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*Danish Act no. 448 of 7 June 2001*

Danish Act on Commercial Enterprises' Presentation of  
Financial Statements, etc. (the Danish Financial Statements Act) <sup>1)</sup>

BE IT KNOWN that the Folketing has enacted and We, Margrethe the Second, by the grace of God, Queen of Denmark, have given Our Royal Assent to the following Act:

## **PART I**

### **Scope, Basic Requirements, etc.**

#### Chapter 1

##### **Scope, etc.**

###### *Enterprises covered*

**1(1)** This Act shall apply to all commercial enterprises, cf. however subsection (3).

(2) For the purpose of this Act, an enterprise shall be deemed to be commercial if it supplies or provides goods, rights, funds, services or the like for which it normally receives consideration. However, an enterprise shall always be regarded as commercial if it is covered by the Danish Companies Act, the Danish Private Companies Act, the Danish Act on Commercial Foundations, the Danish Act on Certain Commercial Enterprises or if the enterprise is otherwise a commercial enterprise in accordance with existing legislation. This shall apply whether or not the enterprises are exempt from the requirements of the aforesaid Acts, in full or in part.

(3) The Act does not apply to enterprises

- 1) covered by accounting and reporting rules issued by the Danish Financial Supervisory Authority,
- 2) covered by the Danish Act on State Accounting, or
- 3) solely covered by accounting and reporting rules laid down in or in pursuance of the Danish Act on Local Government Management.

- 1) The Act contains provisions implementing Council Directive 77/91/EEC of 13.12.1976 (the Official Journal of the European Communities 1977 no. L 26, p. 1), Council Directive 78/660/EEC of 25.7.1978 (the Official Journal of the European Communities 1978 no. L 222, p. 11), Council Directive 78/855/EEC of 9.10.1978 (the Official Journal of the European Communities 1978 no. L 295, p. 36), Council Directive 82/891/EEC of 17.12.1982 (the Official Journal of the European Communities 1982 no. L 378, p. 47), Council Directive 83/349/EEC of 13.6.1983 (the Official Journal of the European Communities 1983 no. L 193, p. 1), Council Directive 84/253/EEC of 10.4.1984 (the Official Journal of the European Communities 1984 no. L 126, p. 20), Council Directive 89/666/EEC of 21.12.1989 (the Official Journal of the European Communities 1989 no. L 395, p. 36), Council Directive 90/604/EEC of 8.11.1990 (the Official Journal of the European Communities 1990 no. L 317, p. 57), Council Directive 90/605/EEC of 8.11.1990 (the Official Journal of the European Communities 1990 no. L 317, p. 60) and Council Directive 99/60/EEC of 17.6.1999 (the Official Journal of the European Communities 1999 no. L 162, p. 65).

Min. of Business and Industries, ref. no. 01-37-01

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### **The annual report**

**2(1)** For each financial year, the enterprises mentioned in section 3(1) shall present financial statements in pursuance of this Act. Unless otherwise provided by sections 18, 22, 102 or 109, the financial statements shall be supplemented with

- 1) financial statements for a group managed by the enterprise (consolidated financial statements),
- 2) a management's review for the enterprise and for any group managed by the enterprise and
- 3) a statement by the executive and supervisory boards on the annual report.

(2) In addition, the enterprise may include any supplementary reports, cf. section 14.

(3) The financial statements, reports and endorsements provided for in subsections (1) and (2) shall be jointly designated "annual report".

(4) Financial statements prepared by an enterprise for its own use shall not be deemed to constitute an annual report under this Act. Any financial statements presented by an enterprise which are not deemed to constitute an annual report for the purpose of this Act shall not be designated an annual report, and the appearance of any such financial statements, in form as well as in substance, shall prevent the financial statements being mistaken for such an annual report.

### **Types of business organisation covered**

**3(1)** Unless exempt in pursuance of the rules set out in sections 4-6, the following commercial enterprises shall present an annual report in pursuance of the rules laid down in this Act:

- 1) Public limited companies, partner companies (limited partnership companies) and private limited companies,
- 2) partnerships and limited partnerships in which all partners and general partners respectively are
  - a) public limited companies, partner companies (limited partnership companies), private limited companies or companies in a similar form of corporate organisation, or
  - b) partnerships or limited partnerships in which all partners and general partners respectively are covered by paragraph a) above,
- 3) commercial foundations, cf. the Danish Act on Commercial Foundations, section 1(2), cf. however subsections (3)-(5), and
- 4) enterprises with limited liability covered by the Danish Act on Certain Commercial Enterprises section 3 (enterprises and societies with limited liability) and section 4 (co-operative societies with limited liability) unless the enterprise is exempt from section 4 of this Act.

(2) Where an enterprise covered by this Act which is not under an obligation to present an annual report in accordance with subsection (1) voluntarily elects to present an annual report not intended solely for the enterprise's own use, it shall, as a minimum, follow the rules for reporting class A, cf. section 7(1), paragraph 1).

### **Exemption for enterprises covered by the Danish Act on**

#### *Certain Commercial Enterprises*

**4(1)** Enterprises covered by the Danish Act on Certain Commercial Enterprises section 3 (enterprises and societies with limited liability) and section 4 (co-operative societies with limited liability) may decide not to present an annual report in pursuance of this Act, cf. however

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subsections (4)-(6), if the enterprise does not exceed two of the following limits as at the balance sheet date in two consecutive financial years:

- 1) A balance sheet total of DKK 4 million,
  - 2) revenue of DKK 10 million, and
  - 3) an average number of 10 full-time employees in the course of the financial year.
- (2) Section 7(3) shall apply in connection with the calculation of the amounts in subsection (1).
- (3) Where an enterprise elects to make use of the exception provided for in subsection (1), it shall submit an exemption statement to the Danish Commerce and Companies Agency in pursuance of section 145.
- (4) However, the exception provided for in subsection (1) shall not apply to any enterprise which is the parent of a group for which it is required to present consolidated financial statements in pursuance of this Act, cf. section 7(4).
- (5) Where an enterprise covered by the exception in subsection (1) elects to present an annual report not intended for the enterprise's own use, the enterprise shall, as a minimum, follow the rules for reporting class A, cf. section 7(1), paragraph 1.
- (6) Where the enterprise wishes to have an annual report which has been presented voluntarily in pursuance of subsection (5) published in the Danish Commerce and Companies Agency, the enterprise shall submit the exemption statement referred to in subsection (3) to the Agency. However, the exemption statement is not required to be submitted if the enterprise elects to have the annual report prepared and audited in accordance with the rules for statutory annual reports, cf. section 7(1), paragraph 2).

**Exemption for certain partnerships and limited partnerships**

**5(1)** A partnership or a limited partnership covered by section 3(1), paragraph 2), may omit to present an annual report and instead submit an exemption statement in pursuance of section 146(1) if

- 1) its financial statements by full consolidation, proportionate consolidation or recognition and measurement under the equity method form part of consolidated financial statements presented by a partner or a general partner or by one of their parents instead,
  - 2) the partner or the general partner is domiciled in Denmark or comes under the legislation in another EU Member State or in another country with which the Community has entered into an agreement,
  - 3) the consolidated financial statements have been prepared in accordance with the rules of this Act or, if the partner, general partner or the parent in question is not Danish, in accordance with the rules of Council Directive 83/349/EEC as amended, and the consolidated financial statements have been audited and published in accordance with the said rules, and
  - 4) it is disclosed in the consolidated financial statements in question that the partnership or the limited partnership respectively has omitted to present an annual report in pursuance of this section.
- (2) A partnership or a limited partnership covered by section 3(1), paragraph 2), may omit to present an annual report itself and instead submit an exemption statement in pursuance of section 146(2) if
- 1) one of the enterprise's partners or general partners respectively is domiciled in Denmark and
  - 2) the partner or general partner presents the annual report for the partnership or limited partnership and arranges for the annual report to be audited and published in accordance with the rules of this Act together with its own annual report in a joint annual report or as two separate annual reports.
- (3) A partnership or a limited partnership covered by section 3(1), paragraph 2), in which no partner or general partner is domiciled in Denmark may omit to present an annual report itself and instead submit an exemption statement in pursuance of section 146(3) if
- 1) a partner or a general partner respectively comes under the legislation in an EU Member State or in another country with which the Community has entered into an agreement and

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- 2) the partner or general partner presents the annual report for the partnership or limited partnership and arranges for the annual report to be audited and published in accordance with the legislation referred to in paragraph 1) together with its own annual report in a joint annual report or as two separate annual reports.
- (4) Partnerships and limited partnerships using the exceptions provided for in subsections (2) and (3) shall, on request, disclose to any person the name and CVR number or other registration number as well as the registered office of the enterprise having presented the annual report.

**Exemption for subsidiaries without activity**

**6(1)** A subsidiary which has not carried on any activity during the financial year may omit to present an annual report for the year in question and instead submit an exemption statement in pursuance of section 146(4) if

- 1) the subsidiary's financial statements by full consolidation or by recognition and measurement under the equity method form part of consolidated financial statements presented by a parent or by a higher-ranking parent instead,
  - 2) the parent or the higher-ranking parent comes under the legislation in an EU Member State or in another country with which the Community has entered into an agreement,
  - 3) the consolidated financial statements have been prepared in accordance with the provisions of this Act or, if the parent in question is not Danish, in accordance with the provisions of Council Directive 83/349/EEC as amended, and the consolidated financial statements have been audited and published in accordance with the said provisions,
  - 4) all the subsidiary's owners have accepted the procedure for the financial year in question,
  - 5) the parent has declared that it guarantees the subsidiary's commitments until submission by the subsidiary of an annual report for a subsequent financial year and receipt and publication of such annual report in accordance with the provisions of Chapters 19 and 20, and
  - 6) it is disclosed in the consolidated financial statements in question that the subsidiary has omitted to present an annual report in pursuance of this section.
- (2) An enterprise is deemed to be without any activity in the financial year if it does not carry on any commercial activities, whether directly or indirectly, does not hold any investments in another enterprise and has not undertaken any risks.

**Reporting classes**

**7(1)** The provisions governing the preparation of annual reports laid down in this Act are divided into reporting classes A, B, C and D, cf. Parts II-V. In determining the reporting class to be followed by an enterprise the following shall apply:

- 1) Enterprises covered by the Act which are not required to present an annual report in pursuance of section 3(1), but which voluntarily present an annual report, cf. section 3(2), shall, as a minimum, follow the rules for reporting class A as set out in Part II.
  - 2) Small enterprises required to present an annual report in pursuance of section 3(1) shall, as a minimum, follow the rules for reporting class B as set out in Part III.
  - 3) Medium-sized and large enterprises required to present an annual report in pursuance of section (1) shall, as a minimum, follow the rules for reporting class C as set out in Part IV.
  - 4) State-owned public limited companies and companies the shares or bonds of which are listed on a stock exchange ("listed companies") in an EU Member State or in another country with which the Community has entered into an agreement, and which are under an obligation to present an annual report in pursuance of section 3(1) paragraph 1), shall, irrespective of their size, follow the rules for reporting class D as set out in Part V.
- (2) In determining the reporting class to be followed by an enterprise the following limits shall be applied:
- 1) Small enterprises:

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- Enterprises not exceeding two of the following limits as at the balance sheet date in two consecutive financial years:
- a) A balance sheet total of DKK 20 million,
  - b) revenue of DKK 40 million, and
  - c) an average number of 50 full-time employees during the financial year.
- 2) Medium-sized enterprises:  
Enterprises which are not small enterprises and which do not exceed two of the following limits as at the balance sheet date in two consecutive financial years:
- a) A balance sheet total of DKK 75 million,
  - b) revenue of DKK 150 million, and
  - c) an average number of 250 full-time employees during the financial year.
- 3) Large enterprises:  
Enterprises which are not small or medium-sized enterprises.
- (3) The following shall apply in connection with the calculation of the limits set out in subsection (2):
- 1) The balance sheet total is the total of all assets.
  - 2) Revenue is defined in Schedule 1, C, no. 11. If an accounting period is shorter or longer than 12 months, revenue is increased or reduced on a proportionate basis so that an amount is arrived at that is equivalent to the amount for a 12-month period.
  - 3) As far as possible, the average number of full-time employees shall be calculated in accordance with the rules laid down in pursuance of section 178 of the Danish Companies Act.
- (4) Notwithstanding subsection (1), parents of groups required to present consolidated financial statements in accordance with sections 109 and 110 shall, as a minimum, follow the rules for reporting class C, unless required, as a minimum, to follow the rules for reporting class D in accordance with subsection (1), paragraph 4).
- (5) Instead of following the rules provided for in the part to be followed by the enterprise, as a minimum, in accordance with subsections (1) and (4), the enterprise may elect systematically and consistently to follow all or some of the rules provided for in one or more subsequent parts (reporting classes).

## Chapter 2

### **Management's responsibility for the presentation of the annual report**

- 8(1)** The management bodies entrusted with the ultimate and day-to-day management respectively under legislation, articles of association, agreement or custom applicable to the enterprise in question shall present an annual report for the enterprise. If there is no separate management body, the personally liable owners shall be jointly deemed to constitute the competent management body for the purpose of this Act.
- (2) Each individual member of the management bodies in question shall be responsible for ensuring that the annual report is prepared in accordance with the legislation and any further accounting and reporting requirements provided for by articles of associations or by agreement. In connection with the preparation of the annual report, the said members shall also observe the standards applying to the enterprise, cf. section 136. Further, each individual member shall be responsible for ensuring that the annual report may be audited and approved in time if auditing is required. Each individual member of the supreme management body shall be responsible for ensuring that the annual report is submitted to the Danish Commerce and Companies Agency within the time limits stipulated in the Act.
- 9(1)** When the annual report has been prepared, it shall be signed by all members of the competent management bodies and their signatures shall be dated. They shall affix their signatures to a statement by the executive and supervisory boards on the annual report, stating

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- 1) whether the annual report has been presented in accordance with the requirements provided for by legislation and any standards as well as any requirements provided for by articles of association or by agreement, and
- 2) whether the annual report gives a true and fair view of the enterprise's assets, liabilities and equity, financial position and results for the year, and if consolidated financial statements are prepared, the group's assets, liabilities and equity, financial position and results for the year.

(2) If the management has added supplementary reports to the annual report, the members of the competent management bodies shall state in the statement by the executive and supervisory boards on the annual report whether the report gives a true and fair view in accordance with generally accepted guidelines for such reports.

**10** Even if a member of the management disagrees with an annual report in full or in part or has objections to the annual report being approved with the contents decided upon, the member is not entitled to omit to sign the annual report. However, such member of the management may state his or her objections giving specific and adequate grounds in connection with his or her signature and the statement by the executive and supervisory boards on the annual report.

### Chapter 3

#### **Basic requirements for the annual report**

##### *True and fair view*

**11(1)** The annual report must give a true and fair view of the enterprise's assets, liabilities and equity, financial position and results for the year and, if consolidated financial statements have been prepared, the group's assets, liabilities and equity, financial position and results for the year.

(2) If the application of the provisions of this Act is not sufficient to give a true and fair view in accordance with subsection (1), further disclosure must be made in the annual report.

(3) If, in special cases, the application of the provisions set out in sections 19-21, 23-77, 79-101, 103-107 and 114-134 of this Act conflicts with the requirement of subsection (1), the provisions shall be derogated from so that the requirement can be met. Any such derogation shall be disclosed in the notes for each financial year, giving specific and adequate grounds and indicating the effect, including, if possible, the effect in terms of amounts, of the derogation on the assets, liabilities and equity, financial position and the results of the enterprise and the group respectively.

(4) The requirements in subsections (1)-(3) shall apply correspondingly when standards are used that have been issued within the framework of this Act, cf. section 136.

#### **Quality requirements**

**12(1)** In order for the compulsory parts of an annual report to give a true and fair view in accordance with section 11, the provisions of subsections (2) and (3) must be complied with.

(2) The annual report must be prepared so as to support users of financial statements in their economic decisions. Such users are private individuals, enterprises, organisations and public authorities, etc., whose economic decisions must normally be expected to be affected by an annual report, including present and prospective owners of the enterprise, creditors, employees, customers, alliance partners, the local community and authorities providing government grants and fiscal authorities. The decisions in question concern

- 1) investment of the user's own resources,
- 2) the management's administration of the funds of the enterprise and
- 3) distribution of the funds of the enterprise.

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(3) The annual report must be prepared so as to disclose information about matters which are normally relevant to users, cf. subsection (2). The information disclosed must also be reliable in relation to users' normal expectations.

**Basic assumptions**

**13(1)** The annual report shall be prepared in accordance with the basic assumptions set out below:

- 1) It must be prepared in a clear and understandable manner (clarity).
- 2) The substance of transaction rather than formalities without any real content must be accounted for (substance over form).
- 3) All relevant matters must be included in the annual report unless they are insignificant (materiality). But where several insignificant matters are deemed to be significant when combined, they must be included.
- 4) The operation of an activity is based on a going concern assumption unless it is to be discontinued or it is assumed that it will not be possible to be continued. If an activity is discontinued, classification and presentation as well as recognition and measurement must be adjusted accordingly.
- 5) Any change in value must be shown irrespective of the effect on equity and income statement (neutrality).
- 6) Transactions, events and changes in value must be recognised when occurring irrespective of the time of payment (accrual basis).
- 7) Methods of recognition and measurement basis must be applied uniformly to the same category of matters (consistency).
- 8) Each transaction, event and change in value must be recognised and measured individually, and individual matters must not be offset against each other (gross presentation).
- 9) The opening balance sheet for the financial year must be equivalent to the closing balance sheet for the previous financial year (formal consistency).

(2) Financial year, presentation and classification, method of consolidation, method of recognition and measurement basis as well as the monetary unit applied must not be changed from period to period (actual consistency). However, a change may be made if this results in a more true and fair view being given, or if the change is necessary in order to comply with new rules in case of a transition to a new reporting class, statutory amendments, new orders or regulations in pursuance of an Act or in case of new standards pursuant to section 136.

(3) The provisions in subsection (1), paragraphs 6-9, and subsection (2) may be derogated from in special cases. In such cases, section 11(3), second sentence, shall apply correspondingly.

**14(1)** Any supplementary reports on, for example, the enterprise's social responsibility, knowledge and know-how and employee conditions, environmental issues and ethical objectives and follow-up on such matters must give a true and fair view in accordance with generally accepted guidelines for such reports. Such reports must meet the quality requirements in section 12(3) and the basic assumptions set out in section 13(1) and (2) subject to the special terms required by the nature of the case.

(2) The methods and measurement basis used for the preparation of the supplementary reports must be disclosed in the reports.

**15(1)** The financial year must comprise 12 months, which must always begin and end on a specific date of the year. The subsequent financial year shall begin the day after the balance sheet date of the previous financial year.

(2) The first accounting period may comprise a period which is shorter or longer than 12 months, subject however to a maximum of 18 months.

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(3) If the financial year is changed, the period of transition shall not exceed 12 months. However, the period of transition may comprise up to 18 months if it is necessary to change the financial year in order to achieve the same financial year in several enterprises in the event of

- 1) the establishment of a consolidated group
- 2) the establishment of participation in the joint management of another enterprise, or
- 3) a merger.

(4) Parents and subsidiaries must ensure that the subsidiaries have the same financial year as the parent unless this is not possible due to circumstances beyond the control of the parent and the subsidiary.

**16** Recognition, measurement and disclosure in monetary units must be denominated Danish kroner (DKK) or in euro. By order the Danish Commerce and Companies Agency may permit that the amounts may be denominated in other foreign currencies which are relevant to the enterprise or the enterprise's group respectively.

#### Chapter 4

#### **Order, etc. of the elements of the annual report**

**17(1)** The annual report must contain the elements prescribed for each reporting class, cf. sections 18, 22, 78 and 102, as well as equivalent elements for consolidated financial statements. The accounting policies must be disclosed together in one place. The statement of changes in equity may be placed as a separate statement or in the notes.

(2) The management's review for the parent and the group may be combined if the information which differs for the parent and the group is stated separately in the combined review.

(3) Supplementary reports attached to the annual report must be placed separately in the annual report after the compulsory elements.

## **PART II**

### **Reporting Class A**

#### Chapter 5

#### **Preparation of the annual report**

##### *General provisions*

**18** An enterprise presenting an annual report in accordance with the rules of reporting class A shall, as a minimum, prepare an annual report consisting of a statement by the executive and supervisory boards on the annual report, a balance sheet, an income statement and notes, including a statement of accounting policies, and a statement of changes in equity. If a state-authorised or registered public accountant has signed an auditors' report or a declaration on the annual report, the report or declaration shall be included in the annual report. The provisions of sections 11-17 shall apply.

#### **Classification and presentation**

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**19(1)** The enterprise shall include the assets and liabilities to be recognised for the reporting class as well as the equity in an opening balance sheet as at the date of commencement of the enterprise's activities. Unless otherwise provided by legislation, the enterprise's activities shall be deemed to have commenced on the date of formation or on an earlier date from which a commercial activity is to be included in the enterprise.

(2) The items in the income statement shall be classified in accordance with the nature of the enterprise and the extent of its activities. The balance sheet shall, as a minimum, show the relevant principal items and items preceded by a Roman numeral as listed in Schedule 2, format 1. The statements shall, moreover, show any items necessary in order to show the capital contributed by owners of the enterprise and their respective shares of the profit or loss.

(3) Recognised transactions which do not concern the business activities shall be classified so that they are clearly shown separately from the business activities in the balance sheet and the income statement.

**Recognition and measurement**

**20(1)** The enterprise's assets and liabilities and income and expenses shall be recognised and measured systematically and consistently in accordance with generally accepted guidelines in view of the nature and scope of the enterprise.

(2) An enterprise owned personally by one or more owners may omit to recognise such of the owner's assets and liabilities as do not concern the business activities.

**Disclosure**

**21(1)** The enterprise shall account for the methods of recognition and measurement basis (valuation) used for the items in all the elements of the annual report.

(2) The enterprise shall separately disclose

- 1) changes in equity (statement of changes in equity),
- 2) contingent liabilities,
- 3) assets charged or otherwise provided as security
- 4) interest on equity contributions,
- 5) the amounts distributed to owners of or other equity participants in the enterprise,
- 6) how losses have been covered, and
- 7) whether distributions have been made in cash or otherwise.

(3) An enterprise owned personally by a sole owner or jointly by spouses, and where the owner or the spouses respectively own assets, liabilities, contingent liabilities or charges which do not concern the commercial activities, shall separately disclose

- 1) whether it omits to recognise the assets and liabilities in question,
- 2) whether it omits to recognise or disclose the contingent liabilities in question,
- 3) whether it omits to disclose the charges in question, and
- 4) how the property relations of the owner and his or her spouse have been taken into account.

**PART III**

**Reporting Class B**

Chapter 6

**Preparation of the annual report**

*General provisions*

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**22(1)** An enterprise covered by reporting class B shall prepare an annual report consisting, as a minimum, of a statement by the executive and supervisory boards on the annual report, a balance sheet, an income statement, notes, including disclosure of accounting policies, and a statement of changes in equity, as well as a management's review. When an annual report has been audited, the auditor's report shall form part thereof. In addition to the provisions of sections 11-17, sections 19(1) and (3), section 20(2) and sections 23-77 shall apply.

(2) If a parent's information is the same as the group's information, the parent may omit to disclose the information in its own financial statements and management's review.

(3) The first time an enterprise formally covered by reporting class A presents an annual report in accordance with the rules in reporting class B, the following special terms are available to the enterprise:

- 1) On recognition of assets which, in accordance with the rules in reporting class A, were not to be recognised or were to be recognised on a different measurement basis than in reporting class B, the value of the asset as at the balance sheet date of the previous year may be regarded as cost. The method of recognition and measurement basis for the assets in the previous year shall be disclosed in the notes.
- 2) For items in the financial statements affected by changes in methods of recognition and measurement basis, comparative figures in accordance with section 24 for periods preceding the financial year may be stated in accordance with the methods used until then.

## **Classification and presentation**

### *General provisions*

**23(1)** The balance sheet and income statement must be presented schematically in accordance with Schedule 2, formats 1 or 2 and 3 or 4.

(2) The items must be stated separately and in the order stated in the formats. Items preceded by Arabic numerals (1, 2, 3, etc.) may be divided up. New Arabic numerals may be added if their content is not covered by an existing item.

(3) Items preceded by Arabic numerals may be aggregated if this improves clarity.

(4) Presentation and designation of items preceded by Arabic numerals must be adjusted where required by the special nature of the enterprise.

(5) The Danish Commerce and Companies Agency may amend Schedule 2, for example by prescribing special tables or formats, where required for enterprises, the structure and item requirements of which are not met by the statutory rules on adjustment of tables and formats or due to changes in market conditions or international standards.

**24(1)** The corresponding amounts for the previous financial year shall be stated for each item in the balance sheet and income statement. If the items are not directly comparable with the items of the previous year, the latter must be restated. However, the enterprise may omit to restate comparative figures if the non-comparability is due to changes in the activities of the enterprise.

(2) Items in the balance sheet and in the income statement not containing any amounts are only to be included if the financial statements for the previous year contain such an items.

(3) Subsections (1) and (2) shall apply correspondingly to disclosures in the notes where comparative figures are prescribed by this Act.

## **Balance sheet**

**25** The balance sheet consists of recognised assets, recognised liabilities, including provisions, and equity, which constitutes the difference between the said assets and liabilities. Liabilities and equity shall mean the sum total of equity and recognised liabilities.

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**26(1)** Receivables under current assets falling due for payment more than one year after the end of the financial year shall be deemed to be long-term. They must be classified separately for each item preceded by an Arabic numeral unless equivalent information is disclosed in the notes.

(2) Prepayments from customers may be offset, if this is clearly disclosed, in the asset item "Inventories" or in the item "Contract work in progress" respectively where such prepayments concern the said items.

(3) Liabilities falling due for payment within one year from the end of the financial year are short-term. Other liabilities are long-term. The liabilities must be classified in accordance with these criteria for each item preceded by an Arabic numeral unless equivalent information is disclosed in the notes.

**27(1)** Expenses incurred on or before the balance sheet date, but concerning subsequent years, must be classified as prepayments. Income concerning the financial year, but not falling due for payment until after the balance sheet date must be classified as receivables.

(2) Payments received on or before the balance sheet date, but concerning income in subsequent financial years, must be classified as deferred income. Expenses concerning the financial year, but not to be paid until subsequent years, must be classified as liabilities other than provisions.

### **Income statement**

**28** The income statement consists of recognised income and expenses.

**29(1)** The costs incurred in production in order to generate the revenue is recognised in the item "Costs of sales" in the income statement classified by function includes.

(2) The items "Costs of sales", "Distribution costs" and "Administrative expenses" in the income statement classified by function include depreciation, amortisation and impairment of assets as well as staff costs relating to the said functions.

**30** Income and expenses originating from events that do not fall within the ordinary activities and are therefore not expected to be recurring must be classified as extraordinary income and expenses.

**31** The management's recommendation for a resolution on the enterprise's distribution of profit or cover of loss must be stated in conjunction with the income statement and as a separate item in equity under "Retained earnings", cf. Schedule 2, format 1 or 2, cf. however section 48.

**32(1)** Where warranted by special competitive considerations, the enterprise may aggregate the following items and instead add an item designated "Gross profit" or "Gross loss":

1) Items nos. 1-5 in Schedule 2, format 3 and

2) items nos. 1-3 in Schedule 2, format 4.

(2) Section 11(2) shall not apply to items which have been aggregated in accordance with subsection (1).

(3) Comparative figures, cf. section 24, for the items in question may be omitted in the first year in which the enterprise no longer combines the items under subsection (1).

## Chapter 7

### **Recognition and measurement**

#### *General provisions*

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**33(1)** An asset must be recognised in the balance sheet if it is probable that future economic benefits will flow to the enterprise and the value of the asset can be measured reliably. However, the enterprise may omit to recognise development projects and internally generated intellectual property rights such as patents, licences, trademarks and similar rights. The enterprise may not recognise any other internally generated intangible assets.

(2) A liability must be recognised in the balance sheet if it is probable that future economic benefits will flow out of the enterprise and the value of the liability can be measured reliably.

(3) On recognition and measurement of assets and liabilities, all matters must be taken into consideration, including foreseeable risks and losses, arising before the time at which the annual report is prepared and proving or disproving matters arising on or before the balance sheet date.

**34** The enterprise may recognise equity investments in enterprises by proportionate consolidation, cf. section 124, if it manages such enterprises jointly with one or more other enterprises and it is fully liable for all or for only a proportionate share of the jointly controlled enterprise's liabilities. The enterprise shall include the items in the jointly controlled enterprise's financial statements as a share proportionate to its ownership interest of the jointly controlled enterprise's equity. The enterprise shall recognise and measure the items in accordance with its own accounting policies.

**35(1)** Notwithstanding the definition of assets in Schedule 1, C, no. 1, the enterprise may recognise treasury shares. In that case, an amount equivalent to the cost of the shares must be reclassified from the item "Retained earnings" or any other item disposable for dividend under equity to the item "Reserve for treasury shares". The said reserve shall not be eliminated with the enterprise's loss or be otherwise reduced, cf. however the next sentence. The reserve shall be dissolved or reduced to the extent that the recognised treasury shares

- 1) are realised or cancelled,
- 2) are written down to a lower recoverable amount, cf. section 42, or net realisable value, cf. section 46(2) or
- 3) are no longer included at a value.

(2) Treasury shares shall not be revalued.

**36** Assets and liabilities must be measured at cost on initial recognition. Subsequent to initial recognition, assets must be measured at cost and liabilities at net realisable value unless otherwise provided by this Act.

**37(1)** Subsequent to initial recognition, the enterprise shall adjust financial assets on a continuing basis, cf. however subsection (2), and shall also adjust financial liabilities held for trading or constituting derivative financial instruments to fair value. This value shall be measured at the selling price ascertainable for the assets or financial liabilities in question in an active market. If the selling price cannot be immediately ascertained for the assets or liabilities, they shall be measured on the basis of the market prices for the individual component parts of the asset or liability. If there is no active market for such elements either, the fair value must, in so far as possible, be measured at an approximate selling price by means of the relevant value in use for the asset or liability if such value can be calculated by means of generally accepted valuation models and techniques. If an approximate selling price cannot be calculated, the asset or liability must be measured at cost.

(2) Subsequent to initial recognition, the enterprise shall continuously adjust the following to amortised cost:

- 1) Loans and receivables arising from the enterprise's own activities to the extent that they do not form part of a trading portfolio,
- 2) other financial assets which are not derivative financial instruments and that are held to maturity and
- 3) financial liabilities except for those mentioned in subsection (1), first sentence.

(3) The provisions of subsections (1) and (2) shall not apply to

- 1) investments in subsidiaries,
- 2) investments in jointly controlled enterprises and in associates,

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- 3) treasury shares, and
- 4) other financial instruments which the Danish Commerce and Companies Agency has exempted from the provisions of subsection (1) or (2) by order.

**38(1)** Enterprises which, as their principal activity, invest in investment properties, commodities or similar assets shall continuously adjust assets and related financial liabilities within such activities to the fair value after the initial recognition. This shall apply notwithstanding that, in its principal activity, the enterprise combines investment in the financial instruments referred to in section 37(1), first sentence, with the above activities.

(2) Enterprises whose principal activity is to biologically transform living animals or plants for sale, conversion, consumption or breeding of further animals and plants, may continuously adjust the said assets to the fair value subsequent to initial recognition.

(3) The provisions of section 37(1), second to fourth sentences, shall apply to subsections (1) and (2).

(4) An amount equivalent to the net upward adjustment for the year as a result of changed fair value in accordance with subsection (1) or (2) must be included in the item "Reserve for fair value of investment assets" or "Reserve for fair value of biological assets" respectively under equity.

This reserve shall not be eliminated with the enterprise's loss or be otherwise reduced, cf. however the next sentence. The reserve must be dissolved or reduced to the extent that the assets adjusted upward

- 1) are realised or are retired from or disposed of by the activity,
- 2) are adjusted downwards because of a lower fair value,
- 3) are connected with deferred tax for which a provision is to be made, cf. section 47, or
- 4) are reversed because of changed accounting estimate, cf. section 52.

**39(1)** On translation of balance sheet items from a foreign currency into the monetary unit of the annual report, the exchange rate at the balance sheet date shall be used for monetary assets and liabilities. The exchange rate at the transaction date shall be used for other items in the balance sheet and for transactions. For assets and liabilities which have been revalued, written down or adjusted upwards or downwards respectively, however, the exchange rate at the time of the revaluation shall be used.

(2) If an activity for which financial statements are prepared in a foreign currency is not recognised in the enterprise's cash flows on a continuing basis, balance sheet items must be translated at the exchange rate at the balance sheet date. The difference shall be recognised directly in equity.

### **Fixed assets**

**40** The cost of fixed assets must comprise all expenses incurred in connection with the acquisition until the time at which the asset is ready for use or expenses directly attributable to the asset produced. In addition, interest on capital borrowed to finance the production and concerning the production period may be included in the cost.

**41(1)** The enterprise may elect to revalue property, plant and equipment and investments in subsidiaries and associates to fair value. Intangible assets shall not be revalued.

(2) The provisions of section 37(1), second to fourth sentences, shall apply, however, to the effect that the replacement cost or net realisable value may be used if an approximate selling price cannot be arrived at.

(3) An amount equivalent to the revaluation shall be included directly in the item "Revaluation reserve" under equity. This reserve shall not be eliminated with the enterprise's loss or be otherwise reduced, cf. however the next sentence. The reserve must be dissolved or reduced to the extent that the assets revalued

- 1) are realised or no longer used in the activity,
- 2) are written down for impairment because of a lower recoverable amount, cf. section 42,
- 3) are connected with deferred tax for which provisions are to be made, cf. section 47, or

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4) are reversed because of changed accounting estimate, cf. section 52.

**42(1)** Fixed assets which are not continuously adjusted to fair value in accordance with sections 37 or 38 must be written down to a lower recoverable amount.

(2) If it is not possible to fix a recoverable amount for the individual asset, all assets must be measured together in the smallest group of assets for which a reliable recoverable amount can be fixed by an overall valuation. A write-down of such a group of assets must be distributed systematically on the individual assets.

**43(1)** Cost, fair value or recoverable amount for intangible assets and property plant and equipment with a limited useful life must be reduced by amortisation or depreciation aiming at ensuring systematic amortisation or depreciation of the assets over their useful lives. However, this shall not apply to assets being continuously adjusted to their fair values in pursuance of section 38.

(2) Amortisation or depreciation shall be calculated with due consideration for the estimated residual value after the end of the useful life, measured in terms of the value at the time of commencement of the useful life.

(3) Notwithstanding subsection (1), intangible assets shall not be amortised over a period exceeding 20 years.

### **Current assets**

**44** The cost of current assets must contain the expenses incurred in connection with the acquisition or directly attributable to the asset produced. Distribution costs shall not be included in cost. In addition, interest on capital borrowed to finance the production of goods and concerning the production period may be included in the cost.

**45** The cost of inventories may be calculated on the basis of weighted average prices, the “first-in-first-out” (FIFO) method or a similar method reflecting the value of the physical inventories at the balance sheet date.

**46(1)** Inventories may be revalued to replacement cost. Other current assets which are not continuously adjusted to fair value in accordance with sections 37 or 38 may be revalued to fair value. The provisions of section 37(1), second to fourth sentences, and section 41(3) shall apply.

(2) Current assets which are not continuously adjusted to fair value in accordance with sections 37 or 38 must be written down to a lower net realisable value.

### **Provisions**

**47(1)** Liabilities which are uncertain in terms of amount or timing shall be recognised in the balance sheet and the income statement as provisions. Deferred tax, guarantee commitments and pension liabilities incumbent on the enterprise must be included.

(2) Provisions may be measured at fair value. The provisions of section 37(1), second to fourth sentences, shall apply.

### **Liabilities other than provisions**

**48** Notwithstanding the definition of liabilities, cf. Schedule 1, C, no. 5, the enterprise may recognise the management’s recommendation for dividends as a liability under the item “Proposed dividend for the year”.

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### **Income statement**

**49(1)** All income shall be recognised in the income statement as earned. Income in accordance with section 37(1) and (2) and section 38(1) and (2) shall at all times be regarded as earned. The following must also be recognised in the income statement:

- 1) all expenses, including depreciation, amortisation, impairment losses, downward adjustments and provisions for liabilities and
- 2) reversals of amounts previously recognised in the income statement as a result of changed accounting estimate, cf. section 52(1).

(2) Amounts arising as a result of the following shall not be recognised in the income statement, but shall be recognised directly in equity.

- 1) Revaluation in accordance with sections 41 and 46, reversal of such revaluation and reclassification of amounts as provisions stemming from such revaluation,
- 2) income and expenses in connection with acquisition and sale of treasury shares to the extent that the shares are not recognised in the balance sheet,
- 3) income and expenses originating from assets and liabilities used by the enterprise solely to secure the value of such assets and liabilities as the enterprise expects to receive or assume and the reversal of such amounts,
- 4) differences occurring in connection with the translation of balance sheet items in activities not continuously recognised in the enterprise's cash flows, cf. section 39(2),
- 5) changes of methods of recognition and measurement basis respectively as well as of the monetary unit used, cf. section 13(2), and
- 6) reversal due to fundamental errors, cf. section 52(2).

(3) Contributions and distributions made as part of funding, reversal of contributed capital and distribution of profit to the owners respectively shall not be recognised in the income statement, but shall be recognised directly in equity.

**50** Notwithstanding the provision against offsetting laid down in section 13(1), paragraph 8), income and expenses originating from assets and liabilities, the value of which is effectively hedged by other assets and liabilities, may be offset against income and expenses originating from the hedging transactions.

### **Change of accounting policies**

**51(1)** If the enterprise changes its methods of recognition, measurement basis or the monetary unit used, the items in the financial statements affected thereby must be changed in accordance with the new methods or basis by recognition directly in the equity at the beginning of the financial year. Comparative figures must also be changed in accordance with the new methods.

(2) If the enterprise changes its methods of recognition in order to be able to revalue assets, the resulting revaluation surpluses must be treated in accordance with section 41(3) and be recognised directly in equity.

### **Change of accounting estimates and errors**

**52(1)** If amounts recognised for a previous financial year are changed as a result of a changed accounting estimate, the effect of such change must be treated in the same way as the original estimate. Amortisation and depreciation from previous financial years shall not be reversed.

(2) If the annual report for a previous financial year was so incorrect that the annual report would not have given a true and fair view (fundamental errors), the amount of the correction must be

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recognised directly in equity at the beginning of the financial year, and the comparative figures for previous years must be restated.

Chapter 8

**Disclosure**

*Disclosure in the notes*

*Accounting policies*

**53(1)** The methods of recognition and measurement basis (valuation) used for the items in the balance sheet, income statement, notes and management's review must be disclosed. Furthermore, the reporting class in accordance with which the enterprise presents its annual report must be disclosed.

(2) The statement of the relevant items must, as a minimum, show:

- 1) The methods of recognition and measurement basis for assets and liabilities, including whether interest is included in cost, and the methods and bases used for revaluations, write-downs, depreciation and amortisation as well as upward and downward adjustments. The information disclosed must include the following:
  - a) For financial assets and liabilities measured at value in use or amortised cost, the assumptions on which the chosen calculation method has been based must be disclosed.
  - b) Method of amortisation and depreciation, estimated residual value and useful life in connection with amortisation or depreciation of assets. If the period of amortisation for intangible assets exceeds 5 years, this must be disclosed, and specific and adequate grounds must be given.
  - c) Methods of recognition and measurement of revenue. If this is not disclosed in pursuance of section 32 grounds must be given for such non-disclosure.
- 2) The methods of translation of foreign currencies into the monetary unit chosen.
- 3) The methods in accordance with section 50 of hedging the value of assets and liabilities and the methods of hedging such assets and liabilities as the enterprise expects to receive or assume respectively.
- 4) If recommendation of dividend is recognised as a liability in accordance with section 48.
- 5) The treatment by co-operative enterprises of additional payments from and repayments to members.

**54** If accounting estimates are changed, cf. section 52, the changed estimates must be explained and the monetary effect on assets, liabilities and equity, the financial position and the results must be disclosed in so far as possible. The same shall apply if recognition and measurement of assets and liabilities are changed as a result of errors, including fundamental errors.

**55(1)** If the composition of the enterprise's activities has changed during the financial year, information must be provided which will make a year-on-year comparison of the enterprise possible. However, the information may be omitted if the comparative figures for the balance sheet and the income statement are restated for the changes occurring during the financial year.

(2) If amounts for the financial year and for the previous year cannot be compared or if the amounts are restated, the non-comparability or the restatement respectively must be disclosed, and specific and adequate grounds must be given.

**Changes in equity**

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**56(1)** In a statement of changes in equity (statement of changes in equity), the following must be disclosed for each item:

- 1) the total equity at the beginning of the financial year,
- 2) additions during the financial year
- 3) disposals during the financial year
- 4) the total equity as at the end of the financial year

(2) The contents of the changes must be stated in the designation or in the notes.

(3) For the contributed capital, the disclosure mentioned in subsections (1) and (2) must be disclosed for the four previous financial years if there have been changes in the item during this period.

**57(1)** For each item under fixed assets, - except for investments -, cost, revaluations and writedowns for impairment, amortisation and depreciation must be disclosed as follows:

- 1) Cost:
  - a) Cost at the end of the previous financial year without revaluations, impairment losses, amortisation and depreciation,
  - b) additions during the year, including improvements,
  - c) disposals during the year,
  - d) transfers to other items during the year, and
  - e) total cost at the balance sheet date.
- 2) Revaluations:
  - a) Revaluations as at the end of the previous financial year,
  - b) revaluations for the year,
  - c) reversals for the year of revaluations made in previous years, and
  - d) the total revaluations at the balance sheet date.
- 3) Writedowns for impairment, amortisation and depreciation:
  - a) Impairment losses, amortisation and depreciation as at the end of the previous financial year,
  - b) impairment losses for the year,
  - c) amortisation and depreciation for the year,
  - d) impairment losses , amortisation and depreciation for the year on sold and scrapped assets,
  - e) reversals for the year of impairment losses for previous years and reversal of the overall amortisation, depreciation and impairment losses on assets sold or removed from operations during the year, and
  - f) the overall amortisation, depreciation and impairment losses at the balance sheet date.

(2) Subsection (1) shall apply, mutatis mutandis, to each item under property, plant and equipment which is being adjusted on a continuing basis, cf. section 38.

**58** If the enterprise revalues or writes down assets which are not continuously adjusted to fair value, cf. subsections 37 and 38, the following amounts must be disclosed:

- 1) For fixed assets, the difference between the value of the individual revalued items and the value of the item if the revaluation had not been made.
- 2) The reversals for the year of revaluations and writedowns on current assets.
- 3) The writedowns for the year of current assets exceeding normal writedowns.

## **Assets**

**59** If the enterprise recognises interest expense as part of the cost of assets, the interest amount must be disclosed for each item.

**60** Recognised assets not owned by the enterprise and the value at which they have been recognised must be disclosed.

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**61** The nature and value of the enterprise's contingent assets must be disclosed.

**62** Co-operative enterprises shall state the overall additional payments from or repayments to their members.

**Liabilities and contingent liabilities**

**63** Any part of the enterprise's total debt falling due for payment more than 5 years after the balance sheet date shall be disclosed.

**64(1)** The enterprise shall disclose its contingent liabilities. This includes stating the amounts for pension liabilities, recourse and non-recourse guarantee commitments, discounted bills of exchange and any other contingent liabilities not recognised in the balance sheet. Such disclosure shall be made for each category.

(2) If the enterprise has entered into leases, the liabilities under such leases shall be disclosed separately unless recognised in the balance sheet.

(3) The liabilities referred to in subsections (1) and (2) vis-à-vis a parent and a parent's other subsidiaries shall be disclosed separately, specified for each category.

(4) Where assets have been charged or otherwise provided as security, this shall be disclosed by the enterprise, stating the overall extent of such charges and the overall carrying amount of the assets charged.

**Income statement**

**65(1)** The enterprise shall disclose segment revenue on activities and on geographical markets if the activities and the markets respectively deviate from each other. The way in which sales of the goods and services forming part of the enterprise's ordinary activities have been organised must be taken into account in connection with such segmentation.

(2) The said segment information may be omitted if they are likely to cause considerable damage to the enterprise, including if the conditions in section 32(1) have been met. Grounds must be given for any such omissions. Section 11(2) shall not apply.

**Classification**

**66** Where items preceded by Arabic numerals which have been aggregated to improve clarity such items must be stated separately in the notes. The equivalent amounts for the previous financial year must be stated.

**67** If assets, liabilities or equity fall within more than one item in the formats, cf. Schedule 2, format 1 or 2, it's the connection with other items must be disclosed in the notes or in connection with the items.

*Related parties, etc.*

**68** The enterprise shall state the average number of employees during the financial year. If not stated in the income statement, staff costs must be itemised into wages and salaries, pensions and other social security costs. The equivalent information and amounts for the previous financial year must be disclosed.

**69(1)** The enterprise shall state the overall remuneration, etc. for the financial year to present and former members of the management for their services, specified for each management body and, where no management body has been appointed, for the owners. In addition, the enterprise shall

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state its overall pension liabilities in respect of the said persons. If special incentive programmes have been established for members of the management, the category of management members to whom the specific programme applies, the benefits covered by the programme and any other information necessary to assess the value thereof must be disclosed.

(2) The equivalent information and amounts for the previous financial year must be disclosed.

(3) If any information provided in accordance with subsection (1) would result in amounts being shown for an individual member of a management category, such amounts may instead

- 1) be stated for two categories on an overall basis, or
- 2) be omitted if only one category receives remuneration, etc., pension or a special incentive programme.

**70(1)** The enterprise shall describe the transactions made with related parties, cf. Schedule 1, A, no. 4, including the basis of the relations to the parties in question. However, this shall not apply to the relations to a subsidiary if

- 1) the subsidiary's financial statements by full consolidation, proportionate consolidation or by recognition under the equity method form part of consolidated financial statements presented by the parent or by one of its parents instead,
- 2) the parent presenting the consolidated financial statements referred to in paragraph 1) has its domicile in Denmark or comes under the legislation in another EU Member State or in another country with which the Community has entered into an agreement,
- 3) the consolidated financial statements referred to in paragraph 1) have been prepared in accordance with the provisions of this Act or, if the parent presenting the consolidated financial statements is not Danish, in accordance with the provisions of Council Directive 83/349/EEC as amended, and the consolidated financial statements have been audited and published in accordance with the said provisions, and
- 4) the parent presenting the consolidated financial statements referred to in paragraph 1) holds all shares in the subsidiary, directly or indirectly.

(2) In addition, the enterprise shall disclose any related parties having control of the enterprise. The information disclosed must include name, address, registered office, for enterprises, and the basis of control.

(3) If a commercial foundation is connected to a commercial enterprise or another foundation by way of a provision in the articles of association or in an agreement, any such connection must be disclosed.

**71** The enterprise shall disclose the name and domicile of the parents preparing consolidated financial statements for the largest and the smallest group respectively in which the enterprise is a subsidiary. It shall also disclose the place at which the consolidated financial statements of the non-Danish parents in question may be obtained.

**72(1)** The enterprise shall disclose the name, registered office and legal form for each subsidiary and associate as well as for each partnership or limited partnership in which the enterprise is a partner or a general partner.

(2) The enterprise shall also provide the following information for each subsidiary and associate:

- 1) share owned by the enterprise, and
- 2) equity and results in accordance with the latest approved annual report.

(3) The information on equity and results in accordance with subsection (2), paragraph 2), may be omitted if

- 1) the subsidiary or associate is not required to publish an annual report, and the enterprise owns less than 50 per cent of equity,
- 2) the financial statements of the subsidiary or associate are included in the enterprise's consolidated financial statements by consolidation, or
- 3) the enterprise recognises the equity investments in the subsidiary or associate at its value under the equity method.

(4) The disclosure in subsection (1) may be omitted if it is likely to cause considerable damage to the enterprise itself or to the enterprises mentioned in subsection (1). Any such omission for this reason must be disclosed.

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**73(1)** If a public limited company, a private limited company, a partner company (limited partnership company) or a commercial foundation has an outstanding account against members of the management, the enterprise shall state the sum of any such outstanding accounts specified for each management category. The main terms must be stated for each category, including the interest rate and the amounts repaid during the year. If a loan has been raised and repaid during the year, this must be disclosed separately.

(2) Subsection (1) shall apply correspondingly to any security provided in favour of the above group of persons.

(3) Subsections (1) and (2) shall apply correspondingly to members of the management of parents.

(4) Subsections (1)-(3) shall apply correspondingly to persons who are particularly closely connected to the management members in question.

**74** Public limited companies which are required to keep a special register of shareholdings in the company in accordance with sections 28 a and 28 b of the Danish Companies Act shall disclose the identity of each of the parties entered in the special register at the time of the presentation of the annual report stating the full name and address or, for enterprises, the registered office.

*Contributed capital, etc.*

**75(1)** If the contributed capital in a public limited company or a private limited company consists of several classes of shares, these must be specified. The number of shares and their nominal value must be stated for each class. For public limited companies, the number of shares and the nominal value must be disclosed in any case.

(2) The actual expenses incurred in connection with the formation of a public limited company and in connection with an increase in the share capital must be disclosed in the next annual report.

**76(1)** If an enterprise holds treasury shares, it shall disclose

- 1) the number and nominal value, stating the percentage of the contributed capital of treasury shares held by the enterprise,
- 2) the number and nominal value, stating the percentage of the contributed capital of treasury shares acquired or sold in the financial year as well as the overall purchase price and selling price respectively, and
- 3) the reason for the acquisitions of treasury shares in the financial year.

(2) Equivalent information must be disclosed for treasury shares acquired by the enterprise as security.

### **Management's review**

**77** The management's review must

- 1) describe the principal activities of the enterprise,
- 2) describe any uncertainty connected with recognition or measurement, stating amounts where possible,
- 3) describe any unusual matters affecting the recognition or measurement, stating amounts where possible,
- 4) account for the development in the activities and financial affairs of the enterprise and
- 5) mention any significant events occurring after the end of the financial year.

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## **PART IV**

### **Reporting Class C**

#### Chapter 9

#### **Preparation of the annual report**

##### *General provisions*

**78(1).** An enterprise covered by reporting class C shall prepare an annual report, consisting, as a minimum, of a statement by the executive and supervisory boards on the annual report, a balance sheet, an income statement, a cash flow statement, notes, including disclosure of accounting policies, and a statement of changes in equity as well as a management's review. When an annual report has been audited, the auditor's report shall form part thereof. In addition to the rules in sections 11-17, section 19(1) and (3) and section 20(2) shall apply. Furthermore, the rules in sections 23-77 and 79-101 shall apply. In case of any conflict between the rules in sections 23-77 and the rules in sections 79-101, the rules in sections 79-101 shall take precedence.

(2). If the information to be disclosed by a parent is the same as the information to be disclosed by the group, the parent may omit to disclose the information in its own financial statements and management's review.

(3). When an enterprise formerly covered by reporting class A or B first presents an annual report in accordance with the rules in reporting class C, the following special terms are available to the enterprise:

- 1) In connection with the recognition of expenses only indirectly attributable to a fixed or current asset produced, cf. section 82, the enterprise need only add such indirect expenses to assets produced from or after the financial year.
- 2) Intangible assets in the form of development projects, cf. section 83, may be recognised in such a manner that only matters arising from or after the financial year are included.
- 3) For items in the financial statements affected by changes in methods of recognition and measurement basis, comparative figures in accordance with sections 24 and 101 (1), paragraph 2), for periods preceding the financial year may be stated in accordance with the methods used so far.

#### **Classification and presentation**

**79** The income statement must be presented in accordance with Schedule 2, format 5 or 6.

**80** The enterprise shall disclose any activities (discontinuing operations) to be sold, closed down or abandoned in accordance with an overall plan, provided such activities can be separated from the other activities. The disclosure must, in so far as possible, include amounts by which the discontinuing operations are included in the items "Revenue", "Net profit or loss for the year", "Fixed assets" and "Current assets", cf. however section 81, regarding revenue.

**81** Section 32 on exemptions from disclosure of revenue, etc. shall not apply to large enterprises. Such enterprises shall therefore show the revenue in the income statement as well as items nos. 2-5 listed in Schedule 2, format 5, or items nos. 2 and 3 listed in Schedule 2, format 6.

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## Recognition and measurement

### *Balance sheet*

**82** In the cost of the fixed and current assets produced by the enterprise, cf. sections 40 and 44, the enterprise shall recognise the expenses indirectly attributable to the product in question if such expenses relate to the production period.

**83** The enterprise shall recognise development projects intended to develop a specific product or a specific process to be produced by or used in the production of the enterprise. This shall include patents, licences and other intangible assets resulting from a development project.

**84(1)** The enterprise shall recognise equity investments in subsidiaries and associates at the equity value of the said enterprises, cf. subsections (2)-(5). The enterprise shall recognise and measure the equity value in accordance with its own accounting policy.

(2) The provisions of sections 119 and 120 on consolidated financial statements shall apply correspondingly. However, elimination in relation to associates shall only apply proportionately to the ownership share. Section 116(2) shall apply correspondingly. If a subsidiary prepares consolidated financial statements, such financial statements must be used as the basis. If the subsidiary enters its equity investments in subsidiaries and associates at equity value, such values may be used as the basis.

(3) The enterprise shall revalue or write down the value of the equity investments by the results of the subsidiaries and the associates as well as any changes in their equity value not included in their results. The results of the subsidiaries and associates and any changes in equity value that are not included in their results must be recognised in proportion to shares equivalent to the equity investments.

(4) An amount equivalent to the net revaluation for the financial year, cf. subsection (3), must be included in the item "Net revaluation reserve according to the equity method" under equity. An amount equivalent to the net impairment loss for the financial year, cf. subsection (3), must be recognised and deducted in a positive reserve. If the amount of the net impairment loss exceeds the positive reserve before the deduction, only an amount of the net impairment loss equal to the reserve must be deducted therefrom. The reserve may not be recognised at a negative amount. This reserve may be eliminated by the enterprise's loss, but may not be reduced in any other way, cf. however the next sentence. The reserve must be dissolved or reduced to the extent that the equity investments revalued

1) are realised or

2) are reversed because of a change in accounting estimate, cf. section 52(1).

(5) An enterprise may omit to apply the equity method for investments in a subsidiary covered by section 114(2), paragraphs 1)-3), or in an associate if the necessary information is not known. In that case, the equity investments are measured at cost, cf. section 36. Equity investments in enterprises covered by section 114(2), paragraph 3, may, however, be measured at fair value in accordance with section 37(1), second to fourth sentences. Furthermore, adjustment may be made for an associate in accordance with subsection (3) on the basis of the latest financial statements for the associate even if its financial year deviates from that of the enterprise.

## Income statement

**85** Shares of profits or losses that accrue from subsidiaries and associates respectively, measured under the equity method, cf. section 84, must be recognised as separate items in the income statement.

## Cash flow statement

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**86(1)** Receipts and payments must be recognised in the cash flow statement at the time of payment regardless of when they are recognised in the income statement or balance sheet.

(2) The cash flow statement must, as a minimum, show the cash flows for the period distributed on operating, investing and financing activities. Furthermore, the cash flow statement must show separately any changes in cash and cash equivalents for the financial year and the cash and cash equivalents as at the beginning and end of the period.

(3) The equivalent amounts for the items in the previous financial year must be stated. If the items are not directly comparable with the items of the previous year, the latter must be restated. However, the enterprise may omit to restate comparative figures if any non-comparability is due to changes in the enterprise's activities. Any items in the cash flow statement not containing any amount for the financial year shall only be included if the previous annual report contains any such items.

(4) An enterprise may omit to prepare a cash flow statement itself if such statement is contained in a cash flow statement for the group.

Chapter 11

**Disclosure**

*Disclosure in the notes*

*Accounting policies*

**87** In addition to the information required in section 53, the disclosure of accounting policies must provide the following information:

- 1) Methods of recognition and measurement basis for indirect costs of production recognised under assets.
- 2) Methods of recognition and measurement basis for investments in subsidiaries and associates, including the basis on which such equity investments may exceptionally have been recognised at cost.
- 3) Methods of recognition and measurement basis for the cash flow statement, including disclosure of what the enterprise defines as cash or cash equivalents. It must be disclosed separately if the enterprise has omitted to prepare a cash flow statement in pursuance of section 86(4).
- 4) Methods of stating key figures and financial ratios included in the management' review.

**Assets**

**88** Large enterprises shall show the segmentation on activities and geographical markets of

- 1) the sum of the fixed assets used in the enterprise's principal activities, and
- 2) the sum of the liabilities incurred as a result of the enterprise's principal activities.

Section 65(1) shall apply correspondingly.

**89(1)** The disclosure requirements in section 57 shall apply correspondingly to fixed asset investments.

(2) The enterprise shall explain prepayments in the balance sheet, cf. section 27(1).

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(3) If the replacement cost of inventories deviates from the cost stated in accordance with sections 44, 45 and 82, the enterprise shall disclose the difference for each item.

**90** The enterprise shall disclose the property value of immovable property according to the latest public land assessment.

**Liabilities**

**91** The enterprise shall explain

- 1) deferred income in the balance sheet, cf. section 27(2); and
- 2) provisions, cf. section 47.

**92** For each item under liabilities other than provisions, information must be disclosed about the part of the liability falling due for payment more than 5 years after the balance sheet date.

**93(1)** If the enterprise has raised loans against the issue of convertible instruments of debt, the outstanding amount, the securitisation price and the deadline fixed for securitisation into equity investments must be stated for each loan. If loans have been raised against bonds or other interest-bearing instruments of debt, the rate of which interest depends fully or partly on the dividend declared by enterprise or the profit for the year, the outstanding amount and the agreed interest rate must be stated for each loan.

(2) If a creditor has stated that he is willing to subordinate his claim to rank after all the enterprise's other creditors regarding satisfaction of their outstanding accounts against the enterprise, the outstanding amount, the due date and any special terms for the subordination must be stated in respect of each liability covered by the subordination.

**Contingent liabilities**

**94** If the enterprise has charged or otherwise provided security against assets, the enterprise shall state the extent of such security and the carrying amount of charged assets, specifically for the individual items.

**Income statement**

**95** The enterprise shall explain

- 1) extraordinary income and expenses, cf. section 30, and
- 2) income and expenses originating from a change in accounting estimate, cf. section 52.

**96(1)** A large enterprise shall show the segmentation on activities and geographical markets of the profit or loss from ordinary principal activities before financial income and expenses. Section 65(1) shall apply correspondingly.

(2) A large enterprise shall state the overall fees for the financial year for the firm of auditors performing the statutory audit and for the subsidiaries of the firm of auditors. It must also be disclosed how large a share of the fees that concerns services other than auditing. For the amounts dealt with in subsection (1), the equivalent amounts for the previous financial year must be stated.

*Related parties, etc.*

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**97** The enterprise shall separately state the overall security provided, cf. section 94, for any subsidiaries and the overall security provided for any other group enterprises.

**98** The enterprise shall disclose information in accordance with section 76 pertaining to any equity investments in the enterprise owned or held as security by the subsidiaries or acquired or sold by the subsidiaries in the financial year.

### **The management's review**

**99** In addition to the requirements set out in section 77, the management's review shall

- 1) describe the enterprise's expected development, including special assumptions and uncertain factors on which the management has based its description,
- 2) describe the enterprise's knowledge and know-how resources if they are of special importance to its future performance,
- 3) describe the special risks apart from any generally occurring risks in the enterprise's trade or industry, including any business risks and financial risks likely to affect the enterprise,
- 4) describe the enterprise's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment,
- 5) describe research and development activities in or for the enterprise and
- 6) mention branches abroad.

**100** The management's review shall describe the profit or loss for the year compared with the expected development according to the latest published annual report, giving reasons for any deviations therefrom.

**101(1)** The management's review must contain a statement showing

- 1) the revenue for the year, the profit or loss from ordinary operating activities, the results from net financials, the results from extraordinary items, net profit or loss for the year, the balance sheet total, investments in property, plant and equipment, equity and any such key figures and financial ratios as are necessary in view of the enterprise's affairs and circumstances, and
- 2) the figures referred to in paragraph 1) for the four previous financial years.

(2) The provisions in section 24(1), second and third sentences, and section 55(1) and (2) shall apply correspondingly to the statement provided for by subsection (1). For medium-sized enterprises, section 32 shall apply to the revenue in subsection (1), paragraph 1).

## **PART V**

### **Reporting Class D**

#### Chapter 12

### **Preparation of the annual report**

#### *General provisions*

**102(1)** An enterprise covered by reporting class D shall prepare an annual report consisting, as a minimum, of a statement by the executive and supervisory boards on the annual report, a balance sheet, an income statement, notes, including disclosure of accounting policies, and a statement of changes in equity as well as a management's review. When an annual report has been audited, the auditor's report shall form part thereof. In addition to the provisions of sections

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11-17, section 19(1) and (3) and section 20(2) shall apply. Furthermore, sections 23-77, 79-101 and 103-108 shall apply. In case of any conflict between rules set out in sections 23-77 and in sections 79-101, the rules in sections 79-101 shall take precedence.

(2) If a parent's disclosures are the same as the group's disclosures, the parent may omit to disclose the information in its own financial statements and management's review.

**Classification and presentation**

**103** Notwithstanding the size of the enterprise, the income statement must show revenue as well as items nos. 2-5 listed in Schedule 2, format 5, or items nos. 2 and 3 listed in Schedule 2, format 6.

**Disclosures**

**104** The enterprise shall disclose the full name and address, for enterprises the registered office, and the exact ownership interest or voting share for any party holding shares in the enterprise if the voting rights attached to the shares amount to a minimum of 5 per cent of the voting rights of the share capital, or their nominal value amounts to a minimum of 5 per cent of the share capital, but not less than DKK 100,000.

**105** Where not all the subsidiaries' annual reports are audited by at least one of the parent's auditors, one of their non-Danish partners or by a reputable international firm of auditors, this shall be disclosed by the parent.

**106** Notwithstanding section 69(3), the enterprise shall disclose the information referred to in section 69(1) and (2) about remuneration, etc. to members of the management.

**Management's review**

**107(1)** Any managerial posts held by the enterprise's members of the supervisory board and executive board in other Danish public limited companies shall be disclosed, except for managerial posts in the enterprise's own wholly-owned subsidiaries.

(2) If information about the expected development has been published during the year, the information provided for in section 100 shall be given in relation to the most recently published description.

**Special rules for state-owned public limited companies**

**108** The Minister of Business and Industries is authorised to lay down provisions granting exemptions from the special rules applicable to state-owned public limited companies where necessary to ensure parity between such rules and the equivalent rules laid down for companies whose shares or bonds are listed on a stock exchange.

**PART VI**

**Consolidated Financial Statements and Accounting for Mergers, etc.**

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### **Obligation to present consolidated financial statements**

**109(1)** Parents covered by section 3(1) shall present consolidated financial statements in accordance with the rules set out in chapter 14 unless otherwise provided by sections 110-112.  
(2) The exceptions in sections 110 and 112 shall not apply to parents covered by reporting class D. Nor shall the exceptions in section 110 apply if a subsidiary of the parent in question is covered by reporting class D.

**110(1)** A parent may omit to present consolidated financial statements, cf. however section 109(2), if the consolidated enterprises between them do not exceed two of the following limits at the balance sheet date:

- 1) A balance sheet total of DKK 20 million,
- 2) revenue of DKK 40 million, and
- 3) an average of 50 full-time employees during the financial year.

(2) The calculation rules in section 7(3) shall apply correspondingly to the overall group, provided that the balance sheet total and revenue are calculated as the sum of all of the consolidated enterprises' balance sheet totals and revenue respectively. The same shall apply to the average number of full-time employees during the financial year.

(3) The right to apply the provision of subsection (1) shall only be changed if, at the balance sheet day, the enterprises between them have exceeded or no longer exceed two of the three limits in two consecutive financial years.

**111(1)** A parent whose subsidiaries are all left out of the consolidation in pursuance of section 114, may omit to prepare consolidated financial statements.

(2) In addition, a parent which is a commercial foundation may omit to prepare consolidated financial statements if

- 1) the fund has only one subsidiary
- 2) the fund itself carries on only limited business activities, and
- 3) the fund does not have any receivables from the subsidiary and has not provided any security for the subsidiary other than convertible instruments of debt and unpaid dividend or distribution.

**112(1)** A parent may omit to present consolidated financial statements, cf. however section 109(2), if it is itself a subsidiary of a higher-ranking parent coming under the legislation in another EU Member State or in a country with which the Community has entered into an agreement, and if

- 1) the higher-ranking parent
  - a) holds at least 90 per cent of the equity investments in the lower-ranking parent and the minority owners have approved vis-à-vis the senior management of this parent that it does not present consolidated financial statements, or
  - b) holds less than 90 per cent of the equity investments in the lower-ranking parent and if, at least six months before the end of the financial year, the senior management of this enterprise has not received any demand from minority owners holding at least 10 per cent of the contributed capital for the presentation of consolidated financial statements, and
- 2) the higher-ranking parent prepares consolidated financial statements in accordance with the legislation in the Member State to which the higher-ranking parent belongs, and the consolidated financial statements have been audited by persons who are authorised auditors in accordance with the legislation of such Member State.

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- (2) A parent may also omit to present consolidated financial statements, cf. however section 109(2), if it is itself a subsidiary of a higher-ranking parent coming within the legislation in a country not covered by the legislation referred to in subsection (1), and if
- 1) at least six months at least before the end of the financial year, the lower-ranking parent's senior management has not received any demand from minority owners for the presentation of consolidated financial statements, and
  - 2) the higher-ranking parent shall prepare consolidated financial statements in accordance with Council Directive 1983/349/EEC as amended or in accordance with rules at least equal to the rules for consolidated financial statements laid down in the said Directive and such consolidated financial statements are audited by persons who are authorised in accordance with the national legislation applicable to the higher-ranking parent.
- (3) For the exemptions referred to in subsections (1) and (2), it is further required that
- 1) the lower-ranking parent's own financial statements and its subsidiaries' financial statements are included in the consolidated financial statements of the higher-ranking parent by full consolidation or by recognition and measurement under the equity method, cf. however section 114,
  - 2) the lower-ranking parent discloses in its financial statements that, in pursuance of subsection (1) or subsection (2) respectively, it has not prepared its own consolidated financial statements and discloses the name, registered office and, if applicable, CVR number or other registration number of the higher-ranking parent, and
  - 3) the lower-ranking parent submits to the Danish Commerce and Companies Agency the consolidated financial statements referred to in subsection (1) and subsection (2) respectively as well as any information required by the Agency, cf. section 147.

**113** If a parent is entitled to omit to present consolidated financial statements, but nevertheless presents such financial statements that are not solely intended for the enterprise's own use, the provisions on consolidated financial statements in chapter 14 shall apply. However, the parent may apply the rules governing financial statements in reporting class B to the consolidated financial statements if it might have omitted to present consolidated financial statements in accordance with section 110. However, the provision in section 84 shall apply to the consolidated financial statements.

Chapter 14

**Contents of consolidated financial statements**

*Scope of consolidated financial statements*

- 114(1)** Unless otherwise provided by this section, all consolidated enterprises' financial statements must be included in the consolidated financial statements by full consolidation.
- (2) A consolidated enterprise may be excluded from consolidation if
- 1) it is a subsidiary, and significant and permanent obstacles considerably restrict the parent's exercise of its rights to the subsidiary's assets or management,
  - 2) it is a subsidiary, and the necessary information cannot be obtained within a reasonable time or without disproportionately large expenses,
  - 3) it is a subsidiary not previously included in the consolidated financial statements by consolidation, and the parent holds the investments in the subsidiary solely with a view to a subsequent transfer thereof, or
  - 4) it is an operating parent foundation carrying on only limited business activities, and it does not have outstanding accounts against any of its subsidiaries and has not provided security for any of its subsidiaries except for convertible instruments of debt and unpaid dividends.
- (3) A subsidiary must be excluded from consolidation if it is covered by accounting and reporting rules issued by the Danish Financial Supervisory Authority and is thus not covered by this Act. The same shall apply if, in a similar case, the consolidated financial statements cannot meet the

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requirements for a true and fair view as laid down in section 11(1), and this situation cannot be remedied by supplementary information.

**General requirements for consolidated financial statements**

*(consolidation)*

**115** The consolidated financial statements must show the consolidated enterprises' assets, liabilities and equity, the financial position and the results as if they were one single enterprise.

**116(1)** The consolidated financial statements must have the same balance sheet date as the parent's financial statements.

(2) If a consolidated subsidiary's balance sheet date is three months or less before the parent's balance sheet date, the subsidiary may be included in the consolidation on the basis of its financial statements. If a consolidated subsidiary's balance sheet date is more than three months before the parent's balance sheet date, the subsidiary must be included in the consolidated financial statements on the basis of special financial statements prepared as at the parent's balance sheet date in accordance with the provisions of this Act.

**Combination**

**117(1)** On consolidation, the financial statements are combined by adding together uniform income and expenses, assets, liabilities and equity. Any adjustments must be made which are necessary due to the special factors pertaining to consolidated financial statements as distinct from financial statements.

(2) Consolidated enterprises for which the group connection has been established during the financial year may only be included in the consolidation to the extent of income and expenses pertaining to any transactions and other matters arising after the date at which the group connection was established.

(3) Consolidated enterprises for which the group connection is terminated during the financial year may only be included in the consolidation to the extent of income and expenses pertaining to any transactions and other matters arising up to the date at which the group connection was terminated.

**Classification**

**118(1)** The balance sheet, income statement and cash flow statement in the consolidated financial statements must be presented in accordance with the rules for financial statements in reporting class C, cf. section 78, unless otherwise provided by the second sentence or subsections (2)-(4). If the parent is under an obligation to follow the rules for financial statements in reporting class D, cf. section 102, the consolidated financial statements must also follow such rules unless otherwise provided by subsections (2)-(4).

(2) Investments in, receivables from or payables to non-consolidated subsidiaries and associates shall be stated as separate items in the balance sheet of the consolidated financial statements.

(3) The consolidated equity may be presented in such a way that only any such items are shown as are necessary to give a true and fair view as stipulated in section 11(1).

(4) The minority interests' proportionate share of the subsidiaries' equity shall be entered as a separate principal item between "Equity" and "Liabilities". The minority interests' proportionate share of the subsidiaries' profit or loss shall be entered as a separate item in the income statement.

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### **Recognition and measurement**

**119(1)** The assets, liabilities and equity, income and expenses covered by the consolidation shall be recognised and measured in accordance with uniform methods in pursuance of the rules for financial statements in reporting class C, cf. sections 33-52, 78 and 82-85.

(2) In so far as possible, the same methods of recognition and measurement basis must be used in the consolidated financial statements as in the parent's financial statements. If consolidated subsidiaries use other methods and bases in their own financial statements, new financial statements must be prepared for the consolidated financial statements in which the methods of recognition and measurement basis used are in accordance with the methods and bases used in the consolidated financial statements.

### **Elimination**

**120(1)** The following items must be eliminated:

- 1) Receivables and payables between the consolidated enterprises,
- 2) income and expenses resulting from transactions between the consolidated enterprises and
- 3) gains and losses resulting from transactions between the consolidated enterprises which are included in the carrying amount of the items.

(2) The provision in subsection (1), paragraph 3), may be derogated from in special cases if the transaction has been made on normal terms on an active market and the elimination would moreover entail disproportionately high expenses.

### **Group establishment**

**121(1)** Unless otherwise stated, the establishment of a group connection between two enterprises shall be treated in accordance with the purchase method, cf. section 122.

(2) If, in connection with the establishment of the group connection, the two enterprises are both subject to a parent in a group connection or are both subject to the control of same interest, the group establishment may be treated in accordance with the uniting of interests method, cf. section 123.

(3) The uniting of interests method in accordance with section 123 may also be applied if, in connection with the establishment of the group connection, the parent

- 1) has the same fair value as the subsidiary,
- 2) holds at least 90 per cent of the voting rights and of the nominal value of the contributed capital of the acquiree and
- 3) has acquired the holding by means of a scheme which implies that
  - a) neither the previous owners together nor the owners having equity investments in exchange for their rights in the subsidiary together will acquire control of the parent,
  - b) the previous owners and the owners having received equity investments under the scheme in exchange for their rights in the subsidiary must have the same rights, and
  - c) the cash consideration will not exceed 10 per cent of the nominal value of the equity investments received.

### **Acquisition**

**122(1)** If the group connection is established by the acquisition of an enterprise, the assets and liabilities in the acquiree at the date of acquisition shall be included and measured at fair value in

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the consolidated financial statements, whether or not they had been included in the enterprise's balance sheet prior to the acquisition. In this connection, estimated restructuring expenses in the acquiree must be recognised as provisions.

(2) The consolidated enterprises' investments in a consolidated subsidiary measured at cost shall be eliminated at the consolidated enterprises' proportionate share of the net assets of the subsidiary, measured at fair value, cf. subsection (1). The elimination shall be effected at the time of the establishment of the group.

(3) A positive balance resulting from the elimination in accordance with subsection (2) shall be treated as goodwill, cf. section 43. A negative balance resulting from the elimination in accordance with subsection (2) shall be recognised as a separate item under deferred income with a suitable designation. The said amount shall be recognised in the income statement in line with the realisation of the circumstances which are the cause of the balance, but over a maximum period of 20 years.

(4) Equity investments in a parent held by a consolidated enterprise shall not be eliminated, but shall be treated as treasury shares.

### **Uniting of interests**

**123** In accordance with the uniting of interests method, the consolidated financial statements shall be presented for the period in which the uniting of interests occurs as if the enterprises had been combined starting from the earliest accounting period forming part of the financial statements. The difference between the amount paid as contributed capital and any premium plus any cash consideration and the equity value of the subsidiary must in a clear manner be added to or deducted from the reserves that may be used to cover losses.

### **Proportionate consolidation**

**124(1)** An enterprise managed by the enterprise with one or more other enterprises may be included in the consolidated financial statements by proportionate consolidation.

(2) The items in the jointly controlled enterprise shall be included on a proportionate basis with the consolidated enterprises' share of the enterprise's equity and results. Moreover, the rules on consolidation, etc. in sections 115-122 shall apply, *mutatis mutandis*.

### **Disclosure in the notes**

#### *Disclosure of accounting policies*

**125(1)** The disclosure of the accounting policies and the notes in the consolidated financial statements must provide information about the group as if the consolidated enterprises were one single enterprise. Sections 53-55 and 87 shall apply correspondingly to the information about the group disclosed in the consolidated financial statements. Instead of information about the individual enterprise's amounts, the consolidated enterprises' amounts are shown in aggregate, consolidated in accordance with the methods applicable to the consolidated financial statements.

(2) The disclosure of accounting policies must also show all cases of the following:

- 1) Any exclusion of a consolidated enterprise giving specific and adequate grounds.
- 2) Any balance sheet date for a consolidated subsidiary which is different from that of the parent, cf. section 116(2), first sentence. If any important events have occurred between the two balance sheet dates affecting the subsidiary's assets, liabilities and equity, its financial position and results, it must be explained.
- 3) The use of any methods of recognition and measurement basis other than those used in the parent's financial statements giving specific and adequate grounds for using other methods.

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- 4) Failure to eliminate in accordance with section 120(2).
- (3). In a separate part of the statement of accounting policies, it must be disclosed:
  - 1) If the enterprise has used the exception in section 114(2), paragraph 4). In that case, the consolidated results and equity must be disclosed.
  - 2) The remaining positive and negative balances in accordance with sections 122 and 123 as well as the methods used in connection with the calculation thereof. Any changes in the balances compared with the previous year must be explained.

**Other disclosures in the notes**

**126(1)** The following requirements shall apply correspondingly to the consolidated financial statements:

- 1) Statement of changes in equity, cf. section 56,
  - 2) disclosures of contingent assets, cf. section 61,
  - 3) disclosures of contingent liabilities, cf. sections 64 and 94,
  - 4) disclosures of the distribution of the revenue on activities and markets, cf. section 65,
  - 5) disclosures of related parties, etc., cf. sections 68, 70 and 71,
  - 6) disclosures of treasury shares, cf. section 76(1), paragraph 1),
  - 7) disclosures of the distribution of the principal activities on activities and markets regarding certain fixed assets and liabilities, cf. section 88,
  - 8) disclosures of liabilities other than provisions, cf. section 92,
  - 9) disclosures of the distribution of the principal activities on activities and markets regarding the profit or loss from ordinary operating activities, cf. section 96(1), and
  - 10) disclosures of auditors' fees, cf. section 96(2).
- (2) The requirement for disclosure of information about remuneration, etc. in section 69 and in section 73 about outstanding accounts against members of the management and security provided for them shall apply correspondingly to the overall amounts paid to the categories of members of the management and enterprise owners of the parent who are covered by the said provisions.
- (3) The requirement in section 106 shall apply correspondingly to disclosures of benefits in accordance with section 69, cf. the above subsection (2), if the parent is covered by reporting class D.
- (4) The disclosures dealt with in section 70(1), cf. the above subsection (1), paragraph 5), may be omitted if they concern the parent's transactions with consolidated enterprises or with enterprises consolidated on a proportionate basis in accordance with the rules in section 124.
- (5). Information must be disclosed about the change in the minority interests' proportionate share of the subsidiaries' equity.

**127(1)** For each of the consolidated subsidiaries and non-consolidated subsidiaries respectively, the following must be disclosed

- 1) name and registered office,
  - 2) the share of the equity which is held by the consolidated enterprises overall,
  - 3) the basis of the group connection, cf. Schedule 1, B, no. 4, unless it follows from the said no. 4, paragraph 1) (the majority of the voting rights), and the consolidated enterprises' share of the subsidiary's contributed capital and voting rights is the same,
  - 4) specific and adequate grounds if the enterprise has been excluded from the consolidation, cf. section 114(2), and
  - 5) whether the capital elimination method described in section 123 has been applied.
- (2) For each associate, the following must be disclosed
- 1) name and registered office,
  - 2) the share of the equity which is held by the consolidated enterprises overall, and
  - 3) whether the enterprise has been measured under the equity method, cf. section 84.
- (3) For each enterprise whose financial statements form part of a proportionate consolidation in accordance with section 124 the following must be disclosed
- 1) name and registered office,

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- 2) the share of the equity which is held by the consolidated enterprises overall, and
  - 3) the basis for the joint management.
- (4) The disclosures in subsections (1)-(3) may be left out if they may cause considerable damage to the enterprise itself or to the enterprises mentioned in subsections (1)-(3). Any non-disclosure of information on these grounds must be disclosed.

**Management's review**

**128(1)** The management's review of the group must provide information about the group as if the consolidated enterprises together were one single enterprise. Instead of information about the individual enterprise's amounts, the consolidated enterprises' amounts must be shown in aggregate, consolidated in accordance with the same methods that apply to the consolidated financial statements.

(2) The provisions on the management's review, cf. sections 77 and 99-101, shall apply correspondingly. If the parent is covered by the rules in reporting class D, section 107 shall apply correspondingly. The information provided for under section 99, paragraph 6), may, however, be omitted.

(3) The management's review of the parent and the group may be combined if it is possible without difficulties to find any disclosures required by this Act which have not become superfluous as a result of the consolidation, cf. however section 22(2), section 78(2) and section 102(2).

Chapter 15

*Accounting for mergers, etc.*

**129(1)** To the extent that, in accordance with legislation or agreement, a statement is to be prepared of the consolidation of combining enterprises' assets, liabilities and equity (the joint balance sheet of the combining enterprises), the provisions in sections 115-123, except for section 118(3), shall apply correspondingly to the opening balance sheet for the combined enterprise, the acquirer and the enterprise formed by the merger. The rules for the parent shall apply to the acquirer, and the rules for subsidiaries shall apply to the acquiree.

(2) Unless otherwise stipulated by legislation or agreement, the joint balance sheet of the combining enterprises must consist of the opening balance sheet of the combined enterprise, the acquirer or the enterprise formed by the merger supplemented by closing balance sheets of the combining enterprises and statements of any changes made necessary by the merger, or any transactions to be made as a result of the merger agreement. The opening balance sheet shall be supplemented by any notes necessary to give a true and fair view of the acquirer or the enterprise formed by the merger as well as any supplementary reports provided for by the merger agreement.

**130** The provisions of section 129 shall apply correspondingly to enterprises' acquisition of assets and liabilities in connection with a demerger with any such adjustments as may follow from the special nature of the demerger.

**PART VII**

**Interim Report for State-owned Public Limited Companies**

Chapter 16

**Preparation of interim report**

*General provisions*

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**131(1)** State-owned public limited companies shall prepare an interim report covering the first six months of the corporation's financial year. If the state-owned public limited company is a parent, the interim report must be prepared as if the consolidated enterprises were a single enterprise. An enterprise may omit to prepare interim reports if its information is included in an interim report prepared by a parent.

(2) A state-owned public limited company may also prepare equivalent reports for periods other than a six-month period.

### **Recognition and measurement**

**132(1)** The interim report must be prepared on the basis of the same basic requirements as the annual report, cf. chapter 3.

(2) The interim report must contain disclosures about the past six-month period equivalent to the disclosures required in accordance with section 101(1), paragraph 1). The equivalent figures for the same period of the previous financial year must be stated next to each figure. Section 24(1), second and third sentences, and section 55 shall apply correspondingly.

### **Disclosures**

#### *Accounting policies*

**133** Sections 55 and 87 shall apply correspondingly to the interim report.

### **Management's review**

**134** The interim report must contain the following information:

- 1) An account of the development in the company's activities and affairs,
- 2) an account of the company's projected development,
- 3) an account of any special assumptions used by the company's management as a basis for the statement of the projected development, and
- 4) information about important decisions made by the Board of Directors during the six-month period in question.

## **PART VIII**

### **Auditing of the Annual Report**

#### Chapter 17

### **Auditing**

**135(1)** An enterprise which is under an obligation to prepare an annual report in accordance with the rules for reporting class B, C or D must have its financial annual report audited by one or more auditors. The audit shall not comprise the supplementary reports forming part of the annual report, cf. section 2(2).

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- (2) Only state-authorized public accountants or registered public accountants may audit the annual report of the said enterprises, cf. however section 2(2) of the Danish Act on State-authorized Public Accountants and section 1 a (2) of the Danish Act on Registered Public Accountants. For enterprises required to prepare an annual report in accordance with the rules for reporting class D, at least one auditor must be a state-authorized public accountant.
- (3) The Danish Commerce and Companies Agency may lay down requirements for the auditing of supplementary reports, cf. section 2(2), forming part of the annual report for all or some of the enterprises which are covered by reporting classes C and D.

## **PART IX**

### **Accounting Regulation in Denmark**

#### Chapter 18

##### **Organisation for the issue of**

*accounting standards, etc.*

**136(1)** The Danish Commerce and Companies Agency is responsible for ensuring that standards are prepared where necessary to elaborate on and supplement this Act. Within the framework of Council Directives 78/660/EEC and 83/349/EEC as amended, the standards may specify the exceptions from provisions which are covered by the derogation obligation under section 11(3), and where derogation is deemed to be necessary for the practical and expedient application of the provisions. The standards must specify the categories of enterprises which are entitled or required to follow the standards.

(2) With a view to meeting the requirements of an international agreement, EEC legislation or EU legislation, the Danish Commerce and Companies Agency may lay down rules specifying that specific groups of enterprises are entitled or required to follow international accounting standards. The Agency will consult with the organisation referred to in section 137(1) which is to submit an opinion on the appropriateness of an international accounting standard to Danish conditions, including any adjustments necessary in order to extend the application of the standard to enterprises not covered by reporting class D.

(3) The Danish Commerce and Companies Agency may order an organisation with which an agreement has been entered into, cf. section 137(1), to prepare special standards in areas in which a need for regulation is found to exist.

**137(1)** The Danish Commerce and Companies Agency may enter into an agreement with one or more independent organisations under which the said organisations are to handle all or any part of the tasks provided for under section 136(1). The Danish Commerce and Companies Agency may lay down specific provisions for the performance and organisation of the work, including provisions for public authorities' rights to state their opinion on or approve the standards before they are implemented.

(2) The Danish Commerce and Companies Agency may set up an Accounting Council with which the Agency may consult about general accounting issues. The chairmanship and secretarial function will be handled by the Danish Commerce and Companies Agency.

## **PART X**

### **Publication and Examination of the Annual Report, etc.**

#### Chapter 19

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## **Submission to the Danish Commerce and Companies Agency**

### **Submission of the annual report**

**138(1)** Without undue delay after approval, all enterprises covered by reporting classes B, C and D shall submit the audited and approved annual report to the Danish Commerce and Companies Agency, cf. 3(1) and 7. The Agency must be in receipt of the annual report within a time limit of 5 months after the end of the financial year, subject to a time limit of 4 months for enterprises covered by reporting class D. No exemption may be granted from the said time limits, cf. however sections 140 and 141.

(2) The annual report submitted must, as a minimum, contain the compulsory elements for each reporting class as well as the full auditor's report. If the enterprise wishes to have supplementary reports published as mentioned in section 2(2), any reports must be submitted together with the compulsory elements of the annual report, so that the compulsory elements and the supplementary reports together will constitute one document called the "annual report", cf. however subsection (3).

(3) Green accounts (environmental report) which the enterprise is under an obligation to submit or submits voluntarily to the Danish Commerce and Companies Agency for publication in accordance with the rules of the environmental legislation may be submitted as part of the annual report or the green accounts may be submitted separately to the Agency at the enterprise's own option.

(4) Annual reports and any other documents to be submitted to the Agency in accordance with this Act must be drafted in Danish, cf. however section 157.

(5) If an enterprise voluntarily submits an annual report in accordance with section 4(6), first sentence, and if such annual report has been audited, the enterprise shall ensure that the auditor's report is included in the document.

(6) If the Agency has announced that an annual report is accessible to the general public in accordance with section 154, such annual report may not be replaced by a new annual report except with the consent of the Agency.

### **Submission for enterprises in the course of liquidation or reorganisation**

**139(1)** Enterprises in the course of liquidation shall continue to submit an annual report to the Agency in accordance with section 138 until the liquidation has been concluded with the dissolution of the enterprise.

(2) In addition, the enterprise shall submit opening and closing liquidation financial statements to the Danish Commerce and Companies Agency where prescribed in the legislation applying specifically to the enterprise.

**140(1)** For enterprises having suspended payments in accordance with the Danish Insolvency Act, the Danish Commerce and Companies Agency may permit that, notwithstanding the time limit set out in section 138(1), second sentence, the annual report need only be submitted in time for it to be received by the Agency within a time limit of 1 month after the end of the suspension period. If the said time limit is exceeded, sections 150-152 shall apply correspondingly, and the charge will be payable from 1 month after the end of the suspension period.

(2) If bankruptcy proceedings are commenced for the enterprise, the provisions of section 141 shall apply.

(3) For enterprises for which negotiations for a composition have been commenced in accordance with the Danish Insolvency Act, subsections (1) and (2) shall apply. The annual report must be submitted so that it is received by the Agency within 1 month after the acceptance and approval of the composition.

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**141(1)** For enterprises being administered in bankruptcy, no annual report is to be submitted to the Danish Commerce and Companies Agency.

(2) If the enterprise resumes its activities, it shall submit annual reports for the period from the balance sheet date of the latest annual report submitted to the end of the enterprise's latest financial year prior to the termination of the bankruptcy proceedings in time for such annual reports to be received by the Agency within 1 month after the termination of the bankruptcy proceedings. Instead of the annual reports referred to in the first sentence, the Agency may grant permission for the enterprise to submit an audited opening balance sheet prepared as at the date of the termination of the bankruptcy proceedings. If the time limit for submission specified in the first sentence hereof is exceeded, sections 150-152 shall apply correspondingly, and the charge will be payable from 1 month after the termination of the bankruptcy proceedings.

**142** Any procedures to reorganise an enterprise other than the procedures listed in sections 140 and 141 shall not exempt the enterprise from its obligation to submit an annual report before the expiry of the time limit specified in section 138(1).

**Submission for non-Danish enterprises with a branch in Denmark**

**143(1)** The branch manager of a branch registered with the Danish Commerce and Companies Agency as a branch of a non-Danish enterprise shall submit the non-Danish enterprise's audited annual report in time for it to be received by the Agency within a time limit of 5 months after the end of the financial year. No exemption may be granted from the said time limit. The financial statements of the branch may not be submitted instead.

(2) The annual report submitted must, as a minimum, be presented as prepared and published in accordance with the rules in the State which the enterprise comes under.

(3) The annual report for a non-Danish enterprise which comes under the legislation in an EU Member State or in another country with which the Community has entered into an agreement may be submitted unaided if the audit has been omitted in accordance with the legislation applying to the enterprise.

**144(1)** If the non-Danish enterprise is a subsidiary, the branch manager may submit the parent company's consolidated financial statements to the Danish Commerce and Companies Agency in accordance with section 146(5) instead of the annual report referred to in section 143 if

- 1) both the subsidiary and the parent come under the legislation in an EU Member State or in another country with which the Community has entered into an agreement,
- 2) the consolidated financial statements have been prepared in accordance with Council Directive 83/349/EEC as amended on consolidated financial statements and have been audited and published in accordance with said rules, cf. however section 143(3),
- 3) the omission is in accordance with the legislation applying to the enterprise,
- 4) the financial statements of the enterprise and its subsidiaries are included in the parent's consolidated financial statements by full consolidation or by recognition and measurement under the equity method,
- 5) all the owners have accepted the procedure for the financial year in question,
- 6) the parent has declared that it guarantees the enterprise's commitments until publication of the revocation of the guarantee subject to a time limit of not less than 3 months or publication of the deregistration or cancellation of the branch from the Agency's register subject to an equivalent time limit, and
- 7) the parent discloses in its annual report that the subsidiary has omitted to prepare its own annual report, specifying the exemption provision applied.

(2) If the non-Danish enterprise does not come under any legislation mentioned in subsection (1), the branch manager may submit the parent's consolidated financial statements to the Danish Commerce and Companies Agency in accordance with section 146(5) instead of the non-Danish enterprise's annual report if

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- 1) the consolidated financial statements have been prepared in accordance with the Directive referred to in subsection (1), paragraph 2), or in accordance with rules which are, as a minimum, equal to the rules in the said Directive, and the consolidated financial statements have been audited by persons authorised to do so in pursuance of the national legislation which the parent comes under, and
- 2) the conditions in subsection (1), paragraphs 3)-7), have been met.

**145(1)** Enterprises making use of the exemption in section 4 shall submit an exemption statement in which the management

- 1) states that the exemption in question has been applied, and
- 2) guarantees that the conditions for applying the exemption have been met.

(2) An exemption statement must be submitted for each financial year. The Danish Commerce and Companies Agency must be in receipt of the statement before the expiry of the time limit specified in section 138(1), second sentence. If the time limit is exceeded, sections 150-152 shall apply correspondingly.

**146(1)** Enterprises that make use of the exemption in section 5(1) shall submit an exemption statement to the Danish Commerce and Companies Agency in accordance with section 145 supplemented with

- 1) the consolidated financial statements referred to in section 5(1),
- 2) reference to the consolidated financial statements contained in an annual report, which the Agency has received for publication, or
- 3) officially certified documentation to the effect that the consolidated financial statements have been published in accordance with the legislation applying to the non-Danish enterprise.

(2) Enterprises making use of the exemption in section 5(2) shall submit an exemption statement to the Agency in accordance with section 145 supplemented with

- 1) the annual report referred to in section 5(2), or
- 2) reference to the annual report of which the enterprise's financial statements form part and which the Agency has received for publication.

(3) Enterprises making use of the exemption in section 5(3) shall submit an exemption statement to the Agency in accordance with section 145 accompanied by

- 1) the annual report referred to in section 5(3), or
- 2) officially certified documentation to the effect that the annual report has been published in accordance with the legislation applying to the non-Danish enterprise.

(4) Enterprises making use of the exemption in section 6(1) shall submit an exemption statement to the Agency in accordance with section 145 supplemented with

- 1) the consolidated financial statements referred to in section 6(1), or
- 2) reference to the consolidated financial statements contained in an annual report which the Agency has received for publication.

In addition, the statements mentioned in section 6(1), paragraphs 4) and 5), must be submitted. The latter statement is only to be submitted for the first financial year in which the exemption is used.

(5) If the exemptions in section 144 are used, the branch manager must submit an exemption statement to the Danish Commerce and Companies Agency in accordance with section 145 supplemented with

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- 1) the consolidated financial statements referred to in section 144(1) or (2), and
- 2) the statements referred to in section 144(1), paragraphs 5) and 6). The latter statement is only to be submitted for the first financial year in which the exemption is used.

**147** An enterprise submitting consolidated financial statements for a higher-ranking parent in the group in accordance with section 112 shall submit any further information required by the Agency for the purpose of publication; no information may be required other than the information required to be contained in consolidated financial statements in accordance with this Act, cf. however section 160.

**State-owned public limited companies' submission of interim financial reports**

**148(1)** A state-owned public limited company shall submit its interim financial report in time for it to be received by the Danish Commerce and Companies Agency within 2 months after the end of the 6-month period in question.

(2) If a state-owned public limited company fails to submit an interim financial report, the Agency may impose default fines in accordance with section 162(1), paragraph 1).

**The enterprise's own publication of the annual report**

**149(1)** If the enterprise itself publishes the annual report in its entirety, such publication must be in the form, layout and wording in which the report has been audited, whether by statutory or voluntary auditing.

(2) If the enterprise publishes an incomplete annual report, the material published must clearly state that the annual report has been condensed and that the complete annual report is available at the Danish Commerce and Companies Agency or, if this is not the case, that the annual report has not been submitted to the Agency. The auditor's report does not have to form part of a condensed publication, but it must be clearly stated in the publication if the auditor has made any qualifications or has provided the auditor's report with supplementary information.

**Non-receipt or late receipt of the annual report or exemption statement**

**150(1)** If an annual report or an exemption statement has not been received by the Danish Commerce and Companies Agency by the expiry of the time limit specified in section 138(1), second sentence, the Agency will send a letter of demand to the management of the enterprise at the address of the enterprise requesting submission of the enterprise's annual report or exemption statement. An equivalent letter of demand will be sent to the branch manager if the annual report or exemption statement for a non-Danish enterprise with a registered branch in Denmark has not been received by the expiry of the time limit specified in section 143(1).

(2) A time limit of 8 working days from the date of the letter for submission of the annual report will be specified in the letter of demand. If the annual report or the exemption statement is received by the Agency before the expiry of such time limit, the Agency will take no further action as a result of the delay.

(3) A further time limit of 4 weeks from the date of the letter will also be specified in the letter of demand. If the annual report or the exemption statement has not been received before the expiry of this time limit, the Agency may subsequently decide to request the Bankruptcy Court to dissolve the enterprise in accordance with the insolvency legislation applicable to the enterprise. If the letter of demand concerns a branch of a non-Danish enterprise, the Agency may decide to strike the branch off the register in accordance with the legislation applying to the branch in this

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respect if the annual report has not been received before the expiry of the time limit specified in the first sentence.

**151(1)** If the annual report or the exemption statement is received after the expiry of the time limit of 8 working days from the date of the letter of demand, cf. section 150 (2), the Danish Commerce and Companies Agency will impose a charge on each member of the enterprise's senior management or each branch manager respectively.

(2) The charge will be payable from the expiry of the time limit specified in section 138(1), second sentence.

(3) The charge will amount to DKK 500 per member of the management or branch manager respectively for the first month or part of a month, a total of DKK 2,000 for the second month or part of a month and a total of DKK 3,000 for the third month or part of a month. The charge shall not exceed an amount of DKK 3,000 per member of the management or branch manager respectively.

(4) The total charge will be reduced to the extent of any default fines paid for the same period by the member of the management or branch manager in question in accordance with section 162(1), paragraph 1), for failing to submit an annual report or an exemption statement.

(5) Charges imposed under subsection (3) will accrue to the Treasury and may be collected by the Financial Administration Agency by levying execution.

**152(1)** In exceptional circumstances, the Danish Commerce and Companies Agency may exempt a member of the management or a branch manager from payment of a charge under section 151, in full or in part, if the person in question can prove to the Agency that he or she had sought to expedite the submission, etc., and that he or she is therefore not to blame for the delay.

(2) It shall not in itself exempt a member of the management from liability that the actionable conduct was committed by the enterprise's employees, consultants, advisers or the like.

**Calculation of time limits**

**153(1)** The time limits fixed by or under this Act shall begin to run on the day after the date of the triggering event. This shall apply to the calculation of days, weeks, months and years in connection with time limits.

(2) If the time limit is stated in weeks, the time limit, shall expire on the day of the week on which the triggering event took place, cf. subsection (1).

(3) If the deadline is stated in months, the time limit shall expire on the day of the month on which the triggering event took place, cf. subsection (1). If the day on which the triggering event took place is the last day of a month, or if the time limit expires on a date of the month which does not exist, the time limit shall always expire on the last day of the month irrespective of the number of days in the specific month.

(4) If the time limit is stated in years, the time limit shall expire on the anniversary of the date of the triggering event, cf. subsection (1).

(5) If a time limit expires during a weekend, on a public holiday, Constitution Day, 24 December or 31 December, the time limit shall be extended until the next working day.

Chapter 20

**Publication**

*Further rules on submission and publication, etc.*

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*Extended public access to the documents of state-owned public limited companies*

*Publication*

**154(1)** The Danish Commerce and Companies Agency gives immediate notice of the receipt of the annual reports, any exemption statements, etc. submitted instead of such reports, opening and closing liquidation financial statements as well as interim reports of state-owned public limited companies.

(2) The documents are accessible to the general public.

*Further rules on submission and publication, etc.*

**155(1)** Letters, printouts and any other documents issued by the Danish Commerce and Companies Agency may be in either hard copy or electronic form. Irrespective of their form, such documents shall be equally effective in legal terms. The documents may be signed or unsigned, may be provided with an automatically reproduced signature, a digital signature or the like, at the Agency's discretion.

(2) Annual reports and any other documents received by the Agency in accordance with this Act may be in either hard copy or electronic form. Irrespective of their form such documents shall be equally effective in legal terms. The Agency may stipulate that documents shall be provided with a personal signature, an automatically reproduced signature, a digital signature or the like. . The Agency will lay down rules on electronic submission of the documents in question, specifying that submission shall be made in a structured form prescribed by the Agency. The Agency may also make further requirements for the electronic systems used.

(3) The Agency will lay down rules on the submission and publication of annual reports and exemption statements, etc. submitted instead of such reports as well as interim reports for state-owned public limited companies. In this connection, the Agency may lay down rules governing users' access to documents published by the Agency via electronic media. The Agency will also lay down rules on the restatement of published annual reports and the consequences thereof.

**156(1)** The Danish Commerce and Companies Agency may lay down rules on payment for copies of documents, etc. which are accessible to the public under this Act, for use of the Agency's computer system, for certain services for which no prices have been fixed and for reminders, etc. in connection with late payment.

(2) The Agency may lay down rules for payment of an annual fee for administration of this Act and the associated control activities, for the administration of the rules provided for under company law concerning loss of capital and loans to owners and any other violation of the law in connection with the examination of annual reports and for the administration of the issue of accounting standards and approval of international standards, cf. section 136.

**157** The Danish Commerce and Companies Agency may decide that certain documents are to be exempt from the requirement that documents must be drafted in Danish. Furthermore, following an evaluation of whether publication is capable of achieving its purpose, the Agency may grant specific exemptions from the requirement that documents must be drafted in Danish, making it a condition that the enterprise submits certified translations of documents at a later time if the Agency finds it necessary.

**Extended public access to the documents of state-owned public limited companies**

**158** No later than 14 days before the date of the General Meeting, state-owned public limited companies shall send a copy of the corporation's annual report to any representatives of the

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press requesting such copy and shall make copies of the report available to any third party upon request at the company's head office.

Chapter 21

*Examination of annual reports, etc.*

*Test checks*

**159(1)** The Danish Commerce and Companies Agency shall, through random sampling, select and check received annual reports and the accompanying auditor's reports, exemption statements, etc. submitted instead of annual reports as well as interim reports for state-owned public limited companies in order to ascertain any obvious violations of provisions of or under this Act, the Danish Bookkeeping Act, the Danish Companies Act, the Danish Private Companies Act, the Danish Act on Certain Commercial Enterprises, the Danish Act on Commercial Foundations, the Danish Act on State-authorized Public Accountants and the Danish Act on Registered Public Accountants.

(2) The Agency may also apply other criteria for the selection of annual reports, etc. for checking.

**Request for information**

**160** The Danish Commerce and Companies Agency may demand from the enterprise, its management or its auditor any information necessary to determine whether there has been a violation of the legislation referred to in section 159(1) and of the enterprise's articles of association or whether a violation has been discontinued.

**Reactions to violations**

**161** In order to ensure that the legislation listed in section 159(1) is complied with, the Danish Commerce and Companies Agency may

- 1) provide guidance
- 2) issue reprimands for any violations, and
- 3) order any errors to be corrected and violations to be discontinued.

**PART XI**

**Default fines. Right of appeal. Penalties. Commencement**

Chapter 22

**Default fines**

**162(1)** The Danish Commerce and Companies Agency may impose daily or weekly fines on the members of the enterprise's supervisory board, executive board or any similar management body if they fail to

- 1) submit documents as and when required in accordance with sections 138-148 or provisions laid down in pursuance of this Act,
- 2) comply with a request for disclosures in accordance with section 160, or
- 3) comply with an order by the Agency in accordance with section 161, paragraph 3).

(2) Default fines may also be imposed on the enterprise's auditor if he or she fails to provide information in accordance with section 160.

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(3) The default fines, which will accrue to the Treasury, may be collected by the Danish Financial Administration Agency by levying execution.

Chapter 23

**Right of appeal**

**163(1)** Decisions made by the Danish Commerce and Companies Agency under the Act or any order or regulations issued in pursuance of the Act may be brought before the Danish Commerce and Companies Appeals Board within 4 weeks after notification to the party.

(2) Decisions made under section 150(3) and sections 159 and 160 and refusals of applications for extensions of time limits shall not, however, be brought before a higher administrative authority.

Chapter 24

**Penalties**

**164(1)** Any violation of sections 4-6, 8-16, 18-134 and 158 shall be punishable by a fine.

(2) Companies, etc. (legal persons) may incur criminal liability subject to the provisions of Part 5 of the Danish Criminal Code.

(3) In orders and regulations issued in pursuance of the Act, it may be stipulated that any violation of provisions in such orders or regulations by intent or gross negligence shall be punishable by a fine.

(4) In special cases, the Danish Commerce and Companies Agency may stipulate by order that any violation by intent or gross negligence of specific rules in accounting standards issued in pursuance of section 136(1) or (2) shall be punishable by a fine.

Chapter 25

**Commencement and transitional rules**

**165(1)** This Act shall enter into force on 1 January 2002 with effect for financial years beginning on or after 1 January 2002, cf. however subsections (3)-(6).

(2) Concurrently, the Danish Act on Certain Companies' Presentation of Financial statements, etc., cf. Consolidation Act no. 526 of 17 June 1996, shall be repealed, cf. however subsections (3) and (6).

(3) For financial years beginning before 1 January 2002, the existing rules in the Danish Act on Certain Companies' Presentation of Financial statements, etc., cf. Consolidation Act no. 526 of 17 June 1996, shall, however, remain in force, subject to the modifications provided for by section 169 of this Act. However, the time limit for submissions stipulated in section 138(1) of this Act shall apply if an accounting period beginning before 1 January 2002 ends after 31 December 2002.

(4) For financial years which both begin and end in 2002, the annual report or the exemption statement must be received by the Agency within 6 months after the end of the financial year (5 months for state-owned public limited companies and listed companies). If the time limit in the first sentence is exceeded, the provisions for imposing charges in sections 150-152 shall apply correspondingly. For commercial foundations and for enterprises submitting exemption statements, the provisions of sections 150-152 shall, however, only apply to financial years ending on or after 1 January 2003.

(5) The Minister of Business and Industries will fix the date of commencement for section 37 of the Act.

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(6) Notwithstanding subsection (2), the requirement that there must be two auditors in state-owned public limited companies and listed limited liability companies, cf. section 61 c (1) of the Danish Act on Certain Companies' Presentation of Financial statements, etc., cf. Consolidation Act no. 526 of 17 June 1996, shall remain in force for financial years beginning on or before 31 December 2004.

**166(1)** Any changes in methods of recognition and measurement basis which are necessary as a result of the adoption of this Act must be made in accordance with the rules in section 51, cf. however subsections (2)-(4).

(2) Any changes in the methods of recognition of intangible assets in the form of goodwill, internally generated rights and development projects, cf. subsections 33, 83 and 122, may be made so that only matters occurring from and after the financial year will be recognised in accordance with the new rules.

(3) Changes in the methods of recognition of expenses which are only indirectly attributable to a manufactured fixed asset or current asset, cf. section 82, may be made so that indirect expenses are only recognised in the cost of assets manufactured starting from the financial year.

(4) For periods preceding the financial year beginning on 1 January 2002 or thereafter, the enterprise may omit to restate comparative figures for any items in the financial statements which are affected by changes in methods of recognition and measurement basis in pursuance of subsection (1). Any such omission must be disclosed in accordance with section 55(2).

(5) The Danish Commerce and Companies Agency may derogate from the transitional provisions of this Act and lay down further transitional provisions where necessary to ease administrative burdens in connection with the switch to the application of the rules provided for under this Act.

**167** When an enterprise first changes the monetary unit used, cf. section 16, this may be done without observing the conditions set out in section 13(2). However, the enterprise must meet the disclosure requirements in section 11(3), second sentence, cf. section 13(3).

**168(1)** If an enterprise wishes to apply the provisions of this Act to a financial year beginning before 1 January 2002, this must be done systematically, consistently and to the effect that the annual report, as a minimum, gives a true and fair view in accordance with section 11(1) of this Act on a level with what was given in the latest financial statements, etc., cf. section 4(2) of the Danish Act on Certain Companies' Presentation of Annual Accounts, etc., cf. Consolidation Act no. 526 of 17 June 1996. However, the provision of section 37 shall not be applied until it has been put into force by the Minister of Business and Industries, cf. section 165(5).

(2) Notwithstanding subsection (1), the provision of section 6 may only be applied to financial years beginning on 1 January 2002 or thereafter.

**169(1)** The following amendments shall be made to the Danish Act on Certain Companies' Presentation of Annual Accounts, etc., cf. Consolidation Act no. 526 of 17 June 1996 as amended most recently by section 24 of Danish Act no. 166 of 24 March 1999:

**1.** *Section 62(1), first and second sentences*, shall have the following wording:

"The audited and approved accounts with any consolidated accounts and annual report must be submitted to the Danish Commerce and Companies Agency without undue delay after the approval at the General Meeting or by an equivalent lawful resolution, and the Agency must be in receipt of such accounts within 6 months after the end of the financial year. For state-owned public limited companies and companies whose shares or bonds are listed on a stock exchange, the Agency must be in receipt of the accounts, etc., however, within 5 months after the end of the financial year."

**2.** *Section 62(5)* shall be repealed.

**3.** *Section 62(6), third and fourth sentences*, shall have the following wording:

"The charge will be payable from the time stated in the first sentence and will amount to DKK 500 per member of the management for the first month or part of a month, to DKK 2,000 in total for

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the second month or part of a month and to DKK 3,000 in total for the third month or part of a month. The charge shall not exceed DKK 3,000 per member of the management.”

(2) The amendments in subsection (1), paragraphs 1) and 2), shall enter into force on 1 July 2001 and shall apply to financial years ending on or after 31 May 2001.

(3) The amendments in subsection (1), paragraph 3), shall enter into force on 1 July 2001 with effect for financial statements, etc., received by the Danish Commerce and Companies Agency on 1 or after July 2001.

**170** The Act shall not extend to the Faroe Islands and Greenland, but may, by Royal Decree, become effective in full or in part for the said provinces subject to any deviations required by the specific conditions affecting the Faroe Islands or Greenland.

**Made at Christiansborg Palace, 7 June 2001**

By Our Royal Hand and Seal

MARGRETHE R.

/ Ole Stavad

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**Schedule 1**

## **Definitions**

In this Act, the terms below shall be understood as follows

### **A. General**

#### 1. Equity investments

Investments in public limited companies (shares), in private limited companies (shares) and in the equity of other enterprises.

#### 2. Minority interests:

Equity investments in consolidated enterprises that are owned by parties other than the consolidated enterprises.

#### 3. Monetary items:

Cash and cash equivalents as well as assets and liabilities, including provisions, that are settled in fixed or determinable amounts of money.

#### 4. Related parties

- 1) Persons or enterprises, one of whom or which directly or indirectly controls or exercises significant influence over the other party or parties in making financial and operating decisions, or
- 2) Several persons or enterprises who are controlled by the same person or enterprise in making financial and operating decisions.

#### 5. State-owned public limited companies:

Public limited companies covered by section 2 a of the Danish Companies Act, in accordance with which a public limited company is a state-owned public limited company if the connection between the Danish Government and the company is similar to that of a parent company and a subsidiary.

#### 6. Owner:

A shareholder in a public limited company, a shareholder in a private limited company or other parties that hold equity investments in an enterprise.

#### 7. Contributed capital:

Capital that the owners have contributed to the enterprise. In public limited companies and private limited companies, the contributed capital is the share capital.

### **B. Groups**

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1. Associate

An enterprise which is not a subsidiary, but in which another enterprise and its subsidiaries hold equity investments, and over which these enterprises exercise significant influence in making operating and financial decisions. An enterprise is presumed to exercise significant influence if the enterprise and its subsidiaries together hold 20 per cent or more of the voting rights.

2. Subsidiary :

An enterprise with which a parent, directly or indirectly, is connected in one of the ways mentioned in no. 4.

3. Consolidated enterprise:

A parent and its subsidiaries.

4. Parent:

An enterprise that

- 1) holds the majority of the voting rights in another enterprise,
- 2) is an owner and has the right to appoint or remove a majority of the members of the senior management body of the other enterprise,
- 3) is an owner and has the right to control another enterprise in making operating and financial decisions in accordance with articles of association or an agreement with that enterprise,
- 4) is an owner and, under an agreement with other owners holds the majority of the voting rights in another enterprise, or
- 5) holds equity investments in another enterprise and controls that enterprise in making operating and financial decisions.

5. Group Enterprise:

An enterprise's subsidiary, its parent and the latter's subsidiary.

6. Calculation of voting rights in subsidiaries and associates:

When calculating the voting rights in B, nos. 1 and 4, in the present Schedule:

- 1) the parent's voting rights shall be added to the voting rights in the enterprise in question that are held by the parent's subsidiaries,
- 2) the voting rights in the enterprise in question that are held by the enterprise itself or by its subsidiaries shall be deducted from the total number of voting rights in the enterprise, and
- 3) voting rights held as security shall be deducted from the parent's voting rights in the enterprise in question if the enterprise only exercises the voting rights in accordance with instructions in the security provider's interest or if the holding is part of the enterprise's commercial borrowing activities and the voting rights are only exercised in the security provider's interest.

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7. Calculation of rights other than voting rights:

When calculating rights to appoint or remove a majority of the members of the enterprise's senior management body in B, no. 4, the rights that are held by the enterprise itself and by its subsidiaries together shall be included.

## C. The Elements of the Annual Report

1. Assets:

Resources controlled by an enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.

2. Fixed assets:

Assets that are intended for permanent ownership or use by the enterprise.

3. Current assets:

Assets that are not fixed assets.

4. Financial assets:

Any asset that is:

- 1) cash and cash equivalents,
- 2) a contractual right to receive cash or another financial asset from a third party,
- 3) a contractual right to exchange financial instruments with a third party under conditions that are potentially favourable, or
- 4) an equity instrument of another enterprise.

5. Liabilities:

Present obligations of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

6. Financial liabilities:

Any liability that is:

- 1) a contractual obligation to deliver cash and cash equivalents or another financial asset to a third party, or
- 2) a contractual obligation to exchange financial instruments with a third party under conditions that are potentially unfavourable.

7. Provisions:

Liabilities that are uncertain in terms of amount or timing and that concern the financial year or a previous year.

8. Contingent assets:

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A possible asset that exists at the balance sheet date as a result of past events and that may result in future economic benefits, but where the existence of the assets can only be confirmed by one or more uncertain future events not wholly within the control of the enterprise.

9. Contingent liabilities:

- 1) a possible obligation that exists at the balance sheet date as a result of past events and that may result in the outflow of future economic benefits, but where the existence of the obligation can only be confirmed by one or more uncertain future events not wholly within the control of the enterprise, or
- 2) a possible obligation that exists at the balance sheet date as a result of past events, but where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- 3) obligations, the amount of which cannot be measured with sufficient reliability.

10. Income:

Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in the equity, other than those relating to contributions from owners.

11. Revenue:

The selling price of products and services, etc. sold in the course of the company's ordinary activities less price reductions, VAT and other taxes that are directly connected to the sales amount.

12. Expenses:

Decreases in economic benefits during the accounting period in the form of outflows or depletion of assets and incurrences of liabilities that result in a decrease in equity, other than those relating to distributions to owners.

## D. Measurement basis

1. Amortised cost:

The amount at which the financial asset or liability was measured at initial recognition

- 1) minus principal repayments
- 2) plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount, and
- 3) minus any write-down for impairment or uncollectability.

2. Fair value:

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The amount for which an asset could be exchanged or a liability settled between parties in an arm's length transaction.

3. Replacement cost:

The replacement cost of an asset is the current acquisition cost payable for a similar asset at the balance sheet date.

4. Recoverable amount:

The recoverable amount of an asset is the higher of that asset's value in use and its selling price less expected costs of disposal.

5. Value in use:

The value in use of an asset is the present value of estimated future cash flows expected to arise from the continuing use of the asset.

The value in use of a liability is the present value of future cash outflows payable during the life of the liability.

6. Cost:

The cost of an asset is the amount of the consideration given to acquire that asset whether it was acquired from an external party or internally generated. The cost of a liability is the amount received as consideration for that liability.

7. Net realisable value:

The net realisable value of an asset is the sum of the future cash flows which the asset is expected to generate at the balance sheet date in the ordinary course of business. The net realisable value of a liability is the sum of the future cash flows from the enterprise during the life of the liability.

8. Selling price:

The selling price of an asset is the price obtainable from the sale of that asset at the balance sheet date. The selling price of a liability is the price payable to settle that liability at the balance sheet date.

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Schedule 2

## **Formats for balance sheets and income statements**

### **1. Format for balance sheet in account form (reporting classes B, C and D)**

## **ASSETS**

### *FIXED ASSETS*

#### I. Intangible assets

1. Completed development projects, including concessions, patents, trademarks and similar rights that originate from development projects
2. Acquired concessions, patents, licences, trademarks and similar rights
3. Goodwill
4. Development projects in progress and prepayments for intangible assets

#### II. Property, plant and equipment

1. Land and buildings
2. Plant and machinery
3. Other fixtures and fittings, tools and equipment
4. Property, plant and equipment in progress and prepayments for property, plant and equipment

#### III. Investments

1. Investments in group enterprises
2. Receivables from group enterprises
3. Investments in associates
4. Receivables from associates
5. Other investments
6. Other receivables
7. Treasury shares
8. Receivables from owners and management

## **CURRENT ASSETS**

#### I. Inventories

1. Raw materials and consumables
2. Work in progress
3. Manufactured goods and goods for resale
4. Prepayments for goods

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## II. Receivables

1. Trade receivables
2. Contract work in progress
3. Receivables from group enterprises
4. Receivables from associates
5. Other receivables
6. Contributed capital in arrears
7. Receivables from owners and management
8. Prepayments

## III. Investments

1. Investments in group enterprises
2. Treasury shares
3. Other investments

## IV. Cash

# **LIABILITIES AND EQUITY**

## *EQUITY*

### I. Contributed capital

### II. Share premium

### III. Revaluation reserve

### IV. Other reserves

1. Reserve for net revaluation according to the equity method
2. Reserve for treasury shares
3. Reserve for fair value of investment assets
4. Reserve for fair value of biological assets
5. Other statutory reserves
6. Reserves according to the articles of association
7. Other reserves

### V. Retained earnings

# **PROVISIONS**

1. Provision for pensions and similar liabilities
2. Provision for deferred tax
3. Other provisions

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LIABILITIES OTHER THAN PROVISIONS (SHORT- AND LONG-TERM)

1. Mortgage debt
2. Other debt raised by the issuance of bonds
3. Other credit institutions
4. Convertible and profit-sharing debt instruments
5. Prepayments received from customers
6. Trade payables
7. Payables to group enterprises
8. Payables to associates
9. Income taxes
10. Other payables
11. Deferred income
12. Proposed dividend for the year

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## **2. Format for balance sheet in report form (reporting classes B, C and D)**

### *FIXED ASSETS*

#### I. Intangible assets

1. Completed development projects, including concessions, patents, trademarks and similar rights that originate from development projects
2. Acquired concessions, patents, licences, trademarks and similar rights
3. Goodwill
4. Development projects in progress and prepayments for intangible assets

#### II. Property, plant and equipment

1. Land and buildings
2. Plant and machinery
3. Other fixtures and fittings, tools and equipment
4. Property, plant and equipment in progress and prepayments for property, plant and equipment

#### III. Investments

1. Investments in group enterprises
2. Receivables from group enterprises
3. Investments in associates
4. Receivables from associates
5. Other investments
6. Other receivables
7. Treasury shares
8. Receivables from owners and management

## **CURRENT ASSETS**

#### I. Inventories

1. Raw materials and consumables
2. Work in progress
3. Manufactured goods and goods for resale
4. Prepayments for goods

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## II. Receivables

1. Trade receivables
2. Contract work in progress
3. Receivables from group enterprises
4. Receivables from associates
5. Other receivables
6. Contributed capital in arrears
7. Receivables from owners and management
8. Prepayments

## III. Investments

1. Investments in group enterprises
2. Treasury shares
3. Other investments

## IV. Cash

## **SHORT-TERM LIABILITIES OTHER THAN PROVISIONS**

1. Mortgage debt
2. Other debt raised by the issuance of bonds
3. Other credit institutions
4. Convertible and profit-sharing debt instruments
5. Prepayments received from customers
6. Trade payables
7. Payables to group enterprises
8. Payables to associates
9. Income taxes
10. Other payables
11. Deferred income
12. Proposed dividend for the year

## **CURRENT ASSETS LESS SHORT-TERM LIABILITIES OTHER THAN PROVISIONS**

*TOTAL ASSETS LESS SHORT-TERM LIABILITIES OTHER THAN PROVISIONS*

*LONG-TERM LIABILITIES OTHER THAN PROVISIONS*

1. Mortgage debt
2. Other debt raised by the issuance of bonds
3. Other credit institutions
4. Convertible and profit-sharing debt instruments
5. Prepayments received from customers Prepayments received from trade debtors
6. Trade payables
7. Payables to group enterprises
8. Payables to associates
9. Income taxes
10. Other payables
11. Deferred income

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## **PROVISIONS**

1. Provision for pensions and similar liabilities
2. Provision for deferred tax
3. Other provisions

## **EQUITY**

I. Contributed capital

II. Share premium

III. Revaluation reserve

IV. Other reserves

1. Reserve for net revaluation according to the equity method
2. Reserve for treasury shares
3. Reserve for fair value of investment assets
4. Reserve for fair value of biological assets
5. Other statutory reserves
6. Reserves according to the articles of association
7. Other reserves

V. Retained earnings

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**3. Format for income statement in report form, classified by nature (reporting class B)**

(\* next to an item indicates that the item may be aggregated if the conditions in section 32 have been met. Gross profit/Gross loss in the brackets must then be stated instead)

1. Revenue \*
2. Change in inventories of finished goods, work in progress and goods for resale \*
3. Work performed for own account and capitalised \*
4. Other operating income \*
5. External expenses \*
  - a) Raw materials and consumables used \*
  - b) Other external expenses \*
- (Gross profit/Gross loss)
6. Staff costs
  - a) Wages and salaries
  - b) Pensions
  - c) Other social security costs
7. Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets
8. Writedowns of current assets other than current financial assets
9. Other operating expenses
10. Income from investments in group enterprises and associates
  - a) Income from investments in group enterprises
  - b) Income from investments in associates
11. Income from other investments and receivables that are fixed assets
12. Other financial income from group enterprises
13. Other financial income
14. Impairment of financial assets
15. Other financial expenses
  - a) Financial expenses arising from group enterprises
  - b) Other financial expenses
16. Profit or loss from ordinary activities before tax
17. Extraordinary income
18. Extraordinary expenses
19. Extraordinary profit or loss before tax
20. Tax on net profit or loss for the year
21. Other taxes
22. Net profit or loss for the year

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**4. Format for income statement in report form, classified by function (reporting class B)**

(\* next to the item indicates that the item may be aggregated if the conditions in section 32 have been met. Gross profit/Gross loss in the brackets must then be stated instead)

1. Revenue \*
2. Cost of sales \*
3. Gross margin \*  
(Gross profit/Gross loss)
4. Distribution costs
5. Administrative expenses
6. Other operating income
7. Other operating expenses
8. Income from investments in group enterprises and associates
  - a) Income from investments in group enterprises
  - b) Income from investments in associates
9. Income from other investments and receivables that are fixed assets
10. Other financial income from group enterprises
11. Other financial income
12. Impairment of financial assets
13. Other financial expenses
  - a) Financial expenses arising from group enterprises
  - b) Other financial expenses
14. Profit or loss from ordinary activities before tax
15. Extraordinary income
16. Extraordinary expenses
17. Extraordinary profit or loss before tax
18. Tax on net profit or loss for the year
19. Other taxes
20. Net profit or loss for the year

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**5. Format for income statement in report form, classified by nature (reporting classes C and D)**

(\* next to the item indicates that medium-sized enterprises may aggregated the item if the conditions in section 32 have been met. Gross profit/Gross loss in the brackets must then be stated instead)

1. Revenue \*
2. Change in inventories of finished goods, work in progress and goods for resale \*
3. Work performed for own account and capitalised \*
4. Other operating income \*
5. External expenses \*
  - a) Raw materials and consumables used \*
  - b) Other external expenses \*
- (Gross profit/Gross loss)
6. Staff costs
  - a. Wages and salaries
  - b. Pensions
  - c. Other social security costs
7. Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets
8. Writedowns of current assets other than current financial assets
9. Other operating expenses
10. Income from investments in group enterprises and associates
  - a. Income from investments in group enterprises
  - b. Income from investments in associates
11. Income from other investments and receivables that are fixed assets
12. Other financial income from group enterprises
13. Other financial income
14. Impairment of financial assets
15. Other financial expenses
  - a. Financial expenses arising from group enterprises
  - b. Other financial expenses
16. Profit or loss before tax and extraordinary items
17. Tax on profit or loss from ordinary activities
18. Profit or loss from ordinary activities after tax
19. Extraordinary income
20. Extraordinary expenses
21. Extraordinary profit or loss before tax
22. Tax on extraordinary profit or loss
23. Extraordinary profit or loss after tax
24. Other taxes
25. Net profit or loss for the year

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**6. Format for income statement in report form, classified by function (reporting classes C and D)**

(\* next to the item indicates that medium-sized enterprises may aggregate the item if the conditions in section 32 have been met. Gross profit/Gross loss in the brackets must then be stated instead)

1. Revenue \*
2. Cost of sales
3. Gross margin \*  
(Gross profit/Gross loss)
4. Distribution costs
5. Administrative expenses
6. Other operating income
7. Other operating expenses
8. Income from investments in group enterprises and associates
  - a) Income from investments in group enterprises
  - b) Income from investments in associates
9. Income from other investments and receivables that are fixed assets
10. Other financial income from group enterprises
11. Other financial income
12. Impairment of financial assets
13. Other financial expenses
  - a) Financial expenses arising from group enterprises
  - b) Other financial expenses
14. Profit or loss before tax and extraordinary items
15. Tax on profit or loss from ordinary activities
16. Profit or loss from ordinary activities after tax
17. Extraordinary income
18. Extraordinary expenses
19. Extraordinary profit or loss before tax
20. Tax on extraordinary profit or loss
21. Extraordinary profit or loss after tax
22. Other taxes
23. Net profit or loss for the year