



Accounting History Special Interest Group

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THE ACCOUNTING REGULATION SYSTEM AND FINANCIAL REPORTING IN GUINEA-BISSAU

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- Guinea-Bissau is located on the Western coast of Africa, with frontiers:

(North by the Republic of Senegal,;South and East by the Republic of Guinea-Conakry; West by the Atlantic Ocean)

Official language: Portuguese

Independence day: 1973

- Population: 2.11 million
(2022; Sources: United Nations)
- Currency: CFA Franc
1 USD = 605.50051 XOF
- Capital: Bissau



01. Motivation



- For sustainable development, an adequate accounting structure is necessary.
- Accounting provides information for decisions, planning and control.
- Call for research from scholars: accounting research on the Guinea-Bissau is scarce.

Objective



- Fill the gap observed in relation to the scarcity of accounting information in Guinea-Bissau.
- Describe the evolution of the accounting regulation and financial reporting system in Guinea-Bissau, with special focus on the current convergence of SYSCOAHADA and IFRS.
- Fit the Guinea-Bissau system into the classifications of accounting systems.



02. Literature review (I)

Classification of the accounting system:

- by Christopher Nobes (1983)
- by Luís Lima Santos (2005)
- by Charles Elad (2015)

Classification of Accounting into two groups:

Continental European

Australia
Belgium
Czech Republic
Estonia
Finland
France
Germany
Greece
Hungary
Italy
Lithuania
Luxembourg
Poland
Portugal
Slovakia
Slovenia
Spain
Switzerland
Sweden

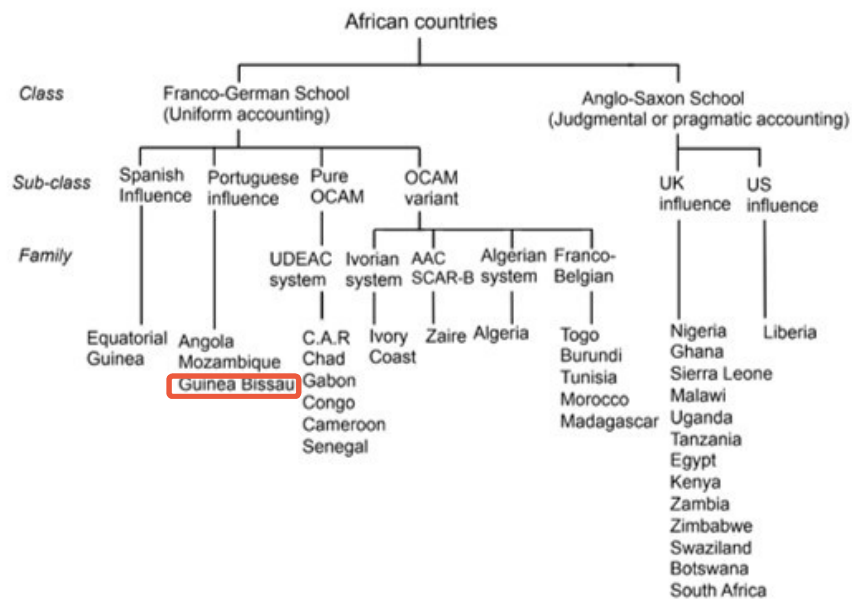
Anglo-Saxon

Cyprus
Denmark
Ireland
Malta
Netherlands
Norway
UK



02. Literature review (II)

Classification of Accounting Systems in Africa in 1992



Classification of Accounting Systems in Africa: 2005-2014



Source: Elad (2015)



03. Research Questions

RQ1: Who are the main **actors** of the accounting and financial reporting system in Guinea-Bissau?

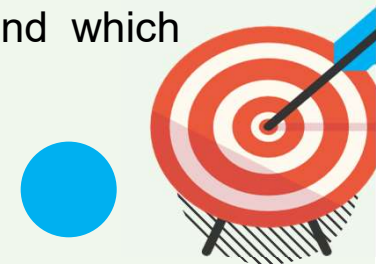
RQ2: What are the **roles** of these actors within the Guinea-Bissau?

RQ3: Which are the **accounting standards** in force in Guinea-Bissau, and to whom do they apply?

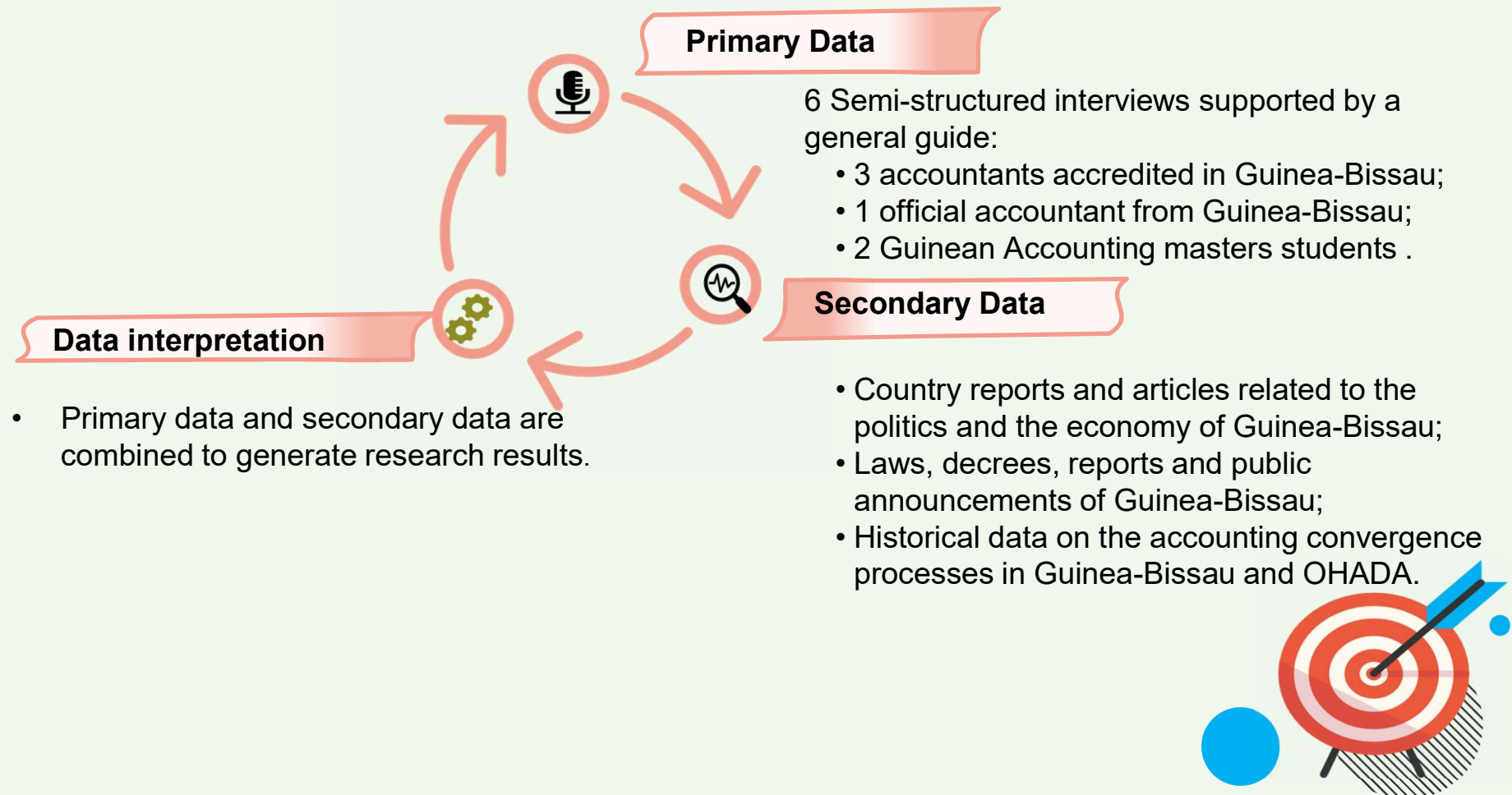
RQ4: How is accounting **regulation endorsed** in the Guinea-Bissau?

RQ5: What **mechanisms** are used to **enforce** accounting?

RQ6: Why is Guinea-Bissau's accounting system **underdeveloped** and which make progression difficult?



04. Methodology: Case study according to Yin (2015)

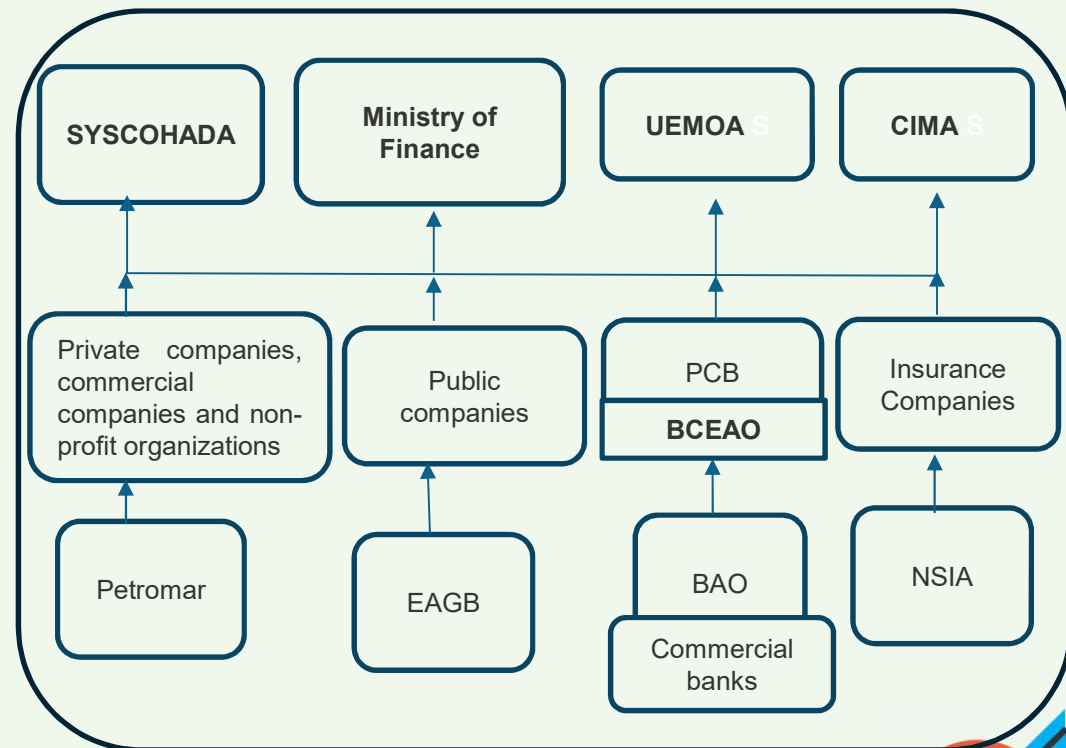


05. Results

5.1. Context: Political and Economic Ties

- GDP growth projection 5.4% for 2023 (2023; source: Banco de Portugal)
- Main economic activities: trade and export of cashew nuts; agriculture and fishing.
- Financial reporting syscohada, under French influence.
- Most of the information is written in French.
- Main finance sources is banking system not the capital market.
- They are 5 comercial banks: Orabank, Atlantic, BAO, Ecobank, BDU

The job market, especially foreign or regional companies, are boycotting the use of the Portuguese language in the economic activity.



Source: Own elaboration



05. Results

5.2. Context: Education and training

- Guinea-Bissau was the last PALOP country to establish higher education.
- The Bachelor degree in accounting has only started to be offered in 2012:
 - despite the fact that the National School of Administration, formerly CENFA, was established in 1982;
 - The first Amílcar Cabral Public University only began to operate in 1993.
 - Programme higher education is similar Portuguese Education.

The educational system is undemanding and does not provide quality teaching.

[Interviewee D, Accredited Accountant]

Most university professors only have theoretical knowledge in accounting and are not members of the professional order. **[Interviewee A, Accredited Accountant]**



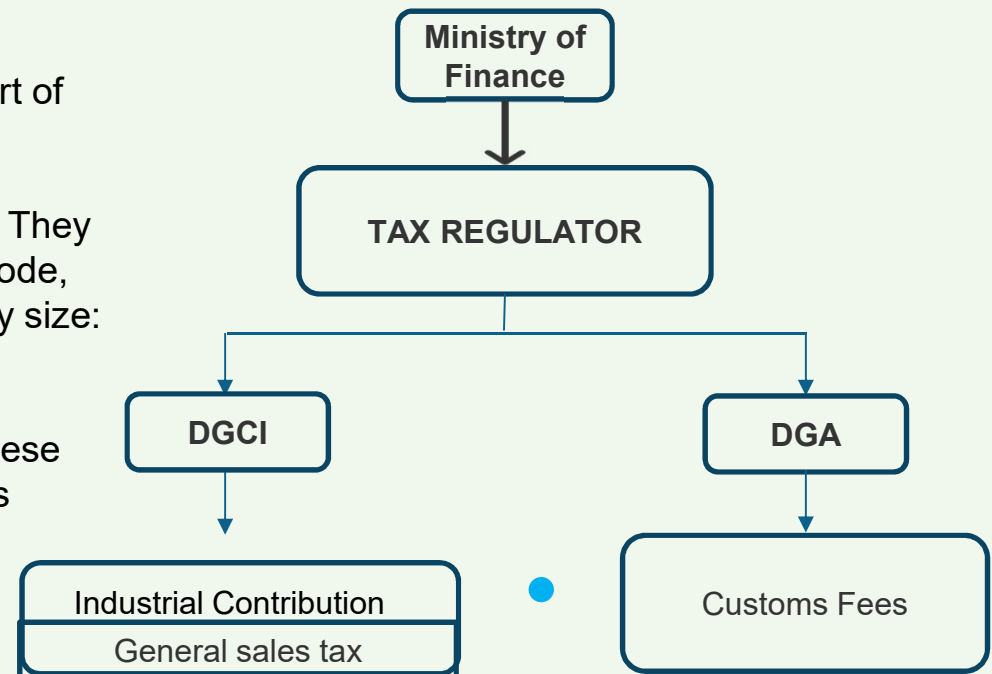
05. Results

5.3. Levels of Analysis: Taxation

- Main sources of tax revenue: trade and export of cashew nuts; agriculture and fishing.
- Business income tax: Industrial Contribution, They follow the Portuguese from colonial era tax code, they are two groups of taxpayers by company size: A-Large companies and B-Small companies
- Tax rules were developed alongside Portuguese professionals and based on Portuguese rules

Bodies:

- DGCI - General Directorate of Contribution and Taxes
- DGA - General Directorate of Customs
- Simões, consultant during PCGA implementation



05. Results

5.4. Levels of analysis: Accounting and auditing profession

The profession is regulated by Ministry of Finance

The inflexibility of the Order's statute makes it difficult for new members to join. [Interviewee C, Accredited Accountant]

There is low achievement among graduates in accounting . [Interviewee E, Accredited Accountant]

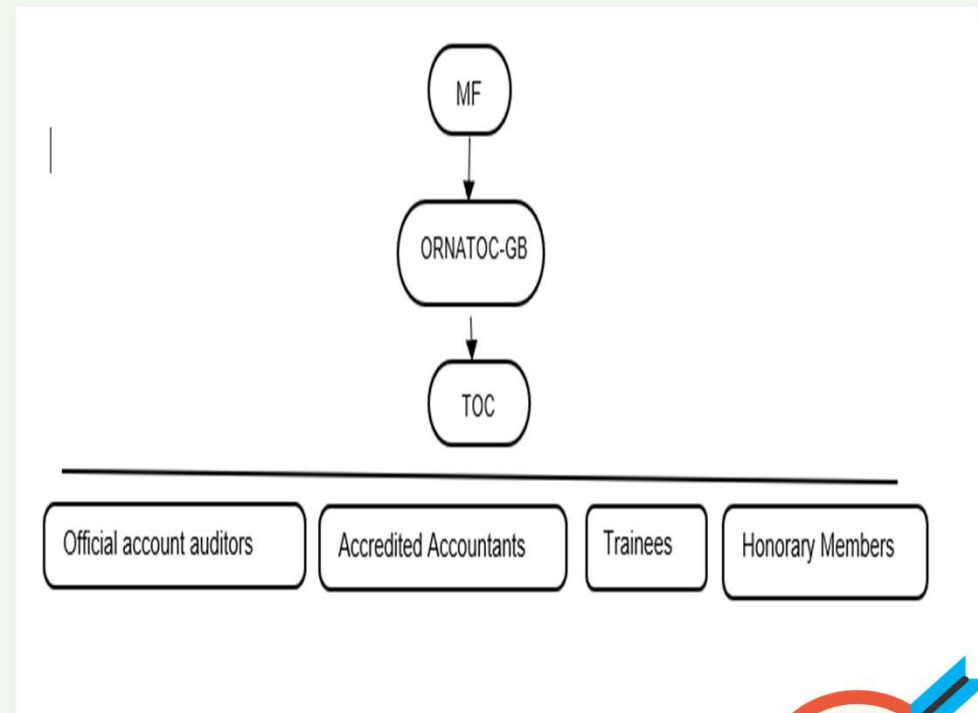
- Ornatoc founding....
- Kontaktu...2021

In Guinea-Bissau there are:

- 6 ROC, only 4 practice the profession individually and 5 auditing companies.
- 20 accredited accountants, of which 7 practice the profession, no interns nor honorary members. **[ORNATOC Council]**

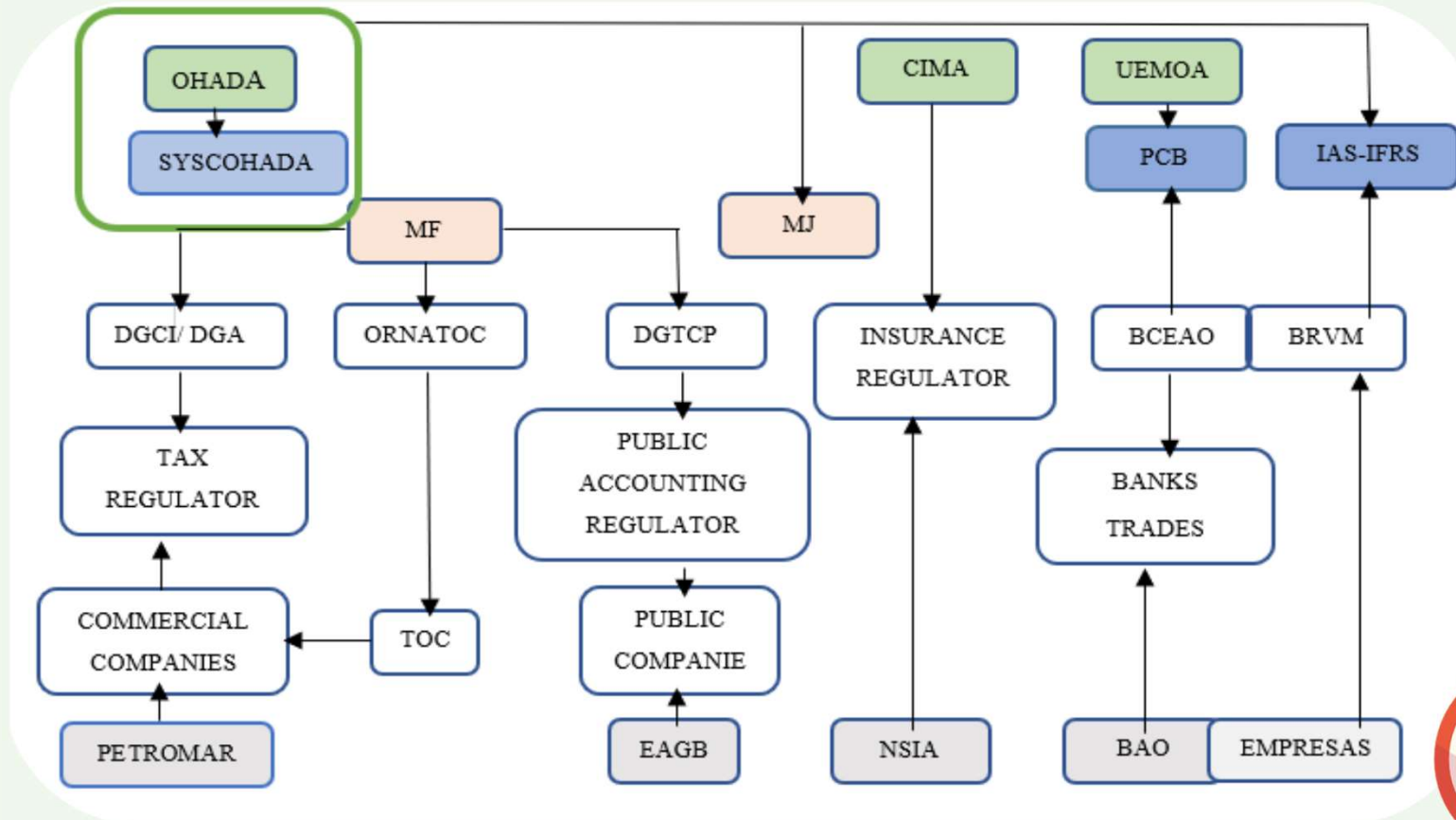
No accounting standards committee

Accounting body: ORNATOC



05. Results

5.5 Overall Model of accounting and financial reporting in Guinea-Bissau



Source: Own elaboration



06. Conclusion (I)

Characterization of the evolution of the accounting regulation and financial reporting system in Guinea-Bissau:

- ✓ Portugal no longer influences Guinea-Bissau's accounting system, the latter being independent of the Portuguese accounting system and related to the French dominant geographical influence;
- ✓ Portugal continues to have a major impact on the legal and tax systems, as well as in education in general;

The framework of the current accounting regulation and financial reporting system in Guinea-Bissau is confirmed:

- ✓ Nobes's pioneering classification: in the continental European cluster;
- ✓ Elad's classification: in the continental European cluster.



06. Conclusion (II)

Limitations:

- ✓ Difficulty in obtaining information: little information available on websites.
- ✓ scarcity of previous studies.

Suggestions for future research:

- ✓ Impact on the transition from POC-GW to SYSCOHADA;
- ✓ Barriers to implementing SYSCOHADA.



Thank you!

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