

BANK OF GHANA

TECHNICAL GUIDELINES ON THE RE-DENOMINATION OF THE CEDI

In accordance with Section 41 (4) of the Bank of Ghana Act 2002, (Act 612), the Bank of Ghana hereby announces for the information of Banks, rural banks, savings and loans companies, other financial institutions and the general public the following guidelines on the implications of the re-denomination of the cedi as regards consumer pricing, exchange rate quotations, accounting systems and banking transactions.

With effect from 1st July 2007, the name of the national currency and respective symbols shall be Ghana cedi (GH¢) and Ghana pesewa (Gp). The new currency shall be exchanged for the existing notes and coins at all rural banks, savings and loan companies, commercial banks and the Bank of Ghana.

The Ghana cedi and the Ghana pesewa as well as the existing cedi and the pesewa will be in concurrent circulation for a six-month transition period, commencing from 1st July 2007 to the end of December 2007.

SECTION I: PRICING OF GOODS AND SERVICES

During the transition period, pricing of goods and services shall be made in both the existing cedis and the Ghana cedi (GH¢) and Ghana pesewa (Gp).

a). In translating prices from the existing cedi to the Ghana cedi (GH¢) and Ghana pesewa (Gp), prices below fifty cedis, or lower than half the Ghana pesewa (Gh¢0.0049) shall be disregarded while prices higher than or equal to fifty cedis or half Ghana pesewa (Gh¢0.0050) shall be rounded upwards to one Ghana pesewa. Prices currently prevailing are already generally rounded off to the nearest 100 cedis (or equivalent to Gp1) and it is expected that the rounding off will not significantly affect price levels.

b). Starting from 1st May 2007, all the stakeholders shall display and quote prices, charges, fines, fees, taxes and tariffs in both the old and new currencies.

c). From 1st May 2007 to 30th June 2007, prices and commission fees charged by banks shall be displayed at their head offices and branches in both cedis and Ghana cedis (GH¢) and Ghana pesewa (Gp).

SECTION II: EXCHANGE RATE QUOTATION

With effect from 1st July 2007, all exchange rate quotations shall be made in four digits to reflect international practice. Exchange rate quotations shall be made based on the following:

- a) It shall be rounded off at the fourth decimal.
- b) Figures at the fifth decimal equal or higher than half a Ghana pesewa shall be rounded upwards to one Ghana pesewa while the figures at the fifth decimal lower than half a Ghana pesewa shall be disregarded.

Example:

Currency	Before Re-denomination	After Re-denomination	Rounding Off
1USD	9,231.4423	0.92314423	0.9231
1GBP	17,985.2423	1.79852423	1.7985
1EURO	12,358.5912	1.23585912	1.2359

SECTION III: ACCOUNTING SYSTEMS

- a). From 1st July 2007 onwards all accounting data shall be prefixed by the new currency symbol GH¢ and Gp.
- b). All **approved budget estimates** up to 30th June 2007 shall remain in cedis. From 1st July, 2007 all unutilized budgetary allocations shall be converted into Ghana cedi (GH¢) and Ghana pesewa (Gp).
- c). Assets and liabilities in the books of accounts on or before 30th June 2007 shall be recorded in cedis while all assets and liabilities on the balance sheet as at 30th June 2007 shall be converted into Ghana Cedi (GH¢) and Ghana pesewa (Gp) from 1st July 2007.
- d). **Financial Statements** for the half-year to 30th June 2007 shall be prepared in cedis. However, from 1st July 2007, figures in 30th June 2007 financial statements shall be converted into Ghana cedi (GH¢) and Ghana pesewa (Gp). Thereafter financial statements shall be prepared in Ghana cedi (GH¢) and Ghana pesewa (Gp).
- e). Recording of **Income and Expense transactions** shall remain in cedis from January to 30th June 2007. From 1st July 2007, balances on both the revenue and expenditure accounts shall be converted into Ghana cedi (GH¢) and Ghana

pesewa (Gp). Thereafter all transactions shall be recorded in Ghana cedi (GH¢) and Ghana pesewa (Gp).

f). **Goods and Services** shall be invoiced in cedis until 30th June 2007. Thereafter, from 1st July 2007 goods and services shall be invoiced in Ghana Cedi (GH¢) and Ghana pesewa (Gp).

g). All outstanding items on **Cedi Reconciliation Statements** shall be in cedis up to 30th June 2007. From 1st July 2007 figures in the reconciliation statements shall be converted into Ghana cedi (GH¢) and Ghana pesewa (Gp).

SECTION IV: BANKING TRANSACTIONS

a). All banks shall make cash collection in both cedi and Ghana cedi (GH¢), while payments shall be made only in Ghana cedi (GH¢) and Ghana pesewa (Gp). Banks shall continue to receive and check the cedi notes and coins from the public and shall deposit them with the Bank of Ghana.

b). Banks shall adapt ATMs and other cash processing equipments to the use of Ghana cedi (GH¢) notes by 30th June 2007. The technical specifications and specimens of the new notes and coins shall be made available to the Banks in May 2007.

c). Starting 1st July, 2007, amounts shown on cash receipts released by ATMs, POSs, or displayed on the monitors shall be expressed in Ghana cedi (GH¢) and Ghana pesewa (Gp) regardless of the type of currency in which the operations are performed.

d). Banks shall submit to Bank of Ghana the accounting, prudential and any other reports for 30th June, 2007 in cedis.

e). Starting 1st July, 2007, all accounting, prudential and other reports to the Bank of Ghana, including financial statements for fiscal year 2007, shall be in Ghana cedi (GH¢) and Ghana pesewa (Gp).

f). On 1st July, 2007, banks and other stakeholders shall convert into Ghana cedi (GH¢) and Ghana pesewa (Gp) beginning balance, turnover and ending balances in the trial balance as of 30th June 2007, and;

- All goods, rights and obligations expressed or valued in the cedi, arising prior to 1st July 2007 shall be converted into the Ghana cedi (GH¢) and Ghana pesewa (Gp), including overdue and outstanding instruments on balance as at June 30, 2007.

g). All amounts in accounting data shall be rounded upwards or downwards depending on the value obtained after the division which is equal to or higher than half Ghana pesewa (GH¢ 0.0050) while the value obtained which is less than half Ghana pesewa (GH¢ 0.0049) shall be disregarded.

h). The difference arising from the conversion shall be subject to adjustment as follows: the difference arising from conversion of assets and liabilities shall be recognized under account item “other adjustment accounts”. At end-December 2007, the balance on the account items ‘Other adjustment account’ shall be recognized as either expense or income, under ‘Other Operating Expenses’ or ‘Other Operating Incomes’ as appropriate.

i). Starting 1st July, 2007, **invoices and all accounting, financial and supporting documents** shall be prepared in Ghana Cedi (GH¢) and Ghana pesewa (Gp). Likewise, the books and VAT registers, and any other registers or ledgers used by banks as well as the documents on their IT applications shall be prepared in Ghana cedi (GH¢) and Ghana pesewa (Gp).

j). Starting 1st July, 2007, all the forms generated by banks, which make reference to cedis, shall be referred to as Ghana cedi (GH¢) and Ghana pesewa (Gp).

k). In bookkeeping, the amounts in cedis shown on invoices and other documents issued prior to 30th June 2007 and received after 1st July, 2007 shall be converted to Ghana cedi (GH¢) and Ghana pesewa (Gp).

l). The amounts shown on debit instruments, such as cheques, bills of exchange and promissory notes held by beneficiaries based on agreements concluded between the parties prior to 1st July, 2007 for settlement after this date shall be converted by banks to Ghana cedi (GH¢) and Ghana pesewa (Gp), on the responsibility of the holder of the payment instruments in question.

m). Starting 1st July 2007, all payments made between banks, between banks and Bank of Ghana, as well as all the payments in which the Government Treasury is involved, shall be made in the Ghana cedi (GH¢) and Ghana pesewa (Gp).

n). By end-December 2007, while the cedi is a legal tender, the balances of the cash register shall be expressed in Ghana cedi (GH¢) and Ghana pesewa (Gp). The cash balance shall however be presented in accordance with the composition of cash, that is cedi and pesewa and /or Ghana cedi (GH¢) and Ghana pesewa (Gp).

o). The cash statement of banks at end month shall be set out for each denomination in both quantity and value and the total amount shall be expressed in both cedis and Ghana cedi (GH¢) and Ghana pesewa (Gp).

p). During the period from 1st May 2007 to end-December 2007, the bid and ask rates for convertible currencies and cash substitutes shall be displayed by banks in both cedis and pesewas and Ghana cedi (GH¢) and Ghana pesewa (Gp).

q). The Bank of Ghana shall issue notice regarding the settlement of fund transfers, stipulating that by **29th June 2007** the settlement of fund transfers

between banks, between banks and the Bank of Ghana, as well as the payments in which the Government Treasury is involved shall be made in **the cedi**. The settlement of operations performed on the last banking day of June 2007 shall be made the same day.

SECTION V: SECURITIES

All Securities printed and issued after the commencement date shall be in the Ghana Cedi (GH¢) and Ghana pesewa (Gp); whilst the face values of existing securities shall be converted accordingly.

SECTION VI: REFERENCES

All references made to the cedi in contracts and other business transactions, exchange instruments, payment arrangements, court decisions and any other document not expressly provided for by statute shall be considered to have been made to the Ghana cedi (GH¢) and Ghana pesewa (Gp).

**JAMES A. ODEI
THE SECRETARY**