

PREAMBLE

THE CENTRAL AFRICAN BANKING COMMISSION IS THE ACCOUNTING AUTHORITY OF MFIs

AP-MFI ANNOTATED CHART OF ACCOUNTS

CLASS 1 CAPITAL ACCOUNTS

1-CAPITAL ACCOUNTS

Class 1 accounts of the AP-MFI (capital funds) regroup:

- Equity capital;
- Resources deemed as equity funds or quasi capital;
- Provisions for general risks having the nature of quasi capital;
- Provisions for risks and expenses having the nature of quasi debt;
- Borrowings.

Equity capital is determined by the difference between all the assets and liabilities (external liabilities) of a company expressed in accounting terms; from a functional perspective, equity capital together with external liabilities participate concurrently in the financing of a firm. Some elements of equity capital are likely to be encumbered by tax debts.

Equity capital is then the sum of all capital contributions, undistributed profits, un-appropriated losses, trust funds, guarantee or assigned funds, special provisions, regulated reserves and revaluation variance.

Regulation No. 01/02/CEMAC/UMAC/COBAC states that microfinance institutions (MFI) may, depending on the category chosen, constitute two types of corporate capital: (i) **variable social capital or partners' shares** for 1st and 3rd category MFIs having adopted the legal form of association, cooperative or mutual society and, (ii) **fixed social capital** for 2nd category MFIs whose exclusive legal form is business corporation.

The CEMAC Regulation defines no minimum partnership capital for 1st category MFIs. But, it fixes the minimum partnership capital for 2nd and 3rd category MFIs at CFAF **50 million and 25 million** respectively.

Capital contributions of MFIs may be in cash or in kind, i.e. properties whose ownership rights are transferred to the MFI by shareholders or members who in exchange receive shares or proprietary equity. However, apart from proprietary equity, the members of 1st and 3rd category MFIs are obligated to pay supplementary contributions in the form of membership contributions to be recorded in revenue accounts.

Quasi-capital plus equity funds constitute own capital. These are mostly participating loans, subordinated debts, investment subsidies, financing and guarantee funds, members' blocked current accounts **meant to be integrated in the corporate capital** as well as provisions for general banking risks, regardless of how they are treated to be exempted from taxes.

Provisions for general banking risks flout the normal purpose of provisions for depreciation or risks/expenses. In fact, they are deducted indirectly from profits in order to shield the institution from possible risks. In this sense, they have the nature of quasi equity. On the other hand, **provisions for risks and expenses**, corresponding to expenses or losses clearly identified as to their nature but having an element of uncertainty as to their occurrence or amount, have the nature of quasi-debt.

Borrowings (17, 183 to 187) are made up of all resources other than deposits collected by the MFI and subject to a formal repayment agreement between the lender and the microfinance institution concerned.

10 CAPITAL, PARTNERSHIP SHARES AND ALLOCATIONS TO A PROVISION

DEBIT

- capital reductions (account 1013) by crediting accounts 132 or 122 (reversing losses featuring in the debit balance) ;
- refund to members (account 1014) ;
- the amount of incorporations of premiums tied to capital (104), following increase of capital, by crediting accounts 100 and 101.

CREDIT

- the total par value amount of shares (account 101) or partnership shares (account 100) representing the capital as it appears on the memorandum of association;
- the amount of capital increases per members' cash or non-cash contributions (accounts 100 and 101), with possible deduction of premiums linked to capital, reserves, surplus, capital gains to be reinvested;
- the part of simple contributions not represented in corporate capital: issue premiums (1041), share premiums (1042), merger premiums (1043), conversion premiums (1044) ;
- subsequent calls of subscribed capital "account 103", by debiting "account 4413 Shareholders, capital called not paid";
- cash and non-cash endowments granted by public authorities, by debiting account 434, or the assets accounts concerned (fixed assets, stocks or claims) ;
- the counterpart of all these transactions features in account 441 "members and shareholders, capital operations";
- the amount of conversion of dividends into shares by debiting account 17 as part of capital increases;
- the amount of incorporation into capital of the

other permanent resources by debiting account 18 as part of capital increases ;

INCLUDE

- 100 – Partnership shares subscribed and paid in
- 101 – Corporate capital
- 102 – Endowment fund
- 103 - Shareholders, subscribed capital paid in
- 104 – Premiums linked to corporate capital

EXCLUDE

Sums representing commercial and financial transactions made by shareholders and members with the MFI that are to be charged:

- to blocked accounts (182, 183) ;
- to the account receiving early payments on the fraction of shares not yet paid in (account 4416) ;
- to the members' and shareholders' account, current accounts (442).

Sums received as refundable loans or down payments along with special conditions and investment subsidies to the extent that they are not transformed into capital by allotment.
Sums paid by members as registration fees to be recorded under income (755)

COMMENTS

Corporate capital represents the market value of shares or partnership shares.

Contributions featuring in the company's deed of incorporation are credited to the **Partnership shares (100)** and **Corporate capital (101)** accounts. Thereafter, these accounts retrace the evolution of contributions based on the decisions of competent bodies through the under-mentioned sub-accounts:

* for 1st and 3rd category MFIs:

- 1000 – Subscribed partnership shares called and paid up;
- 1001 – Subscribed partnership shares called and not paid up

* for 2nd category MFIs:

- 1011 – Subscribed corporate capital not called ;
- 1012 – Subscribed corporate capital - called, but not paid up;
- 1013 – Subscribed corporate capital - called, paid up but not amortized.

During increases of fixed or variable corporate capital (partnership shares), account 100 or 101 is also credited by:

- the amount of cash and non-cash contributions made by members or associates (less premiums linked to corporate capital) ;
- The amount of incorporations of reserves.

It is debited from capital reductions, whatever their cause (for example: absorption of losses, refund to associates and members...).

The **Endowment Fund account (102)** is used to collect endowment monies received by MFIs from international organizations, public bodies and public authorities. This account also records transformations of MFI debts into grants or the counter value of properties irrevocably transferred to them.

The amount of the **Shareholders, subscribed capital not paid in (103) account** represents the microfinance institution's claim on its shareholders. It is analyzed from a financial point of view as an item that can be deducted from equity funds.

It is debited as a counterpart of the subdivision of account 100 or 101 "capital subscribed – not called".

The **Premiums linked to corporate capital (104) account** records issue, merger, share premiums, as well as premiums for conversion of debentures into shares. It is a part of simple contributions not represented in the corporate capital or in partnership shares. For example, the issue premium is made up of the surplus of the issue price above the market value of shares attributed to the new capital contributor.

11 RESERVES

DEBIT

- incorporations to capital ;
- deductions for the final settlement of losses;
- capital gains to be reinvested;
- and distributions to associates,

by crediting respectively accounts: Capital and endowments (10), uncompensated losses (132), capital gains to be reinvested (145) and Shareholders (44).

CREDIT

- the fraction of profits posted to sundry reserve heads by debiting account 131 ;
- the amount of premiums linked to capital and partnership shares assigned in reserves, by debiting the Premium linked to capital account (104) ;

- Capital gains to be reinvested and to be posted to reserves, by debiting the capital gains to be reinvested account (1413).

INCLUDE**EXCLUDE**

111 – Legal reserve 112 – Obligatory and regulatory reserves 113 – Statutory and contractual reserves 114 – Optional reserves	<ul style="list-style-type: none"> - Special provisions, regulated reserves and revaluation variances, to be entered in the Provisions and regulated reserves account (14) ; - the provisions for general risks not assigned to cover specific risks in account 19 ; - the financing and guarantee funds of specialized financial institutions which fall under account 16 ; - and provisions for risks and expenses which are accounted for in account 19.
--	---

COMMENT

Technically, reserves are all or part of the year's profits or surplus appropriated durably in the microfinance institution until a contrary decision of the competent bodies. Reserves may exceptionally come from the transfer of an item of the net position, made in accordance with legal, regulatory, statutory or contractual provisions.

The **Legal Reserve account (111)** is used by business corporations and limited companies to collect via annual endowment, a fraction (10%) of the year's net profits (less losses entered in the new deficit). It may also be replenished by deductions from any available reserves or premiums linked to capital. Governed by the laws, the legal reserve ceases being obligatory when it reaches 20% of the corporate capital. It may be incorporated in the capital, but cannot be distributed.

The **Obligatory and regulatory reserves account (112)** records the reserves prescribed by the Central African Banking Commission aimed prudentially at strengthening the equity funds of microfinancial institutions.

COBAC Regulation EMF 2002/06 on the constitution of reserves states that MFIs of the 1st category are obliged to build up an obligatory reserve of 20% of the year's surplus without limitations as to duration and amount. Similarly, 2nd and 3rd category MFIs are, in addition to the legal reserve, bound to build up an obligatory reserve of 15% of profits to be distributed, without limitation as to duration and amount.

Statutory and contractual reserves account (113) records statutory reserves whose allocation, prescribed by the articles of association of the MFI, is incumbent on the ordinary annual meeting which distributes the corporate earnings of the ended financial year. These reserves can neither be distributed to shareholders or associates nor used to purchase or repay the partnership shares of the MFI. On the other hand, except otherwise stated in the articles of association, they may be allocated for the final settlement or losses or the increase of the corporate capital.

Allocation to this category of reserves can be suppressed by decision of members or shareholders of the MFI, taken under the same conditions as for amending the articles of association.

Optional reserves account (114) is constituted at the initiative of the members or shareholders of the MFI. It can be used for the needs of the institution, especially to settle losses, distribute dividends, increase capital or buy back own shares.

When "capital increase costs", "first establishment costs" and "research and development costs" accounts are not reconciled, the year's dividends or surplus cannot be distributed, except when the amount of optional reserves is at least equal to the amount of unamortized expenses.

12 RETAINED EARNINGS/ACCUMULATED LOSSES

DEBIT

- uncompensated losses of the preceding financial year or the deficit (122), by crediting account: Losses of the financial year (132) ;
- Reserves account (11) or Shareholders, dividends to be paid account (443), by crediting the Partnership shares subscribed paid in (100) or Corporate capital account (101).
- Financing and guarantee Fund (16)

CREDIT

- the unappropriated income of the preceding year or accumulated profits (121), after possible allocation of legal and statutory reserves, by debiting the net profit account (131) ;
- the net profits (131) for settling the deficit, by debiting reserves (11), premiums linked to capital (104) or partnership shares (100) or corporate capital (101).

INCLUDE

121 – Accumulated profits
122 – Deficit

EXCLUDE

COMMENT

Retained earnings/accumulated losses are constituted by the result externalized by the microfinance institution or the fraction of the result whose allotment was postponed by the Ordinary general meeting of shareholders, deciding on the accounts of the financial year, at the decision of the ordinary general meeting convened to decide on the results of the next financial year.

The "Retained earnings/accumulated losses" account may post a profit (profit: account **121 – Retained earnings**) or a deficit (loss: account **122 – Accumulated losses**), when it involves losses recognized at the close of previous years which were neither charged to reserves nor absorbed through a reduction of fixed or variable capital and which should be deducted from next year's profits or added to the same year's deficit.

13 ANNUAL SURPLUS

DEBIT

- annual losses (132) for the balance of revenue and expense accounts;
- annual profits (131) ;
- reserves (11) ;
- accumulated profits (121) ;
- sums owed shareholders, dividends to be paid (443) ;
- by crediting 16 "Financing and guarantee fund".

CREDIT

- annual profits (131) for the balance of revenue and expense accounts;
- the result of the financial year (87), when the balance thereof shows a surplus;
- annual losses (132) for the account balance by debiting the deficit account (122) comprising the uncompensated loss of the previous year.

INCLUDE**EXCLUDE**

131 – Annual profit
132 – Annual loss

COMMENT

The annual surplus comes from the activities of the microfinance institution over a given period. It reflects to some extent, the variations in the items of the institution's assets.

14 REGULATED PROVISIONS AND RESERVES**DEBIT****CREDIT****141 – Regulated Provisions:**

- fractions of overriding amortizations (1410) gradually integrated in linear amortizations, by crediting the trade-in of regulated provisions (797) ;
- the amount corresponding to the amortization supplement engendered by the fixed assets write-up, by crediting the trade-in of regulated provisions (797) ;
- incorporations to corporate capital (101) or partnership shares subscribed and paid-in (100) ;
- capital gains to be reinvested (1413) reaching the end of the tax grace period, by crediting optional or ordinary reserves (114).

142 – Regulated reserves

- incorporations to corporate capital (101) or partnership shares subscribed paid-in (100).

141 – Regulated Provisions:

- the amount of overriding amortization (1410), by debiting Allocation to regulated provisions (697) ;
- the amount of revaluation variance of amortizable assets (1411), in consideration for the fixed assets account concerned;
- the amount of revaluation variance of claims (1412), by debiting the claims concerned;
- the amount of capital gains to be reinvested (1413), by debiting Allocation to regulated provisions (697).

142 – Regulated reserves:

- the amount of revaluation variance of non amortizable fixed assets (1420) by debiting the fixed assets accounts concerned.

INCLUDE**EXCLUDE****141 – Regulated provisions**

- 1410 – Overriding amortizations
- 1411 – Reval. Variance of amort. assets
- 1412 – Revaluation variance of claims
- 1413 – Capital gains to be reinvested
- 1414 – Other regulated provisions.

- provisions for risks and expenses covering probable risks (19) ;
- provisions for depreciation ;
- exceptional amortizations caused by a more intense than expected use, a sudden change of

<p>142 – Regulated reserves 1420 – Reval. variance of non amort. assets. 1421 – Other regulated reserves.</p>	<p>technique or any other unforeseeable cause whose effects are deemed to be irreversible, to be entered in Amortizations account (28) ; - exchange rate differences resulting from a periodic readjustment of foreign currency claims, to be recorded in the Commissions, costs and losses on exchange transactions undertaken as main activity account (623).</p>
--	--

COMMENT

Regulated provisions (141) are provisions that do not correspond to the normal purpose of a provision (or amortization) and which are accounted for pursuant to legal requirements. Overriding amortizations, the special revaluation provision and capital gains to be reinvested are, from an accounting point of view, likened to regulated provisions.

Overriding amortizations (1410) are amortizations or fractions thereof that do not correspond to the normal object of an amortization for depreciation or a lessening of the value of an asset resulting from use, time, technological changes or any other cause whose effect are deemed irreversible. They are accounted for pursuant to separate instruments and generate tax benefits.

Revaluation is done following a legal or regulatory decision that defines the conditions under which it is to be performed. It concerns all tangible assets, with the exception of cases of mergers when fixed assets are also revalued. The hidden assets resulting there from cannot be credited to the revenue account, but are processed as follows:

- **The revaluation variance of amortizable assets (1411)** is credited to account 1411, by debiting the account in which the revalued asset is lodged. It is a special provision which is reiterated in the revenue account where it offsets the increase in the amortization allocations calculated on readjusted values;

- **the revaluation variance of non amortizable assets (1420)** is credited to account 143, by debiting the serial sub-account “Revaluation variance” opened inside the principal account in which the readjusted asset is lodged. It is a reserve which may neither be distributed nor used to offset losses. It can however be incorporated in the capital.

In case of assignment, the capital gain or loss is, except otherwise stipulated, calculated based on the reassessed value of the property (whether it is amortizable or not). The residual fraction of the revaluation variance of the amortizable asset ceded is debited in account 1411. If the ceded property is not amortizable, the revaluation variance not incorporated in the capital is debited from account 1420. In both cases, the “Special provisions and revaluation reserves recovered” account (773) is credited in exchange.

Account 1412 receives the capital gain subsequent to the **revaluation of outstanding debts** during debt repurchase with discount or following application of agreements signed with customers (gains on exchange realized on public debt pursuant to exchange guarantee clauses, “premium on parity rate” generated by consolidation on the State of public or private debts). This capital gain is entered in the accounts as it is actually collected.

Capital gains to be reinvested (1413) in the microfinance institution and fulfilling the conditions laid down in the General Tax Code to benefit from the preferential tax regime are the subject of a constitution of reserves credited to account 1413, by debiting the account when the balance of the “Profit for the year” (131) or “Optional reserves” (114) account is insufficient.

At the end of the tax grace period, the capital gain to be reinvested is transferred to the optional or ordinary reserves account (114).

15 INVESTMENT GRANT

DEBIT

At the close of the year, the portion of the grant to be recorded in the earnings of the period (account 774)

CREDIT

The grant amount received, by debiting the fixed assets account concerned, a treasury account or the “Subsidy and endowment funds obtained but not yet collected” account (473).

INCLUDE

151 – Capital assistance payments
 15110 – Out-of-network equipment subsidies
 15119 – Network equipment subsidies;
152 – Other capital assistance payments
 15210 – Other out-of-network equipment subsidies;
 15219 – Other network equipment subsidies.

EXCLUDE

- Equilibrium and operating subsidies to be entered in the corresponding revenue accounts (76).

COMMENT

Investment grants (15) enable the beneficiary microfinance institution to procure and create fixed assets (equipment) or to finance its medium and long term activities. Investment grant accounts are meant to show in the balance sheet the amount of resources obtained, paid out, and then assigned to the procurement of equipments or the medium- or long-term financing of activities. They also enable the subsidized institution to spread over several fiscal years the recognition of wealth created by grants.

16 FINANCING AND GUARANTEE FUNDS

DEBIT

Financing and guarantee funds (161,162, 163) :
 - the amount disbursed, by crediting customers or members accounts, guarantee beneficiary accounts and treasury or revenue accounts (trade-in of provisions) ;
Provisions for general risks (164) :
 - The amount of trade-in on provisions for general risks, affected pursuant to a management decision or in coverage of a risk incurred.
Regulatory solidarity fund (160) :
 - The amount of the solidarity fund distributed to members by crediting members' account 44.

CREDIT

- the amount of **the solidarity fund constituted (160)** as stipulated by COBAC Regulation EMF 2002/ ... related to the constitution of a solidarity fund” for every MFI of category 1, by debiting members’ (44) or treasury accounts;
 - the amount of **funds assigned on own resources (161)**, by debiting the profit for the year account (131)
 - the amount of **endowment funds on external resources (162)**, by debiting third-party or treasury accounts;
 - the amount of **guarantee funds and mutual insurance (163)** put in place by MFIs individually or in a network, by debiting treasury of affiliated MFI correspondent accounts;
 - The amount of **provisions for general risks (164)** not assigned to specific risks, by debiting account 694.

INCLUDE

160 – Regulatory solidarity fund
161 - Funds assigned on own resources
 1611 – Assigned interest subsidy funds
 1612 – Assigned fund of guarantee
 1613 – Assigned funds of financing of studies
 1614 – Assigned fund of participation funding
 16109 – Assigned funds of own network resources
162 – Endowment funds on external resources
 1621 – Assigned funds of interest subsidies
 1622 – Assigned funds of guarantees
 1623 – Assigned funds of financing of studies
 1624 – Assigned funds of participation funding
 16209 – Assigned funds on external network resources
163 – Guarantee funds and mutual insurance
 16300 – Assigned fund of out-of-network mutual insurance guarantee
 16309 – Guarantee fund and network mutual insurance
164 – Provisions for general risks
 1640 – Prov. for general banking risks
 1641 – Prov. for other general risks.

EXCLUDE

- MFI contributions to any form of professional dues;
 - provisions for depreciation of the value of assets, to be recorded in provisions accounts of from classes 2 to 5 ;
 - tax provisions having the character of reserves, to be recognized in account 14 “regulated provisions and reserves”;
 - provisions for leave benefits, to be recognized in account 4721.

COMMENT

Solidarity fund (160) is a requirement of COBAC Regulation EMF 2002/05 which stipulates that 1st category MFIs are bound, on creation, to constitute a solidarity fund meant to address possible deficits in the first years.

This fund is fed at the start of each year by payment of equitable cash contributions by members. It must represent constantly 40% of the variable corporate capital. Lastly, it ceases being payable and can be distributed among members when obligatory reserves (COBAC Regulation EMF 2002/06) reach 40% of the variable corporate capital.

Financing funds (161, 162) are constituted on a contractual and voluntary basis by MFIs not only from equity funds obtained from the allocation of earnings (allocated funds) but also from external resources (trust fund). Due to their composite nature, they are at the cross-roads between own funds and loan funds.

Guarantee funds and insurance mutuals (163) record subscriptions whose mutual nature springs from formal conventions and which are eventually refundable under certain conditions to the customers and members who set them up (for example, mutual funds meant to guarantee the repayment of loans or a credit pool).

Provisions for general risks (164) are put in place by MFIs as protection against possible risks to which they may be exposed due to their activities and the attendant uncertainties.

17 BONDED DEBTS

DEBIT

At due date,
- bond liabilities subscribed, by debiting the mature bonds payable account (172) or by crediting the capital account (10) in case of conversion of bonds into shares;

At ex date
- mature bonds payable (172), in consideration of treasury accounts or possibly attached debts of concerned third parties.

CREDIT

At issue,
- the value of bond liabilities subscribed (171), by debiting the Bonds account (464), a treasury account and possibly the Premiums for repayment of bonded debts account (2017) ;
At ex date
- accrued and unmature interests to be lodged in the attached debts account (174), by debiting the interest on bonded debts permanent resources account (6311) during closing.

INCLUDE

171 – Bonded debts subscribed
172 – Mature bonds to be repaid
174 – Debts attached to bonded liabilities
17909 – Network bonded debts.

EXCLUDE

Permanent resources other than bonded debts, to be posted in the other permanent resources account (18).

COMMENT

A bond loan is a long- or medium-term loan, contracted by a microfinance institution and divided into equal parts represented by bonds whose repayment is scheduled for the duration of the loan. Bond issue is allowed only for limited companies and EIGs made up of limited companies. MFIs whose corporate capital is not fully freed up are forbidden to issue bonds.

From a functional perspective, loans help alongside own capital, to sustainably cover the funding needs of the MFI.

One distinguishes:

- Conventional bonds with interest (171), redemption premiums (2017), capital pegged or not;
- Participating bonds for which a portion of the interest or premium is linked to variations in profits;
- Convertible bonds which offer the possibility of transforming debts into shares.

The redemption premium (2017) is amortized, either in pro rata to accrued interests or by equal fractions spread over the duration of the loan.

Bonds are identified according to both Subscribers' Residence and Currencies Base list. They can be made out to a specified person or to bearer. The MFI must also be able, on the closing date, to itemize outstanding debts according to the initial duration and according to the period remaining to be covered.

18 OTHER PERMANENT RESOURCES

DEBIT

At due date, the principal and attached debts payable, by crediting the fiscal and third-party accounts concerned;

- the amount disbursed (182 or 183), by crediting the corporate capital (101) or partnership shares (100) account in case of capital increase, the members and shareholders account, current accounts (442), or a treasury account in case of refund.

CREDIT

- the face value of the loan issued, by debiting a treasury account, a third-party or correspondent account in case of consolidation of a current debt;
- the amount invested by shareholders at the disposal of the company, by debiting a treasury account or the members and shareholders account, current accounts (442) ;
- the value of the loan equivalent to financial lease, by debiting the fixed assets acquired in financial lease account (233).

DEBIT**CREDIT**

	<ul style="list-style-type: none"> - bond loans, to be entered in the Bond loans account (17) ; - trust funds received from specialized institutions, to be recorded in account 162 ; - Loans obtained addressed to distributed loans, to be recorded in account 532.
--	--

COMMENT

Regrouped under this account are all foreign resources other than bonded debts which are considered as permanent (initial term above two year).

Participating loans are perceived as last grade debts just like subordinate debts of unspecified duration. They are repaid only after all other creditors have been paid. When subordinate debts are accompanied by a maturity date, this date is fixed at the outset.

Shareholders' accounts payable will be subdivided into "principal" and "interest paid" to enable verification of the limits of tax deductibility of interest income.

Transferable debentures regroup all securities representing debts of an initial duration above two years, excluding bonds. They are generally in the form of certificates of deposit.

"Other permanent resources are identified according to borrower's residence and currencies base list. The MFI must also be able, at the date of monthly closing of accounts, to itemize outstanding debts following the initial duration and the period remaining to be covered.

19 PROVISIONS FOR RISKS AND EXPENSES**DEBIT****CREDIT**

<ul style="list-style-type: none"> - the trade-in of provisions for expenses and losses recognized at the close of a previous year whose motivating reasons have ceased to exist, by crediting the Trade-in of provisions account (79). 	<ul style="list-style-type: none"> - Foreseeable expenses and losses, by debiting account 69.
--	--

INCLUDE**EXCLUDE**

<p>191 – Provisions for expenses 1911 – Provisions for ongoing litigation 1912 – Provisions for losses on futures markets 1913 – Provisions for exchange losses 1914 – Provisions for the execution of backing and credit guarantees 1915 – Provisions of own insurer 1913 – Provisions for heavy repairs 1913 – Provisions related to personnel 19199 – Provisions for network expenses 192 – Provisions on financial lease and similar operations 1921 – Provisions for unrealized losses 1922 – Provisions for risk of non collection of rents 193 – Other provisions 19300 – Other out-of-network provisions 19399 – Other network provisions</p>	<ul style="list-style-type: none"> - Provisions for depreciation of assets, to be recorded in classes 2 to 5 provisions accounts; - tax provisions having the nature of reserves, to be accounted for in account 14 “regulated provisions and reserves”; - provisions for leave benefits, to be accounted for in account 4721 ; - (provisions for general risks).
--	---

COMMENT

<p><i>Provisions for expenses (19)</i> correspond to likely expenses or losses at closing whose nature is clearly identified, but having an element of uncertainty about their outcome or in the estimation of their amount. They concerns especially:</p> <ul style="list-style-type: none"> - Litigation in progress; - losses on futures markets which evaluate the expected losses on the liquidation of term contracts ongoing at the close of the period; - exchange losses; - risks of execution of credit guarantee, backings or other commitments by signature; - quality coverage of own insurer; - risks of heavy repairs; - risks related to personnel. <p><i>Provisions for expenses to be spread over several financial years</i> correspond to foreseeable expenses which, given their nature and scale, cannot be assigned in full to the accounts of the year during which they were committed. This is the case with provisions for heavy repairs (1916), and for the benefits of workers going on retirement (account 1917).</p> <p><i>Provisions for unrealized losses on financial lease and similar operations (1921)</i> cover the shortfall, when negative, between outstanding amounts of financial lease and lease-purchase option in force and the book value of properties rented.</p>
--

CLASS 2

FIXED ASSETS ACCOUNTS

FIXED ASSETS

Fixed assets are all assets meant to be used lastingly in the institution. They are not consumed on the first use and their life span is above one year.

They comprise:

- Fixed costs, placed at the top of the assets side to draw attention to their “fictitious” nature;
- Intangible assets which are intangible properties acquired or created by the MFI to be used sustainably for the conduct of professional operations;
- property, plant and equipment which are properties held by the MFI through a title deed and acquired either directly or through adjudication following the conduct of guarantees;
- advance payments on order of capital assets;
- Permanent financial investments, which include investment, other long-term investments, contractual loans and related non commercial claims.

Capital assets are accounted inward in the estate of the MFI:

- At their acquisition cost, for those purchased;
- At their market value, for those acquired free of charge;
- At their production cost, for goods created by the MFI.

The AP-MFI classifies capital assets into four groups of accounts:

- Series 20 accounts: costs and intangible value;
- Series 21, 22 and 23 accounts : property, plant and equipment;
- Series 24 account : advance payments on order of property, plants and equipment;
- Series 25, 26 and 27 accounts: permanent financial investments.

20 COSTS AND INTANGIBLE ASSETS

DEBIT

- the value of the contribution, acquisition or creation of the intangible assets or capitalized costs, by crediting the members' and shareholders' capital operations account (441) or the third-party, treasury capitalized production (753) accounts or Transfers and re-invoicing of non-banking operating expenses (754) account.

CREDIT

- by debiting endowments to the amortizations of capitalized costs (6801) ;
- in case of transfer or destruction of the original value of intangible capital assets, by debiting the Net Book Value of the asset transferred account (676), as well as the amortizations account (28), for the amount of previously recognized amortizations.

INCLUDE

201- Capitalized costs
2011- Cost related to the social covenant
2012- Cost of loans issue
2013- Cost of acquisition of fixed assets
2014- Cost to be spread over several years
2017- Redemption premium of bond loans
202- Intangible values
2021- Current intangible assets
2022- Goodwill
2023- Lease right paid to or owed the previous lessee
2024- Patents, software, licences, trademarks, processes, models, drawings
2025- Studies and researches that can be capitalized
2026- Other intangible assets

EXCLUDE

- Costs other than those enumerated on the left side, which constitute routine expenditure, to be recorded in class 6 accounts;

- transport, installation and set-up costs, as well as the architect's fees and tangible values to be accounted for in the capital assets accounts concerned.

COMMENT

Costs related to social covenant have to do with the costs of constituting, increasing or reducing capital, the costs of extending or transforming the company as well as the take-over costs into the enterprise taking over.

Loan issue costs are detailed during loan subscription. These are fees paid to approved intermediaries charged with investing the loan. Redemption premiums are excluded therefrom.

Costs of acquisition of capital assets comprise transfer fees, notary's fees, commissions and costs of acquisition deeds.

Exceptional costs to be spread over several years may include mainly significant expenses incurred in the training of personnel during the introduction of new equipment or techniques.

They also include the cost of opening or re-opening sales points, pre-rents. Personnel and training costs exposed before official opening, the cost of transferring a branch, cost of studies for the choice of a new site of implantation and heavy repairs to the extent that their impact on the future production of wealth may be proved reasonably.

Software acquired by the microfinance institution, dissociated from the hardware, also enter under this heading. They are depreciated according to an amortization schedule whose duration cannot exceed 5 years and depends on the date on which the item will have ceased responding to the needs of the institution. Software designed by the lending institution are also registered under this heading at their cost price. Consideration of this accounting entry is to be recorded in the self-constructed assets account (753).

The commercial fund comprises in particular the lease right. It features in this account only when it was acquired, contributed or if it results from a merger. It is not amortizable, but its depreciation may be recognized by a provision.

Patents, licences, trademarks, processes, models, drawing, concessions represent intangible elements that correspond to expenditure incurred to obtain the advantage of legal protect granted under certain conditions to the inventor, author or beneficiary of exploitation rights of a patent, trademark, models, drawings, literary or artistic copyright or to a concession holder.

Current intangible assets are mainly expenditure for research whose outcome or success are certain and based on which the generation of future income can be reasonably contemplated.

General studies and researches which are part of the routine activities of the MFI are accounted for in class 6.

Redemption premiums of bonds are entered directly in account 2017.

The lease right is the amount paid to or owed the previous lessee in consideration of the transfer of rights resulting both from conventions and from the legislation on commercial property.

Capitalized costs are accounted for beforehand in expense accounts by nature. Under no circumstances may they be entered directly in account 20, except for redemption premiums of bonds which are recorded directly in account 2017. At closing of the year, expenses which fulfil the required conditions to be capitalized are transferred in the Capitalized costs account (201) by crediting the transfers or re-invoicing of non banking operating expenses account (754). They are the subject of a direct amortization which consists in reducing these costs in consideration of the amortizations endowment. In direct amortization, a fiscal year begun is due; consequently, the *prorata temporis* is not used in calculating the depreciation cost.

21 LANDS

DEBIT

- the value of the contribution, or acquisition of existing lands during capital assets integration, or their purchase, by crediting the Members' and shareholders capital operations account (441), and the customer loan, third-party or treasury accounts;

- the revaluation variance (215), by crediting the "non amortizable fixed assets revaluation variance" account (1420) ;

- in MFIs benefiting from a financial lease: the value of the property featuring on the financial lease agreement by crediting account 186 "Financial lease debts (186),

- in MFIs having granted a financial lease: the present value of the property in the financial lease agreement in case of non exercise of the purchase option, by crediting accounts 307, 317, 327, 337.

CREDIT

- In case of transfer, the original value of the land plus, if applicable, the revaluation variance (215), in consideration of the "net book value of other assets ceded" account (6762).

INCLUDE

211- Land under bank management
212- Land given in operating lease
213- Land acquired by financial lease or with lease-purchase option
214- Land acquired through realization of guarantees
215- Revaluation variance
 2151- land under bank management
 2152- Land under lease
219- Other lands

EXCLUDE

- Lease rights, to be entered under the "Lease right paid to or owed previous lessee" account (2023).

COMMENT

The value of the land is entered in the balance sheet only after recognition of the actual transfer of the property, materialized by a land certificate (or any other document serving that purpose) in the name of the microfinance institution concerned.

The value to be accounted for is that of the bare site, excluding development works and constructions entered in the Other tangible assets account (22). For that reason, the value of already built-on land must be established and accounted for separately from that of constructions built thereon. Failing supporting documents indicating separately the value of lands and that of constructions, the global acquisition price shall be broken down by comparison with equivalent

unbuilt-on lands. The same rule shall apply for all development works to be accounted for under account 22 (Development of green spaces, road works, etc.).

As it generally does not depreciate with time, land, including those acquired by adjudication, is not amortizable. However, it may suffer a value loss which will motivate the **constitution of a reserve**. Their revaluation can also be envisaged. In that case, the value gain (revaluation variance) is not incorporated in the value of the revalued land but entered in account 215.

22 OTHER TANGIBLE ASSETS IN USE

DEBIT

CREDIT

<ul style="list-style-type: none"> - the value of tangible assets contribution or acquisition, by crediting the Members' and shareholders' capital operations accounts (441), Other current tangible assets (23), customers, third-party or treasury accounts and capitalized productions account (753) ; - revaluation capital gains, by crediting the amortizable fixed assets revaluation variance account (142) ; - in MFIs benefiting from a financial lease: the value of the property featuring in the lease agreement by crediting the financial lease debts account (186) ; - in MFIs having allocated a financial lease (seller): the current value of the property noted on the financial lease agreement in case of non exercise of the lease-purchase option by crediting accounts (307, 317, 327, 337). 	<ul style="list-style-type: none"> - in case of transfer, disappearance or disposal, the historical cost of the fixed assets plus revaluation variances, if applicable, <p>In consideration:</p> <ul style="list-style-type: none"> - amortizations account (28), for balance of amortizations previously ascertained; - Net book values of other assets transferred (6762) ; - disposals of fixed assets (6797), for the net book value, in cases of destruction, retirement, disposal or disappearance.
---	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 221- Business premises 222- Buildings given out on lease 2221- Buildings on dry lease built on own land 2222- Buildings given in dry lease built on the land of a third party 223- Buildings acquired by financial lease or under lease-purchase option 224- Buildings acquired through realization of 	<ul style="list-style-type: none"> - physical assets which disappear with the first use or whose duration of use is less than one year, to be entered in general operating expenses account (64) ; - cleaning, maintenance and routine repair works, to be entered under costs; - professional and legal fees, and revenue taxes related to the acquisition of fixed assets, to be entered under the capitalized costs and
---	---

guarantees 225- Materials and exploitation inventory 226- Materials and furniture on dry lease 227- Materials and furniture acquired through financial lease or with lease-purchase option 228- Materials and furniture acquired in realization of guarantees 229- Other tangible assets	intangible value account (20).
---	--------------------------------

COMMENT

Other tangible assets in use comprise movable or immovable physical assets other than land, used in a sustainable manner by the microfinance institution for its activity (in operation), for dry lease to third parties or for financial lease operations with or without purchase option.

Entry of vehicles and other materials on the credit side is contingent on the existence of a registration certificate (for vehicles) or final purchase invoice (for the other materials), made in the name of the MFI.

Accounts will be subdivided by type, following the fixed assets base list.

It is possible to regroup into one sub-account only fixed assets:

- of the same type;
- Acquired in the same state (new or second-hand) ;
- Subject to the same amortization

Developments, permanently fixed materials (immovable by destination), fittings (conveniences, electrical, gas, air-conditioning, etc.) are included in the value of a building. But they can be governed by amortization rules determined depending on their specific nature.

The recognition of the loss of value of fixed assets acquired through adjudication as well as materials or movable property acquired in realization of guarantees is done via an **endowment to amortization accounts**. Furthermore, with regard to properties destined technically to be transferred, a **depreciation reserve** induced by causes whose effects are not deemed irreversible (a sluggish real estate market, etc) may be constituted.

23 OTHER TANGIBLE ASSETS UNDER CONSTRUCTION

DEBIT

- during partial deliveries leading to ownership transfer, the amount of advance payments made on orders of fixed assets (24), by crediting a treasury or third-party account.

CREDIT

- At the end of works (date of interim or final acceptance, or date of commissioning for direct labour works), by debiting the Other tangible assets in use account (22).

INCLUDE**EXCLUDE**

231- Business premises 232- Buildings under dry lease 233- Buildings acquired in financial lease or in lease-purchase option 239- Other tangible assets	- Costs related to the maintenance and routine repairs of fixed assets, to be entered in expense accounts; - Costs of acquisition of fixed assets, to be entered in the Fixed assets acquisition costs account (2013).
--	---

COMMENT

Partial deliveries of works *tranches*, whose acceptance leads to transfer of ownership, are entered in account 23 until actual commissioning (partial or total) takes place.

The cost of a fixed asset is transferred from account 23 to account 22 when such an asset is completed and in an operational state.

Technically, tangible assets under construction are not amortizable. However, it may give rise to a reserve for depreciation.

Heavy uncompleted repairs are also charged to account 23.

“Heavy repairs” is a subtle notion sometimes and should be distinguished from routine maintenance or repairs. It should be remembered that heavy repairs prolong the life and increases the value of a fixed asset. For example, repairing the roof, outside walls, and strengthening the basement etc, of buildings and replacing a vehicle engine are considered as heavy repairs.

24	ADVANCE PAYMENTS ON ORDER OF FIXED ASSETS
-----------	--

DEBIT**CREDIT**

- advance payments made on order of fixed assets, by crediting a treasury or third-party account.	- during partial delivery resulting in ownership transfer, the amount of advance payments made on this delivery, by debiting the Other tangible assets under construction account (23) ; - during final delivery, the amount of advance payments made, by debiting the Other tangible assets in use account (22).
---	--

INCLUDE**EXCLUDE**

Advance payments on order: 241- Business premises 242- Buildings in dry lease	- Advance payments to suppliers on orders of consumable goods and services, to be entered in account 402 – “Advance payments on orders of
---	---

245- Materials and exploitation inventory 249- Other tangible assets	supplies and services"; - Expenses related to routine maintenance and repairs of fixed assets, to be entered in expenses accounts.
---	---

COMMENT

As part of the acquisition of a fixed asset, a microfinance institution may make advance payments (advance or instalmental payments) to suppliers at the time of placing orders or during the performance of contracts.

Advance payments made in this regard represent sums paid before starting to execute orders whereas **instalmental payments** are disbursement made upon justification of partial execution of works.

25	NON COMMERCIAL DEPOSITS AND GUARANTEES PAID
-----------	--

DEBIT

- The amount deposited, by crediting third-party or treasury accounts.

CREDIT

- The refund, by debiting third-party or treasury accounts.

INCLUDE

251- Deposits and guarantees paid in

EXCLUDE

- Loans and advances to customers are recorded in class 3.

COMMENT

The Non commercial deposits and guarantees account (25) records sums paid to third parties as guarantees or security (water, telephone, electricity...). They are unavailable and of generally unspecified duration or above one year.

Guarantees are sums deposited to guarantee good performance of a contract or an operation. They are refundable during completion of the contract or operation.

Deposits and guarantees are identified according to depositee residence and the currencies base list.

DEBIT

- the amount of the endowment placed at the disposal of subsidiaries, by crediting a treasury account ;
 - the value of contribution or acquisition of securities, by crediting either a third party or treasury account, or a members and shareholders capital operations account (441), by crediting the "Remaining payments to be made on portfolio securities" account (465) ;

CREDIT

During transfer:
 - the historical value of securities, in consideration of the net book value of investment security transferred account (6761).

INCLUDE

262- Shares of the microfinance institution
263- Other investments
264- Portfolio activity securities
265- Investment securities
266- Outstanding securities
 2661 – Unpaid securities
 2662 – Doubtful securities
267- Own shares or partnership shares bought back
268- Other permanent financial investments
269- Attached debts on investment and other permanent financial investments

EXCLUDE

- Incidental securities purchase expenses, to be accounted for in the Securities fees and costs account (622) ;
 - Investment and transaction securities, to be recorded in account 51 – "Investment and transaction securities account";
 - Securities whose subscription is compulsory, to be accounted for in account 27 - "Loans and public securities and related".

COMMENT

Equity participations are partnership shares or shares held durably by the microfinance institution due to their usefulness for the conduct of its activity, and especially because they help to exert notable influence on the issuing institution or to control it.

Microfinance institutions can take equity participations under conditions laid down by COBAC Regulation EMF 2002 /16 which stipulates that each participation may not exceed 5% of the heritage funds or net equity capital of the relevant MFI. Furthermore, all participations must stay at 15% or less of the heritage funds or net equity capital.

The notion of participation often rests on factual considerations and it is up to the managers of each lending institution to decide whether securities held must be classified as "investment" or as "investment and transaction". Securities not having the character of participation but which the microfinance institution intends to keep durably or which it lacks the opportunity of reselling are recorded in accounts 264 – Portfolio activity securities, which records securities acquired

without any constraint, and in account 265 – Investment securities, which registers bonds and other fixed-income securities.

Account 2661: Unpaid securities, records securities having matured less than three months whose refund was not obtained from the issuer. Three months after maturity, these securities must be transferred to account 2662 if they remain unpaid.

Account 2662: Doubtful securities, registers all securities which represent a probable or certain risk of total or partial non collection or a litigious character (insolvency, court-decided liquidation of the issuer, etc.) or which gives rise to a litigious collection.

Sundry claims such as dividends (if they are accounted for upon the decision of the meeting) are attached to the securities that begot them and recorded in account 268: other permanent financial investments. Accrued interests are entered in account 269: Claims attached to participation securities and other permanent financial investments.

The assets value of a purchased security is its purchase price (and not its face value). Incidental purchase expenses are not included in this value.

The assets value of shares issued for property is equal to the value of elements brought such as results from contribution deed. The free grant of securities issued in representation of a capital increase achieved by incorporation of reserves must remain without influence on the valuation of securities.

Securities are identified according to the issuers' residence, the institutional units base list and the currencies base list. The microfinance institution must also be able to distinguish the mobilizable fraction from that which is not and to itemize, on the date of closing of accounts, amounts outstanding following the remaining unexpired duration.

The depreciation of securities is subject to a provision. However, price increase does not bring about revaluation.

Earnings from participation securities and long-term investment are recognized in profit and loss accounts only at the time when they are actually collected. Unpaid incomes can be monitored via non accounting channels.

DEBIT

- the acquisition cost of securities, by crediting a treasury or third-party account;
 - the subscription amount of securities, by crediting a third-party or treasury account;
 - Loans granted, by crediting a treasury or third-party account.

CREDIT

- the repayment, at maturity or by anticipation, by debiting a treasury or third-party account ;
 - The loan and securities unpaid at maturity (account 271- Public securities and related and account 272- Other loans and public securities), by debiting account 273: Unpaid loans and securities.

INCLUDE

271- Public securities and related
272- Other loans and public securities
273- Unpaid loans and securities
274- Attached claims

EXCLUDE

- subscribed government papers and claims on the government outside any constraint, to be recorded in account 264 : portfolio activity security or account 51: investment and transaction securities;
 - Loans granted the State without legal or regulatory constraint, to be recorded in accounts 30: long-term loans, 31 : medium-term loans and 32 : short-term loans.

COMMENT

Loans and compulsory securities are comprised of compulsory advances and loans granted to the State following legal provisions such as the exceptional solidarity borrowing, development bond or certain investment funds.

Securities and loans not recovered at due dates are transferred in account 273: unpaid loans and securities, while account 274: attached claims, receives accrued interests linked to compulsory securities.

The microfinance institution must also be able to distinguish the mobilizable fraction of loans and securities from those that cannot and itemize, at the date of monthly closing of accounts, outstanding amounts following the remaining unexpired duration.

Earnings from compulsory securities are recognized in profit and loss accounts only at the time when they are actually collected. Unpaid incomes can be monitored via non accounting channels.

DEBIT

- The cumulative amount of previously recognized amortizations in case of transfer or disposal, by crediting accounts 20: "Costs and intangible assets" and 22: "Other intangible assets in use".

CREDIT

- The amount of endowments to amortizations, by debiting account 68: "Endowments to amortizations".

INCLUDE

AMORTIZATIONS:

280- Capitalized intangible values

2802- Intangible assets

282- Tangible assets

2821- Business premises

2822- Buildings on dry lease

2823- Buildings on financial lease or on lease-purchase option

2824- Buildings acquired by realization of guarantees

2825- Materials and exploitation inventory

2826- Materials and furniture in dry lease

2827- Material and furniture on dry lease or on lease-purchase option

2828- Material and furniture acquired in realization of guarantees

2829- Other tangible assets

EXCLUDE

- Provisions, to be recorded in account 29- "Provisions for depreciation of capital assets accounts".

COMMENT

Microfinance institutions are bound to perform amortizations at the close of each financial year, even when profits are absent or insufficient.

Amortization is calculated in such a way that each category of fixed assets is amortized over the normal duration of expected use.

To the extent possible and in order to fine-tune the information, the MFI will open as many sub-accounts whose numbering will follow that of the divisional accounts to which they relate.

29	PROVISIONS FOR DEPRECIATION OF CAPITAL ASSETS
-----------	--

DEBIT

CREDIT

<p>- The cumulative amount of provisions previously recognized when the risk that led to their constitution has disappeared, by crediting account 79 : “Provisions trade-in and recovery of bad debts”.</p>	<p>- The amount of allotments to provisions by debiting account 69 : Endowments to provisions and losses of bad debts.</p>
---	--

INCLUDE

EXCLUDE

<p>PROVISIONS FOR DEPRECIATION : 290- Capital assets 291- Lands 292- Intangible assets 293- Other tangible assets under construction 294- Advance payments on orders of fixed assets 295- Deposits and guarantees 296- Participation securities and other permanent financial investments 297- Loans and public securities and related</p>	<p>- Amortizations, to be registered in account 28- “Amortization”.</p>
--	---

COMMENT

The provision for depreciation of fixed assets ascertains the probable loss of value of an asset resulting from causes whose effects are not deemed irreversible.

This provision is ascertained by an endowment in the profit and loss account. And even in the absence or insufficiency of profits during the financial year, provisions must be constituted to cover the depreciations.

To fine-tune information, the microfinance institution will cover as many sub-accounts as necessary. The numbering of these sub-accounts will follow those of divisional accounts to which they relate.

CLASS 3 CUSTOMER ACCOUNTS

OPERATIONS WITH CUSTOMERS

Class 3 of the AP-MFI records transactions related to the collection of deposits and granting of loans, by microfinance institutions. These transactions are authorized as a main activity in accordance with Regulation No. 01/02/CEMAC/UMAC/COBAC of 13 April 2002.

A loan grant operation shall be any act whereby an MFI places or promises to place funds at the disposal of a member or third party or takes in the latter's interest a commitment by signature such as a backing, security or any other guarantee.

The classification of fixed-term loans into long-term (30), medium-term (31) and short-term (32) accounts rests on the initial duration thereof. Loans whose repayment periods do not exceed one year are **short term** loans. Beyond one year and not exceeding two years, loans are classified as **medium-term** commitments while those whose repayment period exceeds two years are classified under **long-term** loans.

Loans to customers must be entered in the books **excluding bank charges**. This measure however will not apply to the discounting of commercial bills because bank charges are deducted at the time of the transaction. This revenue must be taken into account at the end-of-year closing of accounts, when recovery of the corresponding loan is jeopardized.

Financial claims on the public treasury and the extension of credit facilities to employees of the microfinance institution are, like for loans to ordinary customers, recorded in the account for facilities to customers, headings 30, 31, 32, 37 and 38.

When a syndicated loan is granted by a group of microfinance and/or lending institutions, each of the participating institutions must recognize only its share of the commitment taken. If the funding is provided in full by the lead institution while the others provide just guarantees, the loan shall appear in full in its accounting records. In addition, the lead institution shall record in its off-balance sheet accounts, the counter guarantee received from its colleagues who would in turn record the guarantees given.

Bad debts fall under principal account 33. They are composed of non performing debts, unpaid loans and bad debts. The modalities for their identification, recognition and provisioning are specified in a COBAC Regulation EMF 2002/18 related to the recognition and provisioning of bad debts.

Revenues from outstanding claims are recorded off-balance sheet. Unpaid interest entered in revenue accounts before being downgraded into "bad debts" has to be reversed and recorded off-balance sheet.

Unappropriated revenue mainly comprises outstanding amounts still unpaid at the due date but which, following conclusion of “amicable settlement” agreements with customers, are consolidated.

Furthermore, funds other than obligatory fees and contributions that 1st category MFIs collect from its members with a right of disposal thereof within the framework of its activities **are considered as deposits and saving**. The MFI returns them at the request of such member. For 2nd category MFIs, these are funds collected from the general public.

MFI deposits also comprise demand accounts payable not accompanied by maturity date and time accounts payable which must be accompanied by contractual deadlines. Funds collected via fixed term accounts shall remain blocked until the maturity date, except in case of early repayments requested by customers under conditions mentioned in the contract when the account is being opened.

Possible advances made to customers and charged to fixed-term accounts are recorded as loans to customers and must consequently not be deducted from accounts payable. No merger shall be allowed between the claims and debts of a given relation, except for accounts of the same nature, denominated in the same currency, having the same terms and opened in the name of the same corporate body or natural person where set-off is compulsory during the preparation of periodic documents.

All accrued but undue interest pertaining to sound contributions charged to customers is recorded in the “**attached claims**” account, while those pertaining to deposits are recorded in the “**attached debts**” account.

Lastly, pursuant to article 45 of Regulation No. 01/02/ CEMAC/UMAC/COBAC, MFIs are forbidden to take risks on customers located abroad. Consequently, discounts of securities (cheques, bills documents etc) issued out of the country shall be forbidden.

30, 31	LONG TERM LOANS (LTL) MEDIUM TERM LOANS (MTL)
---------------	--

DEBIT	CREDIT
<ul style="list-style-type: none"> - the amount (excluding interest) of contribution offered, by crediting account 37- "Overdrafts and demand accounts payable » or a treasury account or account 740 "Sale of goods" when such sale is on credit refundable by amortization at the durations fixed here. - the consolidation of bad or non performing loans, by crediting account 334 "Bad debts". 	<ul style="list-style-type: none"> - early repayments by debiting a treasury or customer account; - At maturity, the amount to be repaid, by debiting a customer account, a treasury account, account 387 –“uncharged securities”, in case of non local bills whose fate is not known or account 331- “Unpaid receivables” if the outstanding amount remains unpaid.

- at the end of the period, the amount of interest uncollected on related healthy loans at the said period (account 309, 319) by crediting account 71.	- Possibly before the due date, by debiting accounts 333 – “Doubtful debts covered by collateral or State guarantee”, 334 – “Doubtful debts covered by collateral”, where the customer has become doubtful.
--	---

INCLUDE

EXCLUDE

301/311- LT/MT real estate investment loans 302/312 - LT/MT housing loans 303/313 - LT/MT equipment loans 304/314 - LT/MT moratorial or consolidated loans on the State 305/315 - LT/MT moratorial seasonal loans 306/316 - LT/MT consumer loans 307/317 - LT/MT financial leases 308/318 – Other LT/MT loans 309/319 – Claims attached to LT/MT loans	- Loans amortizable for at least two years, to be recorded in account 32 - Overdraft granted, to be recorded in account 37
---	---

COMMENT

Loans to customers of an initial duration exceeding two years are recorded in account 30 (long term loans); those with initial duration exceeding one year but lower than two years are recorded in account 31 (medium term loans).

These contributions take the form of real estate investment loans meant to finance land, non residential buildings, other constructions and plantations. They could also be housing loans to finance residential buildings as well as medium or long-term consumer credit granted to individuals for equipment purposes.

The microfinance institution must be able to distinguish the mobilizable fraction of loans from the fraction that cannot be mobilized and to allocate, on the date of closing of accounts, outstanding amounts following the duration remaining to be covered.

Long term and medium term loans will remain at their initial accounts until maturity. They will thus be maintained even when the instruments representing these loans have been materially removed from the portfolio, either to be discounted or given in pawn, or to be sent for collection. In this last case, the securities are, upon maturity and in the absence of advice of fate, recorded in account 387 – “Uncharged securities”.

Unpaid loans having been consolidated for a period exceeding one year are recorded in account 304-314 (LT/MT moratoria or consolidated loans on the State) as concerns the state. In cases involving other customers, seasonal loans, they are recorded in LT/MT loans of moratorial seasons accounts, for LT/MT financial leases accounts 307/317. For all other cases, they are recorded in Other LT/MT loans accounts (308/318).

For participating loans, only the fraction that the bank took in cash should be recorded in accounts 30 and 31. Long term and medium term credits are to be recorded, exclusive of bank charges.

32	SHORT TERM LOANS (STL)
-----------	-------------------------------

DEBIT

CREDIT

<p>The amount (excluding interest) of short term loans granted, by crediting account 37 –</p> <p>“Overdraft and demand accounts with credit balance” or a treasury account or account 740 “Sale of goods” when it involves a sale on refundable credit by amortization over a period below two years.</p> <p>- The consolidation of doubtful or non performing debts, by crediting account 33 – “Bad debts”.</p> <p>- At the end of the period, the amount of accrued interests (attached claims) on healthy credits related to the period (account 329) by crediting account 71.</p>	<p>- Early repayments, by debiting a treasury or trade account.</p> <p>- At maturity, the amount to be refunded, by debiting a customer account, treasury account or account 387 – “Uncharged securities”, in case of non local bills of unknown fate or account 331 – “Unpaid claims”, if the amount due remains unpaid;</p> <p>- Possibly before the due date, by debiting account 333 – “Doubtful debts covered by collateral or State guarantee”, account 334 – “Doubtful debts secured by collateral” or account 335 – “Other doubtful debts”, where the customer has become doubtful.</p>
---	---

INCLUDE

EXCLUDE

<p>320 – Discounted cheques or cheques with immediate credit</p> <p>321 – Moratorial or consolidated loans owed the State</p> <p>322 – Cash advances</p> <p>323 – Equipment loans</p> <p>324 – Public contracts support credit</p> <p>325 – Seasonal loans and facilities</p> <p>326 – Consumer lending</p> <p>327 – ST financial lease</p> <p>328 – Other ST loans</p> <p>329 – Claims attached to ST loans</p>	<p>- LT/MT loans, to be recorded in accounts 30/31</p> <p>- Overdrafts granted, to be recorded in account 37</p> <p>- Salary advances to staff for a period not exceeding one month, to be recorded in account 421 “Advance payments on salary”.</p>
--	--

COMMENT

<p>Short term credit/loans are credit/loans of an initial duration of up to one year. A distinction should be made between:</p> <p>- discounted cheques or those with immediate credit. Also falling within this category are travelers cheques purchased from customers and credit card transactions (Diner’s Card, Master Card, Carte Bleue etc), except where there are special arrangements authorizing the bank to automatically debit its correspondent;</p>
--

- Discounted bills: bills representing claims relating to the supply of goods or provision of services. It is the gross amount that is entered in the books.

- Cash advances: these are generally “unsecured” and are meant to finance the routine operating needs of companies;

- Public contracts support credit: advances granted on the basis of attestation of services rendered;
 - Agricultural seasonal facilities which comprise productivity and pre-financing facilities, unsecured credit, inventory advances on pledged or third-party-held property, export credit (credit for exported goods or products and consolidated seasonal facilities);

- Consumer loans granted to private individuals for the acquisition of consumer goods, household equipment, means of transport etc. They include loans to staff;

Unpaid loans that have been consolidated for a period of up to one year are recorded in accounts 321 – “Moratorial or consolidated loans on the State” in sub-accounts corresponding to the nature of the loan.

Bills removed from the portfolio before maturity and sent for recovery to other banks are maintained as debit under the present heading. At the due date and where there is no advice of fate, they are charged to account 387 – “Uncharged securities”.

Short-term loans are identified by beneficiary category and must be itemized, at the date of closing of accounts, based on the remaining duration to be covered.

Apart from discounted bills, short term facilities must be recorded, excluding bank charges.

33	BAD DEBTS
-----------	------------------

DEBIT

- The amount of non performing, delinquent and doubtful debts, by crediting LT/MT loans accounts (30/31), “Short-term loans” account (32) and “Overdraft and demand accounts with credit balance” account (37).

CREDIT

- The repaid amount, by debiting a customer or treasury account.
 - Debts that have become redeemable again, by debiting accounts 30, 31, 32 and 37;
 - The outstanding amounts transferred to bad debts, by debiting accounts 6921 – “Losses on bad debts not covered by provision”.

INCLUDE**EXCLUDE**

331 – Default loans/debts 332 – Non performing loans 333 – Doubtful loans secured by State guarantee 334 – Doubtful loans secured by collateral 335 – Other doubtful debts 336 – Unpaid debts on lease financing 337 – Doubtful debts on lease financing	- Securities (cheques, bills, cards..) returned unpaid on presentation, to be recorded in account 419 “Securities unpaid on presentation”.
---	--

COMMENT

For microfinance institutions, bad debts are defined in COBAC Regulation EMF 2002/18 related to the recognition and provisioning of doubtful debts.

On the strength of this, *outstanding claims* are loans that are unpaid at due date and whose chances of repayment are more or less jeopardized. They are non performing, default or doubtful loans. *Nonperforming loans* are loans due 45 days ago (90 days for seasonal loans) but which cannot be recovered immediately without being jeopardized.

Default loans/debts are facilities that are not honoured at due date. If the contract provides for the event of default in case of non payment of a due instalment, the full amount of the loan is transferred to this account. All the chain of unhonoured facilities where the oldest fell due more than three months back, or six months for real estate loans, should be recorded under doubtful loans. The same treatment shall be applicable to all unhonoured loan instalments less than three months old, or six months for real estate loans, where recovery is deemed uncertain, as well as customer accounts with debit balances that have not recorded any significant credit entry for forty-five days.

Doubtful loans are facilities of various kinds, even with guarantees, having a probable risk of total or partial non recovery (without there being necessarily unpaid instalments). Doubtful loans comprise unpaid instalments of over 45 days (or 90 days for seasonal loan), receivables or overdrawn accounts without significant credit movement for over 45 days, as well as claims of a contentious or litigious nature.

Upon being identified as loans with a probable risk of non recovery, non performing loans, unpaid loans and overdrafts for which no credit movement has been recorded for over 45 days, must be downgraded and removed from their original account, and monitored in bad debts accounts. The downgrading of the unpaid fraction of facilities extended to a given natural person or corporate body into bad debt shall lead to the transfer of commitments assumed vis-a-vis such a person or body to the claims account, notwithstanding any consideration linked to collective guarantees. Interests and commissions linked to delinquent loans are recorded in revenue accounts only if actually collected. Consequently, all interests and commissions entered in the accounts prior to the downgrading of non performing, unpaid or bad debts shall be reversed in the event that the said revenue is not actually collected.

Lastly, the conditions for the provisioning of delinquent loans are also indicated in COBAC Regulation EMF 2002/18.

DEBIT

- *at maturity*, the amount of the closing inventory, determined via non-accounts inventory and valued using the first in first out (FIFO) or weighted average cost (WAC) method, by crediting account 6402 inventory change, for goods managed in periodic inventory;

- *during the period* and hence using the perpetual inventory method, the amount of each purchase (at purchase price plus incidental expenses) by crediting account 6402 : inventory change;

- *during final procurement of goods received by the MFI* either by crediting account 755: other proceeds of customers or members or by crediting the third-party goods donor account if such goods must revert to it if not distributed.

CREDIT

- *at maturity* and hence using the periodic inventory method, the amount of initial inventory, by debiting account 6402: inventory change;

- *during the period* and hence using the perpetual inventory method, the amount of each issue of the cost of goods sold on FIFO or WAC basis, by debiting account 6402: inventory change.

INCLUDE

340 – Inventory of merchandise

341 – Other related operations undertaken on behalf of customers

EXCLUDE

- purchase of foreign currency in the form of cash or traveler's cheques, to be recorded in accounts 57, 475 and 476

- Purchases of supplies for the MFI's own consumption, to be recorded in account 6521 supplies consumed or account 47: adjustment, at end of period.

COMMENT

Account 34 mainly records movements of goods, that is, objects, materials or supplies procured and meant to be resold as is to the members or customers of the microfinance institution. These could also be goods held by the MFI on behalf of its members or customers and to be distributed under certain conditions.

Goods, raw materials, supplies and packaging materials purchased are recorded in the books at cost price, eventually increased by incidental purchase expenses (direct cost price) and less bonuses, reductions and discounts obtained from suppliers when it is possible to allocate them to stocks.

The direct cost price includes:

- the cost price on arrival at border (C.I.F.), to which should be added incidental expenses for services rendered outside the national territory such as: cost of sea transport, cost of maritime transport insurance, transit costs, commissions and brokerage fees owed companies located abroad;

- cost price after entry in the national territory, such as: customs duty, transport and insurance at the border warehouse, transit costs, commissions and brokerage fees owed companies situated in the national territory. Wastes, rejects and recycled products are recorded in the accounts at the going price of the day at the date of recording or at the probable value of realization. Value added tax is not an item of the cost price except if this tax cannot be recovered for on category of MFI.

In both periodic and perpetual inventories, purchases of goods are first entered in the Goods purchases account (6401) before being entered in perpetual inventory, by debiting account 340: merchandise inventory and crediting account 6402: inventory change.

Where the refund of financial credit (accounts 30, 31, 32 and 37) is by goods and where such refund in kind settles the full claim, the goods will be recorded for the maximum value of the credit refunded.

Consequently, no capital gain shall be recorded during this repayment in kind. On the other hand, if the value of the merchandise, the subject of the refund, is lower than the amount of the loan to be repaid, the resultant loss must be immediately recorded as cost in account 6791 "loss on customer operations".

Non-cash repayments may also be simple partial refunds (which do not necessarily extinguish the full liability like in the above case).

Goods subject to non cash repayments are valued according to the method used in valuing goods acquired free of charge, that is, at the current value, which depends on the market and how useful the good is to the MFI. Lastly, the type of goods received as non-cash repayment of financial credits must be that of goods sold accessorially by the MFI. In other words, the non cash repayment must be distinguished from properties given as collateral for loans (which cannot be recorded as goods unless they are among the activities of the MFI) whose realization does not extinguish the liability if the realized price is lower than the liability guaranteed, unless this realized collateral is the final stage of recovery.

35 SPECIAL DEPOSIT ACCOUNTS

DEBIT

- The amount of savings bonds and other reimbursed special accounts, by crediting a treasury or customer account.

CREDIT

- The amount of savings bonds issued and other special accounts replenished, by debiting a customer or treasury account.

- At the end of period, the amount of accrued undue interests (attached debts) related to the said period (account 359) by debiting account 61.

INCLUDE

350 – Deposits of MFIs affiliated to an apex body
351 – Savings bonds
352 – Certificates of deposit
353 – Housing savings accounts and schemes
354 – Retirement savings schemes

EXCLUDE

- Deposits of financial institutions other than those of MFIs affiliated to their apex body, to be recorded in a treasury account and inter-bank operations account (class 5).

355 – Other special savings accounts 359 – Attached debts	
--	--

COMMENT

Special deposit accounts record resources other than demand or term deposits that are accompanied by special conventions.

MFIs must be able, on the date of closing of accounts, to distribute special deposit accounts according to the initial date and the remaining duration to be covered.

Special deposits made by microfinance institutions affiliated to a network and to an apex body are recorded by the latter in the account 350: Deposits of MFIs affiliated to an apex body.

36	FIXED TERM DEPOSIT ACCOUNTS
-----------	------------------------------------

DEBIT

- Completed repayments, by crediting treasury accounts or other customer accounts.

CREDIT

- The deposits amount, by debiting account 37: Overdrafts and demand accounts receivable or a treasury account.

- At the end of the period, the amount of unpaid interests related to the said period (account 369) by crediting account 61.

INCLUDE

361 – Fixed term deposits
369 – Attached debts

EXCLUDE

- the fixed term deposits of financial institutions other than those of affiliated MFIs made to the apex body, to be recorded in treasury and inter-bank operations accounts (class 5).

COMMENT

Fixed term deposit accounts lodge deposits that are accompanied by a due date and remuneration and opened by the customers of microfinance institutions.

Term deposit accounts are those in which funds remain blocked until expiry of the deadline fixed at date of opening. No operation should be effected therein during the freeze duration. The fixed term deposits of MFIs affiliated to a network and to an apex body are recorded in the latter's accounts 36. The modalities for opening, remunerating and renewing deadlines as well as the conditions of

advance payments on fixed term deposits must be set out in good faith in a contract. Advances suretied by term deposits constitute customer credits to be recorded in account 375, Advance payments on term deposits and, for this reason, should not be deducted from the term deposit account (361).

Term deposit accounts that are not renewed at maturity are reclassified under customer demand accounts.

Term deposits must be itemized, on the date of closing of accounts, according to the initial duration and the remaining duration to be covered.

37 | OVERDRAFTS AND DEMAND ACCOUNTS RECEIVABLE

DEBIT

- withdrawals and payments made by the customer or on his order, by crediting treasury, other customer or internal accounts;
- bank charges, commissions, interests and taxes charged to customers, by debiting class 7 accounts and account 43 “State”, including accrued undue interest considered as attached debts, account 378 ;
- the selling price in cash of goods, by crediting account 7401, Sales of goods

CREDIT

- payments or transfers received from or in favour of customers, by debiting treasury accounts or other trade accounts;
- the amount of loans frozen, by debiting accounts 30 to 32 (long-term loans, medium-term loans, short-term loans) ;
- debit balance of accounts without movement after three months or doubtful accounts, by debiting account 33 – Outstanding debts;
- Overdraft consolidations, by debiting accounts 30 to 32.

INCLUDE

- 371 – Current accounts**
- 372 – Checking accounts**
- 373 – Passbook accounts**
- 374 – Security deposits**
- 375 – Term deposit advances**
- 377 – Security deposits on financial lease and related operations**
- 378 - Attached claims**
- 379 - Attached debts**

EXCLUDE

- deposits received and overdrafts granted to financial institutions other than those of MFIs to the apex body, to be recorded in treasury and inter-bank operations accounts (class 5);
- Retention money pertaining to goods and services procurement operations, to be recorded in accounts receivable, debts in account (401).

COMMENT

The overdrafts and demand accounts receivable account records sums deposited by customers of microfinance institutions or facilities granted to them and payable on demand.

Overdraft (when accounts 371 are 372 in debit) is understood firstly as open credit or otherwise, resulting from an MFI granting the beneficiary a line of credit with a periodically adjustable limit and meant to facilitate his routine payments, and secondly, as the accidental deficit position of a trade account.

Holdbacks made, where necessary, when discounting notes presented by customers or for any other reason: surety and guarantees, documentary credits etc must be classified in account 374. They may be cleared with overdraft accounts.

Account 377 regroups security deposits received under financial lease or hire purchase. Overdrafts and credit demand accounts are identified by beneficiary or depositor category, according to the "Residence" and "Economic agents" attributes as well as according to the currencies base list. Regarding overdrafts, a distinction should be made between the raisable fraction and the fraction that is not.

To prepare periodic statements (detailed monthly situation, declaration to the risks control centre, etc.), clearance is technically prohibited between debit and credit accounts. It however becomes compulsory when the accounts have to do with clearing operations (of the same nature, concerning the same person, having the same period and valued in the same currency). This clearance must be carried out even in the absence of a letter of merging of accounts and on different places, when the operations relate to the same client.

38 | OTHER TRADE ACCOUNTS

DEBIT

- sums placed at the disposal of clients and based in suspense accounts, or pending receipt by an associate, by crediting a treasury or trade account;

- the amount of instruments due, sent for collection to colleagues but whose fate remains unknown (387), by crediting accounts 30, long-term loans, 31 medium term loans and 32 short-term loans.

CREDIT

- transfers from suspense accounts of sundry sums owed to clients and third parties, by debiting a treasury, third-party or trade account;

- upon receipt of a fate enquiry note, the cheque amounts and displaced bills submitted for recovery by partners without accounts in the institution, by debiting an associates' account or account 45 - Reciprocal account.

INCLUDE**EXCLUDE**

381 – Willingness to pay 382 – Blocked accounts 383 – Holdings under prescription 384 – Other amounts due for clients 386 – Other amounts due by clients 387 – Uncharged securities 388 – Other trade accounts of affiliated MFIs	
--	--

COMMENT

The Other trade accounts (38) record operations undertaken by MFIs with clients, which cannot be defined in other class 3 accounts.

It comprises especially:

- **Willingness to pay** includes pending transfers and certified cheques. It can also involve paid up sums whose coverage the MFI awaits from an associate (fund transfer for the benefit of the client), to be recorded in account 386, Other sums due for clients.

- **Blocked accounts**, generally hit by a legal, judicial or administrative decision as well as the accounts of companies about to be incorporated accompanied by a freezing convention. Especially included in account 387 “Uncharged securities” are: expired displaced notes, representatives of distributed funds under recovery from partners but whose fate is not yet known. Entries under this item should remain there for only a very short period before being charged in their appropriate accounts.

The lending institution must ensure that suspense accounts or accounts to be regulated shall, only exceptionally allow a significant balance to subsist at the end of period. This presupposes that the adjustment of pending entries shall be done with the necessary dispatch.

39	PROVISIONS FOR TRADE ACCOUNTS DEPRECIATION
-----------	---

DEBIT**CREDIT**

- the trade-in amount of previously constituted provisions for trade accounts depreciation, by crediting account 79 “Trade-in of provisions and recovery of bad debts”.	-the amount of appropriations to reserves for trade accounts depreciation (including goods), by debiting account 69 “Provisions and losses from bad debts”.
---	---

INCLUDE**EXCLUDE**

391 – Provisions on bad debts covered by State guarantee 392 – Provisions on bad debts covered by collateral 393 – Provisions on other bad debts 394 – Provisions on bad debts on financial lease 397 – Provisions on inventory depreciation	- Reserves for depreciation of class 2, 4 and 5 accounts, to be recorded in accounts 29, 49 and 59.
---	---

COMMENT

For microfinance institutions, provisions for customer account depreciation are constituted as set forth in chapter 3 of COBAC Regulation EMF 2002/18 related to the recording and provisioning of doubtful claims.

This has to do with probable losses stemming from difficulties in repaying loans granted or from the deterioration of stocks of merchandise or other goods held and registered in class 3 of the AP-MFI. However, claims on customers are provisioned only after being downgraded from their account of origin to doubtful debts accounts, either directly or after transiting through non performing and unpaid debts.

In this regard, the COBAC Regulation has a number of variants:

- Doubtful debts with provision for security of mortgage must be provisioned in full within a maximum period of four years, at a coverage rate of 15% at the end of the first year, 45% in the second year, 75% in the third year and 100% in the fourth year;
- Doubtful debts with provision for other collateral (security deposit, chattel mortgage) as well as those covered by surety, must be provisioned 100% within a maximum period of one year (including for the portion covered by collateral) ;
- Bad debts and doubtful claims not likely to be the target of court-ordered recovery procedures are provisioned in full upon recognition.

On the whole, account 39 “Provisions for trade accounts depreciation” shows activity through appropriations and provision trade-ins. The balance of this account represents the total of appropriations already effected but not yet traded in. In the synthesis documents, its balance is recorded on the assets side by subtracting the balance of depreciated items.

CLASS 4

THIRD-PARTY ACCOUNTS AND ACCRUALS

40	TRADE ACCOUNTS PAYABLE
-----------	-------------------------------

DEBIT

CREDIT

<ul style="list-style-type: none"> - the amount of advance payments of orders related to supplies, goods and services, by crediting a trade or treasury account; - The amount of note payments credited beforehand to this account, by crediting a trade or treasury account and, where necessary, sub-account 401 Retention money. 	<ul style="list-style-type: none"> - the amount of sums owed suppliers for the purchase of supplies, goods and services, by debiting the capital assets account (class 2), expense account (class 6) or account 409 Accounts receivable in debit.
---	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 401- Accounts receivable, debts in account 402- Accounts receivable, instruments to be paid 403- Accounts receivable, bills not received 409- Accounts receivable in debit 	<ul style="list-style-type: none"> - Advance payments on assets purchases, to be recorded in account 24- “Advance payments of fixed assets orders”; - Security deposits made by customers during sundry banking transactions, to be recorded in account 374- “Security deposits”.
---	---

COMMENT

<p>The accounts receivable account records transactions made by the institution to purchase on credit the goods and services that are intended for its operation.</p> <p>The debt owed third parties is recognized once it matches the order and the good has been delivered or the service rendered. No clearance shall be made between sums owed to a third party supplier and those that such supplier owes the MFI as part of its lending activities.</p> <p>Holdbacks entered in account 401 “Accounts receivable, debts in account” have to do with the procurement of goods and services, with the exception of all operations concerning customers</p>
--

(account 374).

Account 403 "Accounts receivable, invoices not received" records *inter alia* invoices to be received. Debts and advances linked to the procurement of goods and services feature therein.

41 PAYMENT INSTRUMENTS AT COLLECTION

DEBIT

a) Payment instruments domiciled in the receiving branch:

- account 411 at receipt of payment instruments to be collected, by crediting cash-in accounts (412) ;

- account 412 :

*after collection of securities, by crediting account 37 "Overdrafts and credit demand accounts" or account 56 "associates' demand accounts";

*during the sending back of unpaid securities to remitters, by crediting account 419 "Securities not paid on presentation";

- account 419: the amount of payment instruments returned unpaid, by crediting accounts 411.

b) Displaced payment instruments:

- in the issuing branch:

*account 411, upon receipt of the security by crediting account 412 ;

*account 4110, upon dispatch for recovery from correspondents, by crediting account 411 ;

*account 412, after cashing of securities by crediting accounts 37 "Overdrafts or credit demand accounts" or 56 "Correspondents' demand accounts" (outcome paid) or by crediting account 419 "Securities unpaid upon presentation" (outcome unpaid);

*account 419, unpaid securities of branch of domiciliation, by crediting the reciprocal accounts 45 (for securities returned by branches) or account 4110 (for securities returned by collecting associates);

- in the receiving branch:

*account 411, securities received from other branches by crediting account 45 "Reciprocal accounts ».

CREDIT

a) Payment instruments domiciled in receiving branch:

- account 412 at receipt of securities to be collected, by debiting account 411 "Cheques to be collected received by clients";

- accounts 411 after recovery or upon receipt of advice of outstanding payments, by debiting:

*accounts 37 "Overdrafts and credit demand accounts" or 56 "associates' demand accounts", for the amount of payment instruments cashed in;

*account 419 "Securities unpaid upon presentation";

- account 419, the amount of payment instruments returned unpaid by debiting account 412 for the accounts balance.

b) Displaced payment instruments

- in the issuing branch:

*account 411, upon dispatch of securities for collection by debiting account 45 "Reciprocal accounts";

*account 419, the unpaid outcome of securities previously dispatched by debiting account 412 "Cash receipts";

*account 4110, the paid outcome of securities previously dispatched to correspondents by debiting account 56 "Bank";

*account 4110, handing back of securities returned unpaid by correspondents, by debiting account 419

- in the receiving branch:

*account 411, the fate of unpaid securities received by debiting the reciprocal account (45) for return of unpaid securities to dispatching branches

*account 411, the fate of securities received by debiting accounts 37 Overdrafts and credit demand accounts or 56 associates' demand accounts.

INCLUDE**EXCLUDE**

411- Payment instruments to be recovered 412- Cash receipt accounts 419- Securities unpaid upon presentation	- Securities received as collateral, which are mentioned in the off-balance sheet; - Discounted or instant credit cheques to be recorded in account 320 "Discounted or instant credit cheques and notes".
---	--

COMMENT

<p>Payment instruments to be recovered include especially cheques, notes and transfer advice concerning funds to be received or paid for the profit or on behalf of clients. These operations are recorded in accounts 411 "Payment instruments to be recovered" or 412 "cash receipt accounts".</p> <p>One distinguishes :</p> <ul style="list-style-type: none"> - cheques and notes to be recovered received from clients or correspondents and made to the order of the microfinance institution itself ; - cheques and notes received from clients and associates to be collected from correspondents (MFIs, banks and financial institutions). <p>Notes to be recovered are kept in accounts 411 and 412 until maturity. However, securities on the point of collection from correspondents will stay in this account until receipt of the fate advice, unless otherwise stipulated in separate contractual clauses. Sub-accounts may be opened as and when necessary for the proper registration of these securities.</p> <p>Unpaid securities are registered in account 419 "Securities unpaid upon presentation" until when handed back.</p>

42**PERSONNEL****DEBIT****CREDIT**

- advance payments or adverse salary claims, by crediting a third-party or treasury account; - The actual payment of wages, by crediting the treasury or customer accounts concerned.	- The wages owed personnel, by debiting account 65 « Staff expenses and general operating costs».
--	---

INCLUDE**EXCLUDE**

421- Monthly advances on salaries 422- Salaries and benefits owed 423- Adverse claims on salaries and wages 424- Paid leave 425- Others	- staff loans or refundable advances over several months, to be recorded in class 3 ; - Deposit accounts open to staff, to be registered in the customer operations account (class 3).
--	---

COMMENT

The “staff” account records advance payments made to staff members of the microfinance institution, as well as salaries after deduction of all contributions and other deductible sums.
No clearance must be made between sums owed for and sums owed by staff members.

43 THE STATE, PUBLIC AUTHORITIES AND INTERNATIONAL ORGANIZATIONS

DEBIT

- the amount of subsidies to be received (434) or trust funds (435), by crediting account 473 “Subsidies and endowment funds not yet cashed in” or account 474 “Trust funds to be received”;
- deductible taxes and dues settled by the MFI (430), by crediting treasury, trade or third-party accounts;
- Payments made by the MFI to the State or an international organization, as taxes collected (430), by crediting treasury accounts or as set-off with the balance of deductible taxes accounts.

CREDIT

- advance subsidies (4344) or subsidy payments and trust funds coming from accounts 434 and 435, by debiting treasury and fixed assets accounts;
- the set-off of deductible taxes and dues (430) with taxes and dues collected, by debiting account 430 ;
- the taxes and dues the MFI collects as part of its activities, on behalf of the State or a public authority (432) or an international organization (433), by debiting trade, third party or treasury accounts;
- tax deductions for which the microfinance institution is liable to the State or possibly a public authority (432) or an international organization (433), by debiting accounts 66- “Taxes and dues” and 86- “Output tax”;

INCLUDE

430- State, taxes and dues
431- State, expenses to pay or proceeds to receive
432- Public authorities
433- International organizations
434- Subsidies and endowment funds to be received
435- Trust funds to be received

EXCLUDE

- Loans, treasury operations and other banking transactions with the State, to be entered in class 2 or class 3.

COMMENT

Taxes and dues are fiscal deductions made on behalf of the State, public authorities and international organizations.

Advance subsidy payments may be granted by the State even before their status of subsidies is specified. They are normally settled latest at the end of the financial year by the corresponding subsidy account.

44 ASSOCIATES AND SHAREHOLDERS

DEBIT

- sums transferred into frozen accounts, by crediting account 182- "Frozen accounts";
- taxes deducted at source, by crediting account 43- "States, public authorities and international organizations";
- early payments of capital (4416) during their use, after a call for funds, by crediting account 4413- "Shareholders, capital called not paid in";
- dividend payments (443), by crediting trade or treasury accounts;
- payment of session allowances and other benefits (445), by crediting trade or treasury accounts;
- Settlement of fractions of capital to be amortized or reimbursed (4417), by crediting trade or treasury accounts.

CREDIT

- unfrozen live-account contributions (442), by debiting an active account;
- payments exceeding the paid up fraction of shares subscribed in cash (4416), by debiting a treasury account;
- dividends owed (443), by debiting account 131- "Net profits";
- session allowances and other benefits owed (445), by debiting account 6525- "Sundry operating costs";
- fractions of capital to be partially amortized or reimbursed (441), by debiting respectively free reserves accounts or capital accounts (100 or 101)

INCLUDE

- 441- Members and shareholders, capital operations
- 442- Members and shareholders, live accounts
- 443- Shareholders, dividends payable
- 444- Members, bonuses to be paid
- 445- Members and shareholders, session allowances and other benefits
- 447- Members and shareholders, subsidy to be received
- 448- Members and shareholders, attached claims
- 449- Members and shareholders, attached debts

EXCLUDE

- shareholders' blocked accounts comparable to equity capital, charged to account 182- Blocked accounts;
- Shareholders' live accounts opened for their trade operations, registered in class 3.

COMMENT

Account 44 “Members and shareholders” records transactions made by members and shareholders, excluding those dealing with the subscription or release of capital which fall under account 103 “Shareholders, subscribed capital unpaid-up”, and those they make as clients, charged to class 3 accounts.

In case of early payment of a fraction of unpaid capital, the payment is recorded in account 4416 “Shareholders, early payments”.

45 | RECIPROCAL ACCOUNTS

DEBIT AND CREDIT

On the one hand, operations between subsidiaries and branches of independent microfinance institutions and several services of the same branch and on the other hand, operations between MFIs affiliated to a network and the apex body thereof. *Reciprocal accounts must be grouped around:*

- *Liaison operations with customers (credit granting, transfers, account balance, displaced withdrawals, displaced payments, displaced transfers, etc.);*

- *Liaisons treasury (case of supplies, or funds transfer from one branch to another) ;*

- *Liaisons portfolio (which can only be used to recover securities received from other branches and settled at the branch of remittance through a fate enquiry entry) ;*

- *Sundry liaisons operations (which could include expenses transferred or incurred on behalf of other branches, processing of salaries and other manual operations).*

INCLUDE

EXCLUDE

451-Headquarters and local branches/apex bodies and affiliated MFIs
 45100- Reciprocal operations, Headquarters and branches
 45119- Reciprocal operations, apex bodies and affiliated MFIs
452- Reciprocal accounts between branches and between affiliated MFIs
 45200-Reciprocal operations between branches outside the network
 45209-Reciprocal operations between affiliated MFIs
459- Fund movements and other internal transfers

- Demand or term accounts of banking institutions, financial institutions and other MFIs, considered as correspondent accounts.

COMMENT

It is recommended that before preparing their positions, microfinance institutions should settle all outstanding items lodged in reciprocal accounts, if necessary with the help of additional accounting days.

Technically, this prescription entails that all pending entries with a significant impact on the composition of the different assets and liabilities, particularly on the identification of distributed loans, customer deposits, assets lodged with correspondents and debts owed them as well as expenses and revenues should be itemized under the appropriate headings of the accounting position.

Account 459 "Fund movements and other internal transfers" is used especially as counterpart to fund movements between secondary cashiers and the main cashier, otherwise called "cash reserve". The balance of this account must be zero at the end of the day.

46 OTHER DEBIT AND CREDIT ACCOUNTS

DEBIT

CREDIT

- The amount of payments made and sums to be recovered, by crediting a capital funds account, trade account or revenues account.

- The amount of payments received or sums owed, by debiting a fixed assets, trade, treasury or expense account.

INCLUDE

EXCLUDE

460- Subsidies and endowment funds to be received (other than from the state and public organizations)
 461- Insurance and capitalization companies
 462- Insurance and social security bodies
 463- Errors, thefts and misappropriations
 464- Bondholders, operations on estimated debenture borrowings
 465- Outstanding payments on portfolio securities (credit)
 466- Claims on capital disposal
 467- Claims on securities
 468- Other accounts payable and receivable
 469- Disputatious or doubtful accounts payable

- operations concerning suppliers and debtors of goods and services, staff and the State;
 - Operations to regularize the management of a financial year, to be recorded in account 47- "Accruals".

COMMENT

This account recognizes non-banking operations conducted with third parties, particularly allocation bodies (social security, insurance, retirement fund), bondholders as well as the yet unpaid fraction of securities held. Insurance and capitalization companies' accounts are debited by the amount of indemnities and credited with those of premiums.

Account 465 "Remainder of payments on portfolio securities" constitutes the counterpart of the unreleased fraction of portfolio securities recognized at purchase price or face value.

It should be noted that debit accounts 463 must at the end of the year either be balanced by debiting expense accounts or be provisioned.

Surplus funds must not be transferred to operating income accounts.

47	ACCRUALS
-----------	-----------------

DEBIT

- expenses already recognized but concerning the following period(s) (4711), by crediting class 6 accounts;
- unrecognized revenue related to the ongoing period (4712), by crediting class 7 accounts;
- *consolidated interest really paid (47223) by crediting revenue accounts*
- in foreign currency accounting (475), the counterparts of balance sheet accounts credited during the recording of operations denominated in foreign currency ;
- in CFAF accounting (476), the counterparts of balance sheet accounts credited by movements associated with foreign exchange operations;
- profits stemming from the revaluation of off-balance sheet exchange positions (477), by crediting account 723- "Fees and profits earned on foreign exchange transactions carried out as a main activity".

CREDIT

- unrecognized expenses related to the current period (4721), by debiting class 6 accounts;
- expenses already recognized but that relate to the following periods (4722), by debiting class 7 accounts;
- *reserved interest on outstanding claims and traded in during consolidation (47223) by debiting consolidated credit accounts (class 3) ;*
- in foreign currency accounting (475), the counterparts of balance sheet accounts debited during transactions denominated in foreign currency ;
- in CFAF accounting (476), the counterparts of balance sheet accounts debited by movements associated with foreign exchange transactions;
- losses stemming from the revaluation of off-balance sheet exchange positions (477), by crediting account 623- "Fees, costs and losses on exchange operations carried out as a main activity".

INCLUDE

471-Live accrual accounts
 472-Accrual liability accounts
 473-Subsidies and endowment funds obtained, but not yet cashed
 474- Trust funds obtained, not yet cashed
 475- Exchange position
 476- Equivalent exchange position
 477- Foreign currencies adjustment account (debit or credit balance)
 47- Differed computers

EXCLUDE

- purchases of goods and services, whose exact amount is known even though the corresponding invoice has not yet been received, to be recorded in account 403- "Suppliers, invoices not yet received";
- probable expenses, to be provisioned;
- Accrued interest (including interest on financial leasing) related to claims and debts, to be entered in attached claims and debts accounts (class 3).

COMMENT

Operating accrual accounts (471 and 472) are meant to distribute expenses and revenues over time and to attach them to the accounting period that actually concern them. Only those expenses and revenue that can be attached to application of funds headings (attached claims) or resources headings (attached debts) opened in sundry class 1 to 5 accounts can be registered in these accounts.

They record sure expenses and revenue that were neither settled nor for which a settlement title was issued (invoice, pay voucher etc), but whose amount though not final is known or assessable. Expenses recognized in advance and revenue to be received feature on the assets side while expenses to be paid and revenues recognized in advance are placed on the liabilities side. Entries to regularize expenses and revenues made in these accounts at the end of the period are technically reversed at the start of the next period. But, they may be kept in these accounts and regularized as they are settled or paid, via third-party or treasury accounts. "Exchange position" and "counter-value exchange position" accounts enable the articulation of CFAF accounts and foreign currency accounts. An "exchange position" account is opened for each foreign currency. A "counter-value exchange position" account can only be opened in CFAF accounting and subdivided in as many sub-accounts as the currencies used by the MFI. The foreign currency adjustment account is used to obtain revaluation variances resulting from operations conducted by the microfinance institution.

48	SUNDRY OUTSTANDING CLAIMS
-----------	----------------------------------

DEBIT	CREDIT
<p>- The amount of sundry non-performing, unpaid or doubtful debts, by crediting accounts 40 to 46.</p>	<p>- the amount of outstanding claims recovered, by debiting a trade or treasury account; - claims that become healthy again, by debiting accounts 40 to 46 ; - outstanding amounts transferred to bad debts, by debiting accounts 6921- "Losses on bad debts covered by reserves" or 6922- "Losses on bad debts not covered by reserves".</p>

INCLUDE	EXCLUDE
<p>480- Overdue advance payments to suppliers of goods and services 481- Overdue securities at encashment 482- Overdue advances to staff 483- Overdue claims on sundry debtors 485- Outstanding operations between headquarters and branches</p>	

COMMENT

Account 48 registers all sorts of claims, even accompanied by guarantees, falling under class 4 which represent either a probable risk of total or partial non recovery, are litigious in character (bankruptcy, liquidation of property, court-ordered settlements) or give rise to a disputatious recovery.

These claims are subject to provisioning in cases where total or partial recovery is considered jeopardized.

49 PROVISIONS FOR DEPRECIATION OF THIRD-PARTY ACCOUNTS

DEBIT AND CREDIT

Endowments and the trade in of provisions related to third party accounts.

INCLUDE

EXCLUDE

490- Provisions for depreciation of debtor accounts payable
491- Provisions for depreciation of collection accounts
493- Provisions for depreciation of sundry debtor accounts
495- Provisions for depreciation of reciprocal accounts
49999- Provisions for depreciation of other third-party network accounts

COMMENT

Account 49 shows activity by endowment and reversal of provisions. Its balance features on the assets side, obtained by subtracting the balance of depreciated items.

Provisions featuring in account 491 "Provisions for depreciation of collection accounts" have to do with coverage of securities at encashment received from clients or correspondents misplaced by the microfinance institution.

CLASS 5

TREASURY AND INTER-BANK OPERATIONS ACCOUNTS

Class 5 accounts receive investment securities, cash and till value, assets as well as debts contracted with the Issuing Institute, local correspondents (banks, financial institutions, other microfinance institutions) and the apex body for networked MFIs.

These accounts also record outstanding loans and the term loans concluded every day with other lending institutions (banks, financial institutions and other MFIs).

By their very nature, the activities of Postal Checking Centres and Post Office Savings Banks also fall under this heading. But, operations with the Public Treasury are to be registered in class 3 accounts.

The accounts of local correspondents are classified according to the following major headings:

- Central banks,
- Specialized financial institutions,
- Associate or non associate banks,
- Postal cheques,
- Associate and non associate financial institutions,
- Post office savings banks,
- Other financial institutions,
- Microfinance institutions.

The idea of **Associate bank or financial institution** rests on the fact of a correspondent having a participation or holding a fraction of the capital of the declaring institution and vice versa. By extension, two lending institutions are said to belong to the same group when the same parent company participates in the capital of both, also conferring on them the status of associate banks.

Specialized financial institutions are lending institutions that contribute to the development of a given sector of the economy. These are mostly farmers' banks or rural credit banks participating in the wellbeing of the rural world, housing loan funds striving to promote individual and collective housings.

Mutual credit guarantee companies having obtained an approval on the concordant recommendation of COBAC are included in the category "other financial institutions". Overdue claims on correspondents generate no interest. If for non performing debts, final recovery is not considered as jeopardized, investments that become doubtful are on their part subject to the constitution of reserves.

51	INVESTMENT AND TRANSACTION SECURITIES
-----------	--

DEBIT

CREDIT

<ul style="list-style-type: none"> - the contribution or purchase price of securities, by crediting the members and shareholders account or third-party or treasury accounts; - capital gains on transaction securities recognized at each closing of accounts, by crediting account 726 "Profits on transaction securities". 	<ul style="list-style-type: none"> - The net depreciation of transaction securities recognized at each closing, by debiting account 627 Losses on transaction securities. - during the transfer of investment or transaction securities, the original price of the securities, as set-off of: <ul style="list-style-type: none"> * the treasury or third party account for the transfer price ; * The net depreciation of ceded investments or transactions (627), if the transfer leads to capital loss. In case of capital gain, account 726 will be credited to balance the entry.
---	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 511 – Investment portfolio 512 – Transaction portfolio 	<ul style="list-style-type: none"> - Investment or capitalized securities, to be recorded in account 26 "Investment and other capitalized securities" - Compulsory securities and loans, to be recorded in account 27 "Compulsory loans and other securities" - Incidental purchase expenses, to be recorded in account 622 "Fees and costs on securities"
---	---

COMMENT

Investment and transaction securities may be subscribed by microfinance institutions with the aim of deriving therefrom in the short term some good earnings in the form of interest or capital gains. Investment and transaction securities can be negotiated on the market.

Investment securities are acquired to be kept for periods of six months and above in order to derive a profit there from in the form of income or capital. They are realizable immediately in case of necessity.

Transaction securities are acquired to be sold in the short run in a liquid market and at a price that third parties can always afford. These securities may not be kept in a transaction portfolio for more than six months. Beyond this period, they must be recorded in the account for example as investment securities.

Debentures and similar bonds comprise securities that are refundable at fixed maturity, at fixed or indexed interest, generally payable by coupons, negotiable and technically listed. Included therein are debentures that can be converted into shares when not actually converted.

The “other short-term securities” have a close maturity, generally 12 to 18 months. They generate interest often paid in advance. They are issued by the State, financial institutions and possibly State corporations.

Doubtful securities are those with a probable or sure risk of total or partial non recovery or whose recovery is disputatious. Transaction securities with at least one of these characteristics are automatically transferred to account 5117.

Investment securities are recorded at original cost, that is, at their purchase price or subscription price whether fully paid up or not (the unpaid fraction must be recorded in account 465 “Payments remaining to be made on in-portfolio securities”).

The depreciation of investment securities shall be subject to provisioning; but, a price increase will not lead to revaluation.

Transaction securities are revaluated at each closing. The revaluation variance is immediately entered in the profit and loss account.

52	MONEY MARKET
-----------	---------------------

DEBIT

CREDIT

	<ul style="list-style-type: none"> - the advance payments obtained from the Issuing Institute and other financial intermediaries, by debiting a treasury account; - investment refunds, by debiting a treasury account; - inter-bank loans considered as jeopardized, by debiting account 58- “Outstanding claims on correspondents”.
--	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 521 – Inter-bank operations 522 – Window A refinancing 524 – Advance payments at penalty rate 525 – Investments with BEAC 526 – Compulsory reserves 528 – Attached claims 529 – Attached debts 	<ul style="list-style-type: none"> - transactions which though inter-bank are processed outside the money market, to be recognized in principal accounts 53 “Other securities given or received in pawn”, 54 “Loans, borrowings and term accounts of correspondents”, 55 “Day-to-day correspondent loans and borrowings” and 56 “Correspondents’ demand accounts”
---	--

COMMENT

A microfinance institution's admission to the money market is the exclusive preserve of the Bank of Central African States (BEAC). Applications for admission are studied on a case by case basis, depending especially on the financial and institutional clout and the quality of organization of the institution.

For admitted MFIs, account 521 will record operations carried out on the Money Market's inter-bank segment. These inter-bank operations comprise speculative operations (5211, 5212, 5214 and 5215) and operations guaranteed by pawned securities (5213 and 5216).

Thus, transactions in which each of the parties is a lending institution or an institution admitted to the Money Market are considered as processed on the inter-bank segment of the Money Market. Account 522 records:

- refinancing operations dealt with the Central Bank following its positive calls for tender (5221) ;
- capital contributions obtained from the Central Bank, at the initiative of the microfinance institution, for a period of two to seven days, in exchange for global mortgage bonds backed by primary instruments representing eligible credits (5222);

- advances granted by the Central Bank for a maximum period of 48 hours as ad hoc intervention; this occurs at national level when cumulative advances under Windows A and B reach the refinancing target (5223) ;

- Exceptional advances guaranteed by certificates of investment (5224).

Account 523 receives current account advances endorsed on irrevocable medium-term credit operations, that is, credits for which the Central Bank collects waiting and commitment fees.

Account 524 registers advances at penalty rate resulting from:

- exceeding the Window A advances option in between two tender calls (5241)
- applying a disciplinary sanction for violation of banking regulations (5242);
- exceeding the Window B advances option not covered by a current account or not reimbursing a global mortgage bond at maturity date (5243)

Account 525 is used for recognizing investment operations carried out with the Central Bank, especially during negative tender calls.

53 OTHER SECURITIES RECEIVED OR GIVEN

DEBIT

- reimbursements made, by crediting a treasury account ;
- refinancing obtained, by debiting a treasury

CREDIT

- refinancing obtained, by debiting a treasury account ;
- reimbursements received, by debiting a treasury

account ;	account; - refinancing granted not repaid at the due date or whose partial or total recovery is jeopardized, by debiting account 58- “Overdue claims on correspondents”.
-----------	---

INCLUDE

EXCLUDE

531 – Other securities received in pawn or bought definitely 532 – Other securities given in pawn or sold definitely 538 – Attached claims 539 – Attached debts	- money market transactions, to be recorded in account 52 “Money Market”
--	--

COMMENT

Pawns are constituted by ceding the value of an asset under an agreement in which the grantor pledges to resume possession and the grantee to hand back the same asset at an agreed price and date. Securities received as pawn are not recorded in the grantee’s balance sheet. The grantee instead debits account 531 “Other securities received in pawn” of the amount disbursed, i.e. the purchaser’s value representing his claim on the grantor, by crediting a treasury account.

Assets given in pawn are maintained in the grantor’s balance sheet which records the amount cashed in, representing his debt vis-à-vis the grantee, and credited to account 532 “Other securities given in pawn”, by debiting a treasury account.

When the grantee gives in pawn assets which it had itself received in pawn, it shall credit account 532, of the amount cashed in and representing its debt.

At maturity of the pawn, the above-mentioned entries will be reversed by the grantor and the grantee. Definite **purchases and sales** are made by ceding assets for which grantee receives from grantor or enterprises globally integrated in the same perimetre of consolidation, pursuant to rules laid down by COBAC, a guarantee against risks of primary defaulters.

Assets transferred are kept in the balance sheet of the grantor institution but do not feature among the grantee’s assets.

The grantee institution will debit account 531 of the amount disbursed representing its claim over the grantor; the latter credits account 532 of the amount cashed in, representing its debt to the grantor, with a treasury account as consideration in both cases.

What is given or received as guarantee may be government (treasury bill) or private papers (bills made out to clients).

Securities serving as support to pawn transactions may or may not be delivered from the grantor institution to the grantee institution.

Funding obtained or granted, outside the Money Market, as endorsement to distributed loans are treated as securities given or received in pawn although the operation is not accompanied by the physical exchange of the debt security.

Securities received or given in pawn are identified by counterpart residence and currencies base list. They are also allocated at each monthly closing, according to the remaining duration to be covered.

54 CORRESPONDENTS' LOANS, BORROWINGS AND TIME ACCOUNTS

DEBIT

- the amount of loans granted, by crediting a treasury account;
- time account investments made in correspondents, by crediting a treasury account;
- Reimbursement of loans contracted from correspondents, by crediting a treasury account.

CREDIT

- loan repayments made by correspondents, by debiting a treasury account;
- time account reimbursements made by correspondents, by debiting a treasury account;
- amount of loans contracted from correspondents, by debiting a treasury account;
- the loan amount deemed jeopardized and/or time accounts, by debiting account 58- Overdue claims on correspondents.

INCLUDE

- 541 – Term loans**
- 542 – Term accounts *nostris***
- 543 – Term accounts *lori***
- 544 – Term borrowings**
- 548 – Attached claims, off network**
- 549 – Attached debts, off network**

EXCLUDE

- money market transactions, to be recorded in account 52 “Money market”
- other refinancing operations, to be recorded in account 53 “Other securities given or received in pawn”
- day-to-day lending and borrowing operations, to be entered in account 55 “Day-to-day loans and borrowings of correspondents”
- term lending and borrowing operations between affiliates and apex bodies are recorded in class 3 accounts in the apex body but remain in this account in the affiliated institution.

COMMENT

Account 54 “Loans/borrowings and term accounts of correspondents” records loans that microfinance institutions contract, under a formal agreement and for periods exceeding one working day, with local correspondents not admitted in the Money Market.

These are loans/borrowings that are negotiated “speculative” and refundable in one payment or by periodic payments.

Loans, borrowings and term accounts of correspondents must, at each monthly closing, itemize the initial duration and the duration remaining to be covered.

55 | DAY-TO-DAY LOANS AND BORROWINGS OF CORRESPONDENTS

DEBIT

- loans granted by crediting a treasury account
- Reimbursement of loans contracted from correspondents, by crediting a treasury account.

CREDIT

- loan repayments made by correspondents, by debiting a treasury account ;
- loans contracted from correspondents, by debiting a treasury account;
- The transfer of loans whose recovery is deemed jeopardized to account 58 “Overdue claims”.

INCLUDE

551 – Day-to-day loans
552 – Day-to-day borrowings
558 –Attached claims, off-network
559 –Attached debts, off-network

EXCLUDE

- Money market transactions, to be recorded in account 52 “Money market”
- other refinancing operations to be recorded in account 53 “Other securities given or received in pawn”
- term loans and borrowing operations, to be recorded i account 54 “Term loans and borrowings of correspondents”
- Day-to-day lending and borrowings between affiliates and apex bodies are recorded in class 3 accounts of the apex body but in the affiliate remain in this account.

COMMENT

This heading covers day-to-day loans and borrowings. They are negotiated on “speculative” terms and are repaid in just one payment.

56 DEMAND ACCOUNTS OF CORRESPONDENTS

DEBIT

- fund movements in favour of the institution or its clients, by crediting the other treasury or trade accounts.

CREDIT

- fund movements in favour of other lending institutions, by debiting other treasury or trade accounts;
- transfer to account 58 “Overdue claims” of sums whose recovery is deemed jeopardized

INCLUDE

560 – Demand accounts nostri
561 – Demand accounts lori
563 – Security deposits given
564 – Security deposits received
568 – Attached claims
569 – Attached debts

EXCLUDE

- Money market transactions, to be recorded in account 52 “Money market”;
- other refinancing operations, to be recorded in account 53 “Other securities given or received in pawn”;
- sums expected from correspondents as coverage for credit provision already paid, to be recorded in account 386 “Other sums owed by clients”;
- term loans and borrowings, to be recorded in account 54 “Term loans and borrowings of correspondents”;
- day-to-day loans and borrowings, to be recognized in account 55 “Day-to-day loans of correspondents”;
- demand account operations between affiliates and apex bodies are recorded in the apex body’s class 3 account but, in the affiliate, are recorded in this account.

COMMENT

Correspondents' demand accounts (56) record only microfinance institution's assets that are immediately liquid or payable. These are mainly ordinary accounts *nostri* and *lori*.

Accounts nostri (our accounts with them), are opened in other banks and financial or microfinance institutions. The latter carry out instructions and report thereon via advice and statements of accounts.

Accounts lori (their accounts with us), are opened in the MFIs concerned by other banks and financial or microfinance institutions. They show activity through instructions sent by the latter. The holder of an account *nostri* or *lori* can only be a bank, financial institution or MFI. Furthermore, these accounts must be regularly reconciled based on advice and statements received. Similarly, outstandings must be regularly wiped out.

57 CASH ACCOUNTS

DEBIT

- Payments made to the profit of cashier, by crediting the accounts concerned.

CREDIT

- Settlements made by cashier, by debiting the accounts concerned.

INCLUDE

571 – Notes and Currencies
572 – Assets in gold and precious stones
573 – Travellers' cheques
574 – Postage and fiscal stamps

EXCLUDE

- fund movements between secondary tills and the main till, to be recorded in account 459 "Fund movements and other internal transfers".

COMMENT

Account 57 "Cash" must always reflect the sum actually available at last known exchange rate. Exchange rate differences are recorded, as the case may be, in accounts 623 "Fees, costs and losses on foreign exchange operations carried out as a main activity" and 723 "Fees, costs and proceeds from exchange operations carried out as a main activity".

Assets in gold represent the CFAF value of gold bars, ingots and coins, owned by the institution within the purview of the laws in force.

Travellers' cheques entered in this account are those that the lending institution purchased definitely

from issuing houses and that are destined to be resold to clients.

Account 459 "Fund movements and other internal transfers" also serve as consideration for fund movements between secondary tills and the main till, otherwise called "cash reserve. The balance of this account must be zero at the end of the day.

58 OVERDUE CLAIMS ON CORRESPONDENTS

DEBIT

- Unpaid, doubtful or non performing claims on correspondents, by crediting the treasury account concerned.

CREDIT

- possible refunds of overdue claims obtained, by debiting a treasury account;
 - the transfer of bad debts, for overdue claims whose loss is deemed certain, by debiting accounts 6921- "Losses on bad debts covered by provisions" or 6922- "Losses on bad debts not covered by provisions".

INCLUDE

581 – Unpaid claims on correspondents
582 – Non performing claims on correspondents
583 – Doubtful claims on correspondents

CREDIT

COMMENT

Non performing claims on correspondents are claims due three months ago but whose final recovery though not jeopardized cannot be effected immediately.

Unpaid claims on correspondents are credit contributions not settled at maturity. If the contract provides for the event of default when the due fraction is not settled, the totality of the loan shall be transferred to this account. Any chain of unpaid credit contributions of which the oldest fell due three months ago must be recorded as doubtful claims. The same applies to all unpaid instalments of below three months whose recovery is deemed uncertain as well as debit accounts without significant credit movement for three months.

Doubtful claims on correspondents are claims of whatever nature, even backed by guarantees, having a probable or sure risk of total or partial non recovery or are disputatious in nature (bankruptcy, liquidation, court-ordered settlement) or whose recovery might lead to litigation. They are provisioned whenever recovery of all or part of the debt is deemed jeopardized.

59	PROVISIONS FOR TREASURY ACCOUNTS DEPRECIATION
-----------	--

DEBIT AND CREDIT

Allotments and reversal of provisions related to investment securities and correspondents' accounts.
--

INCLUDE

EXCLUDE

591 – Provisions for depreciation of investment securities 592 – Provisions for depreciation of correspondents' accounts	
---	--

COMMENT

The balance of these accounts is placed on the assets side, less the depreciated items.

**CLASS 6
EXPENSE ACCOUNTS**

60	EXPENSES ON TREASURY AND INTER-BANK OPERATIONS
-----------	---

DEBIT

CREDIT

- interest and charges paid, by crediting the correspondents' accounts concerned; At end of period: - the valuation of unpaid interest and charges related to the period, by crediting the "attached debts" linked to class 5 accounts.	At maturity: - interest and charges recorded, to be claimed in the following period, by debiting account 4711 "Expenses paid or recorded in advance"; - The balance, by debiting account 80 "Net financial proceeds".
---	---

INCLUDE**EXCLUDE**

<p>601 – Interest on inter-bank operations 602 – Interests on other securities given in pawn 603 – Interest on loans and term accounts 604 – Day-to-day interest on loans 605 – Interest on demand accounts 606 – Charges on treasury and inter-bank operations 607 – Costs of in-network treasury operations</p>	<p>- charges and costs on services, to be entered in account 62 “Sundry charges on banking operations” - Interest and charges on permanent resources, to be recorded in account 63 “Charges on permanent resources”.</p>
---	---

COMMENT

<p><i>Account 60 Charges on treasury and inter-bank operations</i> records the cost of interest and charges linked to the refinancing operations of the Money Market and other financial intermediaries.</p> <p>It also records charges induced by the remuneration of correspondents’ term and demand accounts receivable as well as term and day-to-day loans contracted from correspondents.</p> <p>Charges not linked to an inter-bank funding operation, like “account maintenance fee” or those paid for services like brokerage, are recorded in account 62.</p> <p>Medium or long-term loans contracted from correspondents for the partial or total financing of fixed assets are recorded in account 18 “Other permanent resources”; related costs are charged to account 63.</p> <p>No set-off must be made between interest payable paid and interest receivable received on the same correspondent.</p>
--

61 INTERESTS ON OPERATIONS WITH CLIENTS OR MEMBERS**DEBIT****CREDIT**

<p>- interest paid, by crediting trade or treasury accounts; - the cost of financial lease operations or hire purchase, by crediting a class 2 account; - at end of period, the valuation of unpaid interest related to the period, by crediting the “attached debts” sub-accounts of class 3 principal accounts.</p>	<p>At the end of the period: - interests recorded in favour of clients, effective as from the following period, by debiting account 4711 “Charges paid or recorded in advance”; - The balance, by debiting account 80 “Net financial proceeds”.</p>
--	---

INCLUDE**EXCLUDE**

611 – Interest on special regime deposits 612 – Interest on time deposits 613 – Interest on passbook accounts 614 – Interest on other demand accounts 615 – Interest on operations with MFIs 619 – Interest on other trade accounts	- fees and charges, to be recorded in account 62 “Sundry charges on banking operations” - Rents paid by the MFI for materials hired under financial lease contract, to be recorded in account 6414 “Other charges linked to financial lease operations with lease-purchase option.
--	---

COMMENT

<p>This heading records charges related to client deposits and those pertaining to financial lease operations.</p> <p>No set-off must be made between the interest payable deducted and interest receivable paid to the accounts of one and the same person.</p> <p>The financial lease operations referred to here are those in which the MFI is the lessor and bears a number of costs to carry out the operation. When it is the lessee, these charges and interest are recorded in account 63 because the lease is treated as an equivalent loan.</p>

62 | SUNDRY EXPENSES ON BANKING OPERATIONS**DEBIT****CREDIT**

- sundry banking fees and charges, by crediting third-party, trade or treasury accounts; At the end of the period : - The valuation of charges not yet invoiced, by crediting account 4721 “Charges to be paid”.	At the end of the period: - charges recorded, effective from the next period, by crediting account 4711 “Charges paid or recorded in advance”; - The balance, by crediting account 80 “Net financial proceeds”.
---	--

INCLUDE**EXCLUDE**

621 – Costs committed and charges on payment instruments 622 – Charges and costs on securities 623 – Charges, costs and losses on exchange operations carried on a principal basis	
---	--

<p>624 – Charges and costs paid on fund transfer operations</p> <p>625 – Charges on commitments by signature</p> <p>626 – Other bank charges and fees</p> <p>627 – Losses on investment and transaction securities</p> <p>628 – Sundry charges on operations with MFIs</p>	
--	--

Account 621 brings together costs incurred and charges paid during the recovery, receipt, dispatch of bills for acceptance or the return of securities.

Account 622 identifies costs committed during the purchase, sale, subscription or transfer of securities. On the other hand, account 623 registers charges, fees and losses linked to foreign exchange operations.

Charges on commitments by signature recorded in account 624 are those pertaining to refinancing agreements, credit guarantees, backings, acceptance and other securities.

Account 625 includes *inter alia* accounts *nostris* maintenance charges and fees, while account 626 registers capital losses on transaction securities during their possession or on the occasion of their transfer.

63	COSTS ON PERMANENT RESOURCES
-----------	-------------------------------------

DEBIT	CREDIT
<ul style="list-style-type: none"> - interest and charges paid, by crediting the correspondents or third-party accounts concerned; - at the end of the period, the valuation of interest and charges not paid but related to the period under review, by crediting the “attached debts” sub-accounts under principal accounts 17- “Bonded loans” and 18- “Other permanent resources” 	<p>At the end of the period:</p> <ul style="list-style-type: none"> - interest recorded, effective from the next period, by debiting account 4711- “Charges paid or recorded in advance”; - The balance, by debiting account 80- “Net financial proceeds”.

INCLUDE**EXCLUDE**

<p>631 – Interest on permanent resources 6311- Interest on bonded loans 6312- Interest on participative loans 6313- Interest on subordinated debts 6314- Interest on blocked accounts of shareholders and members 6315- Interest on other blocked accounts 6316- Interest on negotiable debt securities 6317- Interest on other medium and long term loans 632- Charges: 6321- on bonded loans 6322- on participative loans 6323- on subordinated debts 6324- on shareholders’ blocked accounts 6325- on other blocked accounts 6326- on negotiable debt securities 6327- on other medium- and long-term loans</p>	<p>- costs related to the issue of debts, to be recorded in account 64- “General operating expenses”;</p> <p>- Costs on treasury and inter-bank operations, to be recorded in account 60- “Costs on treasury and inter-bank operations”.</p>
--	--

COMMENT

Costs recorded under this heading are those generated by resources listed under Permanent capital accounts (class 1)

64 COSTS LINKED TO SECONDARY ACTIVITIES**DEBIT****CREDIT**

<p>- costs linked to secondary activities (works, supplies and external services), by crediting a treasury or third-party account; - at the end of the period: *the appraisal of costs not yet recorded but related to the period under review, by crediting account 4721 “Costs to be paid”; * in periodic inventory, the amount of initial stock for balance, by crediting account 34 ; - During the period and hence in perpetual inventory, the amount of each outflow at the cost of goods sold valued at PEPS or CMP, by crediting account 34.</p>	<p>- at the end of the period: *costs recorded, effective from the next period, by debiting account 4711- “Costs paid or recorded in advance” *the amount of final stock by extra-account inventory and appraised using the PEPS or CMP method, by debiting account 34 as far as goods managed in periodic inventory; *the balance, by debiting account 81- Global revenue; - During the period and hence in perpetual inventory, the amount of each purchase (purchase price plus incidental expenses) by debiting account 34.</p>
--	---

INCLUDE**EXCLUDE**

640- Purchases and inventory changes 641- Other costs linked to accessory activities	- Health insurance policies taken out for staff, to be charged to account 6515 "Social benefits".
---	---

COMMENT

The codification of costs linked to accessory activities is not exhaustive. Microfinance institutions can therefore, for purposes of analysis, open as many sub-accounts as necessary.

Account 640 "Purchases and goods inventory changes" as well as corresponding account 340 "Goods inventory" shall require the opening of goods sub-accounts. On this proviso, MFIs can choose a classification that suits them.

The amount of purchase invoices to be recorded in account 640 "Purchases and goods inventory changes" includes, as the case may be, salvageable net taxes and customs duties for the goods procured. Purchases are recorded, less reductions and discounts, charged directly to the invoice amount. Even when deducted from the purchase invoice, discounts are recorded in account 741 "Other proceeds linked to accessory activities".

65	STAFF EXPENSES AND GENERAL OPERATING COSTS
-----------	---

DEBIT**CREDIT**

<ul style="list-style-type: none"> - the amount of earnings and charges related thereto, by crediting treasury accounts or the staff account (42) ; - non-cash benefits recorded in expense accounts by nature, by crediting account 727 "Bank operating cost recovery and re-invoicing; <p>At end of period:</p> <ul style="list-style-type: none"> - general operating costs (works, supplies and external services) by crediting a treasury or third-party account; - the valuation of costs not yet recorded but related to the financial year, by crediting account 4721 "Costs to be paid". 	<p>At end of period :</p> <ul style="list-style-type: none"> - costs recorded, effective from the next period, by debiting account 4711 "Costs paid or recorded in advance"; - The balance, by debiting account 82 "Gross revenue".
---	---

INCLUDE**EXCLUDE**

651- Staff expenses 652- General operating expenses	- Income-based taxes, to be recorded in the debit of account 42 “Staff”, if borne by the worker and deducted at source, and account 66 “Taxes and due”, if borne by the institution.
--	--

COMMENT

Non-cash benefits represent consumptions of supplies and services. They are part of staff expenses. The valuation, at end of period, of paid annual leave may comprise a part that is payable in the next financial year, often called “Provision for paid annual leave”, to be recorded in account “Expenses to be paid”.
--

66 TAXES AND DUES**DEBIT****CREDIT**

- the amount of tax to be paid, by crediting treasury accounts or account 43 “State, public authorities or international organizations”; - at the end of period, the valuation of levies pertaining to the financial year, by crediting account 4721 Expenses to be paid.	- taxes and dues recorded, effective from the next period, by debiting account 4711 “Expenses paid or recorded in advance”; - the balance at expiry of the period, by debiting account 82 “Gross revenue”.
--	---

INCLUDE**EXCLUDE**

661- State, direct taxes and dues 662- State, indirect taxes and dues 663- State, registration fees 664- State, tax penalties and fines 665- State, other taxes and dues	- charges and tolls to be attached to the value of goods and services procured if they are not deductible or, otherwise, to be recorded in account 433- “Deductible taxes and dues”; - tollgate fees, radio and television dues: as they are considered as consumptions of services, they must be recorded in account 643- “Other services consumed”; - taxes having the character of levies on profits, to be classified in account 86- “Tax on earnings”; - tax reminders, penalties, tax and criminal fines, to be recorded in account 6795- “Tax fines and penalties” or account 862- “Reminders on previous fiscal years”, for tax reminders pertaining to earnings.
---	--

COMMENT

The microfinance institution must be able to distinguish taxes and dues paid to the State from those paid to international organizations.

67	EXCEPTIONAL LOSSES INCLUDING THOSE FOR PREVIOUS YEARS / NET VALUE OF ASSETS
-----------	--

DEBIT

CREDIT

<p>- The amount of exceptional costs or costs pertaining to previous financial years.</p>	<p>- the amounts of costs to be classified under other headings; - The end-of-period balance, by debiting account 84 "Exceptional earnings".</p>
---	--

INCLUDE

EXCLUDE

<p>671- Bank operating costs on previous years 672 General operating costs on previous years 673- Other costs on previous years 676- Net book value of capitalized assets transferred 677- Subsidies granted 678- Gifts and donations granted 679- Exceptional losses</p>	
--	--

COMMENT

<p>Account 676 "Net book value of assets transferred" is debited of the net book value of fixed assets transferred and depreciation accounts (amortization accumulation) of the fixed assets transferred. For purposes of analysis, exceptional losses should be distinguished from the net book value of transferred capital assets.</p>

68	DEPRECIATION EXPENSES
-----------	------------------------------

DEBIT

CREDIT

<p>- The depreciation expenses of the year, by crediting account 28 "Amortization of intangible and tangible capital assets".</p>	<p>- The end-of-year balance, by debiting account 82 "Gross revenue".</p>
---	---

INCLUDE**EXCLUDE**

680- Depreciation expenses of intangible assets 682- Depreciation expenses of tangible fixed assets	- provisions, to be recorded in account 691 Provisions for bad debts; - amortization trade-ins, to be recorded in account 78 Amortization trade ins.
--	--

COMMENT

As far as possible, eventual sub-accounts follow the numbering of the divisional accounts to which the allotment relates.

69	ALLOTMENT FOR RESERVES AND LOSSES ON BAD DEBTS
-----------	---

DEBIT**CREDIT**

- Provisions of the year and the amount of claims that become irrecoverable, by crediting the appropriate class 5 accounts.	- The end-of-year balance, by debiting account 83, "Current earnings".
---	--

INCLUDE**EXCLUDE**

691- Provisions 6911- Provisions for risks and charges 6912- Provisions for depreciation of fixed assets 6913- Provisions for depreciation of trade accounts 6914- Provisions for depreciation of third-party accounts 6915- Provisions for depreciation of treasury accounts 6916- Provisions of MFI accounts 6917- Provisions for stocks depreciation 692- Losses of bad debts 6921- Losses on bad debts covered by reserves 6922- Losses on bad debts not covered by provisions 6923- Losses on bad debts of MFIs 694- Provisions for general risks 697- Regulated provisions 698- Other provisions	- depreciation expenses, to be recorded in account 68 "Depreciation expenses"; - provisions trade-in, to be recorded in account 791 "Provisions trade-ins"; - Provisions for paid annual leave, to be recorded in account 6518 "Rights to annual leave".
---	--

COMMENT

Risks and charges whose object is clearly defined as well as past, ongoing or probable events give rise to the constitution of **provisions for risks and charges**. These risks – be they actual or probable – are also provisioned even if they are known between the date of closing of the financial year and the date of opening of accounts.

The depreciation of tangible fixed assets – amortizable or otherwise – induced by causes whose effects are not deemed irreversible (e.g: downturn of the real estate market) can be covered by provisions registered in account 6912 “Provisions for depreciation of fixed assets”.

The write-off of bad debts is treated as a provision. When the write-off concerns claims already covered by provisions, the amount thereof is despite everything recorded in account 692 Losses on bad debts while the existing provision is again credited to account 791 “Trade-in of provisions”. For partly provisioned bad debts, only fractions covered by provisions are recorded in account 6921 “Losses on bad debts covered by provisions”. Fractions not covered are recorded in account 6922 “Losses on bad debts not covered by provisions”.

As far as possible, eventual sub-accounts follow the numbering of the divisional accounts to which the allotment relates.

CLASS 7 REVENUE ACCOUNTS

70 REVENUE FROM TREASURY AND INTER-BANK OPERATIONS

DEBIT

At end of period :
- interest and charges collected in advance, effective from the next period, by crediting account 4722- “Revenue collected or recorded in advance”;
- The balance, by debiting account 80- Net financial proceeds.

CREDIT

- interest and charges collected, by debiting correspondent accounts;
At end of period:
- the appraisal of uncollected interest pertaining to the said period, by debiting attached debts accounts linked to treasury accounts and inter-bank operations (class 5).

INCLUDE**EXCLUDE**

701 – Interest on money market operations 702 – Interest on other securities received in pawn 703 – Interest on term loans and accounts 704 – Interest on day-to-day loans 705 – Interest on demand accounts 706 – Charges on treasury and inter-bank operations 707 – Proceeds on network treasury operations	- taxes and dues to be paid in, to be recorded in account 430 “Taxes and dues” - interest on outstanding claims not collected, to be recorded in off-balance sheet account 9841 “Interest on overdue claims”
--	---

COMMENT

Account 70 “Proceeds from treasury and inter-bank operations” records interest and charges remunerating investments made on the money market and with correspondents. Revenue on overdue claims is recorded in account 70 only after it is actually collected.

No set-off must be made between interest payable deducted and interest receivable paid to the accounts of the same correspondent.

71 | REVENUE FROM OPERATIONS WITH CLIENTS AND MEMBERS**DEBIT****CREDIT**

At end of period : - the part of interest and charges collected in advance, effective from the next period, by crediting account 4722 “Proceeds collected or recorded in advance”; - The balance, by debiting account 80 “Net financial proceeds”.	- the amount of interest, charges and other proceeds collected, by debiting trade accounts; - at the end of period, the valuation of interest not collected but pertaining to the period, by debiting “ attached debts ” divisional accounts linked to operations with clients accounts (class 3).
--	--

INCLUDE**EXCLUDE**

711 – Interest on long-term loans 712 – Interest on medium-term loans 713 – Interest on short-term loans 714 – Interest on clients’ debit accounts 715 – Charges on operations with customers 716 – Other proceeds 717 – Revenue from operations with MFI clients	- taxes and dues to be paid, to be recorded in account 430 “Taxes and dues” - interest on overdue claims not actually collected, to be recorded off-balance sheet in account 9841 “Interest on overdue claims”
---	---

COMMENT

Account 71 “Revenue on operations with customers” records interests and charges from loans and advances extended to customers, as well as the proceeds from financial lease operations (when the MFI is the lessor) or assimilated operations (lease-purchase option).

No set-off must be made between interest payable deducted and interest receivable paid to the accounts of the same client.

During each downgrading of healthy securities into overdue claims, the related proceeds previously recorded in account 71 but not actually collected are reversed and then recorded off balance sheet.

72 REVENUE FROM SUNDRY OPERATIONS

DEBIT

At end of period:
 - sundry charges collected in advance, effective on the next period, by crediting account 4722 “Revenue collected and recorded in advance”;
 - the balance, by debiting account 80 Net financial proceeds.

CREDIT

- sundry proceeds and charges on banking operations, by debiting trade, third-party or treasury accounts;
 At end of period:
 - the appraisal of proceeds and charges not yet collected but related to the said period, by debiting account 4712 “Revenue to be collected”.

INCLUDE

720 – Account maintenance charges
721 – Charges on payment instruments
722 – Charges on commitments by signature
723 – Charges and profits on exchange operations carried out on a principal basis
724– Charges and costs collected on fund transfer operations
725 – Charges for managing the securities portfolio on behalf of third parties
726 - Profits on investment and transaction securities
727 – Bank operating costs recovery and re-

EXCLUDE

- taxes and dues to be paid in, to be recorded in account 430 Taxes and dues collected

invoicing 728 – Proceeds from payment instruments 729 – Sundry proceeds from MFI banking operations	
---	--

COMMENT

This heading brings together all fixed charges or those calculated in prorata *temporis* levied on the banking services rendered to clients.

Account 726 “Profits on transaction securities” records capital gains made on transaction securities during the time they are held or during their transfer.

Account 727 “Bank operating costs recovery and re-invoicing” records the franc-by-franc re-invoicing of bank operating costs that the institution settles on behalf of its clients.

Costs charged to clients at a flat rate are treated as charges and must be recorded in accounts 720 to 725.

Account 728 “Proceeds on payment facilities” records *inter alia* fees charges on assistance and advisory services as well as proceeds from payment facilities.

73	REVENUE FROM PORTFOLIO SECURITIES AND COMPULSORY SUBSCRIPTION LOANS
-----------	--

DEBIT

At end of period:
 - proceeds collected but related to the following financial year, by crediting account 4722 “Proceeds collected or recorded in advance”;
 - the end-of-period balance, by crediting account 80 “Net banking proceeds”.

CREDIT

- sundry proceeds and charges collected, by debiting treasury, trade or third-party accounts;
 At end of period:
 - proceeds not yet collected but pertaining to the period, by debiting account 4712 “Proceeds to be collected”

INCLUDE**EXCLUDE**

<p>731- Revenue from participation portfolio 7311- Revenue from equity shares held 7312- Revenue from MFI shares 7313- Revenue from shares of other members 7314- Revenue from capitalized government bonds 7315- Revenue from capitalized private securities 7316- Revenue from overdue securities</p> <p>732- Revenue from loans and compulsory subscription securities 7321- Revenue from development and related bonds 7322- Revenue from securitized receivables on the State 7323- Revenue from other loans and compulsory subscription securities 7326- Revenue from unpaid loans and securities</p> <p>733- Investment portfolio revenue 7331- Revenue from stocks and shares of lending institution 7332- Revenue from treasury bills 7333- Revenue from other negotiable stocks 7334- Revenue from debentures and allied bonds 7335- Revenue from own liabilities redeemed by anticipation 7336- Revenue from other short-term securities 7337- Revenue from doubtful securities</p> <p>734- Transaction portfolio revenue 7341- Revenue from stocks and shares of lending institutions 7342- Revenue from treasury bills 7343- Revenue from other negotiable stocks 7344- Revenue from debentures and allied bonds 7345- Revenue from own liabilities redeemed by anticipation 7346- Revenue from other short-term securities 7347- Revenue from the MFI transaction portfolio .</p>	
---	--

COMMENT

Account 73 “Proceeds from securities portfolio and compulsory subscription loans” records all revenue generated by the MFI’s securities portfolio, with the exception of the revaluation variances of the transaction portfolio and capital gains from transfers which fall respectively under account 726 “Profits on transaction securities” and 779 “Exceptional profits on previous years – assets transfer price”.

73	SUNDRY INCOME
-----------	----------------------

DEBIT

- customer return reports and discounts, bulk discount outside sales invoice
At end of period:
- proceeds collected, effective the following year, by crediting account 4722 "Proceeds collected and recorded in advance";
- The balance, by crediting account 81 Global revenue.

CREDIT

- the amount of sales of merchandise
- the amount of proceeds linked to financial lease operations;
At end of period:
- The valuation of proceeds not yet invoiced, by debiting account 4712 "Proceeds to be received".

INCLUDE

740- Sales of merchandise
741- Other proceeds linked to ancillary and incidental activities

EXCLUDE

- Operations whose classification has been specified elsewhere.

COMMENT

Account 74 "Ancillary proceeds" records earnings externalized by the microfinance institution and having no relation with operations authorized on a principal basis (saving, loans, financial investments, fund transfers), pursuant to article 9 of CEMAC Regulation No. 01/02/CEMAC/UMAC/COBAC.

Operations authorized on a secondary basis comprise: sale of foreign currencies and travelers' cheques, sale of merchandise, financial lease operations, hiring of strong boxes and training activities.

The MFI records sales of merchandise according to the classification of goods and services used in each State. The sale price is understood as the invoiced price, where necessary, net of taxes collected, less reductions and discounts when these are deducted on the bill itself.

75	OTHER REVENUES
-----------	-----------------------

DEBIT

At end of period:
- proceeds collected, effective the following year, by crediting account 4722 Proceeds collected or

CREDIT

- the amount of sundry proceeds and profits, by debiting the third-party or treasury account concerned;

recorded in advance ; - The balance, by crediting account 81 "Global revenue".	At end of period: - The revaluation of as yet unbilled proceeds, by debiting account 4712 "Proceeds to be received".
---	---

INCLUDE

EXCLUDE

751- Session allowances 752- Studies ceded 753- Self-constructed assets 754- Non-banking operating costs recovery and re-invoicing 755- Other proceeds from clients or members 756- Other proceeds from MFI operations	
---	--

COMMENT

This account records residual non-banking proceeds, not considered as ancillary and incidental proceeds.
--

76 OPERATING AND BALANCING SUBSIDIES

DEBIT

CREDIT

- The end-of-period balance, by crediting account 84 Exceptional result.	- The amount of subsidies received, by debiting account 43 "State, public authorities and bodies" or treasury accounts.
--	---

INCLUDE

EXCLUDE

761- Operating subsidies 762- Balancing subsidies 763- MFI operating and balancing subsidies	- Endowment funds and development subsidies, to be recorded in accounts 102 "Endowment funds" and 15 "Investment subsidies".
---	--

COMMENT

A subsidy is assistance consisting in cash or lost equity goods being given to a microfinance institution by:

- national public authorities (local communities, State, stabilization fund) ;
- or a foreign government-run or private organization (Cooperation and Assistance).

Operating subsidies are meant to offset a price insufficiency (interest rate or charges), or expenses deemed too heavy (expatriate staff, maintaining a non profitable branch). On the other hand, the balancing subsidy aims to offset a deficit trading result.

Where subsidies are many, a divisional account is opened per subsidizing body.

77	EXCEPTIONAL PROFITS INCLUDING THOSE FOR PREVIOUS YEARS – ASSETS TRANSFER PRICE
-----------	---

DEBIT

CREDIT

- The end-of-period balance, by crediting account 84 Exceptional result.

- profits not linked to operation and having an exceptional nature;
- profits concerning past financial years.

INCLUDE

EXCLUDE

770- banking revenue from previous years
 7701- Proceeds from treasury operations
 7702- Proceeds from customer and financial lease operations
 7703- Proceeds from sundry banking operations
771- Sundry proceeds from previous years
 7711- Proceeds from security portfolio
 7712- Incidental proceeds
 7713- Operating and balancing subsidies
 7719- Other sundry proceeds
772- Insurance benefits
773- Special prov. and revaluation reserves traded in
774- Investment subsidies traded in
775- Fixed assets transfer price
776- Transfers of exceptional costs and on previous years
777- Salaries and benefits written off
778- Sundry exceptional profits
 7781- Profits on treasury operations
 7782- Profits from operations with clients
 7733- Proceeds from sundry banking operations
 7786- Cash surplus
 7787- Cash discount
 7788- Gifts and donations obtained
779- Except. profits and on previous years - MFI assets transfer price

- Operations whose classification has been specified elsewhere.

COMMENT

Account 77 records exceptional proceeds as well as those relating to earlier years. Account 775 is credited by debiting treasury or third-party accounts (37 or 38) at the assets transfer price.

Gifts and donations obtained in kind are assessed at current value which depends on the market and how useful the received good is for the MFI.

78 | TRADE-IN OF AMORTIZATION

DEBIT

- The end-of-year balance, by crediting account 82 "Gross operating result".

CREDIT

- trade-in of amortizations concerning earlier periods, by debiting the amortization accounts concerned.

INCLUDE

780- Trade-in of amortization of capitalized costs and values
782- Trade-in of amortization of tangible fixed assets

EXCLUDE

COMMENT

The "Amortization trade-in" account regularizes amortizations recorded during previous periods. It helps to cut surplus amortizations to their normal value.

As far as possible, the subdivisions of account 78 follow the numbering of the divisional accounts to which the amortizations relate.

79 | TRADE-IN OF PROVISIONS AND RECOVERY OF BAD DEBTS

DEBIT

- The end-of-year balance, by crediting account 83 "Ongoing result".

CREDIT

- the trade-in of provisions concerning previous periods, by debiting the xxx provisions accounts

	concerned; - The amount of debts previously written off but ultimately recovered.
--	--

INCLUDE

EXCLUDE

<p>791- Trade-in of provisions 7911- Trade-in of provisions for risks and costs 7912- Trade-in of provisions for depreciation of capital assets 7913- Trade-in of provisions for depreciation of customer accounts 7914- Trade-in of provisions for depreciation of third-party accounts and accruals 7915- Trade-in of provisions for depreciation of treasury accounts 7917- Trade-in of provisions for depreciation of stocks 792- Recovery of abandoned claims 794- Trade-in of provisions for general risk 797- Trade-in of regulated provisions 798- Other trade-ins of provisions 79909- Trade-in of prov. and recovery of bad debts Network</p>	<p>- Trade-in of provisions for paid annual leave, to be credited to account 6518 “Rights to annual leave”.</p>
--	---

COMMENT

Account 79 “Trade-in of provisions and recovery of bad debts” regularizes provisions recorded during earlier periods. It helps to bring surplus provisions to their normal value. It is also used to cancel provisions that have become unnecessary. Inflows on amortized claims are treated as trade-ins of provisions and recorded in account 792 “Collection of bad debts”.

As far as possible, the subdivisions of account 791 follow the numbering of the divisional accounts to which the provisions relate. Sub-accounts may be created to differentiate provisions used from those that have become available.

CLASS 8

INTERMEDIATE MANAGEMENT ACCOUNTS

INTERMEDIATE MANAGEMENT ACCOUNTS

Intermediate management accounts (accounts of class 8) highlight the main aggregates of the result of a microfinance institution. These accounts serve to empty its expense and revenue accounts and to determine its result in a successive and progressive manner.

The intermediate accounts are the following:

- Account 80 – Net Financial Proceeds (NFP) ;
- Account 81 – Global Operating Revenue (GOR) ;
- Account 82 – Net Operating Result (NOR) ;
- Account 83 – Ongoing Result (OR) ;
- Account 84 – Exceptional Result (ER) ;
- Account 85 – Pre-tax Result;
- Account 86 – Tax on Result ;
- Account 87 – Net Result before Certification

80	NET FINANCIAL PROCEEDS (NFP)	
DEBIT	At end of period	CREDIT
- the costs of financial activity, for balance of accounts 60- “Costs of treasury operations and operations with lending institutions”, 61- “Cost of operations with customers”, 62- “Costs of sundry financial transactions” and 63- “Costs of permanent resources”; - The surplus, by crediting account 81- Global revenue.		- proceeds from financial activity, to balance accounts 70- “Proceeds from treasury operations and operations with lending institutions”, 71- “Proceeds from operations with clients”, 72- “Proceeds from sundry financial transactions” and 73- “Proceeds from securities portfolio and compulsory subscription loans”; - The negative balance, by debiting account 81- “Global revenue”.

COMMENT

This account serves to determine the Net Financial Proceeds (NFP), defined as the difference between earnings and exclusively financial operating expenses. It is the gross margin of all financial operations. It is used to measure the contribution of the principal financial activities in the formation of the operating result.

81	GLOBAL OPERATING REVENUE (GOR)
-----------	---------------------------------------

DEBIT

At the end of the period

CREDIT

<ul style="list-style-type: none"> - the balance of account 64- “Costs linked to ancillary and incidental activities”; - the surplus of this account, by crediting account 82- “Gross operating result”, to close; - The negative balance of account 80 – “Net financial proceeds”. 	<ul style="list-style-type: none"> - for profit balance of account 80- Net financial proceeds; - for balance of account 74- Ancillary and Incidental proceeds; - The negative balance of this account, by debiting account 82- Gross revenue, to close.
--	--

COMMENT

The Global Operating Revenue (GOR) is the gross margin earned from all (main) and ancillary financial operations. It helps to comparatively measure the contribution of ancillary and incidental activities to the formation of the gross result. If GOR is higher than NFP, ancillary activities are said to contribute positively to the formation of the gross result; otherwise, their contribution is negative.

82	GROSS OPERATING RESULTS
-----------	--------------------------------

DEBIT

At the end of the period

CREDIT

<ul style="list-style-type: none"> - committed costs for balance of accounts 65- “Staff expenses and general operating costs”, 66- “Taxes and dues”; and 68- “Amortization endowments”; - The surplus of this account, by crediting account 83- “Ongoing Result” for closing. - for the negative balance of account 81 GR 	<ul style="list-style-type: none"> - for surplus of account 81- Global operating proceeds; - for the balance of account 75- Other proceeds; - for balance of account 78- Trade in of amortization; - The negative result of this account, by debiting account 83- Ongoing result for closing.
--	---

COMMENT

The Gross Operating Result (GOR) is the profit realized on all definitive routine activities, after taking into account the committed costs. Committed costs comprise staff expenses, taxes and dues and net amortization endowments.

83	ONGOING RESULT
-----------	-----------------------

DEBIT**At the end of the period****CREDIT**

- the negative balance of the gross operating result (account 82); - for balance of account 68- “Amortization endowments” ; - for balance of account 69- “Provisions and losses on bad debts”; - The surplus of this account, by crediting account 85- “Net result before tax”.	- the positive balance of the gross operating result (account 82) ; - for balance of account 79- “Trade-in of provisions and recovery of bad debts”; - for balance of account 78- “Trade in of amortization”; - The negative result of this account, by debiting account 85- “Net result before tax”, for closing.
--	---

COMMENT

The Ongoing Result corresponds to the gross operating result after taking into account all risks, especially counterparty and operational risks. Counterparty risk is represented by net provisions ascertaining the depreciation of credits granted.

84	EXCEPTIONAL RESULT
-----------	---------------------------

DEBIT**At the end of the period****CREDIT**

- the amount of non-operating costs and losses, for balance of account 67- “Exceptional losses or on previous years, capital losses on assets transfers”; - The surplus result of this account, by crediting account 85- “Net result before tax on results” for closing.	- the amount of non-operating proceeds and profits, for balance of accounts 76- “Operating and balancing subsidies” and 77- “Exceptional profits or on previous years, capital gains on assets transfers”; - The negative result of this account, by debiting account 85- “Net result before tax on results” for closing.
---	--

COMMENT

This concerns the special result of costs and revenue from previous years or which, during the ongoing year, have a non-current (unusual) character. It is a “non-operating” result. Their *ipso facto* impact on the year’s management is thus identified. It is the only aggregate determined in a non cumulative manner: it does not reproduce the ongoing result.

85	PRE-TAX RESULT
-----------	-----------------------

DEBIT

CREDIT

<ul style="list-style-type: none"> - the ongoing result and exceptional negative result, for balance of accounts 83 and 84 ; - the surplus of this account, by crediting account 871- "Net result for the year" or account 131 "Net profits after certification", for closing. 	<ul style="list-style-type: none"> - for balance of accounts 83- "Ongoing result" and 84 "Exceptional result", when they register a surplus; - the negative result of this account, by debiting account 871- "Net result for the year" or account 132 "Net loss after certification", for closing.
--	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 851- Result before profits tax 852- Interim result 	
---	--

COMMENT

The net result before tax (851) represents the result after taking into account all revenues and expenses registered during the year and after deducting the result tax. It is the sum of the ongoing result and the exceptional result.

The interim result (852) is intended to periodically summarize the operating and non-operating results before the end of the financial year.

86	TAX ON RESULT
-----------	----------------------

DEBIT

CREDIT

<ul style="list-style-type: none"> - at end of year, the tax due on the year's result, by crediting account 43- "State and international bodies". - during the year, tax adjustments borne for previous profits, by debiting account 43- "State and international bodies"; - the end-of-year surplus of this account, by crediting account 871- "Net result for the year", for closing. 	<ul style="list-style-type: none"> - during the year, tax concessions obtained on previous years' profits, by debiting account 43- "State and international bodies"; - the negative end-of-year balance of this account, by debiting account 871- "Net result for the year", for closing.
--	---

INCLUDE**EXCLUDE**

861- Tax due for the year 862- Reminders on previous years, (debit balance) 863- Concessions on previous years, (credit balance)	- Taxes not based on the result, to be recorded in account 66- "Taxes and dues"; - Installment payments and deductions of the result tax during the year are recorded under the debit of account 430- "State, taxes and dues"
--	--

COMMENT

Account 86 is meant to calculate the tax on the year's result. Whatever the modalities of collection, its balance must correspond to the tax actually owed. This account is opened only in MFIs liable to this tax. The other types of tax must be recorded in account 66.

87 | NET RESULT BEFORE CERTIFICATION**DEBIT****CREDIT**

- the net negative result before the result tax, for balance of account 85 ; - for debit of account 86- "Result tax" - The positive balance of this account by crediting account 13 "Net result for the year after certification", for closing.	- for balance of account 85- Net result before the result tax, when it registers a surplus; - For positive balance of account 86- "Result tax". - The negative balance of this account by debiting account 13 "Net result for the year after certification", for closing.
---	---

INCLUDE**EXCLUDE**

871- Net result for the year 875- Net result pending appropriation	
---	--

COMMENT

The Net Result before Certification (87) is net of taxes but determined following valuation before certification of financial statements by auditors.

Indeed, the tax administration may require that the tax on results be paid before the auditors complete their work. To mark this difference, the net result will remain in account 87 for as long as the auditors have not certified the accounts. After factoring in the adjustments made by auditors, new aggregates are determined and account 13 "Net result after certification" is supplied instead of account 87.

This distinction clearly shows that the work of approved external auditors is important. In this regard, no result can be included in the MFI's equity funds if it has not been certified by auditors. Account 87 is placed at the bottom on the liabilities side.

CLASS 9

OFF BALANCE SHEET ACCOUNTS

OFF BALANCE SHEET ACCOUNTS

Class 9 accounts record commitments by signature.

Commitments by signature are rights and obligations arising from contractual provisions and whose effects on the institution's assets are conditioned on the implementation of subsequent conditions or operations. They are recorded off-balance sheet when given or received for a fee or when they are irrevocable.

Commitments by signature are divided between operations with clients and those concluded with correspondents.

The processing of accounting operations must distinguish on the one hand, commitments given and on the other, commitments received. No set-off is allowed between these two categories of commitments.

Given the differentiated scale of risks incurred by lending institutions on each type of commitment by signature, they are recorded in the accounts by nature. This distribution must distinguish *inter alia* sureties and credit guarantees (tax, customs and miscellaneous), the opening of documentary credits, confirmed or otherwise, acceptances underwritten, credit refund guarantees, etc.

The accounting processing of collective commitments by signature is similar to that of cash contributions. This was described in the introductory chapter of class 3 accounts "Transactions with customers".

The downgrading to "overdue claims" of a fraction of cash advance charged to a client makes commitments by signature issued on his order non productive.

Consequently, charges eventually discounted on these commitments and recorded in revenue accounts before being downgraded to bad debts, but not actually collected, must be reversed and recorded off balance sheet.

Commitments by signature denominated in foreign currency will, until their final outcome, remain recorded in the different currencies in which they are contracted.

Commitments by signature are subject to double-entry accounting. Account 99 serves as consideration for operations recorded in headings 90 to 96.

90	COMMITMENTS GIVEN TO LOCAL CORRESPONDENTS
-----------	--

DEBIT

CREDIT

<p>- During conclusion of the commitment, by crediting account 990- “General account of commitments given by order of correspondents”.</p>	<p>- when the commitment has become unnecessary (total or partial use, receipt of the release, enforcement of the security), by debiting account 990 ;</p> <p>- The amount of commitments that have become doubtful, by debiting account 9811- “Doubtful commitments by signature charged to correspondents – Commitments given”.</p>
--	---

INCLUDE

EXCLUDE

<p>901- Refinancing agreements given 902- Guarantees and backings by separate and endorsed acts 903- Acceptances to be paid 904- Other irrevocable or unconditional guarantees 905- Counter-guarantees in favour of local correspondents 907- Cash deposited with local correspondents and to be recovered 90909- Commitments given to local correspondents in network</p>	<p>- Securities given to financial intermediaries on order of clients, to be recorded in account 92- “Commitments given on order of clients”.</p>
---	---

COMMENT

<p>Account 901 records the amount of credit contributions that the MFI irrevocably undertakes to place at the disposal of other financial institutions at their request. These refinancing agreements must be subject to a written commitment and may be in the form of a safety net, discount facilities, stand-by or refinancing commitment credits.</p> <p>Featuring under accounts 902 to 905 are commitments given to guarantee the own debts or commitments of other financial intermediaries.</p> <p>Surety and backings given to financial intermediaries on orders of clients must not be recorded in account 902, but rather in account 921 “Surety and backings” under the heading Commitments on order of clients.</p>
--

91	COMMITMENTS RECEIVED FROM LOCAL CORRESPONDENTS
-----------	---

DEBIT	CREDIT
- the total or partial amount of the commitment during realization or extinction of the security, by crediting account 991 ; - the amount of commitments become doubtful, by crediting account 9812- "Doubtful commitments by signature charged to correspondents – Commitments received".	- On receipt of the commitment issued by the guarantor, by debiting account 991- "General commitments received from correspondents".

INCLUDE	EXCLUDE
911- Refinancing agreements received 912- Cross guarantees on loans to financial institutions 913- Cross guarantees on cash advances 914- Cross guarantees on other commitments by signature 915- Cross guarantees on portfolio securities 916- Securities managed on behalf of local correspondents 917- Cash reserves held on behalf of local correspondents and to be refunded 918- Other commitments 91909- Commitments received from local correspondents, network	- Guarantees received from public bodies under account 96- "Commitments received from public bodies".

COMMENT

Account 911 records the credit contributions that correspondents irrevocably undertake to place at the disposal of the lending institution at its first request. These refinancing agreements must be materialized by a written undertaking that can be produced by the beneficiary.

Account 912 records commitments received and serving as cross guarantee for loans granted by the MFI to financial institutions, either speculative or on bills.

Account 913 brings together commitments received and serving as cross guarantees for cash advances granted by the MFI. These cross guarantees can be given by lending institutions, as well as by specialized financial bodies (housing loan funds, rural credit funds, guarantee funds etc) or other financial institutions.

Account 914 records *bona fide* guarantees of underwritten acceptances and confirmed credit facilities. This account also records especially commitments given by an issuing institution to cover at maturity a bill accepted and discounted by a confirming institution in terms of the realization of documentary credits.

Account 915 is reserved for the recording of *bona fide* guarantees of good performance of other commitments by signature given on the order of correspondents in favour of clients (sureties, backings, etc.).

All the other commitments received by the institution as beneficiary (letter of comfort, commitment of dry lease operations, etc.) is recorded in account 919.

92	COMMITMENTS IN FAVOUR OF CLIENTS
-----------	---

DEBIT

CREDIT

- During conclusion of the commitment, by crediting account 992- “General account of commitments given on order of clients”.

- the total or partial amount of a commitment become unnecessary after use, receipt of release, enforcement of security, by debiting account 992 ;
 - The amount of commitments become doubtful, by debiting account 9821- “Doubtful commitments by signature charged to clients – Commitments given”.

INCLUDE

EXCLUDE

921- Commitments given by order of customers
922- Funding agreements given to customers
923- Commitments given to customers as consideration for securities managed on their behalf
924- Customer credit refund guarantee
929- Other commitments

COMMENT

Commitments of **surety or guarantee** given on order of customers comprise especially real estate, tax, customs guarantees, on public contracts, hypothecated bonds, etc. The lending institution may open a series 921 account by nature of commitment.

Account 924 regroups **reimbursement guarantees** of loans extended to the clients of the MFI by other lending institutions or by non financial economic agents.

93	COMMITMENTS RECEIVED FROM CLIENTS
-----------	--

DEBIT

CREDIT

- the total or partial amount of the commitment during realization or extinction of the security, by crediting account 993 ;
 - the amount of commitments that become

- Upon receipt of the commitment issued by counterpart, by debiting account 993- “General account of commitments received from customers”.

doubtful, by crediting account 9822- “Doubtful commitments by signature charged to customers – Commitments received”.	
---	--

INCLUDE

EXCLUDE

931- Mortgages 932- Collateralization of subordinated loans and deposits 933- Pledges 934- Sureties and deposits 935- Securities managed on behalf of customers 939- Other guarantees	- Security deposits recorded in account 374- “Security deposits”.
--	---

COMMENT

<p>Mortgages are entered in the accounts at their real value (updated value of expert valuation, market value, etc) within the entry of satisfaction of mortgage.</p> <p>Collateral covering concurrently several commitments of a customer (in cash and/or by signature) are identified in sub-account 9323.</p>

94	FINANCIAL LEASE COMMITMENTS
-----------	------------------------------------

DEBIT

CREDIT

<ul style="list-style-type: none"> - during conclusion of a financial lease contract (941), by crediting account 994- General account of financial lease commitments and ancillary operations, when the MFI is the lessee and hence, commits to pay the full amount; - the amount of financial lease that the institution undertook to provide but not yet disbursed (943), by crediting account 994 ; - the amount of each term, progressively as the loan is repaid (942), by crediting account 994, for balance of account 942 - the amount of commitments that become doubtful (942), by crediting account 984- “Doubtful commitments by signature on financial leases and related operations”; 	<ul style="list-style-type: none"> - as the lessee MFI settles royalties or the contract is terminated (941), by debiting account 994- General financial lease commitments and related operations account” for balance of account 941; - During signing of contracts, financial lease commitments received from customers (942), by debiting account 994 of the total contract amount. As the MFI is the lessor here; - during procurement of the property that the institution undertook to give out on rent (943), by debiting 994 ; - Profit margins collected in advance (9442), by debiting account 994.
---	---

- the outstanding amount of terminated contracts (942), by crediting account 994 ; - Margins to receive (9441), by crediting account 994.	
--	--

INCLUDE

EXCLUDE

941- Financial lease commitments given by the lessee MFI 942- Financial lease commitments received by the lessor MFI in consideration of the loan granted	
--	--

COMMENT

The commitments referred to in account 941 are exclusively those concerned with movable and immovable properties received under lease by the lending institution. On the other hand, accounts 942, 943 and 944 concern the leasing of properties which are owned by the institution. Rental operations with a lease-purchase option are treated as financial lease. Account 943 records rental contracts already concluded but for which the good is not yet delivered.

95	SECURITIES TRANSACTIONS AND COLLATERAL FOR MONEY MARKET TRANSACTIONS
-----------	---

DEBIT

CREDIT

- the amount of collateral for money market transactions, by crediting account 995- General account of collateral for money market transactions.	- The return of bills or during call of security, by debiting account 995.
--	--

INCLUDE

EXCLUDE

951- Government papers appropriated as security for money market transactions 952- Private bills lodged as security for money market transactions	
--	--

COMMENT

This account identifies collateral given by lending institutions for money market transactions. Government papers are represented by development bonds, treasury bills and debentures issued by States of the Issuing Zone.

96	COMMITMENTS RECEIVED FROM THE STATE AND PUBLIC BODIES
-----------	--

DEBIT

CREDIT

<ul style="list-style-type: none"> - The full or partial amount of the commitment during realization or extinction of the security, by crediting account 996. - The amount of commitments turned doubtful, by crediting account 983- "Doubtful commitments by signature charged to public bodies". 	<ul style="list-style-type: none"> - on receipt of the commitment issued by the counterparty, by debiting account 996- "General account of commitments received from the State and public bodies"
--	--

INCLUDE

EXCLUDE

<ul style="list-style-type: none"> 961- Guarantees received from the State 962- Guarantees received from public bodies 	
--	--

COMMENT

<p>This account identifies commitments by signature (sureties, guarantees, etc.) received from the State and public bodies, as defined in the attributes of identification.</p>

97	FOREIGN EXCHANGE BUSINESS
-----------	----------------------------------

DEBIT

CREDIT

<ul style="list-style-type: none"> - the CFAF amounts CFA (9711) and foreign exchange amounts (9712) bought cash but whose delivery is effected only at expiry of an usance deadline, by crediting accounts 978 and 977 respectively ; - during conclusion of a forward CFAF purchase (9721), by crediting accounts 978 and 9761 or 9762 ; - during conclusion of a forward foreign exchange purchase (9722), by crediting account 977 ; - foreign exchange loaned but not yet received (9731), by crediting account 9741 ; - decreases observed during periodic closings (979), by debiting account 978. 	<ul style="list-style-type: none"> - CFAF (9713) and foreign exchange (9714) sold cash but whose delivery will be effected only after expiry of an usance deadline, by debiting accounts 978 and 977 respectively ; - during conclusion of a forward CFAF sale (9723), by debiting accounts 978 and 9761 or 9762 ; - during conclusion of a forward foreign exchange sale (9724), by debiting account 977 ; - foreign exchange loaned but not yet delivered (9732), by debiting account 9742 ; - Increases observed during periodic closings (979), by debiting account 978.
--	---

INCLUDE**EXCLUDE**

<p>971- Foreign exchange operations paid cash 9711- CFAF bought cash, not yet received 9712- Foreign exchange bought cash, not yet received 9713- CFAF sold cash, not yet delivered 9714- Foreign exchange sold cash, not yet delivered 972- Off balance sheet foreign exchange transactions 973- Counter value of the off balance sheet foreign exchange position 974- Off balance sheet foreign currency adjustment account</p>	
--	--

COMMENT

The operating modalities, rules of revaluation of foreign exchange transactions – balance sheet and off balance sheet – at dates set periodically and their outcome are described in annex II – “Entries of foreign exchange transactions”.

98 DOUDTFUL COMMITMENTS BY SIGNATURE**DEBIT****CREDIT**

<p>- the amount of commitments given on orders of correspondents (9811) or customers (9821), by crediting accounts 90- “Commitments given on order of correspondents” and 92- “Commitments on order of customers”: a) when commitments recorded in the balance sheet are transferred to doubtful debts; b) in the absence of balance sheet outstandings, when the correspondent’s or customer’s position indicates that he might not be able to honour his signature; - interest on overdue claims (9851), charges on doubtful commitments (9852) and related fees (9853), by crediting respectively accounts 9971-</p>	<p>- commitments received from correspondents (9812), customers (9822) or public bodies (983) whose position seems to indicate that they might not be able to honour their signature, by debiting accounts 91- Commitments received from correspondents, 93- Commitments received from customers and 96- Commitments received from the State and public bodies; - financial lease commitments received from customers (9841 and 9842), by debiting accounts 9421- “Outstandings” and 9422- “Other commitments”: a) when commitments recorded in the balance sheet are transferred to doubtful claims;</p>
--	---

<p>“Reserved interests”, 9972- “Reserved charges” and 9973- “Fees to be collected on interest, charges and rents on financial lease and related operations”.</p>	<p>b) when the position seems to indicate that customers might not be able to honour their signature ; - rents owing on doubtful commitments on financial lease and related operations (9854), by debiting 9841 and 9842 ; - Termination benefits of financial lease contracts to be collected (9855), by debiting account 994- “General account of financial lease and related operations commitments”.</p>
--	--

INCLUDE

EXCLUDE

<p>981- Doubtful commitments by signature with correspondents 9811- Commitments given 9812- Commitment received 98109- Doubtful commitment by signature with correspondents in network 982- Doubtful commitments by signature with customers 9821- Commitment given 9822- Commitment received 983- Doubtful commitments by signature with public bodies 984- Proceeds and taxes to be recovered on outstanding claims and doubtful commitments by signature 9841- Interest on outstanding claims 9842- Charges on doubtful commitments by signature 9843- Taxes to be collected on outstanding claims and doubtful commitments by signature 9844- Rents due on doubtful commitments of financial lease and related operations 9845- Termination benefits to be collected 98499- Proceeds and dues to be collected on overdue claims and doubtful commitments by par signature, network</p>	
--	--

COMMENT

<p>Accounts 981 to 983 identify all sorts of commitments for which the lending institution runs the risk of honouring its signature. They are subject to provisions in account 1934- “Provisions for the execution of surety and guarantee commitments”.</p> <p>Account 984 records rents undue under financial lease or lease-purchase option payable by any lessee on whom the lending institution charges outstanding amounts of over three months. To avoid over-stating inner reserve, provisions must be constituted in function of prospects for the recovery of these rents. They are recorded in account 1942- “Provisions for risk of non collection of rents”</p> <p>Account 985 records payable but uncollected proceeds and related taxes to be collected on behalf of the State.</p>
--

99	GENERAL OFF-BALANCE SHEET COMMITMENTS ACCOUNT
-----------	--

DEBIT**CREDIT**

990- General account of commitments given on order of correspondents 991- General account of commitments received from correspondents 992- General account of commitments given in favour of customers 993- General account of commitments received from customers 994- General account of financial lease commitments 995- General account of security transactions and collateral for money market operations 996- General account of commitments received from the State and public bodies 998- General account of doubtful commitments by signature 99909- Commitments given in network 99919- Commitments received in network	
---	--

COMMENT

This account records the consideration for all sorts of commitments other than foreign exchange transactions.
