

# EURO CONVERSION IN COMPANY

*Five months are left until the adoption of the euro on 1st January 2009. However, it is a short period for the realization of changes concerning euro conversion in firms, shops or self-government. The transition to the euro is a time, technically and logistically demanding process and attention should be paid to it. We talked with the manager of the Outsourcing and advisory division of the company Centire, Katarína Janošťáková, about the firms interest in relation to the transition to Euro, what are the risks and on what changes should they concentrate.*

## Which steps are necessary in the introduction of euro?

Each subject has to have its own plan for the introduction of euro in order to make the smooth transition. It is necessary to ensure the process of the introduction of euro in such a way that the related risks and costs are minimized.

A necessary step is the realization of the analysis of the organization and the state of preparedness to euro conversion.

1. To identify the areas which will be influenced by introducing the euro.
2. To analyze the areas identified and summarize the requirements necessary to realize in relation to the introduction of euro.
3. To carry out the analysis of risks related to the introduction of euro and propose measures for their elimination.
4. Elaborate an implementation plan of euro transition.

**The biggest problem will probably be the adaptation of information systems to euro when essential intervention in the software will be necessary. When should the modifications be started and on what changes concentrate the most?**



From a time perspective it is really indispensable to start the whole process of the preparation of the euro transition also in those companies which have not done anything until now. Otherwise it will not be possible to handle the process of euro conversion without unnecessary stress and many will not avoid also sanctions. According to the so called General law on the introduction of euro in Slovakia supervisory authorities may impose a penalty up to 30,000 euro to private and public subjects for breaching the law, up to 60,000 for a repeated breach. Subject should concentrate in the area of IT to the creation of an IT strategy by summarizing all the relevant systems affected by the euro conversion. After a software analysis a modification of the systems is necessary, it is usually carried out in cooperation with the supplier of the system. A stage, which should not be underestimated, is the testing of new versions of systems after their modification, the control of the printing sets and other.

## Which problems could appear during the adaptation of the software and how should it be solved or what should be remembered in the conversion?

When adapting IT systems it is necessary to ensure that they work with sums in SKK before the conversion and EUR after it, that they support dual display of prices, that they are able to work simultaneously in two currencies and if the situation requires it, in the case of unit prices, work with at least three decimal places, work with the conversion exchange rate with four decimal places.

## The euro transition is preceded by many legislative changes. What are the obligations of the enterprises in the legislative-legal area and contractual relations, including the relations with banks, Social Insurance Company and taxing authorities?

The basic principles of the introduction of euro are set in the National Euro Changeover Plan, adopted in a resolution of the SR government. One of the basic principles is the Principle of continuity contracts. The introduction of euro will not affect the validity of contracts, contractual and other legal relations applicable before the date of the introduction of euro. It will not be possible for one party to terminate the contract for reason of the introduction of euro, while changes



can be made only upon a mutual agreement of the contractual parties. Values in crowns specified in the contracts will be considered as the values in euro after conversion with the conversion exchange rate.

## What are the duties of the firm in the economic-administrative area?

It is necessary to check and exchange forms, ensure the conversion of budgets, check and change the price lists. Companies should not forget the marketing and product documentation as well as a change in the general business conditions.

## Which costs could a firm expect due to the introduction of Euro and who will pay them?

The firm bears alone all the costs it incurs in relation to the introduction of Euro. During the introduction of euro in Slovakia a principle applies that each subject bears its own costs, whether it is public or private sector. Costs for the introduction of euro should be the lowest possible therefore decisions were adopted on the implementation of the Big Bang system and a short dual circulation. Also other rules in acts governing the introduction of euro are set so that there are no unnecessary costs.

## Who is responsible for the coordination of the preparation for the introduction of euro in the firm and which plan should the firm prepare in order to minimize the costs related to euro conversion? What should be the content of such plan and to which areas should it apply?

The persons responsible for the subjects to be prepared for the transition in all respects and time are the representatives, members of the statutory bodies. Before starting the

More information about the benefits of outsourcing is available upon request from: [katarina.janostakova@centire.com](mailto:katarina.janostakova@centire.com)

**centire**  
entire solution

preparations to euro transition it is necessary to define a strategy of transition and a method of dealing with this process in the organization. It is important that a sufficient volume of financial and human resources are assigned to this process. A work group should be created for the introduction of euro, which will have the task of preparing the subject for a smooth and safe transition to euro.

## To what extent are the enterprises prepared and able to solve measures and manage the process of preparations in the transition to euro? Which are the risks of insufficient preparation?

From my point of view euro conversion is sufficiently communicated, many subjects have already successfully accomplished the process of preparation. For example the suppliers of accounting systems reacted very promptly. I see the biggest problem in the modification or adaptation of cash registers, as it is necessary to realize that from August dual display of prices is obligatory and this applies also to the smallest sellers.

## Which experts should the enterprise consult in case of insufficiently qualified forces?

I would certainly recommend a qualified consulting company, which carried out the projects of euro conversion. Due to the short time it is necessary to consult a partner with sophisticated methodology.

