents; this type of packaging is also shown as stock.

Accounting for this last category of packaging follows that of the related products or merchandise. The first two categories on the other hand may be consigned (or loaned) to customers and the resultant operations are treated in the accounts in the following manner:

a) on consignment

Opening by the consignor (supplier) of an account 41 "Customers — packing materials on consignment" credited with the price of the packaging consigned, by the debit of the relevant customer's account.

Opening of an account by the consignee (customer) of an account 40 "Suppliers — packing materials to be returned" debited with the price of the consignment by the credit of the relevant supplier's account.

b) return of packaging in normal conditions (at the price of consignment)

The above entries are reversed.

c) the packaging is not returned

For the supplier:

— If the packaging is treated as a fixed asset, its non-return involves the disappearance of the corresponding asset, the value of which is credited to the relevant balance sheet movement account by the debit of account 84 "Determination of profit or loss on disposal of fixed assets". The consignment value is credited to account 84 by the debit of the account "Packing materials consigned". The business determines the gain or loss on disposal.

— If the recoverable packaging is shown in stock, its non-return is equivalent to a sale. The account "Packing materials consigned" will be debited by the credit of account 74 "Sundry revenue and profits". If the business keeps a perpetual inventory, account 33 "Packing materials will be credited by the debit of account 60 "Cost of goods sold" (commercial activity) or of account 61 "Raw materials and goods consumed" (manufacturing or service activities).

For the customer:

— Packaging which is not returned is either put into stock or destroyed. It will be credited to supplier account "Packing materials to be returned", either by the debit of account 33 "Packing material" (perpetual inventory) or 39 "Purchases" (periodical stock taking) where the packaging is taken into stock, or by the debit of 64 "Miscellaneous expenses and losses" in the event of destruction.

d) the packaging is returned at a price below that of consignment

- For the supplier, the difference between the consignment price and the return value constitutes a revenue. He will debit account "Packing materials consigned" by the credit of the customer's account (for the return value) and by the credit of 74 "Sundry revenue and profits" (for the difference between consignment and return values). If he keeps a perpetual inventory, he will show the reduction in stocks of packaging by crediting account 33 by the debit of 60 (Commerce) or 61 (Industry and services).
- For the customer, the difference represents a charge. He will credit the account "Packing materials to be returned" by the debit of "Suppliers" (for the consignment value) and by the debit of account 64 "Miscellaneous expenses and losses" for the difference between the consignment and return values.

5 — internal accounting operations

The structure and the operational conditions of a business necessitate the use of internal liaison or adjustment accounts which, in principle, disappear when the accounts for the period are closed either by reciprocal cancellation or by transfer to other accounts.

The main balance sheet movement and operating accounts ending with the figure 9 reserved for this use, in accordance with the specific needs of management.

Below are explained the possible treatment of certain internal transactions concerning:

A) transfers between branches of the same business and the determination of main operating account balances in respect of those branches (use of accounts 19 and 89, or account 99).

B) transactions in suspense and pending adjustment (account 49)

C) internal cash transfers (account 59)

D) accounting for purchases (account 39)

5.A–TRANSFERS BETWEEN BRANCHES AND DEPARTMENTS OF THE SAME BUSINESS – DETERMINATION OF MAIN OPERATING ACCOUNT BALANCES OF THOSE BRANCHES AND DEPARTMENTS

When a business has several branches or departments, each one with its own general accounting records operating and exchanges of supplies or services or transfers expenses and revenue, these disposals or transfers are normally accounted for as follows:

1 — Transfers of elements whose value is directly determineable from the accounts of the transferor are entered:

- by the supplying branch or department, to the credit of the relevant account in its own books by the debit of a liaison account 19 opened in the name of the transferee branch or department
- by the receiving branch or department to the debit of the relevant account in its own books, by the credit of a liaison account 19 opened in the name of the supplying branch or department.

2 — When the transfers refer to revenue or services, the cost of which comprise a number of elements and must be computed from the cost accounts or, in their absence, by statistical calculation, the branches or departments concerned open an account 89 "Goods and services exchanged between branches" which is sub-divided according to requirements.

The transfers are recorded:

– by the supplying branch or department, to the credit of account 89 by the debit of a liaison account 19 opened in the name of the transferee branch or department

– by the receiving branch or department, to the debit of account 89 by the credit of a liaison account 19 opened in the name of the supplying branch or department.

In place of account 89, accounts 69 "Goods and services received from other branches" could be used.

Businesses may determine the price of internal transfers in accordance with rules and methods that best meet management requirements; however, if the methods of costing the elements produced or supplied by a branch are not identical with those used in the business for the costing of stocks, all necessary measures must be taken to revalue the stocks concerned on the latter basis.

The results of main operations of each branch are obtained by adding the various accounts of classes 6 and 7 and the corresponding divisions or sub-accounts of account 89 (or 69 and 79).

For the business as a whole, account 89 should show a nil balance, as the amounts credited in respect of the supplying branches and the amounts debited in respect of the transferee branches should cancel each other out.

3 – Businesses may use an accounting system different from that described in paragraphs 1 and 2 above, when each of their branches keeps a separate cost accounting system within the framework of a single general accounting system for all branches.

In this event, the general accounts show only the entries relating to transactions with third parties – it does not show internal transfers. The liaison accounts 19 and account 89 are therefore not used.

Internal transfers are shown only in the cost accounts, in account 99 "Internal liaisons".

5.B–SUSPENSE ACCOUNTS

The transactions that cannot be allocated precisely to a given account at the moment of entry, or which call for supplementary information, are provisionally entered in account 49.

This accounting procedure should be used only in exceptional circumstances. Any entries made to account 49 must be transferred to the proper account with the least possible delay.

The divisionary or sub-accounts to be opened in this case within account 49 will be given headings appropriate to their object.

Except when this is impossible, the entries made in these accounts are reclassified, at the end of the period, in the accounts shown in table 2. As a consequence, account 49 has no corresponding account in class 0 (balance sheet).

If a reclassification cannot be carried out, there should be no set-off between debit and credit balances of the divisionary accounts, which should be shown clearly as assets or liabilities with a statement that they represent balance sheet movements not finalised during the period.

PURCHASE BY A COMPANY OR "SOCIETE" OF ITS OWN SHARES OR PARTS

Divisionary or sub-accounts of account 49 are used to record shares or parts issued and repurchased by a company or "société", until the transactions in respect of which the repurchase was effected are finalised. Businesses must show clearly in the balance sheet the accounts concerned, if they are not cleared at the end of the period.

ACCOUNTING FOR EXPENSES AND REVENUE BY APPORTIONMENT OVER A PERIOD

Businesses may open, within account 49 "Suspense accounts", a special sub-account 490 "Apportionment accounts" to show by the debit of the appropriate expense and revenue accounts items whose amount can be fixed in advance with sufficient accuracy (taxes, rents, insurance premiums, depreciation, provisions for contingencies, rents receivable, investment income, etc.) for which there is an advantage in apportionment by equal fractions over periods of the financial year.

The apportionments are amended upwards or downwards if necessary during the financial year, in such a way that the totals of the amounts entered to the debit of the relevant account of class 6 or to the credit of the relevant account of class 7 are equal at the end of the year to the actual amount of the expense or revenue.

The practical methods of operations of these apportionment accounts are detailed in the special provisions for the drawing up of accounts during the financial year (cf. chapter VII – paragraph 11).

5.C – INTERNAL TRANSFERS

Internal transfers are shown in account 59.

These are suspense accounts used to register transactions which are ultimately cleared (transfers of funds, set-off settlements).

The object of the account "Transfers of funds" is to allow centralisation, without risk of duplication, of transfers between one cash or bank account and another.

The account "Set-off settlements" records transactions which can be set off against each other (customer – supplier transactions, for example). Only the balance is then paid.

5.D – ACCOUNTING FOR PURCHASES

The use of account 39 "Purchases (including related expenses)" is explained in the comments in chapter IV (accounts of class 3).

6 — definition and content of sales turnover

In any given period, sales turnover is understood to be transactions with third parties in the usual course of business.

It may be expressed inclusive or exclusive of taxes but this should always be mentioned when referring to sales turnover.

Business transacted with third parties is recorded in the following accounts:

70 — Sales of goods (merchandise)

71 — Output sold (goods and services)

The unsold production of the period (including any work done by the business for its own account), sundry revenue and profits, operating subsidies and investment income, are therefore excluded from sales turnover.

These rules are not, however, applicable to banks, financial institutions and insurance and re-insurance companies for which the Accounting Plan will need adaptation.

The consolidated sales turnover of a group is defined in the special provisions relating to the consolidation of balance sheets and accounts (cf. Chapter VI "Financial statements").

7 – special provisions for mergers and amalgamations and for revaluation of assets

Fixed assets are recorded in the accounts at their cost price.

This value may be adjusted in the event of merger or revaluation.

A – MERGERS AND AMALGAMATIONS

Assets brought in on a merger or amalgamation should be recorded in the accounts of the acquiring company at their take-over values and not at their values in the books of the transferee or contributing company. There arises, consequently, a revaluation of these assets in the accounts of the acquiring company, which will be treated in accordance with paragraph B below.

Any merger premium is shown in account 10 "Capital".

If national legislation allows, this premium may be used:

– to bring the statutory reserve up to its maximum level

– to cover the expenses of an increase in capital or the formation of a new company as well as taxation on excess asset values payable by the absorbing company

– to create reserves for possible contingencies

However, merger premiums must not be used:

– to create reserves for losses in value of securities brought in as a capital contribution

– to reduce directly the values of assets brought in to the values at which they appeared in the books of the transferee company or companies.

B – REVALUATION

The object of revaluation is to correct the original book value of an asset by adjusting it to current economic conditions (monetary changes, changes in values with the passage of time or in changed economic circumstances, etc.).

The revaluation is said to be legal when it is authorised and calculated in accordance with rules enacted by the State.

The revaluation is said to be free when carried out under the responsability of the business and the supervision of the auditor.

Whatever may be the nature of the revaluation, the increase in value attributed to certain assets is shown in the balance sheet movements in a column, showing the details of the revaluation.

The counterpart of this increase in asset values does not constitute for the business a realised gain, but an adjustment of the capital proper, shown with equity on a separate line under account 13 "Adjustment of asset values" (Account 013 for the balance sheet).

8 — the relationship between accounting and fiscal requirements

In principle, fiscal laws and regulations should have no incidence on the net profit or loss of the financial year.

The net profit assessable to tax is derived from the net accounting result using a table of investments in a form to be defined by national legislation.

Different patterns for such a table will be given in special provisions devoted to the individual States.

9 — assets and liabilities whose values depend on fluctuations in foreign currency exchange rates

Businesses with assets or liabilities whose values fluctuate with foreign currency exchange rates, especially those possessing branches abroad, must apply the following rules:

FIXED ASSETS SITUATED IN FOREIGN COUNTRIES

These are shown in the accounts at their value at the rate of exchange on the date of acquisition.

Depreciation and, where appropriate, provisions for loss in value, are calculated on the basis of this value.

No account is taken of foreign exchange fluctuations as long as these fixed assets remain in the business. When they are disposed of, the profit (or loss) arising from these fluctuations is shown in account 074 "Sundry revenue and profits" (or 064 "Miscellaneous expenses and losses").

INVESTMENTS STATED IN FOREIGN CURRENCIES

These are shown in the accounts at their value at the rate of exchange on the date of acquisition.

If, at the end of the financial year, the rate of exchange gives a national currency figure below that used in determining the original book value, the difference gives rise to a provision for loss in value.

STOCK (INVENTORIES) HELD IN FOREIGN COUNTRIES

These are shown at their value at the rate of exchange on the date of their entry into stock.

Provisions for loss in value are made if the value at the stocktaking date, using the current rate of exchange, is less than the book value.

LOANS AND DEBTS IN FOREIGN CURRENCIES (INCLUDING LOANS GRANTED OR RECEIVED FOR LESS THAN ONE YEAR)

In bringing these into the accounts, businesses may use the actual rate of exchange on the date of the transaction or, as a means of simplification, a theoretical rate.

At the end of the financial year, loans and debts should, in every case, be valued in accordance with the latest known official rates of exchange. Any gains or losses (due to differences in the rates of exchange) are shown in accounts 074 and 064.

Businesses may also make provision for exchange losses on loans contracted or granted by charging account 019 "Provisions for losses on exchange" or 029 "Provisions for loss in respect of long term loans and receivables".

10 — the adaptation of the accounting plan to small and medium-sized businesses

The Accounting Plan should be adapted for use by small and medium-sized businesses.

A fiscal distinction can be made between businesses which are subject to tax on declared profits based on annual accounts and those whose profits are taxed arbitrarily. The distinction between these two categories is usually drawn in terms of the amount of their sales turnover.

Businesses taxed arbitrarily. Legally, all businesses, no matter what the basis of income tax assessment may be, should keep accounts for their operations in books of account provided for by the statutory requirements. In practice, those businesses which are taxed arbitrarily supply, in statistical form, only the elements demanded in the income tax declaration forms and this prevents the use of the Accounting Plan.

Other businesses. Where they are called upon to justify their profits or losses by the keeping of accounts on the foregoing lines (the Accounting Plan), it is necessary to temper the rules for small and medium-sized businesses.

The application of these provisions will be defined in each State in terms of the criteria generally used to define a small or medium-sized business: sales turnover, number of employees, etc.

THE ADAPTATIONS MAY CONCERN:

a) Table 1 (determination of results of main operations)

1 — Businesses having both a commercial activity and a manufacturing or servicing activity, must keep a separate account for each if they wish to determine the gross profit and the value added for each activity. Small and medium-sized businesses will be able to simplify their book keeping by proceeding in the following manner:

- if the manufacturing or servicing activity, estimated in terms of the turnover for that activity related to total turnover, is relatively small compared to the commercial activity, small and medium-sized businesses may group together in account 60 (or 39) the whole of the cost of stocks sold (or purchases) and intermediate consumption, and in account 70 the whole of the sales of merchandise and production, in such a way as to show gross profit and value added without distinction.
- conversely (resale of merchandise purchased ancillary to manufacturing or servicing activities), the cost of stocks sold (or purchases) will be shown as intermediate consumption and the sales of merchandise with output sold, in such a manner as to show only value added on all operations.

2 — Operating and non-operating transactions are shown separately in the accounts, classes 6 and 7 serving for the first, and classes 06 and 07 for the second.

Small and medium-sized businesses may avoid opening accounts in classes 06 and 07 by adjusting operating accounts at the close of the financial year. Non-operating transactions during the period should be identified as they occur by any means open to the business.

3 — A simplification of the accounting classifications and of the accounts to be detailed may be envisaged in each State.

b) Table 2 (evolution of balance sheet accounts)

Small and medium-sized businesses will not be obliged to adapt their existing accounting systems in order that table 2 may be drawn up directly therefrom. They will be able to do this outside the normal accounting system and in a simplified form on the basis of the opening and closing balance sheets of the period, the details of certain balance sheet movements being supplied on sight from the relevant accounts.

A pattern for a simplified form of table 2 may be envisaged by each State or group of States.

c) Table 3 (balance sheet)

Although businesses customarily draw up their balance sheets in a more or less detailed manner, a number of simplifications may be introduced for small and medium-sized businesses because of the rarity of certain transactions.

Thus, advances and payments on account in respect of fixed assets on order will be shown together with advances and payments on account of orders for goods and materials, but their amount must be disclosed either in a footnote on the balance sheet or in the notes thereto.

Accounts which are not used by the business need not be opened; e.g. accounts relating to group companies and bond borrowings.

A pattern for a simplified form of table 3 may be envisaged by each State or group of States.

The drawing up of accounting statements during the financial year calls for proper adjustment of the expenses and revenue to the given period and the determination of the stock at the end of that period.

A) Adjustment of expenses and revenue relative to a given period

This adjustment may be made by means of a period apportionment account (account 490) serving to apportion expenses and revenue in equal parts over accounting periods in the financial year. This system of apportionment may cover the whole or a part of the expenses and revenue (cf. special provisions – internal accounting operations 5. B – Suspense accounts).

a) Apportionment of expenses: Apportionment accounts may be used:

– to replace accounts 47 "Accrued expenses" and 48 "Prepaid expenses", the balances of which are transferred at the beginning of the period to the apportionment accounts

– for expenses paid or falling due for payment during the financial year and which relate to several accounting periods in the financial year (or even in the following financial year)

– for expenses which will be payable during the following financial year and which relate to several accounting periods in the current financial year and the following financial year

– to show estimated charges – allocations to depreciation and provision accounts

During the financial year, the apportionment accounts:

– are credited with the amount of the expenses chargeable to the operating costs of the period, by the debit of accounts of class 6

– are debited with the amount of the expenses recorded in the general accounts during the period, by the credit of accounts in classes 4 and 5

At the end of the financial year, the apportionment accounts:

– are debited by the credit of depreciation and provision accounts with the amounts of the final allocations to those accounts for the year

– are debited and credited respectively by the credit and debit of accounts 47 "Accrued expenses" and 48 "Prepaid expenses", when these expenses are recorded

– are balanced by debiting or crediting, as the case may be, the relevant accounts of class 6 with the differences between expenses shown in the general accounts (debits to apportionment accounts) and expenses charged to periods (credits to accounts).

To the extent that all expenses are subject to apportionment, a comparison for each period between expenses charged by apportionment and actual expenses shown in the general accounts enables an overall check on the conduct of the business to be made.

b) Apportionment of revenue

The rules for the use of apportionment accounts for revenue are similar to those given above for expenses.

B) Determination of stocks at the end of the period

Where a perpetual inventory record is kept, the book figure for stock is usually sufficient for the period accounts.

Where the business has recourse to periodical stock taking, it may be difficult to carry out such a physical stock taking at the end of the period, even if valuation is facilitated by pre-established costs.

The stock value may, however, be calculated outside the accounting system in terms of parity — stock at the end of the period (including in process items) equal the stock at the end of the preceding period plus entries less issues.

It is, however, evident that this can be only a rough approach which deprives the accounts of part of their purpose as a means of control of the conduct of the business during the period.

APPENDIX E

QUESTIONNAIRE

UNIVERSITY OF GLASGOW

CENTRE FOR INTERNATIONAL FINANCE AND ACCOUNTING

ACCOUNTING HARMONISATION IN CAMEROON

QUESTIONNAIRE SURVEY

Charles M. Elad

QUESTIONNAIRE SURVEY

This survey is undertaken as part of my research project for a doctorate degree in Accountancy. It is sponsored by the Cameroon Government and under the supervision of Professor S.J. Gray BEc, PhD, ACIS, FCCA, CPA, MBIM, Director of the Centre for International Finance and Accounting in the Glasgow Business School.

PURPOSE OF THE STUDY

The objective of this study is to survey the views of managers and accountants in Cameroon concerning the OCAM Accounting Plan with special reference to its strengths and weaknesses, implementation problems, and the factors affecting compliance with its information disclosure provisions.

GENERAL INSTRUCTIONS FOR COMPLETION

1. This questionnaire is addressed to Cameroonian, French, British and American companies operating in the Francophone and Anglophone provinces of Cameroon.

2. The questionnaire should be answered by managers and accountants of Cameroonian, French, British or American nationality who are implementing the OCAM Plan.

3. The questions have been designed in such a way that they can be completed in a very short time. Most of the questions simply require the respondent to circle the number which represents his/her opinion.

4. All the information provided will be kept **STRICTLY CONFIDENTIAL**. The results of the study will be reported in aggregate form only and the anonymity of replies from individual respondents will be carefully protected.

5. Thank you for your support and cooperation for this research project which has been financed by the Ministry of Higher Education and Scientific Research of the Republic of Cameroon. A summary of the results of the survey will be sent to you in due course.

If you have any queries about the study please do not hesitate to direct them to:

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SECTION ONE

(1) Please indicate the extent to which you agree with the following suggestions, assuming that they are proposals which have just been made to improve the standard of accounting in Cameroon. You are requested to circle the number which represents your opinion concerning all the questions. The scale for each question should be interpreted as follows:

1. Strongly Disagree
2. Disagree
3. Neither Agree nor Disagree
4. Agree
5. Strongly Agree

a. The accountancy profession should be regulated by the state. 1 2 3 4 5

b. Accountants should not be allowed to set accounting standards under the auspices of a private sector professional body 1 2 3 4 5

c. Statutory regulations and accounting standards or rules embodied in the OCAM Accounting Plan should not be violated under any circumstances whatsoever 1 2 3 4 5

d. Statutory regulations and accounting standards or rules should be violated if the accountant has sound theoretical grounds for doing so 1 2 3 4 5

e. There should be a drastic reduction in the number of rules and obligations which are imposed on accounting by legislators. 1 2 3 4 5

f. Accountants should be given more scope for exercising their own independent professional judgement 1 2 3 4 5

g. One very important characteristic of a good accounting system is that, it should contain rules and recommendations to cover every conceivable problem that could be encountered in practice. 1 2 3 4 5

h. Accountants should not be given scope to exercise their own judgement. 1 2 3 4 5

i. Accounting rules and standards should be enacted into laws so that deviant practices should not be tolerated 1 2 3 4 5

j. Provisions for bad debts need to be overstated in our company accounts because, although we may report a lower profit figure, it is nevertheless better to acknowledge a loss than a profit in a situation of uncertainty about the future 1 2 3 4 5

k. Purchased goodwill should not affect profit measurement. It should be written off immediately against reserves rather than amortised or matched with future revenues in the profit and loss account. 1 2 3 4 5

l. It is important to make provisions for contingent losses, future risks, etc. in our company accounts because, although this could result in a reduction in the reported profit, such provisions are necessary in order to recognise the uncertainty of the future.... .... 1 2 3 4 5

m. Accountants should not be allowed to experiment with inflation accounting models 1 2 3 4 5

n. It is essential that all companies adhere strictly to historic cost income measurement basis in order to avoid a state of uncertainty about valuation 1 2 3 4 5

SECTION TWO

(2) To what extent do you agree that the following features are significant MERITS or DEMERITS of the OCAM Accounting Plan ?

If, in your opinion, any of statements is not a true characteristic of the OCAM Plan, then the appropriate number to circle is "4", i.e. "Neither an advantage nor a disadvantage of the OCAM Plan". Otherwise, please indicate the extent to which you consider them as advantages or disadvantages using the scale below.

The seven point scale should be interpreted as follows:

1 Very significant disadvantage ,
2 Significant disadvantage
3 Disadvantage
4 Neither an advantage nor a disadvantage
5 Advantage
6 Significant advantage
7 Very significant advantage

a. It is too prescriptive 1 2 3 4 5 6 7

b. It facilitates the education and training of accountants........ .... 1 2 3 4 5 6 7

c. It is difficult to adapt the Plan to the particular circumstances of individual companies 1 2 3 4 5 6 7

d. It is generally easy for non-accountants to become conversant with it after a short training period....... .... 1 2 3 4 5 6 7

e. The idea of a compulsory general accounting Plan is somehow dictatorial and kills initiative 1 2 3 4 5 6 7

f. It renders financial statements easy to comprehend even by non-accounts or managers who haven't received formal management training 1 2 3 4 5 6 7

g. It reduces accounting to a purely mechanical book-keeping exercise........ .... 1 2 3 4 5 6 7

h.	It does not provide satisfactory measurement rules or accounting standards.	1	2	3	4	5	6	7
i.	It compels our company to disclose more information	1	2	3	4	5	6	7
j.	Helps to facilitate the transferability of accounting know-how and skills when personnel move from one company to another within the country	1	2	3	4	5	6	7
k.	The design of the Plan is too statistical and most of its disclosure recommendations are of doubtful validity to many users	1	2	3	4	5	6	7
l.	Strict compliance with all its disclosure recommendations could result in information overload.	1	2	3	4	5	6	7
m.	It takes the stimulus out of the job because it constrains accounting within a rigid straitjacket . .	1	2	3	4	5	6	7
n.	It introduces many unconventional concepts which are difficult for me to comprehend	1	2	3	4	5	6	7
o.	It leaves little leeway for me to apply my professional expertise	1	2	3	4	5	6	7
p.	It is a very expensive system to implement.	1	2	3	4	5	6	7
q.	It induces close supervision and meddling in the affairs of private enterprise by the government . . .	1	2	3	4	5	6	7
r.	It is a threat to our professional status and integrity or even job security because non-accountants or managers who haven't received formal management training could easily acquire a working knowledge of the Plan.	1	2	3	4	5	6	7
s.	The implementation of the Plan in a company could result in a discouragement and neglect of management accounting concepts and principles since attention will be largely diverted to the framework of the Plan.	1	2	3	4	5	6	7

t. Accounting terminology, rules, standards and routine procedures are defined or specified in considerable detail so that you don't need to worry too much about the appropriate treatment of a given item. 1 2 3 4 5 6 7

u. Its wide-ranging disclosure provisions enhance greater social accountability which is good for our company. 1 2 3 4 5 6 7

v. Leads to better comparability of accounting information. 1 2 3 4 5 6 7

w. Interfirm comparison is enhanced 1 2 3 4 5 6 7

x. Leads to a more equitable basis for taxation 1 2 3 4 5 6 7

y. Fosters national economic planning by the state . . . 1 2 3 4 5 6 7

If, in your opinion, there are some major advantages or disadvantages of the OCAM Plan which are not listed above, please specify these below.

i. 1 2 3 4 5 6 7

ii. 1 2 3 4 5 6 7

iii. 1 2 3 4 5 6 7

iv. 1 2 3 4 5 6 7

v. 1 2 3 4 5 6 7

vi. 1 2 3 4 5 6 7

SECTION THREE

(3) In your opinion, to what extent do the following factors influence information disclosure in your company's annual report?

The scale should be interpreted as follows:

1 Very little extent
2 Little extent
3 Moderate extent
4 Large extent
5 Very large extent

a.	French accounting regulations	1	2	3	4	5
b.	British accounting standards	1	2	3	4	5
c.	American standards	1	2	3	4	5
d.	OCAM/UDEAC regulations	1	2	3	4	5
e.	International accounting standards	1	2	3	4	5
f.	United Nations proposals	1	2	3	4	5
g.	Organisation for Economic Cooperation and Development (OECD) disclosure guidelines	1	2	3	4	5
h.	Proposals by auditors	1	2	3	4	5
i.	Proposals by academics/teachers	1	2	3	4	5
j.	European Community (EC) Directives	1	2	3	4	5
k.	Desire for greater social responsibility and accountability	1	2	3	4	5
l.	Public relations and marketing considerations	1	2	3	4	5

m. Threat of takeover/merger 1 2 3 4 5

n. Competitive disadvantage 1 2 3 4 5

o. Cost of data collection and processing 1 2 3 4 5

p. Production cost of publishing the information 1 2 3 4 5

q. Cost of auditing the information 1 2 3 4 5

r. Possibility of government intervention 1 2 3 4 5

SECTION FOUR

(4) In your opinion to what extent do the following user groups influence the disclosure of information in your company annual report ?

The scale should be interpreted as follows:

1 Very little extent
2 Little extent
3 Moderate extent
4 Large extent
5 Very large extent

a. Shareholders.......................... 1 2 3 4 5

b. Employees.............................. 1 2 3 4 5

c. Cameroonian bankers 1 2 3 4 5

d. International credit institutions e.g. foreign investors, banks, International Finance Corporation (IFC), USAID , etc 1 2 3 4 5

e. Potential investors 1 2 3 4 5

f. The press............................. 1 2 3 4 5

g. The Chamber of Commerce/Agriculture 1 2 3 4 5

h. Taxation authority 1 2 3 4 5

i. Department of Statistics 1 2 3 4 5

j. Ministry of Trade and Industrial Development 1 2 3 4 5

SECTION FIVE

(5) To what extent do you agree that the disclosure of the following information in your company annual report is essential ? Your frame of reference for judging the importance of each of these items should be the net cost or benefit to the company that you think might be associated with such disclosures in accordance with the scale below.

1 of no importance
2 of very little importance
3 of little importance
4 of moderate importance
5 of high importance
6 very highly important
7 of utmost importance

1. Accounting policies adopted by the company 1 2 3 4 5 6 7

2. Value added statement 1 2 3 4 5 6 7

3. Gross profit..... .... 1 2 3 4 5 6 7

4. Statement of source and application of funds 1 2 3 4 5 6 7

5. Borrowings negotiated but not yet received or loans negotiated but not yet paid 1 2 3 4 5 6 7

6. Description of hire purchase agreements with emphasis on the amount payable within and after one year.... .... 1 2 3 4 5 6 7

7. Proposals for the appropriation of net profit 1 2 3 4 5 6 7

8.	Qualitative information in respect of major repairs or maintenance charged to account 20 as exceptional expenditure to be spread over several financial years	1	2	3	4	5	6	7
9.	Provisions for contingent losses or gains where recourse is expected within the coming year	1	2	3	4	5	6	7
10.	Indication of loans and debts which are secured ...	1	2	3	4	5	6	7
11.	Reciprocal commitments such as balance receivable or payable on fixed term contracts	1	2	3	4	5	6	7
12.	Commitments received or given by the company such as bills of exchange negotiated in advance of maturity or other guarantee commitments	1	2	3	4	5	6	7
13.	Both operating and non-operating profit or loss	1	2	3	4	5	6	7
14.	Sales by line of business	1	2	3	4	5	6	7
15.	Production output of goods and services by line of business................................	1	2	3	4	5	6	7
16.	Raw materials acquired from domestic, inter-company and foreign sources	1	2	3	4	5	6	7
17.	Value added by line of business	1	2	3	4	5	6	7
18.	Employee expenses such as direct payments, social contributions and charges	1	2	3	4	5	6	7
19.	Separate disclosure of personnel expenses in the state and abroad..........................	1	2	3	4	5	6	7

20.	Number of employees and year end	1	2	3	4	5	6	7
21.	Geographical distribution of employees...	1	2	3	4	5	6	7
22.	Fixed assets and capital investments by geographical area	1	2	3	4	5	6	7
23.	Fixed assets and capital investments by line of business....	1	2	3	4	5	6	7
24.	Description of principal activity in each major geographical area	1	2	3	4	5	6	7
25.	Sectoral classification of customers with a distinction between the information related to domestic and foreign customers	1	2	3	4	5	6	7
26.	Sectoral classification of suppliers with a distinction between the information related to domestic and foreign customers	1	2	3	4	5	6	7
27.	Information on lenders and borrowers with a distinction between domestic and foreign categories	1	2	3	4	5	6	7
28.	Chairman's / Directors' report							
29.	Names and designations of directors	1	2	3	4	5	6	7
30.	Principal shareholders and distribution of share ownership....	1	2	3	4	5	6	7

(6) Please indicate your academic/professional qualification (s) ....

(7) If the qualification was obtained outside Cameroon, please indicate the country where you studied

(a) France.................... (b) Britain....................... (c) USA..................

(d) Nigeria..................

(e) Others - Please specify ....

(8) If you are a Cameroonian, are you an Anglophone or a Francophone ? (Please tick only one answer)

(a) Anglophone.............................. (b) Francophone ....

(9) If you are not a Cameroonian, please indicate your nationality.

(a) French .... (b) British .... (c) American ....

(d) Others - Please specify...

(10) Thank you very much for your cooperation which is very highly appreciated. Please note that your response to this questionnaire will be kept STRICTLY CONFIDENTIAL. You are requested to indicate below if you would like to receive a copy of the results of this study.

Yes....................... No........................

(11) Please give your name, title and company.

NAME...

TITLE..

COMPANY ADDRESS...

....

....

Tel, No...

UNIVERSITY OF GLASGOW

CENTRE FOR INTERNATIONAL FINANCE AND ACCOUNTING

HARMONISATION DU SYSTEME DE COMPTABILITE AU CAMEROUN

ENQUETE AUPRES DES CADRES ET COMPTABLES

Charles M. Elad

ENQUETE

la présente enquête est entreprise dans le cadre de mon projet de recherche en vue d'un Doctorat en Comptabilité. Elle est parrainée par le Gouvernement du Cameroun et elle est supervisée par le Professeur S.J. Gray BEc, PhD, ACIS, FCCA, CPA, MBIM, Directeur du Centre for International Finance and Accounting, Glasgow Business School.

OBJET DE L'ETUDE

L'étude a pour objet de faire une enquête auprès des cadres et des comptables du Cameroun au sujet du Plan Comptable Général de l'OCAM pour établir ce qu'ils pensent notamment des mérites et des faiblesses du Plan, des problèmes que pose sa mise en oeuvre et des facteurs pouvant entraver le respect des clauses de publicité légale.

COMMENT REPONDRE A CE QUESTIONNAIRE

1. Ce questionnaire s'adresse aux sociétés camerounaises, françaises, britanniques et américaines opérant dans les provinces francophones et anglophones du Cameroun.

2. Les réponses sont attendues des cadres et des comptables de nationalité camerounaise, française, britannique ou américaine.

3. Chaque question est conçue de façon à permettre de remplir le questionnaire très rapidement. Dans la plupart des cas, il vous suffira d'encercler le chiffre qui correspond à votre opinion.

4. Tous les renseignements fournis seront considérés comme **STRICTEMENT CONFIDENTIELS.** Les résultats de l'étude seront communiqués sous forme d'agrégats seulement, l'anonymat des réspondants étant ainsi garanti.

5. Nous vous remercions vivement pour votre soutien et votre coopération à ce projet de recherche qui est financé par le Ministère de l'Enseignement Supérieure et de la Recherche Scientifique du Cameroun. Une synthèse des conclusions de l'étude vous sera adressée ultérieurement.

Si vous avez des questions à poser au sujet de cette étude, n'hésitez pas à vous adresser à :

Charles M. Elad ou au
P.O. Box 141, Buea,
South West Province,
CAMEROON

Tel: (237) 32 21 07

Professor Sidney J. Gray
Glasgow Business School,
University of Glasgow,
65-69 Southpark Avenue
Glasgow G12 8LE, SCOTLAND, UK

Tel: (041) 330 5426
(0360) 50707

PREMIERE PARTIE

(1) Veuillez indiquer dans quelle mesure vous vous ralliez aux suggestions qui suivent, à supposer que de telles propositions viennent d'être faites en vue d'améliorer le niveau de la comptabilité au Cameroun. Vous êtes invités à encercler le chiffre qui correspond à votre opinion vis-à-vis de chacune de ces questions. Le barème est à interprèter comme suite :

1. Pas du tout d'accord
2. Pas d'accord
3. Ni pour ni contre
4. D'accord
5. Tout à fait d'accord

a. La profession de comptable devrait être réglementée par l'Etat. 1 2 3 4 5

b. Les comptables ne devraient pas avoir la liberté de fixer des normes comptables sous les auspices d'un organisme professionnel de secteur privé. 1 2 3 4 5

c. Les réglements statutaires et les normes ou réglements comptables incorporés dans le Plan Comptable OCAM ne devraient être enfreints en aucun cas 1 2 3 4 5

d. Les réglements statutaires et les normes ou réglements comptables devraient être enfreints si le comptable a des bonnes raisons de principe pour le faire 1 2 3 4 5

e. Il serait bon de réduire sérieusement le nombre de réglements et obligations auxquel les est soumis le régime de la comptabilité par les législateurs. 1 2 3 4 5

f. Les comptables devraient avoir une plus grande latitude pour exercer leur jugement profesionnel indépendant 1 2 3 4 5

g. Une caractéristique essentielle d'un bon système comptable est de contenir de règles et recommandations couvrant toutes les difficultés imaginables que l'on pourrait rencontrer en pratique 1 2 3 4 5

h. Les comptables ne devraient pas avoir besoin d'exercer leur propre jugement 1 2 3 4 5

i. Les réglements et normes comptables devraient être faire l'objet de lois de façonà interdire toutes possibilité de pratiques contraires 1 2 3 4 5

j. Les provisions pour créances irrécouvrables doivent être exagérées dans les comptes de notre entreprise car, s'il est permis de déclarer un chiffre de bénéfice inférieur, il est néanmoins préférable d'admettre une perte plutôt qu'un bénéfice lorsque l'incertitude plane sur l'avenir 1 2 3 4 5

k. Le goodwill résultant d'une acquisition ne devrait pas affecter la mesure du bénéfice. Il doit être aussitôt éliminé en réduisant d'autant les réserves au lieu d'être amorti ou imputé sur des révénus futurs dans le compte de profits et pertes 1 2 3 4 5

l. Il est important de faire des provisions pour pertes éventuelles, risques futurs, etc. dans les comptes d'une société car, même si cela devait réduire le bénéfice déclaré, de telles provisions sont nécéssaires pour reconnaître l'incertitude de l'avenir.... .... 1 2 3 4 5

m. Les comptables ne devraient pas avoir la liberté d'expérimenter avec les modèles comptables tenant compte des effets d'inflation 1 2 3 4 5

n. Il est essentiel que toutes les socétés adhèrent strictement au système du coût historique afin déviter l'incertitude vis-à-vis de l'évaluation 1 2 3 4 5

DEUXIEME PARTIE

(2) Dans quelle mesure pensez-vous que les caractéristiques suivantes sont des AVANTAGES ou INCONVENIENTS du Plan Comptable OCAM?

Si, à votre avis, l'une des ces affirmations ne correspond pas réellement au Plan OCAM, le chiffre à encercler est le 4, c'est-à-dire que ce n'est "ni un avantage ni un inconvénient du Plan OCAM". Dans tout autre cas, veuillez indiquer dans quelle mesure cela vous paraît être un avantage ou un inconvénient en vous référant au barème suivant.

Le barème en 7 points est à interpréter comme suite:

1 Inconvénient très important
2 Inconvénient important
3 Inconvénient
4 Ni un avantage ni un inconvénient
5 Avantage
6 Avantage important
7 Avantage très important

a. Il est excessivement normatif 1 2 3 4 5 6 7

b. Il facilite l'éducation et la formation des comptables 1 2 3 4 5 6 7

c. Il est difficile d'adapter le Plan aux conditions particulières de chaque société. 1 2 3 4 5 6 7

d. Il est facile dans l'ensemble pour les non-comptables de se familiariser avec le Plan avec un stage assez bref. 1 2 3 4 5 6 7

e. L'idée d'un Plan Comptable Général et obligatoire est par trop autoritariste et tue l'initiative. 1 2 3 4 5 6 7

f. Il facilite la compréhension des états financiers même pour les non-comptables ou les cadres qui n'ont pas reçu de formation spécialisée en gestion. 1 2 3 4 5 6 7

g. Il réduit la comptabilité à un exercise purement mécanique de tenue des livres. 1 2 3 4 5 6 7

h. Il ne fournit pas de règles de mesure ou des normes comptables satisfaisantes 1 2 3 4 5 6 7

i. Il oblige notre société à publier un plus grand nombre d' informations. 1 2 3 4 5 6 7

j. Il contribue à faciliter le transfert du savoir-faire et des talents comptables quand le personnel quitte une société pour une autre à l'intérieur du pays 1 2 3 4 5 6 7

k. La conception du Plan est trop statistique et la plupart de ses recommandations en matière de publicité légale sont d'une validité douteuse pour bien des utilisateurs. 1 2 3 4 5 6 7

l. La stricte observation de toutes ses recommandations en matière de publicité légale pourrait mener à une surcharge d' informations. 1 2 3 4 5 6 7

m. Il est démotivant du fait qu'il enserre la comptabilité dans une camisole de force 1 2 3 4 5 6 7

n. Il ne laisse guère de place pour exercer mon savoir-faire profesionnel 1 2 3 4 5 6 7

o Il introduit des nombreux concepts hors de l'ordinaire qu'il est difficile pour moi de comprendre 1 2 3 4 5 6 7

p. C'est un système fort coûteux à mettre en oeuvre. . . 1 2 3 4 5 6 7

q. Il incite le gouvernement à superviser de près et à s'immiscer dans les affaires des entreprises privées 1 2 3 4 5 6 7

r. C'est un danger pour le statut et l'intégrité de notre profession, peut-être même pour la sécurité de nos emplois, car les non-comptables et les cadres non formés à la gestion n'auraient pas grand mal à acquérir la pratique du Plan 1 2 3 4 5 6 7

s. La mise en oeuvre du Plan dans une entreprise risque de décourager les cadres et de les amener à négliger les concepts et principes comptables, leur attention étant absorbée par l'application du Plan 1 2 3 4 5 6 7

t. La terminologie, les règles, les normes et les routines comptables sont définies et précisées à tel point qu'il est superflu de s'inquieter du traitement le mieux adapté à tel ou tel élément. . . . 1 2 3 4 5 6 7

u. Les clauses de publicité légale sont vastes et elles forcent l'entreprise à se sentir responsable, ce qui est une bonne chose pour notre entreprise 1 2 3 4 5 6 7

v. La comparaison entre informations comptables sera facilitée 1 2 3 4 5 6 7

w. La comparaison entre entreprises est meilleure 1 2 3 4 5 6 7

x. La fiscalité repose sur une assiette plus juste 1 2 3 4 5 6 7

y. L'Etat est encouragé à établir des plans économiques nationaux. 1 2 3 4 5 6 7

Si le Plan Comptable OCAM présente, à votre avis, des avantages et inconvénients majeurs qui n'ont pas étés cités, veuillez les mentionner ici .

i. 1 2 3 4 5 6 7

ii. 1 2 3 4 5 6 7

iii. 1 2 3 4 5 6 7

iv. 1 2 3 4 5 6 7

v. 1 2 3 4 5 6 7

vi. 1 2 3 4 5 6 7

TROISIEME PARTIE

(3) A votre avis, quel est le type d'influence exercée par les sujets suivants sur la publicité légale faite dans le rapport annuel de votre entreprise

Le barème est à interpréter comme suite:

1 Influence très mineure
2 Influence mineure
3 Influence modérée
4 Influence nette
5 Influence très nette

a. Les règlements comptables français 1 2 3 4 5

b. Les normes comptables britanniques 1 2 3 4 5

c.	Les normes comptables américaines	1	2	3	4	5
d.	Les règlements OCAM/UDEAC	1	2	3	4	5
e.	Les normes comptables internationales	1	2	3	4	5
f.	Les propositions des Nations Unies	1	2	3	4	5
g.	Les directives relatives à la publicité légale de l'Organisation de Coopération et de Développement Economique (OCDE)	1	2	3	4	5
h.	Les propositions des auditeurs	1	2	3	4	5
i.	Les propositions des universitaires/enseignants	1	2	3	4	5
j.	Les propositions et nouvelles directives de la CEE .	1	2	3	4	5
k.	Le désir ressenti par votre entreprise d'assumer ses responsabilités et de rendre compte de ses actes....	1	2	3	4	5
l.	Un souci de relations publiques et de marketing ...	1	2	3	4	5
m.	La menace d'un rachat/fusion	1	2	3	4	5
n.	La pression de la concurrence	1	2	3	4	5
o.	Le coût de la collecte et du traitement des données .	1	2	3	4	5
p.	Le coût de production des informations à publier . .	1	2	3	4	5
q.	Les frais d'audit des renseignements	1	2	3	4	5
r.	La possibilité d'une intervention gouvernementale . .	1	2	3	4	5

QUARTRIEME PARTIE

(4) A votre avis, dans quelle mesure est-ce que les groupes d'utilisateurs suivants influent sur la publicité légale faite dans le rapport annuel de votre entreprise ?

1 Fort peu
2 Assez peu
3 De façon modérée
4 Assez nettement
5 Très nettement

a. Les actionnaires. 1 2 3 4 5

b. Le personnel. 1 2 3 4 5

c. Les banquiers Camerounais 1 2 3 4 5

d. Les institutions de crédit internationales telles que investisseurs étrangers, banques, International Finance Corporation (IFC), USAID , etc 1 2 3 4 5

e. Les investisseurs éventuels 1 2 3 4 5

f. La presse. 1 2 3 4 5

g. La Chambre de Commerce/d'Agriculture 1 2 3 4 5

h. La Direction des Impôts 1 2 3 4 5

i. Le Service des Statistiques 1 2 3 4 5

j. Le Ministère du Commerce et de l'Industrie 1 2 3 4 5

CINQUIEME PARTIE

(5) Dans quelle mesure reconnaissez-vous que la publicité légale est essentielle dans le rapport annuel de votre entreprise? Le critère vous permettant de juger de l'importance de chacun de ces éléments devraient être le coût ou le bénéfice net dérivé à votre avis par votre entreprise de cette publicité légale, selon le barème suivant:

1 sans importance

2 fort peu important

3 peu important

4 d'importance modérée

5 très important

6 tout à fait important

7 de la plus extrême importance

1.	Les méthodes comptables adoptées par l'entreprise .	1	2	3	4	5	6	7
2.	Etat sur la valeur ajoutée	1	2	3	4	5	6	7
3.	La marge brute....	1	2	3	4	5	6	7
4.	Un état des sources et des emplois de fonds	1	2	3	4	5	6	7
5.	Les emprunts détenus non encore encaissés ou crédits consentis non encore versés	1	2	3	4	5	6	7
6.	Descriptions des opérations de crédit-bail signalant les sommes à payer à plus d'un an et les sommes à payer à moins d'un an....	1	2	3	4	5	6	7
7.	Propositions de répartition du résultat net de la période à affecter	1	2	3	4	5	6	7
8.	Détail de frais de gros entretien ou de grosses réparations portés au compte 20 dans les frais exceptionnels à étaler sur plusiers exercices.	1	2	3	4	5	6	7
9.	Provisions pour charges et pertes pouvant intervenir à moins d'un an	1	2	3	4	5	6	7

10.	Créances/dettes assorties de garanties	1	2	3	4	5	6	7
11.	Engagements réciproques - marchés à livrer à terme (solde à encaisser) ou marchés à recevoir à terme (solde à payer)...........................	1	2	3	4	5	6	7
12.	Engagements reçus /donnés par l'entreprise - effets négociés ou endossés et non échus ou autres engagements, avals et cautions.	1	2	3	4	5	6	7
13.	Résultat d'exploitation et hors exploitation	1	2	3	4	5	6	7
14.	Les ventes par secteur d'activité	1	2	3	4	5	6	7
15.	La production de biens et services par secteur d'activité	1	2	3	4	5	6	7
16.	Matières primières achetées auprès de filiales nationales et étrangères.	1	2	3	4	5	6	7
17.	Valuer ajoutée par secteur d'activité	1	2	3	4	5	6	7
18.	Frais de personnel, tels que paiements directs, cotisations et frais sociaux	1	2	3	4	5	6	7
19.	Publicité légale faite séparément des frais de personnel, dans le pays et à l'étranger.........	1	2	3	4	5	6	7
20.	Effectifs du personnel en fin d'année	1	2	3	4	5	6	7
21.	Nombre moyen de personnes employées par zone géographique............................	1	2	3	4	5	6	7

22. Immobilisations et investissements par zone géographique. 1 2 3 4 5 6 7

23. Immobilisations et investissements par secteur d'activité. 1 2 3 4 5 6 7

24. Description de l'activité principale dans chaque grande zone géographique 1 2 3 4 5 6 7

25. Classement des clients par secteur, en distinguant entre clients nationaux et etrangères 1 2 3 4 5 6 7

26. Classement des fournisseurs par secteur, en distinguant entre fournisseurs nationaux et etrangères. 1 2 3 4 5 6 7

27. Informations relatives aux prêteurs et emprunteurs selon qu'ils sont nationaux ou étrangers.. . . . . 1 2 3 4 5 6 7

28. Rapport du PDG/ des Administrateurs. 1 2 3 4 5 6 7

29. Noms et titres des Administrateurs 1 2 3 4 5 6 7

30. Actionnaires principaux et pourcentage détenu par chacun. 1 2 3 4 5 6 7

(6) Veuillez indiquer vos titres universitaires/professionnels..

....

(7) Si vos titres ont été obtenus hors du Cameroun, veuillez préciser le pays de vos études

(a) France............... (b) Grande-Bretagne................ (c) Etats-Unis.................

(d) Nigeria.................

(e) Autres - Vueillez préciser...

(8) Si vous êtes Camerounais, êtes-vous anglophone ou francophone ?
(Prière de cocher une seul case)

(a) Anglophone............................. (b) Francophone ....

(9) Si vous n'êtes pas Camerounais, veuillez indiquer votre nationalité.

(a) Française .... (b) Britannique............... (c) Américaine..............

(d) Autres - Vueillez préciser...

(10) Je vous remercie de votre pécieuse coopération. Nous vous donnons l'assurance que vos réponses au questionnaire seront considérées comme STTRICTEMENT CONFIDENTIELLES. Si vous désirez recevoir un exemplaire des conclusions de cette étude, veuillez l'indiquer ici.

Oui...................... Non........................

(11) Veuillez indiquer votre nom, votre titre et votre entreprise.

Nom..

Titre..

Addresse de votre entreprise...

....

....

Tel..

APPENDIX F

SELECTED COMPANIES WITH POTENTIAL RESPONDENTS FOR THE STUDY

Selected British Companies/Investments in Cameroon

1. Guinness Cameroon SA
2. British American Tobacco (Bastos)
3. British Petroleum Cameroon
4. Unilivers Plantations Pamol Lobe
5. Balfour Beatty Cameroon
6. Guardian Royal Exchange Assurance
7. Shell Cameroon
8. Biwater Treatment SA
9. Willis Faber (Gras Savoye)
10. Sedgwicks
11. A & P Appledore (Chantier Naval)
12. Paterzon Zochonis Cameroon SA
13. Paulings (Fidafrica)
14 Edm Schluter & Co. (ESOCAM)

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Selected American Companies/Investments in Cameroon

1. Del Monte Cameroon
2. Dowell Schlumberger
3. Flopetrol-Johnston-Schlumberger
4. Pecten Cameroon
5. Texaco Cameroon
6. Mobil Oil Cameroon
7. National Cash Register
8. IBM Cameroon
9. Wang (Network Cameroon)
10. Burroughs SA
11. Marsh McLennan (Assureurs Conseils)
12. American Life Insurance Company
13. Louis Berger
14. Milchem - Baker Sand Control International
15. Philip Morris Services Co.
16. Pfizer
17. Steelcase (Strafor Cameroon)
18. General Electric (Cam-Elec)
19. Franklin Logging (Dacam)
20. Chrysler Marine (Marine Service)
21. Otis Elevators (Lif-Tel)
22. Westinghouse (Camtec-Equip.)
23. Mercury Outboard (SIEMI)
24. Avia Service (Lycoming Piper)
25. Continental Group (SNAC)
26. Apple Inc (SMG)

APPENDIX F

Selected French Companies/Investments in Cameroon

1. Batibois SA
2. Total Cameroun SA
3. Rhone Poulenc
4. Société Elf de recherche et d'exploitation des pétroles du Cameroun
5. TEPCAM SA
6. Renault Cameroun SA
7. SOCADA Cameroun SA
8. Compagnie Générale Doris
9. Société Camerounaise d'Oxygène et d'Acetylène
10. La Maison du Cycle SA
11. Les Cables de Lyon
12. Bull Cameroun
13. Alpha Bureau SA
14. Unixsys SA
15. SATICAM SA
16. Société Camerounaise d'Explosifs
17. CFAO Cameroun SA
18. Société Bernabé Cameroun SA
19. Entreprise Générale du Cameroun des Travaux Publics SA
20. Razel Cameroun SA
21. Bouygues Boubert SA
22. SOCAFER SA
23, Bureau de Recherches Géologiques et Minières Cameroun
24. Brossette Cameroun SA
25. Entreprise Equipement Batiment SA
26. Réalisations Electriques Africaines SA
27. Camerounaise Thermique Industrielle
28. Mory SA
29. Société Ouest Africaine d'Entreprises Maritimes SA
30. SOCOPAO Cameroun SA
31. Société Camerounaise d'Equipement SA
32. Société Arno Cameroun
33. Socabail SA
36. CSO Cameroun SA
37. Foraco Cameroun SA
38. BICIC Cameroun SA
39. SCOA SA
40. Société des Adhésifs et Colles Industrielles du Cameroun

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Selected Cameroonian Companies

1. Cameroon Airlines
2. Cameroon Shipping Lines
3. Cameroon Sugar Company Ltd
4. Sonara Oil Refinery
5. Pamol Plantations Ltd
6. Cameroon Development Corporation
7. Tiko Soap Company Ltd
8. Britind Industries Ltd
9. Emens Textiles International Ltd
10. Plantecam Medicam Ltd
11. Metropolitan Plastics Ltd
12. Timber Companies Ltd
13. SOWEFCU Ltd
14. Cameroon Hotels Ltd
15. GREACAM Ltd
16. Cameroon Marketing Company Ltd
17. Upper Noun Valley Development Company Ltd
18. Cameroon Fish Industry SA
19. UNIFISH Cameroon Ltd
20. International Brasserie SA
21. Bastos Leaf Tobacco Farming SA
22. Zenith Footwear Enterprise Cameroon
23. Cameroon Motors Industries Ltd
24. Cameroon Electric Cables
25. Deco Industrial Development Company SA
26. Alubassa
27. OCB Bananas Ltd
28. Moore Paragon SA
29. Mezam Oil Company Ltd
30. Union Press Ltd
31. Industrial Electronics Cameroon SA
32. CAMSTEEL SA
33. PILCAM SA
34. Cameroon Helicopters SA
35. United Transport Cameroun SA
36. Cameroun Publi-Expansion
37. Société Nationale des Eaux du Cameroun
38. Société Forestière et Agricole du Cameroun
39. Les Crevettes du Cameroun
40. Les Contreplaqués du Cameroun
41. Société Forestière et Industrielle de Belabo
42. Société de Développement du Cotton
43. Société Camerounaise des Tabacs
44. Société de Développement du Blé
45. Société de Palmeraies de la Ferme Suisse
46. Société Hevéa Cameroun
47. Société Industrielle Camerounaise des Cacaos
48. Chocolaterie Confiserie Camerounaise
49. Société Camerounaise de Minoteries
50. Société Anonyme des Brasseries du Cameroun
51. Les Nouvelles Brasseries Africaines SA
52. La Société des Eaux Minerales du Cameroun

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53. La Cottonerie Industrieslle du Cameroun SA
54. La Société Textile du Cameroun pour le Linge de Maison
55. Société Textile du Tchad
56. La Société Camerounaise des Sacheries
57. La Société Camerounaise de Métallurgie
58. Société Camerounaise de Transformation de l'Aluminium
59. L'Equatoriale Electronique
60. Société Camerounaise de Verrerie
61. Compagnie Camerounaise de l'Aluminium
62. Société Générale des des Travaux Métalliques
63. Société Nationale d'Eléctricité
64, Les Cimenteries du Cameroun
65. Société Camerounaise de Tannage Industrielle
66. Société Camerounaise de Verrerie
67. La Société des Grands Hôtels du Cameroun
68. La Société Hôtelière du Nord Cameroun
69. La Société Hôtelière du Littoral
70. La Société Immobilière du Cameroun
71. La Société des Transports Urbains du Cameroun
72. Société Camerounaise de Dépôts Pétroliers
73. Sociétéde Développement du Nkam
74. Société de Développement du Cacao
75. Société Camerounaise de Manutention et d'Acconage
76. Sel du Cameroun SA
77. Poisonnerie Populaire Cameroun SA
78. Plasticam SA
79. Complexe Chimiques Camerounais SA
80. Céramiques Industrielles du Cameroun SA

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