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THE IMPACT OF THE NEW OHADA ACCOUNTING SYSTEM ON THE JUDGMENTS AND DECISIONS OF CAMEROONIAN BANKERS

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Abstract

Cameroon and 15 other African States belonging to the Organization for the Harmonization of Business Law in Africa (OHADA) adopted the Uniform Act Organizing and Harmonizing Enterprises' Accounting Systems on March 23, 2000, which scuttled the OCAM accounting plan in favour of the new OHADA accounting system (SYSCOHADA). Companies were required to adopt SYSCOHADA for company accounts and consolidated accounts beginning on January 1, 2001, and January 1, 2002, respectively. The goal of this study is to compare the impact of the presentation format and informational content of both accounting systems on the judgments and decisions of bankers, and more specifically, to find out whether the information contributed by SYSCOHADA has changed the judgments and decisions bankers made under the old OCAM accounting plan. Significant differences were noted in bankers' underlying judgments (operating income, net income, cash flow, leverage, liquidity, and ability to raise capital) as well as in their initial judgments about profitability and financial structure. Conversely, no significant differences were noted with respect to other judgments and decisions, i.e. their principal judgments about the overall risk rating and the overall risk trend, the loan decision, and the interest rate to charge (risk premium). Further, the new statement of source and application of funds (SSAF) influenced their underlying judgments about operating income, leverage, liquidity, and ability to raise capital, as well as their initial judgments about financial structure.

Résumé

Le Cameroun, ainsi que 15 autres états africains faisant partie de l'Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA), ont adopté l'Acte Uniforme portant Organisation et Harmonisation des comptabilités des entreprises le 23 mars 2000. Le 1er janvier 2001, toutes les entreprises étaient donc tenues de passer du plan comptable OCAM au système comptable OHADA (SYSCOHADA) pour les comptes d'entreprises, et le 1er janvier 2002 pour les comptes consolidés. L'objectif de la recherche est de comparer l'impact du format de présentation et du contenu informationnel des deux modes de divulgation de l'information comptable sur les jugements et décisions des banquiers afin de déterminer si l'information résultant du nouveau SYSCOHADA modifie leurs jugements et décisions, comparativement à ceux pris sur la base de l'ancien plan comptable OCAM. Des différences significatives sont constatées concernant les jugements sous-jacents (bénéfice d'exploitation, bénéfice net, flux de trésorerie, endettement, liquidité et capacité d'injection des ressources) et les jugements initiaux liés à la rentabilité et à la structure financière des banquiers. Par contre, il n'y a aucune différence significative pour ce qui est des autres jugements et décisions, soit les jugements principaux reliés à la cote de risque et à sa tendance, et la décision d'octroi du prêt et de fixation du taux d'intérêt (prime de risque). Le TAFIRE (tableau financier des ressources et emplois) a exercé un effet sur les jugements sous-jacents du bénéfice d'exploitation, de l'endettement, de la liquidité, de la capacité d'injection de ressources ainsi que le jugement initial de la structure financière.

The African member-states of OHADA, the Organization for the Harmonization of Business Law in Africa[1], adopted the Uniform Act Organizing and Harmonizing Enterprises' Accounting Systems on March 23, 2000, which required that companies adopt the new OHADA accounting system for corporate financial statements covering financial years beginning on or after January 1, 2001, and that consolidated financial statements for the following year and beyond also conform to the new system. Cameroon, one of the organization's principal member-states, had been using the accounting system of the Joint African and Malagasy Organization (*Organisation Commune Africaine et Malgache,* OCAM), which was developed in 1970 after the French accounting plan of 1957. The shift to the new accounting system brought about content changes and a new format for conveying information to external users—in this case, the State, bankers, and shareholders.

Numerous behavioural studies in financial accounting have found that sophisticated users (bankers and financial analysts) and non-professional investors differ in the judgments and decisions they make when presented with a change in accounting information format and content (Harper et al., 1987; Hirst and Hopkins, 1998; Maines and McDaniel, 2000; Hopkins et al., 2000; Belzile et al., 2006a; Viger et al., 2007). In view of these findings, it can be reasonably assumed that a change in accounting systems, as has occurred in Cameroon, has affected the judgments and decisions of accounting information users in that country.

The aim of this study is to assess the impact of the new presentation and information content on the judgments and decisions of Cameroonian bankers, one of the primary user groups in the country[2]. More specifically, this study explores whether the information produced by the OHADA accounting system has caused Cameroonian bankers to take a different stand in their judgments and decisions as compared with the opinions they formed on the basis of the OCAM plan.

The results of this research will enlighten the Cameroonian financial community about the impact of the new accounting system and will also be of interest to other OHADA member-states that formerly used the OCAM plan. They will also contribute to the behavioural literature on the judgments and decisions of sophisticated accounting information users by focusing on the impact of changes in both presentation format and information content, whereas earlier studies examined these aspects only separately.

The sections that follow discuss the main changes brought about by the migration from the OCAM plan to SYSCOHADA (the OHADA accounting system), the literature on the effect of changes in accounting information content on the decision-making process of sophisticated users, the research model and hypothesis, the methodology, the results, and, lastly, the conclusion.

I. SYSCOHADA versus OCAM– Changes in format and content

The overarching goal of the SYSCOHADA accounting standards is to produce accounting and financial information that can be useful to a variety of users. Particular emphasis is therefore placed on the need to produce reliable financial statements that provide a true and fair view of a firm's position and financial operations[3] and that can fulfill the needs of external financial statement users other than the State, formerly the main intended user under the OCAM plan.

SYSCOHADA is based on eight fundamental accounting principles[4], the application of which is intended to ensure quality information and a true and fair view of a company's assets, financial position and results. For its part, the OCAM plan had no formally articulated fundamental accounting principles or goal to produce a true and fair view (Bell Bell, 2002).

SYSCOHADA was developed to ensure that all types of firms have the benefit of an appropriate accounting system in order to improve their communications with users. Firms are classified into three categories, according to size, and are assigned specific accounting guidelines. Each of the three categories has a corresponding accounting system—the normal system, the simplified system, or the minimal cash-basis system. The normal system is used by large companies whose annual turnover is equal to or higher than 100 million CFA francs (Uniform Act, 2000)[5]. Under this system, companies must produce four summary documents: the balance sheet, the income statement, the statement of source and application of funds (SSAF), and notes to the account[6]. In contrast with the OCAM plan, the financial statements prepared under SYSCOHADA need to be presented on a comparative basis with those of the previous year, which is a major informational change. This article examines only the normal system to highlight the type of enhanced information content contributed by SYSCOHADA.

Balance sheet

The balance sheet is overhauled in content and presentation. One change in information content is the mandatory accounting for assets derived from lease agreements[7] in the assets of the lessee's balance sheet, and the value of the corresponding loan in a special liability account pertaining only to leases. The company depreciates these assets over the course of their normal life. Thus, in contrast to the OCAM system, which required accounting for lease expenses, SYSCOHADA requires firms to record expenses arising from the depreciation of the leased assets and the interests on the loan.

The various fixed assets, i.e. deferred costs, intangible and fixed assets, and financial assets are more detailed in a SYSCOHADA balance sheet than in its OCAM equivalent (Table 1, panel A1).

The net cash and cash equivalents and circulating items[8] are also highlighted, under both assets and liabilities, thus establishing a link to the SSAF. In fact, SYSCOHADA adopts a functional approach to establish the balance sheet while a patrimonial approach was taken in the OCAM plan. A functional approach highlights the four activity cycles of a company, namely the investment cycle, the operating cycle, the financing cycle, and the cash cycle. Conversely, a patrimonial approach is centered on the solvability of the company and thus is organized on the basis of liquidity and exigibility criteria [short term vs. long term] (Kamden and Wanssy, 2004).

Insert Table 1

Circulating assets and liabilities (see Table 1, panels A2 and B2) are broken down into elements related to regular activities and those related to irregular activities (I.A.)[9]. Fixed assets and financial debts are similarly described, and the I.A. amount is listed in a note at the end of the category (Table 1, panels A1 and B1)[10]. Examples of I.A. items are buildings acquired for leasing purposes by a company that is not in the leasing industry, depreciation and provisions that result from legal measures, and amounts to be received on the sale of fixed assets.

As far as fixed capital is concerned, shareholders' equity is clearly distinguished from financial debts (Table 1, panel B1), and investment grants and tax-regulated provisions are now classified under shareholders' equity instead of being listed under *Other permanent capital* along with debts. It should be noted that the financial year's net income is also listed under shareholder's equity, in contrast with OCAM balance sheets, which placed this item in last position, after current liabilities. Lastly, contrary to the OCAM method, translation adjustments are listed separately under both assets and liabilities.

The classification methods adopted in the SYSCOHADA balance sheet are intended to provide a clearer picture of the undertaking's financial position and to facilitate the calculation of various financial ratios, including debt/equity.

Income statement[11]

One of the differences in the two accounting systems is the way they classify certain charges and revenue (see Table 2). The OCAM system's differentiation of items related to operating activities from those related to non-operating activities is replaced in SYSCOHADA by a differentiation between charges and revenue related to regular activities and those related to irregular activities (I.A.). Thus, some activities considered non-operating activities under the OCAM plan become part of regular activities under SYSCOHADA—for example, items related to previous financial years, exchange gains and losses, and appropriations to provisions for financial assets. In the OCAM income statement, the calculation of value added includes the value of intermediate goods (goods and materials, transportation and external services), whereas in the SYSCOHADA income statement it includes intermediate goods as well as taxes, other charges and revenue, and operating grants.

Insert Table 2

In addition, some aggregates that did not exist in the OCAM income statement, such as gross margin on materials, turnover, gross operating surplus, financial income/loss, and I.A. net income/loss, are now listed in the SYSCOHADA income statement (see Table 2). Similarly, income on disposal of fixed assets was calculated separately in the OCAM income statement (account 84) but is now integrated into I.A. net income/loss in the SYSCOHADA income statement.

Statement of source and application of funds (SSAF)

The SSAF is a summary of the firm's various items related to cash flows and their changes during the period. As illustrated in the first part of Table 3 (panel A), this information is used to determine various balances, such as overall internal financing capacity (OIFC), change in operating working capital, and operating cash flow. In its second section (panel B), the SSAF lists the firm's investments and divestitures as well as financing sources and net increase (decrease) in cash and cash equivalents. This statement may be useful for investment and loan decisions, especially those of loan officers, because it shows the firm's financing as well as its investments. As it supplements the information provided by financial statements prepared under the OCAM plan, the SSAF represents a change in informational content.

Insert Table 3

Notes to the accounts

The notes to the accounts present all the significant elements that were not highlighted in the other financial statements but that are likely to influence judgments related to assets, financial position, and income (Uniform Act, 2000). Three types of information are presented: accounting rules and methods, supplemental information regarding the balance sheet and the income statement, and other information (Table 4). In the OCAM plan, most of this information was included in the information prepared for the State but it was not considered as being an integral part of the financial statements.

Insert Table 4

II. Literature on the effect of accounting information changes on the decision making of sophisticated users; research model and hypothesis

Experimental research conducted within the communication paradigm shows that user judgments and decisions are influenced by variations in accounting information content and presentation. This effect has been observed in studies on non-sophisticated users, students, and non-professional investors (Cooper and Selto, 1991; Harper et al., 1987; Maines and McDaniel, 2000; Frederickson and Miller, 2004; Hodge et al., 2004; Belzile et al., 2006a; Elliott, 2006), and on sophisticated users, financial analysts and bankers (Munter and Ratcliffe, 1983; Harper et al, 1987; Danos and Imhoff, 1989; Aschemie, 1992; Belkaoui, 1992; Sami and Schwartz, 1992; Goldwater and Fogarty, 1995; Brooks et al., 1996; Hopkins, 1996; Hirst and Hopkins, 1998; Hopkins et al., 2000; Hirst et al., 2004; Elliott, 2006; Viger et al., 2007). Frederickson and Miller (2004) re-opened the debate concerning sophisticated users when they found that financial analysts' judgments and decisions were not affected by the disclosure of pro forma results.

Sophisticated users are considered to acquire the information in a structured manner in order to incorporate it into their pre-defined analytical framework (Bouwman et al., 1987; Hunton and McEwen, 1997, Frederickson and Miller, 2004). It follows then that they are likely to take the information into account regardless of where it is found in the financial statements. In theory, they would not be affected by a change in the way the information is presented. The majority of the studies demonstrate, however, that such a change does indeed alter the judgments and decisions of financial analysts (Hirst and Hopkins, 1998; Hirst et al., 2004) as well as bankers (Harper et al., 1987; Sami and Schwartz, 1992; Brooks et al., 1996; Viger et al., 2007). Furthermore, a change in informational content arising from either the use of different accounting methods (Munter and Ratcliffe, 1983; Belkaoui, 1992; Hopkins et al., 2000) or the addition of information (Danos et al.,

1989; Aschemie, 1992) also influences the judgments and decisions of sophisticated users. Therefore, the differences in the presentation format and informational content of financial statements established under SYSCOHADA, relative to the OCAM plan, should have an impact on the judgments and decisions of Cameroonian bankers. The following hypothesis is thus put forward (alternative form):

H_1: *Cameroonian bankers will not arrive at the same judgments and decisions with SYSCOHADA financial statements as they did with OCAM statements.*

The judgments and decisions referred to are those related to the credit approval process. Figure 1 illustrates the decision model used in this study. The subjects' principal judgments concerning the enterprise's overall risk assessment and overall risk trend are the product of two initial judgments they make concerning profitability and financial structure. Other factors, including industry type, market positioning, quality of assets, and management also influence their principal judgments (Treacy and Carey, 1998; Viger et al., 2007)[12]. Profitability is evaluated through underlying judgments about operating income, net income, and cash flow, while financial position is assessed through leverage[13], liquidity, and the company's ability to raise capital (Belzile et al., 2006b). Principal judgments concerning the overall risk rating and the overall risk trend condition the credit decision and the risk premium to add to the preferential interest rate (Belzile et al., 2006b; Viger et al., 2007).

Insert Figure 1

The factors that may influence bankers to alter their judgments and decisions as they transition from OCAM to SYSCOHADA financial statements are format changes and additions to information.

The SYSCOHADA balance sheet offers more details on fixed assets while highlighting financial assets. This should enhance bankers' ability to analyze the company's operational capacity (tangible assets) and its intangible assets (research and development costs, patents and licenses, goodwill, and so on) as compared with the OCAM plan (Table 1, panel A1). The SYSCOHADA should also improve their ability to analyze the firm's financial structure (debt/equity) by distinguishing between shareholders' equity (including the period's net income) and financial debts, contrary to the OCAM plan, which lists debts under *Other permanent capital* with grants and tax-regulated provisions (Table 1, panel B1). In addition, under the new plan the firm's liquidity is better assessed because its cash and cash equivalents and circulating items (under assets and liabilities) are also highlighted.

Operating income related to regular activities is highlighted more prominently in the SYSCOHADA income statement than in the OCAM income statement (Table 2). Given that SYSCOHADA compares the information with last year's data, trends in the evolution of operating and net income can be assessed.

Users also have the benefit of using the SSAF (Table 3). For bankers, the important items in this statement are: overall internal financing capacity (OIFC), change in operating working capital, cash flow from operating activities, acquisitions (internal and external growth), divestitures (sales of assets), and financing through equity and new loans. The OIFC can help evaluate the firm's available internal financing, which should help bankers judge the firm's ability to finance its activities and investments and repay its debts. The change in operating working capital is an important element for analyzing cash needed for operations. The cash flow from operating activities indicates the cash generated solely by regular operations after considering their financing. The financing surplus or deficiency, corresponding to the change in net cash and cash equivalents,

reflects the impact of the firm's decisions and activities on its cash. Net cash and cash equivalents at year end is also presented, and this information communicates the amount available to the firm for facing immediate commitments.

III. Methodology

Research method

The purpose of this study is to determine whether the judgments and decisions bankers make after analyzing SYSCOHADA financial statements differ from those they made after analyzing OCAM statements[14]. The need to compare their judgments and decisions under the two accounting systems led us to adopt a within-subjects experimental plan. Two sets of financial statements for the same company established under the two accounting systems were distributed in turn to participants for their analysis[15]. The within-subjects plan made it possible to control for individual decision-making differences unrelated to informational changes. The hypothesis test was carried out on differences in the judgments and decisions participants made after analyzing financial statements established under the OCAM plan, and then under SYSCOHADA.

Given that SYSCOHADA financial statements include an additional financial statement, the SSAF, it is appropriate to consider that statement's impact separately because it analyzes cash flow from operations and shows the impact of company investing and financing activities on its net cash and cash equivalents. Two experimental groups were formed for this purpose. The first group first received the OCAM financial statements (balance sheet, income statement, supplementary tables), followed by the SYSCOHADA information (balance sheet, income statement, supplementary tables[16]). The second group received the same OCAM financial statements as the first group, but

then received the SYSCOHADA financial statements, including the SSAF, in addition to the other statements. A comparison of the differences in the judgments and decisions of participants in the two groups helped measure the additional impact of the SSAF.

In addition to the financial statements, respondents received an information letter describing the objectives and conditions of the study, the experimental case, and the questionnaires[17]. The main balances of the various financial statements are shown in tables 5 and 6. The financial statements were developed using the financial data of an undisclosed private Cameroonian company.[18]

Insert Tables 5 and 6

The experimental case study provided general information on the company's position, the nature and value of the project to be financed, the value of the loan requested, and qualitative information bankers were to consider (management, market position, quality of assets, operations). The company is a major manufacturer and distributor of building materials in full growth and with a dominant market position. Given its expected ongoing expansion, the company is seeking a major loan to finance the acquisition of new machines costing 30 million CFA francs, or approximately 46% (30,000,000/65,448,487) of the value of its total fixed assets (see Table 6). The amount of the loan requested, payable over four years, represents 75% of the new machine's value (CFA francs 22.5 million) and approximately 179% (22,500,000/12,582,561) of the total value of the firm's financial debts (see Table 6). The other 25% of the equipment cost is to be financed by an increase in shareholders' equity. Given that the experimental manipulations pertained solely to profitability and financial structure, the qualitative decision factors were characterized as adequate and satisfactory (and were assigned a 5 on a scale of 0 to 10). They were also attributed a fixed weighting of 50% in the category of judgments on the firm's overall risk rating and overall risk trend.

Participants were required to answer the first questionnaire after analyzing the case and the OCAM financial statements. The questionnaire was in two parts. The first part consisted of six questions on the bankers' judgments and decisions. The first question asked respondents to rate, on a scale of 0 to 10 (where 0 represents very poor and 10 represents excellent), their underlying judgments of the company's operating income, net income, cash flow, leverage, liquidity, and ability to raise capital. The second question asked for their initial judgments of the company's profitability and financial structure, using the same scale of 0 to 10. The third question asked respondents to weight the relative importance of the company's profitability and financial structure in their decision-making process by breaking down 50 points between these two factors. Question four asked for the company's overall risk assessment, using the scale of 0 to 10, and its overall risk trend (negative, stable, or positive). Question five asked whether or not respondents would grant the loan based on the information provided and the assessment made. Question six asked for the interest rate applicable to the loan (expressed as a premium to be added to the institution's prime rate); this information was requested regardless of whether or not the loan would be granted.

The second part of the first questionnaire gathered demographic data. The first question asked for respondents' academic qualifications, *Brevet d'études primaires et collégiales* (secondary studies), *Probatoire* (1st part of high school), *Baccalauréat* (2nd part of high school), *Brevet Professionnel* (high school vocational studies), *Licence* (undergraduate degree), *Maîtrise* (graduate degree), or *DEA* or *Doctorat* (doctoral degree). The second question asked respondents whether they held a professional title at the bank and to state their title, if applicable. The third question asked for respondents' sex, the fourth question, years of experience in commercial loans, the fifth question, individual lending limit, and the sixth question, whether they specialized in a particular industry for the purposes of credit analysis.

Participants were asked to fill out a second questionnaire after analyzing the SYSCOHADA financial statements. The first part of this questionnaire contained the same questions as the first part of the corresponding questionnaire for the OCAM statements. The second part of the questionnaire pertained to the experimental manipulations to ascertain that the respondents had properly understood the experimentation and had read and memorized the information in the financial statements carefully enough to use it in their decision making (information acquisition). In this part of the questionnaire, four or six questions were posed, depending on whether the respondent had received the SSAF. The first question asked respondents whether the company's goodwill had been presented in the balance sheet. Questions two, three and four asked respondents to indicate the range in which the value of the financial assets, gross operating surplus, and shareholders' equity fell. Questions five and six related to the SSAF: respondents were asked to indicate the range in which they would classify the firm's overall internal financial capacity and its financing surplus or deficiency.

Sample

There are ten commercial banks in Cameroon, with about 80 branches, including the institutions' respective head offices[19]. The three major banks, BICEC, SGBC, and SCB-CLC, have at least one branch in each of Cameroon's ten provinces[20]. In order to obtain a representative sample of the country's different banks and regions, at least four banks were visited in the capitals of eight provinces. To obtain a meeting in a particular branch of a bank, a request had to be submitted. The request was examined within three to seven days, and if granted, was valid only for the branch concerned. Once contact was established with the person responsible for the institution (either the human resources director or the credit manager), the following step was to verbally explain the study, using the experimental material to support the request. If the manager agreed to participate in

the study, he was given one copy of the experimental material for each banker working in the loan department. The manager was responsible for administering and collecting the questionnaires, and returning them to the researcher within three to ten days. Managers in each institution were given the same number of experimental material packages without a SSAF (group 1) and with a SSAF (group 2) and asked to distribute them in random order. The bankers were to respond on a voluntary basis and were ensured anonymity as well as confidentiality with regard to their responses. The number of questionnaires distributed per bank and the number of responses obtained and their distribution according to experimental groups are presented in Table 7. Both types of groups were evenly distributed among the banks in the sample (χ^2 is not significant), thus, all formal decision process in place at the banks, if any, were similarly represented in the two groups. Sixty-four of the 81 questionnaires distributed were completed, for a response rate of 79%. The questionnaires were administered between October and December 2005.

Insert Table 7

IV. Results

Descriptive statistics

Eighty-nine percent of participants (57/64) had at least a master's or a DEA, and 78% (50/64) had between 0 and 5 years of experience (see Table 8). Given their relatively high academic levels and years of experience, they were assumed to be familiar with analyzing and interpreting financial statements as part of the commercial loan decision-making process. In addition, their recent education would have ensured that they were acquainted with SYSCOHADA, which had been taught since 2000, as well as with the OCAM plan, which was officially in effect until December 1999, but still used unofficially until December 2003, i.e. less than two years before the experiment,

according to the members of the Institute of Chartered Accountants of Cameroon (*Ordre national des expert-comptables et comptables agréés*, ONECCA). Also, the fact that most of the respondents were not specialized in any specific industry (44/64) should have meant that they were able to analyze any type of commercial loan request regardless of the enterprise's sector of activity. Most of the respondents were male (45/64), and many of them, i.e. about 58% (37/64), had not been assigned individual lending limits, or else they had limits that included the amount of the loan requested in our experimental case, while 42% (27/64) were given lending limits between 0 and 10 million CFA francs. In Cameroonian banks, the loan decisions are usually made at the institutions' head offices, and are a team effort. Even if individuals are assigned lending limits, they still analyze the financial statements of loan applicants and make a recommendation.

Insert Table 8

There were no significant differences between experimental groups with regard to the distribution of respondents between head office and the branches ($p = 0.894$), education ($p = 0.265$), gender ($p = 0.510$), whether or not participants specialized in a particular industry ($p = 0.848$), years of experience ($p = 0.195$), or individual lending authority ($p = 0.248$). The fact that the experimental groups were not statistically different in terms of demographic variables increased the assurance that differences relative to their judgments and decisions would be attributable to experimental manipulations, i.e. the assessment of the impact of the OHADA financial statements, with and without a SSAF, on participants' judgments and decisions.

Understanding the experimental manipulations

The intent of the manipulation checks was to ascertain that participants had fully integrated the experimental manipulations (information components) involving the financial statements of the new

accounting system. Looking at Table 9, we see that most participants in both experimental groups appropriately answered each of the first four questions (those common to both groups), except question 2 on the value of the financial assets, for which nearly one-half of the participants in the second experimental group selected the 10-15M range (16/33) rather than 15-20M, and question 3 on the value of the GOS, for which nine participants in the second group (9/33) selected the 120-130M rather than the 100-110M range. The difference between the two groups is significant for these two questions ($p = 0.000$ and $p = 0.002$, respectively). There was no significant difference in the way both experimental groups answered the question on goodwill disclosure ($p = 0.245$) and question 4 on net income value (all respondents gave the correct answer). As for the manipulation questions on overall internal financial capacity and financing surplus or deficiency directed to participants in the second group (questions 5 and 6, respectively), Table 9 shows that most bankers who received the SSAF appear to have acquired the information (i.e. 72.7% [24/33] and 75.8% [25/33] for questions 5 and 6 respectively).

Insert Table 9

A number of factors could explain the wrong answers provided in response to the experimental manipulation questions. Given the newness of SYSCOHADA, some participants may have had difficulty integrating the accounting system's new concepts. In fact, the main concepts used in the questions (goodwill, total financial assets, gross operating surplus, overall internal financial capacity, and financing surplus or deficiency) are not found in the vocabulary of the old OCAM plan, and some of the bankers may have had trouble acquiring this information. Moreover, given that these concepts were not used before the implementation of SYSCOHADA, some of the bankers may not have taken them into account because they did not understand them. An on-site source confirmed this possibility to the researchers. Most of the wrong answers were provided by participants in the second experimental group, which had received the SYSCOHADA financial

statements that included the SSAF. It would appear that they were more affected by the scope of the changes than participants in the first group, and therefore had difficulty acquiring the concepts. However, in the specific case of question 2, the wrong answers could also be attributed to the proximity of the exact number of financial assets (15,735,937 CFA francs) to the value of 15 million that appeared in two response choices (10-15 million and 15-20 million). Respondents may have chosen one of the ranges that included the value of 15 million, thinking it was the appropriate answer.

Based on the above analysis and the fact that the proper responses outnumbered the wrong answers for each question on the manipulations, it can be assumed that participants have generally understood the experimental manipulations.

Analysis of differences in judgments and decisions according to financial statements

Group 1

The participants' study of the OCAM and SYSCOHADA statements led to significant differences (see Table 10) in their underlying judgments about operating income ($p = 0.005$) and net income ($p = 0.067$), although the latter difference is only marginally significant; differences in underlying judgments about cash flow were not significant ($p = 0.178$, Table 10), while the difference in the initial judgment about profitability was significant ($p = 0.011$, Table 11). Judgment means were all higher when the OHADA financial statements were used.

Insert Tables 10 and 11

The research hypothesis is therefore confirmed with regard to underlying judgments concerning operating income and net income, and the initial judgment about profitability, but not with regard to the underlying judgment about cash flow. These results may be explained by comparing the items in the income statements of the two accounting systems (Table 5). The operating income is higher in the OHADA income statement for both the current year and as compared with the previous year. The same is noted for the value added. In fact, this is due to the reclassification of revenue and expense items from operating income to value added and the exclusion of the financial income/loss from the operating income. Moreover, turnover is now highlighted and has spiralled compared with the previous year. The OHADA income statement also lists the gross operating surplus, which shows an increase over the previous year. The results for net income are identical under the two accounting system, but users can evaluate changes because they are presented comparatively in the SYSCOHADA system—the current year's income is at least as high as the previous year's. The improved assessment of operating and net income through the use of the OHADA income statement led to more positive judgments of profitability. Although cash flow is an important consideration in the decision-making process of bankers, participants in the first experimental group received only two statements (balance sheet and income statement) to help them assess cash flow, and were thus left to judge cash flow from operating activities and overall internal financing capacity for themselves using the items in the financial statements provided, which they did less accurately than if the amount had been provided outright. This may explain why there is no difference in the underlying judgments about cash flow.

The differences between participants' underlying judgements based on the OCAM statements and those based on SYSCOHADA with regard to leverage ($p = 0.032$), liquidity ($p = 0.005$), and ability to raise capital ($p = 0.000$), and the initial judgment about financial structure ($p = 0.000$) are

significant (Tables 10 and 11). The means obtained demonstrate more favourable judgments with SYSCOHADA statements.

Based on these results, the research hypothesis is confirmed with regard to underlying judgments about leverage, liquidity, and ability to raise capital, and the initial judgment about financial structure. These results may be explained by referring, in particular, to items in the balance sheets of both plans (Table 6). When considering short- and long-term debt, the bankers noted that the firm is highly indebted and is widely using financial leverage to generate profits for its shareholders. Given its high income, however, it can easily cover its financial expenses, as demonstrated in the OHADA income statement (Table 5), which may explain the rather favourable judgments concerning leverage (6.68 using OHADA, Table 10). Financial debts appear low in comparison with shareholders' equity (Table 6). This judgment was more difficult to make with the OCAM balance sheet given that the firm's net position excluded net income of the financial year, and investment grants were included in the debt, therefore increasing that aspect despite being more of an equity nature. Thus, the long-term debt/equity ratio appears higher in the OCAM balance sheet than in the OHADA document, and the firm's ability to raise capital appears lower. Since the OHADA balance sheet is comparative, it shows an increase in equity and relatively modest financial debts in comparison, giving the company the opportunity to enter into new medium or long-term debt (Table 6). In terms of liquidity, cash and cash equivalents – assets and liabilities result in a net cash position of approximately 85 million CFA francs and net circulating assets and liabilities (operating and I.A. working capital requirements) of –30 million CFA francs (Table 6). It is more difficult to assess liquidity with the OCAM balance sheet than with its OHADA equivalent because cash and cash equivalents are not highlighted, and working capital must be determined after considering operating assets, quick assets, and current debts.

Differences in principal judgments on the overall risk rating (p = 0.198) and the overall risk trend (p = 0.306) based on the OCAM plan and on SYSCOHADA were not significant (Table 11), nor were the differences in the decision to grant the loan, since all participants answered in the affirmative to this question. Similarly, there were no significant differences in the respondents' decisions concerning the interest rate (p = 0.325).

The research hypothesis is not confirmed with respect to the principal judgments of the overall risk trend and the overall risk rating, nor for the decisions about granting the loan or the interest rate (risk premium). Thus, the significant differences noted for underlying and initial judgments (profitability and financial structure) did not motivate participants to change their evaluation of the overall risk rating and the overall risk trend, their decision to grant the loan, or their determination of the interest rate. In addition, Table 11 shows that participants in this experimental group ascribed considerable importance to profitability factors in their decision-making process, both in respect of OCAM as well as OHADA data (not a significant difference), given that profitability (32.03/50 and 31.87/50, based on OCAM and OHADA respectively) was generally weighted higher than financial structure (17.96/50 and 18.12/50 based on OCAM and OHADA respectively). Since the bankers judged profitability quite favourably under both systems (6.87 and 7.42, based on OCAM and OHADA respectively), their overall risk rating is only slightly higher than the scale mean (5.42 and 5.90, based on OCAM and OHADA respectively). They consequently granted the loan, albeit with a rather high risk premium (5.79 and 5.72, OCAM and OHADA respectively)[21].

Group 2

The differences in underlying judgments based on OCAM and SYSCOHADA with a SSAF with respect to operating income (p = 0.000), net income (p = 0.000), and cash flow (p = 0.057) are

significant, although only marginally in the latter case (see Table 10). Also significant is the difference concerning the initial judgment about profitability (p = 0.001, Table 11). The means of all judgments made on the basis of OHADA financial statements are higher. The research hypothesis is therefore confirmed with respect to underlying judgments concerning operating income, net income, and cash flow, and with respect to the initial judgment about profitability. The results regarding operating income, net income, and profitability can be explained as they were for group 1, but in addition, the SSAF generates a more accurate assessment of cash flow, which is obtained directly through the OIFC and the cash flow from operating activities (see Table 6). As the cash flow is positive, there is a marginally significant difference in judgments concerning cash flow based on SYSCOHADA information.

Differences in underlying judgments concerning leverage, based on the OCAM plan and SYSCOHADA, are marginally significant (p = 0.062, Table 10). By contrast, differences in underlying judgments concerning liquidity (p = 0.427) and ability to raise capital (p = 0.561), as well as in the initial judgment of financial structure (p = 0.306), are not significant (see Tables 10 and 11). Hence, as regards judgments about financial structure, only the underlying judgment about leverage confirms the research hypothesis, and marginally so. The SSAF seems to have had a negative impact on the bankers' judgments of the firm's leverage (the mean decreased from 4.24 with the OCAM plan to 3.33 with SYSCOHADA, see Table 10). This is because the SSAF pegs the increase in long-term debts at 8 million CFA francs and the net decrease in equity at 20 million CFA francs (dividends and withdrawals of 40 million CFA francs, compared with new inflows of 20 million CFA francs) [not listed separately in Table 6]. The favourable net cash position highlighted in the balance sheet is countered in the SSAF by a negative variation in net cash and cash equivalents and operating working capital, resulting in a non-significant effect on the bankers' appraisal of the firm's liquidity after they examined the OHADA statements, as compared with their

appraisal based on the OCAM statements. The same result is noted with respect to their assessment of the firm's ability to raise capital, as cash needs counteract the effect of a weak financial debt/equity ratio.

The differences in principal judgements based on the OCAM plan and SYSCOHADA with regard to the overall risk rating ($p = 0.227$), the overall risk trend ($p = 0.735$), and the decision regarding the interest rate ($p = 0.122$) are not significant (see Table 11), neither is there a significant difference in the bankers' decisions to grant the loan based on information gathered from the OCAM plan or from SYSCOHADA, since all participants answered yes to this decision.

Thus, as with the first experimental group, the research hypothesis is not confirmed for the overall risk rating, the overall risk trend, the decision regarding the interest rate, and the decision to grant the loan. Therefore, the significant differences noted in the underlying and initial (profitability) judgments were not substantial enough to influence participants to change their evaluation of the overall risk rating and overall risk trend, their decision to grant the loan, or the interest rate, even though they placed greater importance on their assessment of profitability factors (33.25/50 and 32.87/50 with OCAM and SYSCOHADA respectively) than on financial structure (16.74/50 and 17.12/50 with OCAM and SYSCOHADA respectively), and factors related to profitability were judged more favourably with SYSCOHADA (see Tables 10 and 11).

Comparison of differences in judgments and decisions between experimental groups

A comparison of the differences in judgments and decisions between the two experimental groups shows that they were most divided in their opinions about the firm's financial structure; more specifically, as indicated in Tables 12 and 13, respondents diverged significantly in the underlying

judgments they made based on the OHADA and the OCAM statements with regard to leverage (p = 0.004), liquidity (p = 0.011), and financial structure (p = 0.000), and their initial judgment of financial structure (p = 0.000). The differences in the judgments made under the two systems are less pronounced for group 2, and is even negative for some judgments (liquidity and leverage). As far as profitability judgments are concerned, the two experimental groups differed significantly only in their underlying judgments concerning operating income (p = 0.045, Table 12). The most positive difference for judgments about operating income is noted in group 2. The differences in principal judgements (overall risk rating and trend) are similar between the two groups (p = 0.741 and p = 0.187, respectively) as are the differences in their decisions concerning the interest rate premium (p = 0.459) [see Table 13].

Insert Tables 12 and 13

The two experimental groups did not differ significantly in the judgments and decisions they made on the basis of the OCAM statements alone (except as regards leverage, which group 2 participants evaluated more negatively) [tests not presented]. Consequently, any differences in the way their judgments and decisions diverged between the two groups following their reading of the OCAM and then the SYSCOHADA financial statements can generally be attributed to the additional financial statement received by group 2, i.e. the SSAF. With regard to profitability, the SSAF reiterates the gross operating surplus, thereby highlighting the operating income (before depreciation and provisions). With regard to financial structure items, the SSAF highlights cash needs, including operational and asset investment needs, and the fact that internal financing is insufficient to cover the firm’s needs. It also indicates growing debt and the net outflow of equity. Thus, the differences in underlying and initial judgments concerning financial structure factors were all significantly less favourable when participants had the SSAF in addition to the other financial

statements (group 2 compared to group 1). Therefore, it can be concluded that the SSAF had an influence on bankers' judgments.

Conclusion, limits, and research avenues

This study examined how the judgments and decisions of Cameroonian bankers are affected by changes in the format and informational content of financial statements. Most of the participants acquired the information related to the new concepts in SYSCOHADA and appear to have integrated them into their decision-making process, as demonstrated by the significant changes in some judgments summarized in Table 14. The change in accounting system mainly brought about changes in initial judgments concerning profitability (both groups) and financial structure (group 1), as well as underlying judgments (operating income, net income, and leverage, for both groups, liquidity and ability to raise capital, for group 1, and cash flow, for group 2). However, these differences in underlying and initial judgments did not result in the bankers modifying their principal judgments concerning the overall risk rating and the overall risk trend, their decision about whether or not to grant the loan, and the interest rate they would request (risk premium). The addition of the SSAF (group 2) did not alter significantly their underlying judgments concerning liquidity and ability to raise capital or their initial judgments concerning financial structure, or even their principal judgments or decisions. But a comparison of the changes in judgments brought by SYSCOHADA in each experimental group reveals that the SSAF had an effect given that differences between groups were noted in their underlying judgments concerning operating income, leverage, liquidity, and ability to raise capital, and in their initial judgments concerning financial structure. As participants weighted profitability factors higher than financial structure in their assessment process, even though the financial structure factors were easier to discern with the SSAF, they did not change their decision about granting the loan, in view of the firm's profitability.

Insert Table 14

It can thus be concluded that although there was no change in the bankers' principal judgments of the overall risk rating and the overall risk trend or in their decisions after the transition from the OCAM plan to SYSCOHADA, the hypothesis postulating that their judgments and decisions would not remain the same is confirmed for most of the underlying and initial judgments of both groups. This result indicates that the Cameroonian bankers' judgments are indeed impacted by a change in informational content and in the presentation format of financial statements. This conclusion supports the results of several earlier studies on the impact of content or format change on bankers' judgments and decisions (Harper et al., 1987; Danos et al., 1989; Belkaoui, 1992; Sami and Schwartz, 1992; Brooks et al., 1996; Viger et al., 2007) as well as on other financial statement users' judgments and decisions (Munter and Ratcliffe, 1983; Cooper and Selto, 1991; Asechemie, 1992; Goldwater and Fogarty, 1995; Hirst and Hopkins, 1998; Hopkins and al., 2000; Maines and McDaniel, 2000; Frederickson and Miller, 2004; Hirst et al., 2004; Belzile et al., 2006a; Elliott, 2006).

The behavioural research on judgment shows that stimuli (accounting and financial information) can affect user judgment through intentional or non-intentional cognitive effects (Frederickson and Miller, 2004; Elliott, 2006). For the purposes of this study, intentional cognitive effects apply as the financial statement user takes into account the information available in his own judgment because he has perceived its usefulness. Non-intentional cognitive effects lead the user to take the information into account without having perceived it to be informative (Frederickson and Miller, 2004). Even though most of the experimental studies show that accounting information influences the judgments and decisions of both sophisticated and non-sophisticated financial statement users, as does presentation format, it seems that non-intentional cognitive effects apply mainly to non-

sophisticated users (Frederickson and Miller, 2004; Elliott, 2006). Professional investors, of which bankers are a part, possess a great deal of expertise and use well-circumscribed decision models to evaluate information, which leads them to adopt a selective or direct information search strategy consisting in the selection of information they find directly pertinent. Since most of the participants in this experiment seem to have acquired the information they were presented with and appear to have integrated it into their decision-making process, it seems that the differences in judgment observed resulted from intentional cognitive effects, which were not significant enough, however, to change their principal judgments (overall risk rating and the overall risk trend) or decisions (to grant the loan and the interest rate to charge).

It is possible that, for some bankers, the migration to the new accounting system did not influence certain aspects of their decision-making process because of the difficulties of integrating the new aspects of SYSCOHADA, particularly the SSAF. This possibility was underscored by some Cameroonian chartered accountants:

> "In CEMAC[22] in general, and in Cameroon in particular, the transition from OCAM to the OHADA accounting plan has created concerns…
> These concerns generally stem from the fear of novelty and the scope of the adaptation efforts. They could be mitigated by efforts to simplify, raise awareness, and provide training (Comité ONECCA/GICAM, 2002, p. 20) [translation]."

Thus, for bankers in particular, it would be important to develop in-depth understanding of the SSAF, given its influence on certain types of judgments. It is a prominent document in the credit analysis process, showing not only the firm's growth strategy (internal or external) but also its financing policy (Kamdem and Wanssy, 2004). Given that some participants in this study did not acquire some of the elements of the SSAF, the OHADA Permanent Secretariat should be made aware of the training needs of users. In Cameroon, ONECCA has been very active in easing the

transition between accounting systems by organizing information and awareness conferences, creating the ONECCA/GICAM committee[23], and developing methodology guidelines and a user manual for the OCAM-SYSCOHADA transition.

There are a number of limits associated with this study. First, it was practically impossible to find out whether participants had followed the recommended steps in performing the experiment, given that there was a period of three to seven days between the time the experimental material was delivered and then collected. This uncertainty could threaten the study's internal validity if extraneous events occurred during the time it took participants to perform the experiment, and their judgments and decisions were influenced. As respondents were not supervised during the experiment, while completing the second questionnaire they could have reviewed their responses to first questionnaire as a way to ensure consistency. However, this possibility is unlikely to have been widespread since significant differences were noted in many judgments.

In view of the fact that this was a two-phase experiment in which financial statements were presented in the OCAM format and then in the SYSCOHADA format, each participant may have been exposed to maturation over the period of the experiment and to the pre-measurement effect. Each respondent was given only one experimental case, which included financial statements from the same firm, for both OCAM and SYSCOHADA questions. The administration of the first questionnaire after the OCAM financial statements may have sparked awareness of the particular interests of the experiment and conditioned respondents' reactions to the second set of financial statements (SYSCOHADA financial statements). On the other hand, this may have actually reduced the odds of obtaining differences in judgments based on the OCAM and OHADA statements, making it impossible to reject the null hypothesis. Nonetheless, significant differences in some judgments were noted.

The impact of capitalizing leases was not considered in this study. It would be interesting to examine how this particular change in information affects the judgments and decisions of external financial statement users. In addition, it would be worthwhile to model the decision-making process of bankers and identify the indicators and data that participants retain from the SYSCOHADA financial statements by asking them to verbally explain their decisions.

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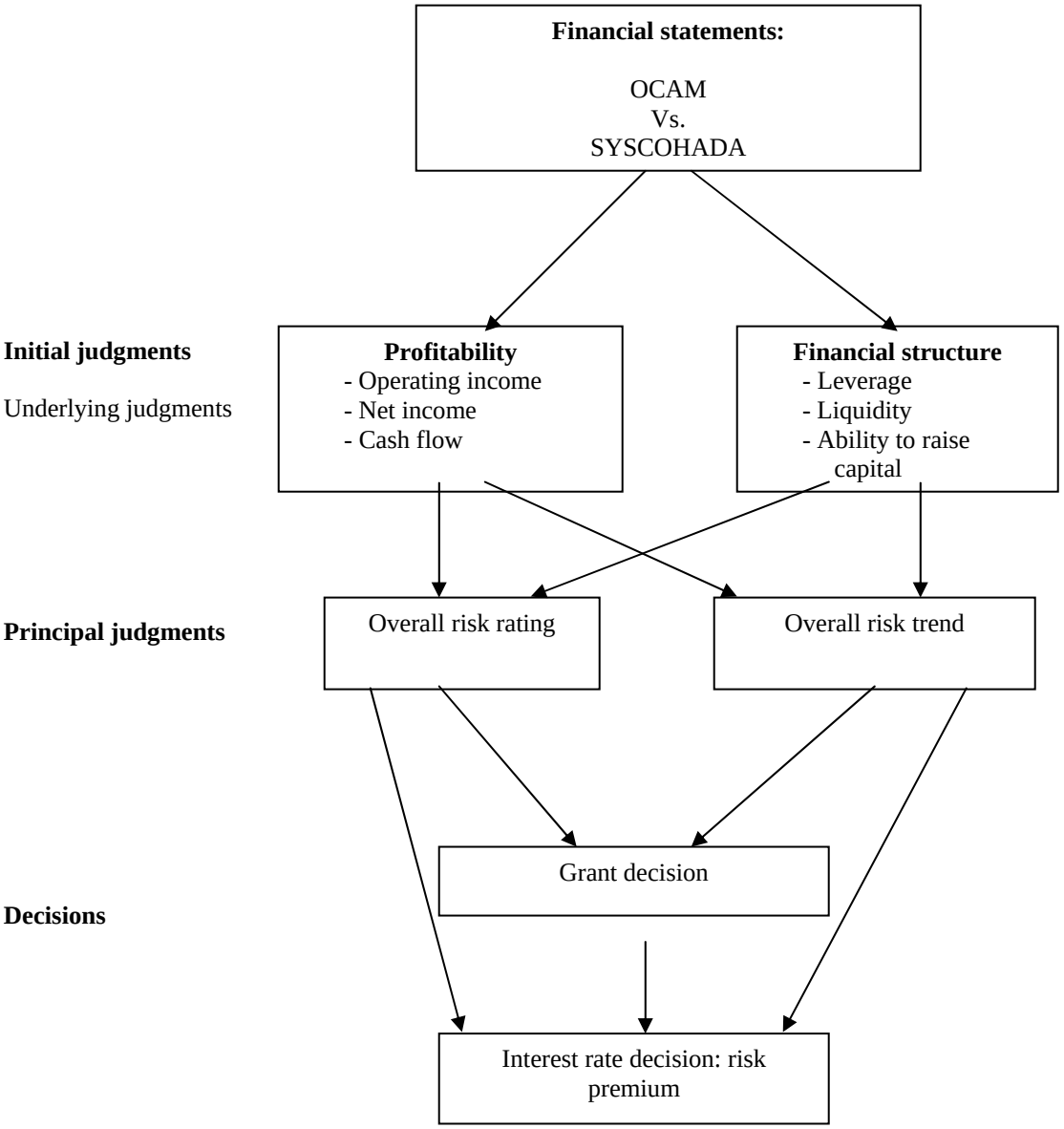

Figure 1. Decision model.

Table 1
Comparison of SYSCOHADA and OCAM balance sheets

Panel A1 – ASSETS

SYSCOHADA CLASSIFICATION	*OCAM CLASSIFICATION*
FIXED ASSETS [1]	*FIXED ASSETS*
Deferred costs	COSTS AND INTANGIBLE ASSETS
Formation expenses	Capitalized costs
Deferred charges	Intangible assets
Redemption premiums	
Intangible assets	
Research and development costs	
Patents, licences, software	
Goodwill	
Other intangible assets	
Tangible assets	TANGIBLE ASSETS
Land	Land
Buildings	Other fixed assets
Fixtures and fittings	Other fixed assets in process
Equipment	
Vehicles	
	OTHER FIXED ASSETS
Payments on account for fixed assets	Payments on account for fixed assets
	Long- and medium-term loans and receivables
Financial assets	(less amount to be paid within one year)
Participating interests	Long-term investments
Other financial assets	

[1] including Irregular activities (I.A.) assets in the amount of …

Table 1 (cont.)
Comparison of SYSCOHADA and OCAM balance sheets

Panel A2 – Current assets

SYSCOHADA CLASSIFICATION	*OCAM CLASSIFICATION*
CIRCULATING ASSETS	
Circulating I.A. assets	
Inventories	*OPERATING ASSETS*
Goods	Goods
Raw materials and other consumables	Materials and consumables
Work in process	Commercial packaging
Finished goods	Intermediate goods
	Finished products
	Work in process (goods and services)
	Goods forwarding, to be received
	QUICK ASSETS
Trade debtors and related accounts	
Suppliers, advance payments received	Advance payments made
Clients	Clients
Other receivables	African and international states and organizations
	Partners
	Subsidiaries and related companies
	Other debtors (individual and miscellaneous)
CASH AND CASH EQUIVALENTS – ASSETS	Prepayments
	Accruals
	Loans receivable within one year
Marketable securities	Short-term investment securities
Deposits in transit	Notes and warrants receivable
Banks, postal accounts, cash	Cheques and coupons to cash
	Banks and postal accounts
	Cash
	Advances and commercial letters of credit
TRANSLATION ADJUSTMENT-ASSETS	

Table 1 (cont.)
Comparison of SYSCOHADA and OCAM balance sheets

Panel B1- Capital and long-term debts

SYSCOHADA CLASSIFICATION	*OCAM CLASSIFICATION*
SHAREHOLDERS' EQUITY AND RELATED EQUITIES	*NET POSITION (BEFORE RESULTS FOR THE FINANCIAL YEAR)*
Capital	Share or personal capital
Shareholders, capital	Premiums on share issues
- Shareholders, uncalled capital	Statutory reserves
	Available reserves
Additional paid-in capital and reserves	Retained earnings
Share premiums and merger premiums	Revaluation adjustment
Revaluation reserve	Unappropriated prior periods income or loss
Unavailable reserves	
Available reserves	
Retained earnings	
Unappropriated prior periods income or loss	
Net Income / loss for the financial year	
Other equities	OTHER PERMANENT CAPITAL
Investment grants	Tax-regulated provisions
Tax-regulated provisions and related funds	Capital gains to reinvest
	Equipment grants
FINANCIAL AND RELATED DEBTS [1]	
Loans	Loans - bonds
Leasing and other similar obligations	- Bond redemption premiums
Sundry financial obligations	Other long- and medium term loans and debts
Financial provisions for risks and charges	(less amount to be paid within one year)
	Affiliated or partner accounts frozen
[1] including I.A. debts in the amount of …	Provisions for liabilities and charges

Table 1 (cont.)
Comparison of SYSCOHADA and OCAM balance sheet

Panel B2- Current liabilities	
SYSCOHADA CLASSIFICATION	*OCAM PLAN CLASSIFICATION*
CIRCULATING LIABILITIES	*CURRENT LIABILITIES*
Circulating I.A. and related debt	
Suppliers	Suppliers
Clients, advance payments received	Clients, advance payments received
Tax liabilities	African and international states and organizations
Social liabilities	Partners
Other liabilities	Subsidiaries and related companies
Contingency provisions	Other creditors
	Prepayments
CASH AND CASH EQUIVALENTS – LIABILITIES	Accrued amounts payable
	Loans payable within one year
	Notes and warrants payable
Banks, discount credit	Banks, short-term advances
Banks, cash credit	
Banks, overdraft	
TRANSLATION ADJUSTMENT-LIABILITIES	*NET INCOME/LOSS FOR THE FINANCIAL YEAR TO BE APPROPRIATED*

Table 2
Comparison of SYSCOHADA and OCAM income statements

INCOME STATEMENT (SYSCOHADA)		*INCOME STATEMENT (OCAM)*	
CHARGES	*REVENUE*	*CHARGES*	*REVENUE*
		ACCOUNT 80: CALCULATION OF GROSS MARGIN (GM)	*ACCOUNT 80: CALCULATION OF GROSS MARGIN (GM)*
OPERATING ACTIVITIES	*OPERATING ACTIVITIES*		
		Cost of goods sold	Sales of goods
Purchases of goods	Sales of goods (1)	Credit balance for account 80: GM	Debit balance for account 80: GM
(+) Increase or (-) decrease in inventories		Total	Total
	GROSS MARGIN ON GOODS FOR RESALE	*ACCOUNT 81: CALCULATION OF VALUE ADDED*	*ACCOUNT 81: CALCULATION OF VALUE ADDED*
	Sale of manufactured goods (2)	Gross margin: transfer of account 80 debit balance	Gross margin: transfer of account 80 credit balance
Purchases of raw materials and related consumables	Sales of work or services (3)	Materials and consumables	Products sold
(+) Increase or (-) decrease in inventories	Products stocked *	Transportation	Products stocked *
	Own work capitalized	Other purchased services	Own work capitalized
	GROSS MARGIN ON MATERIALS		Charges to capitalize or transfer
Other purchases	Miscellaneous revenue (4)	Credit balance for account 81: VALUE ADDED	Debit balance for account 81: VALUE ADDED
(+) Increase or (-) decrease in inventories			
Transportation	[TURNOVER (1 + 2 + 3 + 4)]	Total	Total
External services	Operating grants		
Taxes	Other revenue		
Other charges			
	VALUE ADDED		

* Products stocked: Changes in inventories of finished goods and work in process.

Table 2 (cont.)
Comparison of SYSCOHADA and OCAM income statements

INCOME STATEMENT (SYSCOHADA)		*INCOME STATEMENT (OCAM)*	
CHARGES	*REVENUE*	*CHARGES*	*REVENUE*
Staff costs	*GROSS OPERATING SURPLUS*	*ACCOUNTS 82 AND 082: CALCULATION OF OPERATING AND NON-OPERATING INCOME**	*ACCOUNT 82 AND 082: CALCULATION OF OPERATING AND NON-OPERATING INCOME**
Appropriations to depreciation and provisions	Provisions written back		
	Charges transferred	Value added: transfer of account 81 debit balance	Value added: transfer of account 81 credit balance
Total operating charges	*Total operating revenue*	Sundry charges and losses	Miscellaneous revenue and gains
		Staff costs	
	OPERATING INCOME / LOSS	Taxes	Grants received
		Interest paid	Interest and dividends received
FINANCIAL ACTIVITIES	*FINANCIAL ACTIVITIES*	Appropriations to depreciation and provisions	Depreciation and provisions written back
Financial charges	Financial income	Credit balance for account 82: OPERATING INCOME	Debit balance for account 82: OPERATING LOSS
Exchange losses	Exchange gains	Credit balance for account 082: NON-OPERATING INCOME	Debit balance for account 082: NON-OPERATING LOSS
Appropriations to depreciation and provisions	Provisions written back	Total	Total
	Financial charges transferred	*ACCOUNT 84: CALCULATION OF INCOME ON DISPOSAL OF FIXED ASSETS*	*ACCOUNT 84: CALCULATION OF INCOME ON DISPOSAL OF FIXED ASSETS*
Total financial charges	*Total financial revenue*	Book value of assets sold	Depreciation related to assets sold
	FINANCIAL INCOME / LOSS	Ancillary selling costs transferred	Selling price of assets
Total regular activity charges	*Total regular activity revenue*	Credit balance for account 84: CAPITAL GAINS	Debit balance for Account 84: CAPITAL LOSSES
	NET INCOME /LOSS FROM REGULAR ACTIVITIES	Total	Total

* Except for value added which is debited or credited to account 82 only, amounts for the other elements may be related to operating activities (account 82) or non-operating activities (account 082).

Table 2 (cont.)
Comparison of SYSCOHADA and OCAM income statements

INCOME STATEMENT (SYSCOHADA)		*INCOME STATEMENT (OCAM)*	
CHARGES	*REVENUE*	*CHARGES*	*REVENUE*
IRREGULAR ACTIVITIES (I.A.)	*IRREGULAR ACTIVITIES (I.A.)*	*ACCOUNT 85: CALCULATION OF NET INCOME BEFORE TAXES*	*ACCOUNT 85: CALCULATION OF NET INCOME BEFORE TAXES*
Book value of fixed assets sold	Fixed assets' selling price	Operating loss: transfer of account 82 debit balance	Operating income: transfer of account 82 credit balance
I.A. charges	I.A. revenue	Non-operating loss: transfer of account 082 debit balance	Non-operating income: transfer of account 082 credit balance
I.A. appropriations	I.A. writebacks	Capital losses: transfer of account 84 debit balance	Capital gains: transfer of account 84 credit balance
	I.A. charges transferred	Commitment to reinvest capital gains	Reintegration of reinvested capital gains
Total I.A. charges	*Total I.A. revenue*	Credit balance for account 85: NET INCOME BEFORE TAXES	Debit balance in account 85: NET LOSS BEFORE TAXES
		Total	Total
	I.A. NET INCOME / LOSS		
Employee profit share		*ACCOUNT 86: CALCULATION OF INCOME TAX*	*ACCOUNT 86: CALCULATION OF INCOME TAX*
Income tax		Income tax	Tax credit
Total profit share and tax		Additional assessment	Debit balance in account 86: INCOME TAX
OVERALL TOTAL FOR CHARGES	*OVERALL TOTAL FOR REVENUE*		
	NET INCOME / LOSS FOR THE FINANCIAL YEAR	*ACCOUNT 870: CALCULATION OF NET INCOME/LOSS FOR THE FINANCIAL YEAR TO BE APPROPRIATED*	*ACCOUNT 870: CALCULATION OF NET INCOME/LOSS FOR THE FINANCIAL YEAR TO BE APPROPRIATED*
		Net loss before taxes: transfer of account 85 debit balance	Net income before taxes: transfer of account 85 credit balance
		Income tax: transfer of account 86 debit balance	
		Credit balance in account 870: NET INCOME FOR THE FINANCIAL YEAR TO BE APPROPRIATED	Debit balance in account 870: NET LOSS FOR THE FINANCIAL YEAR TO BE APPROPRIATED
		Total	Total

Table 3
Statement of Source and Application of Funds (SSAF)

Panel A – Part 1: calculation of financial balances for financial year N

OVERALL INTERNAL FINANCING CAPACITY (OIFC)

OIFC = Gross Operating Surplus (GOS) - other charges + other revenue, excluding income/loss from disposal of fixed assets

		GOS	.....
Financial charges	……	Operating charges transferred	……
Exchange losses	……	Financial revenue	……
I.A. charges	……	Financial charges transferred	……
Employee profit share	……	Exchange gains	……
Income taxes	……	I.A. revenue	……
	……	I.A. charges transferred	……
Total (I)	……	Total (II)	……

OIFC = Total (II) – Total (I)

INTERNAL FINANCING = OIFC – Distribution of dividends during financial year[1]

[1] Dividends paid during the financial year, including interim dividends.

Table 3 (cont.)
Statement of Source and Application of Funds (SSAF)

Panel A –Part 1 (cont.)

CHANGE IN OPERATING WORKING CAPITAL

Change in operating working capital = Changes in inventories + Changes in receivables + Changes in circulating liabilities[2]

Changes in inventories: N – (N-1)	Application Increase (+)		Source Decrease (-)
Goods	……	or	…….....….
Raw materials	……	or	……
Work in process	……	or	……
Finished goods	……	or	……
(A) Net change in inventories	……	or	……

Changes in receivables: N – (N–1)	Application Increase (+)		Source Decrease (-)
Suppliers, advance payments made	……	or	……
Clients	……	or	……
Other receivables	……	or	……
(B) Net change in receivables	……	or	……

Changes in circulating liabilities: N – (N-1)	Application Decrease (-)		Source Increase (+)
Clients, advance payments received	……	or	……
Suppliers	……	or	……
Tax liabilities	……	or	……
Social liabilities	……	or	……
Other liabilities	……	or	……
Contingency provisions	……	or	.....……
(C) Net change in circulating liabilities	…….....	or	……..……..

Change in operating working capital = (A) + (B) + (C)	……..	or	……

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities = Gross operating surplus – Change in operating working capital – Own work capitalized

	N	N – 1
Gross operating surplus	……	……
- Change in operating working capital	……	……
- Own work capitalized	……	……
CASH FLOW FROM OPERATING ACTIVITIES	……	……

[2] Excluding I.A. items.

Table 3 (cont.)
Statement of Source and Application of Funds (SSAF)

Panel B: Part 2: Investments, financing and change in net cash and cash equivalents			
ITEMS	Year N		Year N-1
	Applications (A)	Sources (S)	(A – ; S +)
I. INVESTMENTS AND DIVESTMENTS			
Deferred costs (increase during financial year)			
Internal growth Acquisitions/sales of tangible fixed assets Acquisitions/sales of intangible fixed assets			
External growth Acquisitions/sales of financial assets			
TOTAL INVESTMENT			
II. CHANGE IN OPERATING WORKING CAPITAL			
A- ECONOMIC APPLICATIONS TO FINANCE (I+II)			
III. APPLICATIONS/SOURCES (CHANGE IN I.A WORKING CAPITAL.)			
IV. MANDATORY FINANCIAL APPLICATIONS (1)			
Repayment (according to timetable) of loans and financial debts (1) Excluding anticipated repayments allocated to VII			
B- TOTAL APPLICATIONS TO FINANCE			
V. INTERNAL FINANCING			
Dividends (application) / OIFC (source)			
VI. FINANCING THROUGH EQUITY			
Increase in capital through new share issues Investment grants Reductions in capital (including withdrawals by owner)			
VII. FINANCING THROUGH NEW LOANS			
Loans (2) Other financial debts (2) (2) Anticipated repayments separately allocated to applications			
C- NET FINANCING			
D- FINANCING SURPLUS OR DEFICIENCY (C-B)			
VIII. CHANGE IN NET CASH AND CASH EQUIVALENTS			
Net cash and cash equivalents at year end + o r - …….. Net cash and cash equivalents at the beginning of the year + or - ……. **Change in net cash and cash equivalents:** (+ if application; - if source) ……. Check: D = VIII with opposite sign			

Table 4
Mandatory information to include in notes to the accounts

ACCOUNTING RULES AND METHODS	1	Evaluation and presentation rules
SUPPLEMENTAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT	2	Table for fixed assets
	3	Table for depreciation
	4	Table for capital gains and losses
	5	Table for provisions
	6	Extraordinary circumstances
	7	In case of revaluation: type and date, amounts, method, tax treatment, revaluation gain included in equity
	8	Table for capital leased assets
	9	Table for receivables and debts
	10	For each debt item, debt guaranteed by collateral
	11	Table for financial commitments
	12	Breakdown of goodwill and accounting and depreciation methods
	13	Comments on potential derogations regarding research and development costs
	14	Contracts with reservation of ownership clause
	15	Individual fungible items indicated
	16	Explanations on the nature, amount and accounting treatment of expenses to be deferred over several years
	17	Explanation on the method for calculating partial income from multi-year operations
	18	Information on earnings from joint operations
	19	Information required for national statistics: revenue, charges and specific information
	20	Composition of share capital
	21	Allocation of last five years' results
	22	Projected allocation of the income for the period
	23	List of subsidiaries and intercorporate investments
	24	Advances and credits to partners and directors
OTHER INFORMATION	25	Investment grants and tax-regulated provisions
	26	Translation adjustment
	27	Assessment of acquired goods based on market price at last month of period
	28	Personnel and employee payroll at year end
	29	Expired receivables and debts of the period
	30	Breakdown of exchange gains and losses
	31	Analysis of deferred taxes
	32	Partners' current accounts
	33	Receivables and debts related to intercorporate investments
	34	Details of available and unavailable reserves
	35	Overall compensation for members of governing, administration and monitoring bodies

Table 5
Comparison of experimental material aggregates of the income statement between SYSCOHADA and the OCAM plan

SYSCOHADA			OCAM	
Aggregate	Amount – year N CFA francs	Amount – year N-1 CFA francs	Aggregate	Amount – year N CFA francs
Gross margin on goods for resale	71,190,000	47,820,000	Gross margin on goods for resale	71,190,000
Gross margin on materials	33,307,500	48,102,000		
Turnover	309,720,000	175,545,000		
Value added *	103,886,388	94,638,000	Value added **	101,549,250
Gross operating surplus (GOS)	101,681,388	93,738,000		
Operating income	94,426,700	92,875,500	Operating income	88,878,450
Financial loss	-6,264,334	-4,834,355		
Net income from regular activities	88,162,366	88,041,145		
Irregular activities net income	1,888,387	945,000	Non-operating income	2,508,916
			Loss on sale of fixed assets	-1,336,613
			Net income before taxes	90,050,753
			Income tax	36,879,498
Net income	54,171,255	54,726,480	Net income	54,171,255

* Including taxes, other charges and revenue, operating grants.
** Excluding taxes, other charges and revenue, operating grants.

Table 6
Comparison of experimental material aggregates of the balance sheet between SYSCOHADA and the OCAM plan, and aggregates from the SSAF

SYSCOHADA			OCAM	
Aggregate	Amount – year N CFA francs	Amount – year N-1 CFA francs	Aggregate	Amount – year N CFA francs
Assets				
Total fixed assets	65,448,487	17,767,500	Total fixed assets	65,448,487
Circulating assets	726,957,338	286,668,938	Operating assets	235,500,000
Cash and cash equivalents	164,896,014	129,312,938	Quick assets	656,353,352
Translation adjustment – assets	150,000	19,355		
Shareholders' equity and liabilities				
Shareholders' equity and related equities	108,387,735	74,226,480	Net position before results for the financial year	51,216,480
Financial and related debts	12,582,561	7,639,355	Other permanent capital	15,600,510
Total stable equities	120,970,296	81,865,835		
Circulating liabilities	756,783,594	349,202,896	Current debts	836,463,594
Cash and cash equivalents - liabilities	79,680,000	2,700,000	Net income for the financial year to be allocated	54,171,255
Translation adjustment – liabilities	17,949	0		
Total assets/ Shareholders' equity and liabilities	957,451,839	433,768,731	Total assets/ Shareholders' equity and liabilities	957,451,839
SSAF				
	Applications	Sources		
Part I				
Overall internal financing capacity (OIFC)		64,071,140		
Change in operating working capital	67,416,202			
Cash flow from operating activities		33,845,186		
Part II				
Total investment (investments and divestments)	64,032,151	6,480,312		
Economic applications to finance *	131,448,353	6,480,312		
Total applications to finance **	134,606,231	41,188,812		
Net financing ***	40,010,000	92,030,495		
Financing surplus or deficiency (net of ** and ***)	41,396,924			
Change in net cash and cash equivalents		41,396,924		

* Total investment + change in operating working capital.

** Economic applications to finance + change in I.A. working capital + mandatory financial applications.

*** Internal financing + financing through equity + financing through new loans.

Table 7
Sample: bank and group allocation

Acronym	Bank's name	Questionnaires		G 1	G 2
		Handed	Obtained		
BICEC	Banque internationale du Cameroun pour l'Épargne et le Crédit	18	15	8	7
SGBC	Société Générale de Banque au Cameroun	18	15	7	8
SCB-CLC	Crédit Lyonnais Cameroun	19	17	7	10
CBC	Commercial Bank of Cameroon	14	11	6	5
AMITY BANK	AMITY BANK	2	0	0	0
SCB	Standard Chartered Bank	4	2	1	1
ECOBANK	ECOBANK	4	3	2	1
AFB	Afriland First Bank	2	1	0	1
Total		81	64	31	33

Note :

G 1 : SYSCOHADA financial statements without SSAF

G 2 : SYSCOHADA financial statements with SSAF

Test of the allocation of participants by bank and experimental group : $\chi^2 = 2,02$ $p = 0,917$

Table 8
Descriptive statistics: comparison between experimental groups

Variables		Group 1	Group 2	Total		
					χ^2	p
Work place	Head office	8	9	17	0.01	0.894
	Branches	23	24	47		
	Total	31	33	64		
Education	Master's or DEA	29	28	57	1.24	0.265
	Other	2	5	7		
	Total	31	33	64		
Gender	Male	23	22	45	0.43	0.510
	Female	8	11	19		
	Total	31	33	64		
Specialization in a specific industry	Yes	9	10	19	0.03	0.848
	No	22	22	44		
	No answer	0	1	1		
	Total	31	33	64		
					Mann-Whitney	p
Years of commercial lending experience	0-5 years	22	28	50	-1.29	0.195
	5-10 years	6	3	9		
	15 years or more	3	2	5		
	Total	31	33	64		
Individual commercial lending authority (in CFA francs)[24]	None	11	12	23	-1.15	0.248
	0-5 M	8	16	24		
	5-10 M	2	1	3		
	20-25 M	5	2	7		
	25 M or more	5	2	7		
	Total	31	33	64		

Table 9
Experimental manipulation questions

Question 1 ABC disclosed the value of its **goodwill** in its balance sheet for the 2004 financial year. (Correct answer: yes)	Group	Total	Yes	No		χ^2	p
	1	31	27	4		1.34	0.245
	2	33	25	8			
	Total	64	52	12			
Question 2 Indicate the range in which the value of ABC's **total financial assets** would fall for the 2004 financial year. **Value: 15,735,987 CFA francs** (Correct answer: 15 to 20 M)	Group	Total	10-15M	15-20M	20-25M	χ^2	p
	1	31	0	26	5	22.84	**0.000**
	2	33	16	17	0		
	Total	64	16	43	5		
Question 3 Indicate the range in which the value of ABC's **gross operating surplus (GOS)** would fall for the 2004 financial year. **Value: 101,681,388 CFA francs** (Correct answer: 100 to 110 M)	Group	Total	100-110M	120-130M		χ^2	p
	1	31	31	0		9.83	**0.002**
	2	33	24	9			
	Total	64	55	9			
Question 4 Indicate the range in which ABC's **shareholders' equity** would fall for the 2004 financial year. **Value: 108,387,735 CFA francs** (Correct answer: 100 to 110 M)	Group	Total	100-110M				
	1	31	31				
	2	33	33				
	Total	64	64				
Question 5 Indicate the range in which ABC's **overall internal financing capacity (OIFC)** would fall for the 2004 financial year. **Value: 64,071,140 CFA francs** (Correct answer: 60 to 70 M)	Group	Total	60-70M	70-80M			
	2	33	24	9			
	Percentage	100	72.7	27.3			
Question 6 Indicate the range in which ABC's **financing surplus or deficiency** would fall for the 2004 financial year. **Value: 41,396,924 CFA francs** (Correct answer: 40 to 50 M)	Group	Total	20-30M	40-50M			
	2	33	8	25			
	Percentage	100	24.2	75.8			

Table 10

Analysis of differences between underlying judgments based on OCAM financial statements and those based on SYSCOHADA financial statements by experimental group

Underlying judgments *	Group 1						Group 2				
	Accounting system	Judgments' mean	Mean of differences in judgments (OHADA-OCAM)	Standard deviation	t	p	Judgments' mean	Mean of differences in judgments (OHADA-OCAM)	Standard deviation	t	p
Operating income	OCAM	6.00	0.81	1.49	3.00	**0.005**	5.85	1.63	1.72	5.43	**0.000**
	OHADA	6.81					7.48				
Net income	OCAM	6.52	0.54	1.60	1.89	**0.067**	6.21	1.03	1.10	5.36	**0.000**
	OHADA	7.06					7.24				
Cash flow	OCAM	5.74	0.61	2.47	1.38	0.178	4.85	1.12	3.26	1.97	**0.057**
	OHADA	6.35					5.97				
Leverage	OCAM	5.45	1.23	3.02	2.25	**0.032**	4.24	-0.91	2.69	-1.93	**0.062**
	OHADA	6.68					3.33				
Liquidity	OCAM	5.29	1.16	2.14	3.01	**0.005**	4.58	-0.33	2.38	-0.80	0.427
	OHADA	6.45					4.24				
Ability to raise capital	OCAM	4.68	1.80	1.99	5.05	**0.000**	4.15	0.15	1.48	0.58	0.561
	OHADA	6.48					4.30				

* On a Likert scale with 11 points where 0 represents a very poor assessment and 10 represents an excellent assessment.

Table 11

Analysis of differences between judgments (initial and principal) and decisions based on OCAM financial statements and those based on SYSCOHADA financial statements by experimental group

Initial judgments *	Group 1						Group 2				
	Accounting system	Judgments' mean	Mean of differences in judgments **	Standard deviation	t	p	Judgments' mean	Mean of differences in judgments	Standard deviation	t	p
Profitability	OCAM	6.87					6.48				
	OHADA	7.42	0.55	1.12	2.72	**0.011**	7.36	0.88	1.31	3.83	**0.001**
Financial structure	OCAM	4.03					3.88				
	OHADA	5.87	1.84	1.61	6.34	**0.000**	4.15	0.27	1.51	1.04	0.306
Principal judgments											
Overall risk rating *	OCAM	5.42	0.48	2.04	1.31	0.198	5.03	0.33	1.55	1.23	0.227
	OHADA	5.90					5.36				
Overall risk trend ***		Negative	Stable	Positive	Total	Z	p	Negative	Stable	Positive	Total	Z	p
	OCAM	9	7	15	31	- 1.02	0.306	4	11	18	33	- 0.34	0.735
	OHADA	14	4	13	31			8	0	25	33		
Decisions											
Grant decision		Yes	No	Difference			Yes	No	Difference		
	OCAM	31	0	0			33	0	0		
	OHADA	31	0				33	0			
Interest rate: risk premium		Judgments' mean		Mean of differences in judgments	Standard deviation	t	p	Judgments' mean	Mean of differences in judgments	Standard deviation	t	p
	OCAM	5.79						5.48				
	OHADA	5.72		- 0.07	0.36	- 1.00	0.325	5.33	-0.15	0.55	- 1.59	0.122
Weight Profitability	OCAM	32.03						33.25				
	OHADA	31.87		- 0.16	2.03	- 0.44	0.662	32.87	-0.38	3.31	- 0.65	0.516
Weight Financial structure	OCAM	17.96		0.16	2.03	0.44	0.662	16.74	0.38	3.31	0.65	0.516
	OHADA	18.12						17.12				

* On a Likert scale with 11 points where 0 represents a very poor assessment and 10 represents an excellent assessment.

** Differences in judgments = judgments based on SYSCOHADA financial statements – judgments based on OCAM financial statements.

*** Statistical test: Wilcoxon signed rank test for related samples.

Table 12
Comparison of differences in underlying judgments between experimental groups

Underlying judgments	Group	Mean of differences in judgments OHADA - OCAM	Standard deviation	t	p
Operating income	1	0.81	1.49	- 2.05	**0.045**
	2	1.63	1.72		
Net income	1	0.54	1.60	- 1.40	0.165
	2	1.03	1.10		
Cash flow	1	0.61	2.47	- 0.69	0.487
	2	1.12	3.26		
Leverage	1	1.23	3.02	2.98	**0.004**
	2	- 0.91	2.69		
Liquidity	1	1.16	2.14	2.63	**0.011**
	2	- 0.33	2.38		
Ability to raise capital	1	1.80	1.99	3.78	**0.000**
	2	0.15	1.48		

Table 13
Comparison of differences in judgments (initial and principal) and decisions between experimental groups

Initial judgments	Group	Mean of differences in judgments OHADA - OCAM	Standard deviation	t/Z	p
Profitability	1	0.55	1.12	- 1.07	0.285
	2	0.88	1.31		
Financial structure	1	1.84	1.61	4.01	**0.000**
	2	0.27	1.50		
Principal judgments					
Overall risk rating	1	0.48	2.04	0.33	0.741
	2	0.33	1.55		
Overall risk trend *	1	- 0.23	1.15	- 1.32	0.187
	2	0.09	1.10		
Decisions					
Grant decision	1	0			
	2	0			
Interest rate: risk premium	1	- 0.07	0.36	- 0.42	0.459
	2	- 0.15	0.75		

* Statistical test: Mann-Whitney U.

Table 14
Synthesis of statistical test results

Hypothesis	Judgments and decisions		Group 1			Group 2			Group 1 versus Group 2		
			Expected: OCAM≠OHADA	Results		Expected: OCAM≠OHADA + SSAF	Results		Expected: G1 ≠ G2	Results	
			Confirmed?	t/Z	p	Confirmed ?	t/Z	p	Confirmed ?	t/Z	p
Cameroonian bankers will not arrive at the same judgments and decisions with SYSCOHADA financial statements as they did with OCAM statements.	Underlying judgments	Operating income	Yes	3.00	**0.005**	Yes	5.43	**0.000**	Yes	- 2.05	**0.045**
		Net income	Yes	1.89	**0.067**	Yes	5.36	**0.000**	No	- 1.40	0.165
		Cash flow	No	1.38	0.178	Yes	1.97	**0.057**	No	- 0.69	0.487
		Leverage	Yes	2.25	**0.032**	Yes	- 1.93	**0.062**	Yes	2.98	**0.004**
		Liquidity	Yes	3.01	**0.005**	No	- 0.80	0.427	Yes	2.63	**0.011**
		Ability to raise capital	Yes	5.05	**0.000**	No	0.58	0.561	Yes	3.78	**0.000**
	Initial and principal judgments	Profitability	Yes	2.72	**0.011**	Yes	3.83	**0.001**	No	- 1.07	0.285
		Financial structure	Yes	6.34	**0.000**	No	1.04	0.306	Yes	4.01	**0.000**
		Overall risk rating	No	1.31	0.198	No	1.23	0.227	No	0.33	0.741
		Overall risk trend *	No	- 1.02	0.306	No	- 0.34	0.735	No	- 1.13	0.264
	Decisions	Interest rate: risk premium	No	- 1.00	0.325	No	- 1.59	0.122	No	0.746	0.459
		Grant decision	No	No test **		No	No test		No	No test	

* Statistical test: Mann-Whitney U.

** There is no test because all responses were “yes”.

[1] In 2007, 16 member-states are party to the treaty for the Harmonization of Business Law in Africa. These countries are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Ivory Coast, Mali, Niger, Republic of the Congo, Senegal, and Togo.

[2] Bankers are the main external financial statement users in Cameroon, given that most firms are family-owned and the capital market has not yet developed, having been in existence only since 1999.

[3] An external auditor ("*commissaire aux comptes*") shall, pursuant to the provisions of article 70 of the Uniform Act, certify that the financial statements portray regularity and sincerity, and thus give a true and fair view of the assets, financial position and results for the financial year then ended. In accordance with articles 376 and 702 of the Uniform Act applicable to commercial companies and economic interest groups, private limited companies whose registered capital exceeds ten million (10,000,000) CFA francs or which fulfill either of the following two conditions: (1) the annual turnover exceeds two hundred and fifty million (250,000,000) CFA francs, or (2) the permanent staff exceeds 50 persons, shall be required to designate at least one auditor. In the fall of 2005, one U.S. dollar was worth approximately 550 CFA francs (www.oanda.com/convert/fxhistory).

[4] Prudence, consistency of accounting methods, correspondence of the closing balance sheet of financial year n-1 with the opening balance sheet of the subsequent financial year (n), specialization of periods, historical cost, continuity of operations, transparency, and materiality.

[5] A company whose turnover does not exceed 100,000,000 (one hundred million) CFA francs may use the "Simplified System" (Uniform Act, article 11, par. 3). Any small undertakings that do not use any of the two systems referred to in article 11, and whose annual revenue does not exceed the thresholds set out in paragraph 2 of article 13, i.e., thirty (30) million CFA francs for trading undertakings, twenty (20) million CFA francs for handicraft and similar undertakings, and ten (10) million CFA francs for service undertakings, should adopt the Minimal Cash-Basis system.

[6] The simplified system has fewer financial statements, categories and items. The firm only produces a balance sheet, an income statement, and notes to the accounts. The Minimal Cash-basis System is based on changes in cash flow. The results of the year are determined by inflows and outflows, and only one statement of receipts and expenditures must be presented at the end of the financial year.

[7] Refers to large leasing contracts (generally 5% of the total value of fixed assets) for which there is a purchase option, or renewable leases without limitations.

[8] Circulating assets and liabilities are the items that are absorbed or transformed during the operating cycle.

[9] Regular activities are recurring activities related to the typical operations of the company in normal conditions of operation. Irregular activities involve transactions and events distinct from the typical operations of the company, and as such they are not expected to be recurrent on a regular basis.

[10] The amount is listed in a footnote only if it is equal to or higher than 5% of the total value of the fixed assets or the financial debt, as the case may be.

[11] The income statement in the OCAM plan was titled "*Soldes caractéristiques de gestion*", which translates literally as "Characteristic management aggregates". We prefer a more streamlined term like "Income statement".

[12] These factors are not shown in figure I because they are not manipulated in this study.

[13] In making the underlying judgment about leverage, the participant should implicitly consider the company's capital structure and solvency.

[14] The experimental case did not include capital leases. Had they been a factor in the new accounting system's financial statements, they may have been judged responsible for any differences in the bankers' judgments and decisions since, they were not reported in the old system. The goal was to determine whether the change in accounting system had an impact in general.

[15] As the participants were French-speaking, the financial statements (and questionnaires) distributed to them were in French and were translated in English for the purpose of this paper.

[16] In both cases, participants received additional information in the form of tables on fixed assets and depreciation, provisions, and capital gains and losses, which are documents bankers commonly use in the loan

decision-making process, according to the participants questioned in the pre-test. These statements provide an overall view of the nature and scope of the company's transactions involving fixed assets.

[17] The experimental material was pre-tested in Cameroon with a professor, a chartered accountant, and three bankers in different banks. It established that the components of the research instrument included the essential information needed for consideration of a loan request, and that the questionnaires were clear and understandable. Therefore, it was not necessary to modify the experimental material following the pre-test. The bankers who took part in the pre-test were thus kept in the sample.

[18] Looking at either the OCAM or the SYSCOHADA balance sheet, it is evident that the company is severely indebted over the short term. This is typical in Cameroon, where banks rarely extend long-term credit. Only short- or medium-term credit is given (Biro, 2004).

[19] See www.izf.net for more information on Cameroonian banks.

[20] Cameroonian banks have a centralized credit system. All commercial loan requests are first examined locally and then by head office, which makes the decision. Bankers who work in the branches do not have final authority, but are still considered full-fledged bankers because they perform the same analyses as head office does and then they make a recommendation before sending the request on to head office. However, it is impossible to know whether their recommendations are generally adopted.

[21] The prime rate of the Cameroon central bank was 6% in 2005 (IMF, 2005), resulting in a mean interest rate of approximately 12% to be charged on the loan in our case study. This is typical of the rates charged for medium- and long-term commercial loans (Biro, 2004).

[22] *Communauté Économique et Monétaire de l'Afrique Centrale* (Central Africa Monetary and Economic Union).

[23] *Groupement inter-patronal du Cameroun* (Employers' association of Cameroon).

[24] Two ranges were not selected: 10 to 15 million and 15 to 20 million.