

## **Order No. 1840 of 10 December 2004**

### **on the approval of Notes on measures to be taken for enforcement of Law No. 348/2004 on domestic currency redenomination**

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Having regard to the provisions of Art. 6 para. (2) of Law No. 348/2004 on domestic currency redenomination and of Art. 38 para. (2) of Law No. 82/1991–Accounting Act, as republished,

pursuant to the provisions of Art. 10 para. (6) of Government Decision No. 1574/2003 on the organisation and operation of the Ministry of Public Finance and of the National Agency for Fiscal Administration, as amended and supplemented subsequently,

the Ministry of Public Finance issues this Order:

**Art. 1.** The Notes on the measures to be taken for enforcement of Law No. 348/2004 on domestic currency redenomination, as shown in the Annex that is an integral part of this Order, are approved.

**Art. 2.** The Notes stipulated under Art. 1 shall be applicable by the legal entities laid down in Art. 1 of Law No. 82/1991–Accounting Act, as republished, except for credit institutions and State Treasury units.

**Art. 3.** The Accounting Regulations Directorate and the Public Accounting General Directorate shall take measures for the fulfilment of the provisions of this Order.

**Art. 4.** This Order shall be published in *Monitorul Oficial al României*, Part One.

**Notes of 10 December 2004**  
**on the measures to be taken for enforcement**  
**of Law No. 348/2004 on domestic currency redenomination**

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For the enforcement of the provisions of Law No. 348/2004 on domestic currency redenomination, the legal entities stipulated under Art. 1 of Law No. 82/1991–Accounting Act, as republished, shall take the following measures as concerns:

**A. Bookkeeping, periodic accounting reports and annual financial statements**

1. During 1 January – 30 June 2005, the entities stipulated under Art. 1 of Law No. 82/1991, as republished, shall keep their books in ROL.

For this period, books, accounting and financial forms, VAT forms, as well as other registers, statements and ledgers shall be prepared in ROL.

2. Half-yearly accounting reports as at 30 June 2005 of the entities stipulated under Art. 1 of Law No. 82/1991, as republished, shall be generated in ROL, namely thousands of ROL.
3. Annual financial statements for 2005 shall be prepared in the new currency (RON) without its fractional coin.
4. On 1 July 2005, the legal entities stipulated under Art. 1 of Law No. 82/1991, as republished, shall convert into the new currency the beginning balances, turnovers and ending balances in the trial balance dated 30 June 2005.

The responsibility for the accuracy of the conversion shall be incumbent on the administrator, on the government institutions benefiting from government budget sources or on any other person who is in charge of managing the institution concerned.

Starting 1 July 2005, the books shall be kept in the new currency, referred to by law as leu.

The conversion shall be performed as follows:

- either by rounding off the amounts to hundred (the values equal to or higher than ROL 50 shall be rounded upwards, while the values lower than ROL 50 shall be rounded downwards) and by dividing the amounts thus obtained to 10,000 (ten thousand);

e.g.:

ROL-denominated amount	Rounding off to hundred	Dividing to 10,000	Difference to be adjusted (in RON)
1	2 = rounding off to hundred	3 = 2/10,000	4 = (2-1)/10,000
274,532.35	274,500	27.45	-0.003235
274,751.65	274,800	27.48	+0.004835

- or by dividing the amounts to 10,000 (ten thousand) and by rounding off the decimal of the values thus obtained to the second decimal (i.e. ban), by addition or deduction, as follows: the value obtained after division which is equal to or higher than RON 0.0050 shall be rounded off to RON 0.01, while the value lower than RON 0.0050 shall be rounded off to RON 0 (zero).

e.g.:

ROL-denominated amount	Result after division	RON-denominated amount after rounding off	Difference to be adjusted (in RON)
1	2 = 1/10,000	3 = rounding off to the second decimal	4 = [(3*10,000)-1]/10,000
131,475.28	13.147528	13.15	+0.002472
261,735.28	26.173528	26.17	-0.003528

The conversion shall also be made for the balances on analytical accounts in the trial balances, aiming to reconcile the values in the synthetic accounts with those in the analytical accounts.

Where the values resulting after the conversion of values in analytical accounts of trial balances as at 30 June 2005 lead to distortion of their economic substance, it is possible that the values in analytical account balances of trial balances represent numerals with more than two decimals resulting from the conversion.

In the case of items whose values derive from several calculation components, subject to conversion shall be either the resulting values or the components included in the calculation, as needed (e.g. in the case of stocks, unit price and value items).

Claims against and liabilities to third parties that were already converted shall be checked by internal auditors. Claims against and debts to third parties may also be subject to confirmation/information based on statements of credit and debit accounts of customers and other debtors, as well as suppliers and other creditors, so that the amounts resulting from conversion shall be reconciled. The same shall apply to liabilities to the government budget and to other budgets.

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#### Adjustment of differences resulting from conversion

1. The differences resulting from the conversion of assets and liabilities items shall be recognised under account 473 “Suspense account”. On 31 December 2005, the balance on account 473 “Suspense account” shall be recognised as either expense or income, under account 658 “Other operating expenses” or 758 “Other operating incomes”, as appropriate.
2. For public institutions, the differences resulting from the conversion of assets and liabilities items shall be recognised as either debit or credit, as appropriate, under account 702 “Financing from the budget in previous years and other sources”, 528 “Income from previous years and other sources”, 337 “Funds for special purposes”, according to the manner in which those institutions are financed.

#### B. Accounting, financial and supporting documents

1. In keeping with Art. 4 para. (1) of Law No. 348/2004 on domestic currency redenomination, dual pricing (in ROL and RON) shall apply from 1 March 2005 to 30 June 2006. Prices shall be on display where the goods are exhibited and where the services are provided or, in the case of utility providers, at their pay desks.
2. The invoices of utility providers during 1 March - 30 June 2005 shall be prepared in ROL, with total payable amounts expressed in ROL and RON.

Utility providers are those economic agents providing services or supplying goods of public utility such as electricity, heating, natural gas, water, sewer, mobile and fixed telephony, TV and radio broadcasts, and other similar services.

3. Starting 1 July 2005, invoices and all accounting, financial and supporting documents shall be prepared in RON.

Likewise, the books, VAT registers, any other registers or ledgers prepared by the entities stipulated under Art. 1 of Law No. 82/1991, as republished, shall be prepared in RON.

#### Transitory provisions

The amounts in ROL shown on invoices and other documents issued prior to 30 June 2005 and received after 1 July 2005 shall be converted into RON, pursuant to the provisions of Art. 5 para. (1) of Law No. 348/2004. In this case, statements of accounts may be issued, as appropriate.

4. Starting 1 July 2005, economic agents that are bound by law to use electronic cash registers shall issue for their customers cash receipts and, upon request, (fiscal) invoices in RON, regardless of the type of currency (ROL or RON) in which the operations are performed.
5. By 31 December 2006, while the ROL is legal tender, the cash register shall be expressed in RON.

The cash register balance shall be set out in RON. The cash balance shall be presented in accordance with the cash composition, i.e. in ROL and/or RON.

6. The amounts in the budgets of public and other institutions, by law, shall be converted into the new currency by dividing them to 10,000 and the resulting values shall be rounded off to one RON.
7. Starting 1 July 2005, public institutions shall submit their budgets and investment lists in RON to the State Treasury units where they opened accounts in order to make payments and collections.