



Accounting History Special Interest Group

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THE ACCOUNTING REGULATION SYSTEM AND FINANCIAL REPORTING IN GUINEA-BISSAU

MAMADÚ CANDÉ (ESTG, Polytechnic Institute of Santarém - Portugal)

LEONOR FERREIRA (Nova School of Business and Economics - Portugal)

ANA FIALHO (University of Évora & CICF|IPCA - Portugal)

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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
 $1 \text{ USD} = 605.50051 \text{ XOF}$
- Capital: Bissau

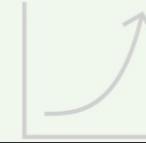


01. Motivation



- 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:

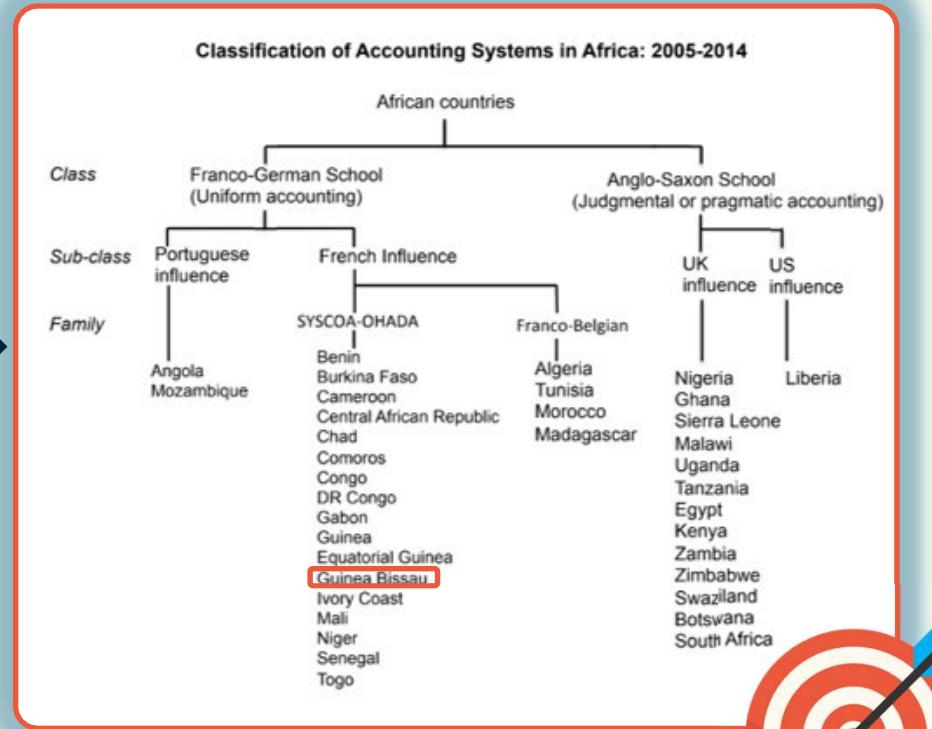
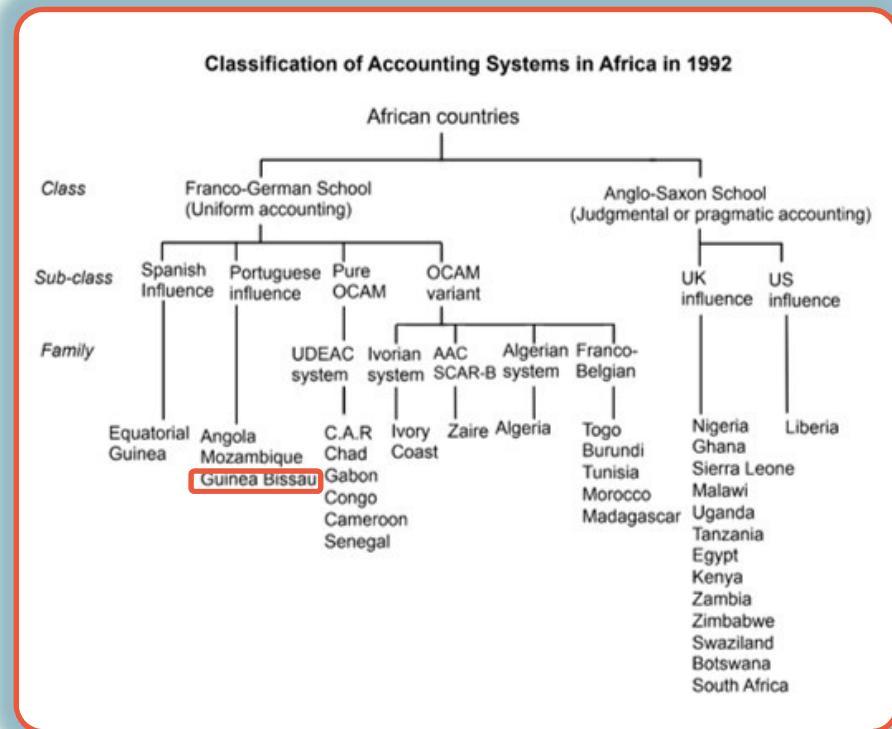
- by Christopher Nobes (1983)
- by Luís Lima Santos (2005)
- by Charles Elad (2015)

Classification of Accounting into two groups: Continental European Anglo-Saxon

Australia	Cyprus
Belgium	Denmark
Czech Republic	Ireland
Estonia	Malta
Finland	Netherlands
France	Norway
Germany	UK
Greece	
Hungary	
Italy	
Lithuania	
Luxembourg	
Poland	
Portugal	
Slovakia	
Slovenia	
Spain	
Switzerland	
Sweden	



02. Literature review (II)



Source: Elad (2015)

03. Research Questions

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

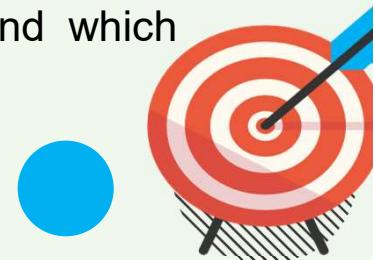
RQ2: What are the **roles** of these actors within the Guinea-Bissau?

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

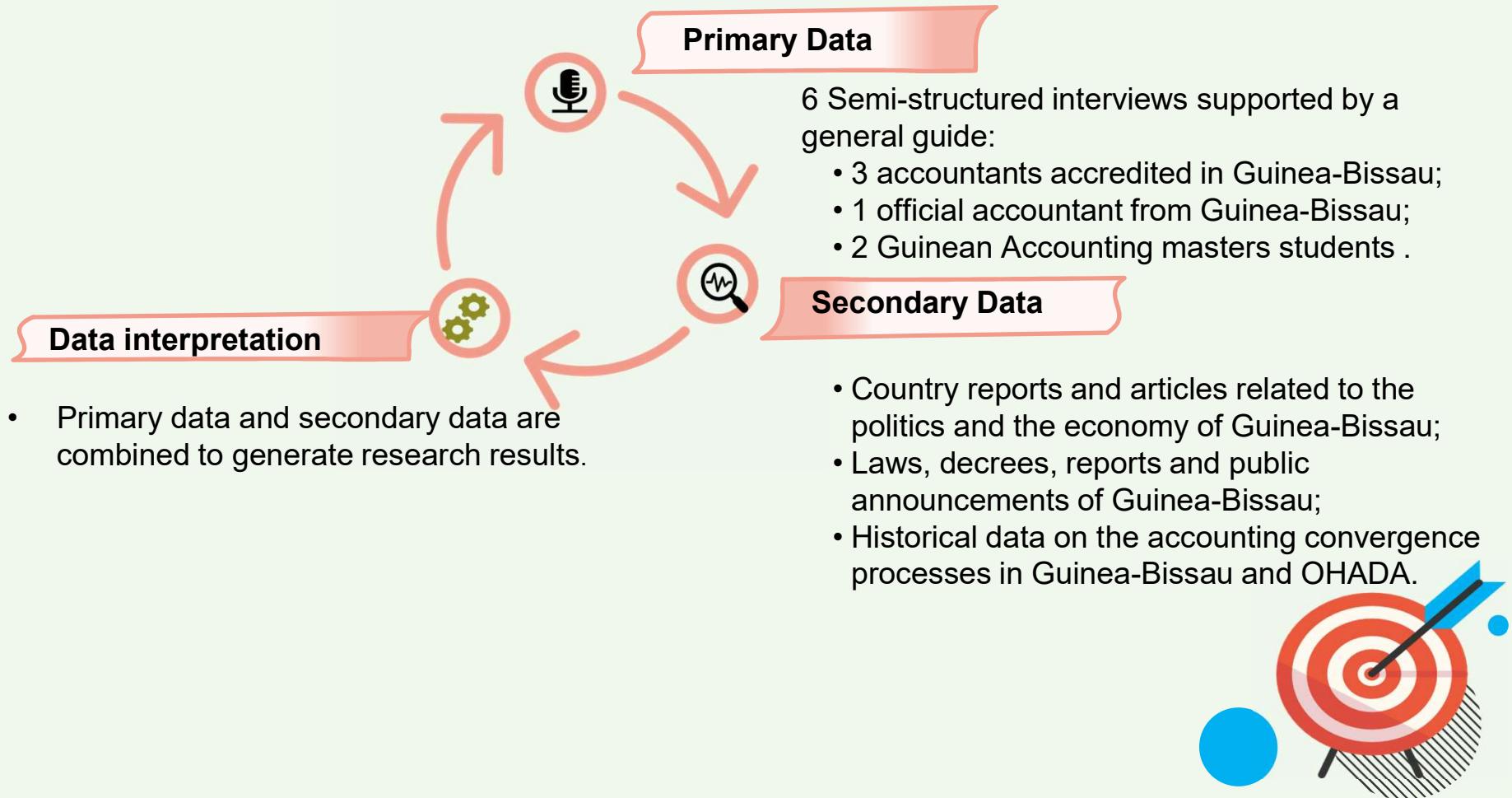
RQ4: How is accounting **regulation endorsed** in the Guinea-Bissau?

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)

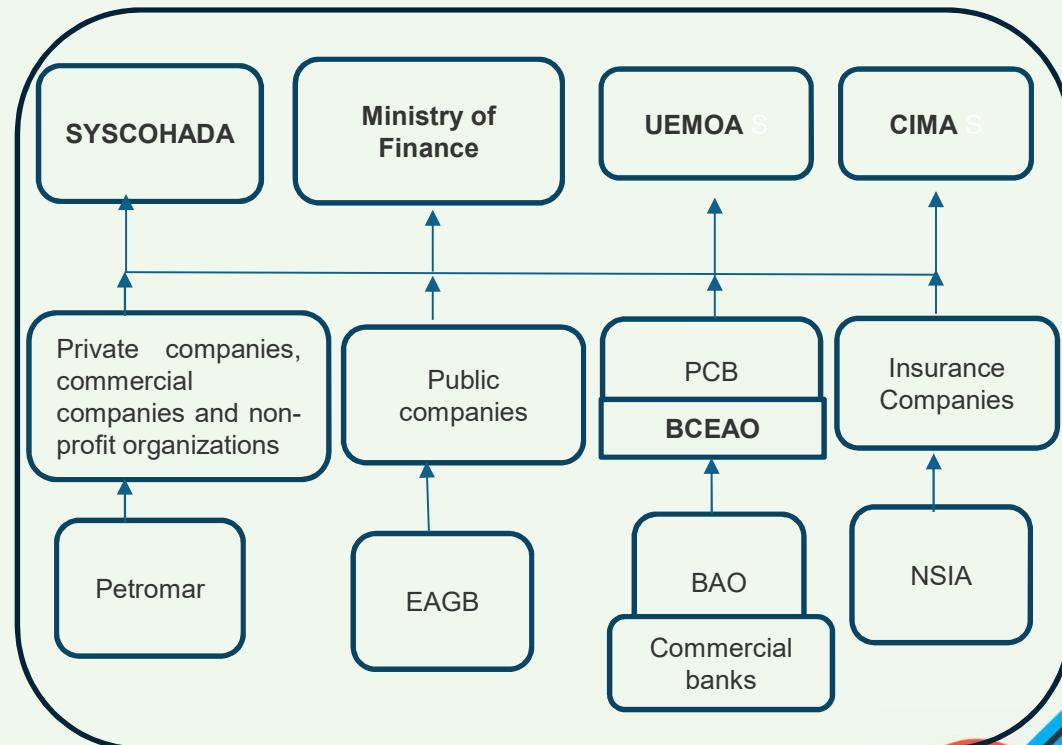


05. Results

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 commercial 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]**



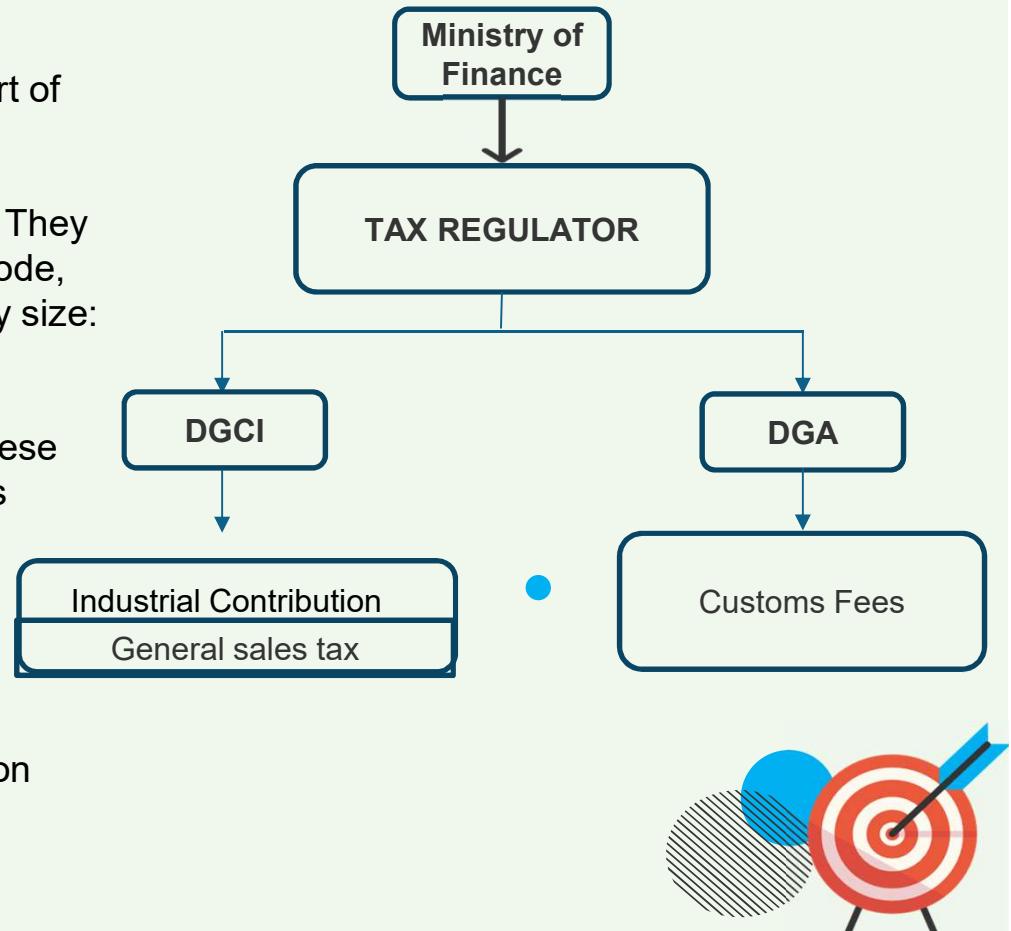
05. Results

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]

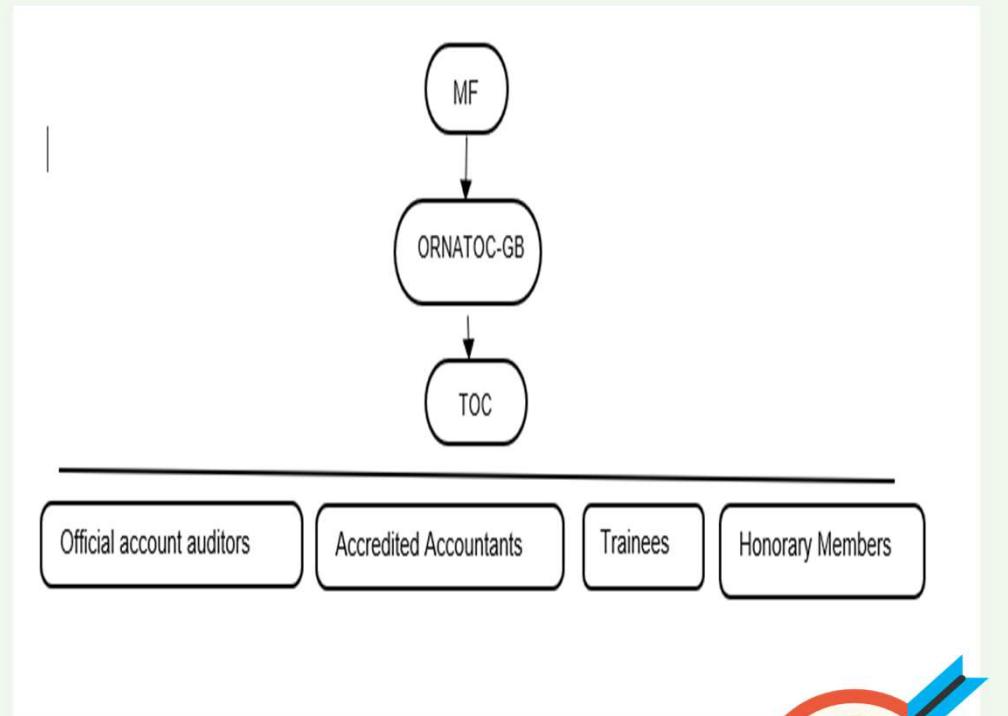
- Ornatooc founding....
- Kontaktu...2021

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]**

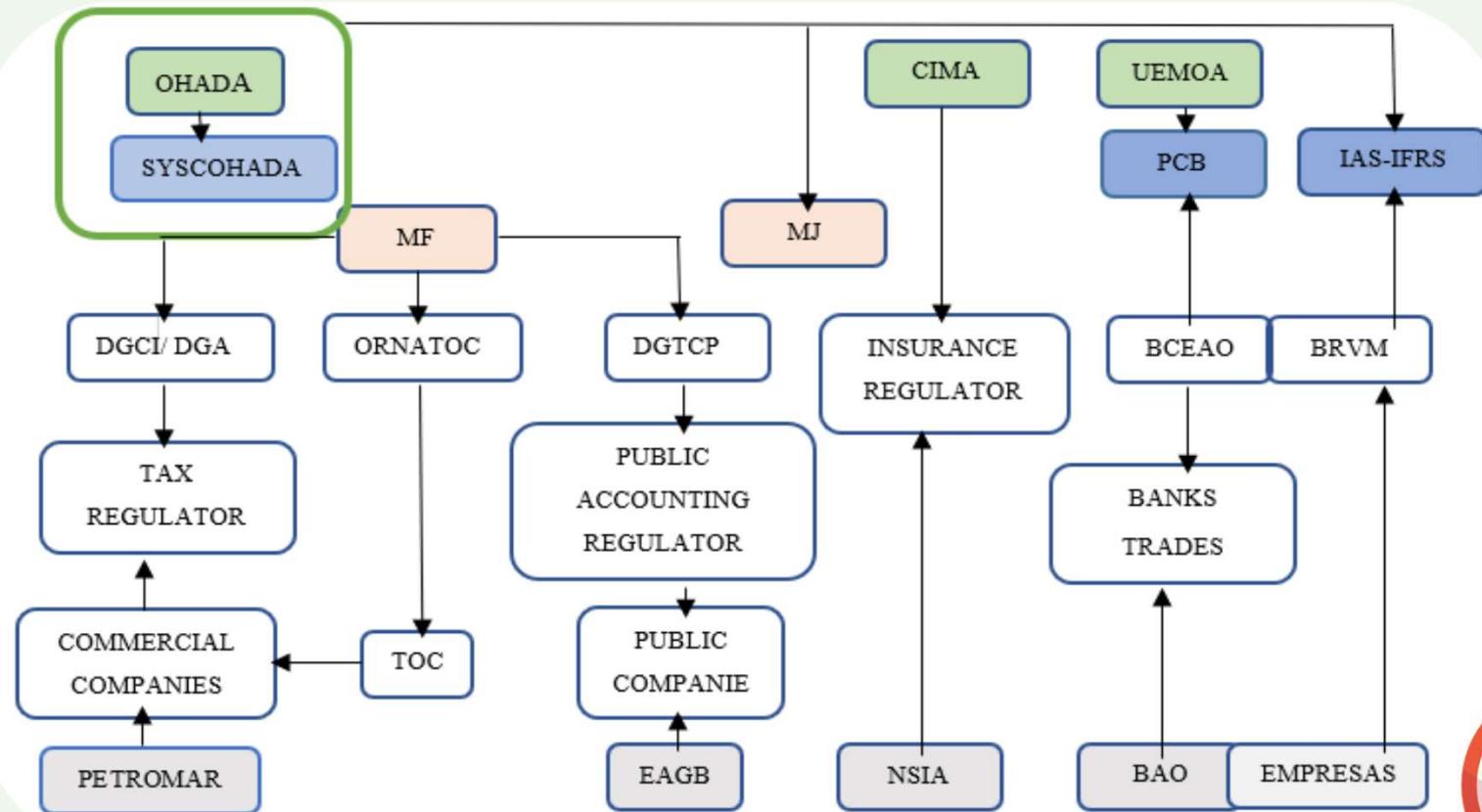
No accounting standards committee

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!

MAMADÚ CANDÉ (200100037@esg.ipstarem.pt)
LEONOR FERREIRA (leonor.ferreira@novasbe.pt)
ANA FIALHO (afialho@uevora.pt)